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Industrial Revolution 4.0:
Impact and Challenges to the Accounting Profession and Education

PROCEEDING

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PREFACE

The 3rd International Conference on Accounting Research and Education (iCARE 2019) is the continuation of iCARE 2014 and iCARE 2016. Alongside with other major conferences, iCARE 2019 will be conducted under the main event called Ipoh International Summit on Professionalism, Research and Education (INSPIReD 2019). This conference will be organised together with Accounting Research Institute (ARI), Universiti Putra Malaysia (UPM), Universitas Islam Indonesia (UII), Malaysian Institute of Accountants (MIA), Malaysian Accounting Research and Education Foundation (MAREF) and Malaysian Accounting Association (MyAA). This event is held on 19 September 2019 at Casuarina@MERU Hotel, Ipoh Perak with the theme “Industrial Revolution 4.0: Impact and Challenges to the Accounting Profession and Education”. iCARE 2019 aims to provide a platform for local and international academicians, professionals and researchers to have intellectual interactions with regard to the current situation relating to accounting education, challenges and advancements relating to the accounting field and other fields related to social sciences. This conference also offers numerous opportunities to gain knowledge, to share technical experiences, to build network with colleagues and to communicate with industry partners.

This proceeding contains 60 research papers in the field of accounting, finance, management, business, educational, sustainability and other which focusing to the theme of industrial revolution and the impact and challengers to the accounting profession and education.

Editors

*Universiti Teknologi MARA, Perak Branch
September 2019*

TABLE OF CONTENTS

	Page No.
Factors in Investment Decision Making from Directors’ Perspectives Arifha Mohamad, Dr. Nor Suziwana Tahir, Assoc. Prof. Dr. Yarina Ahmada	1-10
Determinants and Growth of Development Financial Institutions (DFI’s): Evidence From Malaysia Mohd Husnin, Shahrul Hezrin, Muhammad Fauzi, Mohd Ariff Nafizi, Fatin Shafiqah	11-20
The Role of The Board and Integrated Reporting: Malaysian Commercial Banks Sunarti Halid, Radziah Mahmud, Kalsom Salleh, Nooriha Mansor, Ameri Mohd Sarip@Shariff	21-29
Zakat Distribution, Financial Stress and Academic Performance Nor Asyiqin Salleh, Norhafizah, Rahayu Abdul Rahman, Norhayati Zamri, Nor Bahiyah Omar	30-34
Climate Change Scandal: The Effect of Climate Change Reporting and Firm Performance Nor Bahiyah Omar, Azlan Amran, Rosmawati Haron, Taufik Suffian, Nafsiah Mohammed	35-44
Fraud Avoidance Using Modified Fraud Triangle Theory Associate Professor Dr Azman CheOmar and Zaihan Usman@Othman	45-50
Girl Power: Environmental Corporate Supremacy Norhayati Zamri, Nor Bahiyah Omar, Nor Asyiqin Salleh	51-58
The Relationship between MFRS Adoption and the Establishment of Audit Oversight Board (AOB) with Earnings Management Wan Razazila Wan Abdullah, Norhayati Zamri, Farah Husna Mohd Fatzel, Norzarina Noordin	59-69
The Association between Risk Management and Corporate Governance in Mitigating Earnings Management Wan Razazila Wan Abdullah, Farah Husna Mohd Fatzel, Norhayati Zamri, Enny Nurdin Sutan Maruhun	70-78
Corporate Governance and Performance among Bursa Malaysia Financial Services Companies Nooriha Mansor, Fatimah Alwi, Yusnaliza Hamid, Marina Ibrahim, Sunarti Halid & Salina Mad	79-84
The Determinants of Tax Morale: Survey Evidence from Undergraduate Students Mahfuzah Ahmad, Nurul Ezhawati Abdul Latif, Zairul Nurshazana Zainuddin, Normahiran binti Yatim	85-92
The Relationship between Tax Knowledge and Tax Morale towards Perception on the Severity of Tax Evasion Farah Husna Mohd Fatzel, Dr. Zuraeda Ibrahim, Norul Akma Mansor, Nur Syafiqah Hussin	93-103
An Investigation of The Importance of Information Management Components as Strategic Resources towards Sustainable Competitive Advantage of SMEs in Malaysia Nurul Huda Md Yatim, Muhamad Saufi Che Rusuli, Razifah Othman	104-108

Protection Motivation Theory and Implementation of AMLA Standard among Professional Accountant in Malaysia Masetah bt Ahmad Tarmizi, Normah Omar, Suhaily Hasnan, Wan Razazila Wan Abdullah	109-114
Tax Compliance and Dynamic Capabilities of Malaysian SMEs Norhayati Sulaiman, Mohd Zulkhairi Mustapha, Noor Sharoja Sapiei, Haslinawati Che Hassan, Mahanum Sulaiman	115-124
Perceived Stress and Burnout among Diploma Accountancy Students Norul Akma Mansor, Norhayati Zamri, Liyana Ab Rahman, Noor Saatila Mohd Isa	125-133
Exploratory Study on Voluntary Disclosure of Takaful Information in Malaysia Ahmad Zoolhelmi Alias, Mohd Shatari Abd Ghafar, Amir Hakim Osman, Muhammad Iqbal Mohamed Azhari	134-139
The Impact Of Short-Term Interest Rates on Short-Term Debts among Malaysian Companies Siti Nabilah Mohd Shaari, Nik Nurul Aswani Nik Kamarudin, Suryani Abdul Raman and Amizahanum Adam	140-150
Demographic Study on Perception of Malaysian Bankers on the Effectiveness of Fraud Prevention and Detection Techniques in Islamic Banks Irda Syahira Khair Anwar, Rashidah Abdul Rahman, Norul Akma Mansor	151-160
A Profile of Adopters and Non-adopters of Digital Marketing Application among Malaysian Micro, Small and Medium Enterprises (MSMEs) Abdul Khaliq Abdul Hamid and Assoc. Prof. Dr Nor Khasimah Aliman	161-171
Studi Empiris Determinan Tax Avoidance di Indonesia Abriyani Puspaningsih, Novita Noor Reskiana	172-183
	184-192
Factors That Influence ERP Implementation Success: From the User's Perspective Norzarina Noordin, Zaini Ahmad, Wan Razazila Wan Abdullah, Enny Nurdin Sutan Maruhun	193-199
Fraudulent Financial Reporting: A Review of Environmental Factors Mahanum Sulaiman, Norhayati Sulaiman	200-209
Industry Specialist Auditors, Corporate Governance and Earnings Management Amir Hakim Osman, Maizura Meor Zawawi, Nor Bahiyah Omar, Mohd Taufik Mohd Suffian & Afuan Fajrian Putra	210-215
A Review on Regulatory Factors Influencing Outcome of Zakat Wakalah Distribution by Public Listed Companies in Malaysia Naimah Zaini, Roshayani Arshad, Ruhaini Muda	216-225

The Effect of Enterprise Risk Management (ERM) on Shareholders Value Maximising: Evidence from Malaysian Public-Listed Firms Enny Nurdin Sutan Maruhun, Ruhaya Atan, Wan Razazila Wan Abdullah, Norzarina Noordin	226-234
“Analisis Reaksi Pasar Modal Sebelum Dan Sesudah Program Tax Amnesty” (Studi Pada Saham Perusahaan Sektor Perbankan Yang Terdaftar Di Bursa Efek Indonesia Dan Ditunjuk Sebagai Gateway Dalam Pelaksanaan Program Tax Amnesty) Rivki Meitriyanto	235-243
Effects of Internet on the Academic Performance of Undergraduate Accounting Students: A Case Study of Universiti Teknologi MARA, Tapah Noor Saatila Mohd Isa, Norliana Omar, Siti Marlia Shamsudin, Zulkifli Ghazali	244-251
An Exploratory Study on The Undergraduates’ Perception Relation to The Functions and Benefits of Student Society Fatimah Alwi, LiyanaAbRahman, Siti Marlia Shamsudin, Mohd Soffi Puteh	252-258
The Reform Of Malaysian Code On Corporate Governance: A Concept Paper Amizahanum Adam, Mohd Amran Mahat	259-267
Accounting Students’ ICT Usage and Its Effectiveness to Improve Perceived ICT Skills in A Public University in Indonesia Roslan Abdul Wahab, Salina Mad, Nurul Ezhawati Abdul Latif, Siti Haliza Asat, Muhammad Rasyid Abdillah	268-275
Factors in Selecting Accounting Program: A Study on a Malaysian Public University Salina Mad, Roslan Abdul Wahab, Haslinawati Che Hassan, Mohd Zulfikri Abdul Rashid, Maizura Meor Zawawi, Nooriha Mansor	276-280
Kemampuan Faktor Akuntansi Dan Non Akuntansi Dalam Memprediksi Bond Rating Di Indonesia Marfuah, Berlyana Permatasari, Selfira Salsabilla	281-290
Analisis Faktor Yang Mempengaruhi Keputusan Transfer Pricing Pada Perusahaan Manufaktur Di Indonesia Marfuah dan Sanintya Mayantya	291-300
Analisa Faktor-Faktor Yang Mempengaruhi Nilai Perusahaan Dra Neni Meidawati, Ak, MSi, CA, CPA, Rizqi Amalia SE	301-309
Penerapan Altman Z-Score Mellisa Fitri Andriyani Muzakir	310-316
Analisis Faktor Demografi Dan Pengaruhnya Terhadap Intensi Kewirausahaan Mahasiswa Program D3 Ekonomi Fakultas Ekonomi Universitas Islam Indonesia Maisaroh, SE., MSi.	317-323
Measuring the elements of brand equity of a diploma program in Indonesia: A preliminary study Sita D. Kusumaningrum, Siti Muslikhah	324-331

Efektivitas Dan Kontribusi Penerimaan Bea Perolehan Hak Atas Tanah Dan Bangunan Dalam Rangka Peningkatan Pendapatan Asli Daerah (Studi Kasus Di Kabupaten Gunung Kidul) Tatik, Zulfa Farah HH	332-336
Determinan Akuntabilitas Kinerja Instansi Pemerintah Dengan Komitmen Organisasi Sebagai Variabel Moderasi Isti Rahayu, Silta Aglisnema	337-345
Faktor Determinan Pengungkapan Sukarela Oleh Yayasan Di Indonesia Marfuah, Alifia Rachma Diani, Chivalrind G Ayuntari	346-353
Minat Frontliners Bank Syariah Terhadap Sertifikasi Kompetensi Untuk Meningkatkan Kompetensi Keahlian (Studi Kasus Di Bank Syariah Anak Perusahaan Bank Bumn Dan Uus Bank Bumn Di Yogyakarta). Nur Ellyanawati ER	354-359
Pengaruh Job Insecurity, Job Stress, Kompetensi Akuntansi, dan Konflik Peran terhadap Turnover Intention Marfuah , Asri Pangesti Lutfiani , Yestias Maharani	360-370
The Factors Affecting Timeliness Of Financial Reporting Noor Endah Cahyawati, S.E., M.Si, Aisyiyah Hemas Prihandani	371-377
Analisis Pengaruh Pertumbuhan Kredit, Ukuran Bank, Tingkat Likuiditas, Dan Rasio Modal Terhadap Risiko Kredit Pada Bank Umum Konvensional Yang Terdaftar Di Bursa Efek Indonesia Dian Agustriana, Sri Mulyati,	378-387
Efektifitas Erpsim Games Terhadap Implementasi Sistem Erp Primanita Setyono, Maghfira Insan Nurrachman,	388-397
Penggambaran Tindak Kecurangan pada Sektor Publik Melalui Pemberitaan Media Di Indonesia Tahun 2017 Fitriati Akmil, Sania Rizki	398-406
Good Corporate Governance's Effect on Company Performance: A Qualitative Study on Life Insurance Companies in Indonesia Ayu Chairina Laksmi, Nitya Padmasari	407-415
Kontrol Korporasi:Apakah Mutiple Large Shareholders (MLS) Penting? Khoirina Noor Anindy	416-421
Labour Unionized Industries and Employee-Based CSR Insyira Afika Ibrahim, Mara Ridhuan Che Abdul Rahman, Dina Madina	422-431
Peran Iklan Media Sosial dan Kesadaran Merek Pada Niat Beli Konsumen Rr. Siti Muslikhah, Sita D. Kusumaningrum	432-440
Industrial Revolution 4.0 and Financial Reporting: Benefits and Challenges to Accounting Profession Nor Asma Lode	441-446
The Social Commerce Scam: Are the Victims Identifiable? Yurita Yakimin Abdul Talib, Fariza Hanim Ruslya	447-454

Tinjauan Niat Keusahawanan Dikalangan Pelajar Semester Akhir Fakulti Senilukis dan Senireka UiTM Perak Nur Lailatul Husna Mohammad Yusof, Nur Hazwani Zolkify, Nor Marini Mohtar, Prof Dr. Abdul Malek A Thambi	455-459
Ifrs Adoption And Earnings Quality In Family And Managerial Firms: Evidence From An Emerging Economy Saleh Abd Alhadi, Rosmila Senika, Jalila Joharia, Ridzwana Mohd Saida, Hairul Suhaimi Naharb	460-467
Factors in Investment Decision Making from Directors' Perspectives Arifha Mohamad, Dr. Nor Suziwana Tahir, Assoc. Prof. Dr. Yarina Ahmada	468-480
The influence of related party transactions on firm performance: Evidence from Malaysia Mohd Taufik Mohd Suffian, Zuraidah Mohd Sanusi, Nor Bahiyah Omar, Mohd Zulfikri Abd Rashid	481-491

FACTORS IN INVESTMENT DECISION MAKING FROM DIRECTORS' PERSPECTIVES

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Abstract

An informed investment decision is by clarifying a better understanding of the financial risks and returns along with the financial analysis. Naturally, most of the investors anticipate the investment portfolio that promises a high return. Through investment strategy, an individual should be equipped with better information about the investee company to protect themselves from the risk of wrong financial decisions. This paper aims to explore the factors in investment decision making in Malaysian Public Listed Companies (PLCs) based on the directors' perspectives. There is dearth of studies focusing on the perspective of directors of the company who act as agents to the individual shareholders in managing the management of the company. These are some of the aspects that are less emphasized by previous studies. This paper applied a qualitative approach by interviewing four directors of Malaysian PLCs from trading services sector, industrial product sector and consumer product sector in the Klang Valley area, data was then managed through Nvivo software. The findings revealed that there are four contributing factors that influence individual shareholders' investment decision making, these are; (i) type of company; (ii) the growth of the investee company; (iii) size of the company; and (iv) the sustainability of the company. Based on the directors' perspective, it can be concluded that the four factors in investment decision making shall be regarded as the characteristics of the company. These findings meaningfully indicate the criteria of the company which can be helpful to investors and other stakeholders. It is noteworthy that, this study acknowledges that there is a number of additional areas that requires further research, such as, exploring the perspectives of the directors from large group sectors in Malaysia.

Keywords: investment decision making, directors, individual shareholders, type of company, size of company, sustainability of company, growth of company.

1.0 INTRODUCTION

Investment decision making is a complex process because of the uncertainty conditions associated with the investment risks. Naturally, people go for the investment that provides a fast-track profitable to them, such as investment in stocks. This is because investment in stocks just requires a simple process as an individual can have a small capital, like RM10 and able to open up the Central Depository Service (CDS) account for the stocks trading and transactions. Investment decision making phases becomes complex when an individual have to select the best company as they contribute the capital for the company's business operations through buying the company's stocks. However, the decision-making process is attributed to the individual demographics, financial needs, investment objectives and the level of risk taking. Notwithstanding, the decision-making process becomes critical when it is affected by external factors, such as economic conditions, political upheaval and global business environment.

In addition to CDS account, the individual has to be familiar with the stock market environment in Malaysia. Stock market is a platform where financial instruments, such as stocks are traded on a day-to-day basis. Bursa Malaysia is the only stock exchange in Malaysia that gives the shareholders and stakeholders platform to sell and buy securities by offering a range of exchange-related services and products. These include trading, clearing, settlement and depository services, which are not limited to the stocks only. However, the central roles and responsibilities of Bursa Malaysia is to ensure that any information pertaining to the securities trading on the exchange is disseminated effectively and efficiently. As one of the frontline regulatory authorities in Malaysia, Bursa Malaysia has authority over the rules and listing requirements. Among the functions include imposing fines and reprimands for those who contravene the laws, supervise the company and stock broking, regulating listed companies and controlling admissions of the managements of the company.

Bursa Malaysia's platform acts as a way to ensure easy financial transaction can be done by the public. However, there are still loopholes in the investment environment in Malaysia, such as the less participation among public especially Malays. The less numbers of investors are likely due to the lack of exposure on the stock investment,

misperception of the investment, to keep up with debt payments, rising income inequality and less income available for the investment. Furthermore, the chances of incurring losses from the investment is due to the wrong decision making. It might be affected by the behavioral finance as a result of irrational thinking. Naturally, behavioral finance from the field of psychology, influences limits of self-control, own biases and greed in financial dealings. Hence, most of the regulatory authorities in Malaysia play active roles in encouraging high level of investment participation among the public through proper channel. Among them are Bursa Malaysia, which promotes investment-based campaigns, partnership with the brokers, advice and training. In addition, Securities Commission Malaysia (SC) has launched various frameworks to facilitate the financing of sustainable and responsible investment and collaboration with industry players. The initiatives intended to meet the demand of investors for a better access of investment portfolio and ensure strong rules and regulations enforcement which facilitates greater involvement among the public.

Recently, Malaysia's Prime Minister, Tun Dr Mahathir Mohamad delivered a speech at Invest Malaysia Day 2019, which reiterated the fact that there are a lot of improvements planned for the economic growth in Malaysia, such as in corporate governance, minimize gaps of public' income level and build ties with other potential countries. Moreover, the new amendment of Companies Act 2016 safeguards positive structure that provide benefits to the shareholders, companies and the public. In order to ensure that the management of companies are liable to their roles and responsibilities to the shareholders, the powerful fined and punishment had been implemented. The next section provides an understanding of previous relevant literature reviews on the research topic.

2.0 LITERATURE REVIEW

With the vital growth of the investment in developing the economic expansion, there has been a plethora of works of literature on the factors contributing in the investment decision making. Among them are, Jaiyeoba, Adewale, Haron and Che Ismail (2018), investigating the investment behaviors among fund managers and retail investors in Malaysia. By approaching the respondents through semi-structured interview, the study was able to form different views provided by eight respondents. Based on the analysis, it was discovered that the fund managers and retail investors were influenced by the segmented factors, such as characteristic of the company and investment behaviors. They empirically analyzed fundamental data, technical analysis result, understanding the company, forecast earnings, company management, economic condition, high dividend, company performance and risk, future prospect, competitive manner, company strength, return of the investment and business activities. However, for the investment behavior, it seems that fund managers were tried to mitigate the irrational thinking by making a thorough analysis on the stock selection, in comparing to the retail investors.

A study conducted by Mahalakshmi and Anuradha (2018) in India, to determine the factors of investment decision making among individual investors. Their review of literature revealed that behavioral factors, level of engagement and spouse effect influence the investment decision and investment performance. The study proposed a conceptual framework, moderated by spouse effect and mediated by level of engagement. Mumtaz, Saeed and Ramzan (2018) explored the factors in investment decision making focusing in the Pakistan Stock Exchange. The study makes a specification on the contributing and through the analysis by ordinary least square, revealed that all the factors, which are heuristic, risk aversion, financial tools and techniques have a significant positive impact to the individual investors' decision making. Furthermore, it was noted that the remaining factors, namely day-to-day experience and corporate governance had major contribution on the respondents' investment decision.

To determine the factors affecting investment decision in portfolio management, Peter, Muli and Muema (2017) conducted a study on the listed companies of Nairobi Securities Exchange. The management of the company is among the largest group in the financial market and make them as a significant contributor to this study. Through quantitative analysis of 62 management and investment advisers, the study found that the risk tolerance level has a significant relationship with the investment decision. The result of the study meets the natural concept of the financial market, there is a positive linearity between the risk and return.

In a broad view, Seetharaman, Niranjana, Patwa and Kejriwal (2017), gained insight information into the factors affecting the choice of investment portfolio among individual investors in Singapore. With the involvement of investment planners, financial advisers and individual, the result of the study was analyzed through Smart PLS software and revealed that among the contributing factors, namely asset familiarity and investment objective, only the risk profile have insignificant relationship to the investment choice of portfolio. The introduction of mediation, which is investment behavior, the result of the study remained the same as risk profile did not have a direct nor indirect effect on the investment behavior.

In addition, a study conducted by Hunjra and Rehman (2017) in determining the core factors affecting investment decision making among institutional and individual shareholders in Pakistan, added with a mediating variable, risk aversion. The study focused on the respondents that made an investment in the Lahore and Islamabad Stock Exchange, analysis was done using AMOS and structural equation modelling. The findings reveal that Pakistani's investors investigated the factors of information asymmetry and financial literacy on investment decision and also the factors had a significant relationship mediated by the risk aversion. In contrast, personal values showed an insignificant relationship to the investment decision and for the mediating.

Mohamad and Perry (2015) gained an in-depth information by interviewing the fund managers to the issues on investment decision making process in Malaysia. Indirectly, the respondents revealed that the factors contributing in making wise investment decision making are working experience as a financial analysts or brokers, familiarity with the financial specialization and education. In summary, review of previous studies has shown that even though similar factors were examined on the investment decision, the results were inconsistent. These inconsistencies can be attributed to different investment behavior criteria in different geographical areas. It can be concluded that even though previous studies in Malaysia identified factors in investment decision, there are very limited studies emphasizing the involvement of the directors of the company. This study aims to fill in the gap by identifying the factors in investment decision making conducted by the top-level management in the Malaysian PLCs. The details of the research methodology used to accomplish the research objectives were presented in the next section.

3.0 METHODOLOGY

This study adopts qualitative methods in exploring the directors' perspective regarding the factors of investment decision making in the Malaysian PLCs. The sample size for this study consists of four directors from Malaysian PLCs, located in the Klang Valley area. This location is deemed appropriate because many global businesses are in that area and most of the PLCs are registered in the Klang Valley area. However, the respondents are among the directors from trading services sector, industrial product sector and consumer product sector.

This study adopted a purposive sampling technique, which is synonym with qualitative research, to select the right respondents in determining the objectives of the study. According to Etikan, Musa and Alkassim (2016), purposive sampling technique is a non-random sampling technique that does not need to decide the set number of respondents. The respondents were selected because they are proficient and well-informed on the subject matters. Basically, the researcher decides what the information needed, who can provide the data and identify their willingness to get involve in the study. In contrast to the random technique, the researcher conducted the data collection into a broad respondent regardless of the demographic variables. Purposive sampling technique will enable the respondents to assist the better information needed.

As such, the study determines the Malaysian PLCs that are categorized under the trading services sector, industrial product sector and consumer product sector, located in the Klang Valley area. Although there are more than one hundred Malaysian PLCs in that sector, it was difficult to approach all the directors to be involved in the study. It might be due to their tight schedule and the policy of the company to avoid the information seeking by outsiders in the period of preparing the financial statements. However, there only four directors willingly to cooperate in providing the information for this study. As such, formal invitation letters were sent to the respondents and an appropriate date and convenient time are agreed upon by their secretaries.

Even though there are various method in qualitative data collection, this study decided to have a semi-structured interview with the directors of the company to ask the information needed. Defined by the Mathers, Fox and Hun (1998), semi-structured interview is a process whereby series of open-ended questions are provided by the interviewer. Open-ended questions provide opportunities for both interviewer and interviewee to give an in-depth explanation on the subjects matters. Semi-structured interview is appropriate to be applied when it covers a small number of respondents. It is believed that semi-structured interview provides a clear and reliable information to the interviewee.

As the study seeks the information from the directors of the company's perspectives, as noted they carried dual role, apart from being individual investors, they are also among the top-level management in the company. There are cross roles and responsibility between the investors and management. As known, investors are the ones who act as owners of the company, by providing the capital for the company's business operation through buying the company's shares. Hence, the one given the responsibility to maximize the wealth creation of the owners, is the management of the company. As such, the directors' perspective of this study involves dual overview, on part of investors and they themselves as part of the management in the company.

Further, the directors of the company are from the trading services sector, industrial product sector and consumer product sector. This is because among several types of sectors in the Malaysian PLCs, those type of sectors have large number of companies in each of the sectors in comparing to the others. The top largest companies are trading services sector, followed by industrial product sector and consumer product sector. As mentioned previously, all the selected companies are located in the Klang Valley area.

Prior to the interview, the draft of the questions had been distributed to the respondents upon demanded by them, as a guided and prepared to the interview questions. Hence, the preparations enable the respondents to discuss the factors of the investment decision making in a more relaxed manner. Then, with the consent of the respondents, the interview session was permitted to be recorded to be used in this study. Approximately there was 30 minutes interview session conducted for each respondent.

The interviews were transcribed from the audiotape to document to make it easier in data analysis. During the transcription, the audiotape was rewinding several times to be familiar with the data and transformed a correct information. That first data analysis procedure is called data condensation or data reduction. For the second qualitative data analysis procedure, thematic analysis was assigned to the themes and organized based on the categories. In this case, the study used the coding in classifying the factors of investment decision making from the directors' perspectives. Last data analysis procedure is making a conclusion to the report findings. This phase required this study to evaluate thoroughly the findings which is intended to explain the investment behavior among the respondents. The data analysis, presentation and interpretation of the data analysis were employed in the next section.

4.0 FINDINGS

This section presents further discussion on the analysis part. As shown in Table 1, there are four (4) directors of the company, which the number of the directors is similar to the Chinese and Malay respondents. Given the result, it is not surprising that all of the respondents are males. It is because there are a smaller number of female involvements in the directorship of companies. Government and regulatory authority in Malaysia tried to ensure at least 30% of directorship positions in Malaysian PLCs to be made up of women by 2020. Additionally, 2 respondents possessed more than 10 years of working experience in the company. Another 2 directors had less than 10 years of working experience. As mentioned before this, trading services sector is the largest sector that had more companies listed in the Bursa Malaysia. Hence, there were two respondents representing that sector and another sector is representing by one director. The illustration demographic profile of the respondent shown in the table below:

Table 1: Profile of Respondents (N=4)

Variable	Respondent
Race	
Chinese	2
Malay	2
Gender	
Male	4
Female	0
Working experience	
0-5 years	1
6-10 years	1
More than 10 years	2
Type of Company	
Trading services sector	2
Industrial product sector	1
Consumer product sector	1

Then, it is followed by the main objectives of this study, to determine the factors of investment decision making from the directors' perspectives. Generally, this study did not specialize any contributing factors that has the influential, and the information provided by the respondents is solely from the directors' perspectives. In truth, four themes emerged during the data analysis, namely, growth of investee company, type of company, size of company and sustainability of company. Each of the contributing factors are explained below together with the verbatim quotations supported by the respondents.

4.1 Growth of Investee Company

Based on the directors' perspective on the factors of investment decision, this study discovered first contributing factor, that is the growth of the company. It is supported by the directors of consumer product sector and trading

services sector's justifications. The main drivers to the company's growth are run by the capable management of the company. Even though investors are entitled as the owner of the company, but the managerial decisions are implemented by the management in deciding the pathway of the company.

Directors viewed that individual shareholders referring to the past performance of the company in analyzing the prospect growth in various aspects. It is either in terms of financial, structure of the company, business operations and the involvement by the institutional investors. All the criteria have the potential in influencing the investment decision making. The individual shareholders believe that a well-managed company, is a great chance to ensure a continued based in the industry. Further, the individual shareholders can compare the company's evaluation between past year performance, planning performance and other companies in the same industry. It can be classified as a rapid growth company if they have the ability to perform well in every aspect.

One of the directors from trading services sector analyze the growth of the company indicated by the involvement of the institutional investors. In comparing to the individual shareholders, the institutional investors own a large block of shares and have a tremendous influence on the stock markets' movements. Normally, they will invest in a company that performs better investment performance by contributing a large amount of capital for the company's business operations. Further, the money that is invested by the institutional investors is not owned by them. They generally invest on behalf of other people, which is the beneficiaries. Hence, the supported explanation by the respondents quoted as below:

"They look into the structure of the organization, you must look into the structure of the organization, how strong the organization is, how stable the organization is, this will also reflect into the past year performance, and also, when you invest also you look at your future, so they are also must be able to foresee the company has the ability to grow." (M2, M, Trading services sector).

"There is a pure genuine public investor who just thinks the company's operations, business development, the great one of course who is their institutional investors either from the big companies in GLCs, such as EPF or other funds." (M3, M, Trading services sector).

"Okay, so the other one is the growth of investment. [...] They will look whether this company is good or not." (M4, C, Industrial product sector).

In summary, even though the main objectives of the individual shareholder are to acquire the high return from the investment, but the drivers to the sound investment decision is affected by the criteria of the company. A well-being company is a reflection to the public on how the management operates the managerial process. In return, it provides positive thought about the company.

4.2 Size of Company

The second factor that influences the investment decision making is the size of the company. Both of the directors from consumer product sector and industrial product sector claimed that the size of the company either small and large company provides a significant contribution to the investment decision making. There are many clarifications on the aspect in measuring the size of the company, such as through the number of employees, market capitalization, turnover value and total assets. Generally, the large size company have an exceed number of every aspects that varied from the small size of company.

The goodness investing in a small size of company is depends on the certain circumstances. The respondent from industrial product sector supported that stock movement in a small company is easier than the large size of company. The individual shareholders also did not incur a large cost in buying the shares as the share price is not too expensive. Further, another reason for investing in the small size of company is, the individual has the ultimate power in affecting the share price at the stock market. Generally, it is because there are very few numbers of institutional investors that make an investment in the small companies.

However, the drawbacks for investing in a small size company is, it is not strong enough to face the uncertain investment environment globally. With the limitation of capital and resources, the individual shareholders might get affected with the low returns and share price. Even though the individual shareholders are entitled as the owner of the company, but they are the last group for the asset distributed in a corporate liquidation. If there is no money after the preferred shareholders are paid, then the common shareholders do not receive any money. The illustration mentioned by them has shown below:

“If you invest in a small cap company, it becomes speculative because small-cap companies do not give you confidence that you expect. [...] During a good time, it could be very good, making some money, some good money. But downtime, the operating cost is high, it cannot make money.” (M1, C, Consumer product sector).

“When we talk about the small company, mean their capital is small; it is easier to find out the stock, it is easier to move out the stocks. Moving out the stocks mean I would make money. So, people think about that.” (M4, C, Industrial product sector).

In sum, it is stressed that either invest in a small or large size of the company, the individual should be understanding on what they are doing, have the investment objectives, know how to minimize the risks and challenges. It is because the different size of the company has a different investment scenario. It is advisable that the small size of the company is fit for the young investors as it is generally known to have low risk and needed in just a small capital.

4.3 Type of Company

Throughout the data analysis, this study discovered that the third factor that contribute to the investment decision making is the type of the company. Like the size of company, the type of the company also can be classified into different categories based on their mode of incorporation, the liability of the members, and number of members. The most common types of companies are public company, private company, unlimited company and so on.

Based on the directors' perspectives, it is found that all of the directors from consumer product sector, trading services sector and industrial product sector agreed that the type of the company, in classifying Shariah and non-Shariah company, sector of the company and Government-linked companies gives a preferable choice to make a decision making among individual shareholders in Malaysia.

In the first scope, based on the findings from the respondents of consumer product sector and trading services sector, they emphasize on the company's business operations whether based on the Islamic transactions or not. It is because different individuals have different preference on the adaptation of Islamic business transaction. Normally, non-Muslim go to the non-Shariah compliance securities. In classifying the non-Shariah compliance, the companies' business transactions were based on the interest, gambling and gaming, trade in non-halal products, conventional insurance and other activities deemed non-permissible by Shariah.

Therefore, companies engaged in the core activities unlike the non-Shariah are considered as Shariah compliance securities. Investment that is derived from the Shariah principle that Muslims should not partake in an activity that does not comply with the teachings of Islam. Specifically, the core activities that are permissible by Shariah principle are manufacturing in Halal products, share trading in Shariah compliant securities and entertainment activities that are permissible by Shariah.

Hence, it is dependent on the individual shareholders preferences either to follow the Islamic securities or conventional securities. For the non-Muslims individual shareholders, their investment can be diverted into Shariah and non-Shariah securities. However, there is only Shariah compliance securities for the Muslims individual shareholders. It is noted that the performance of the Shariah and non-Shariah companies differ as the company's business transactions are different. The respondents in this study stated that:

“As for the Chinese shareholders, they are more into banking stock, gambling stock, they hold Genting Highlands in Malaysia, they hold Public Bank, they hold CIMB Bank, they hold Malayan Banking, and they die hard to those stocks.” (M1, C, Consumer product sector).

“As a Muslim, there are two. Some there is an Islamic company, some non-shariah. Of course, shariah, it is more stable.” (M3, M, Trading services sector).

Therefore, as mentioned before, the sector of the company is an indicator to the individual shareholders' investment decision. As the perspective from the respondent, the individual shareholders are more prone to the investment in a trending sector. Nowadays, the prospect sector that have the bright company's growth is in technological sector. It is because of the nature of the sector such as not so complicated, able to experience a prolonged growth and can becoming the matured technological stocks. More individual shareholders will be prone

to the technological stocks as this is one of the public's basic consumption. It is easier for them to understand the nature of the product and company. The respondents in this study stated that:

“And then it is a trend. For example, the digital that I said. E-wallet and online marketing for example. Those accept people you know. So those people are come to invest, attract people to come.” (M4, C, Industrial product sector).

Based on the qualitative analysis, the study reveals that three out of four respondents agreed that companies that are categorized under government-linked companies (GLCs) are some of the factors for the investment decision making. GLCs are defined as companies that have a primary commercial objective and in which the Malaysian Government has a direct controlling stake. ‘Controlling stake’ refers to the Government's ability to appoint Board members, senior management and make major decisions.

The Government intervention might give both advantages and disadvantages to investment decision among individual shareholders. From the good perspectives, the GLCs have the ability to sustain for a long term in the industry as supported by the Government, either in terms of financials and projects. The individual shareholders will be remunerated with the high return if the company can roll the company's profit in a large amount. Further, as mentioned by the respondents of consumer product sector and trading services sector, most of the GLCs were appointed by the politicians. The political appointees have a powerful influence in easily getting the projects for the company's business operations.

In contrast, investment decision is also affected by the external influences, the change of the Government is unlikely give impact to the investment environment. Malaysia had undergone major changes after the 14th General Elections (GE-14) last May. During that period, some changes were witnessed, in terms of economic, political and social. Not to mention that investment cycle fluctuates due to the changes in government administration. In fact, there are several companies that have a drop of share prices, such as Destini Bhd, Utusan Malaysia Bhd and KUB Malaysia Bhd, due to their top management of the company assembled by the previous government members. The directors mentioned as below:

“Because this is related to the government-linked related company and it's due to the certain reason because of their project being delayed or being shaded or something like that. [...] Especially the general public at large in the past government-linked company may be politically linked you probably seen many of this equity are hold by political members.” (M1, C, Consumer product sector).

“Some companies have more linked towards the government. So basically, when there is a switch of the government that we had recently, were affected. Because you don't get the support anymore from the government.” (M2, M, Trading services sector).

“If GLC is different. In GLC, it has influenced by government. They are political appointees. So, the decision is not purely on investment. It covered another aspect. [...] GLC is set up by politician and even investment committee also headed by the politician.” (M3, M, Trading services sector).

Plus, the director of trading services sector added that better economic performance in GLCs is influenced by the special investment committee. The committee is only applicable for the GLCs, which specialized in handling the investment matters. The investment committee is selected among outsourced professional in giving a fair and rational investment decision, which is beneficial to the company and investors. The director explained as below:

“It is only for GLCs. If non-GLCs, there are no, especially the smaller company. [...] In GLCs because the investment is large, normally a member of the investment committee does not exist in the board. [...] They are normally professionals from outsiders” (M3, M, Trading services sector).

In summary, the respondents from all sectors have common perspective regarding the type of the company as an influential factor among individual shareholders, but in different justification. The individual shareholders will look into the sectors that they are familiar with and understand the company's products and services.

4.4 Sustainability of Company

Based on the qualitative data analysis, this study revealed that the last factor which contribute to the investment decision making among individual shareholders is the sustainability of the company. In a simple definition, sustainability is the long-term company's existence that meet the needs of the present community, without jeopardize the needs of the future, with the protection of the environment and economically basis.

Based on the definition, the first main pillar in the sustainability is the environment. Even though environment normally act as the secondary stakeholders, but the company have to take into consideration the company's business operations impacts towards the environment. Notably, the concept of the environment involving care about the pollution, biodiversity and resources. In order to build a strong relationship with the stakeholders, that is especially the individual shareholders, it is a must for a company to incorporate the environmental issue in the business model. Individual shareholders seeking for a company to be transparent in reporting any issues regarding the environmental impacts to the public.

Next, it is an ethical conduct if the company have the social concerns that might give impact to the investments. Normally, the social activities that conducted by the companies are in terms of charitable, donation and build infrastructure to the community. If the individual shareholders accept the company's concern to the society, it will enhance the company's business operations. Directly, social concerns will allow the individual shareholders to achieve the investment objectives and increase the returns.

The last pillar of the sustainability has a linkage between environment and society, which is economically. This is because as the main objective among the individual shareholders is the wealth creation from the investment and they are the one who inject the capital for the company's business operations, the issues arise when the company's profits contribute to the others than individual shareholders. Noted, the economically successful of the company is does not solely depends on the company's products or services, but it is contributing by the company's manner towards the environment and society. The respondent from industrial product sector claimed as below:

“And then the business is sustainability or not. It likes there is no point you are doing something not sustainable.” (M4, C, Industrial product sector).

As a conclusion, it is showed that the perspectives from the directors of the company regarding the factors of investment is not only focusing on the financial factors. It is very important for the company to add on other aspects in encouraging the individual shareholders investment. This is due to the incorporation of the company is not only focusing on the owners' satisfaction but it covered a wide area of the stakeholders' interests. Once done with the presentation of findings, this study constructs the discussion on the analysis supported with the previous studies were then explained in the next section.

5.0 DISCUSSION

The findings showed that there are four factors that influence investment decision making among individual shareholders in the Malaysian PLCs. Based on the directors' perspectives, the contributing factors are GLCs, growth of the company, size of the company, type of the company and sustainability of the company. Each of the directors have a different opinion regarding the investment issues and have their own justification in supporting the overview.

The advantage of the qualitative analysis is having an in-depth explanation based on the each of the factor, which is varied from the quantitative analysis. It was found that individual shareholders look into the growth of the company in terms of financial, business performance, and managerial roles, in order to analyze the performance of the company and comparing with the other companies. Based on the statement by Merrill (2018) the growth of the company can be demonstrated as a company that has better than average earnings growth, such as high price, high earnings and high volatility.

In addition, the justification made by the Schlachter (2013), claimed that there is no right or wrong investment either in a small or large size of the company. The investment in a large size of the company required an individual to be prepared with a lot of capital. Hence, there are plenty of individual shareholders were keen to the investment in a small size of company. It might be financial constraints and not well prepared for the high risk taking. Even though there is a broad definition of the type of the company, but this study discovers that the type of the company that impact individual shareholders are Shariah and non-Shariah compliance companies and sector based of the company. The result of the study is supported by McGowan (2010), in encouraging the Malaysian companies

implemented Shariah securities which can keep the investment among Muslim investors and increase the market. However, it is dependent on the investors' religiosity. For the non-Muslim investors who opt for non-Shariah investments because they have the options to go for it. Ross (2018) claimed that technology stocks can sometimes provide a high dividend to the individual shareholders as the sector have a high emphasis on growth.

The findings were discovered in the analysis is based on GLCs in attracting investors' investment. Menon (2017) agreed that GLCs in Malaysia have a high number of stock market and assets acquisition. Due to the strong performance in representing the Malaysia's GDP, it becoming quite well-known internationally and great public's influential.

The last finding for the sustainability of the company for the investment decision making is supported by a previous study from Epstein and Roy (2001) and Mackey, Mackey and Barney (2007), emphasizes that there is an increasing number of companies implementing sustainability concepts for the better performance of the company, not only for the shareholders but give benefits to the whole stakeholders. Next section presents the summary of findings, implications of the study, limitation and highlighted the areas for further research.

6.0 CONCLUSIONS

In conclusion, it was found that among the four factors, which are growth of the company, size of company, type of company and sustainability of company, it can be summarized that all the factors are classified under the main scope, which is characteristic of the company. Based on the directors' perspective on the investment decision making, they looked more into the criteria of the company in attracting individual shareholders' investment.

It might be due to their roles and responsibility, as the top-level management run the company's business operations to meet the needs of shareholders and stakeholders. So that, in order to ensure more people, make an investment in the company, they have to strive the action in the managerial companies to be a better performance competing with the others. Plus, the overview from the respondents is because they are the ones who work closely to the company and the shareholders. So that, their views are based on the company's characteristics. It is discovered that all of the respondents from all sectors prone to the type of the company as the main influential factors in the investment decision making.

Accordingly, the implications of the present study are that it provides much needed empirical data on the factors contribute to the investment decision making from the perspectives of directors of the company. This information is important given that the other studies taken the perspectives from the middle-level of management. It is believed that the top level of management is the right key persons to deal with the owners of the company in relating to the companies' business operations. The findings point to a specific set of the directors' perspectives from the trading services sector, consumer product sector and industrial product sector. Further to that, the findings are the uniqueness of the knowledge and information carried out by the directors as part of the individual shareholders' investment decision.

This study might be very useful to be implemented by the management of the company that is not only focusing by the directors of the companies. They can analyze which part of the companies' criteria that need for a critical review in order to encouraging the individual shareholders' performance. On part of the regulatory authority, they be able to strictly implement the rules and regulations pertaining to the governance areas on part of the company disclosure to the public. In contravene to the rules and regulations, the company will get the punishment and fines as well as the mistakes made by the company. Importantly, the usefulness to the investors, either existing or prospect investors evaluation the criteria in choosing the right companies and making a wise investment decision making. The analysis from the contributing factors supported by the directors' perspectives able to reduce loss and risk in the investments.

Throughout the analysis, this study discovered that there is some limitation that need further action. This study conducted interview with four directors, from three main sectors in Malaysia, namely, trading services sector, industrial product sector and consumer product sector. Plus, the selected companies are covering the Klang Valley area. As a suggestion for future study, it is advisable to make an analysis among individual shareholders themselves and make comparison to the directors' perspectives. It might be useful to have many respondents with large amount of information, and participation by the directors from a large sector in the Malaysian PLCs that are not only limited in the Klang Valley area.

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DETERMINANTS AND GROWTH OF DEVELOPMENT FINANCIAL INSTITUTIONS (DFI'S): EVIDENCE FROM MALAYSIA

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ABSTRACT

Development institution plays a vital role in sustaining an economic growth of a country by improving the recognized strategic sectors mainly for SME since they are not adequately assisted by private banks or local capital markets in pertaining to the stability of their finance. This study examines the relationship between the determinants of Development Institutions (DFIs) in Malaysia and the growth of DFIs for the period from year 2008 to 2017. Twelve (12) samples of DFIs were selected for the study and one (1) of them is not govern under Development Financial Institution Act (DFIA) 2002. The data collected from each DFIs consists of financial position, income statement, balance sheet and financial ratio. It is measured on annual basis extracted from World Bank data, Thomson Reuters Eikon and the annual report of each DFIs. Return of Assets (ROA) is used as a proxy for growth and to measure the efficiency of the financial institution management in changing its assets into profit. Five variables; liquidity, capital adequacy, size of firm, inflation rate and gross domestic product were selected for this study in describing the depended variable. Thus, both panel data regression model and Pooled Ordinary Least Square (OLS) Model is implemented in conducting this research. The results showed that the liquidity, capital adequacy and size of firm were found to be significant to influence the growth of DFIs. Apart from that, inflation and gross domestic product (GDP) were discovered to be insignificant in explaining the growth of DFIs.

Keywords: Economics, Small Medium Enterprises, Development Financial Institution, Return on Asset, Liquidity

1.0 INTRODUCTION

The financial system in Malaysia holds a crucial role in the economic development in Malaysia since it mobilizes financial resources and channeling them to meet the financial needs of various economic sectors. The Development Institutions (DFIs) in Malaysia are the specialized financial institutions established by the Government with a definite mandate to improve and support key sectors that are considered of strategic importance to the overall socio-economic development purposes of the country. These necessary sectors comprise small and medium enterprises (SMEs), maritime, infrastructure, agriculture, export-oriented sector plus capital-intensive and high-technology industries (BNM, 2018). Thus, DFIs are a medium for extending development finance and they are among the institutions that act as an essential part of economic growth. As specialized institutions, they also offer a variety of specialized financial products and services to fulfill the necessities of the targeted sectors.

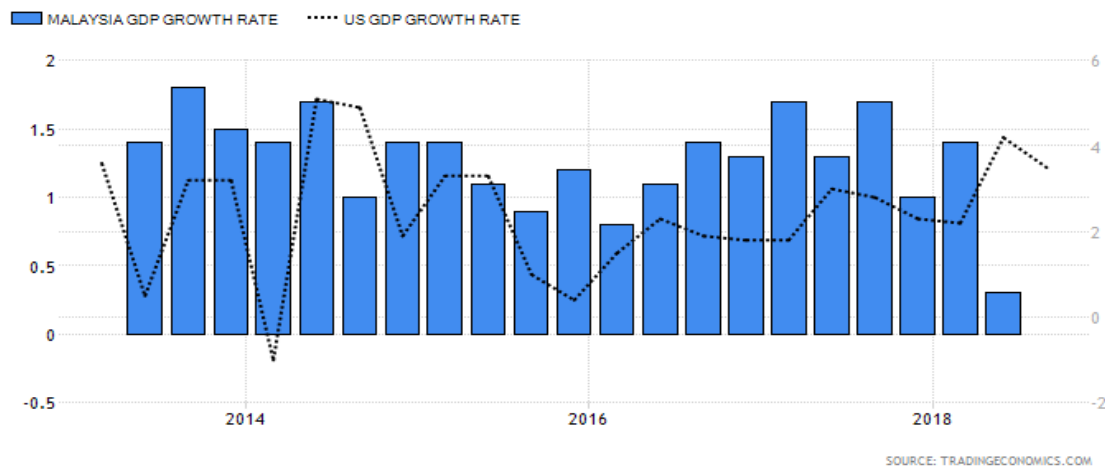
1.1 Background Of The Study

In Malaysia, one of the momentous milestones in producing a comprehensive regulatory and supervisory framework was the enactment of the Development Financial Institutions Act 2002 (DFIA), acts as a supervisory and comprehensive regulatory framework that enhances the financial and operational soundness of DFIs. According to BNM (2016), there are six DFIs regulated under DFIA 2002 and they are Bank Kerjasama Rakyat Malaysia Berhad (Bank Rakyat), Agrobank, Bank Pembangunan Malaysia Berhad (BPMB), Export-Import Bank of Malaysia Berhad (EXIM Bank), Small and Medium Enterprises Bank (SME Bank), and Bank Simpanan Nasional (BSN). On the other hand, Lembaga Tabung Haji, Malaysian Industrial Development Finance Berhad, Sabah Development Bank, Sabah Credit Corporation Berhad, Credit Guarantee Corporation Berhad (CGC), Borneo Development Corporation (Sabah) Sdn Bhd, and Borneo Development Corporation (Sarawak) Sdn Bhd are the seven DFIs that are not governed under DFIA 2002.

1.2 Problem Statement

A lot of countries, such as Malaysia, the United States, and European countries employ specialized institutions which known as Development Financial Institutions (DFIs) to attain its social-economic development. Nowadays, America is one of the largest foreign investors in Malaysia. Formerly, Malaysia is determined to become the 19th largest trading partner of the USA and the second-largest trading partner among ASEAN members. In 2016, Malaysia was identified to be the 24th country that becomes the largest market for the USA goods exports and the 14th largest supplier of its goods imports. By contrast, the USA was Malaysia's 4th largest export market and the 4th largest supplier of imports after China, Singapore, and Japan. The USA maintains as the largest stock of foreign investment into Malaysia, with some new investments in 2015 (U.S Department of State, 2016).. However, in the late 1990s, Malaysia was swayed by the Asian financial crisis and this crisis affected the Malaysia's assembly line based economy. Since then, Malaysia was left behind and the USA led in its economic growth and has direct association with DFIs in promoting the effectiveness, modernization, and diversification of the national economy. This can be seen through the GDP growth rate of the United States and Malaysia in Graph 1.

Table 1: The GDP Growth Rate of Malaysia and US



The economy of Malaysia rose to 4.5 percent year to year in the second quarter of 2018, following a 5.4 percent increase in the previous three-month period and missing market consensus of 5.2 percent. It was the lowest growth rate since the fourth quarter of 2016, as net external demand presented negatively to GDP growth, while private consumption, investment, and government spending remained to grow at a stable pace. On a quarter-on-quarter seasonally adjusted basis, the GDP grew by 0.3 percent in the second quarter, the least progress since the first quarter of 2013. GDP Annual Growth Rate in Malaysia averaged 4.80 percent from 2000 until 2018, attaining an all-time high of 10.30 percent in the first quarter of 2010 and a record low of -6.20 percent in the first quarter of 2009. Therefore, the purpose of this study is to explain the factors that might influence the growth of development financial institutions (DFIs) in Malaysia.

1.3 Objective of The Study

The study is conducted to find possible answers for these research questions:

1. What is the relationship between the growth of DFIs in Malaysia and liquidity?
2. What is the relationship between the growth of DFIs in Malaysia and capital adequacy?
3. Is growth of DFIs in Malaysia and size of firm are significantly related to each other?
4. Does the inflation rate significantly influence the growth of DFIs in Malaysia or vice versa?
5. What is the relationship between the growth of DFIs in Malaysia and GDP?

The specific objectives of this study are:

1. To study the relationship between capital adequacy and the growth of DFIs in Malaysia.
2. To determine the relationship between the size of firm and the growth of DFIs in Malaysia.
3. To study on how the gross domestic product (GDP) affects the growth of DFIs in Malaysia.
4. To determine the relationship between the inflation rate and the growth of DFIs in Malaysia.
5. To study the relationship between liquidity and the growth of DFIs in Malaysia.

1.4 Scope and Limitation of the study

This research studies the impact of liquidity, capital structure, size of firm, inflation and Gross Domestic Product (GDP) toward the growth of DFIs in Malaysia. The selected time period in this study was chosen between 2008 and 2017. One of the limitations is the limited sources and it is difficult to relate the variables to each other. In addition, the research covers insufficient sample sizes as there were some difficulties in the data collection process.

Some DFIs were found to have incomplete annual reports since there were missing period and figures on the annual report. Meanwhile, Borneo Development Corporation (Sabah) Sdn Bhd, and Borneo Development Corporation (Sarawak) Sdn Bhd did not release any of their financial annual reports in the particular years to the public. Thus, the cross-sectional data used in this research is inadequate to signify and explain the overall industry of the DFIs in the observed year.

2.0 LITERATURE REVIEW

This research will focus on the relationship between the growth trend of Development Financial Institutions (DFIs) with institutional-specific factors and macroeconomic factors, including capital adequacy, size of firm, gross domestic product (GDP), inflation and liquidity. Besides, the comparative analysis on the performance of DFIs that are governed under DFIA 2002 which are Bank Kerjasama Rakyat Malaysia Berhad (Bank Rakyat), Agrobank, Bank Pembangunan Malaysia Berhad (BPMB), Export-Import Bank of Malaysia Berhad (EXIM Bank), Small and Medium Enterprises Bank (SME Bank), Bank Simpanan Nasional (BSN) and DFIs that are not governed under DFIA 2002, which are Lembaga Tabung Haji, Malaysian Industrial Development Finance Berhad, Sabah Development Bank, Sabah Credit Corporation Berhad and Credit Guarantee Corporation Berhad (CGC) will also be conducted in this research.

2.1 Liquidity

Liquidity of DFIs can be measured by the ratio of loan to assets. Sayedi (2014) conducted research to examine the internal and external factors in determining the profitability of Nigeria Bank, concludes that the relationship between liquidity and profitability of Nigeria Bank is positively but insignificantly. Sayedi (2014) stated that liquidity level must be stabilized and increase as liquidity can affect a small positive influence on the profitability of banks. Likewise, Chen, Ooi, Ooi, Tan and Wan (2016) had conducted research examine the significant relationships of the determinants of Islamic Development Institutions (DFIs) in Malaysia and the performance of each Islamic DFIs.

2.2 Capital Adequacy

The capital adequacy is the capital ratio means the amount of equity and debt funding that has occurred in the company earning a certain fixed asset. This study shows that Capital ratio has an actual relationship with ROA. However, the study by Asma et al. (2011), highlight that capital adequacy has failed to satisfy the specifications of significance. Hence, based on the study suggest that capital adequacy cannot be viewed as absolute determinants of profitability of Islamic banking institutions in Malaysia. Meanwhile, Wasiuzzaman and Hanimas (2010) also find that capital adequacy has an insignificant relationship with the profitability of Islamic Banks in Malaysia. This study conducted to examine the impact of bank characteristic as well as macroeconomic determinants on the profitability of Islamic banks in Malaysia. The Ordinary Least Squares (OLS) method was employed to analyze the data.

2.3 Size of Firm

The aim of the research conducted by Yong and Floros (2012) to assess the determinants of bank profitability in China. It analyzes the impacts of inflation on bank profitability while controlling for general bank-specific and industry-specific variables. The result of this research shows that bank size will influence bank profitability positively. Asma et al (2011) conducted a research to study the determinants of profitability for Islamic Banking Institutions in Malaysia which are registered on the Bursa Malaysia, the result shows that only the bank size is significant in defining profitability with a positive relationship. It is can be assumed that, even though there is a lot of determinants, only the bank's size may put confidence in the eyes of the consumers.

2.4 Inflation

Inflation is a quantitative measure of the rate at which the average price level of a basket of selected goods and services in an economy expands over a period of time. Abduh and Alias (2014) conducted research to discover the variables influence the profitability of 15 Islamic Banks in Malaysia from the year 2006 to 2010. The outcome of the research shows that inflation influences the profitability of Islamic Banks negatively and insignificantly. In parallel, the study had been conducted by Kanwal and Nadem (2013) to examine the consequence of macroeconomic variables on the profitability of public limited commercial banks in Pakistan. The empirical result shows that the correlation between inflation and profitability of commercial banks in Pakistan is negative and statistically insignificant. Thus, inflation is not the main variable to determine bank profitability because the interest rate will change the inflation rate respectively.

In contrast, the relationship between inflation and bank profitability is negative when the costs of bank grow faster than income. In contradict, research by Yong and Floros (2012) found that the correlation between the profitability

of banks and inflation in China is positive and statistically significant. Yong and Floros (2012) stated that China banks need to adjust the interest rate in order to withstand the effect of inflation. Indirectly, this will cause the revenue of banks to increase faster than the cost and thus lead to higher earnings.

2.5 Gross Domestic Product (GDP)

Gross domestic product (GDP) is the monetary value of all the finished goods and services made in a country's borders in a definite time period. Kiganda (2014) conducted research to focus on the influence of macroeconomic factors on bank profitability in Kenya from the period of 2001 to 2012 with equity bank in order to recognize the country and bank-specific features. The outcome of this research reveals that the relationship between GDP with the profitability of commercial bank in Kenya is positive but insignificant.

There are six different Islamic DFIs which are Agrobank, Bank Pembangunan Malaysia Bhd (BPMB), Bank Rakyat, Bank Simpanan Nasional (BSN), Small and Medium Enterprises (SME) and Lembaga Tabung Haji. Abduh and Idrees (2013) conducted the research to examine the influence of bank-specific as well as industry-specific and macroeconomic indicators on Islamic banks profitability, especially in Malaysia, for the period of 2006 to 2010. However, the result proves that there negative but insignificant relationship between the profitability of Islamic banks and the GDP growth rate which were a contrast with the initial expectation.

3.0 RESEARCH DESIGN AND METHODOLOGY

Secondary data was the basis data for data to be employed in this research. This research applies secondary data which obtained from Worldbank data, Thomson Reuters Eikon and financial annual reports of DFIs that are governed under DFIA 2002 which are Bank Kerjasama Rakyat Malaysia Berhad (Bank Rakyat), Agrobank, Bank Pembangunan Malaysia Berhad (BPMB), Export-Import Bank of Malaysia Berhad (EXIM Bank), Small and Medium Enterprises Bank (SME Bank), Bank Simpanan Nasional (BSN) and DFIs that are not governed under DFIA 2002, which are Lembaga Tabung Haji, Malaysian Industrial Development Finance Berhad, Sabah Development Bank, Sabah Credit Corporation Berhad and Credit Guarantee Corporation Berhad (CGC).

3.1 Data Collection Method

This research study employed secondary data to study the relationship between the growth of Development Financial Institutions (DFIs) and a set of explanatory variables. The data is measured on annual basis and the data was collected mainly from Worldbank data, Thomson Reuters Eikon and financial annual reports of each DFIs. For the dependent variable which is growing is measures using Return on Asset (ROA). ROA measures the efficiency of the financial institution management in changing the financial institution bank assets into profits.

3.2 Hypothesis

The main purpose of the study is to investigate which determinants influence the growth of DFIs in Malaysia and to determine the relationship of growth between Liquidity, Capital Adequacy, Size of Firm, Inflation and Gross Domestic Product. To achieve these objectives, the study states the following hypothesis:

1. Liquidity

H0: There is insignificant relationship between liquidity and growth of DFIs in Malaysia.

H1: There is significant relationship between liquidity and growth of DFIs in Malaysia.

2. Capital Adequacy

H0: There is insignificant relationship between capital adequacy and growth of DFIs in Malaysia

H1: There is significant relationship between capital adequacy and growth trend of DFIs in Malaysia.

3. Size of Firm

H0: There is insignificant relationship between size of firm and growth of DFIs in Malaysia.

H1: There is significant relationship between size of firm and growth of DFIs in Malaysia.

4. Inflation Rate

H0: There is insignificant relationship between inflation rate and growth of DFIs in Malaysia.

H1: There is significant relationship between inflation rate and growth of DFIs in Malaysia.

5. Gross Domestic Product

H0: There is insignificant relationship between gross domestic product and growth of DFIs in Malaysia.

H1: There is significant relationship between gross domestic product and growth of DFIs in Malaysia.

3.4 Expected Sign

Table 2: Expected sign of the independent variables

Variables	Expected Sign	Supported by
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Liquidity	(+) positive	Sayed (2014) ; Asadullah (2017) ; Chen,Ooi, Tan and Wan (2016)
Capital Adequacy	(+) positive	Siti, Nurul & Shahreena (2016) ;Abduh and Idrees (2013) Chen,Ooi, Ooi, Tan and Wan (2016)
Size of Firm	(-) negative	Abduh and Alias (2014) Chen,Ooi, Ooi, Tan and Wan (2016) ; Asadullah (2017)
Inflation Rate	(-) negative	Abduh and Alias (2014) ; Abduh and Idrees (2013) Kanwal and Nadeem (2013)
Gross Domestic Product	(+) positive	Abdel and M. Bashir (2014) Chen,Ooi, Ooi, Tan and Wan (2016) ; Kiganda (2014)

3.5 Conceptual Framework

This study investigates five important variables relationship and their influence on affects the growth trend of DFIs in Malaysia. This study uses the following theoretical model to assess the important variables.

$$GR = \alpha + \beta_1 LIQ + \beta_2 CA - \beta_3 SOF - \beta_4 INF + \beta_5 GDP + \epsilon$$

Where;

GR = Growth ; α = Constant ; β = Coefficient ; LIQ = Liquidity ; CA = Capital Adequacy
SOF = Size of Firm ; GDP = Gross Domestic Product ; INF = Inflation Rate
 ϵ = Error Term

4.0 DATA ANALYSIS

4.1 Descriptive Statistics

The descriptive statistic is correlated with dependent and independent variables. The descriptive statistic is a summary statistic that quantitatively defines or summarizes features of a collection of information. These statistics include the mean, maximum, minimum, standard deviation, coefficient variance, skewness and kurtosis.

Table 3: Descriptive Statistics

Statistics	GR	LIQ	CA	LgSOF	INF	GDP
Mean	0.0369323	0.442842	0.3410179	16.23419	2.588633	4.736053
Maximum	0.114004	0.97322	0.9892679	22.44055	5.440782	7.424847
Minimum	0.003172	0.009997	0.0420813	14.03082	0.5833084	-1.51353
Standard Deviation	0.022824	0.3027102	0.2920548	1.322957	1.301914	2.257014
Coefficient Variance	0.6179959	0.6835627	0.8564207	0.081492	0.5029348	0.4765602
Skewness	1.109502	0.0309038	1.148662	0.9004573	0.7258093	-1.944743
Kurtosis	3.919618	1.719023	2.887263	5.778633	3.075656	6.21132

□ Notes: The summary is based on 110 number of observation which the dependent variable is Growth (GR) while the independent variables are Liquidity (LIQ), Capital Adequacy (CA), Size of Firm (LgSOF), Inflation (INF) and Gross Domestic Product (GDP).

The data used resulted that the mean value for GR is 0.0369323 percent. Standard deviation is the relative dispersion of macro variables from the mean values. It also can signify the level of volatility for the particular variables. Thus, while the standard deviation for GR is 0.022824 percent. It shows that the mean is higher than standard deviation and resulting in low variability. The minimum value is 2.504404 percent and the maximum value is 4.148301 percent.

On the other hand, the independent variable which is LIQ shows that its mean is 0.442842 percent with the standard deviation of 0.3027102 percent. It also indicates that the data is low variability since the mean is higher than the standard deviation. The minimum and maximum value of LIQ is 0.009997 percent and 0.3027102 percent respectively. Next, the independent variable which is CA shows that its mean is 0.3410179 percent while the standard deviation of 0.2920548 percent. The minimum and maximum value of CA is 0.0420813 percent and 0.9892679 percent respectively. Moreover, the data resulted that the mean for SOF is 16.23419 percent. Meanwhile, the value of standard deviation for SOF has resulted 1.322957 percent. Thus, the data is low variability because the mean is higher than the standard deviation. SOF recorded the minimum value of 14.03082. However, the maximum value has shown that LgSOF is the highest value among other variables which is 22.44055.

Besides, the data of the other two variables which are INF and GDP also displays a low variability because the standard deviation is lower than the mean. The mean for INF is 2.588633 percent with 1.301914 percent of standard deviation and for GDP is 4.736053 percent of mean with standard deviation of 2.257014 percent. The maximum and minimum value of INF is 5.440782 percent and 0.5833084 percent while the maximum and minimum value of GDP is 7.424847 percent and -1.51353 percent respectively. According to Asma et al. (2011), the coefficient variance is the dispersion of the variable in a way that does not depend on the variable's measurement unit. The higher the coefficient variance, the higher is the dispersion in the variable and vice versa. The table above shows SOF, GDP, INF, GR and LIQ have the small value of coefficient variance that is 0.081492 percent, 0.4765602 percent, 0.5029348 percent, 0.6179959 percent and 0.6835627 percent. It indicates that variables that have less variability form higher consistency and stability.

In contrast, CA has the highest value of coefficient variance which is 0.8564207 percent. It shows that the variable result in higher variation than other variables will form lower consistency and stability. Apart from that, the skewness shows a variety of result where some of the results show right skewed and the other shows left-skewed. It skewed to the right when the data shows the positive sign and skew to the left when the data is negative. The data can be normal data when the result is 0. From the result above, only GDP shows a negative sign with the value of 1.944743 percent. Thus, it is shown that the data skewed to the left. However, the data of GR, LIQ, CA, SOF and INF skew to the right due to the positive sign with the value of 1.109502 percent, 0.0309038 percent, 1.148662 percent, 0.9004573 percent and 0.7258093 percent. But the value of one variable is near to zero where it means that the data is almost normal.

In the same time, Kurtosis is employed to shows whether the data is high peakedness, normal or flat. When the value is higher than three, the data is high peakedness but when the value shows below than three, it is means the data is flat. When the value is equivalent to three then the data is normal. The result shows that four of the variables are high peakedness because the value is more than three. The value of GR, SOF, INF and GDP are 3.919618 percent, 5.778633 percent, 3.075656 and 6.21132 percent respectively. However, another two variables are flattening because the value is below than three. The value of LIQ and CA are 1.719023 percent and 2.887263 percent.

4.2 Correlation of Coefficient Analysis

Table 4: Correlation of Coefficient Analysis

	GR	LIQ	CA	SOF	INF	GDP
GR	1					
LIQ	-0.5314	1				
CA	0.6620	-0.6949	1			
SOF	-0.1715	-0.2260	-0.0510	1		
INF	-0.0316	0.0024	-0.0008	0.1021	1	
GDP	0.0011	0.0154	0.0084	0.0432	0.4267	1

The Correlation of Coefficient Analysis is a measure of the strength of the relationship between two variables. Based on Table 4, it shows that the Capital Adequacy (CA) and Gross Domestic Product (GDP) that have a positive association with Growth (GR) Thus, it means that if one variable increase, thus the other variable will also increase and vice versa. On the other hand, Liquidity (LIQ), Size of Firm (LgSOF) and Inflation (INF) have a negative relationship with Growth (GR). From that, it indicates if one variable decrease, then the other variables

also decrease and vice versa. From the table above it shows that all variables have a value lower than -1.0 or +1.0 and it also indicates that if the value is near to -1.0 or +1.0 means there is a strong relationship between variables. In addition, Capital Adequacy (CA) has high correlation with Growth (GR) compare to another independent variable since it value equal to 0.6620 which is near to 1. From result above, when Capital Adequacy (CA) increase, it leads to Growth (GR) also increase. Gross Domestic Product (GDP) also have positive association with Growth (GR) that is 0.0011 which when the Gross Domestic Product (GDP) increase, Growth (GR) also increase as well. Meanwhile, the Liquidity (LIQ), Size of Firm (SOF) and Inflation (INF) have negative relationship with Growth (GR) which is 0.5314 percent, 0.1715 percent and 0.0316 percent. So, when these three variables decrease, thus the Growth (GR) also tend to decrease.

4.3 Pooled Ordinary Least Squares (Pols) Regression

Table 5: Pooled Ordinary Least Squares (POLS) regression

GR	Coef.	Std. Err.	t	P> t	95% Conf.	Interval
C	0.087985	0.0240606	3.66	0.000	0.040272	0.135698
LIQ	-0.0180728	0.0079456	-2.27	0.025**	-0.0338293	-0.0023163
CA	0.0379136	0.0080295	4.72	0.000***	0.0219909	0.0538363
LgSOF	-0.0034489	0.0013154	-2.62	0.010***	-0.0060573	-0.0008405
INF	-0.0003061	0.0013725	-0.22	0.824	-0.0030277	0.0024156
GDP	0.0001697	0.0007885	0.22	0.830	-0.0013939	0.0017334
F-statistic = 19.46 Prob. (F-statistic) = 0.0000 R-Squared (R²) = 0.4834 Adjusted R² = 0.4586						

- Notes: The dependent variable is Growth (GR) while the independent variables are Liquidity (LIQ), Capital Adequacy (CA), Size of Firm (LgSOF), Inflation (INF) and Gross Domestic Product (GDP). Label of *** and ** indicates significance at 1% and 5% level respectively.

Table 5 highlighted the result of statistical analysis by using the POLS model. Furthermore, to explain the Ordinary Least Squares, the probability of t-statistic of the variables need to be determined. There is a significant relationship if variables are less than 0.05 (<0.05). From this study, the result shows that F-statistic is 19.46 which is higher than 4, then it revealed that there is a significant relationship between the dependent variable and independent variables in this study. Hence, the significant level could be seen by using the probability of F-statistic, therefore from the table above shows, there is a significant relationship between dependent variable and independent variables because the value is 0.0000 which is lower than 5% significant level.

Based on the table above, it showed that if other variables are held constant, then the Growth of Development Financial Institutions (DFIs) in Malaysia will change 0.087985 percent. Based on the estimated model above, there is a negative significant relationship between Liquidity (LIQ) and Growth (GR). Therefore if 1% increase in Liquidity (LIQ), the Growth (GR) will decrease by 0.018072. Besides, Capital Adequacy (CA) has a significant and positive relationship with the Growth (GR). Thus, the result shows if 1% increase in Capital Adequacy (CA), the Growth (GR) will increase by 0.0379136. Next, the equation above shows that the Size of Firm (SOF) is significant but has a negative relationship with Growth (GR). For this reason, if 1% increase in Size of Firm (LgSOF), the Growth (GR) will decrease by 0.0034489. However, based on the table above shows that Inflation (INF) is negatively insignificant with Growth (GR). Hence, if 1% increase in Inflation (INF), the Growth (GR) will decrease by 0.0003061. Lastly, Gross Domestic Product (GDP) has a positively insignificant relationship with Growth (GR) and if 1% increase in Gross Domestic Product (GDP), the Growth (GR) will increase by 0.0001697.

4.4 Regressions Result Of Random Effects (Re) Model

Table 6: Random Effect (RE) Model Results

GR	Coef.	Std. Err.	t	P> t	95% Conf.	Interval
C	0.0546344	0.0312189	1.75	0.080	-0.0065536	0.1158224
LIQ	-0.0048666	0.0121588	-0.40	0.689	-0.0286975	0.0189643
CA	0.0442036	0.0140037	3.16	0.002***	0.0167569	0.0716503
LgSOF	-0.0018527	0.0017246	-1.07	0.283	-0.0052329	0.0015275
INF	-0.0004487	0.001184	-0.38	0.705	-0.0027692	0.0018719
GDP	0.0546344	0.0006769	0.19	0.847	-0.0011963	0.0014569
F-statistic = 23.07 Prob. (F-statistic) = 0.0003 R-Squared (R²) = 0.4691						

Table 6 shows that the overall result between Growth (GR) and selected variables, the R² of the study is 0.4691 means that 46.91 percent of the variation or changes independent variable which is Growth (GR) can be explained by all the independent variables which are Liquidity (LIQ), Capital Adequacy (CA) and Size of Firm (SOF), Inflation (INF) and Gross Domestic Product (GDP). While other 53.09 percent cannot be explained by those independent variables. Moreover, for the F-statistic, from the table above the result shows that F-statistic is 23.07. The result shows that there is a significant relationship between dependent variable and independent variables in this study. Meanwhile, the probability of F-statistic indicates there is a significant relationship between the dependent variable and independent variables because the value is 0.0003 which is lower than the 5% significant level.

Besides, based on the table above shows only Capital Adequacy (CA) have the value of t-statistics more than 2 which is 3.16. This shows that only Capital Adequacy (CA) is the independent variable that has a significant relationship with Growth (GR). In contrast, Liquidity (LIQ), Size of Firm (LgSOF), Inflation (INF) and Gross Domestic Product (GDP) have value of t-statistic that less than 2 which are 0.40, 1.07, 0.38 and 0.19 respectively. However, for the probability of t-statistic, the result above indicates that out of five independent variables only one is significant. The results prove that Capital Adequacy (CA) is significant at 5% level and determines the Growth (GR) positively.

Based on the estimated model above, there is a negative insignificant relationship between Liquidity (LIQ) and Growth (GR). Therefore if 1% increase in Liquidity (LIQ), the Growth (GR) will decrease by 0.0048666. Besides, Capital Adequacy (CA) has a significant and positive relationship with the Growth (GR). Thus, the result shows if 1% increase in Capital Adequacy (CA), the Growth (GR) will increase by 0.0442036. Next, the equation above shows that the Size of Firm (LgSOF) is insignificant and has a negative relationship with Growth (GR). For this reason, if 1% increase in Size of Firm (LgSOF), the Growth (GR) will decrease by 0.0018527. However, based on the table above shows that Inflation (INF) is negatively insignificant with Growth (GR). Hence, if 1% increase in Inflation (INF), the Growth (GR) will decrease by 0.0004487. Lastly, Gross Domestic Product (GDP) has a positively insignificant relationship with Growth (GR) and if 1% increase in Gross Domestic Product (GDP), the Growth (GR) will increase by 0.0546344.

4.5 Breush And Pagan Lagrangian Multiplier Test For Random Effects

Table 4.2.6: Breush and Pagan Lagrangian Multiplier Test for Random Effects

Chi2 (1)	Prob > chi2
25.26	0.0000

H0: Choose Pooled OLS

H1: Choose Random Effect (RE) Model

Breush and Pagan Lagrangian Multiplier Test are conducted to test whether to employ Pooled Ordinary Least Square (POLS) or Random Effect. In this research study, the alternate hypothesis (H0) will be accepted while the null hypothesis (H1) will be rejected. This is because, based on the calculated p-value of chi-square, a significant result was achieved considering the p-value is less than 0.05. However, to support the argument, in the RE model, there is only one independent variable that shows a significant relationship with Growth (GR) compared to POLS that shows three significant variables. So, it is advisable to stick with the POLS test method that reveals a reasonable independent result.

4.6 Result Analysis

The Pooled Ordinary Least Squared (POLS) regression and Random Effect (RE) model have been done in this study which the Growth of Development Financial Institutions (DFIs) in Malaysia is recognized as dependent variable that regressed by using STATA software against four independent variables which are Liquidity (LIQ), Capital Adequacy (CA), Size of Firm (LgSOF), Inflation (INF) and Gross Domestic Product (GDP). Surely, the regression equation of Pooled Ordinary Least Squared (POLS) method will be chosen in order to analyse the final result since it shows the better result compared to Random Effect (RE) model even the Breush and Pagan Lagrangian Multiplier Test for Random Effects accept null hypothesis (H1) which chooses Random Effect (RE) model. The equation below displays to construe the positive and negative relationship between the dependent and independent variables.

Figure 2: Final Estimated Result

$$GR = 0.087985 - 0.0180728LIQ^{**} + 0.0379136CA^{***} - 0.0034489LgSOF^{***} - 0.0003061INF + 0.0001697GDP$$

From the Figure 2 above, the Liquidity (LIQ), Capital Adequacy (CA) and Size of Firm (LgSOF) interpret significant relationship with Growth (GR). Meanwhile, Inflation (INF) and Gross Domestic Product (GDP) do not have a significant impact on the growth of DFIs. Based on the results of POLS that had been done, Liquidity (LIQ) is discovered to be negatively and significantly influencing the growth of DFIs in Malaysia. This means that increasing in liquidity will tend to decrease the growth of DFIs. The result can be proved by Asutay and Izhar (2007). This research highlighted to study the performance of Bank Muamalat Indonesia (BMI) by analyzing the internal and external determinants. This study included a data set from the financial statement of BMI covered the period from the year of 1996 to 2001. The result indicates that liquidity influence the profitability of BMI negatively and significantly. According to Asutay and Izhar (2007), short-term financing has less effect on the Islamic banking portfolio as these loans are less risky and less profitable.

From the results, Capital Adequacy (CA) is shown a positive and significant relationship which gives impacts on the growth of DFIs Malaysia. Results obtained are parallel to previous research conducted by Siti et al. (2016), Abduh and Idrees (2013) and Chen et al. (2016). This correlation implies higher capital adequacy of DFIS will increase their growth. The financial institutions can achieve increasing in profitability when the financial institution with a sound capital position is able to pursue business opportunities more effectively, and in another way has more time to deal with problems arising from unexpected losses (Siti et al., 2016). Based on the Development Financial institution Act 2002, the regulatory capital requirement confirms the risk disclosure of a financial institution is supported by a sufficient amount of liquid capital. The statistically result of STATA programme shows that the correlation between the size of firm and the growth of DFIs is negative and statistically significant. Moreover, the negative relationship indicates that size does not influence to any type of profitability for the financial institutions and size of the firm also are not achieving the benefit of economies of scale (Dawood, 2014). The output statistically proved that the relationship between the two variables is negative and insignificant. This outcome is supported by Abduh and Alias (2014), Abduh and Idrees (2013) as well as Kanwal and Nadeem (2013). The negative relationship between the variables reveals that inflation will decrease the profitability of DFIs. According to as Kanwal and Nadeem (2013), inflation is insignificant toward the growth of DFIs because the central bank will adjust the lending rate according to the inflation rate. Thus, inflation is not viewed as primary determinants in influencing the growth of DFIs in Malaysia.

Based on the results from the STATA programme, the correlation between GDP and growth of DFIs is positive but insignificant. The result obtained is consistent with previous research by Kiganda (2014), Bashir (2014) and Chen et al. (2016). The positive relationship between the variables indicates that economic growth may develop the growth of DFIs. On the other hand, GDP is insignificant in clarifying the growth of DFIs which specifies that GDP, as an external factor is unlikely to influence their profitability. According to Kiganda (2014), the growth of DFIs is mostly determined by the judgments of internal management but not fully depend on macroeconomic

factors. This proof is further supported as the managerial efficiency of a firm is crucial in order to allow the DFIs to accomplish better.

5.0 CONCLUSION AND RECOMMENDATION

According to the findings, it can be concluded that there are three variables which are liquidity, capital adequacy and size of firm are significant. Hence, these three variables influence the growth of DFIs. On the contrary, the other two variables are insignificant. Besides that, it can be also concluded that the most significant factors that influence the growth of DFIs are capital adequacy. In general, this study has achieved its research questions and research objective to evaluate the determinants that influence the growth of DFIs in Malaysia.

For the future study, there are some recommendations for the future researcher. Firstly, researcher should add more significant independent variables such as liability, taxation, fuel price and credit risk. Meanwhile, it is suggested to add different variables from the previous study so they can achieve a better result. In the future researcher is suggested to widen the scope of study either in United States, United Kingdom, Canada, India, Australia or any Asia country that can give researcher an accurate and valid data with a sample of data more than 10 years for panel data.

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THE ROLE OF THE BOARD AND INTEGRATED REPORTING DISCLOSURE: MALAYSIAN COMMERCIAL BANKS

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Abstract:

The growing requirements for corporate transparency and sustainability have encouraged companies to report their performance to the stakeholders from the economic, social, and environmental point of views. However, many reports face difficulties when it comes to analyzing the information. This emerging scenario has led the Boards of Directors of many companies to voluntarily adopt the accounting and company performance communication tool, known as the Integrated Reporting (hereafter IR). IR is a single disclosure document that meets the increasing need for communication with the stakeholders. It is expected that IR will incorporate a reorientation of the focus of reporting from short-term, backward-looking retrospective information to long-term, forward-looking and prospective information. Consequently, several major companies have voluntarily introduced IR, which coherently summarizes the information available within the organization. The eight IR content elements from the International Integrated Reporting Council (hereafter IIRC) framework are examined. From this, a question arises which is, are there certain characteristics of the governance structure that might influence the Integrated Reporting Disclosure (hereafter IRD)? As a result, several relevant hypotheses are tested on a total of 8 largest commercial banks in Malaysia (from 2013-2017) which data was collected from Thomson Reuters Eikon. The regression analysis has been employed to accomplish the objective of this paper. The data were then analyzed using the Statistical Package for Social Sciences (SPSS, version 24). The results highlight that only the board size influences IRD.

Keywords: Integrated reporting, integrated reporting disclosure, corporate governance, the Board of Directors

1.0 INTRODUCTION

The stakeholders' demand for better reporting has led to IR. IR is a single document that presents and explains a company's financial and non-financial performances. Due to that, Malaysian companies are encouraged to adopt IR as a corporate norm, which will enable the dissemination of effective information to stakeholders on the essentials of the organization. An integrated report is a concise reporting format based on a framework which has been developed by the IIRC, which can be implemented by companies while presenting key information which would be of the interest of the stakeholders when making the decision on their investments.

IR has gathered significant interest due to its strategic importance to companies across the industries. In today's competitive market, IR aims to replace the earlier dominant practice of separating financial and sustainability information by publishing a single integrated report (IIRC, 2013; Jensen & Berg, 2012). Due to that, the IIRC believes that integrating financial and sustainability information will better satisfy the investors' needs for information by providing a more complete and wholesome picture of a company and its performance.

In this new vision of business affairs, the board should focus on achieving a balance between meeting the interest of its stakeholders and being accountable to them. Moreover, theoretically and empirically, there is a widespread debate on the effects of the size and activity of the board on the compilation and disclosure of the information (Frias-Accituno, Rodriguez-Ariza, & Garcia-Sanchez, 2013). Controversy also exists regarding the relationship or otherwise between the independence of this body and the disclosure of the information attained. Some studies have observed a direct relationship between the presence of non-executive directors and the volume of information

published (Cheng & Courtenay, 2006; Prado-Lorenzo, Gallego-Álvarez, & García Sánchez, 2009), while other reports an inverse relationship (Haniffa & Cooke, 2005; Prado-Lorenzo & García Sánchez, 2010). The analysis of diversity, on the other hand, has mainly focused on the presence of women on the board. However, little research has been undertaken to determine the influence of board participation by women in the IRD.

This research is based on integrated reports due to the fact that it is a growing phenomenon, as more companies are opting for the issuing of this type of voluntary report. Based on a survey done by PWC Malaysia on 30 top companies' annual reports in 2013, it is pointed out that Malaysian companies have the basic elements or representations of IR, but they still have a long way to truly embrace IR (Accountants Today, 2014). Taking into account these considerations, the purpose of this study is to analyze whether IRD might be influenced by the characteristics of the company's board, mainly because this type of reporting is not mandatory as yet. To assess this relation, we analyzed eight (8) Malaysian Commercial Banks for the years 2013-2017. The financial sector (banks) can be considered as one of the riskiest sectors for investment because it is easily influenced by the economic cycle. Therefore, the riskier the sector is, the more entities are motivated to publish annual reports of a superior quality to explain the potential benefits that they have. Our analysis of these companies' accountability is based on an encoding of the disclosure of economic, social, and environmental information and its coherent consolidation in a single document: the integrated report. The characteristics of the corporate governance analyzed are size, independence, level of activity, and the diversity of its Board of Directors. In addition, the analysis takes into account other features of the firm that might account for the level of a company's information revealed, namely the size of the financial institutions, profitability, growth, and leverage.

The results obtained have shown that the only governance structure that influences the IRD is the board size. This study also considers four control variables, namely the size of the financial institutions, profitability, growth, and leverage. Except for profitability, other control variables have a significant influence on the level of IRD. This paper is valuable, as it makes two (2) main contributions to the literature in the IR field. Firstly, it provides definitions of some IR principles and content elements. Secondly, stemming from this definition, it proposes a methodology to measure the IRD level and test its connections to some board characteristics.

This article is structured in four sections following this introduction. The second part consists of the theoretical background and a preview of the empirical investigation; the third part provides a description of the dependent variable, independent variables and the control variables as well as the sample and methodology; the fourth part describes the results and discussion, and finally, the conclusions that are most relevant to the research.

2.0 MAIN THEORETICAL FRAMEWORK

The disclosure of information, whether mandatory and voluntary, is a common practice among companies, in order to mitigate agency costs and political cost and also to reduce information asymmetries (Frias-Aceituno et al., 2013). The business world has seen the need to increase the information disclosed, preparing financial statements, management reports, Corporate Social Responsibility reports as well as corporate governance reports to meet the demands of the investors and other stakeholders (Isabel-Maria & Ligia, 2017). A number of important outcomes are attributed to IR including satisfying the information needs of the stakeholders and driving organizational change towards more sustainable outcomes (Eccles & Krzus, 2010); reducing reputational risks and allowing companies to make better financial and non-financial decisions; and helping to break down operational and reporting silos in organizations and improving systems and processes (Stubbs & Higgins, 2012). Since the IR emphasizes the integration of financial and non-financial data into one report, it calls for experience and knowledge from the board as a management role to deal with this emerging issue.

According to the IIRC (2013, p. 5) an integrated report includes the following eight content elements: (1) organizational overview and external environment; (2) governance; (3) business model; (4) risks and opportunities; (5) strategy and resource allocation; (6) performance; (7) outlook; and (8) basis of preparation and presentation. The content of an integrated report is built upon those elements. Therefore, the information provided is more consistent with the investors' needs; more accurate non-financial information available to data suppliers; key stakeholders may have greater confidence in the information; better resource allocation decisions can be made, including cost reduction or improved risk management; there is a better identification of opportunities; there is a greater commitment to investors and other stakeholders, including current and future employees, which contributes to attracting and retaining skills; risks to the company's reputation are reduced; capital costs are lower, and access to capital is facilitated (Frias-Aceituno et al., 2013).

The relationship between corporate governance and the disclosure practice of companies have been widely analyzed in literature with a particular focus on the corporate governance structure and board characteristics. The

board, as the company's governing body, is responsible for safeguarding the interests of the different stakeholders, for example through the dissemination of information. Based on the theoretical framework, it could be concluded that there is a strong relationship between board characteristics and IRD. In fact, there is also an existence of a complementary relationship between board characteristics (measured by its size, independence, activity, and women) for a firm to provide voluntary disclosure through IR.

2.1 Size of the Board of Directors

The collapse of several companies has focused attention on corporate governance mechanism. The Board of Directors is a corporate governance mechanism that determines the policies and strategies of the company. Because of the monitoring role of the boards of directors, firms with effective boards may impact management decisions in enhancing information disclosure. Therefore, the characteristics of a board may significantly impact a company's disclosure.

Board size represents the total number of executive and non-executive members on the Board of Directors. There is no clear consensus in the prior literature regarding the association between board size and company disclosures (Kiliç & Kuzey, 2018^b). However, better monitoring would result in the disclosure of large volumes of information about the company. In fact, a large board is expected to be an effective governance mechanism enhancing transparency and voluntary company disclosures (Akhtaruddin, Hossain, Hossain, & Yao, 2009). Therefore, the following hypotheses are derived:

Hypothesis 1: There is a positive relationship between the size of the Board and the IRD.

2.2 Independence of the Board of Directors

An independent board is considered as an essential mechanism to control the actions of managers and to ensure shareholders' goals are accomplished. The independence of the board is often related to the presence of non-executive directors. The findings of previous studies are inconclusive as to the type of relation existent between disclosure and the presence of independent directors. Haniffa and Cooke (2005), Prado-Lorenzo and García Sánchez (2010) and Frias-Aceituno, Rodríguez-Ariza, and García-Sánchez (2013) have all obtained a negative relation, but other studies have found it to be a positive (Karamanou & Vafeas, 2005; Cheng & Courtenay, 2006). Taking into account these divergent views, we propose the following hypothesis:

Hypothesis 2: There is a positive relationship between the independence of the Board of Directors and the IRD.

2.3 The Activity of the Board

Focusing on the relationship between the degree of the board activity and the IRD, several studies have confirmed that boards which meet more frequently perform their supervisory functions more effectively and there are fewer problems of asymmetric information. Other studies, such as by Karamanou and Vafeas (2005), have concluded that there is no relation between the activity of the board and the quality of financial information disclosed. In line with these considerations regarding board size, in this paper, it is suggested that there is a need for frequent board meetings in order to oversee the integration of a broad and varied body of information. Therefore, the following hypothesis is proposed:

Hypothesis 3: There is a positive relationship between the activity of the board and IRD.

2.4 Diversity

In relation to gender diversity, several authors have argued that the presence of women at senior management level positively influences the company behavior (Betz, O'Connell, & Shepard, 2013). These new behavior patterns are often associated with greater information transparency, especially regarding sustainability issues (Prado-Lorenzo & García Sánchez, 2010). Based on the previous research that focuses on corporate governance mechanism, it is suggested that women on boards and committees are more diligent when controlling,

transparency and disclosure (Adam & Ferreira, 2009; Srinidhi, Gul, & Tsui, 2011). Consequently, it is considered useful to verify compliance with the following hypothesis.

Hypothesis 4: There is a positive relationship between the diversity of board members and the IRD.

3.0 METHODOLOGY

3.1. Sample and Data Collection

Eight (8) Malaysian commercial banks (all listed on the Malaysian stock exchange, Bursa Malaysia) have been chosen in conducting this study: Hong Leong Bank, Affin Bank, BIMB Holdings, Hong Leong Financial Group, AMMB Holdings, CIMB Group Holdings, Malayan Banking, Public Bank, RHB Bank Bhd and Alliance Bank Malaysia. The commercial banks above are the main players in the banking system. They are the largest and the most significant providers of funds in the banking system. The data for each variable covers the period of 2013-2017. These years were chosen because all companies had provided the necessary data for the previous years. All the Corporate Governance and financial data were obtained from the Thomson Reuters Eikon that was included in Environmental, Social, and Governance (hereafter ESG) coverage.

3.2. Dependent Variable

In virtually all the previous studies, the dependent variable representing information disclosure practice has been obtained by analyzing the information content of the reports published. Similar to the approach by Kılıç and Kuzey (2018^a), a disclosure index by focusing on the content elements of the IIRC (2013) IR framework were conducted. The disclosure index included a total of fifty (50) items within seven (7) categories as per Table 1.

This research used content analysis to determine whether a sample company disclosed items within the IRD index. In this respect, all narrative sections of the annual reports were examined. A most commonly used form of content analysis is analyzing the existence or absence of each item with a non-weighted disclosure approach (Krippendorff, 2004). We used this approach by assigning a score of 1 if the company disclosed a certain item and 0 if the disclosure item was not found.

Table 1. Integrated Reporting Items

Disclosure item	
<i>(1) Organizational overview and External Environment</i>	<i>(2) Governance</i>
Mission and vision statement	Board of directors list
General explanation about organizational culture, ethics or values	Board experience or skills
Code of conduct	Culture, ethics & values are reflected in its use of and effects on the capital
Ownership or operating structure	Actions were taken to monitor strategic directions
Competitive landscape & marketing positioning	Compensation policies
The number of employees	
Countries in which the organization operates	
Legal factors	
Political factors	
Social factors	
Market forces	
Key stakeholders	
Environmental factors	
<i>(3) Business Model</i>	<i>(4) Risk and Opportunities</i>
Key inputs	Internal/external risk
Product differentiation	Internal/external opportunities
Delivery channels and marketing	
After-sale service	
Innovation	
Employee training	
Key products and services	
GHG emission	
Water waste	
Employee morale	
Organizational reputation	
Revenue, cash flows	
Customer satisfaction	
Increase in capital (create value)	
Decrease in capital (diminish value)	

<p>(5) Strategy and Resource Allocation Short, medium and long term strategic objectives (without time frame) Short, medium and long term strategic objectives (with time frame) Strategies it has in place or intends to implement to achieve those strategic objectives The measurement of achievements and target outcomes An understanding of the organization's ability to adapt to change to achieve goals The link between strategies and key capitals</p>	<p>(6) Performance KPIs that present financial measures The KPIs that combine financial measures with other components (i.e. The ratio of GHG emissions to sales) Linkages between past and current performance Comparison between regional/industrial benchmarks Financial implications of significant effects on other capital</p>
<p>(7) Outlook Expectations about future or explanations about uncertainties Forecast about KPIs Assumptions related to those forecasts Linkages between current performance and the organization's outlook</p>	

Source: Merve Kılıç and Cemil Kuzey (2018^a)

3.3. Independent Variables

The independent variables include size of the Board of Directors, independence of the Board of Directors, the activity of the board and diversity. The operationalizations for the independent variables are as per Table 2.

Table 2: Definition and Operationalization of Independent Variables

Independent Variables	Definition	Operationalization
BOARD SIZE	Size of the Board of Directors	Total number of executive and non-executive members on the Board of Directors (Frias-Aceituno et al., 2013; Velte, 2017; Riyadh, Sukoharsono, & Alfaiza, 2019)
INDEP	Independence of the Board of Directors	Percentage of non-executive directors (Frias-Aceituno et al., 2013; Anazonwu, Egbunike, & Gunardi, 2018; Riyadh et al., 2019)
NO_MEETING	Activity of the board	The number of meetings held during each financial year (Frias-Aceituno et al., 2013; Velte, 2017)
DIVERSITY	Proportion of women directors	The percentage of women on the Board of Directors (Frias-Aceituno et al., 2013; Anazonwu et al., 2018)

3.4. Control Variables

To counter the possibility of bias in our results, the analysis includes several control variables representing the corporate size, profitability, growth opportunities, and leverage.

Firm size is one of the most widely used variables to understand the extent of company disclosures. To represent company size, the variable chosen was that of the logarithm of total assets. Most previous studies have reported a positive relationship between corporate size and the volume of information voluntarily disclosed (Gul & Leong, 2004; Luna Sotorrío & Fernández Sánchez, 2010).

To represent profitability, the variable chosen was that of return on assets, measured at 31 December for each year studied. Although the relationship between company disclosures and profitability has been generally hypothesized a positive in prior literature, most studies have failed to detect a statistically significant relationship among the variables (Marston & Polei, 2004; Prencipe, 2004; Frias-Aceituno et al., 2013).

Growth opportunities are measured by the market to book ratio. Companies with a higher market to book values are expected to disclose greater volumes of information in order to reduce information asymmetry problems (Frias-Aceituno et al., 2013).

The debt-to-equity ratio is used to evaluate a company's financial leverage. It compares a company's total liability to its shareholder equity and can be used to evaluate how much leverage a company is using. Higher leverage ratios tend to indicate a company is facing a higher cost of capital as debt implies higher risk. According to the context of agency theory, highly leveraged firms disclose voluntary information to reduce agency costs and therefore, the cost of capital (Jensen & Meckling, 1976).

4.0 RESULTS AND DISCUSSIONS

4.1 Descriptive Analysis

The descriptive statistics of the variables analyzed are presented in Table 3 below.

Table 3: Descriptive Statistics

Variables	Min	Max	Mean	Std. Deviation
IRD	18.00	44.00	34.15	6.03
BOARD SIZE	6.00	14.00	9.83	1.99
INDEP	0.30	0.69	0.51	0.12
NO_MEETING	5.00	21.00	12.33	4.54
DIVERSITY	0.00	0.38	0.14	0.11
TOTAL ASSETS	43,692.03	765,301.77	283,955.41	195,900.72
PROFITABILITY	0.008	1.44	0.97	0.41
GROWTH	0.0009	0.003	0.0014	0.0005
LEV	7.41	16.91	10.57	1.99

The IRD ranges from 18.00 to 44.00. This finding suggests that the sample has a good IR since the mean of IRD is 34.15. In terms of board characteristics, the minimum and maximum numbers of directors in the sample are 6 and 14 respectively. The average number of board directors is 9.83. Consistent with Wang and Hsu (2013), this study supports the view that the number of directors should not exceed 14 members in order to ensure the effectiveness of directors' role in the financial institutions. With regards to independence directors, on average, 51% of the board directors are independent members and it ranges from 30% to 69%. It seems that the frequency of board meeting ranges from 5 times to 21 times. The mean of board meeting frequency of the sample is 12.33 times. In line with Johl, Kaur, and Cooper (2015), it suggests that financial institutions have a more frequent board meeting because of its complex business environment. On average, 14% of the board directors in financial institutions are women directors and ranges from 0% to 38%.

For the control variables, the average total assets of the sample are RM283, 955.41 million and range from RM43, 692.03 million and RM765, 301.77 million. In relation to profitability measured by ROA, the minimum and maximum ROA are RM0.008 and RM1.442 respectively. On average, the ROA of the sample is RM0.975. This study suggests that the growth measured by the market to book ratio ranges from 0.009 and 0.003 with an average growth of 0.0014. The leverage indicates that on average 11% of the equity of the sample is financed through liabilities and ranges between around 7% and 17% of total equity. This finding proposes that the sample has a low leverage ratio.

Table 4 tabulates the Pearson correlation coefficients for the variables of the study. It suggests that in general IRD was positively related to diversity and size of the financial institutions. Since the results in Table 4 indicate that none of the correlation coefficients of the variables exceed 0.7, the sample had no multicollinearity problem.

Table 4: Pearson Correlation Coefficient

	IRD	BOARD_SIZE	INDEP	NO_MEETING	DIVERSITY	SIZE	PROF	GROWTH	LEV
IRD	1								
BOARD_SIZE	-0.131	1							
INDEP	-0.174	0.252	1						
NO_MEETING	0.193	0.382*	0.345*	1					
DIVERSITY	0.389*	-0.460**	-0.523**	-0.311	1				
SIZE	0.479**	0.319**	0.239	0.423**	0.264	1			
PROF	0.058	0.279	-0.303	0.343*	-0.235	-0.127	1		
GROWTH	0.186	-0.007	-0.190	0.346*	-0.019	0.091	0.552**	1	
LEV	0.087	-0.270	0.066	-0.268	0.245	0.055	-0.271	0.301	1

*Correlation is significant at the 0.05 level (2-tailed).

**Correlation is significant at the 0.01 level (2-tailed).

4.2 Multiple Regression Analysis

In determining whether certain characteristics of the governance structure might influence the disclosure of IR, this study used the following model:

$$IRD_{i,t} = \alpha + \beta_1 BOARD_SIZE_{i,t} + \beta_2 INDEP_{i,t} + \beta_3 NO_MEETING_{i,t} + \beta_4 DIVERSITY_{i,t} + \beta_5 SIZE_{i,t} + \beta_6 PROF_{i,t} + \beta_7 GROWTH_{i,t} + \beta_8 LEV_{i,t} + \zeta_{i,t}$$

Table 5 presents the results of multiple regression analysis used in this study.

Table 5: Multiple Regression Analysis

	β	t	Sig.
CONSTANT	-61.044	-1.868	.071*
BOARD_SIZE	-0.933	-1.875	.070*
INDEP	2.107	0.216	0.831
NO_MEETING	-0.239	-1.019	0.316
DIVERSITY	11.680	0.983	0.333
SIZE	10.452	3.117	0.004***
PROF	-1.171	-0.425	0.674
GROWTH	5269.148	2.337	0.026**
LEV	-1.953	-3.994	0.000***
Adj. R square	0.508		
F value	6.032***		

*Correlation is significant at the 0.10 level (2-tailed).
**Correlation is significant at the 0.05 level (2-tailed).
***Correlation is significant at the 0.01 level (2-tailed).

The results in Table 5 show that the model used can explain around 51% of the variables that might influence IRD and the F-stat value for the model is significant at 0.01 level. This study suggests that the only governance structure that influences the IRD is board size. In contrast with Amran, Lee, and Devi (2014), it is found that board size has a negative significant influence on IRD. This finding supports the argument proposed by Jensen (1993) that smaller board size is more effective due to communication and coordination issues as well as higher conflicts and inflexibility in the decision-making process. Consistent with Liang, Xu, and Jiraporn (2013), Wang and Hsu (2013), this study opines that the challenges in having larger board size outweigh its benefits.

It appears that another governance structure related to the board has no influence on IRD. Unlike Anazonwu, Egbunike, and Gunardi (2018), this study suggests that voluntary disclosure such as IRD is not influenced by board independence. It could be due to the view that since independent directors are crucial in monitoring managerial activities and protect the interest of shareholders, decision-related to IRD is not regarded as having a negative impact on shareholders' interest (Wang & Hsu, 2013). The frequency of meeting has no influence on IRD. This finding indicates that the frequency of board meetings may not be beneficial in determining the level of IRD since the directors need to focus more on other productive activities. Unlike Anazonwu et al. (2018), Al-Shaer and Zaman (2016) and Adams, de Haan, Terjesen, and Van Ees (2015), voluntary disclosure including IRD is not influenced by the diversity of the board. Even though female directors have a different personality, communication style, educational background and career experience (Liao, Luo, & Tang, 2015), this study indicates that female directors are indifferent from male directors in reinforcing the stakeholders' involvement mechanisms which will lead to the improvement in the reliability of corporate reports. Thus, the view of the directors towards IRD is not determined by the gender of the directors.

This study considers four control variables, namely the size of the financial institutions, profitability, growth, and leverage. Except for profitability, the other control variables have a significant influence on the level of IRD. Consistent with Ghani, Jamal, Puspitasari, and Gunardi, (2018), IRD is positively and significantly influenced by size. Due to resources available, larger institutions have no constraint in preparing an integrated report. This study supports the argument by Macias and Farfan-Lievano (2017) which is growing institutions have a higher level of IRD since financial institutions will benefit through greater access to resources. Thus, growth has a positive and significant influence on IRD. Similar to Kiliç and Kuzey (2018^b), leverage level has a negative influence on IRD. Financial institutions with higher leverage tend to have a lower level of IRD. In contrast with Buitendag, Fortuin, and de Laan (2017), this study suggests that profitability has no influence on IRD. This finding is in line with Kiliç and Kuzey (2018^b) and Ghani et al. (2018).

5.0 CONCLUSION

Of late, corporate reporting has been changed due to the evolution of the stakeholders' information needs. Today, the interest of the investors, employees, non-government organizations, local communities, and the customer has increasingly turned to shareholders and company management asking if its governance structures meet the expectations of society and if its business model takes into consideration the environmental and social dimensions of its activities. Due to those changes, the IR has been developed. The IR brings together the company's global performance, governance, strategy, and future outlook that will help with the creation of value over the short, medium and long term. Even though the IR has been introduced in 2013 and the interest in the IR is increasing, evidence on the level of IRD in the Malaysian context is still lacking.

Therefore, according to the findings, the bigger the board is, the more the IRD. For the other variables, no relationship could be found. Thus, IRD does not depend on the percentage of independent non-executive directors

reported to the total number of board members, the activity of the board and the percentage of women on the board. Some of the reasons for this result are that the IR Framework is not mandatory, therefore the knowledge and awareness level of IR is still low. In fact, IR will give an additional burden on the existing reporting requirements for companies.

The study has a number of limitations related to the following aspects: firstly, the sample of the research involved a small number of entities because data from the database is limited under ESG coverage. Therefore, the small sample size limits the generalizability of the results. Secondly, as IR has not been made mandatory as yet, there has to be a driver within the senior management, such as CFO or head of communications, who can drive the IR projects and present the IR to the board. Thirdly, the study only relied on the annual reports of companies as a data source. Considering the above limitations, future research could explore the relationship between the roles of CEO/COO/CFO with larger sample size and may include other data sources such as websites, press releases, and prospectuses.

In summary, this study provides some implications for companies, investors, and regulators. All these parties play an important role in improving the transparency and disclosure practice of the corporations. Companies may increase integrated reporting information disclosure by being mindful of the positive benefits of data disclosure.

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ZAKAT DISTRIBUTION, FINANCIAL STRESS AND ACADEMIC PERFORMANCE

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Abstract

The main objective of this study is to examine the impact of zakat distribution on financial stress and academic performance of the zakat recipients. This quantitative research used primary data gathered through a self-administered questionnaire. The sample of this study comprises of zakat recipients among students of UiTM Perak. Questionnaires were distributed to a total of 100 respondents and the collected data were analysed descriptively. The results show that zakat mitigate financial stress of the recipients which in turn increase their academic performance.

Keywords: Zakat, Asnaf, Financial Stress and Academic Performance

1.0 INTRODUCTION

Zakat is essential for all Muslims. It is being a unique instrument requisite by Islam for poverty alleviation by way of transferring and distributing of wealth resources. Zakat obligations stood as one of the five pillars of Islam. According to the Quran: "The Zakat is meant only for the poor and needy, those who collect the tax, those whose hearts are to be won over, for the freeing of human beings from bondage, for the relief of those overwhelmed by debts, for the cause of God, and for the wayfarer: [this is] an ordinance from God- and God is All Knowing, Wise". (9:60). The term of Zakat is derived from the Arabic root word zakat, which means clean and pure (As-Syams 91:9). According to syara' (Islamic Law), zakat means sacrificing an amount of wealth resources to the asnaf (the eligible zakat receivers), as they deserve to receive the zakat funds within the conditions stipulated by syara' (Hamizul, 2012).

The Islamic economy identifies individual differences among people, as each person is endowed with different types and levels of unique abilities. Thus, even though individuals are provided with equal opportunities, the economic status of two individuals may not be one and the same. Poverty among muslims countries are being eliminated during the ruling of Umar Al-Khatab and Umar ibn Abdul Aziz. During those glorious times, the muslims acknowledges that poverty cannot be eradicated simply through income redistribution or ensuring equitable opportunities for all. An Islamic approach to poverty alleviation involved a holistic approach including a set of antipoverty measures: (a) increasing income level with pro-poor programs, (b) achieving an equitable distribution of income and (c) providing equal opportunities for all social segments (Ibrahim, 2010). The latter pertains to inadequate access to services like health and education that "creates low rates of literacy and education, prevents economic growth, decreases people's productive capabilities (and) limits use of adequate technologies" (Ibrahim, 2010).

Financial stress was found to be a factor to students' academic performance. As zakat serves as an aid to financial stress, thus, being the objective of this paper to examine the relationship of zakat as a proxy for academic performance of 100 UiTM Perak students in Malaysia.

2.0 LITERATURE REVIEW

Financial reporting is an important function in assisting the users in the process of analysing and evaluating of an organization. The users of financial statements in the commercial sector use the financial statements to look into the resourceful accounting ratios to measure the performance of the firm (Trussel and Parson, 2008). However, for the non-profit organisation, religious or charitable organizations which do not have the profit making motive, the financial reporting published is intended for the potential user groups to focus on different aspect of operational performance.

In any religious organisation the purpose of publishing the financial report is to promote the accountability of the institution in managing the resources in effective and efficient ways. According to Irvine (2000) the issues of accountability in religious institution and non-profit organization can be addressed through the issuance of annual financial statements to the public and their stakeholders. With the public servicing agenda, they have to create an image which will build the trust in stakeholders especially to those who provide the financial resources to the institutions (Irvine, 2000).

In Malaysia, there are 13 Islamic Religious Councils (IRC) one for each state and one IRC for the Federal Territory. The main IRC activity is the collection and distribution of zakat to the eight asnaf (categories) (Majlis Agama Islam Selangor, 2009). Zakat also means the exchange of ownership of a specific amount of wealth to specific individual under the specific condition (Wahab and Rahman, 2011).

2.1 Zakat Distribution

The eight classes of beneficiaries who are qualified for the zakat assets are; the needy, the poor, the zakat office, the muallaf (new muslims), the slave, the debtor, the person who devote deeds for Allah's cause (fisabilillah, e.g. student) and wayfarers (person in a travel) (Samad & Glen, 2010; Abu Bakar, 2007; Qardawi, 2010; Zayas, 2003). The first in the classification of the beneficiaries is the poor (fuqara'). It alludes to the individual who does not have any methods for money, or individual with inadequate pay to meet their everyday needs. The second recipient is the poor (masakin). They are the ones who have the methods for money however are inadequate to convey a typical life so as to endure. The third category of recipient is zakat officials ('amilin). They have been appointed by the Islamic Authority to collect and manage zakat. This payment is the expenditure to administer zakat effectively and efficiently. The fourth classification of beneficiary is the new converts (muallaf) where it alludes to the individuals who have grasped Islam and are needing the necessities. It fortifies their confidence towards Islam. The fifth category of recipient is the slaves (ar-riqab). It refers to those who have a contract with their master that limits their freedom. Moral recovery centre and drug addicts are considered as the new beneficiaries in the modern concept (Jabatan Audit Negara Malaysia, 2008). The sixth recipient is the debtors (al-gharimin). They are the people who are in debt and are unable to repay the debt. However, there are certain conditions in which this group of recipient is allowed to receive the zakat. The conditions are the debtors who are in debt in order to resolve the disagreement between parties, the debtors who repented and are unable to settle the debt and the guarantors who cannot pay the debt on the behalf of the guarantees as well as the guarantees who are also incapable of repaying the debt. The seventh category of recipient is devoted deeds for Allah's cause (fisabilillah). They are the persons who devoted noble deeds toward Muslims, such as needful schools and students. The last recipient is the travellers (ibnusabbil). It refers to the travellers who are stranded for permissible purpose in Islam (Abu Bakar, 2007; Qardawi, 2010; Zayas, 2003; Saleem, 2007). Their portions of one over eight cannot be eliminated in whatever circumstances even there is no Muslims who belong in that category (Zayas, 2003; Abu Bakar, 2007; Qardawi, 2010).

The role of zakat is significant in solving the problems of people from all aspects in order to improve their standard of living. This is especially true if it is managed efficiently and channelled for productive and sustainable means (Bakar and Ghani, 2011; Ahmad, 2004). Ahmad (2004) highlighted that in Bangladesh, macroeconomic plays an important role in reducing poverty, thus the distribution of zakat is vital otherwise poverty cannot be reduced.

In this research, distribution of zakat is focus on Unit Zakat, Sedekah and Wakaf of UiTM Perak. The aid which had been distributed, assist students who falls under the eight categories of recipients. As zakat are intentionally to improve the way of life, filtration and development of others, thus, lessen the financial stress among the students who are confronting money related challenges in picking up knowledge, which finally improve their academic performance.

2.2 Academic Performance

Internalising and externalising problems are being the centre discourses of students' academic performances. Previous researchers had associated them with a function to poor performance, both concurrently and longitudinally (Reid, M., 2019). Whether problems precede academic performance or vice versa, these questions were addressed by Van der Ende et al. (2016) in a sample of 816 students. Academic performances were tested in cross-lagged models to examine bidirectional paths between these constructs. Their results showed that, externalising problems place students at increased risk of poor academic performance and should therefore be the target for interventions. One of three freshman were found to be reduced in academic functioning, with externalising problems was found significantly higher (Brufaerts et al., 2018).

Internalising and Externalising behaviours are forms of emotional stress. According to Williams, Y. (2014), Internalising behaviours includes; depression, anxiety, social withdrawal, substance abuse, feelings of loneliness or guilt, feelings of sadness, nervousness and irritability, fearfulness, difficulty concentrating, negative self-talk. Whereas externalising, which are easily observed includes; aggression, disruption, acting out, destruction of property. In other studies, financial concern was found to predict detrimental changes in intrinsic academic motivation over time, as mediated by a decreased sense of belonging at university and increased stress (Reid, M., 2019). Another study from Heckman, Lim & Montalto; 2014, shows that financial stress is widespread among students – 71% of the sample reported feeling stress from personal finances. However, the result shows negative correlation with academic performance.

Jones, Park 2018 stated that, mental health concerns, especially anxiety, are increasingly prevalent among college students. In his study, data from the Center for Collegiate Mental Health 2013–2014 database had been analysed to provide insight about student anxiety as reported by students and their counselors. Analyses showed that academic distress accounted for the largest amount of variance in anxiety, followed by financial stress, family support, and peer support (Jones, Park & Lefevor, 2018). This study is consistent with findings by Kimberly, 2019 indicated a slight correlation between acculturative stress and financial stress, depression and grade point average. In addition, results indicate that minority students have lower levels of social belonging to the university setting which minimally correlate with lower GPA scores (Kimberly, 2019).

In view of the previous study have inconsistent correlation, this study will focus into the relationship of student with financial stress and their academic performance, i.e. before and after received the zakat.

3.0 METHODOLOGY

The sample of this examination involves zakat beneficiaries among understudies of UiTM Perak. Surveys were disseminated to a sum of 100 respondents and the gathered information were investigated in descriptive. Trend analysis was led on zakat accumulations and circulations. The findings were tabulated in section 4.

3.1 Operationalisation of the Dependent, Independent and Control Variables

(a) **Dependent Variables: Academic Performance** - The dependent variable for this study is academic performance (AP). This study uses student GPA to measure academic performance. We define AP as the differences between current semester GPA and previous semester GPA. We code as 1 on positive value observation and 0 for negative value observation.

(b) **Independent Variable: Zakat** -The key independent variable in this study is zakat. The measurement of zakat is the total zakat received by student at semester July 2019.

(c) **Control Variables** -We control for a number of variables in the test. These control variables are course, gender, PTPTN loan, and family income.

(d) Multivariate Regression Models

To test the research aims, we run the following regression models:

$$AP_{ft} = \alpha + \alpha_1 ZAKAT + f(\text{control variables}) + \xi \quad (1)$$

Where,

Dependent variables:

AP_{ft} 1 if the current GPA higher than previous semester GPA, 0 otherwise,

Independent variables:

$ZAKAT_{ft}$ Total amount of zakat received,

Control variables:

$GENDER_{ft}$ 1 if male, 0 otherwise,

$FAMIINC_{ft}$ Total income of the family,

$PTPTN_{ft}$ Total PTPTN loan received.

4.0 FINDINGS

4.1 Zakat Distribution in UiTM Perak

From the analysis, it was discovered that the gathering and dissemination of zakat in UiTM Perak had fluctuating from year 2016 to 2018. In 2016 zakat gathered added up to RM352,944.28 and has been conveyed to 1,343 students. In the mean time in 2017, the complete zakat gathered was RM318,050.00 and has been circulated to 1,900 understudies. Be that as it may, in 2018 the sum expanded definitely to RM685,520.00 and has been disseminated to 1,890 understudies. However, in this studies a sample of 100 students were selected randomly which indicates some financial stress in continuing their studies.

4.2 Multivariate Analysis

Ordinary least squares procedures (OLS) were used to estimate the models stated in Section 3(d). The results of the above models are reported in the following subsections.

4.3 Academic Performance Measure and Zakat and Control Variables

Table 4.1 reports the results of the regression estimation of zakat on student academic performance measure. As expected in H_1 , the results show that zakat have significant positive association with academic performance. With regard to the control variables included in this study, Table 4.1 shows a significant positive association between AP and PTPTN. This implies that students who receive PTPTN loan are more likely to have better academic achievement. In general, the findings indicate that students who have sufficient financial resources are more motivated to increase academic performance.

Table 4.1 Binary Logistic Regression Results

Variables	B	SE	Wald
ZAKAT	.722	1.065	.459**
<i>Control Variables:</i>			
Gender	.274	2.199	.160
FamilyIncome	.568	.998	.152
PTPTNLoan	.692	1.304	.077**
Observations		675	
Pseudo R ²		37.20	

Note:

***Statistical significance at the 1% level.

** Statistical significance at the 5% level.

* Statistical significance at the 10% level.

5.0 CONCLUSION

The purpose of this paper was to examine the association between zakat and academic performance. Overall, the findings indicate that there is a significant positive relationship between zakat and academic performance proxy. The results suggest that zakat increase student academic performance and mitigate financial stress.

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CLIMATE CHANGE SCANDAL: THE EFFECT OF CLIMATE CHANGE REPORTING AND FIRM PERFORMANCE

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Abstract

Climate change is real, inevitably the greatest threat of the 21st century and Malaysia is not being spared from the adverse hard impact. The fight against climate change is an opportunity to transition to a low carbon society and social justice, thus effect on the modern economic condition. The objective of this paper is to examines the relationship between climate change reporting and firm performance. Top 150 public listed companies (based on market capitalization) which shares are traded in Main Board of Bursa Malaysia Berhad were used as a sample. Secondary data from annual report and sustainability reports published by the sample companies are used for this empirical study. Climate change reporting index were developed to test the degree of reporting in both reports. The result of Structural Equation Modelling-Partial Least Squared analysis suggests that there is an existence of a positive significant relationship between climate change reporting and the performance of the public listed companies. The proxies of performance in this research are ROA, sales and profitability (profit margin), i.e. financial measurements. Hence, the results indicate that public listed companies which take proactive action and report on climate change reporting are more likely to register better performance, particularly financial performance.

Keywords: Climate change reporting, Firm Performance

1.0 INTRODUCTION

Climate change catastrophe and its adverse effect on the planet's biosystem laid bare. Extreme weather, melting ice, prolonged drought are among the consequences that are known to threats our living ecology. Climate change is real, they are being a clear and apparent danger.

Recent corporate scandals that menace the environment had thorn the world into anxiousness and depression. Reminiscent of financial scandals that shocked the economic world; Enron, WorldCom, Lehman Brothers; Volkswagen emission scandal proves to be another legend. Also known as 'emissiongate', in September 2015, the EPA (Environmental Protection Agency) of the United States of America had discovered that Volkswagen had been deceitful during regulatory emission tests by making their cars appear far less polluting. 482,000 VW diesel cars were found emitting up to 40 times more toxic fumes than permitted in the US, the scandal had affected 11 million cars worldwide. Volkswagen's CEO Martin Winterkorn resigned and they had to recall over 8.5 million cars in Europe. In April 2017, despite that US federal judge had ordered Volkswagen to pay huge penalty, the climate damages remain unknown.

In April 2010, the Deepwater Horizon oil rig in the Gulf of Mexico, exploded and sank with deaths of 11 workers. 4 million barrels of oil flushed into the sea, being the largest oil spill in world's history. It was also the biggest environmental disaster in the US. BP pleads guilty to manslaughter, two misdemeanors, and a felony count of lying to Congress.

In November 2015, a dam belonged to Samarco in the mining state of Minas Gerais, had burst and caused devastating mudflows. The Brazilian had experienced the worst environmental disaster in their history. 13 deaths were reported and which made hundreds of families homeless. The mud had swept local villages and polluted Doce river. The damages had deprived water sources and killing its aquatic living along its 800km stretch. Samarco is a joint venture between two mining giants, Vale and BHP Billiton. The UN had slammed the government for their insufficient response to the catastrophe.

The 21st Conference of the Parties (COP), Paris Agreement, at end of 2015 had been adopted by 195 member countries. The move had brought about renewed enthusiasm towards a global co-operative climate change policy and action as well as a number of new directions in global climate policy negotiations (UNFCCC 2015). The increase in global environmental awareness and the campaign for sustainable economic development had guide the attention of firms to acknowledge environmental sensitivity. The sustainability quest has triggered the emergence of institutions enunciating paradoxical norms that guide human interaction with the environment. This environmental awareness are forcing firms to act on their strategic position in the society. The stakeholder has the power to influence conduct and alter the state of physical, social and economic environment.

As the crisis escalates, the recent climate change scandals have made reporting on the environment becoming more a priority. In this pivotal time, factual information is a necessity. Climate change reporting is a mean to deliver firms integrity to the stakeholders, thus established relationship with its performance.

2.0 LITERATURE REVIEW

Climate Change Reporting and Firm Performance

Firm performance is an objective measure of how well a firm utilizes assets from its primary mode of business to generate revenues. According to www.investopedia.com, this term is often used as a general measure of the firm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. Wherein, in most of business and economic literatures, discussion on firm performance often refers to financial returns, such as profits, ROI, economic rents or shareholders returns (Harrison & Wicks, 2013).

There are different types of stakeholders of a firm. Among them are trade creditors, bond holders, investors, employees and management. Each group has its own interest in tracking the firm's performance. One of the common sources of such information is the annual report. The main purpose of the report is to provide stakeholders with accurate and reliable financial statements which give an overview of the company's financial performance. For public listed companies, those statements are audited and signed by the leadership of the company along with a number of other disclosure documents. Although it is mandatory for public listed company to publish its annual report, issues such as timely publication and extent of disclosure are actually a reflection of the firms' corporate governance practices.

It has been demonstrated in the past that increase in financial disclosure has a positive impact on the firm performance (Achoki, Kule & Shukla, 2016). This performance may be measured in terms of profit margin, rate or return on assets or in terms of increase in the company's stock valuation. Correlation between earnings and timely disclosures and disclosures in addition to annual reports has been widely recorded in the accounting literature. Miller (2002) and Francis, Nanda and Olsson (2008) have shown that the earnings are positively correlated with the level of a firm's disclosure. Core et al. (1999) stated that a corporation with a weak governance structure normally has a poor financial performance. Gompers et al. (2003) studied the impact of corporate governance on firm's performance during the 1990s found that firms with better governance had a better overall financial performance. A study by Brown and Caylor (2004) also revealed governance factors are relevant for firm value. Cremers and Nair (2005) argued that robust external and internal governance mechanisms are associated with long-term accounting measures of a firm's performance. On the other hand, according to Core et al. (2006), better governance practice does not outperform those firms with weak shareholder rights. Similarly, Bowen et al. (2008) did not find any negative association between accounting discretion as a result of poor governance and firm performance when analyzing the relation between two variables. Other studies by Verrecchia (1983), Fishman and Hagerty (1989), Healy and Palepu (1993), Botosan (1997), Sengupta (1998) and Botosan and Plumlee (2002) demonstrated that low cost of capital is associated with higher disclosure for firms.

There many studies investigating the relationship between voluntary environment strategy and financial performance or competitive advantage discussed and debated on the advantages and disadvantages of reporting climate change information, but the outcomes of those studies are mixed (Orlitzky, Schmidt & Rynes, 2003; Galbreath, 2014). While there are evidences of positive relationships between firm's environmental strategies and financial performance (Russo & Fouts, 1997), there are other findings revealed negative or insignificant results (McWilliams & Siegel, 2000). Previous empirical studies on the relationship between environmental strategies and financial performance are mostly rooted in economics studies, focusing on external drivers such as issue on legitimacy (Wagner, 2005). However, not much is known on the organizational operating mechanisms which motivate or encourage the adoption of environmental management practices or strategies as catalyst of competitive advantage (Wagner, 2005). Lack of study in this area may lead to misapplication of models which

ignore the effect of such organizational mechanisms on both environmental strategy and competitive advantage (McWilliams & Siegel, 2000).

Atkin, Gilinsky and Newton, (2012) and Melnyk, Sroufe and Calantone, (2003) had found that enhanced environmental practices improved firm performance. In their studies, they predicted that by implementing climate change adaptation and mitigation measures, it would contribute to two outcomes. First is the reduction of greenhouse gas emissions. Secondly, there would be improvement in firm performance. As climate change adaptation and mitigation efforts involve significant amount of investment, it is logical that such actions would only be undertaken if they made the business to become more competitive, improve performance, increase in reputations, as well as open access to new markets.

Roman et al., (1999) conducted a study that reviewed various literatures since the past 25 years on relationship between corporate disclosure and financial performance. They reported that 33 studies suggested on the existence of a positive relationship between corporate social performance and financial performance, while 14 studies revealed that such relationship has no effect or inconclusive, and only five studies registered a negative relationship. Roman et al. (1999, p. 121) concluded that *"the vast majority of studies support the idea that, at the very least, good social performance does not lead to poor financial performance"*. Nonetheless, such conclusion has to be treated with caution the results of those studies could be confounded by other variables that the authors might not have controlled for.

The reality is, as Porter and Reinhardt (2007) had stated clearly, any high stake investment a result of the firm's response to climate change issues must produce positive performance and outcomes that benefit the firm and its shareholders. When dealing with issues on climate change that involves adaptation and mitigation measures, it normally requires investments on the part of the firm, such as managerial time and expertise, finance and know-how (Slawinski & Bansal, 2012; York & Venkataraman, 2010). Given such investments, it is not surprising that firms expect to benefit from these which result a better performance in future.

Previous Studies on Climate Change Reporting and Firm Performance

Many researches had tested the relationship between corporate social responsibilities, environmental reporting and sustainability reporting with firm's performance. Generally, the results were mixed and inconclusive to the point that drawing a generalization is quite impossible. For example, a research conducted by Khlif et al. (2015), which investigated the relationship between corporate performance and social and environmental disclosure for two African leading countries, i.e., South Africa (common law country) and Morocco (civil law country). The finding of the study revealed that that social and environmental disclosure has significant positive effects on corporate performance in South Africa, but not in Morocco.

Another research conducted by Dragomir (2010) using European companies as sample, also revealed inconsistent result. In brief, the particular study examined the relationship involving environmental disclosure, environmental performance and financial performance of environmentally sensitive companies in European settings. It was found that there was a significant association between contemporaneous environmental performance and disclosure by firms which were classified as bigger polluters, as they tend to disclose more on their activities, but with the intention to a moderate statistical effect. However, no association was detected between environmental performance and financial performance, as well as between environmental disclosure and contemporaneous firm performance.

Meanwhile, research associated with the level of firm's environmental disclosure and annual report performance (Bhattacharya, Coleman, Brace, & Kelly, 1996) indicates that higher foreign concentration (shareholding), and to some extent, higher earnings volatility are associated with less environmental disclosure. These results provide evidence that firm with higher foreign concentration (shareholding) are more reluctant to disclose environmental information because they are under higher scrutiny from other countries and the international community. Additionally, it is probable that firms with a more volatile earnings process are less willing to disclose potential environmental costs and obligations because these additional expenditures can have an especially adverse effect during low earnings periods.

Another study that shows consistent result with Bhattacharya et al., (1996) which undertaken by Arussi, Selamat, & Hanefah, (2009) looking into the relationship between the extent on financial performance and environmental reporting through internet, using data collected from 201 public listed companies in Bursa Malaysia. The study found that there was no significant relationship existed between the environmental reporting reported in the internet and financial performance of the companies.

From the previous studies and researches it can be concluded that, assessments of the two correlations – between environmental performance and financial performance, and between environmental disclosure and financial performance – are inconsistent. For example, Jaggi and Freedman (1992) found no long-term association of pollution performance with financial performance in the pulp and paper industry. On the other hand, a reduction in emissions was negatively associated with productivity in the brewing industry (Smith & Sims, 1985), and in the electrical utilities industry (Gollop & Roberts, 1983). However, Russo and Fouts (1997) found a positive association of environmental and financial performance across a variety of industries.

As for the relationship between environmental disclosure and profitability, Freedman and Jaggi (1988) and Neu et al. (1998) found that large companies with poor financial performance make more disclosure. On the other hand, large companies, and those with good financial performance, were observed to make more disclosure in Cormier and Magnan (1999). These inconsistent findings, coupled with the uncertainty as to management's objective, have cast doubt on the legitimacy of environmental disclosure as an area of accounting research enquiry (Gray, Kouhy & Lavers, 1995a).

Relationship between Climate Change Reporting and Financial Performance

Porter and Reinhardt (2007) stated that responding to climate change issues through innovation can lead to improvement in firm's competitiveness as outcomes. However, like any other type of innovation, the innovation to address climate change issues also requires investments in the form of managerial cost and expertise, finance and technical know-how (Slawinski & Bansal, 2012). Consequently, stakeholders, particularly shareholders, expect benefits can be derived from such investments. Hence, firm needs to translate such investment into measurable performance in order to satisfy the expectation of the stakeholders. One of the common and easily measurable firm performances is financial performance.

Many studies conducted in the past demonstrated that the increase in financial disclosure has a positive impact on the firm performance (Miller, 2002; Francis et al., 2008), such as the growth in firm's profitability or/and turnover, improvement in return on equity or assets, and/or appreciation of the firm's stock valuation. Apart from financial disclosure, there are also studies conducted on the effect of firm's environmental practices on firm performance. Atkin et al. (2012) and Melnyk et al. (2003) in their study on the effect of firm's environmental practices on the firm performance found that enhanced environmental practices improve the firm performance. Meanwhile, study by Khelif et al. (2015) revealed that social and environment reporting disclosure has significant positive impact to the financial performance of firms in South Africa.

Based on the findings of various results, this research assumes that climate change adaptation involves significant investment, and a firm will only undertake such challenge if it makes the firm to be more competitive, improve performance, enhance reputations, or able to access to new markets. In brief, the implementation of various mitigative and adaptive capacities in relations to climate change issues, including the initiative to make meaningful disclosure on those issues, is predicted to improve firm's outcome.

Based on the above arguments, this research uses three measures of financial performance, namely profitability, sales and Return on Assets ("ROA") to test the relationships between the extent of disclosure of climate change reporting and firm's financial performance. From this, hypothesis is developed:

H1 : There is a positive relationship between climate change reporting and firm performance

3.0 RESEARCH METHODOLOGY

Climate change reporting data and firm performance are collected from the sample's financial report for the year ended 2017, top 150 companies base on company's size, namely market capitalization, as the research attempts to examine the public listed companies' climate change reporting prior to the signing of Paris Agreement by the Government of Malaysia. A single year secondary data (extracted from sample companies' annual reports and sustainability reports) are used for this research because this is a cross-sectional study which aims to examine the effect of selected independent variables towards dependent variable without any intention to factor in the time effect. For this research, the main focus is the voluntary climate change reporting, therefore the unit of analysis is the firm. The relationships between firm's climate change reporting and firm performance are investigated.

Method of Measurement - Climate Change Reporting

Many of the previous literature have analyzed voluntary reporting, sustainability reporting and climate change reporting in the form of content analysis. Content analysis method has been utilised as the basic design for this research in analysing the climate change reporting.

Holland and Foo (2003) define content analysis as one of the research method techniques that objectively and systematically quantify the description of the manifest content of communication. However, the rule of this inferential process varies based on the interest of the investigator (Weber, 1990). Meanwhile, (Jose & Lee, 2007, p.311) stated that “*content analysis is a primary tool used for analysis of the published information*”. Jose and Lee (2007) further cited that Holsti (1969) defined content analysis as a “*technique for making inferences by objectively and systematically identifying specific characteristics of messages*” (p.311). Moreover, content analysis is an “unobtrusive technique that allows researchers to analyze relatively unstructured data in view of the meanings, symbolic qualities, and expressive contents they have” (Krippendorff, 2013a, p.49).

In this research content analysis is used to measure the level of climate change disclosure information, which is presented in annual report, climate change report and sustainability report issued by the company. Milne and Adler (1999) mentioned that, most commonly used method to measure the voluntary reporting and disclosure is content analysis. This is in line with the objective of this research and further supported by Parker (2005) where the analysis on social and environmental accounting literature published from year 1988 to 2003, content analysis is the dominant method which represents 19% of the empirical research. This upholds that content analysis is an acceptable method in measuring the climate change reporting. The statement was further agreed by Hackston & Milne, 1996; Belal et al., 2010; Hague & Deegan, 2010; Amran et al., 2012; 2014), that content analysis has been widely used as a tool in the social and environmental reporting research to examine the level (extent) of reporting of various social and environmental issues disclosed in corporate reports of listed companies (Berelson, 1952).

Measurement – Climate Change Reporting

To assess the climate change reporting, this research has made few references as a basis of its measurement, classification and interpretation of climate change reporting related information. At present, there is no specific or standard measurement on climate change reporting being developed for Malaysian companies or being used as a reference by all the public listed companies in Malaysia. In absent of a standardize measurement; this research adopted a scoring index developed by Ooi (2016). Ooi (2016) proposed a set of items and scoring index to measure the climate change reporting, which is considered as the best reference and guide for this research. Therefore, this research has adopted and used the index set by Ooi (2016) as the main measurement on climate change reporting. Based on the index, total adoption of the international guidelines will not be applicable for Malaysian context (Belal & Owen, 2007). Therefore, in order to come out with the index interpretation, a few guidelines and standard was being referred to in order to come out with the final coding. In addition, in order to interpret the index adopted by Ooi (2016) in good and acceptable manner, the researcher has made references to the GRI-based index formulated by Clarkson, et al. (2008) regarding the environmental reporting and cross references with Draft Reporting Framework of the Climate Disclosure Standard Board (CDSB, 2010) and other resources to come out with better interpretation to the in climate change reporting measurement.

Index developed by Ooi (2016) made a references to six guidelines, i.e. (1) Draft Reporting Framework of the CDSB; (2) Coalition for Environmentally Responsibility Economics (CERES); (3) Business for Social Responsibility (BSR); (4) Global Reporting Initiative (GRI); (5) KPMG and (6) Association of Chartered Certified Accountant (“ACCA”). However, in this research, in addition to the six references made by Ooi (2016), another two references were added in order to further improve the interpretation of each of the items. The additional references are the GRI-Based Index developed by Clarkson, et al (2008), of which is one of the pioneer in environmental reporting and disclosure and environmental Disclosure Index developed by Bursa Malaysia (2013).

After taking into consideration of the six guidelines and framework proposed by Ooi (2016) and additional references, a Malaysian context climate change reporting measurement and interpretation has been made. The rationale and reason behind the particular items fall within the scope of Government Malaysian requirement, which focus mainly on adaptation and mitigation of climate change challenges. This has started since the 10th Malaysian plan which Malaysian focused on sustainable growth and introducing mitigation and adaptation strategies to reduce emission of greenhouse gases. Ooi (2016) proposed that there are 26 items which can be qualified as crucial to the disclosure of a reasonably good climate change reporting, which can be classified into seven (7) major themes, namely:

1. Governance ;
2. Management engagement and actions;
3. Strategic analysis;
4. Greenhouse gas emissions;
5. Opportunity from climate change;
6. Risk from climate change; and
7. Future outlook and external affairs.

Method of Measurement -Firm Performance

In general, firm performance refers to financial returns, such as profits, ROI, economic rents or shareholders returns (Harrison & Wicks, 2013). However, in previous literatures on corporate disclosures, measures for firm performance used, in terms of financial performance, include the like of sales (Galbreath et al. 2014; McGuire, Sundgren & Schneeweis, 1988), profitability or earnings (Galbreath et al. 2014; Khlif et al., 2015; Miller, 2002; Francis, Nanda & Olsson, 2008; McGuire et al., 1988), Tobin Q (Achoki, Kule & Shukla, 2016), ROA (Achoki, Kule & Shukla, 2016; McGuire et al, 1988) and cost of capital (Verrecchia, 1983; Fishman & Hagerty, 1989; Healy & Palepu, 1993; Botosan, 1997; Sengupta, 1998; Botosan & Plumlee, 2002).

In this research, a simulation of three (3) variables is used as proxy as firm performance. The three (3) variables, which are all financial in nature, are as follows:

- (i) ROA (profit/total assets);
- (ii) Sales (total sales for the year); and
- (iii) Profitability (profit margin, i.e. profit/sales).

In brief, ROA (which can also be referred to as ROI) is an indicator of how profitable a company is relative to its total assets, hence paints a picture on how efficient the firm is in utilizing the assets of the firm to generate earnings. Meanwhile, sales figure, i.e. total sales during the financial year, is used in the model as the higher the amount of sales, the better the firm performs. As for profitability, the profit margin is used as it measures how much every ringgit of sales the company keeps as earning, i.e. the higher the margin, the better the performance of the firm.

The data used are secondary data, which are obtained from the annual reports of the 150 public listed companies are being used as sample for this research. The above three measures selected are based on argument by McGuire et al. (1988), accounting-based measures, particularly ROA, proved to be a better predictor of corporate social responsibility compared to stock-market measures, which are exposed to the risks of managerial manipulation.

4.0 FINDINGS AND DISCUSSION

Path Coefficients: Climate Change and Firm Performance

Table 4.10 reveals that there is an existence of a relationship between climate change reporting and the financial performance of public listed company. The variable used as proxy for the measurement of firm performance in this research is the simulation of three variables, namely ROA, sales value and profitability (profit margin).

Table Error! No text of specified style in document..1: Path Coefficient – Climate Change Reporting and Firm Performance

Paths	Path Coefficient	Standard Deviation	t - value
CCR – FP	0.342	0.055	6.221

This study shows that there is a significant relationship between climate change reporting and the firm performance ($\beta=0.342$, $t=6.221$), which represented by the three proxies, namely. ROA ($t=2.292$), total sales ($t=8.685$) and profit margin ($t=8.819$). Overall, it can be said that climate change reporting has a positive significant relationship with the firm performance.

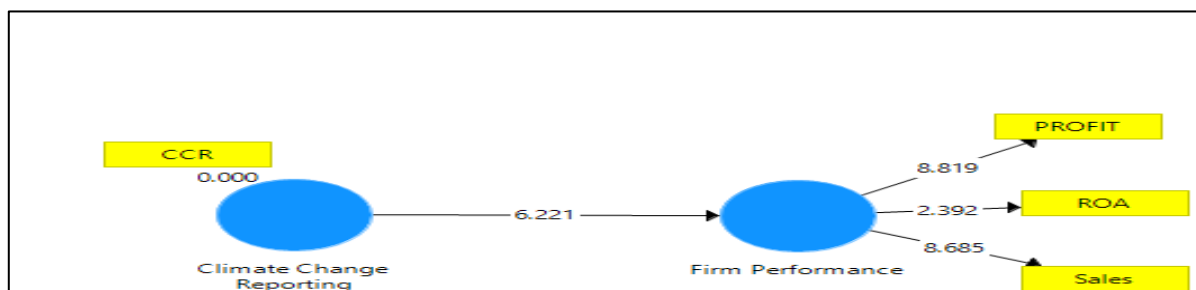


Figure Error! No text of specified style in document..10: Path Coefficient – Climate Change Reporting and Firm Performance

Climate Change Reporting

The findings shows that, 139 out of 150 companies or 92.7% of them took the initiatives to publish climate change reporting. Only 11 public listed companies did not disclose any climate change issues in either its annual report or in a dedicated climate change reporting

Although more than 90% of the public listed companies published some form of report concerning climate change, less than 40% of the companies registered score index of 50% and above. On average, public listed companies only disclosed less than 50% of the crucial climate change related items in their climate change reporting.

Meanwhile, the high standard deviation value of 25.21 indicates that the extent of disclosure varies significantly among the companies. This indicates that the extent of climate change reporting is still low among the public listed companies in Malaysia.

Table Error! No text of specified style in document..2: Extent of Reporting

	N	Minimum	Maximum	Mean	Std. Deviation
CCR	150	0	88.46	45.77	25.21

Table Error! No text of specified style in document..3: Extent of Climate Change Reporting

Disclosure Items		No. of Companies	%
Theme 1			
Governance			
1.	Existence of Board oversight for environmental, climate change or greenhouse gases affairs	38	25.33%
2.	Existence of Board Committee conducted periodic reviews of climate change performance	18	12.00%
Theme 2			
Management Engagement and Actions			
3.	Existence of specific management responsibility team for environmental and climate change	40	27.67%
4.	Existence in Chairman/CEO statement on climate change or carbon footprint/ greenhouse gas emissions	46	31.67%
Theme 3			
Strategic Analysis			
5.	Existence of link between climate change and company reputation or brand value	23	15.33%
6.	Existence company set absolute greenhouse gas emissions reduction targets as one of company's objectives to set absolute greenhouse gases emission reduction targets	42	28.00%
7.	Existence in company business strategy/operations to reduce greenhouse gas emissions and carbon footprint, minimize exposure to regulatory and physical risks, and maximize opportunity from changing market forces	89	59.33%
8.	Existence of specific requirements for suppliers/customers to reduce greenhouse gas emissions	33	22.00%
9.	Energy use/converse (reported as electricity & fuel use - coal, diesel, petrol, gas) with quantity	44	29.33%
10.	Existence target to reduce energy use	42	28.00%
11.	Existence of specific policy to develop energy efficiency by utilizing/acquiring low emission technologies	88	58.67%
12.	Existence of specific policy to purchase or develop renewable energy	31	20.67%
Theme 4			
Greenhouse Gases Emissions			
13.	Company calculates and register greenhouse gas emissions savings and offsets from projects	38	25.33%
14.	Company conducts annual inventory of greenhouse gas emissions from operations	25	16.67%
15.	Company has set greenhouse gas emissions baseline	23	15.33%
16.	Company has third party verification process for greenhouse gas emissions data	12	8.00%
17.	Compliance with Global Reporting Initiatives ("GRI") or a comparable reporting guidelines to report its greenhouse gases emissions and trends	21	14.00%
Theme 5			
Opportunity from Climate Change			
18.	Credits from Clean Development Mechanism ("CDM") projects under Kyoto Protocol	9	6.00%
19.	Description on other business opportunity from climate change (related to products, service/technology, such as selling green energy, building or operating wind turbines, demand for lower emissions cars or other products, eco-friendly products, green or carbon neutral home loans, credit cards and other products)	12	8.00%
Theme 6			
Risk from Climate Change			

Disclosure Items	No. of Companies	%
20. Current/future increased cost of energy related to climate change	8	5.33%
21. Potential future litigation, carbon tax, or legal action related to climate change	21	14.00%
22. Implication of increased insurance premium due to climate change	4	2.67%
23. Implications of physical changes (floods, droughts, strong wind, heat wave, storms, forest fire, changes in weather pattern, increased/decreased rainfall, rising sea level, availability of water) disruptions to business	4	2.67%
Theme 7		
Future Outlook and External Affairs		
24. Collaborations or work with government and other organization in climate change related projects	75	50.00%
25. Promote climate friendly behaviour by raising awareness through environmental sustainability education / campaign	119	79.33%
26. Provide product information (emissions reduction information) to customers through product labeling,	25	16.67%

Note: Climate Change Reporting Measurement adopted from Ooi (2016)

Analysis of the results indicates that the public listed companies are still in the midst of adapting to the suggestions and requirements of climate change disclosure prior to the signing of the Paris Agreement in December 2016. Nonetheless, the result reveals that on average, 92.7% of the 150 public listed companies took positive efforts to publicly disclose some information concerning the impact of their business activities towards climate change, as well as the actions taken by them to minimize such impact, despite the fact that publishing climate change reporting is yet to be made mandatory. In terms of the extent of disclosure, out of the 92.7% companies which voluntarily made climate change reporting disclosure, at least 7.69% of the climate change reporting check list items based on the framework by Ooi (2016) was reported. Four (4) companies scored the highest mark of 84.62%. This figure reflects the extensiveness of the items reported. On average, public listed companies in Bursa Malaysia have approximately 43.6% of the items listed on the check list when they produce their disclosure.

According to Porter and Reinhardt (2007), climate change can be a catalyst for innovation, which ultimately may lead to a number of positive outcomes to the firm, such as competitive advantages, performance, and reputation. When faced with issues of climate change, firms need to be creative and innovative when they adopt good environmental practices or when carrying out mitigating actions. However, such actions require investments of managerial time, expertise, finance as well as the know-how on the part of the firm (Slawinski & Bansal, 2012; York & Venkataraman, 2010). Normally, shareholders expect better performance and outcome when an investment has been sealed. Hence, any investment as a result of climate change acknowledgment must lead to better performance and better outcomes (Porter and Reinhardt, 2007). Due to this, it is not surprising that study by Galbreath et al. (2014) found that climate change innovation has significant relationship with firm performance. Due to this, *H1* hypothesizes that there is a positive association between the public listed company's climate change reporting and firm performance. In this research, simulation of three financial performance indicators, namely ROA, sales and profitability (profit margin), are used as proxy to firm performance.

The result indicates that there is a significant positive relationship that exists between climate change and firm performance ($\beta=0.342$, $s=0.055$, $t=6.221$). These results contradict previous findings in which they found an insignificant relationship between carbon disclosure of climate change information and financial performance (Hahn, 2015; Gallego-Alvarez, 2012; Jaggi & Freedman, 1992). However, these results are in line with the findings of Khlif et al. (2015), in which the disclosure of social and environmental reporting has a significant positive impact on the financial performance of firms in South Africa, as well as Galbreath et al. (2014) when examining the relationship between climate change innovation and firm performance.

5.0 CONCLUSION

The presence of significant positive relationship between the two variables can probably best explained as follows: In the wake of climate change threats, firm has no choice but to become more creative and innovative in minimizing the impact of climate change through either adaptive or mitigative actions. This encourages or even forces the firm to find new alternatives that can substitute the existing practices of doing business, which probably are better, efficient or even cost effective. If this is achieved, it can be translated in better financial performance, hence, better overall firm performance. For example, in order to reduce carbon footprint, firm may embark into

using cheaper alternative energy for its operation such as installing solar panels or wind turbines, or recycle heats produce from operations as fuel to generate steam turbine, hence reducing the dependency on hydrocarbon based energy. Such cost saving may improve profitability, and ultimately firm performance. At the same time, as investing in any climate change adaptive or mitigative initiative can cause the firm to fork out large sum of money, perhaps proper considerations or evaluations are made prior to committing to such investment. Therefore, only those investments which have the likelihood of providing better returns are being considered and implemented, which ultimately may improve the overall firm performance. Another possible explanation is that, in general, nowadays people are more aware of environmental issues. Hence, they are more inclined to be associated or do businesses with firms that adopt good climate change practices. At the end of the day, these firms may experience an increase in business and ultimately improve their top line (sales) and bottom line (profitability). Without exception, this research has its own limitation. For a start, the sample size was only limited to the top 150 public listed companies in Bursa Malaysia according to their market capitalization, furthermore used content analysis to examine the extent of reporting using the score index adopted from Ooi (2016). Although the index items may still be relevant, there is still a possibility that they are not the optimum reflection of the current situation. Finally, the use of secondary data may also limit the explanatory power of the results. A combination of qualitative and quantitative method may be more suitable for assessing the value of absorptive capacity.

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FRAUD AVOIDANCE USING MODIFIED FRAUD TRIANGLE THEORY

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ABSTRACT

An employee is committing fraud and he or she knows that it is deliberately cheating the clients or the company is a serious or gross misconduct. The person committing this sabotage action deserved to be punished. However, to identify and finding this kind of employees is somewhat difficult. The various surveys of fraudsters had found that most of those committing fraud is from the top and middle managers. They are the one who should be trusted but become the criminals inside the organization. The profile characteristics of the fraudsters were identified and analyzed. In Malaysia, the economic fraud can be categorized as business misconduct, asset misappropriation and bribery and corruption. The purpose of the paper is to study the fraud committed by employees working inside the organizations. By using the Fraud Triangle Theory, three main factors identified to include internal and external pressure, opportunity to commit fraud and rationalization of not being caught. These three factors were modified and analyzed using fraud avoidance as the dependent variable. The result shows that only religious rationalization is significant predictor for fraud avoidance. Thus, the fraud can be avoided if the element of religious integrity is practiced by the managers and the workers of the organization.

Keywords: fraud, fraud jungle theory, integrity, religious rationalization

1.0 INTRODUCTION

An organization is a place for an employee to work and earn income from the good performance. The employees are expected to produce the expected results as desired and agreed with the employers. In doing the jobs, they are expected to be honest and perform the jobs more than expected or better than the stated key performance indicators. A good employee is a person of integrity and never take advantage of his or her job position for the personal gains that are not allowed by the organization. However, there were many cases as reported in today's social media of whereby the employees committed bribes, abuse or misuse of power or misappropriation of company assets. The cases of FGV and Tabung Haji are the two good examples of the fraud committed inside the organization. Any fraud is a crime. It is deliberately unethical behavior that is committed by a rational human being. A fraud is a sinful behavior condemned by any religion and society. Any fraud can be very costly affair. It can have a devastating impact on any company or the person affected. FGV Holdings Berhad for example lost more than one billion in 2018 due to many factors to include the weak management. A fraud can be a threat to any organization and its stakeholders, such as customers, suppliers, business partners and shareholders. According to Bank Negara of Malaysia (BNM), financial fraud is an intentional act of deception involving financial transactions for purpose of personal gain. Many fraud cases involve complicated financial transactions conducted by professional criminals with specialized knowledge and criminal intent. According to the police statistics, reported by the Inspector-General of Police in the NST (26/2/2018), the number of commercial crime cases has increased from 19,509 in 2015 to 26,277 the following year. The Police had worked closely with BNM to handle a new trend in cheating cases involving crypto-currency Bitcoin such as sharing the expertise and knowledge on crypto currency fraud cases. In 2014, BNM had issued a statement that Bitcoin was not acknowledged as legal in Malaysia. However, in 2017, BNM had proposed that guidelines be produced for crypto currency focusing on money laundering and financial support for terrorist activities. Besides Bitcoin, other forms of crypto currency are Ethereum, Zcash, Dash, Tezos, Ripple and Monero. Thus, it can be acknowledged that cyber fraud is a worrying trend in Malaysia for the past five year.

As we are reaching 2020, there is an increasing number of frauds committed worldwide, either by internal or external fraudsters and the damage it had done to the financial institutions is very alarming. When LexisNexis released its 2018 True Cost of Fraud survey, it found that through LexisNexis Fraud Multiplier, for every dollar of fraud, lenders incur \$3.05 in costs, compared to \$2.82 in 2017, an 8.1 percent increase. Larger digital lenders, with at least \$50 million in annual revenue, are hit hardest by fraud, incurring \$3.37 in costs, which is up from 3.07 in 2017. According to KPMG (2018) through its Fraud Barometer which had been tracking the fraud trends since 1980s, the certain types of fraud was nowadays dominated by professionally organized gangs who are very smarter and intelligent. They were the early adopter of technology so that they could learn and master the trick or

the fraud tools. With the increasing use of technology, they were able to create and develop various hacking tools and services such as spam generators, malware distributors and bots. Thus, cyber fraud, an important form of technology-based fraud, is emerging as a growing threat. However, the findings by KPMG (2016) showed that many companies were aware of the issue but only three percent used pro-active anti-fraud data analytics in detection of fraudsters surveyed. The purpose of the paper is to study and identify the significant factors that are useful for avoiding the occupation fraud of using the modified Fraud Triangle Theory.

2.0 THE STUDY OF FRAUD

The study of fraud had generated so many results and findings. The discussion of types of fraud occurring can be found in finance and banking, private sector and occupational fraud. BNM of Malaysia has listed five main types in financial fraud. Those fraud are illegal internet investment scheme, illegal foreign exchange trading scheme, unauthorized withdrawal, unauthorized use of credit or debit card and misuse of BNM and senior officers' names and positions. Bank fraud as listed by wiseGEEK can come in many forms such as check fraud, identity theft, embezzlement, and document fraud. For check fraud as an example, it might involve theft, forgery, alteration, misuse of checks or check kiting (passing bad checks). The most damaging bank fraud is embezzlement because it can be extremely damaging to the bank's reputation. Beside fraud type, other studies done in fraud are fraud awareness, fraudsters' profile, prevention and detection (Rohana Othman et al. 2015). From the review of fraud, it is right to state that a fraud is a deliberate action with the intention to cause the organization or other persons to lose their money. Ernst and Young (2009) defines fraud as an act of deliberate action made by an entity, knowing that such action can result in a possession of unlawful benefits. For occupational fraud, ACFE (2010) has defined as the process of using one's occupation or responsibility to satisfy his personal interest by enriching himself through the deliberate abuse of power. Abuse of power by the fraud perpetrators includes deliberate mismanagement, misrepresentation of organizational resources and manipulation of financial statement. In Islamic administration, an action of fraud is strictly forbidden. Any fraud activity such as the cheating or stealing the people money with no right attached to it and no permission granted is a sinful behavior as mentioned in the Al-Quran and Hadith of Prophet Muhammad S.A.W. that cause the person to be dumped into the Hell of the Hereafter. Even though the person is not caught or be able to escape himself in today's world, the punishment in the Hereafter is surely waiting for him.

The persons who commit the fraud can be from the inside or outside organization. However, most of the fraudsters is from the employees of the organization. It is not a surprised since the employees that are working inside the organization know better what is inside the organization and how to fully utilize to their advantages. In KPMG survey of Global Profiles of the Fraudster (2016), the fraud was mostly committed by the persons in group or gang that is very close to the organization. The findings show that 65 percent of fraudsters were employed by the victim organization and a further of 21 percent were former employees. Thus, the fraudsters of 86 percent knew the victim organization. It also recorded that the collusions with others contributed to 62 percent of frauds. It is interesting to note that the top managers and senior managers are greatly involved in fraud. The survey found that 34 percent of fraudsters were directors and 32 percent were managers. It is not surprising to see that many types of frauds committed by the people in authority due to finding that 44 percent of fraudsters had unlimited authority in their company and were able to override controls. For Malaysian companies, in Global Economic Crime and Fraud Survey 2018 conducted by PwC, it was found that 59 percent of the respondents have not detected any fraud or economic crime yet. Those detected, found that the most common types of fraud experienced were business conduct or misconduct, asset misappropriation, bribery and corruption and cybercrime. The type of persons involved in fraud is almost similar to the findings by KPMG, that is 69 percent was committed by their own employees of whereby 32 percent and 26 percent done by the senior managers and middle managers respectively.

3.0 THE FRAUD TRIANGLE THEORY REVISITED

There are many reasons associated with the fraud. An American criminologist, Donald Cressey had developed the Fraud Triangle theory that explains that factors that lead to fraud and other unethical behavior. The reasons why people commit fraud was first examined by Donald Cressey, a criminologist, in 1950. His research was about what drives people to violate trust. He interviewed 250 criminals over a period of 5 months whose behavior met two criteria: (1) the person must have accepted a position of trust in good faith, and (2) he must have violated the trust. He found that three factors must be present for a person to violate trust were: (1) non-shareable financial problem, (2) opportunity to commit the trust violation, and (3) rationalization by the trust violator.

3.1 Incentives or motives to commit fraud

Persons that are having non-shareable financial problem had put it as an incentive or drive to commit fraud. Cressey (1953) had stated that “persons become trust violators when they conceive of themselves as having incurred financial obligations which are considered as non-socially sanctionable and which, consequently, must be satisfied by a private or secret means”. He divided the non-shareable financial problems into six categories: (1) difficulty in paying back debts, (2) problems resulting from personal failure, (3) business reversals (uncontrollable business failures such as inflation or recession), (4) physical isolation (trust violator is isolated from people who can help him), (5) status gaining (living beyond one’s means, and (6) employer-employee relations (employer’s unfair treatment). Lister (2007) defined the pressure or motive to commit fraud as “**the source of heat for the fire**” but he believed the presence of these pressures in someone’s life does not mean he or she will commit fraud. He also added there are three types of motivation or pressure: (1) Personal pressure to pay for lifestyle, (2) employment pressure from continuous compensation structures, or management’s financial interest, and (3) external pressure such as threats to the business financial stability, financier covenants, and market expectations. Albrecht et al. (2008), however, mentioned pressure or motive can be financial or non-financial and they gave examples of perceived financial pressures that can motivate fraud like; personal financial losses, falling sales, inability to compete with other companies, greed, living beyond one’s means, personal debt, poor credit, the need to meet short term credit crises, inability to meet financial forecasts, and unexpected financial needs. They also gave examples of non-financial pressure, such as; the need to report results better than actual performance, frustration with work, or even a challenge to beat the system. They believed that even with very strong perceived pressures, executives who believe they will be caught and punished rarely commit fraud. Another author, Murdock (2008) also argued that pressure can be a financial pressure, nonfinancial, or political and social pressure. Nonfinancial pressure can be derived from a lack of personal discipline or other weaknesses such as gambling habit, drug addiction. While, political and social pressure occurs when people feel they cannot appear to fail due to their status or reputation. Thus, it can be concluded that the incentive or motive to commit fraud is true when the perpetrator knows that he or she cannot be caught for doing the fraud. For the study, employee having financial problem can be a motive to commit fraud in the organization. The questions such as high debt and the review of staff remuneration are examples of financial items.

3.2 Perceived opportunity to commit fraud

Persons committing fraud also see and make use of the opportunity of not being caught. Cressey also mentioned that perceived opportunity arises when the fraudster sees a way to use their position of trust to solve the financial problem, knowing they are unlikely to be caught. Lister saw opportunity, which is the second side of the fraud triangle, as “**the fuel that keeps the fire going**” and he believed even if a person has a motive, he or she cannot perpetrate a fraud without being given an opportunity. He also gave some examples of opportunities that can lead to fraud like high turnover of management in key roles, lack of segregation of duties, and complex transactions or organizational structures. Vona (2008) believed a person’s position in the organization contributes to the opportunity to commit fraud. He also believed there is a direct correlation between opportunity to commit fraud and the ability to conceal the fraud. Thus, understanding the opportunity for fraud to occur allows the managers or internal auditors to identify, which fraud schemes an individual can commit, and how fraud risks occur when the controls do not operate as intended by management. As for perceived opportunities to commit fraud, Albrecht et al. had given few examples such as a weak board of directors, a lack of or circumvention of controls that prevent or detect fraudulent behavior, failure to discipline fraud perpetrators, lack of access to information, and the lack of an audit trail. The perpetrators, by using the opportunity of using their positions would violate the trust through be able to conceal their misconducts. For the study, the weak internal control and negligent behavior are examples of the perceived opportunity items.

3.3 The rationalization of committing fraud

Any person that commits fraud had put the rationalization as the third reason for doing so. As for rationalization, Cressey believed that most fraudsters are first-time offenders with no criminal record. They see themselves as ordinary, honest people who are caught in a bad situation. This enables them to justify the crime to themselves in a way that makes it acceptable or justifiable. As for the third component of the fraud triangle, rationalization, Lister defined it as “**the oxygen that keeps the fire burning**”. He mentioned that although managers or internal auditors may not be able to assess the personal value systems of each individual in the organization, they can assess the corporate culture. For rationalization to exist, the perpetrator needs to justify their action by absolving themselves of responsibility or they may analyze their act favorably as good for them. For the study, religious rationalization was identified as the main factor that can avoid the fraud.

4.0 RESEARCH METHODOLOGY AND RESULTS

The study on the fraud avoidance is developed through the fraud triangle theory. The study is focused at one established Islamic bank. The bank was chosen due to the Islamic nature and Islamic administration of the bank, where the employees are expected to exhibit the integrity behavior. The research design is descriptive, that is to describe the characteristics of the relevant groups, that is, bank employees with regards to fraud avoidance (Malhotra, 2007). The design is also cross-sectional design, whereby the collection of data is done only once at a period of time. Since the study is done at one Islamic bank, thus the sampling is more on stratified random sampling of probability. The unit of analysis for the study is the bank employee. The population of the employees at the bank is estimated around 200. With the confidence level of 95%, the margin of error is calculated at 10.61, the right number of size is 60 employees. The measurement properties of the variables were constructed to meet the fraud triangle theory. The independent variables are financial problem as motive to commit fraud, the perceived opportunity of committing the fraud and the religious rationalization of not committing the fraud. The operational definition was developed accordingly for fraud avoidance. Five questions for each measurement were designed to come out with reliability analysis of Cronbach's alpha of .744 for fraud avoidance, .795 for financial problem, .775 for perceived opportunity and .814 for religious rationalization. According to Cayana et al. (2001), reliabilities of less than 0.60 are considered to be poor, those in the 0.70 range are acceptable, and those over 0.80 are good. Thus, the internal consistency reliability of the measures in this study are acceptable, with the religious rationalization is good. The descriptive statistics for the important demographic profiles are illustrated in the table below.

Table 1: Descriptive statistics for important demographic profiles

			%
1	Age	Below 30 years	26.6
		31 -40	51.7
		Above 41	21.7
2	Education level	SPM	10
		STPM / Diploma	58.3
		Degree and above	31.7
3	Monthly income	Less than RM2000	16.7
		RM2001 - 6000	71.7
		RM6001 and above	11.6
4	Division	Credit / Loan	5
		Operation	65
		Customer Service	10
		Sales	10
		Management	10
5	Length of service	Less than one year	11.7
		2 – 5 years	20
		More than 5 years	68.3

Descriptive statistics of the respondents show that for the age majority is from 31 to 40, the educational level is more from STPM or Diploma and the monthly income is more than two third is between RM2001 to RM6000. 65 percent of respondents come from operation and more than two third has been working more than five years of experience in banking. Fraud avoidance as dependent variable is measured through five questions that were created by the researchers. All the independent variables were also developed for the study purpose. The descriptive statistics of the fraud avoidance in Table 2 and religious rationalization in Table 3 are shown below.

Table 2: Fraud avoidance result

No	Questions	Mean	SD
1	Fraud causes the bank to lose its integrity.	4.38	.691
2	Fraud if it is not contained will cause loss to the bank.	4.68	.504
3	Employees have an obligation to report any suspicious activities.	4.70	.462
4	Employees must avoid fraudulent activity.	4.80	.403
5	Fraud and corruption are clearly defined in any bank branch.	4.42	.720

Table 3: Religious rationalization result

No	Questions	Mean	SD
1	Lack of Islamic knowledge will cause people to doing fraud.	4.55	.699
2	Understanding Islamic knowledge is important in order to avoid fraud.	4.63	.551
3	Thinking about sin and reward can stay away from fraud.	4.68	.531
4	Workers need to attend fraud courses every year to increase knowledge.	4.50	.624
5	Talk about Islamic awareness should be held every week at the bank.	4.55	.565

The results of the study through correlation study and multiple regression analysis had shown only the religious rationalization had the profound effect on the fraud avoidance. The Pearson correlation was used to study the strength of the relationship with positive correlation of $r = 0.440$. For the multiple regression analysis, the standardized beta coefficient for religious rationalization was .359 with the $p < 0.05$ (.010).

5.0 ADVANTAGE AND LIMITATIONS OF THE STUDY

The study of using religious rationalization is any first attempt of any literature review that can be found by the researchers. Through the religious knowledge, employees that are working in the Islamic organizations as in the study can use their Islamic understanding and practice to avoid any fraud activity at their workplaces. The result of the religious rationalization items had shown that the employees are having strong Islamic values and beliefs for them of not committing the fraud in their organizations. However, for the findings to be generalized to other Islamic organizations, larger sample size should be considered. The samples also can be stratified to different types of Islamic organizations such as takaful company and business organizations.

6.0 CONCLUSION

The popularity of Cressey's Fraud Triangle Theory had evolved itself to the extension or further development of the triangle. Even though the model is not adequate tool for deterring, preventing and detecting fraud, few research that were conducted later had introduced and developed the new elements, such as the Fraud Diamond Model, M.I.C.E. and S.C.O.R.E were encouraging. The change of rationalization to personal integrity element as in Fraud Scale Model is more appropriate for today's changing business environment. Fraud avoidance can be happening if the employees are having positive religious rationalization. For the practice of integrity, every employee should know that he or she is answerable and accountable for their own attitudes and behavior and is supposed not to violate the trust given to them. For Muslim managers, they were given the amanah and accountability and answerable to the Al-Mighty God in the Hereafter life.

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GIRL POWER: ENVIRONMENTAL CORPORATE SUPREMACY

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Abstract

The main objective of this study is to examine the impact on the role of female corporate leaders, Girl Power, on the environmental corporate disclosure and the performance supremacy of public listed companies in Malaysia. This research examines the determinants of corporate governance by focusing into the relationship between corporate governance composition, board gender diversity (female vs male directors), the impact on environmental corporate disclosures (climate change reporting) and the firms performance supremacy by using a sample of top 150 public listed companies which shares are traded in Main Board of Bursa Malaysia Berhad. Secondary data from annual and sustainability reports published by the sample companies from 2014 to 2017 are used for this empirical research. The result of Structural Equation Modelling -Partial Least Square analysis suggest that there is positive significant relationship exist on board gender diversity and environmental reporting of the companies.

Keywords: Girl Power, Environmental Corporate Supremacy, Climate Change, Corporate Governance

1.0 INTRODUCTION

Recently, the influence of corporate governance on firm performance has gotten real thought, especially after the event of corporate scandals of WorldCom in 2002 and Enron in 2001. These organisations experienced ruins due to the abuse of power by their own board of directors, which represent their own best advantages rather than the organisation as a whole. In fact, the board of directors are considered to be a crucial mechanism of corporate governance. They are responsible to monitor, setting relevant policy, give adequate resources and improve advisory processes to ensure that the management carry out their responsibilities and making decision towards the shareholders' interests. The demographic characteristics of top management team (TMT) comprises age, functional background, education, tenure, as observed by Hambrick & Mason (1984), who dealt with diversity within top management and its impact on firm performance that is strongly linked to the Upper Echelon Theory. They argue that decision making and action taken by top management may have influence by the demographic characteristics of the top management. Demographic characteristics are associated with many cognitive bases, values and perceptions that influence the decision making. The positive effect between demographic characteristics and decision made by top management will then provide a positive contribution to firm performance. According to Julizaerna & Zulkarnain (2012), the representation of two or more women in board could better served the company's decision making. The diverse characteristics in boardrooms enable to fulfil the obligations of boards to effectively monitor and play oversight roles on the top management in order to maximize shareholders wealth. Bear et al. (2010) claimed that there is a positive relationship between the number of women on the board and corporate reputation.

Along these lines, concurrently reporting on financial information, organisations likewise unveil non-financial data, for example, environmental and corporate social responsibilities issues. To date, there are increasing number of studies which highlighted on the corporate social responsibility (CSR) (Husted & Sousa-Filho, 2019; Liu, 2018; McGuinness et al., 2017; and Gond et al., 2017). According to Williams (1999), CSR reports are conceptualised as documents intended to inform all stakeholders on the economic, social and environmental impacts of the corporate performance, as for a given time frame. CSR is not so much concerned of what business do with their profit, but much more of how they make that profit (Vilkoja et al., 2014). It provides positive economic impact on many organisational outcomes, including higher firm value (Nekhili et al., 2017), reputation (Axjonow et al., 2018; and Bayoud et al., 2012), and consumer loyalty (Deng & Xu, 2017). It can be concluded that CSR positively impact the organization by improving the good image, building an organization brand, thus improve firm performance. Previous study by Bear et al, (2010) found an additional impact to the current research when they observed that CSR ratings had a positive impact on reputation and mediated the relationship between the number of women on the board and corporate reputation. This is also supported by a few current researches. For example, in a study done by Gulzar et al. (2019), had found that the greater the presence of female directors on the board, the stronger the CSR engagement would be. The same result also were found earlier when Nekhili et al. (2017)

argue that female directorships enhance the credibility of the CSR information to be disclosed. Thus, based on previous literature, in summary, board diversity could be positively influence firm performance and CSR disclosure.

In Malaysia, with due consideration of the 1997 Asian financial crises, the Malaysian Code on Corporate Governance (MCCG) was announced in year 2000. The MCCG required all Malaysian listed companies to adhere the codes starting from July 2001. The codes have indicated on the importance of board structure, board size and independent board of directors. Furthermore, in 2002, the Bursa Malaysia had likewise begun restricting the number of directorship held in a firm. In 2007 and 2012, the code was then being revised in particularly to highlight the composition of the board, and the significance of the independent directors to ensure that the decision made by board is to the best interest of shareholders. According to MCCG 2012, *should a company chairman is not an independent director; the board has to be dominated by independent directors as people who are entrusted by the shareholders. They are anticipated to reduce managerial opportunism and thus minimizing agency problems.* In addition, the requirement of having gender diversity in boards has been initiated by the Securities Commission in the Corporate Governance Blueprint 2011. The presence of at least two female in board could better served the firm basic leadership, as differing attributes in boardrooms could satisfy the commitments of boards to viably play monitoring and decision making roles so as to maximize shareholders wealth (Julizaerma & Zulkarnain, 2012).

Therefore, the aim of this study is to examine the impact on the role of female corporate leaders, Girl Power, on the environmental corporate disclosure and the performance supremacy of public listed companies in Malaysia. This research examines the determinants of corporate governance by focusing into the relationship between corporate governance composition, board gender diversity (female vs male directors), the impact on environmental corporate disclosures (climate change reporting) and the firms performance supremacy by using a sample of top 150 public listed companies which shares are traded in Main Board of Bursa Malaysia Berhad. Secondary data from annual and sustainability reports published by the sample companies from 2014 to 2017 are used for this empirical research. The result of Structural Equation Modelling -Partial Least Square analysis suggest that there is positive significant relationship exist on board gender diversity and environmental reporting of the companies. In addition, findings from this study were important to address the role of female corporate leaders on the environmental corporate disclosure and the performance supremacy of public listed companies in Malaysia as additional literature to the relevant future studies.

The remainder of the paper is organized as follows. Section 2 summarizes the extant of relevant literature on the role of female corporate leaders on environmental corporate supremacy. Section 3 describes the research model, data and sample. Section 4 presents the empirical analysis and discusses the overall results. The final section summarizes the findings and highlights the limitations and suggestions for future study.

2.0 LITERATURE REVIEW

2.1 Board gender diversity and environmental corporate disclosure

The relationship between corporate governance composition, board gender diversity and environmental corporate disclosure had received much research attention (Husted et al., 2019; Liu, 2018; Fuente et al., 2017; Liao et al., 2015; and Kahreh et al., 2014). However, previous studies showed differing conclusions on the relationship between these two variables; either positively or negatively correlated, and some studies showed questionable results. On the foremost, female board members have resulted in a positive significant association with the environmental corporate disclosure. Thus, resulted to a better orientation of CSR disclosure than only male directors compositions. As an instance, Nekhili et al. (2017) used a sample of French listed companies belonging to the SBF 120 index by controlling firms with and without female board membership. In the study, they found that female directorships enhance the credibility of the information disclosed, leading CSR reporting to be more economically viable in terms of higher firm value. The same positively significant results were also found in China (Gulzar et al., 2019), Vietnam (Hoang, Abeysekera & Ma (2018), Australia (Liu, 2018), Spain (Fuente et al., 2017) and United Kingdom (Liao, 2015). Additionally, Liu (2018), in his study with a sample of all Standard and Poor's 1500 (S&P1500) firms that available from the Executive Compensation ("Execucomp") Database in United State, claimed that firms with greater board gender diversity are less than often sued for environmental infringements.

On the other hand, there were studies resulted in a negative association between board gender diversity and environmental corporate disclosure. For example, Husted & Sousa-Filho (2019) examined a 704 firm-year observations from four Latin American countries (Brazil, Mexico, Colombia and Chile). The result showed a significant negative association between the presence of women on the board and their influence on

Environmental, Social and Governance (ESG) disclosure. They further suggest that, this is because of the factor of cultural setting in Latin America. All Latin American countries in the sample are characterised by high levels of collectivism (where Collectivist cultures favor the in-group over the out-group). Thus, the negative result may reflect the defense of the in-group (family) and the lack of importance attached to the interests of the out-group, as represented by the external stakeholders for whom ESG disclosure is particularly relevant. However, there are studies that showed no different in orientation to CSR disclosure between female and male board members. For example, Kahreh et al. (2014) conduct a study in Iran and find that despite of relative superiority of women orientation to the CSR, there were no significant and meaningful differences between male and female's orientation to the CSR.

In Malaysia, Nooraisah et al. (2019) had conducted a study by using 200 listed firms in the Bursa Malaysia for the period span from 2009–2013, and applying both OLS and 2SLS instrumental variables (IV) approaches. They concluded that there is a significant positive effect of board education level and board tenure diversity on the quality of CSR disclosure. Their further analysis using robust regression also showed positive association between gender diversity and CSR disclosure. While Nooraisah et al. (2019) had argued on the positive result, Alazzani et al. (2019), had found that, there is only a moderate relationship between board gender diversity and CSR disclosure. They used a sample of 133 firms listed in Bursa Malaysia that had analysts following using a self-constructed CSR disclosure index based on information in annual reports in 2009. However, women made up only 8 per cent of board members. Thus they had suggested that the moderating relationship is probably due to insufficient number of women on boards.

To address the above arguments, this study proposes the following hypothesis:

H1. Gender diversity among board members is positively correlated with the environmental corporate disclosure by the firm

2.2 Board gender diversity and firm performance

Previous researches had illustrated to give understanding on the relationship between gender diversity in boards of directors and firm performance (Rose, 2017; Daniel et al., 2015; Julizaerna & Zulkarnain 2012; Darmadi, 2011; and Bear et al., 2010). However, the results obtained are varied. The positive relationship between gender diversity and firm performance suggest that the presence of females in board could offer a better performance of a firm. This was evident in studies held in France (Slama et al., 2019), Hong Kong, South Korea, Malaysia and Singapore (Daniel et al., 2015). For example, in the study made by Daniel et al. (2015) that used a sample of Asian firms, had found that increasing numbers of female directors on the board have a positive effect on firm performance, as measured by return on equity (ROE). They further explained that, the positive effects of gender diversity appear to be diminished in countries with higher female economic participation and empowerment. This might be due to tokenism, and further recommended that forcing female director appointment or mandating gender quotas can reduce firm performance in countries with strong cultural resistance. In addition, the positive association is found to be significance only in a more diversified board in highly performing firms rather than low performing firms (Slama et al., 2019).

In contradictory, there were studies with negatively significant results, such as in France (Slama et al, 2019), America, Europe, Middle East, Africa & Asia (Uribe–Bohorquez et al., 2019) and Indonesia (Darmadi, 2011). For instance, Darmadi (2011) conducted a study by using 169 firms listed on the Indonesia Stock Exchange. The result suggested that the presence of women in the boardrooms is found to have a significant negative relationship with ROA. However, the insignificant result of association between gender diversity in boards of directors and firm performance were also found in few other studies, such as Rose (2017), using a sample of listed Danish firms in a cross sectional analysis and found that there is no significant link between firm performance as measured by Tobin's Q and female board representation. She argued that board members with an unconventional background are socialised unconsciously adopting the ideas of the majority of conventional board members, which entails that a potential performance effect does not materialise.

In Malaysia, Maran & Indraah (2009) used a sample of top 100 Malaysian listed companies from the non-financial sector over the period 2000 to 2006, wherein this period reflects the beginning of the corporate governance enhancement in Malaysia (The Malaysian Code on Corporate governance, 2000). They suggested that gender effect did not have any impact on firm financial performance throughout the years except in year 2005, where it registered a positive relationship with ROE. They further explained that though women's role was not felt in boards of directors, again it could be argued that the effect was only for a short run. Later, there was other finding in study conducted by Julizaerna & Zulkarnain (2012). They used a sample of companies listed in Bursa Malaysia

for both Main and ACE market and concluded that there is positive association exists between gender diversity and ROA, which suggested women, could give impact to a better financial condition of the company. In addition, they argued that their finding is aligned with the Malaysian government policy of having in any event 30 percent women representation in decision making level of corporate sector. The pre-requisite of having gender diversity in boards likewise has been initiated by Securities Commission in Corporate Governance Blueprint in 2011. Thus, they recommended that this policy ought to be constantly upheld and implemented by corporate sector so as to pick up the favorable position of having the mixing of women and men in board composition for better financial performance.

To address the above arguments, this study proposes the following hypothesis:

H2. *Gender diversity among board members is positively correlated with firm financial performance*

3.0 RESEARCH METHODOLOGY

The sample population of this research consists of companies listed on Main Board of Bursa Malaysia. The public listed companies are being selected as they are governed by regulatory bodies, and are subject to best compliance practice. Held in with stakeholder pressures, hence they are assumed to be more proactive in corporate reporting and disclosure, especially when reporting higher levels of sustainability related information (Haniffa & Cooke, 2005; da Silva Monteiro & Aibar-Guzman, 2010). Furthermore, companies that listed on the main board are generally large and are expected to report more corporate information voluntarily (Gray, Kouhy & Lavers, 1995b).

The sample size is 150 companies, and the criterion of selection is based on the company's size, namely market capitalisation as at 2017. Only the top 150 companies based on their respective market capitalisation are selected as sample. This research employed the largest 150 companies by market capitalisation listed on Bursa Malaysia as the sample due to few reasons. Firstly, larger firms are more noticeable and observed to have greater impact on society (Hackston & Milne, 1996). In addition, bigger firms normally have more sensible shareholders who are concern and take issues relating to social and environmental impact more seriously (Hackston & Milne, 1996). Furthermore, larger firms are known to have more resources to participate on social and environmental activities (Cormier & Magnan, 2003). It is also found that, based on previous literatures, evidences which have shown that climate change reporting and environmental reporting have significant association with size of the company (Stanny & Ely, 2008; Prado-Lorenzo et al., 2009).

3.1 Source of Data

The increase awareness on the issues regarding climate change had caused stakeholders, including investors to demand for managers to embrace the culture of corporate sustainability. Therefore, they obliged that it is important for the businesses to report their climate change information through proper corporate communication channels, such as in annual reports, dedicated sustainability reports, or even on their corporate website. This indirectly shows that the firms are responsibly responding to the issue on climate change through various communication channels (Adams & Frost, 2006). Voluntary reporting or corporate disclosure is one of a communication channels that firms utilise to manage the relationships among stakeholders, managers and also the public (Hopwood, 2009). As stated by Adams & Frost (2006) and Amran & Haniffa (2011), businesses engaged in a multiple of communication networks in order to publicising corporate sustainability and climate change issues, such as annual reports, sustainability reports and company websites (Adams & Frost, 2006; Amran & Haniffa, 2011). However, within this research, in order to ensure the consistency, validity, reliability and integrity of the data, only climate change information reported in the public listed companies' annual and sustainability reports are used, while information on the web-site is not included.

3.2 Measurement of the variables

The measurement of the variable is very crucial in this research. For corporate governance and firm performance, a straight forward method was used, i.e. board gender diversity, whereby for environmental corporate disclosure measurement, content analysis method had been utilised as the basic design. For the purpose of this research, there are two methods of measuring the climate change reporting related issues. As the unit of analysis is the organization itself, there are two methods in content analysis being applied. The first is to look into the existence of the information in climate change reporting, whether the firm is making any reporting or not on climate change reporting. Therefore, the first measurement is "1" or "0". "1" is assigned when the climate change reporting information existed and "0" when the climate change reporting does not existed in the source of information. This type of method has been applied in most of the previous literature regarding social and environmental reporting research (Belal et al., 2010; Freedman & Jaggi, 2009; Hague & Deegan, 2010; Amran et al., 2012).

The second type of measurement which is suitable for this research is by employing the coding system based on their categories. The coding system technique encompasses the meaning of each word, sentence or even the paragraph itself. This is supported by Campbell & Abdul Rahman, (2010), which stated that the advantage of this measurement is, it capture the totality of the description and provide a better understanding on the findings. Therefore, by using this type of measurement climate change reporting could be encapsulated although the firm only reported in few words in their disclosure. This is perhaps a powerful content analysis method in order to give a better description on the meaning for each word, sentences or statement (Campbell & Abdul Rahman, 2010).

The process of providing the coding was based on the categories adopted by Ooi (2016) coding sheets based on 26 indexes. The climate change information was recorded in the coding sheets and the given coding is either “1” or “0”, where reflecting the information on climate change reporting is available or either vice versa. After completing the process of all 26 items, the amount was added and a total amount was recorded. This total represents the measurement of climate change reporting for the year ended 2016 for this research and finally concluded on the current extent and practice of climate change reporting.

$$= \sum \text{score of reporting items} / \text{number of items expected (26)}$$

Equation 3.1: Climate Change Reporting Index

Finally firm performance represent by a simulation of three (3) variables is used as proxy as firm performance. The three (3) variables, which are all financial in nature, are as follows:

- (i) ROA (profit/total assets);
- (ii) Sales (total sales for the year); and
- (iii) Profitability (profit margin, i.e. profit/sales).

4.0 RESULTS AND DISCUSSIONS

Based on the findings, the average size of the board of directors of the sample is eight (8) people, with a minimum and maximum of four (4) and fifteen (15) directors, respectively. Meanwhile, in terms of the board composition, particularly in regards to the participation of female director in the company, the sample showed that on average that 19.69% of the board members of the companies are female directors. Meanwhile at maximum, female directors represent 75% of the boardroom, whilst at minimum, there is no female representation in the board.

As indicated in Table 4.1, 139 out of 150 companies or 92.7% of them took the initiatives to publish climate change reporting. Only 11 public listed companies did not disclose any climate change issues in either its annual report or in a dedicated climate change reporting.

Table Error! No text of specified style in document..1: Descriptive Statistics of Extent of Reporting

Extent of Climate Change Reporting Score Index (%)	Sample Companies	
	Number	Percentage (%)
0	11	7.33
7.69	13	8.67
11.50	3	2.00
15.40	13	8.67
19.23	14	9.33
23.10	6	4.00
26.90	7	4.67
30.80	9	6.00
34.62	3	2.00
38.50	6	4.00
42.30	4	2.67
46.20	3	2.00
50.00	2	1.33
53.80	4	2.67
57.70	8	5.33
61.50	10	6.67
73.10	8	5.33

76.92	8	5.33
80.77	14	9.33
84.62	4	2.67
Total	150	100

Although more than 90% of the public listed companies published some form of report concerning climate change, less than 40% of the companies registered score index of 50% and above. On average, public listed companies only disclosed less than 50% of the crucial climate change related items in their climate change reporting.

Meanwhile, the high standard deviation value of 25.21 indicates that the extent of disclosure varies significantly among the companies. This indicates that the extent of climate change reporting is still low among the public listed companies in Malaysia.

Table Error! No text of specified style in document.2: Extent of Reporting

	N	Minimum	Maximum	Mean	Std. Deviation
CCR	150	0	88.46	45.77	25.21

In the instant, the theme which is frequently adopted by public listed companies in their climate change reporting is “future outlook and external affair”. With this theme, the disclosed information is focused on the extra mile that they took to promote their sustainability-friendly identity through education and campaigns. It was found that 79.33% of the companies published information regarding this particular item.

Another theme that is frequently adopted by public listed companies is “Strategic Analysis”. The disclosure of items with this theme highlights the companies’ strategies to reduce greenhouse gas emissions and carbon footprint to minimize exposure to regulatory and physical risks, as well as maximizing opportunity from changing market forces (59.33% of the companies). This theme also discloses the specific policy designed by the companies to optimize energy efficiency through the utilization or acquisition of low emission technologies in their respective business operations (58.67%).

In terms of disclosures related to “Governance”, the number of public listed companies which made this disclosure is relatively low, i.e. only about one-quarter disclosed any statement on Board oversight responsibility for environmental, climate change or greenhouse gases affairs, and only 18 companies’ Board or Board committee (or 12%) conducted periodic reviews of climate change performance.

The themes “Opportunity from Climate Change” and “Risk from Climate Change” produce the least amount of items in a climate change reporting report. In terms of opportunity, only 6% disclosed information relating to the credits they obtained from CDM projects under Kyoto Protocol, and 8% on any other business opportunity that they can capitalized from climate change. Meanwhile, only four (4) companies reported on the implications of increased insurance premium due to climate change and physical changes (e.g. floods, droughts, rising sea level, availability of water, etc.) which may disrupt their business operations.

Table Error! No text of specified style in document.3: Path Coefficient – Board Diversity and Climate Change Reporting, Climate Change Reporting and Firm Performance, Board Diversity and Firm Performance

Paths	Path Coefficient	Standard Deviation	t - value
FEMALE – CCR	0.132	0.055	2.413
CCR – FP	0.342	0.055	6.221
FEMALE – FP	0.035	0.046	0.755
ROA			2.394
SALES			8.562
PROFIT MARGIN			8.990

The regression results are presented in Table 4.3. The results show that Hypothesis 1 is supported where there is a significant positive association between female directors (with a coefficient of 0.132) with CCR at 10% level. This indicates the significance of female directors that was used as a proxy for board diversity in support of CCR engagement. The finding supports Nekhili et al.’s (2017) study who previously had claimed that female directorships enhance the credibility of the information disclosed, leading CSR reporting to be more economically viable in terms of higher firm value. In addition, it supports a few other current studies for instance study by Gulzar et al. (2019) who had found that the greater the presence of female directors on the board, the stronger the CSR engagement would be and also study by Nooraisah et al. (2019) who had argued that through their further analysis using robust regression also showed positive association between gender diversity and CSR disclosure.

However, there is an absence of positive significant result between the board gender diversity and firm performance. Thus, Hypothesis 2 is not supported. In describing the insignificant association between female directors and firm performance, the findings support with Rose (2017), who argued that board members with an unconventional background are socialised unconsciously adopting the ideas of the majority of conventional board members, which entails that a potential performance effect does not materialise. In addition, Maran & Indraah (2009) already suggested that gender effect did not have any impact on firm financial performance in Malaysia throughout the years that they had been observed except in year 2005 with significant positive result. Thus, they further argued that though women's role was not felt in boards of directors, again it could be argued that the effect was only for a short run.

5.0 CONCLUSION

This research used secondary data of top 150 public listed companies by market capitalization as a sample to examine the relationship between corporate governance specifically board gender diversity and environmental corporate disclosure (climate change reporting) and the impact between board gender diversity and firm performance. In essence, the framework developed for this research predicts that through the implementation of good corporate governance practices, it will lead to better environmental corporate disclosure, which in turn will lead to better firm performance. Reviews of literature highlight that board diversity affect environmental corporate disclosure and also the firm performance. Consistent with the argument, this study shows that the female directors that was used as a proxy for board diversity has a significant positive association with environmental corporate disclosure (climate change reporting). The result reveals that composition of female director in the company lead to better environmental corporate disclosure, however there is no relationship found to a better firm performance. In addition, findings from this study were important to address the role of female corporate leaders on the environmental corporate disclosure and the performance supremacy of public listed companies in Malaysia as additional literature to the relevant future studies. However, without exception, this research was only limited to the top 150 public listed companies. Hence the findings from this research is insufficient to firms which are not listed, as well as micro, medium and small-sized firms.

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THE RELATIONSHIP BETWEEN MFRS ADOPTION AND THE ESTABLISHMENT OF AUDIT OVERSIGHT BOARD (AOB) WITH EARNINGS MANAGEMENT

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Abstract

Previous researchers were mostly concerned with the quality of audit committee since it is one of the integral parts of corporate governance mechanisms that coordinate some power to control earnings management activities. This study on the other hand aims to investigate the relationship between the adoption of Malaysian Financial Reporting Standard (MFRS) and the audit quality with earnings management among Malaysian public listed companies, particularly in the construction sector. Consistent with the prior studies, this paper uses two measurements of earnings management which are Accrual Earnings Management (AEM) and Real Earnings Management (REM). As for the measurement of audit quality, the establishment of audit oversight board (AOB) is believed to act as one of the influencing factors to ensure the high quality of audit processes as well as the audit report. The results of this study found that earnings management decreases after the adoption of MFRS and the establishment of AOB. The study also finds the quality of financial reporting has improved after the adoption of Malaysian Financial Reporting Standard (MFRS), thus indicating a sign of having controlled earnings management activities. In addition to using the latest thus more relevant data, the study also expands further literature on the factors that will reduce earnings management which then improve the financial reports quality.

Keywords: Earnings management, MFRS, Audit Oversight Board, Audit Quality

1. INTRODUCTION

The primary role of financial statement as pointed by Sun and Rath (2008) is to report all available firms' financial information to its both internal and external financial statement users in a timely and reliable manner. Healy and Wahlen (1999) then, expand the role of financial reporting to portray firm's best performance in its economy so that all stakeholders may further distinguish the firm from other poor performers based on how well it manages resources effectively and efficiently. From these literatures, generally, financial reporting can be described as a communication tool used by shareholders and other stakeholders to gather information about the firm's performance and such information are worth it for the users in making any investment decision through their own perception towards the earnings and its component reported. The firm's manager has a responsibility in preparing and publishing the external accounting information through the financial report. However, since financial reporting can be effectively communicate financial information to its users, Yan (2006) argued that managers may take an opportunity by using their own knowledge and judgment to improve the effectiveness of the financial statement and reveal all achievement of their own firm. As a result, he further argued that there was a possibility for earnings management to take place. The issue of earnings management is not for any particular countries only, but also in Malaysia, Aini, Takiah, Pourjalali and Teruya (2006) found there is evidence that reason for earnings management, locally, to improve the financial picture portrayed by the financial statement in attracting more investment from security brokers and investment trusts. The accrual accounting may be result in inaccurate and misleading financial report (Yan, 2006 and Aini et. al., 2006) and there may be a possibility of financial reporting to become less informative as judges against its primary role.

Earnings management (EM) has been defined by Schipper (1989) as a purposeful intervention in the external financial reporting process, with the intent of obtaining some private gain. According to Healy and Wahlen (1999), managers use judgment in financial reporting and in structuring transactions to alter financial reports in order to either mislead some stakeholders about the underlying economic performance of the company, or to influence contractual outcomes that depend on reported accounting numbers. Sun and Rath (2008), in addition, also define EM, as suggested in general, as managers exercising judgment for the purpose of hiding true performance in order to either influence the stock performance, to benefit from the contractual terms between the firm and managers, or to influence regulatory decisions. Based on previous literature, thus, EM has been defined as where the managers may use the opportunity to show their firm's best performance through manipulation of the financial

reporting. The higher the performance was portrayed by the firms, the higher the potential for them to receive stakeholders' attention.

Basically, EM can be classified into two categories which are accruals earnings management (AEM) and real earnings management (REM). On one hand, accruals management occurs when managers are allowed making their own judgment within Generally Accepted Accounting Principles (GAAP) to hide the actual firm performance (Dechow and Skinner 2000). On the other hand, REM occurs when managers manage to change their reported earnings by changing the timing or structuring of an operation, investment or financing transaction in order to influence the output of the accounting system.

In order to enhance quality of financial statement reporting, Financial Reporting Act 1997 was established two independent bodies which are the Malaysian Accounting Standard Board (MASB) and the Financial Reporting Foundation (FRF) to develop and issue accounting and financial reporting standards in Malaysia. MASB regulated the financial reporting standards by improving from time to time through the revision process of the standard and their mandatory application. The accounting standard in Malaysia has closely followed the former International Accounting Standards (IAS) which is currently known as the International Financial Reporting Standard (IFRS). In November 2011, the Malaysian Accounting Standard Board (MASB) has issued the implementation of the Malaysian Financial Reporting Standard (MFRS). The full convergence is effective starting from 1st January 2012. One of the standards is MFRS 111 Construction Contracts that focuses on Construction Companies.

According to FRS111, Construction contract has been defined as a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their designs, technology and functions or their ultimate purposes or uses. This includes: (a) contracts for the rendering of services which are directly related to the construction of the assets, for example, the services of project managers and architects; and (b) contracts for the destruction or restoration of assets, and the restoration of the environment following the demolition of assets. Because of their distinctive characteristics and the nature of their company operations, the construction industries have special financial reporting requirements. This uniqueness thus provides more opportunities for the managers to manage their companies' earnings. Those are some of managers' opportunity behavior who takes an advantage on the characteristics of the construction company: First, managers have discretion as to when they should manage their earnings since the construction work takes more than one accounting period to complete. Second, the manager has the opportunity for earnings management due to the uncertainties inherent in the revenue recognition since it is based on estimation during the construction period (MASB 2007). Furthermore based on the third characteristic, during the early stages of the project, the outcome of a construction project cannot be reliably estimated. Last but not least, this industry involves a large amount of current assets, particularly materials and non-current assets, which indirectly offer a great opportunities to manage the discretionary accruals through accounts payable, accounts receivable and depreciation, while the nature of the sales process for the property industry has consequences for the recognition and measurement of the revenues and expenses (Wan Abdullah, 2013)

Besides that, companies also required complying with the requirements set out by Companies Act 1965, and those other regulatory authorities such as Bank Negara Malaysia (BNM), Securities Commission (SC), Inland Revenue Board (IRB), Companies Commission of Malaysia (CCM) and the Audit Oversight Board (AOB). Audit Oversight Board (AOB) was established in 2010, under Part IIIA of the Securities Commission Act Malaysia 1993 (SCMA). The act comes into force on 1st April 2010 to promote and develop an effective audit oversight framework in order to enhance the quality and reliability of audited financial statements in Malaysia. The mission of AOB is to oversee the auditors of public-interest entities (PIE) including public listed companies. Its members include the representatives from the Malaysian Institute of Accountants (MIA), the Malaysian Institute of Certified Public Accountants (MICPA), Bank Negara Malaysia (BNM), Bursa Malaysia and the business community.

SC highlights five keys responsibilities of AOB:

- i. Implement policies and program in ensuring an effective audit oversight system in Malaysia;
- ii. Register auditors of PIEs;
- iii. Direct the MIA to establish or adopt or by way of both, the auditing and ethical standards to be applied by registered auditors;
- iv. Conduct inspections and monitor program on registered auditors to assess the degree of compliance of auditing and ethical standards; and
- v. Conduct inquiries and impose appropriate sanctions against registered auditors who fail to comply with auditing and ethical standards

The functions of audit oversight board (AOB), as a mechanism to monitor the auditors' work have been established in many countries around the world including Malaysia. In light of the above five keys responsibilities of its establishment, the presence of AOB will controlled and battling fraudulent activities and enhanced the transparency on the activities of the public listed companies in Malaysia. Nonetheless, until this point in time, there is as yet missing of literature concerning the capacity of the AOB in reducing EM activities.

Consequently the objective of this paper is to investigate the relationship between the adoption of MFRS and establishment of AOB which in turns improves the audit quality with earnings management among Malaysian public listed companies, particularly in the construction sector. Consistent with the prior studies, this paper uses two measurements of earnings management which are AEM and REM. As for the measurement of audit quality, the establishment of audit oversight board is believed to act as one of the influencing factors to ensure the high quality of audit processes as well as the audit report. From the year 2013 – 2017, the study finds that audit quality have significantly negatively associated with earnings management. Furthermore, the study also finds the quality of financial reporting has improved after the adoption of Malaysian Financial Reporting Standard (MFRS), thus indicating a sign of having controlled earnings management activities. In addition to using the latest thus more relevant data, the study also expands further literature on the factors that will reduce earnings management which then improve the financial reports quality in an emerging market.

The remainder of the paper is organized as follows. Section 2 includes previous literature on MFRS adoption, AOB and earnings management and development of research hypotheses. Section 3 elaborates the research design and data methodology. Section 4 present and discussion on the findings and section 5.0 provides the summary and conclusion.

2. LITERATURE REVIEW

2.1 MFRS Adoption and Earnings Management

Previous researches had proved to give understanding on the relationship between IFRS adoption and earnings management (Mongrut & Winkelried, 2019, Malofeeva, 2018, Anggraeni & Wardhani, 2017, Aikaterini & Seraina, 2016, and Ahmed, Neel & Wang, 2013). However, previous studies showed contradict conclusions on the relationship between these two variables: it can be either positively correlated or negatively correlated and some studies show questionable results. The positive relationship between IFRS adoption and earnings management suggest that adoption of IFRS brought significant increases to earnings management or in other word gives no change to their earnings management levels. This was evident in study held in some difference countries included in Latin America: Argentina, Brazil, Chile, Colombia, Mexico, and Peru (Mongrut & Winkelried, 2019), Indonesia (Setiawan, Fauziah, Phua & Chee, 2019), Rusia (Malofeeva, 2018), Greek (Aikaterini & Seraina, 2016) and Europe (Callao & Jarne, 2010). For instance, in studies held by Malofeeva (2018), Ahmed et al. (2013) and Callao & Jarne (2010) who used AEM as a measurement of EM, found that IFRS variable has a strong positive influence on discretionary accruals result, showing that earnings management is intensified after IFRS implementation. In other study, Anggraeni & Wardhani (2017) had used six sample countries in Asia including China, Hong Kong, Indonesia, Malaysia, Philippines and Sri Lanka in examining the association between IFRS adoption and EM which is measured by REM. They concluded that IFRS has a positive effect on EM in developed countries and those countries with poor governance. In addition, Setiawan et al. (2019) had conducted a study by using a sample consists of 1,127 firm-year observations in the Indonesia Stock Exchange (IDX). They measure EM using both AEM and REM to examine if there is any different effect between these two measures. At the end of the study they argued that even the accrual earnings management decreases after the adoption of IFRS and REM with measure of discretionary expenses with the same effect, surprisingly another two measure of REM: production costs and cash flows, increased after the IFRS adoption. Thus, they concluded that the companies switch to REM after IFRS adoption. This was previously evident in Greek, when Aikaterini & Seraina (2016) had already found that a statistically significant shift from AEM to REM after the adoption of IFRS, indicating the replacement of one form of EM with the other.

In spite of the fact that the empirical evidence has given positive effect on the relationship between IFRS adoption and EM, there is some other previous literature with the contrary view. As an instance in Wijayana & Gray (2019) who had conducted a study with a sample across 17 Asia-Pacific region countries and found that IFRS convergence is associated with reduced levels of earnings management, especially in recent years when IFRS has been progressively embraced by publicly listed firms in the region. In the other studies, when Setiawan et al. (2019) and Anggraeni & Wardhani (2017) used REM as a measure for EM, they also argued on the negative significant result between both variables, which additionally, Anggraeni & Wardhani (2017) further explained that IFRS has a significant negative effect on REM in countries that adopted the gradual approach strategy. This

result implies that the higher requirement of disclosure in the IFRS, as compared to previous accounting standards, reduces the litigation risks of firms. The same negatively significant results were also found in Vietnam (Hoang & Joseph, 2019), France, Germany and Sweden (Houqe, Easton & Zijl, 2014). Thus, based on previous literature, it also can be concluded that IFRS adoption is capable of reducing EM.

However, there are studies that showed no significant association between MFRS adoption and EM. For example, Said (2019) held a study by using a panel data from 2000 to 2018 of the 19,869 firm-year observations from 791 Canadian firms with AEM as a measure for EM. Even the overall result appeared to be negative sign but it was insignificant, thus, he suggested that adopting IFRS has no direct influence on earnings management among publicly listed firms in his sample. The findings of the researcher are consistent with the evidence of Anggraeni & Wardhani (2017) who found no significant result on IFRS adoption and REM, specifically in countries with following characteristics; developing countries, countries with a good governance and countries that adopted the big-bang approach which mean that they were already had a good accounting standards and practices prior to the IFRS (for example Hong Kong and Philipines). Hence, generally, it can be concluded from the literature that there is possibility for no influence to EM before and after the years of MFRS adoption.

In Malaysia, MASB has started a broad strategic direction in 2004 to adjust its accounting standards to those issued by the International Accounting Standards Board (IASB) to stay aware of the development worldwide. The standards were renamed as Financial Reporting Standards (FRS) and renumbered to be in accordance with the standards issued by IASB to ease users and preparers in understanding the connection between the two. Later, in 2005 and 2007, the standards were amended with the point of ending up practically indistinguishable from the IASB standards. In 2008, the board issued a significant proclamation about their arrangements to bring Malaysia to full convergence with IFRS by 2012. Thus, IFRS issued by the IASB are simultaneously issued as MFRS Framework was introduced and applicable effective 1 January 2012. This incorporates IFRS111 Construction Contract for Construction organizations. MFRS 111 contrasts from the past IAS 11 with certain revisions particularly with regards to the acknowledgment and assurance of agreement incomes and contract costs.

Due consideration to the objective of current study which is to find whether or not the quality of financial reporting has improved after the adoption of MFRS, thus indicating a sign of having a controlled earnings management activities, it is important to highlight some previous studies in Malaysia context. For instance, in study held by Mohammed Ayedh, Fatima & Mohammad (2019) who used a final sample of 1,170 firm-years listed on Bursa Malaysia. The main objective is to examine EM behavior during the 2008 financial crisis in Malaysia and whether or not there is influence of IFRS adoption on EM during the global financial crisis period. At the end of the study, they suggested that IFRS adoption is capable of reducing EM practices during a financial crisis. The findings of the researcher are consistent with the evidence of Wan Abdullah, Maruhun & Tarmizi (2017) which specifically made observations on construction firms listed under the Main Board of Bursa Malaysia. The results show that there is a significant difference between the level of earnings management during pre and post period of the IFRS adoption, later had proposed that Malaysian construction companies have higher accounting qualities after the adoption of IFRS. In addition, Wan Adibah, Anuar Kamarudin, Zijl and Dunstan (2013), had already approved that earnings reported during the period after the adoption of IFRS is associated with lower earnings management and higher value relevant.

To address the above arguments, this study proposes the following hypothesis:

H1. *There is a significant difference between earnings management practices in Malaysia before and after the adoption of IFRS.*

2.2 Audit Oversight Board (AOB) and Earnings Management

Audit Oversight Board (AOB) was established in 2010 as a way to appreciate the importance of having good governance among audit firms as well as to monitor the performance of those firms in many countries around the globe. In Malaysia, other regulatory agencies such as the Central Bank of Malaysia and the Companies Commission of Malaysia work together with AOB in ensuring that a comprehensive and effective auditors' regulatory framework is in place so as to enhance the quality and reliability of audited financial statements, which also indirectly promotes the ballooning of good governance in auditing profession. The presence of AOB is believed to be able to control and curb fraudulent activities thus enhancing the transparency of the financial activities carried out by the Malaysian public listed companies. It is clear that the establishment of AOB is one of the tools that are used to measure and provide a quality audit report.

The external auditors' work quality was sharply criticized after the Enron bankruptcy in 2001 and followed by the collapse of Arthur Andersen in 2002. Consequently, Sarbanes-Oxley Act of 2002 (SOX) was implemented. One of the remarkable outcomes from the act was the creation of Public Company Accounting Oversight Board (PCAOB). It is an independent, non-profit organization that is responsible for monitoring the external audits quality through a thorough inspection process that examines the audit engagements to ensure compliance with

audit laws and professional standards (Public Company Accounting Oversight Board (PCAOB), 2012). The functions of both AOB and PCAOB show significant similarities where the ground is to make sure that the audit process is conducted in compliance of the auditing and ethical standards. To the best of our knowledge, there is a limited prior study on the relationship between the presence of AOB and the level of earnings management. Thus, it would be appropriate to use PCAOB as the proxy of AOB after taking into account the mutual functions of the two.

Past researches have provided some overviews on the relationship between audit investigations and earnings management. De Fuentes, Illueca, and Pucheta-Martinez (2015) in their studies in Spain on the impact on audit quality after external investigations against auditors showed a negative relationship between the two variables. They found that the audited financial statements exhibit a lower tendency of earnings management where it is significantly decrease after the commencement of the inspections. Consistent with the above study, Carcello, Hollingsworth, and Mastrolia (2011) reported an improved audit quality as a result of the PCAOB inspection among Big-Four audit firms. This can be seen from the triennial PCAOB inspections conducted, where there is a reduction in abnormal accruals in the subsequent year after the first PCAOB inspection, and a further decline in abnormal accruals in the year following the second PCAOB inspection.

Despite the evidences on the inverse relationship between the presence of AOB and the level of earnings management mentioned above, there is also prior literature that contradicts the findings. Gunny and Zhang (2013) in their studies found that PCAOB inspections are associated with lower quality of audits where the abnormal current accruals are significantly higher. On top of that, the clients of the said auditors are also associated with a higher tendency to restate. This is so for the clients of triennially investigated auditors. Lack of technical expertise of the PCAOB inspectors could be one of the reasons underlying such events.

In contrast to the above findings, a study conducted in the US setting to investigate whether or not the presence of PCAOB has been able to mitigate earnings management has found no significant association between the variables. In his article, Chiu (2017) stated that there is no notable difference on earnings management activities between clients of Big Four and non-Big Four audit firms after the establishment of PCAOB. This is in agreement with Church and Shefchik (2012) where they report no significant differences on the audit quality between the Big-Four firms and second-tier firms (BDO Seidman, Crowe Horwath, Grant Thornton and McGladrey & Pullen) post-PCAOB inspection process. However, in addition to the findings, Chiu (2017) found that the inspections portray a more positive implication, which is lower level of discretionary accruals, when held annually rather than triennially. On the other hand, Gunny and Zhang (2013) suggest that annual PCAOB inspection do not distinguish the quality of audits during the period reviewed. One of the possible reasons could be due to the content included in measuring the audit quality itself, where some items are non-public, such as the quality controls (Lennox & Pittman, 2010).

The above discussions thus lead to the development of our second hypothesis:

H2. *There is a significant negative association between audit oversight board (AOB) establishment and level of earnings management*

3. RESEARCH METHODOLOGY

The sample of this study consists of construction companies that listed on Bursa Malaysia over the period of 2008 - 2017. This study excludes firms with incomplete data. The final sample consists of 979 firm-year observations. Thus, for the post adoption period (year 2013 – 2017), the final sample consists of 445 firm-year observations. Financial data are gathered from Data stream system and data on audit oversight board (AOB) are gathered from annual reports of each company.

3.1 Measurement for Dependent Variable: Accruals Earnings Management

In order to examine the level of earnings management of Malaysian construction companies during the period before the adoption of IFRS and the period after its adoption, this study employed a well recognised earnings management models, Modified Jones Model by Dechow, Sloan and Sweeney (1995).

$$TACCit = NIit - CFFOit \quad (1)$$

$$NDACit = \alpha_i [1/TAit-1] + \beta_1 [(\Delta REVit - \Delta RECit)/TAit-1] + \beta_2 PPEit/TAit-1 \quad (2)$$

$$TACCit/TAit-1 = \alpha_i [1/TAit-1] + \beta_1 [(\Delta REVit - \Delta RECit)/TAit-1] + \beta_2 PPEit/TAit-1 + \epsilon it \quad (3)$$

$$DACCit = \epsilon it = TACCit/TAit-1 - NDACit \quad (4)$$

Where; $DACC_{it}$ is the discretionary accruals in year t , $TACC_{it}$ is the total accruals in year t , $NDACC_{it}$ is the nondiscretionary accruals in year t , TA_{it-1} is the total assets in year $t-1$, NI_{it} is the net income in year t , $CFFO_{it}$ is the net cash flow from operations in year t , ϵ_{it} is the error term in year t , and i is the individual firm in year t . The coefficients in equation 2 for each year are applied in equation 3 for each company accordingly. $DACC$ is the error terms in equation 3.

3.2 Measurement for Dependent Variable: Real Earnings Management

According to Roychowdhury, 2006, and Cohen and Zarowin, 2010, firms that manage earnings upwards are likely to have one or all of these accounting effects: (i) unusually low cash flow from operations due to the increasing of price discounts or lenient credit terms in order to accelerate sales for the current period, (ii) unusually low discretionary expenses due to the aggressive reduction in R&D, advertising and SG&A expenses in order to improve earnings for the current period, and (iii) unusually high production costs in order to reduce Cost of Goods Sold (COGS), which in turn increase the operating margin for the current period. Consistent with prior research (Roychowdhury, 2006 and Cohen and Zarowin, 2010), this study employ three metrics to examine REM, namely abnormal cash flow from operations (REM CFO), abnormal production costs (REM PROD) and abnormal discretionary expenses (REM DISEXP). Consistent with Roychowdhury, 2006, the study estimates REM CFO, REM PROD and REM DISEXP as the residual from the following models, respectively.

3.2.1 Model for REM CFO

$$CFO_{it} / A_{it-1} = \beta_1 [1/A_{it-1}] + \beta_2 [Sales_{it} / A_{it-1}] + \beta_3 [\Delta Sales_{it} / A_{it-1}] + \epsilon_{it}$$

where, CFO_{it} Cash flow from operation of firm i in period t A_{it-1} Total assets of firm i in year $t-1$; $Sales_{it}$ Sales of firm i in year t $\Delta Sales_{it}$ Sales of firm i in year t less sales of firm i in year $t-1$; ϵ_{it} A residual term that captures the level of abnormal cash flow of firm i in year t .

3.2.2 Model for REM PROD

$$PROD_{it}/A_{it-1} = \beta_1 [1/A_{it-1}] + \beta_2 [Sales_{it} / A_{it-1}] + \beta_3 [\Delta Sales_{it} / A_{it-1}] + \beta_4 [\Delta Sales_{it-1} / A_{it-1}] + \epsilon_{it}$$

where, $PROD_{it}$ The sum of cost of goods sold and change in inventory of firm i in year t ; $\Delta Sales_{it-1}$ Sales of firm i in year $t-1$ less sales of firm i in year $t-2$; and all other variables are as previously defined.

3.2.3 Model for REM DISEXP

$$DISEXP_{it}/A_{it-1} = \beta_1 [1/A_{it-1}] + \beta_2 [Sales_{it-1} / A_{it-1}] + \epsilon_{it}$$

where, $DISEXP_{it}$ The sum of Research and Development (R&D) expenses and Selling, General & Administrative (SG&A) expenses of firm i in year t ; and all other variables are as previously defined.

3.3 Measurement for Independent Variables

There are some arguments on the positive association between MFRS adoption and the establishment of AOB with EM, and in contrast other arguments on the negative association. Nevertheless, it is important to highlight the negative association between MFRS adoption and the establishment of AOB with EM since, the current study hypothesizes that MFRS adoption and the establishment of AOB limits EM. For the first hypothesis, independent variable in this study is audit oversight board (AOB). The measure of AOB is a dummy variable indicating whether the firm undergone AOB inspection or not. We use the AOB Annual Report to identify AOB-inspection firms.

To test the hypothesis, we estimate the empirical model presented as follows:

$$AEM = \alpha + \beta_1 REMCFO + \beta_2 REMPROD + \beta_3 REMDISEXP + \beta_4 AOB + \beta_5 FS + \beta_6 ROI + e \quad (1)$$

$$REMCFO = \alpha + \beta_1 AEM + \beta_2 REMPROD + \beta_3 REMDISEXP + \beta_4 AOB + \beta_5 FS + \beta_6 ROI + e \quad (2)$$

$$REMPROD = \alpha + \beta_1 AEM + \beta_2 REMCFO + \beta_3 REMDISEXP + \beta_4 AOB + \beta_5 FS + \beta_6 ROI + e \quad (3)$$

$$REMDISEXP = \alpha + \beta_1 AEM + \beta_2 REMCFO + \beta_3 REMPROD + \beta_4 AOB + \beta_5 FS + \beta_6 ROI + e \quad (4)$$

Where:

AEM is Accruals Earnings Management proxy by Discretionary Accruals figure (using Modified Jones Model); REM CFO is the Real Earnings Management from abnormal Cash Flow from Operation; REM PROD is the Real Earnings Management from abnormal Production expenses; REM DISEXP is Real Earnings Management from abnormal discretionary expenses; AOB is the Audit Oversight Board; FS is the firm size measured by log Total Assets; ROA is a return on asset proxy for firm performance calculated by dividing net income with total assets.

4. RESULTS AND DISCUSSION

Table 4.1: Descriptive Statistics

	AEM	REM CFO	REM PROD	REM DISEXP	AOB	FS	ROA
Min	-2.9517	-0.5774	-0.4259	0.0245	0	9.9016	-0.8136
Max	2.3080	3.4057	4.4050	1.7262	1	16.8406	0.5262
Mean	-0.1538	0.6642	0.6966	0.6183	0.4135	13.0121	0.0269
Std Dev	0.3272	0.4972	0.5873	0.3498	0.4930	1.3695	0.0888
Skew	-0.9910	1.0840	1.3080	0.6020	0.3530	0.2140	-2.7460
Kurtosis	21.6570	2.3810	3.9060	-0.0770	-1.8840	-0.0520	28.1650

Note:

This table presents the descriptive statistics of all models for a final sample of 445 firm-year observations.

AEM is Accruals Earnings Management proxy by Discretionary Accruals figure; REM CFO is the Real Earnings Management from abnormal Cash Flow from Operation; REM PROD is the Real Earnings Management from abnormal Production expenses; REM DISEXP is Real Earnings Management from abnormal discretionary expenses; AOB is the Audit Oversight Board; FS is the firm size measured by log Total Assets; ROA is a return on asset proxy for firm performance calculated by dividing net income with total assets.

Tables 4.1 present descriptive statistics for all the variables used from the year 2013 - 2018. It includes EM measures, namely, Accruals Earnings Management (AEM) and Real Earnings Management (REM) and its individuals, namely, REM CFO, REM PROD, and REMDISEXP. The statistics also report the control variables. The mean values of AEM, REM CFO, REM PROD and REMDISEXP are -0.1538, 0.6642, 0.6966 AND 0.6183, respectively. The (minimum) maximum amount of AEM is (2.9517) 2.3080, while for REM CFO REM PROD and REMDISEXP are (0.5774) and 3.4057, (0.4259) and 4.4050, and 0.0245 and 1.7263, respectively.

These results imply that accrual-based and real earnings management are large in magnitude and trends in some Malaysian companies, as some managers have motivations to manage corporate earnings upward and downward for purposes, such as, managers compensation and income tax reduction. The results obtained are consistent with the evidence of Wan Abdullah, Maruhun & Tarmizi (2017). For the skewness and kurtosis, the values must be between -2 and 2. All variables are within this range and considered as normal.

Table 4.2: Pearson Correlation

	AEM	REM CFO	REM PROD	REM DISEXP	AOB	FS	ROA
AEM	1						
REM CFO	-0.143***	1					
REM PROD	-0.173***	0.820***	1				
REM DISEXP	0.002	0.484***	0.606***	1			
AOB	-0.47	-0.970**	-0.030**	-0.042	1		
FS	0.114**	-0.980	-0.074**	-0.197***	0.285***	1	
ROA	0.064*	0.140***	0.110**	0.025	0.057	0.177***	1

Note:

This table shows the results for correlation analysis for all models for a sample of 445 firm-year observations.

AEM is Accruals Earnings Management proxy by Discretionary Accruals figure; REM CFO is the Real Earnings Management from abnormal Cash Flow from Operation; REM PROD is the Real Earnings Management from abnormal Production expenses; REM DISEXP is Real Earnings Management from abnormal discretionary expenses; AOB is the Audit Oversight Board; FS is the firm size measured by log Total Assets; ROA is a return on asset proxy for firm performance calculated by dividing net income with total assets.

***Correlation is significant at the 1% level

**Correlation is significant at the 5% level

*Correlation is significant at the 10% level

Table 4.2 presents the results of pair-wise Pearson correlation parameters with the t-statistic values for all the variables employed in this study. As can be seen in the table, the correlation estimates between AOB and REM CFO and REM PROD are significant and negative, while its correlation with AEM and REM DISEXP is negative as well but insignificant. This suggests that there is correlation between AOB and earnings management and the establishment of AOB could affect the earnings management activities by firms.

For control variables, all variables are correlated with earnings management.

Table 4.3: Regression results of each model

Variables	AEM	REM CFO	REM PROD	REM DISEXP
Constant	-0.591***	0.377***	0.154***	0.959***
AEM		-0.004	-0.082***	0.132
REM CFO	-0.010		0.675***	-0.407
REM PROD	-0.289***	0.823***		0.658***
REM DISEXP	0.205***	-0.026	0.290***	
AOB	-.094**	-0.067**	0.029	0.031
FS	0.146***	-0.33	0.50*	-0.174***
ROA	0.071	0.061**	0.002	-0.020
R-square	0.279	0.681	0.739	0.408
Adjusted R-square	0.278	0.677	0.735	0.400
F-statistics	60.145***	155.874***	206.268***	50.304***

Note:

This table shows the model summary of each Earnings Management value for a sample of 445 firm-year observations.

R-square is the regression coefficient determination.

Adjusted R-square is the adjusted regression coefficient determination.

F-statistics is the indication of how much variation is explained by the regression equation.

AEM is Accruals Earnings Management proxy by Discretionary Accruals figure; REM CFO is the Real Earnings Management from abnormal Cash Flow from Operation; REM PROD is the Real Earnings Management from abnormal Production expenses; REM DISEXP is Real Earnings Management from abnormal discretionary expenses; AOB is the Audit Oversight Board; FS is the firm size measured by log Total Assets; ROA is a return on asset proxy for firm performance calculated by dividing net income with total assets.

***Significant at the 1% level

**Significant at the 5% level

*Significant at the 10% level

Table 4.3 presents the results of regression analysis between earnings management and all the variables measured in this study from the year 2013 to 2017 (post adoption of IFRS in Malaysia). The results indicate that AEM and REM CFO are negatively related with AOB at 5% significant level. Meanwhile, there is no significant relationship between REM PROD and REM DISEXP with AOB. The results, thus, suggest that after the adoption of IFRS in Malaysia, the establishment of AOB becomes one of the factors that help to mitigate earnings management in Malaysia either through accruals earnings management of real earnings management through REM CFO. The results is consistent with those found by Wijayana & Gray (2019) Setiawan et al. (2019), Anggraeni & Wardhani (2017). The same negatively significant results were also found by Hoang & Joseph (2019) and Houque, Easton & Zijl, (2014).

For control variables, firm size is found to have a significant positive relationship with AEM at 1 % level and REM PROD at 5% level. The results suggest that the larger the firm, the more tendency to manage their earnings. However, there is a significant negative relationship between firm size and REM DISEXP. This suggest that the larger the firm the lesser the tendency for them to manage their earnings through REM DISEXP.

The adjusted R-squared for REM CFO and REM PROD models can be considered high with a maximum at 73.5% under real earnings management through production (REM PROD) and the minimum at 27.8% under accruals earnings management (AEM). It proved that the variations in the dependent variables are well explained by the independent variables for a linear regression model. The F-statistics values are very high with 206.268% under REM PROD; 155.874% under REM CFO; 60.145% under AEM and 50.304% under REM DISEXP. The high value of F-statistics means that the alternative hypothesis is compatible with observed data.

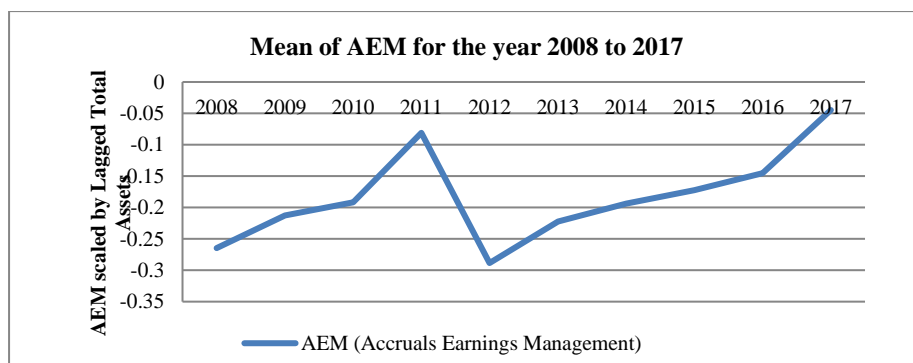


Figure 4.1: Mean for Accruals Earnings Management for the year 2008 to 2017

Note:

This figure shows the summary of each Accruals Earnings Management value for a sample of 979 firm-year observations.

Figure 4.1 display the mean for accruals earnings management (AEM) for the year 2008 to 2017. The figure shows the trend of AEM decreases across the eleven years, especially after the year 2012. This is consistent with the evidence obtained by Wan Abdullah, Maruhun & Tarmizi (2017). This results suggests that the reduction could be due to the MCCG has been revised in 2012 and the full convergence of IFRS took place in Malaysia in 2012. In addition, audit oversight boards was established in 2010 which the presence of AOB is believed to be able to control and curb fraudulent activities thus enhancing the transparency of the financial activities carried out by the Malaysian public listed companies. Thus, the IFRS adoption, the revised MCCG and the establishment of AOB are the mechanisms that provide quality financial reporting information in Malaysia.

Table 4.4 Descriptive Statistics for AEM for the year before and after the full adoption of IFRS

	Minimum	Maximum	Mean	Std Dev
AEM Pre-Adoption	-1.5892	0.7451	-0.2283	0.3161
AEM Post-Adoption	-2.9517	1.3222	-0.1558	0.3273

Table 4.5: Paired Sample T Test of AEM for the year Before and After the full adoption of IFRS

	Mean	Std Dev	t	df	Sig 2 tailed
AEM Pre & Post Adoption	0.0725	0.3312	4.620	444	0.000

Table 4.4 presents the descriptive statistics of earnings management for the year before and after the full adoption of IFRS in Malaysia. Meanwhile, Table 4.5 presents the results of Paired Sample t Test of accruals earnings management (AEM) for both periods. The results shows that there is a significant difference between the level of earnings management during the year before the adoption of IFRS and after the adoption IFRS in Malaysia. The mean for the year before adoption is – 0.2883 and the mean for the year after the adoption is -0.1558. The results for both years suggest that the construction companies manage their earnings using the income decreasing accruals. However, after the adoption of IFRS, the mean is lower and it is significant at 1% level using Paired Sample T Test. This implies that Malaysian construction companies have higher accounting qualities after the adoption period as compared to the period before the adoption of IFRS. The results suggest a reduction in earnings management, but do not eliminate it at all. This results provides further evidence to support previous studies such as by Barth et al (2007), Zhou et al. (2009), Iatridis (2010), Chua et al. (2012), Sellami and Slimi (2016), Wan Ismail et al (2013), Wan Abdullah et al (2017) and Setiawan et al (2019) who find that IFRS adoption reduces accrual earnings management. However, this study contributes to the knowledge on earnings management and the adoption of IFRS, as the area of the study focuses on the construction industry with unique features and nature of business as compared to the other industries in Malaysia.

5. CONCLUSION

The objective of this study is to determine the impact of IFRS adoption and the establishment of audit oversight board on the earnings management especially for construction companies in Malaysia. Based on the results obtained, it is found that level of earnings management is reducing after the year 2012. In addition there is significant negative relationship between AOB with the level of earnings management. This implies that the adoption of IFRS and the establishment of AOB are good mechanisms in mitigating earnings management in Malaysia. Thus, this study is accepting H1 and H2 hypotheses. Meanwhile, control variable firm size in this study is significantly related with earnings management.

This study contribute to the literature and body of knowledge by focusing on accruals and real earnings management in construction companies which very unique nature of business and thus, provides more opportunities for the managers to manage their companies' earnings. However, for regulatory bodies in Malaysia, constant reviewing rules and regulations as well as enforcement are very important to ensure that good governance and quality as well as reliability of reported financial reporting in Malaysia.

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THE ASSOCIATION BETWEEN RISK MANAGEMENT AND CORPORATE GOVERNANCE IN MITIGATING EARNINGS MANAGEMENT

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Abstract

Mostly, previous researches focus on earnings management or risk management and their relationship with corporate governance and the quality of earnings. Little research has been carried out to find the relationship on risk management with corporate governance in mitigating earnings management. The Malaysian Code of Corporate Governance (MCCG) 2012 requires companies listed on Bursa Malaysia to disclose about their effort on risk management in their annual report. Meanwhile, the MCCG 2017 recommends that the board should establish a Risk Management Committee (RMC), which comprises a majority of independent directors to oversee the firm's risk management framework and policies and its implementation. This study, therefore, attempts to examine whether there is any significant association between risk management and corporate governance mechanism in mitigating earnings management. The sample comprises a balanced panel of 445 firm-year observations of listed firms under the construction sector on Bursa Malaysia from the year 2013-2017. The unique features and nature of business activities for the construction industries provide greater opportunity for earnings management. Therefore, this study measures the effectiveness of the effort in mitigating earnings management. This study employed two measurements of earnings management which are Accrual Earnings Management (AEM) and Real Earnings Management (REM) as a proxy of earnings quality. Analyses of descriptive statistics, correlation analysis and multiple regressions are used to address the research hypotheses. This study extends the current literature that shows that there is a significant relationship between risk management, earnings management and corporate governance mechanism in Malaysia. The results of this study provide early evidence about impact of compliance with MCCG and will give further direction for the regulatory bodies regarding accounting standards and financial reporting practices in Malaysia.

Keywords: Risk Management, Earnings Management, Corporate Governance, Earnings Quality

1.0 INTRODUCTION

Organizations are regularly confronted by events that affect the execution of their strategies and achievement of their objectives. These events can have a negative impact (risks), a positive impact (opportunities), or a mix of both risks and opportunities. Every business decision taken by managers involves an element of risk. Risk is an event that managers need to face in order to gain profit and avoiding risk means giving up the opportunity to gain profit. The concept of "no risk, no return" is widely accepted in the business world; therefore, it is important for organizations to achieve optimum balance between risk and return (Lam, 2014). Thus, managers need to manage factors that stimulate risks so that they can pursue strategic advantages and opportunities that arise from the risks (Miccolis & Shah, 2000).

The word "risk" in English is derived from an Italian word *risicare*, which means, "to dare" and in Chinese, character risks are represented by two symbols: "danger" and "opportunity". These two symbols imply that risk is a strategic combination of vulnerability and opportunity (Aabo, Fraser, & Simkins, 2005; Simkins & Ramirez, 2008). The global financial crisis which has enveloped the world since 2001 and reached its height in 2009 that led to the collapse of Enron, WorldCom, Bristol-Myers Squibb, Qwest, Xerox, and Global Crossing, among others, induced a debate concerning the efficiency and role of corporate governance, particularly its function on overseeing risks facing the organisation and protecting the organisation from crisis. These scandals highlighted serious shortcomings in corporate governance system of public corporations. Financial scandals among public corporations have increased pressure on top management to improve corporate governance practices, such as enhancing effectiveness of internal control systems particularly emphasizing on the importance of risk management to achieve effective governance and control (Desender, 2007; Sutton, 2006). Many critics blamed weak governance as the cause of major failure in risk management, which turns to be a vital contributing factor to the collapse of many major corporations in the fiasco.

Consequently, using an agency theory perspective, this study investigates the association between the formation of Risk Management Committee (RMC) and corporate governance characteristics with earnings management. Good corporate governance, including the audit committee and risk management committee are believed to play their oversight role in financial reporting and mitigate earnings management. Consistent with the prior studies, this paper uses two measurement of earnings management which are accruals earnings management (AEM) and real earnings management (REM). As for the measurement of audit quality, the establishment of audit committee (AC) and risk management committee (RMC) are believed to act as one of the influencing factors to ensure the high quality of audit processes as well as the audit report. From the year 2013 – 2017, the study measures the relationship between RMC, AC and other firm's related factors (BIG4 auditor, firms size (FS) and profitability (ROA) with earnings management. In addition to using the latest thus more relevant data, the study also expands further literature on the factors that will reduce earnings management which then improve the financial reports quality in an emerging market.

The remainder of the paper is organized as follows. Section 2 includes previous literature on corporate governance and risk management and development of research hypotheses. Section 3 elaborates the research design and data methodology. Section 4 present and discussion on the findings and section 5.0 provides the summary and conclusion.

2.0 LITERATURE REVIEW

Corporate Governance And Risk Management

The recent global financial crisis has refocused and intensified interest on risk and the nature of systems that operate to manage risk. An increasing trend of high profile corporate failures has led to a debate concerning the effectiveness of corporate governance function in helping firm survive a myriad of risks that they are facing. Rising expectations from stakeholders have put pressure on corporations to assess the quality of their corporate governance and the overall response to business risk (Tonello, 2007). Due to this development, the awareness on risk is growing and organizational practices have increasingly become organised around risk. Corporate governance components particularly boards of directors have increased their attention on risk management activities such as identifying, assessing, treating and monitoring risks, as well as, evaluating the effectiveness of management controls to manage risk (Soin & Collier, 2013).

Risk management is a key component of corporate governance, it is an important mechanism to achieve firm's objectives (Demiko & McNutt, 2010). The corporate governance failures highlighted in report have emphasized the importance of having efficient risk management practices to prevent fraudulent reporting by firms. OECD (2014) lists the possible weaknesses of corporate governance mechanisms from the recent financial crisis. Among them are:

- the widespread failure of risk management is because risk was not managed on an enterprise basis and not adjusted to corporate strategy.
- risk managers were often separated from management and not regarded as an essential part of implementing the firm's strategy.
- boards were in a number of cases ignorant of the risk facing the firm.
- an effective risk management is not about eliminating risk taking, which is a fundamental driving force in business and entrepreneurship; however, the aim is to ensure that risks are understood, managed and when appropriate, communicated.
- effective implementation of risk management requires an enterprise-wide approach rather than treating each business unit individually and the board should be involved in both establishing and overseeing the risk management structure.
- the board should also review and provide guidance about the alignment of corporate strategy with risk-appetite and the internal risk management structure.

Risk management is part of an interrelated and interdependent component of firm's overall governance system. Manab, Kassim, and Hussin (2010) argue that the stability and improvements of the firm's performance are highly contingent on the effective role of corporate governance and risk management system. An effective governance requires sound risk taking, including monitoring risks with the right processes and ensuring that management has a comprehensive risk management in place. Corporate governance is a mechanism used to reduce agency problems between managers and stakeholders, and a good practice of corporate governance is capable in creating value for firm (Bucio, Frigo, Giovannaoni, Riccaboni, & Scapens, 2005).

Due to the impact of the crisis, the government and regulators had taken several efforts in order to restore investors' confidence on Malaysian capital market. One of the important actions taken was transforming corporate governance system in Malaysian public listed firms by imposing new rules and regulation. In March 2000, the Malaysian Institute of Corporate Governance (MICG) released the first version of Malaysian Code on Corporate Governance (MCCG) that marked a significant milestone in Malaysian corporate governance reform. The objective of the MCCG is to ensure the effectiveness of the board of directors (BOD) in maintaining a high quality of disclosures and, therefore, help investors make more informed investment decisions (Buniamin, Alrazi, Johari, & Abd Rahman, 2008). The Code clearly stated that good corporate governance and risk management are the main responsibilities of the BOD. The Best Practice Provision AA1 in Part 2 of the MCCG (2000) stated that the 3rd and 6th principle responsibilities of the BOD are to understand the principle risks in all aspects of the business, and to ensure a proper balance between the amount of risk taken and potential return to shareholders (Zahiruddin Ghazali & Norlida Abdul Manab, 2013).

MCCG has been revised several times; the first revision was released in 2007 as a response to changing stakeholder expectations and as a way to enhance the corporate governance systems in Malaysia. The second revision on the Code was released in year 2012, which focused on strengthening board structure and composition recognizing the role of directors as active and responsible fiduciaries. Principle 6, Recommendation 6.1 of MCCG 2012 clearly stated that the board should establish a sound framework to manage risks. The board should determine the firm's level of risk tolerance and actively identify, assess and monitor key business risk to safeguard shareholders' investment and the firm's assets. It is also responsible for internal control system and discloses the main features of the firm's risk management framework and internal control system in the annual report.

MCCG 2012 is a major improvement for risk management practices in Malaysian public firms because now risk management is considered as an important activity that is monitored at board level. In April 2017, the Securities Commission Malaysia has replaced the MCCG 2012 with the latest revision of MCCG. The new MCCG introduces substantial changes and recommendations with a view of raising the standards of corporate governance of firms in Malaysia. A key feature of the new code is the introduction of the Comprehend, Apply, and Report (CARE) approach, and the shift from the 'comply or explain' method in the MCCG 2012 to a 'apply or explain an alternative' method. Principle A - Board Leadership and Effectiveness MCCG 2017 states that among board main responsibilities are to;

- ensure there is a sound framework for internal controls and risk management;
- understand the principal risks of the firm's business and recognize that business decisions involve the taking of appropriate risks;
- set the risk appetite within which the board expects management to operate and ensure that there is an appropriate risk management framework to identify, analyze, evaluate, manage, and monitor significant financial and non-financial risks.

Principle B - Effective Audit and Risk Management of MCCG 2017 states that the board is responsible for the firm's risk management and internal control systems. The board must ensure that the system of internal control manages risks and forms part of its corporate culture. The board should establish an effective risk management and internal control framework. MCCG 2017 recommends that the board should establish a Risk Management Committee (RMC), which comprises a majority of independent directors to oversee the firm's risk management framework and policies and its implementation. RMC is a newly evolving sub-committee of the boards and functions as a key governance support mechanism to oversee a firm's risk management strategies, policies and processes. The establishment of RMC is viewed as essential rather than preferable.

Towards managing risks, firms have difference approaches, the structures and processes adopted. Previously, attention has been focused on audit committee to provide oversight of the financial reporting process, the audit process, the company's system of internal controls and compliance with laws and regulations, for achieving proper risk management (Korosec and Horvat, 2005, Subramaniam, McManus and Zhang, 2009). Audit committees focus on the challenge of overall risk profile and framework; internal audit focuses on assurance of effective RM and maintains its objectivity consistent with its establishment (Demiko & McNutt, 2010).

Recently, there is a growing focus on the role of RMCs in controlling risk. A RMC is defined as a sub-committee of the board of directors that provides enterprise risk management education at board level, establishes buy-in at board level for risk appetite and risk strategy, develops "ownership" of risk management oversight by the board, and reviews risk reports of the enterprise (KPMG, 2001). Such a committee is potentially a critical resource for boards in meeting their risk management responsibilities. A RMC consist members who are specialists in risk management and be able to devote more time and effort towards integrating the various risks organization-wide

and evaluating the related controls as a whole. As such, the role of RMCs is potentially a crucial one in supporting good corporate governance practices.

In the wake of corporate failures, the role of board of directors in risk oversight has begun to catch the attention of market participants and it is suggested that the role of the board should be broadened to include monitoring risk management policies, practices, and performance. Following the reform of corporate governance codes and guidelines such as the Combined Code (2008), it is suggested that the use of board committees may be the most effective way to assist boards in discharging their risk oversight responsibility.

It is argued that board's internal administrative structure is more important in measuring boards' effectiveness, and boards can delegate some of its authority to specific committees which are responsible for a particular area in which the committee members specialize such as a formation of dedicated committee for handling corporate risk management at a board-level (Sekome & Lemma, 2014). Committees of the board of directors exist to assist the board perform its role more effectively. Furthermore, John and Senbet (1998) suggested that formation of separate committees within the board structure could have a positive bearing on board effectiveness. As a result, risk management committee (RMC) has emerged as one of the important board-level monitoring committees in firms (Ling, Mazlina, & Nahariah, 2014).

Traditionally, the risk exposures of a firm have been related primarily to financial and fraud risks and the role of monitoring and providing oversight regarding the risks to which a firm is exposed was considered as one of the functions of the audit committee (AC). However there are doubts about the committee technical expertise in managing corporate risk as their traditional expertise is in the areas of financial and fraud risk (Sekome & Lemma, 2014). Likewise, Yatim (2010) suggests that AC members may lack the expertise and time needed to perform in-depth risk management duties, especially given the ever-increasing demand imposed on them by various codes on corporate governance. Thus, a board level committee known as risk management committee (RMC) was set up to take the responsibility as risk management oversight in an firm (Brown, Steen, & Foreman, 2009).

RMC plays a key role in developing firm's ERM, cultivating a risk culture such as evaluating risk associated with corporate strategies, defining risk appetite of the firm, and ensuring that appropriate resources are devoted to risk identification, avoidance, and mitigation (Harner, 2010; Yatim, 2010). Hines and Peters (2015) describe RMC as a governance mechanism designed to manage various risks within a firm's risk appetite and to identify potential events that may negatively impact the firm. The establishment of RMC would provide the board with direct contact with ERM at the group management level, thus giving director's detailed insight into the business and its associated risks as well as the risk management strategies employed (Brown et al., 2009). Yatim (2010) argues that boards could only establish a stand-alone committee that focuses solely on the risk management function. Hence, RMC demonstrates their commitment to improving the overall corporate governance structures of the firms particularly on risk management practices. The increase in awareness and knowledge on risks facing the firm allows the board for sounder decision-making and creates a positive impact on the governance structures and on controlled environment of the firm. It is argued that boards that establish a risk management committee demonstrate their commitment to strengthen corporate governance and internal control environment of their firm. However, empirical evidence on the formation and nature of RMCs remain little and limited.

To address the above arguments, this study proposes the following hypothesis:

H1. *There is a significant relationship between risk management committee (RMC) with earnings management practices in Malaysia.*

H2. *There is a significant relationship between audit committee (AC) with earnings management practices in Malaysia.*

3.0 RESEARCH METHODOLOGY

3.1 Data

The financial data in this study were gathered from Thomson Reuters database, while the non-financial data was extracted from the annual report of the sampled firms. A total of 445 firms-year observations from the year of 2013 to 2017 were examined in this study.

3.2 Measurement for Dependent Variables

This study employed two measurements of earnings management which are Accrual Earnings Management (AEM) and Real Earnings Management (REM) as a proxy of earnings quality. For accruals earnings management, this study employed a well-recognised earnings management models, Modified Jones Model by Dechow, Sloan and Sweeney (1995).

$$TACCit = NIit - CFFOit \quad (1)$$

$$NDACit = \alpha_i [1/TAit-1] + \beta_1 [(\Delta REVit - \Delta RECit)/TAit-1] + \beta_2 PPEit/TAit-1 \quad (2)$$

$$TACCit/TAit-1 = \alpha_i [1/TAit-1] + \beta_1 [(\Delta REVit - \Delta RECit)/TAit-1] + \beta_2 PPEit/TAit-1 + \varepsilon it \quad (3)$$

$$DACCit = \varepsilon it = TACCit/TAit-1 - NDACit \quad (4)$$

where;

DACCit is the discretionary accruals in year *t*, *TACCit* is the total accruals in year *t*, *NDACit* is the nondiscretionary accruals in year *t*, *TAit-1* is the total assets in year *t-1*, *NIit* is the net income in year *t*, *CFFOit* is the net cash flow from operations in year *t*, εit is the error term in year *t*, and *i* is the individual firm in year *t*. The coefficients in equation 2 for each year are applied in equation 3 for each company accordingly. *DACC* is the error terms in equation 3.

Meanwhile, for real earnings management, this study employed another popular real earnings management model by Roychowdhury (2006). Consistent with prior research (Roychowdhury, 2006 and Cohen and Zarowin, 2010), this study employ three metrics to examine REM, namely abnormal cash flow from operations (REM CFO), abnormal production costs (REM PROD) and abnormal discretionary expenses (REM DISEXP). This study estimates REM CFO, REM PROD and REM DISEXP as the residual from the following models, respectively.

$$CFOit / Ait-1 = \beta_1 [1/Ait-1] + \beta_2 [Salesit / Ait-1] + \beta_3 [\Delta Salesit / Ait-1] + \varepsilon it \quad (1)$$

$$PRODit/Ait-1 = \beta_1 [1/Ait-1] + \beta_2 [Salesit / Ait-1] + \beta_3 [\Delta Salesit / Ait-1] + \beta_4 [\Delta Salesit -1 / Ait-1] + \varepsilon it \quad (2)$$

$$DISEXPit/Ait-1 = \beta_1 [1/Ait-1] + \beta_2 [Salesit -1 / Ait-1] + \varepsilon it \quad (3)$$

where,

CFOit Cash flow from operation of firm *i* in period *t* Ait-1

PRODit The sum of cost of goods sold and change in inventory of firm *i* in year *t*

DISEXPit The sum of Research and Development (R&D) expenses and Selling, General & Administrative (SG&A) expenses of firm *i* in year *t*

Ait-1; Total assets of firm *i* in year *t-1*; Salesit Sales of firm *i* in year *t* Δ Salesit Sales of firm *i* in year *t* less sales of firm *i* in year *t-1*; εit A residual term that captures the level of abnormal cash flow of firm *i* in year *t*.

3.3 Measurement of Independent Variables

The independent variable risk management committee (RMC) is measured as a dummy variable one (1) if a company has a stand-alone risk management committee and zero (0) otherwise. The audit committee size (ACS) is measured as the number of board of directors on audit committee.

3.4 Measurement of Control Variables

The control variables employed in this study are firm size (FS) audit firm (BIG4), and profitability (ROA), the essence of the control variables is to minimize the endogeneity problems and error term correlation resulting from omitted variables. Firm size (FS) is defined as the natural logarithm of the total asset while profitability (ROA) is defined as net profit scaled by total assets. Finally, audit quality is measured as a dummy value of one (1) if the firm is audited by larger offices of Big 4 auditors. Francis et al. (2009) study and validate the predication that larger offices of Big 4 auditors have higher quality audits. Furthermore, larger offices are more likely to issue going-concern audit reports and clients in larger offices show less aggressive earnings management behaviors.

This section presents the empirical model used in examining the research hypotheses.

$$AEM = \alpha + \beta_1 REMCFO + \beta_2 REMPROD + \beta_3 REMDISEXP + \beta_4 RMC + \beta_5 BIG4 + \beta_6 FS + \beta_7 ROA + e \quad (1)$$

$$REMCFO = \alpha + \beta_1 AEM + \beta_2 REMPROD + \beta_3 REMDISEXP + \beta_4 RMC + \beta_5 BIG4 + \beta_6 FS + \beta_7 ROA + e \quad (2)$$

$$REMPROD = \alpha + \beta_1 AEM + \beta_2 REMCFO + \beta_3 REMDISEXP + \beta_4 RMC + \beta_5 BIG4 + \beta_6 FS + \beta_7 ROA + e \quad (3)$$

$$REMDISEXP = \alpha + \beta_1 AEM + \beta_2 REMCFO + \beta_3 REMPROD + \beta_4 RMC + \beta_5 BIG4 + \beta_6 FS + \beta_7 ROA + e \quad (4)$$

Where:

AEM is Accruals Earnings Management proxy by Discretionary Accruals figure; REM CFO is the Real Earnings Management from abnormal Cash Flow from Operation; REM PROD is the Real Earnings Management from abnormal Production expenses; REM DISEXP is Real Earnings Management from abnormal discretionary expenses; SRM is the Statement on Risk Management disclose by firm in their annual report; RMC is the Risk

Management Committee established by firm and disclose in their annual report; ACS is the Audit Committee Size of the firm; BIG4 is the auditor employed by the firm that comes from larger accounting offices; (Big Four audit firms in this study are KPMG, PWC, Ernst and Young, and Deloitte and Touche) .FS is the firm size measured by log Total Assets; ROA is a return on asset proxy for firm performance calculated by dividing net income with total assets.

4.0 RESULTS AND DISCUSSION

Table 4.1: Descriptive Statistics

	AEM	REM CFO	REM PROD	REM DISEXP	SRM	RMC	ACS	BIG4	FS	ROA
Min	-2.9517	-0.5774	-0.4259	0.0245	1	0	3	0	9.9016	-0.8136
Max	2.3080	3.4057	4.4050	1.7262	1	1	7	1	16.8406	0.5262
Mean	-0.1538	0.6642	0.6966	0.6183	1	0.5528	3.2022	0.4135	13.0121	0.0269
Std Dev	0.3272	0.4972	0.5873	0.3498	0	0.4977	0.4788	0.4930	1.3695	0.0889
Skew	-0.991	1.084	1.308	0.602	0	-0.213	2.979	0.353	0.214	-2.746
Kurtosis	2.657	2.381	3.906	-0.077	0	-1.963	12.672	-1.884	-0.052	28.165

Note:

This table presents the descriptive statistics of all models for a final sample of 445 firm-year observations.

AEM is Accruals Earnings Management proxy by Discretionary Accruals figure; REM CFO is the Real Earnings Management from abnormal Cash Flow from Operation; REM PROD is the Real Earnings Management from abnormal Production expenses; REM DISEXP is Real Earnings Management from abnormal discretionary expenses; SRM is the Statement on Risk Management disclose by firm in their annual report; RMC is the Risk Management Committee established by firm and disclose in their annual report; ACS is the Audit Committee Size of the firm; BIG4 is the auditor employed by the firm that comes from larger accounting offices; FS is the firm size measured by log Total Assets; ROA is a return on asset proxy for firm performance calculated by dividing net income with total assets.

Tables 4.1 present descriptive statistics for all the variables used in this study which consist of 445 firm year observations from year 2013 to 2017. It includes EM measures, namely, Accruals Earnings Management (AEM) and Real Earnings Management (REM) and its individuals, namely, REM CFO, REM PROD, and REMDISEXP. The statistics also report the control variables. The mean values of AEM, REM CFO, REM PROD and REMDISEXP are -0.1538, 0.6642, 0.6966 AND 0.6183, respectively. The (minimum) maximum amount of AEM is (2.9517) 2.3080, while for REM CFO REM PROD and REMDISEXP are (0.5774) and 3.4057, (0.4259) and 4.4050, and 0.0245 and 1.7263, respectively. These results imply that accrual-based and real earnings management are large in magnitude and trends in some Malaysian companies, as some managers have motivations to manage corporate earnings upward and downward for purposes, such as, managers compensation and income tax reduction. The results obtained are consistent with the evidence of Wan Abdullah, Maruhun & Tarmizi (2017).

Mean score of RMC 0.5528 implies that more than half of the companies have established risk management committee to oversee a firm's risk management strategies, policies and processes. Mean value of ACS indicates that majority of listed companies in Malaysia has established audit committee of three (3) or more members, which is consistent with the listing Requirements by Bursa Malaysia. The average score of BIG4 indicates that almost 41% of the companies were audited by larger accounting firms. For the skewness and kurtosis, the values must be between -2 and 2. All variables are within this range and considered as normal.

Table 4.2: Descriptive Statistics

	SRM2013	SRM2014	SRM2015	SRM2016	SRM2017	RMC2013	RMC2014	RMC2015	RMC2016	RMC2017
Min	1	1	1	1	1	0	0	0	0	0
Max	1	1	1	1	1	1	1	1	1	1
Mean	1	1	1	1	1	0.4607	0.5169	0.5281	0.5393	0.7191
Std Dev	0	0	0	0	0	0.5012	0.5025	0.5020	0.5012	0.45198
Skew	0	0	0	0	0	0.161	-0.069	-0.114	-0.161	-0.992
Kurtosis	0	0	0	0	0	-2.020	-2.042	-2.033	-2.020	-1.040

Note:

This table presents the descriptive statistics of yearly sample for the year 2013 to 2017.

SRM is the Statement on Risk Management disclose by firm in their annual report; RMC is the Risk Management Committee established by firm and disclose in their annual report;

Table 4.2 presents yearly descriptive statistics for Statement of Risk Management (SRM) and Risk Management Committee established by the sample firms. The results implies that all sample firms comply with the MCCG2012 whereby listed companies on Bursa Malaysia are required to disclose the main features of the firm's risk management framework and internal control system in the annual report. The mean value of RMC in year 2017 is 0.7191 as compared to year 2016 only 0.5393. This indicates that in year 2017, the number of company are increasing significantly complying with the recommendation of MCCG 2017 to established RMC which,

comprises a majority of independent directors to oversee the firm's risk management framework and policies and its implementation.

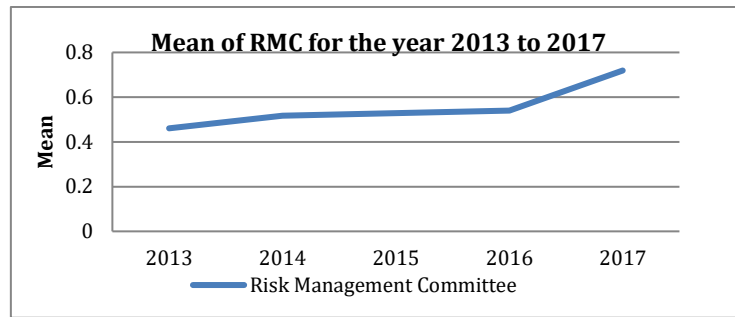


Figure 4.1: The mean for RMC for the year 2013 to 2017

Table 3: Pearson Correlation

	AEM	REM CFO	REM PROD	REM DISEXP	RMC	BIG4	FS	ROA
AEM	1							
REM CFO	-0.143***	1						
REM PROD	-0.173***	0.820***	1					
REM DISEXP	0.002	0.484***	0.606***	1				
RMC	0.078	0.002***	-0.021	-0.011***	1			
BIG4	-0.047***	-0.097	-0.030	-0.042***	0.342***	1		
FS	0.114*	-0.098	-0.74	-0.197***	0.231***	0.285***	1	
ROA	0.064	0.140	0.110	0.025***	0.153***	0.057	0.177***	1

Note:

AEM is Accruals Earnings Management proxy by Discretionary Accruals figure; REM CFO is the Real Earnings Management from abnormal Cash Flow from Operation; REM PROD is the Real Earnings Management from abnormal Production expenses; REM DISEXP is Real Earnings Management from abnormal discretionary expenses; SRM is the Statement on Risk Management disclose by firm in their annual report; RMC is the Risk Management Committee established by firm and disclose in their annual report; ACS is the Audit Committee Size of the firm; BIG4 is the auditor employed by the firm that comes from larger accounting offices; FS is the firm size measured by log Total Assets; ROA is a return on asset proxy for firm performance calculated by dividing net income with total assets.

***Correlation is significant at the 1% level

**Correlation is significant at the 5% level

*Correlation is significant at the 10% level

Table 4.3 presents the correlation matrix which indicates none of the coefficients is higher than 9 as suggested by Hair, Black, Babin and Anderson (2014). Thus, the correlation coefficient has no multicollinearity problem. The results also indicate that RMC has negative correlation with REM PROD and REM DISEXP. Table 4.3 also shows that BIG4 has negative correlation with all the four variables for earnings management. Finally, Firm Size also has a negative correlation with REM DISEXP.

Table 4.4: Regression results of each model

Variables	AEM	REM CFO	REM PROD	REM DISEXP
Constant	-0.614***	0.373	-0.423**	1.076***
AEM		-0.007	-0.079**	0.130***
REM CFO	-0.020		0.676***	-0.050
REM PROD	-0.277***	0.825***		-0.050
REM DISEXP	0.023***	-0.027	0.278***	0.654***
RMC	0.075	0.048	-0.041	0.025
BIG4	-0.119**	-0.082***	0.042	0.028
ACS	0.021	0.005	-0.012	-0.063*
FS	0.1133**	-0.040	0.057**	-0.166***
ROA	0.063	0.055**	0.007	-0.023
R-square	0.083	0.683	0.740	0.412
Adjusted R-square	0.066	0.687	0.735	0.402
F-statistics	4.906***	117.420***	155.198***	38.256***

Note:

This table shows the model summary of each Earnings Management value for a sample of 445 firm-year observations.

R-square is the regression coefficient determination.

Adjusted R-square is the adjusted regression coefficient determination.

F-statistics is the indication of how much variation is explained by the regression equation.

AEM is Accruals Earnings Management proxy by Discretionary Accruals figure; REM CFO is the Real Earnings Management from abnormal Cash Flow from Operation; REM PROD is the Real Earnings Management from abnormal Production expenses; REM DISEXP is Real Earnings Management from abnormal discretionary expenses; SRM is the Statement on Risk Management disclose by firm in their annual report; RMC is the Risk Management Committee established by firm and disclose in their annual report; ACS is the Audit Committee Size of

the firm; BIG4 is the auditor employed by the firm that comes from larger accounting offices; FS is the firm size measured by log Total Assets; ROA is a return on asset proxy for firm performance calculated by dividing net income with total assets.

***Significant at the 1% level

**Significant at the 5% level

*Significant at the 10% level

Table 4.4 presents the results of regression analysis between earnings management and all the variables measured in this study from the year 2013 to 2017. The results indicate that REM PROD is negatively related with RMC. This suggests that the establishment of RMC is a good mechanism increasing earnings quality. However, the result is insignificant. This implies that RMC in Malaysia has yet to achieve their role in mitigating earnings management. This is inconsistent with Sani, Abdul Latif and Aldhamari (2018) who found a significant negative relationship between RMC and earnings management. The results indicate that there is a significant negative relationship between REM CFO and REM DISEXP with ACS. The result is in line with agency theory and resource dependency theory which suggest audit committee is essential to assist the board with oversight function.

For control variables, BIG4 is found to have a significant negative relationship with AEM at 5% level and REM CFO at 1 % level. The result is consistent with previous studies that larger audit firms provide higher quality of audit. In addition, firm size is found to have a significant positive relationship with AEM at 1 % level and REM PROD at 5% level. The results suggest that the larger the firm, the more tendency to manage their earnings. However, there is a significant negative relationship between firm size and REM DISEXP at 1% level. This suggest that the larger the firm the lesser the tendency for them to manage their earnings through REM DISEXP. The adjusted R-squared for REM CFO and REM PROD models can be considered high with a maximum at 73.5% under real earnings management through production (REM PROD) and the minimum at 6.68% under accruals earnings management (AEM). It proved that the variations in the dependent variables are well explained by the independent variables for a linear regression model. The F-statistics values are very high with 155.198% under REM PROD; 117.420% under REM CFO; 4.906% under AEM and 38.256% under REM DISEXP. The high value of F-statistics means that the alternative hypothesis is compatible with observed data.

5.0 CONCLUSION

The objective of this study is to determine the association between risk management committee, corporate governance in mitigating earnings management, especially in construction companies in Malaysia. Based on the results obtained, it is found that majority of the companies are complying with the recommendation in MCCG 2012, to have a disclosure about statement on risk management in their annual report. In addition, majority of the companies are complying with the recommendation in MCCG 2017, to establish Risk Management Committee on the board. However, RMC has yet to have a significant negative relationship with earnings management. This could be due to the sample only includes one year (2017) of RMC establishment in Malaysia in the analysis. A larger firm year sample size with recent year of observations may present a significant relationship between RMC with earnings quality. Consistent with previous studies, audit committee is found to have a negative relationship with earnings management. This implies that audit committee has the power to mitigate earnings management.

This study extends the current literature that shows that there is a significant relationship between risk management, earnings management and corporate governance mechanism in Malaysia. The results of this study provide early evidence about impact of compliance with MCCG and will give further direction for the regulatory bodies regarding accounting standards and financial reporting practices in Malaysia. Regulatory bodies in Malaysia should enforce good governance such as establishment of RMC by all listed companies to ensure quality as well as reliability of reported financial reporting in Malaysia. The empirical evidence enriches the understanding of corporate governance in the context of the role of a risk management committee.

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CORPORATE GOVERNANCE AND PERFORMANCE AMONG BURSA MALAYSIA FINANCIAL SERVICES COMPANIES

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Abstract

Sound corporate governance (CG) mechanisms have become dominant in understanding organizational performance. These mechanisms are able to assist in monitoring ill practices by the agents that exist in a company and help to assure shareholders and investors that they would get their capital back and receive an adequate return on their investment. Continuous stable company performance is crucial as it could assist in securing public confidence in the finance industry and retaining of public and shareholder funds. Currently, the rampant violation of trust and ethical standards by accomplished, experienced and cunning individuals, i.e. the agents, has often been at the heart of the deterioration of public trust in the finance industry and the loss of investors' funds, which subsequently would cause decline in company's performance. Thus, the purpose of this study is to identify which of the corporate governance mechanisms have impacts on the companies' financial performance. Data for eight Malaysian public listed financial services companies, from year 2013 until year 2017, are extracted from Thomson Reuters Eikon based on their availability of Environmental, Social and Governance (ESG) Scores for respective companies. The independent variables include independence of board of directors (BOD) and audit committee, BOD's activities, BOD's size, BOD's gender, BOD's race and company size, while the dependent variable is return on asset. The regression analysis results, obtained via E-views, reveal that independence of the audit committee, BOD's race and BOD's size have an impact onto the company's performance. These results would indeed add credence to the body of literature on this matter.

Keywords: Corporate governance, performance, board of directors, audit committee, independence, race, gender

1. INTRODUCTION

Corporate governance and performance are among the evergreen researchable topics. This is due to firstly, business entities' operations are continuously governed and managed by agents on behalf of the owners, the shareholders. (Al-Najjar, 2015; Shi, Connelly, and Cirik, 2018). Secondly, there exist significant relationships between corporate governance and performance in monitoring these agents (Goranova, Priem, Ndofor, and Trahms, 2017). For instance, according to agency theory, positive company performance is possible as the company is better-governed with the presence of corporate governance mechanisms that are being embedded in the the company's daily activities operations procedures, which consequently would assist in lowering the degree of agency costs (Gompers, Ishii, and Metrick, 2003). Thus, this study seeks further to unveil those relationships from the Bursa Malaysia financial services companies perspectives that are rarely being scrutinized.

Finance industry is a vital sector in Malaysia as banking services are essential for its economic development (Levine, 1997). It is to be noted that financial company's governance differs from that of unregulated, non-financial company. The presence of external interested entities with a stake in an organization's activity complicates the governance of these financial companies. In addition to investors, depositors and regulators also have a direct interest in bank performance. Especially that of regulators, they are very concerned with the effect of governance onto the financial companies' performance because as per mentioned earlier, the overall health of a country's economy depends upon their performance. Hence, the board of directors of a financing company plays a crucial part in its governance structure. Since by complying with instilling adequate corporate governance mechanisms could enhance transparency and simultaneously improve company's financial performance (Ong, 2014), the purpose of this study is to delve on the corporate governance mechanisms that have impact onto companies' performance among eight Malaysian listed financial companies that are identified as having Environmental, Social and Governance (ESG) Scores in Thomson Reuter Eikon.

The flow of the article proceeds as follows : Section 2 deliberates on background and hypotheses development; Section 3 mentions on the research methodology; Section 4 elaborates on the results and discussion, and Section 5.0 concludes the discussion.

2. BACKGROUND AND HYPOTHESES DEVELOPMENT

Formation of Minority Shareholder Watchdog Group (MSWG) in year 2000 indicated the seriousness of Malaysian government to instil good corporate governance practices in its capital market and also to safeguard the interests of minority shareholders. Concurrently, Malaysia Code on Corporate Governance, 2000 (MCCG 2000) was being introduced, and it had been a significant tool for corporate governance reform. It stressed on the importance of board of directors' role in ensuring proper balance between risk and return to shareholders (Ghazali and Manab, 2014). In 2007, the code had been revised where the focus was more on strengthening the function of board of directors, audit committee and internal audit function (Abdifatah and Sanni, 2015). This was then followed by two other issuances, MCCG 2012, that superseded the Malaysia Code on Corporate Governance, 2007, and MCCG 2017. This had been done to ensure that the stated requirements would remain relevant in this current globalized and borderless economy environment.

The corporate governance mechanisms taken into consideration in this study include independence of board of directors (BODs) and audit committee, BOD's activities, BOD's size, BOD's gender, BOD's race, and company size, while the dependent variable is return on asset. Followings are the literature reviews for the hypotheses tested for this study:

2.1 Independence of board of directors audit committee

The audit committee's functions are to oversee the financial reporting process, company's audit process and internal accounting controls. The committee's independence is very crucial to shareholders as their presence facilitates a reduction in information asymmetry between owners and managers (Donnelly and Mulcahy, 2008). Managers' activities could be monitored better with the presence of independent board of directors (Daily and Dalton, 2003) as they are free from being economically dependent on the company and from the influence of company's management (Gaur, Bathula and Singh., 2015). However, as outsiders, they do not have enough knowledge of the strengths and weaknesses of the company to provide useful direction (Shamsudin, Wan Abdullah, and Osman, 2015), and this could lead to lower sustainability and company performance (Naciti, 2019; Mansor, Mahmud, Asat, Anwar. Raman, Ali, 2018). Hence, it is hypothesized that:

H1: There is a relationship between company performance and the independence of board of directors.

H2: There is a relationship between company performance and the independence of audit committee.

2.2 Board of directors' activities

Major hindrance to board effectiveness is lack of time to complete board duties (Lipton and Lorsch, 1992). Thus, regular board meetings would facilitate board of directors to observe effectively as they become more conversant and closer to the companies' activities (Wijethilake, Ekanayake and Perera, 2015). During these meetings, they could enhance their information processing and improve their interaction among themselves and with the company's managers (Eisenhardt, 1989). Hence, it is hypothesized that:

H3: There is a positive relationship between company performance and board meetings.

2.3 Board size

Ciftci, Tatoglu, Wood, Demirbag, and Zaim (2019) and Akpan and Amran (2014) provide empirical evidence on board size being significant positively related to company performance. In contrast, Pillai and Malkawi (2018) and Jensen (2012) highlight that better company performance is associated with smaller number of members in BOD and audit committee as smaller board would lead to lesser degree of agency problems and would lead to better management and higher return on equity (Paniagua, Rivelles and Sapena, 2018). Hence, it is hypothesized that:

H4: There is a relationship between company performance and board size.

2.4 Race of the board members

Che-Ahmad, Houghton, and Yusof (2006) have documented a significant relation between ethnic structure of company ownership as one determinant in the auditor choice decision. Local companies that of Bumiputra and Chinese, regard ethnic considerations (e.g. ethnic trust) to be more important monitoring mechanisms than quality factors. Since Chinese entrepreneurs rely mostly on trust and loyalty of the family members for management control, their business approach has enabled them to lower the impact of the agency conflicts, which has consequently led to a lesser charges of external audit fees being charged to them. Hence, it is hypothesized that:

H5: There is a positive relationship between company performance and Chinese race board members.

2.5 Gender of board members

Gneezy and Rustichini (2005) state that men are said to be more competitively inclined than women do, with men opting to compete more often than women do. Tremblay, Gendron and Malsch (2016) also mention that male dominates the research area on gender pertaining profitability and risk management. Further, Darmadi (2011) find that female top executives is negatively related to both accounting and market performance. However, Martinez and Rambaud (2019), and Wilson and Altanlar (2009) find that by having female board director is positively related to higher financial performance and could assist in reducing the risk of bankruptcy, respectively. Hence, it is hypothesized that:

H6: There is a relationship between company performance and gender.

2.6 Company Size

Black, Jang, and Kim (2006) state that large companies in Korea govern better as compared to their counterpart. In contrast, Watts and Zimmerman (1978) find that large companies are more apt to adopt more income decreasing accruals in order to reduce political vulnerability.

2.7 Company performance via return on assets

Company performance is derived from the valuation of a company, and corporate governance has an impact on this value due to its ability to reduce the insider's expropriation and improve in the distributable expected cash flow to investors (Black et al., 2006). To evaluate performance, this study uses the return on assets as it is commonly being used as accounting-based measure (Baysinger and Butler, 1985). Return on assets explains the efficiency of the management and shows how profitable company's assets are in generating revenue. It is given by the ratio between net income and total assets, representing the unit amount of earning derived from each unit of assets used.

3. RESEARCH METHODOLOGY

This research studies on the impact of independence of board of directors and audit committee, activity of the board of directors, size, race and gender of the board members, and company size, onto the companies' performance of Bursa Malaysia financial services companies. Eight (8) finance companies (Hong Leong Bank, Affin Bank, BIMB Holdings, Hong Leong Financial Group, AMMB Holdings, CIMB Group Holdings, Malayan Banking, Public Bank, RHB Bank Bhd and Alliance Bank) are selected from Thomson Reuters Eikon based on the availability of Environmental, Social and Governance (ESG) Scores. These scores reflect a company's relative ESG performance based on company-reported data in the public domain.

The independent variables include independence of board of directors (BOD) and audit committee, BOD's activities, BOD's size, BOD's gender, BOD's race and company size, while the dependent variable is return on asset. The operationalizations for the independent variables are as per Table 1.

Table 1: Definition and operationalization of independent variables

Independent Variables	Definition	Operationalization
BDINED	Independent non-executive director	Percentage of independent non-executive director on board.
ACINED	Independent non-executive director in the audit committee	Percentage of independent non-executive director in the audit committee
BDMTG	Board of directors (BOD) activities	Number of board meetings per annum
BDSZ	Size of the BOD	Number of directors on the board
BDRACE	Races of BOD	Percentage of Chinese directors on board
BDGNDR	BOD gender	Percentage of female directors on board
COSZ	Size of the company	Log ₁₀ total assets

Descriptions: Table 1 provides the definition and operationalization for all the independent variables from the study.

Accordingly, the equation model for the study is as follows:

$$\text{CoP}_i = \beta_0 + \beta_1 \text{BDINED}_i + \beta_2 \text{ACINED}_i + \beta_3 \text{BDMTG}_i + \beta_4 \text{BDSZ} + \beta_5 \text{BDRACE}_i + \beta_6 \text{BDGNDR}_i + \beta_7 \text{COSZ}_i + \varepsilon$$

Where: CoP = Company performance measured via net income divided by total assets; return on assets (ROA)

4. RESULTS AND DISCUSSION

This section begins with descriptive statistics, and followed by correlation analysis and multivariate analysis results.

4.1 Descriptive Statistics

The mean, median, maximum, minimum and standard deviation values for ROA are 1.083, 1.035, 1.442, 0.651 and 0.250, respectively; for BDINED are 51,186, 50.0, 69.231, 30.0 and 12.085, respectively; while the values for the other independent variables are as being depicted in Table 2.

Table 2: Descriptive Statistics for the Variables

	ROA	BDINED	ACINED	BDMTG	BDSZ	BDRACE	BDGNDR	COSZ
Mean	1.083	51.186	91.654	12.325	8.650	0.586	0.291	8.344
Median	1.035	50.000	100.000	12.000	8.000	0.703	0.181	8.331
Max	1.442	69.230	100.000	21.000	14.000	1.000	4.000	8.883
Min	0.651	30.000	57.140	5.000	1.000	0.111	0.000	7.640
Std. Dev.	0.250	12.085	15.200	4.542	2.750	0.331	0.620	0.330

Descriptions: Table 2 provides descriptive statistics for all the dependent and independent variables.

4.2 Correlation Analysis

Pearson product moment correlation (r) figure is to observe the correlation between the variables. As can be seen from Table 3, return on assets (ROA) is found to be significant ($p < 0.01$ & $p < 0.05$) and negatively correlated to the independent non-executive directors in the audit committee (ACINED) and independent non-executive directors in the BOD (BDINED). Such relationship occurs due to the fact that the independent non-executive directors are less informed about company-specific factors that could influence financial reporting quality (Armstrong, Guay and Weber, 2010), lower sustainability and company performance (Naciti, 2019; Mansor et al., 2018). Even though these directors have the intention to provide quality financial oversight, their limited knowledge or understanding of financial reporting details would restrict their ability in accomplishing their intention.

Besides ROA, BDINED is significant ($p < 0.01$ & $p < 0.05$) and positively correlated to ACINED and BDMTG, respectively; as well as board meeting (BDMTG) and company size (COSZ). In contrast, board size (BDSZ) is significant ($p < 0.01$) and negatively correlated to Chinese controlled companies (BDRACE) and board gender (BDGNDR). At a lesser degree, BDSZ seems to be significant ($p < 0.05$) and negatively correlated to ACINED.

Table 3: Pearson Product Moment Correlation Coefficient

Correlation	ROA	BDINED	ACINED	BDMTG	BDSZ	BDRACE	BDGNDR	COSZ
ROA	1.000							
BDINED	-0.383**	1.000						
ACINED	-0.637***	0.468***	1.000					
BDMTG	0.192	0.351**	-0.309*	1.000				
BDSZ	0.234	-0.108	-0.324**	0.284*	1.000			
BDRACE	0.198	-0.130	-0.148	-0.142	-0.727***	1.000		
BDGNDR	-0.027	0.147	0.084	0.022	-0.506***	0.278*	1.000	
COSZ	-0.077	0.248	0.151	0.424***	0.082	-0.319**	0.334**	1.000

Descriptions: Table 3 presents the Pearson's correlation coefficients. Each box contains two values: the value of the correlation coefficient and the probability.

4.3 Multivariate Analysis Results

Table 4 summarizes the results for the multiple regression analysis carried out on the company performance (ROA) as the dependent variable and BDINED, ACINED, BDMTG, BDSZ, BDRACE, BDGNDR and COSZ as the independent variables. The F-value for the data employed is 4.386 which is statistically significant ($p < 0.01$) and the adjusted R^2 for the model is 37.8% implying that the model is able to explain 37.158% of the total variance in company performance. Durbin-Watson value for the Model is 1.295, indicating that the assumption of independent errors has been met, i.e. for any two observations the residual terms should be uncorrelated or independent, and as a rule of thumb, Durbin-Watson value that is more than 3 or less than 1 is definitely a cause for concern (Field, 2009). Hence, the study's Durbin-Watson value of 1.295 is within the acceptable range.

Referring to Table 4, it can be seen that the audit committee independence (ACINED) is significant ($p < 0.1$), 2-tail-test, and negatively correlated to company performance (ROA), while board size (BDSZ) is significant ($p < 0.05$), 2-tail-test and board race (BDRACE) is significant ($p < 0.1$) 1-tail-test, are positively correlated to ROA. Hence, from this regression analysis, the results support H2, H4 and H5.

Table 4: Multivariate Analysis Results

Variable	Coefficient	t-Statistic	Significance
C	0.619	0.530	0.599
BDINED	-0.003	-0.839	0.407
ACINED	-0.005	-1.568	0.126 ^b
BDMTG	0.001	0.170	0.866
BDSZ	0.047	1.876	0.069 ^{**b}
BDRACE	0.378	2.032	0.051 ^{**a}
BDGNDR	0.049	0.720	0.476
COSZ	0.055	0.415	0.680
Adjusted R-squared	0.378		
F-statistic	4.386 ^{***}		
Durbin-Watson stat	1.295		

*** Significant at 0.01 level; ** Significant at 0.05 level; * Significant at 0.10 level; a = one-tail-test; b = two-tail-test

Descriptions: Table 4 reports the regressions results of ROA, BDINED, ACINED, BDMTG, BDSZ, BDRACE, BDGNDR and COSZ.

H2 mentions that as outsiders, they do not have enough knowledge of the strengths and weaknesses of the company in order to provide useful direction (Shamsudin et al., 2015) causing lower sustainability and company performance (Naciti, 2019; Mansor et al., 2018). As for H4, it states that board size is positively and significantly related to company performance (Ciftci et al., 2019; Akpan and Amran, 2014).

While H5 highlights that Chinese entrepreneurs regard ethnic considerations (e.g. Ethnic trust) to be more important monitoring mechanisms than quality i.e. they do not employ the brand name auditors (Che-Ahmad et al., 2006). These Chinese entrepreneurs would rely mostly on trust and loyalty of the family members for management control. Their business approaches have enabled them to lower the impact of the agency conflicts, which consequently assist in improving the company performance.

5.0 CONCLUSION

The purpose of this study is to identify which of the corporate governance mechanisms have impacts on the companies' financial performance. The presence of large board size and Chinese board members are able to assist in improving company performance, while presence of independent board members in the audit committee would cause the company performance to deteriorate as they are unable to advise and monitor the board due to lack of knowledge concerning the company's business requirements and operations. These findings add to the body of knowledge on matters pertaining to corporate governance and company performance, specifically from the Malaysian public listed financial services companies' perspective. However, these findings might not be applicable to non-financial companies as different mechanisms might be required for those companies. For future research, study on corporate governance and performance from the angle of Malaysian non-financial companies using latest data and relevant related variables could be carried out.

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THE DETERMINANTS OF TAX MORALE: SURVEY EVIDENCE FROM UNDERGRADUATE STUDENTS

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ABSTRACT

Students are the future taxpayers that will contribute significantly to nation-building. Thus, education at the secondary and tertiary level is the essential time to educate them in tax matters for their transition to the job market. The transition will shape their perception of tax-compliant culture. Malaysia's enforcement authority, Inland Revenue Board (IRB), perceives students as the human capital and future leader for the country. They must be nurtured by giving them the right exposure at the early stage to prevent them to shun away from their responsibilities to society. Therefore, this study will examine the determinants of students' perception of tax morale among the accounting and non-accounting students. The study used adapted survey questionnaire from the previous literature using the data collected from undergraduate UiTM students. The data are measured against a four-point Likert scale. The findings show that tax rate, fair tax system, government spending, corruption in government, taxpayer financial constraints and religion influence the student's perception on the level of tax morale. The study contributes the knowledge in the current body of literature on tax morale and tax compliance. The finding will provide an insight as to why society considers it ethical not to pay taxes.

Keywords: Tax Morale, Tax Non-compliance, Tax Evasion, Tax Education

1.0 INTRODUCTION

Income tax is one of the sources of income of a country to formulate its annual budget. Taxes are implemented to meet the expenses of the government, the people and the country. The government must ensure that the national income can meet its annual expenditure so that every planned project can be carried out successfully. Tax collection is used to fund public development such as school, university, hospital, public infrastructures and other public amenities that are of great benefit to the people. It also works as an indirect means of redistributing income and wealth to those in need and also used to ease the burden of the people's lives through subsidy on essential and basic goods.

Generally, no one likes to pay taxes and when given the choice, many do not want to pay because they are considered as a burden. Tax non-compliance can occur due to deliberate connivance or ignorance. Torgler (2004) argued that tax morale is the intrinsic motivation to pay taxes at a high degree of tax compliance. Tax morale does not measure an individual's behavior, but more on their attitudes on the willingness to pay taxes (Torgler, 2004). It relates to the individual attitudes which are contradicting with tax evasion, one of the intentional tax non-compliance (Kasipillai, 1999). Tax evasion is intentional non-compliance and it means payment of less tax than the law requires on one's true taxable income. Intentional evasion may be deterred by increasing penalties or audit probabilities (Kassipilai, 1999). Tax avoidance denotes the ingenuity to arrange tax affairs in a proper manner (Kassipilai, 2003). Unintentional non-compliance may be caused by the complexity of tax laws, difficulty of keeping accurate records, taxpayer negligence and the inability to obtain the information needed to comply. In other words, tax evasion, tax avoidance, and other tax non-compliance had caused the government lost billions of incomes (Mohsen, 2016).

In previous years, the IRB had formulated several strategies to curb tax leakages such as Aggressive Tax Planning Division, Monitoring Deliberate Tax Defaulters (MDTD) programme and LHDN Tax Investigation Team 2017 (Fai, 2017; Rosley, 2016; "LHDN forms investigation," 2016). In the year 2019, IRB has come out a new programme called Special Voluntary Disclosure Programme (SVDP) to recover funds lost over the years to potential tax evasion especially for overseas wealthy individuals and business (Kok, 2019). Under SVDP, IRB had imposed penalty rates range from 80% to 300% after the programme expired on June 2019 for taxpayers who

failed to disclose their income (Kok, 2019). The highest penalty rate so far in Malaysia. However, the efforts are more on detection and enforcement activities towards tax defaulters and evaders which the effectiveness is still in the experimenting stage. It can be seen that every year, IRB has to think a new strategy to collect taxes from taxpayers. Furthermore, the level of tax collection in Malaysia either through direct or indirect tax in 2018 is at 15%, which is below the 20% that a country of Malaysia's GDP should achieve (Basri, 2018). Thus, the study aims to focus on the root cause of tax non-compliance as a prevention action from the undergraduate students' perspective as a future tax contributor.

The rapid changes of the economic environment had driven the IRB to issue and to formulate new tax policies, public rulings, and explanatory notes to supervise and guide businesses and taxpayers in filing a tax return. However, taxpayers need not focus only on tax matters but they must adhere to tax laws and pay taxes in accordance with the law. The tax avoidance symptoms can occur to all groups whether salaried individuals, professionals, businesses or large corporations. It is also a global problem experienced by other tax administrators around the world and not just in Malaysia (Basri, 2018). Greater tax complexity imposes heavier compliance burdens on taxpayers, disincentives tax compliance and encourages taxpayers to move into shadows and flatter tax structure (Dass, 2019).

Students are the future taxpayers that will contribute significantly to nation-building. Education at the secondary and tertiary level is the essential time to educate them in tax matters for their transition to the job market. The transition will shape their perception of tax-compliant culture. Malaysia's enforcement authority, IRB, perceives students as the human capital and future leader for the country. They must be nurtured by giving them the right exposure at the early stage to prevent them to shun away from their responsibilities to society ("Huge sum", 2006). Hence, students are the focus group in this research.

Torgler (2002) and Frey (2003) stress its relevance in understanding the observed high level of compliance. Malaysia government had introduced the self-assessment system (SAS) scheme in 2001 for companies, 2003 for businesses, partnerships, and cooperatives while individual started to effectively comply in 2004. Taxpayers are expected to fill a tax assessment form to determine their taxable income. At this point, the intrinsic motivation to pay tax will determine the level of compliance with reporting requirements. The taxpayers' files all required tax returns at the stipulated time and submit the returns accurately in accordance with the law. In other words, high tax morale is required from the taxpayers to achieve a high degree of tax compliance.

[1] Based on the above reasons, this study is conducted to examine the determinants of students' perception of tax morale among the accounting and non-accounting students. The remainder of the paper is organised as follows; the next section presents an overview of the existing literature on tax compliance and tax morale. It describes the purpose of the study followed by the research methods and the discussion of results. In the final section, the conclusions, recommendations, limitations, and areas for future research are presented.

2.0 LITERATURE REVIEW

Review of prior researches highlights that there have been many researches conducted in tax compliance and tax morale focused on the determinants of tax morale such as gender, age, marital status, employment status, trust in government and legal system, financial satisfaction, education, tax rate, religiosity and corruption which the results are varies based on countries. According to Lago-Penas & Lago-Penas (2010), a study in Europe indicated that factors contributing to individual-level responses on tax morale were gender, age, education, religion, income, employment status, satisfaction with democracy, trust in politicians, and ideology. Ibrahim, Musah & Abdul-Hanan (2015) estimated that the effect of demographic, employment status, economic and institutional factors were the determinants on the probability of reporting higher tax morale by using the probit model in Ghana. However, a study done by Yusof, Ling & Wah (2011) support the economic deterrence theory which suggests that tax rate does influence taxpayers' behavior in Malaysia. Fernando & Paolo (2018) proved that larger audit probabilities and fine rates have positive effects on the fraction of income declared, while larger tax rates may impose a negative impact on tax morale.

On the other hand, Alasfour, Samy & Bampton (2016) provide evidence tax morale along with improvements in several other factors such as decreasing the level of corruption; improving development of perceptions of government spending; improving perceptions of fairness and equity in the taxation system; reducing tax rates and addressing personal financial constraints in Jordan would increase tax compliance. McGee (2006) also discussed three views have emerged regarding the ethics of tax evasion. One view is that tax evasion is never ethical because there is a duty to God, to the state or to some segment of the community. Second view is that tax evasion is never

unethical because all government is illegitimate; unworthy of receiving tax payments and third view is that tax evasion may be ethical, depending on the facts and circumstances.

Trust in the government also proved crucial in driving tax morale, as individuals with great deal of trust in the government are more likely to pay tax than those with no trust in the government (Ibrahim et.al, 2015). They also highlighted that building trust and confidence among taxpayers entails effective management of public purse, good governance and transparency, fighting against corruption, upholding to rule of law and provision of quality public goods and services in an economic, effective, equitable and efficient manner. Positive actions by the government may increase taxpayers' positive attitudes and commitment to the tax system and tax-payment, thus enhance compliant behaviour (Smith, 1992). The relationship between taxpayers and government can be seen as a relational or psychological contract, which involves strong emotional ties and loyalties, which can be maintained by positive actions, based on trust (Torgler, 2004). Hardin (1998) mentioned in his study, trust can only be created if the government acts in line with citizens' needs and desires. Bureaucrats in East Asia are generally seen as competent, independent and highly motivated, securing property and contract rights (Weder, 1999). Public sector institutions play an essential role include a transparent and fair tax system, incorrupt tax officers, and a government taxpayers' trust (Torgler, 2004). The cost of tax raising and government running is lower if taxpayers are more willing to pay their taxes voluntarily (Slemrod, 2002).

Tyler (2000) argues that pride influences people's behaviour in groups, organizations and societies, gives a basis for encouraging cooperative behaviour. According to Torgler (2004), people who are proud to be citizens of their country are more loyal, better identified with the state and have thus a higher tax morale. He also highlighted that higher democracy level makes government activities more transparent, reducing the asymmetry of information between taxpayers and the government, which rewarded with a higher tax morale (Torgler, 2004). Therefore, the perceived fairness and effectiveness of the government spending as well as the perceived level of corruption shape the tax moral (Horodnic, 2018). However, Ibrahim et.al (2015) argued that satisfaction in democracy and national pride do not matter in tax morale. In their study, the effect of demographic, employment status, economic and institutional factors was reported to be among the determinants of higher tax morale. In Moscow, women were significantly more opposed to tax evasion than men were; older people were significantly more opposed to tax evasion than younger people; widows and married individuals were more opposed to tax evasion than other groups, and single individuals were least opposed. Opposition to tax evasion was less among the higher educated and social classes; opposition to tax evasion fluctuated by region, with the least opposition in Moscow (Preobragenskaya & McGhee, 2016). In the case of Ghana, both the rich and the poor have lower tax morale and will always cheat on tax when given the chance (Ibrahim et.al, 2015).

Tax evasion might depend on the opportunity to evade or avoid taxes (Torgler, 2004). Individuals would cheat on tax when given the chance, but on turning older, one becomes a conformist and conscious of the need to pay tax (Ibrahim et.al, 2015). In the Malaysian context, the findings indicate that taxpayers did not acknowledge the existence of penalties and did not take into consideration when making compliance decisions (Yusof et.al, 2011). Notably, penalty rates, financial liquidity, and foreign ownership have no significant correlation to corporate tax noncompliance. Only a few papers have focused on tax evasion in Asia (DasGupta, Lahiri & Mookherjee, 1995; Wong, 2001; Manasan, 2000). Previous literatures focused on Middle East or European countries and little emphasized from Asian countries like Malaysia. Hence, the study aims to fill in the second gap by concentrating on Malaysia environment using the survey questionnaire collected from the undergraduate students based on the understanding that they are the future tax payers.

3.0 METHODOLOGY

3.1 Participants and procedure

This study will employ a survey questionnaire. The data for the questionnaires were collected from 385 students from the accounting and non-accounting undergraduate students in University Teknologi MARA (UiTM). UiTM is a local university with many branches in every state in Malaysia and offers various programmes such as diploma, degree, master, Ph.D. and professional qualifications. The accounting students consisted of 288 students selected from the Professional Accounting Department who are pursuing the Association of Chartered Certified Accountants (ACCA) programme and have the tax education knowledge.

While, the non-accounting students consisted of 97 students from the Faculty of Business and Management, Faculty of Law, Faculty of Art and Design and Faculty of Applied Sciences which the students do not have the tax education exposure. The questionnaires are personally administered and distributed to the students. Statistical analysis is carried out using SPSS from the sample of 385 students from both accounting and non-accounting

students. Then, frequency and percentage are computed. Similarities and differences between the two groups are analysed and discussed accordingly.

3.2 Research instrument

The survey questionnaire consists of eighteen (18) statements that incorporate the major arguments of Crowe (1944) and McGee (2006) on tax morale. Each of the statement generally began with the phrase “Tax evasion is ethical if....”. The respondents’ perception of tax morale will be analysed uses the four-point Likert scale which ranges from ‘1 = strongly disagree’ to ‘4 = strongly agree’. A score of one (1) represents strong disagreement with the statement, while a score of four (4) represent the strong agreement. The eighteen questionnaire statements were adapted with modification from Goksu and Sahpaz (2015) and Alasfour *et al.*, (2016) were drawn upon to examine the students’ perception of tax morale.

The questionnaire is split into two sections. The first section is about the respondents’ demographic information such as gender, CGPA, current semester and the question of learning taxation in the course of study. The second section is the eighteen statements that cover the students’ perception of tax morale on the aspects of tax rates, tax system, efficient use of money collected, the level of corruption and the perception of fairness. The dependent variable will be the tax morale which the measurement of the variable is extracted as the average of all the eighteen statements.

4.0 RESULT AND DISCUSSION

In this section, the survey has been analysed on the students’ perception of the level of tax morale, which was measured by examining the tax rate, perception of fairness in the tax system, efficiency in government spending, corruption in the government, taxpayer financial constraints and religion. The responses between accounting and non-accounting students are compared and analysed accordingly.

4.1 Tax rate

Table 1 shows the responses to questions about the tax rate. 73.2% (71 students) of the non-accounting students agreed that “*Tax evasion is ethical if tax rates are too high*”, meanwhile only 37.2% (107 students) of the accounting students agreed. Even if the tax rate is not too high, 57.7% (56 students) of the non-accounting students agreed that tax evasion is still ethical and so does 23.6% (67 students) of the accounting students. There is consistency from respondents in answering the questions. The reason for the difference in responses may be due to accounting students knowing the tax system which make them believe that the tax rate will not influence tax-compliance culture. As compared to non-accounting students with no tax knowledge in their study, their stand on the ethicality of tax evasion is based on what might impact them in the future, i.e. high tax rate means more outflow of income. The finding is supported by Yusof *et al.*, (2011) and, Fernando and Paolo (2018) where tax rates influence taxpayer’s behaviour.

Table 1: Tax rate

Statements	Strongly Disagree		Frequency (F) – Percentage (%)				Strongly Agree	
	F	%	Disagree		Agree		F	%
Q1. Tax evasion is ethical if tax rates are too high	F	%	F	%	F	%	F	%
ACS	65	22.6	115	39.9	89	30.9	18	6.3
NACS	10	10.3	15	15.5	58	59.8	13	13.4
Q2. Tax evasion is ethical even if tax rates are not too high	F	%	F	%	F	%	F	%
ACS	77	26.7	140	48.6	63	21.9	5	1.7
NACS	6	6.2	35	36.1	48	49.5	8	8.2

4.2 Perception of fairness in tax system

In terms of fairness in the tax system, the majority of students have agreed that “*Tax evasion is ethical if tax system is unfair*”. 61.5% (177 students) of the accounting students have accepted the statements, and 70.1% (67 students) of the non-accounting students have accepted the statements too. The reasons for the similarity in responses may be due to both accounting and non-accounting students cannot accept when there is an injustice either the person have the tax knowledge or not. Furthermore, a fair tax system has a positive impact on the taxpayer’s attitude (Smith, 1992; Torgler, 2004).

Table 2: Perception of fairness in tax system

Statements	Frequency (F) – Percentage (%)							
	Strongly Disagree		Disagree		Agree		Strongly Agree	
	F	%	F	%	F	%	F	%
Q3. Tax evasion is ethical if the tax system is unfair								
ACS	25	8.7	85	29.5	129	44.8	48	16.7
NACS	6	6.2	22	22.7	48	49.5	20	20.6

4.3 Efficient in government spending

The questions about efficiency in government spending have been analysed in table 3. In table 3, the majority of accounting and non-accounting students have agreed that “*Tax evasion is ethical is a large portion of the money collected is wasted*” with the percentage of 56.9% (164 students) and 67% (65 students) accordingly. This is due to the reason that the students itself as future taxpayers are not pleased when their income being used by the government for expenditures not benefited their need and desires (Hardin, 1998).

The other questions when compared with each other, there are no great differences in term of both respondent’s feedbacks. In other words, the remaining questions, both accounting and non-accounting students have a different opinion on the ethicality of tax evasion but their stand is consistent for each question. For example, only 35.8% (103 students) of the accounting students have agreed that tax evasion is ethical if a large portion of the money collected is spent on a project that they are morally disapproved meanwhile 54.6% (53 students) of non-accounting student have agreed with the same statements.

Table 3: Efficient in government spending

Statements	Frequency (F) – Percentage (%)							
	Strongly Disagree		Disagree		Agree		Strongly Agree	
	F	%	F	%	F	%	F	%
Q4. Tax evasion is ethical if a large portion of the money collected is wasted								
ACS	29	10.1	94	32.6	111	38.5	53	18.4
NACS	6	6.2	25	25.8	50	51.5	15	15.5
Q5. Tax evasion is ethical even if most of the money collected is spent wisely								
ACS	100	34.7	126	43.8	49	17	13	4.5
NACS	8	8.2	36	37.1	44	45.4	9	9.3
Q6. Tax evasion is ethical if a large portion of the money collected is spent on projects that I morally disapprove of								
ACS	47	16.3	137	47.6	93	32.3	10	3.5
NACS	7	7.2	37	38.1	46	47.4	7	7.2
Q7. Tax evasion is ethical even if a large portion of the money collected is spent on worthy projects								
ACS	90	31.3	131	45.5	57	19.8	8	2.8
NACS	8	8.2	21	21.6	65	67	3	3.1
Q8. Tax evasion is ethical if a large portion of the money collected is spent on projects that do not benefit me								
ACS	62	21.5	149	51.7	67	23.3	8	2.8
NACS	8	8.2	35	36.1	42	43.3	11	11.3
Q9. Tax evasion is ethical even if a large portion of the money collected is spent on projects that do benefit me								
ACS	83	28.8	129	44.8	62	21.5	11	3.8
NACS	11	11.3	30	30.9	43	44.3	12	12.4

4.4 Corruption in government

In table 4, 54.9% (158 students) of the accounting students have agreed that tax evasion is ethical if the money collected winds up in the pocket of corrupts politicians. Accordingly, 59.8% (58 students) of the non-accounting students have agreed with the same statement.

However, the responses between accounting and non-accounting students are different when tax evasion becomes ethical if government imprisons people for their political opinions, with more than 50%, i.e. 68% (65 students) of the non-accounting students have agreed, while only 43.1% (124 students) of the accounting students have agreed. The perception of non-accounting students on tax morale is consistent with question number 11th. The reason for it may be due to trust in government in managing public fund is vital to the taxpayer. Any breach of it (i.e. corruption) will reduce taxpayer loyalty to the government (McGee, 2006; Ibrahim *et. al.*, 2015; Torgler, 2004).

Table 4: Corruption in government

Statements	Frequency (F) – Percentage (%)							
	Strongly Disagree		Disagree		Agree		Strongly Agree	
	F	%	F	%	F	%	F	%
Q10. Tax evasion is ethical if a significant portion of the money collected winds up in the pockets of corrupt politicians or their families and friends								
ACS	61	21.2	69	24	90	31.3	68	23.6
NACS	13	13.4	26	26.8	45	46.4	13	13.4
Q14. Tax evasion is ethical if the government imprisons people for their political opinions								
ACS	53	18.4	111	38.5	89	30.9	35	12.2
NACS	9	9.3	22	22.7	58	59.8	8	8.2

4.5 Taxpayer financial constraints

The questions about taxpayer financial constraints have been analysed in table 5. Both accounting and non-accounting students seem to agree with the statement of “*Tax evasion is ethical if I can’t afford to pay*”. 52.5% (151 students) of the accounting students and 54.6% (53 students) of the non-accounting students have agreed with the statement.

For the statement of “*Tax evasion is ethical even if it means that if I pay less, others will have to pay more*”. 12.1% (35 students) of the accounting students and 43.3% (42 students) of the non-accounting students have agreed with the statement. In this second statement, both accounting and non-accounting students do not seem to agree with each other. However, the perception of non-accounting students on the ethicality of tax evasion is consistent with the above statement (i.e. 43.3% higher than 12.1% and, 54.6% higher than 52.5% as well). The reason may be because the respondents are a student and they are struggling with financing to support their education. Hence, financial constraints greatly influence their level of tax morale (Slemrod, 2002; Ibrahim *et. al.*, 2015).

Table 5: Taxpayer financial constraints

Statements	Frequency (F) – Percentage (%)							
	Strongly Disagree		Disagree		Agree		Strongly Agree	
	F	%	F	%	F	%	F	%
Q11. Tax evasion is ethical if I can’t afford to pay								
ACS	38	13.2	99	34.4	124	43.1	27	9.4
NACS	9	9.3	35	36.1	46	47.4	7	7.2
Q12. Tax evasion is ethical even if it means that if I pay less, others will have to pay more								
ACS	96	33.3	155	53.8	34	11.8	1	0.3
NACS	15	15.5	38	39.2	38	39.2	4	4.1

4.6 Religion

The questions about religion have been analysed in table 6. There are three (3) statements which majority of both accounting and non-accounting students have agreed that tax evasion is ethical if the government discriminates against them because of religion, ethical if they pay zakat instead of paying tax to the government and ethical if they donate money to the local mosque. For example, 54.2% (156 students) of the accounting students have agreed that tax evasion is ethical if they pay zakat instead of paying tax to the government, while 60.9% (59 students) of non-accounting students have agreed with the same statement. The reason for it may be that the majority of the students are Muslim who believe responsibility towards religious practices such as zakat payment is more important than conventional tax payment. The result is consistent with other researchers’ that religion plays a significant role in taxpayers’ attitudes (Lago-Penas & Lago-Penas, 2010).

When the statement of “*I do not object if one of my friends or family evades tax*” is compared, 74% (213 students) of the accounting students have not agreed and 51.5% (50 students) of the non-accounting students have not agreed too. The results are consistent with the above three (3) statements. The last question in table 6 is whether tax evasion is ethical if I give my money to any needy person in my country. 43.4% (125 students) of the accounting student and 59.8% (58 students) of the non-accounting student have agreed with the statement.

Table 6: Religion

Statements	Frequency (F) – Percentage (%)							
	Strongly Disagree		Disagree		Agree		Strongly Agree	
	F	%	F	%	F	%	F	%
Q13. Tax evasion is ethical if the government discriminates against me because of my religion, race, or ethnic background								

	ACS	55	19.1	103	35.8	96	33.3	33	11.5
	NACS	10	10.3	35	36.1	40	41.2	12	12.4
Q15. I do not object if one of my friends or family evades tax	F	%	F	%	F	%	F	%	F
	ACS	55	19.1	158	54.9	71	24.7	4	1.4
	NACS	10	10.3	40	41.2	37	38.1	10	10.3
Q16. Tax evasion is ethical if I pay zakat instead of paying tax to Inland Revenue Board (IRB)	F	%	F	%	F	%	F	%	F
	ACS	36	12.5	96	33.3	106	36.8	50	17.4
	NACS	7	7.2	30	30.9	47	48.5	12	12.4
Q17. Tax evasion is ethical if I donate my money to any local mosque	F	%	F	%	F	%	F	%	F
	ACS	44	15.3	115	39.9	99	34.4	29	10.1
	NACS	8	8.2	39	40.2	40	41.2	10	10.3
Q18. Tax evasion is ethical if I give my money to any needy person	F	%	F	%	F	%	F	%	F
	ACS	39	13.5	123	42.7	101	35.1	24	8.3
	NACS	6	6.2	33	34	47	48.5	11	11.3

5.0 CONCLUSION

The primary objective of this research is to examine the determinants of students' perception of tax morale among the accounting and non-accounting students. The research involves accounting students with tax education exposure and non-accounting students with no tax education exposure in UiTM. The survey form consists of a series of questions about student's perception of tax morale. The findings of this research provide evidence that tax rate, perception of fairness in the tax system, efficiency in government spending, corruption in government, taxpayer financial constraints and religion influence the student's perception on the level of tax morale. Higher tax rate influenced student's perception to believe that tax evasion is ethical from both accounting and non-accounting students. The same finding is obtained when the students perceived tax system was unfair.

In terms of efficiency in government spending and corruption in government, both accounting and non-accounting students perceived tax evasion is morale when the tax collection is wasted on government expenditures not benefited them and untrustworthy government. However, for efficiency in government spending, total statements were six (6), but, only the statement of "*Tax evasion is ethical if a large portion of the money collected is wasted*", both accounting and non-accounting students have agreed, whereas, the remaining statements, their stand of ethicality are mixed. The other factors such as taxpayer's financial constraints and religion are also influenced the student's perception to believe that tax evasion is ethical from both accounting and non-accounting students. The result of religion is expected since the majority of the respondents are Muslim. As overall, even though both accounting and non-accounting students have a different understanding of taxation, education at a higher level has positive effects on the students who are the future taxpayers. It also shapes their perception of tax-compliant culture.

Several limitations with regards to the study are identified. Firstly, there is an uneven distribution of the sample between accounting and non-accounting students. The conclusion drawn from the students' feedback cannot properly represent the whole population on the perception of tax morale. For future studies, it is desirable to utilize a balanced number of accounting and non-accounting students. Secondly, there is a possibility that certain questions in the questionnaire might confuse with the term of tax evasion despite the guidance provided during the data collection process. In the future, it is recommended that the questionnaire be conducted in a focus group to ensure every respondent have equal and sufficient assistance in answering the questions.

Finally, the findings will provide an insight as to why society considers it ethical not to pay taxes. The study contributes the knowledge in the current body of literature on tax morale and tax compliance. This is because taxes are used by the government to sustain economic growth, especially during the economic downturn by injecting financial funds into the national economy. In addition, previous literature focused on the Middle East or European countries and little emphasized from Asian countries like Malaysia. The significant of the study will provide an input of root caused to the relevant enforcement authorities such as IRBM, Central Bank of Malaysia (BNM), and Malaysian Anti-Corruption Commission (MACC) in identifying the factors that will contribute to tax compliance, financial crimes, and corruption.

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THE RELATIONSHIP BETWEEN TAX KNOWLEDGE AND TAX MORALE TOWARDS PERCEPTION ON THE SEVERITY OF TAX EVASION

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Abstract

Tax evasion is a circumstance in which a taxpayer deliberately refuses to pay his tax liability. Tax evasion is seen as a direct infringement of a tax provision. Because tax evasion is a 'concealed' offence, individuals tend to take it lightly. The perception of individuals about this offence may differ depending on many variables which include tax knowledge and tax morale. Thus, the aim of this paper is to investigate the relationship between tax knowledge and tax morale towards perception on the severity of tax evasion, from the perspective of salary earnings' taxpayers. Both printed and online questionnaires were dispersed to approximately 580 random Malaysian salary earnings' taxpayers. Multiple regression method was used for the purpose of data analysis. The findings revealed that both tax knowledge and tax morale have significantly positively associated with the correct perception of how severe evading tax is. In addition to the inclusion of a more recent literature on the variables, the study is also expected to trigger the curriculum reviewer to consider introducing tax education as part of the general school syllabus so as to prepare the society with a strong possession of tax knowledge as well as to instil a good tax morale as early as possible.

Keywords: Tax knowledge, tax morale, tax evasion, taxpayers

1.0 INTRODUCTION

Apart from being a source of income to the government, tax is also imposed to reduce or discourage taxpayers to engage in activities that give negative impacts such as alcohol and tobacco. Tax also acts as an incentive for those who conduct activities that provide social benefits such as research and development activities. However, there are events that distort the collection of the government's revenue such as white collar crimes. Activities like money laundering, related party transactions and accounting fraud have deterred the government's revenue collection. The tax authority is responsible in the revenue collection. However, the main problem here is refusal to pay tax by the taxpayers. There are two ways that taxpayers can avoid from paying tax namely, tax avoidance and tax evasion. Tax avoidance is legal as it is within the legal framework of the tax law in which taxpayers exploit the loopholes of tax requirements. On the other hand, tax evasion is illegal as it is a violation of the law (Sandmo, 2005). Tax avoidance such as income splitting is a wise act of legally arranging the tax affairs to reduce the tax liabilities (Kasipillai, Baldry, & Rao, 2000). Refusal to pay tax may be attributed by many reasons such as the tax system itself.

Tax evasion is an undesirable misadventure which causes a huge loss to the government in terms of revenue and reduces the effectiveness of the tax system (Benk, Budak, Püren, & Erdem, 2015). It is a form of tax fraud interpreted as a robbery of a state when analogizing it with a bank robbery (Compin, 2015). The occurrence of tax evasion may be influenced by the taxpayers' preference towards tax, either they prefer a greater tax cut or to bear a higher tax rates but living a more satisfactory life which results from a better developed country. According to the Australian Election Study conducted by Gregory (2009), there is an evolution in the taxpayers' preference in which most of them prefer to have a reduced tax rates. However, after several years, this preference has changed when there is a balanced demand for both reduced tax and higher government spending. Thus, it makes sense that although there are huge number of taxpayers who comply to pay tax, there are also taxpayers who do not want to pay tax (Ho & Wong, 2008). It is uncertain how many taxpayers who evade taxes, but it is quite certain that there are quite a number of them (Sandmo, 2005). As the number of uncollected income tax goes higher, which were reflected in the increased number of individuals banned from leaving the country as reported in the Inland Revenue Board of Malaysia (IRB) 2013 to 2016 annual report, the law-abiding taxpayers will eventually have to bear a greater share of the tax burden (Kasipillai et al., 2000). Apart from the tax system and tax preference, there are

several other factors that led to such evasion, for instance the fiscal equity perceptions, economic condition, enforcement, procedures of tax collection, attitude towards risk as well as tax morale among others.

In Malaysia, the revenue loss borne by the government resulting from the unresolved uncollected income tax is very high from year to year, as it reaches millions of Ringgit. This can be measured from the effective cases of stoppage order on individuals who failed to settle their tax dues as reported in the annual report of IRB from 2013 to 2016. Most people do not favor paying tax, thus will avoid or evade payment either wholly or partly (Bridges, 1997). For example: As of June 2007, there were RM14.1 billion accrued in taxes, which was higher than the preceding years of 2006 and 2005 at RM13.8 billion and RM11.1 billion respectively (A.Samy, 2007). Most of the unpaid taxes came from businesses. Similar news were reported in 2012 where 300 businesses were found to have under-declared their taxable income in order to avoid and reduce their tax liabilities (BERNAMA, 2012). Worse of all, tax evasion contributes to the largest proportion to government losses as compared to other forms of economic crime (Bridges, 1997).

Such a huge unpaid tax distorts the development of the country as the revenues are needed to fund the country's facilities and infrastructures. It may also limit the government from engaging in big investments and projects due to financial constraint. In order to avoid bearing such big losses, the government needs to spend on strengthening the law enforcement on the tax evaders. There are initiatives taken by the government. For example: the restrictions imposed on tax offenders from leaving the country until they settle their tax dues (Mun, 2014). Other than that, the maximum tax rate (for income exceeding RM100,000 for 2014 and RM400,000 for 2015) have reduced gradually from 26% in 2014 to 25% in 2015. Even though the maximum rate has risen up to 28% and remain constant in 2016 through 2018, this is only applicable to income exceeding RM1,000,000, which is not much difference in terms of the percentage as compared to the huge difference in terms of the amount (RM400,000 and RM1,000,000). A lot of reliefs and rebates were also given to lighten the tax liabilities of individuals. For example: the latest budget as tabled on 2nd November 2018 has marked an increase in the relief on contributions to Employees Provident Fund (EPF) and payment for life insurance premiums or takaful from RM6,000 to RM 7,000 per year, an additional tax relief on net savings in the National Educational Savings Scheme (SSPN) of up to RM8,000 annually, while other existing income tax rebates remain unchanged for YA 2019.

Since tax evasion is a big concern to be resolved, this study attempts to explore more on this issue due to the scarcity of studies in examining the taxpayers' perception on the severity of tax evasion, particularly in Malaysia. Even though most of the unpaid taxes are from businesses (A. Samy, 2007), the cases among individual taxpayers are not small in numbers as it involves millions of ringgit. If the root cause is identified, in this case, the taxpayers' view on the severity of tax evasion, it is highly probably that the bigger tax evasion problems involving a greater amount of the loss of government's revenue would be resolved or at least reduced. Such unpleasant event may lead to an increase in the national debt, where the government might have to borrow more funds to develop the country. Of consequence, this will eventually result in the loss of confidence by the public towards the ruling government. Worst of all, bad political implications may take place if people decide to vote out the government that fails to provide sufficient and convenient public services.

This study intends to fill in the gap in order to obtain a clearer view on the taxpayers' perception regarding the severity of tax evasion. Therefore, the objectives of this study are:

1. To identify the relationship between tax knowledge of taxpayers and their perception on the severity of tax evasion;
2. To identify the relationship between tax morale and the perception of the taxpayers on the severity of tax evasion.

2.0 LITERATURE REVIEW

2.1 Perceived Tax Evasion

There is a body in the tax literature that has examined the factors that influence taxpayers' attitude on tax compliance. The findings in these studies served as the basis in arriving to the argument of this study, which is the perception of the Malaysian salary earning taxpayers on the severity of tax evasion since attitude and perception are interrelated. In a study by Mwangi and Otanga (2015), they found that there was a positive attitude of students in seeking guidance and counselling services in their institutions. For example: welcoming an external aid when they were facing personal or emotional conflicts, suggesting a friend to consult the counsellor when he/she has problems and also preferring a counsellor rather than a friend for counselling. This finding provided the evidence that students' positive perception on the services offered by the counsellor influenced their attitude or behaviour. Among the positive perceptions include the perceived benefits from seeking the guidance and

counselling services. Other than that, understanding that guidance and counselling are not only useful for people with serious problems as well as having the confidence that the department has the counsellors' competency in addressing the problems of the students would also lead them into looking up for the services.

Galdi and Likita (2014) defined attitude as characterised by prejudices, stereotypes, opinions, beliefs and perceptions. This enables the prediction either there is a tendency to act favourably or unfavourably to a certain situation. Golden (2011) stated that the way an individual perceive his world influence his attitude. An individual with positive perception is more likely to thrive while an individual with negative perception has the tendency to struggle. Ferguson and Bargh (2004) mentioned that perception of a behaviour may result in the behaviour being performed. Based on the findings in these studies, it can be concluded that attitude is a result of perception, where perception is a kind of mental state of deciding which then flows in the form of attitude and behaviour.

One of the possible reasons that causes taxpayers to evade tax could be due to the perception that tax evasion is not a serious crime (Burton, Karlinsky, & Blanthorne, 2005). Thus, such perception may lead the taxpayers to not feeling afraid and feel complacent to cheat on their tax obligations. Benk et al. (2015) in their study compared tax evasion with other offences to determine the ranking of tax evasion in terms of severity. They found that tax evasion is perceived as less severe in relative to the other types of violations. Out of the 21 violations selected in their study that includes rape, murder, accounting fraud, robbery and insider trading among others, tax evasion was ranked as the 10 most severe offence in Turkey which can be considered as less severe.

Similarly, Aljaaidi, Manaf, and Karlinsky (2011) in Yemen explored the public's perception of severity of tax evasion in comparison with other violations and crimes. They also found similar findings to the earlier studies, where the Yemenis viewed tax evasion to be the least serious crime. In their study, items related to tax evasion were ranked 28, 29 and 30 from the total 30 offences selected in their study. The items in the ranking list include understatement of taxable income, followed by overstatement of tax deduction and the item considered to be the least severe was failure to submit tax return. Their result suggested that tax evasion is a normal practice in that country. Another study performed by Burton et al. (2005) also concluded that tax evasion was perceived as merely somewhat serious in general and was ranked the least severe in relative to the other four white collar offences in the United States.

2.2 Tax Knowledge

Knowledge of tax is not similar to the level of education since tax knowledge involves the ability to understand specific affairs relating to tax. Tax knowledge is considered as a factor that may influence the taxpayers' perception on tax evasion. Tax knowledge is imperative as it enables the taxpayers to understand the underlying reality of tax system (Eriksen & Fallan, 1996). Tan and Chin-Fatt (2000) suggested that a good knowledge of tax particularly the understanding of the relevance of tax system and tax law enables them to make a better judgement of the current system and law. With the evidence that tax knowledge has an effect on taxpayers' understanding, it can be inferred that it may also shapes the taxpayers' perception on the severity of tax evasion, which then believed to be able to lead taxpayers to become tax compliant. This is in agreement with several studies as cited by Saad (2014) which suggested that tax knowledge is the key factor that influence the taxpayers to comply to the tax laws.

Balch (1980) argued that people usually do not use a new product or service or may respond unexpectedly. This is because they are not aware of the product or service, or uncertain about its implications. In relation to this study, without proper tax knowledge and how tax evasion may bring negative consequences, the taxpayers may perceive tax evasion as not a serious violation of law and thus, view it as an acceptable act. Tan and Chin-Fatt (2000) found that higher tax knowledge enhances the perceptions of taxpayers regarding the tax system fairness as well as the attitudes of tax compliance. This indicates that it is unlikely that the taxpayers would evade tax if they have good knowledge on tax law. This is also consistent with the findings by Kirchler, Maciejovsky, and Schneider (2003). They examined the implications of tax knowledge on the understanding of tax evasion behaviour among business administration and economic students, small business owners, lawyers and fiscal officers. Their result revealed that high tax knowledge changed the view on the behaviour of tax evasion. Thus, contributing to the perception that tax evasion is unacceptable.

Similar findings were also found in Eriksen and Fallan (1996). They found that better tax knowledge to the greater segments of society was a successful medium in combating tax evasion as tax ethics improved and misconception on the fairness of the tax system rectified. Therefore, the first hypothesis is developed as follows:

H1: There is a positive significant relationship between tax knowledge and the taxpayers' perception on the severity of tax evasion

2.3 Tax Morale

In a system that relies heavily on voluntary compliance such as SAS in Malaysia, the taxpayers' tax morale is an important element (Song & Yarbrough, 1978). Tax morale is usually developed from culture or historical factors (Dell'Anno, 2009). In determining tax morale, various factors that influence tax morale have been examined such as social influence, perceived tax fairness, perceived detection and trust on government. Tax morale is interrelated with tax evasion. As stated by Molero and Pujol (2012), low tax morale leads to high rate of tax evasion. This is also supported by Kogler et al. (2013) and Dell'Anno (2009) that a reduced number of tax evasion can be achieved with a high level of tax morale among taxpayers. Therefore, it is important to enhance the tax morality among the taxpayers.

Perceived detection can be used to measure the high or low of tax morale. It is believed that if there is a high chance of detection perceived by the taxpayers, they would likely avoid tax evasion (Torgler, 2004). Molero and Pujol (2012) found similar findings and suggested that taxpayers' become tax compliant when they do not want to get caught of cheating. This could also be translated as perceiving tax evasion as a serious offense. Similarly, Simmons and Cheng (1996) also found that if an individual believes that the authority could not detect if he evades, then he would tend to evade tax.

Social influence also contributes to shaping tax morale. According to Ali, Fjeldstad, and Sjørnsen (2014), tax compliance is affected by social influence. If an individual believes that their peers are compliant, he would also be less likely to evade tax since it is perceived as an abnormality to be non-compliant. This proves that social influence has an effect on tax morale and perception towards the severity of tax evasion. Thus, the following research hypothesis is developed:

H2: There is a positive significant relationship between tax morale and the taxpayers' perception on the severity of tax evasion

2.4 Theory of Behaviour

Attitude or behaviour is interrelated with perception. Since behaviour is partly shaped by perception, it is relevant to look at the behavioural theory as a theory underpinning this study. Behavioural theory consists of several theories that explain the behaviour of human. However, in relation to tax evasion, there are two theories of behaviour that seem relevant to this study. The two theories are the non-expected utility theory and the theory of planned behaviour (TPB).

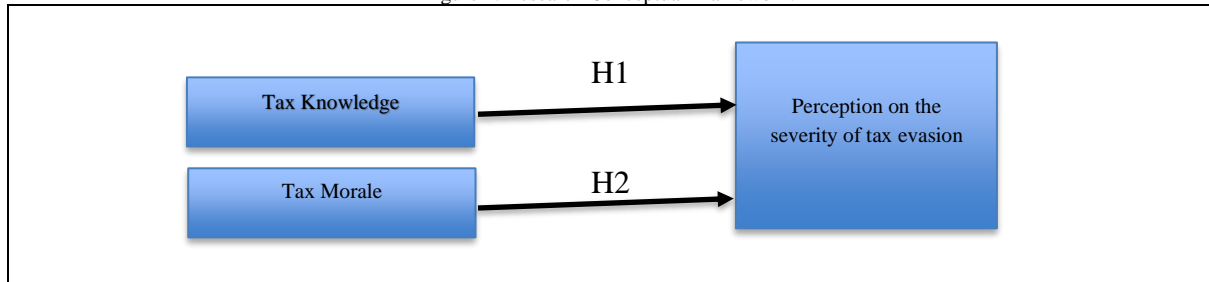
The non-expected utility theory is a model of beliefs and risk preferences of individual choices under the state of uncertainty (Machina, 2004). It explains the situation where taxpayers tend to overweight the possibilities of getting caught, thus making them more risk-averse (Weber, Fookien, & Herrmann, 2014). It explains that the taxpayers are aware of the severity of tax evasion and that they might get into trouble if they are caught when committing such crime and thus, avoid taking risk. For example: taxpayers tend to become more compliant when they think that there is a high probability for them to be selected for tax audit (Weber et al., 2014).

As for TPB, this theory suggests that an actual behaviour is resulted from a behavioural intention (Eagly & Chaiken, 1993). Intention is believed to have a motivating factor that influences the behaviour. For example: an act of evading tax started from the intention to evade, which then lead the fraudster to act in a way that enables the evasion to occur such as overstating expenses and underreporting income. Eagly and Chaiken (1993) noted that attitude is defined as feelings about a particular behaviour which can either be positive or negative. It is determined by an individual's beliefs or perceptions pertaining to the implications of such actions and then followed by the desirability of the implications. In addition, according to Soesilowati (2011), attitude can be defined as a psychological propensity in evaluating whether something is preferred. In relation to tax evasion, an explanation as to why an individual evades tax could be because of his belief that it is not a severe offence and he would not end up being in a bad consequence such as getting caught and penalised.

2.5 Conceptual Framework

Based on the literature reviews, most of the researches that examined the tax evasion issues were performed outside Malaysia. Thus, this research is conducted in Malaysia to investigate the relationship between tax knowledge and tax morale towards the perception of the Malaysian salary earnings' taxpayers on how severe tax evasion is. This study is driven by the limited studies that have examined this issue within Malaysia setting. Figure 1 presents the conceptual framework which act as a basis for this study.

Figure 1. Research Conceptual Framework.



3.0 RESEARCH METHODOLOGY

3.1 Population and sample size

The population of this study is the salary earning taxpayers in Malaysia. The sample is randomly selected representing the population as a whole. They come from both the public and private sectors. This study is conducted only within the scope of salary earning taxpayers in Malaysia, excluding the self-employed taxpayers. This sample is chosen based on the ground that they are one of the biggest groups paying income tax to the tax authority. Thus, making their perceptions relevant in this study. In addition, the fact that they are large in number making it convenient for the data collection to be done within a short period of time.

3.2 Research Instrument

This study uses questionnaire survey that consist of four parts. Section A tests the respondents' perception on the severity of tax evasion. There are a few statements on the situations that constitute tax evasion. The respondents are requested to choose between the scale of 1 to 4, where 1 = not serious, 2 = somewhat serious, 3 = serious and 4 = extremely serious. Section B is on the tax knowledge of the respondents. This section further consists of two parts. Part B1 requests the respondents to respond to a few statements relating to tax whilst part B2 involves the respondents respond to items that should be included in their tax computations. Respondents are requested to choose between the scale of 1 to 4, where 1 = strongly disagree, 2 = disagree, 3 = agree and 4 = strongly agree. Section C is on the tax morale of the respondents. Few questions on tax morale are asked and respondents are requested to tick one out of four scales provided where 1 = completely acceptable, 2 = acceptable, 3 = unacceptable and 4 = completely unacceptable. The final section, Section D requests the respondents to complete their demographic profile such as age, gender, level of education and level of income.

3.3 Data Background

Five hundred questionnaires based on e-survey were dispersed randomly to the Malaysian salary earning taxpayers. In the attempt to get a higher response rate, 80 printed questionnaires were also manually distributed. Out of the 580 questionnaires, only 114 responses were obtained through e-survey and another 53 responses were received through the self-administered questionnaires, making the total number of responses is 167 responses and resulting in a response rate of 28.79%. This number has met several rules of thumb in determining the appropriate sample size. According to Roscoe (1975) as cited by Sekaran and Bougie (2013), a sample size in a study should be between the range of 30 to 500. Thus, the sample size of 167 is considered to be sufficient in this study. However, seven outliers were found when the data was entered into SPSS. These outliers were removed resulting in the total final data of 160. It is necessary for the outliers to be removed as they would affect the data normality that lead to the distortion of the statistical result (Field, 2013).

4.0 RESULTS AND DISCUSSION

4.1 Descriptive Statistic

The demographic profile of the respondents consisting of gender, age, level of knowledge and level of income. Table 1 portrays the demographic profiles of the respondents. Most of the respondents are female taxpayers with the number of 103 respondents (64.4%) whereas male taxpayers made up the remaining 35.6% of the total respondents with the number of 57 taxpayers. For age factor, out of the 160 respondents, 72 respondents (45%) are aged between 20 to 30 years of age which represents the largest group of age. Thirty six respondents (22.5%) consist of people between 31 to 40 years old, 23 respondents (14.4%) are between the age of 41 to 50, 26

respondents (16.3%) are between 51 to 60 years old and the remaining 3 respondents (1.9%) are above 60 years old, making it the smallest age group.

The table also shows that 5 respondents (3.1%) have not attended college and their highest qualification is SPM. This is followed by 14 respondents (8.8%) having a Diploma and the largest group of respondents are Bachelor Degree holders represented by 105 taxpayers (65.6%). There are 23 respondents (14.4%) who hold a Master Degree and another 8 respondents (5%) have a PhD qualification. The smallest group is made up of 5 respondents (3.1%) who have other qualifications than the above.

As for level of income group, seven monthly income intervals for a total of 160 respondents involved in this study. Out of that, 66 respondents (41.3%) are earning an income of less than RM 4,000 per month, making it the largest group of the total respondents. Forty respondents (25%) earn a monthly income ranging from RM4,000 to RM5,999, 18 respondents (11.3%) having an income between RM6,000 to RM7,999 per month, 9 respondents (5.6%) consist of taxpayers with a monthly income of RM8,000 to RM9,999 and 17 respondents (10.6%) are earning between RM10,000 to RM14,999 per month. Seven respondents (4.4%) are earning an income of RM15,000 to RM19,999 received per month and the remaining 3 respondents (1.9%) earn a monthly income of more than RM20,000, making this income category the smallest group of respondents.

Table 1. Descriptive Statistics - Demographic Profile

Demographic profiles	N = 160	%
Gender:		
Male	57	35.6
Female	103	64.4
Age:		
20-30	72	45
31-40	36	22.5
41-50	23	14.4
51-60	26	16.3
>60	3	1.9
Level of education:		
SPM	5	3.1
Diploma	14	8.8
Bachelor's Degree	105	65.6
Master Degree	23	14.4
PhD	8	5
Others	5	3.1
Level of income (per month):		
< RM 4,000	66	41.3
RM 4,000 – RM 5,999	40	25
RM 6,000 – RM 7,999	18	11.3
RM 8,000 – RM 9,999	9	5.6
RM 10,000 – RM 14,999	17	10.6
RM 15,000 – RM 19,999	7	4.4
>RM 20,000	3	1.9

Table 2 shows the factors used to measure the perception of the Malaysian salary earning on the severity of tax evasion. A 4-point Likert scale was adopted similar to Tan and Chin-Fatt (2000). A mean score of less than 1 indicates that the tax evasion is perceived as not serious, less than 2 suggests that it is perceived only as somewhat serious, less than 3 suggests that the offence is perceived as serious whereas a mean value of less than 4 indicates that the tax evasion is viewed as an extremely severe violation of law. The act of not reporting the business income shows the highest score with a mean score of 3.61. Such result indicates that such act is perceived tax as an extremely serious offence. This is followed by the use of fictitious receipts to inflate expenses in order to reduce tax with a mean score of 3.58. This result also suggests that it is considered as an extremely severe offence. The lowest mean score of 2.96 is on submitting the tax return on time to Inland Revenue Board (IRB) without tax payment, which is viewed as serious. However, even with the lowest mean score, it is still perceived to be within the range of a serious offence.

Table 2. Descriptive Statistics - Perception on the severity of tax evasion

Statements	N	Minimum	Maximum	Mean	Std. Deviation
Late filing of return	160	1	4	3.18	0.951
Did not report rental income	160	1	4	3.25	0.952
Fictitious receipts	160	1	4	3.58	0.765
No tax payment	160	1	4	2.96	0.934
Did not report business income	160	1	4	3.61	0.778
Underreporting business income	160	1	4	3.50	0.824
Government benefits	160	1	4	3.49	0.839
Loopholes	160	1	4	3.18	0.957

Not fully reporting income	160	1	4	3.36	0.858
Overall	160	1	4	3.51	0.718
Valid N (listwise)	160				

Table 3 presents the 18 factors used in measuring the tax knowledge of the respondents. The 4-point Likert scale was used. A mean score that is less than 1 indicates that the respondents' tax knowledge is poor. A mean score of below 2 suggests that the respondents have a fair tax knowledge. A mean score of less than 3 indicates that the respondents' knowledge about the statement is good. Finally, a mean score of less than 4 indicates that the respondents have very high tax knowledge.

Table 3. *Descriptive Statistics - Tax knowledge*

Statements	N	Minimum	Maximum	Mean	Std. Deviation
Public goods and services	160	1	4	2.78	1.014
Actual income	160	1	4	3.15	0.870
Documents	160	1	4	2.96	1.009
Medical expenses	160	1	4	2.58	1.113
Appeal	160	1	4	3.40	0.754
Obligation	160	1	4	3.31	0.718
Same tax rates	160	1	4	3.04	1.057
Notice of Assessment	160	1	4	2.81	0.906
Personal relief	160	1	4	3.23	0.892
Insurance/EPF	160	1	4	3.12	1.048
Child relief	160	1	4	2.49	1.218
Salaries	160	1	4	3.33	0.895
Allowances	160	1	4	2.64	1.157
Leave pay	160	1	4	2.29	1.151
Commission	160	1	4	2.68	1.151
Interest	160	1	4	2.81	1.053
Living accommodation	160	1	4	2.39	1.076
Mileage	160	1	4	2.92	1.087
Valid N (listwise)	160				

The highest mean score of 3.4 is obtained for the statement 'taxpayers generally have a right to appeal against their tax assessment'. This suggests that most respondents are aware of their right to appeal against their tax assessments. Following this is the statement 'salaries are one of the items to be included in the tax computation'. Most of the respondents agree with this statement that the mean score is 3.33. The statement with the lowest mean score of 2.29 is 'leave pay is included in computing the tax liabilities'. The low mean score indicates that many of the respondents are not aware that this item is included in their tax assessments. This could be due to the fact that they may not have the entitlement for leave pay and thus, are unaware that it is one of the items listed to be included in computing tax liabilities. The same result appears with living accommodation that has a mean score of 2.39, indicating that most respondents do not think that it needs to be taken into tax computation.

Table 4 displays the 8 factors used in measuring tax morale among the respondents. A 4-point Likert scale was used. A mean score that is lesser than 1 suggests that the respondents' tax morale on the statement is poor. A mean value of below 2 reflects that the respondents have a modest tax morale. As for the mean score of less than 3, it indicates that the respondents' possess a good tax morale. On the other hand, a mean score of below 4 indicates that the respondents have a very high tax morale.

[2] Table Error! No text of specified style in document.. *Descriptive Statistics - Tax Morale*

Statements	N	Minimum	Maximum	Mean	Std. Deviation
Cheating on returns	160	1	4	3.04	.857
Cheating and not discovered	160	1	4	3.04	.849
Complicated financial arrangements	160	1	4	2.89	.876
Eliminate tax bill	160	1	4	2.29	.927
Reduce amount of tax	160	1	4	2.93	.912
Other people's receipts	160	1	4	2.89	.956
Increase EPF	160	1	4	2.61	.990
Change cash remuneration	160	1	4	2.73	.888
Valid N (listwise)	160				

With the highest mean score of 3.04, this study portrays that most respondents disagree that people may cheat on their returns so that they pay fewer amount of tax to the government. The respondents also disagree on the statement that follows after, which has the same mean score as the previous statement. Such result suggests that the respondents have a very high tax morale when they disagree that people may cheat on their returns to enable

them to pay fewer amount of tax to the government than are expected even if it is highly unlikely that they will be caught. The lowest mean score is 2.29. This indicates that the respondents have a slightly lower tax morale when they agree that it is acceptable to exploit the loopholes in legislation to minimise or eliminate their tax bills. In addition, most respondents agree that it is justifiable to increase the Employee Provident Fund (EPF) contribution in order to reduce the yearly income and consequently reduce the tax liabilities (mean score of 2.61). Even though it is considered that the respondents have a lower tax morale, the score of less than 3 is still within the range of having a good tax morale.

4.2 Reliability Analysis

Table 5 shows the results of the second Cronbach's alpha test using the completed data gathered. All of the variables have exceeded the acceptable level of 0.7 with the Cronbach's alpha values of 0.902, 0.840 and 0.817 respectively. Thus, this proved that the factors included in the questionnaires were reliable and valid, which lead to the reliable results and findings.

Table 5. Cronbach's Alpha Test

Variables	Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	N
Perception on the severity of tax evasion	0.902	0.906	10
Tax knowledge	0.840	0.835	18
Tax morale	0.817	0.820	8

4.3 Regression Analysis

Table 6 presents the summary of the multiple linear regression model showing the R square value of 0.226. This indicates that tax knowledge and tax morale explain 22.6% of the perception on the severity of tax evasion. As the value of R square lies within the range of 0.11 to 0.3, the linear regression is considered to be modest fit. Additionally, according to Gujarati and Porter (2009), if the value of R square is reasonably high (20% is considered high for social science courses), and the Durbin-Watson (DW) has an acceptable value (around 2), then the model is considered to be a good model.

Table 6. Results for Multiple Linear Regression Analysis

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	1.010	0.352		2.868	0.005		
Knowledge	.312	0.115	0.215	2.718	0.007	0.787	1.271
Morale	.518	0.122	0.336	4.248	0.000	0.787	1.271
N	160						
R Square	0.226						
Adjusted R Square	0.216						
Durbin-Watson	1.701						
F-Value	22.931						
(Sig. Value)	(0.000)						

a. Dependent Variable: Perception

As a result, the equation of the multiple linear regression model was constructed as follows:

$$Y = b_0 + b_1(X_1) + b_2(X_2)$$

$$\text{Perception} = 1.010 + 0.312(\text{Knowledge}_1) + 0.518(\text{Morale}_2)$$

From the equation, b represents the relationship between the perception on the severity of tax evasion with both tax knowledge and tax morale. For knowledge, (b = 0.312) as the mean for knowledge is increased by 1, the mean for perception on the severity of tax evasion is increased by 0.312. In other words, it is the estimated change in the average value of the perception on the severity of tax evasion as a result of one-unit change in tax knowledge. As for morale, (b = 0.518) represents the estimated change in the average value of the perception on the severity of tax evasion as a result of one-unit change in tax morale. As there is an increase in the mean value of tax morale, the mean for the perception on the severity of tax evasion will be increased by 0.518. These situations are able to prove the following hypotheses:

H1: There is a relationship between tax knowledge and the perception on the severity of tax evasion.

H2: There is a relationship between tax morale and the perception on the severity of tax evasion.

From the overall result, there is a significant relationship ($p < 0.05$) between tax knowledge and the perception on the severity of tax evasion. This portrays that as tax knowledge increase, people would perceive tax evasion as a severe offence. This could be due to the fact that people with a good tax knowledge are able to understand the need of paying tax, the benefits that could result from it as well as how the tax system operates as a whole. Thus by evading tax, it would lead to a lot of negative serious implications including a distortion of the economic development. This is supported by Eriksen and Fallan (1996) that suggested that a better tax knowledge to the greater segments of society would be a successful medium in combating tax evasion as it corrects the misconception on the fairness of the tax system. The result of this study is also consistent with Kirchler et al. (2003). They found that a high tax knowledge changed the view about the behaviour of tax evasion where it contributes to the perception that tax evasion was unacceptable and was associated with immoral behaviour. Thus, the first hypothesis is supported.

Same goes to tax morale, where there is also a significant relationship ($p < 0.05$) between tax morale and the perception on the severity of tax evasion. This suggests that with a high level of tax morale, people tend to view tax evasion as a serious crime and is unacceptable. The reason could be because the good ethic possessed by people would refrain them from committing such unethical actions. The fact that tax evasion is actually a serious crime, people with a good tax morale might find it not only bad to the nation, but would also impairs their own principle as a moralised person. It could also be due to the worries that they might be caught for committing such unethical behaviour. Kogler et al. (2013) and (Dell'Anno, 2009) agreed that a reduced number of tax evasion can be achieved with a high level of tax morale of taxpayers. This is in line with the current hypothesis. A similar result was found in Molero and Pujol (2012) that revealed people were willing to be tax compliant as they do not want to get caught of cheating. This may be translated as being aware of how serious and immoral tax evasion is that people would end up being not so lucky. Therefore, the second hypothesis is supported.

5.0 CONCLUSION, LIMITATION AND RECOMMENDATION

The first objective of this study is to determine the significant relationship between tax knowledge and the taxpayers' perception on the severity of tax evasion. From the regression analysis, the results show that there is a positive significant relationship between tax knowledge and the taxpayers' perception on the severity of tax evasion. In other words, taxpayers that have a high tax knowledge would tend to perceive tax evasion as severe. This could be closely related to the fact that when people are well versed of the function of tax system, they would know exactly how bad tax evasion may affect the public and the country. The findings may trigger ideas to the government to introduce an additional syllabus of tax education in order to educate the students with a good tax knowledge. The syllabus may contain teachings on what constitutes tax evasion, the penalties awaiting tax evaders and also the implications of tax evasion to the economic and the country as a whole. Such early education may be able to deter the number of tax evasion cases from happening in the future.

The second objective of this study is to determine the significant relationship between tax morale and the taxpayers' perception on the severity of tax evasion. The results of the regression analysis show a positive significant relationship between tax morale and the taxpayers' perception on the severity of tax evasion. Such finding indicates that taxpayers with a high tax morale tend to view tax evasion as a serious offence. Possession of good ethics would be able to refrain people from committing such unethical actions as they believe it is not supposed to be done since it involves cheating. Such immoral action is attached to the risk of getting caught, which people with high tax morale would not want to end up with. This finding is consistent with the non-expected utility theory where taxpayers tend to outweigh the possibilities of getting caught, thus making them more risk-averse. In addition, this moral value would be able to make people realise that not only tax evasion is bad to the nation but will also impair their own principle as a moralised person.

This study is not without limitations. The main limitation is that this study includes only taxpayers who earn salary and excludes taxpayers who are self-employed. They may have different thoughts on the severity of tax evasion due to the different nature of employment. Thus, this study may have missed some of the significant views that could actually contribute to a different finding. Future research may extend this study by examining perception of both groups in order to obtain a more objective result. The second limitation concerns the possible misinterpretation of the technical terms used in the questionnaire by the respondents. Since the area is taxation, some of the terms used may only be understood by people in the tax field. Even though a brief explanation on certain terms have been included, there is no guarantee that the respondents did really understand about the associated concept. Future research might also include corporate perceptions on tax evasion. Based on the annual reports of IRB, most of the unpaid taxes are from companies. Thus, by obtaining their views, it is expected to assist the government in taking the appropriate initiatives to curb the issue from spreading worse.

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AN INVESTIGATION OF THE IMPORTANCE OF INFORMATION MANAGEMENT COMPONENTS AS STRATEGIC RESOURCES TOWARDS SUSTAINABLE COMPETITIVE ADVANTAGE OF SMES IN MALAYSIA

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Abstract

This paper attempts to investigate the relationship between information management (hereafter referred to IM) and sustainable competitive advantage (SCA) of Malaysian SMEs by looking from RBV theory. The exponential growth of information in SMEs has shown the important of this asset towards company competitive advantage. Moving towards industrial revolution 4.0, this has changed the way information being developed and kept compared to those early days. The digital transformation is believed to increase competitiveness since the needs to rely on the technology utilization and innovation seem to be crucial as its help to smoothen the business. Meanwhile capability is the ability that SMEs own in mobilizing their resources to achieve desired goals. Therefore, with the emergence of technologies in all aspects of activity, this paper desired to further investigate whether IM give impact to SCA of SMEs in Malaysia

Keywords: Information, information management, technology, innovation, sustainable competitive advantage, Resource Based View, RBV, small medium and enterprises, SMEs

1.0 INTRODUCTION

It is understood that across sectors, most firms should recognize that attaining competitive advantages is the most challenging issue facing firms in the 21st century (Eniola & Ektebang, 2014; Munir, Lim, & Knight, 2011; Supriyadi, 2017; Tasmin et al., 2016). Gaining competitive advantage is critical for small medium and enterprises. Living in this globally competitive environment, SMEs must ensure their existence can be lasted longer and remain sustain over period of time. It is important to know the percentage of firms that close their business in a given year and to compare it over time and across countries. According to SME Annual report 2015/2016, more than half of start-ups fail within the first five years, with rates of surviving firms varying from less than one in five firms in Lithuania to about two-thirds in Sweden. In Austria, Belgium, Luxembourg, the Netherlands and Sweden, the survival rates of start-ups are consistently higher than in other countries (SME Corp Malaysia, 2016). It shows that SMEs need to have a strong shield, since their capability to survive can avoid them fall into mortality condition. Whatever happened in other countries should be learnt by Malaysian SMEs for betterment.

The vowed by the Malaysian Governments to strengthen SMEs can be seen from the level of execution of the Malaysia Industrial Master Plan, predominantly the Industrial Master Plan 2 or IMP2 from 2000 to 2005 which was followed by the IMP3 covering 2006 to 2020. The implementation and monitoring of the ETP and Government Transformation Programme (GTP) are overseen by the Performance Management and Delivery Unit (PEMANDU), which was established in September 2009 as a unit within the Prime Minister's Department (PEMANDU, 2012). Emphasis has been given to creating competitive advantage based on information and communications technology (ICT), capacity building and enhanced productivity, to enable the SMEs to face the challenges of a more liberalised market (SMIDEC, 2007). Malaysian SMEs have performed remarkably well, with growth exceeding that of the overall economy. In this context of study, SMEs of services sector become the main subject due to its contribution to the national GDP increased to 37.1 per cent as compared to 36.6 per cent recorded in 2018 (Table 1). This has reaffirmed SMEs role as substantial economic agents in supporting Malaysia's economic growth.

Table 1. Contribution of SMEs to overall GDP by Economic Sector (%)

Sector/ Year	2013	2014	2015	2016	2017
Agriculture	4.0	4.5	4.3	4.1	4.1
Mining & Quarrying	0.1	0.15	0.2	0.2	0.2
Construction	1.1	2.0	2.1	2.1	2.2
Manufacturing	7.5	7.8	7.9	7.9	8.0
Services	20.5	21.1	21.4	21.8	22.1

Plus: import duties	0.3	0.4	0.5	0.5	0.5
% SME GDP to overall GDP	33.5	35.9	36.3	36.6	37.1

Source: (SME Corp. Malaysia, 2018)

Therefore, based on the existence of the valuable and abundance of information created in SMEs, this paper highlighted whether information management components as one of the pivotal resources mentioned have the capabilities to support SMEs towards SCA. Information in this aspect will be considered as an important asset and resource along with technology and innovation (S.L. Jarvenpaa & D.E. Leidner, 1997). It provides a guideline for SMEs in providing a complete understanding on the importance to produce a good information management especially for the stakeholders to get reliable information as an admissible evidence as boosting the image of the organization due to rapidly evolving communication technologies thus can stay competitively and productively.

1.1 Information management components as strategic resources

Although in Malaysian SMEs, there are many resources have been produced to achieve SCA, but whether these resources have the capabilities to avoid from become not valuable, rare, imperfectly imitable, and not substitutable is still unknown. SMEs must know what their resources are. Besides, they need to know how to use them and turn them in an advantage for their business. One of the important resources would be information. Albeit many studies earlier focusing on the importance of information management, but people still not aware on the needs of it. As agreed by Rad, Shams, & Naderi (2009) urged that good and quality information can improve decision making, enhance efficiency and allow organizations to gain competitive advantages (Porter & Millar, 1985). In IM context, information and knowledge can be considered as value element. Apart of knowledge, information also is a possible construct to be considered as it is one example of an asset (Barney, 1991). Although Barney's work has been recognized since 1991, but the work is still relevant and important even after more than 27 years because it is widely considered as a turning point in research pertaining to sustainable competitive advantage as it has shifted the focus towards resource and capabilities (Devece & Palacios, 2016; Mithas, Ramasubbu, & Sambamurthy, 2011). Information is seen as a strategic asset with the potential to be a source of competitive advantage for an organization because information will come first before knowledge. According to Saariluoma (2006), knowledge becomes significant only when it is expressed in practical terms, such as product development and other applications. However, information becomes knowledge and applicable only when built upon the ever-growing body of basic knowledge, which is discovered in the academic inquiry of the university.

According to (Alicia & Blaga, 2015), the huge volume of available information creates opportunities for their exploitation by creating new products and services, creating new entrepreneurial activities and increasing the number of work places. The impact of information is not just to the organization itself, but also will bring out the best image and good quality for the whole process. Quality information is one of the competitive advantages for an organization. It seems that the quality will also effect the competitiveness of the organization and maintain a stronger position relative to the competition (Abdullah & Azim, 2015; Keh, Nguyen, & Ng, 2007).

In line with this, it is important for all SMEs to ensure their understanding on the types of resources/capability possess by their organization can give competitive advantage and contribute to the SCA. This is because, from the services sectors, most of the sectors provides homogenous products and services. In order for them to sustain, they have to ensure what they can offer is absolutely different from their competitors without jeopardising the concept of sustainable competitive advantage comprises of value, rare, inimitable and non-substitutable (Barney, 1991; Barney, Wright, & Ketchen, 2001). In study by Coplin (2002), the researcher believes and has addressed the idea that businesses all over need to explore how their resources and skills can be transformed into competencies and competitive advantages that will position the firm in advantageous position vis-à-vis competitors. According to Barney (1991) one of the competitive advantage is information as a strategic resource. One question that need to be asked, however, is whether information is really a strategic resource especially in IR4.0 era.

Even more, the previously mentioned studies suggest special linkages between the resource position of the firm and its sustainable competitive advantage. The aspects of IM that will be discussed in this paper are knowledge, innovation and technology or "KIT" towards SCA.

The KM capability is dynamic in the sense that it permits firms to dynamically manage their knowledge bases by reconfiguring and realigning the processes of knowledge exploration, retention and exploitation inside and outside the firm (Lichtenthaler & Lichtenthaler, 2009). It shows that innovation and technology are important factors that may contribute to it. However, the implementation of those cannot be in place without information as a driver to support. Those aspects are part of information management that play as pivotal role in IR 4.0 era. Whatever rise in this agenda, IR is about empowering people rather than machine. The fourth industry also known as Industry

4.0, represents a special challenge for businesses in general and for SMEs specifically (Sommer, 2015). In present, the fourth industrial revolution (IR) becoming an important agenda to be discussed in all countries around the globe. Ready or not, people especially in industry including SMEs must no longer walk, but run and drive into this tunnel to make sure their organization sustain and competitive enough to strive in the industry. The transformation has bridged industrial production and information technology.

Secondly, technology aspect. Whenever people talking about technology, they will say it as information technology (IT), not technology alone. Technology always complement information and vice versa. Employing IT into production activities will enhance increase in workers and economic productivity (ONU Christopher A., O., & K, 2014). It is interesting to note that the ICT adoption among SMEs is no longer merely a choice, but it is a must in today's globalized world. It is showed that ICT plays as a pivotal role in smoothen the business activities in SMEs, in order for SMEs to stay competitive (2013) and also changing in consumer behaviour (Economic Planning Unit, 2015). Nevertheless, technology always acted as a key enabler in smoothen the organization. The increased use of information and communication technology (ICT) in businesses, including the internet can lead to higher productivity and efficiency in all aspects of the value chain. A recent study indicated a productivity gain of 11% among SMEs that use the web. In addition, web-based entrepreneurship fosters creativity and innovation as well as competition. Furthermore, the response to new ideas or applications can be very fast and widespread. Some global companies such as Google, Facebook and Twitter have leveraged on the internet to grow their business (Malaysian Ministry of Finance, 2014).

Next, the use of technology has driven to the innovation development. The results of the study conducted by (2010) indicated that the innovation is essential if companies want to grow and become more competitive in relation to their national and international competitors. This would not only help the SMEs to gain market share but would also help them sustain themselves since the survival of Malaysian SMEs will depend on their ability to innovate as they will face enormous challenge from other member countries SMEs.

1.2 Theoretical reviews

This study investigated three aspects of information management (IM) based on the previous literature that seem to have a relationship with the SCA of SMEs, namely: information, technology and innovation. This study will use Resource-based view (RBV) theory and dynamic capability (DC) as underpinning theory from resources and capabilities. The theories were identified based on the literatures reviewed and framework proposed earlier by previous scholars as follow.

1.2.1 Resource Based View Theory

The main objective of this paper is to propose the RBV of strategic management from a resource perspective. But the concept of valuable in terms of resources seem to be vague (Wade & Hulland, 2004). This is because, Barney did not clearly mention what kind resources more valuable compared to others as different organizations will have different value of asset. When talking about RBV, it is normally based on the value, rareness, imitability and non-substitutability (Barney, 1991). However, according to Madhani (2010), a resource is valuable if it helps an organization to improve its performance relative to their competitors. If not, and the resource is exploited, at worst, a competitive disadvantage may be gained, this is because the resource is not valuable to the organization. In IM context, information also can be considered as a strategic asset especially in SMEs. IM has been identified as an important area in which its contribution can ensure organizational success and effectiveness (Rad et al., 2009).

In order for the organization to sustain the knowledge, they need to manage the information systematically. Although knowledge management (KM) is significantly give impact to the performance of SMEs, but the needs of managing information is more crucial than managing knowledge since knowledge is acquired from experience in a process of learning, and experiences represent opportunities (Unger, 2006). But opportunities only can be created with the availability of information that exploited the creation of new products and services (Alicia & Blaga, 2015). However, little work in RBV has been made to grasp the role of information as the crucial source of competitive advantage, even has highlighted the importance of knowledge.

Although the organizations already has a complete resources, but in order for the organization to obtain a sustained competitive advantage, they need to ensure all three questions are able to be answered (Madhani, 2010). Three major questions are asked of resources to identify the impact they possessed. a) Is the resource or capability valuable? b) Is it heterogeneously distributed across competing firms? c) Is it imperfectly mobile?

1.2.2 Dynamic Capability

In SMEs environments, firms possess, develops, creates routines and same products/services to the customers especially in services sector due to heterogeneity of business environments. Since it only focuses on the capabilities towards sustainable competitive advantage, besides of RBV, this study also used DC to support the variables. DC derived from RBV theory of the firm of Barney's that result of applying a company's capabilities (competencies) to effectively use and develop its heterogeneous and imperfectly immobile resources in order to achieve competitive advantage are the core competencies, while the RBV primarily addresses a firm's existing resources, the dynamic capabilities view emphasizes the reconfiguration of these resources (Helfat et al., 2007; Teece et al., 1997). This also aligned with Wójcik (2015), asserted that the capabilities perspective has evolved within the resource-based view (RBV) that focused on endogenous factors, for instance the interior of the company, its resources, competencies and capabilities.

1.3 A proposed conceptual framework

In this context the element of information as resources has bridging the theory of RBV into SCA. After considering all the factors of IM as discussed in earlier, this paper integrates their works and develops a framework serves as a guide or direction to this study that contributes to the body of knowledge by taking RBV as an underpinning theory that mentioned information, technology and innovation as part of resources towards sustainable competitive advantage of SMEs in Malaysia.

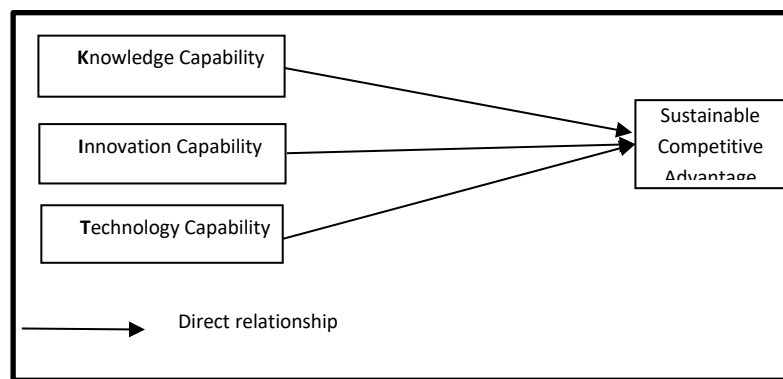


Figure 1. A proposed conceptual framework developed for this study

2.0 CONCLUSION

When IM need to be included in measuring the level of SCA in Malaysian SMEs, the relationship between information, technology and innovation are crucial. RBV is a well-known theory among researchers. Meanwhile, the propose of new framework of SCA in this paper is not the matter of adding a new concept, but it is more on creating the alertness to all SMEs to develop a good information management since the GDP of Malaysia is highly from SMEs. Although the information management seems to be important among SMEs, but the existence and awareness among it seems vague. Therefore, the small effort is to create an awareness among SMEs in Malaysia with the enforcement by the government especially towards moving IR 4.0. It is a need for all SMEs around the world specifically in Malaysia to integrate the information technology in daily business to remain competitive.

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PROTECTION MOTIVATION THEORY AND IMPLEMENTATION OF AMLA STANDARD AMONG PROFESSIONAL ACCOUNTANT IN MALAYSIA

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Abstract

This paper study about the use of Protection Motivation Theory (PMT) to encourage compliance among professional accountant in Malaysia towards AMLA implementation. Anti-Money Laundering law in Malaysia started on year 2001 with the introduction of Anti – Money Laundering and Anti- Terrorist Financing Act (AMLATFA 2001) which came into forces on 15th January 2002. As an added measure of commitment to anti-money laundering activities, the Malaysian Parliament passed the AMLA (Amendment) in November 2003, which was gazette as law on 25 December 2003. 38,000 entities becomes reporting institution. Prior to the AMLA 2001, money laundering was governed by several laws, in particular, Sections 3 and 4 of the Dangerous Drugs (Forfeiture of Property) Act 1988, Section 18 of the Prevention of Corruption Act, 1997, Section 411 to Section 414 of the Penal Code. There are four requirements that need to be complying under AMLA which are client due diligent, know your customers, reporting of suspicious transaction and record keeping. PMT have two appraisal which are threat appraisal and coping appraisal. Threat appraisals have two components which are perceived severity and perceived vulnerabilities. Coping appraisal evaluate the component of individual's assessment of the recommended coping response to the appraised threat. Coping appraisal involved response efficacy which perceived effectiveness of AMLA 2001, self efficacy emphasizes the individual's ability or judgment regarding his or her capabilities to cope with or perform the recommended behavior and response cost refer to the cost invested in order to engage into adaptive behavior. 1200 questionnaire were sending to the professional accountant across countries and based on the analysis, threat appraisal can be used to encourage more compliance among professional accountant.

Keywords: professional accountant, protection motivation theory, client due diligent, know your customer, threat.

INTRODUCTION

Money laundering is known as a process created by the criminal to conceal illegal proceeds or dirty monies obtained from illegal sources, so that they appear as originated from a legitimate source. The introduction of Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLA) does not only govern financial institutions, but also a wider range of industries and professions including casino operators, lawyers, notaries, legal professionals and accountants, real estate agents, and also precious metal and stone dealers which is known as DNFBP. However, financial institutions are positioned as important gatekeepers to this AMLA regime. All reporting institutions are required by law to take preventive measures to prevent their institutions from being used as a conduit for money laundering activities. In September 2004, MIA issued the Anti-Money Laundering Guidance to assist members and member firms that provide the relevant services that could implicate or facilitate money laundering activities to fulfil their new reporting and compliance obligations pursuant to the provisions of the Anti-Money Laundering Act 2001. Analysis of some recent money laundering offences have shown an increasing trend in the “involvements” of accounting professionals such as accountants, auditors, tax agents, and financial consultants (either knowingly or not). As a reporting institution, DNFBPs are required to keep detailed records of all transactions; conduct client due diligence, understanding of client business activities and trends and to submit report of any “suspicious transactions” to the competent authority such as BNM or specifically Financial Intelligent Units (FIED). This study examines the factors that determine the level of compliance by professional accountants to the anti-money laundering legislation in Malaysia.

THEORITICAL FRAMEWORK

Protection Motivation Theory (PMT) which was developed by Rogers (1983) expanded the health-related belief model in the social psychology and health domains (Milne et al., 2000). PMT has been noted as one of the most

powerful explanatory theories in predicting an individual's intention to engage in protective actions (Anderson & Agarwal, 2010). PMT explains how individuals are motivated to respond to warnings about threats or dangerous behaviors, termed as fear appeals.

PMT can be divided into two components which are threat appraisal and coping appraisal. Threat appraisal includes three factors that explain how threats are perceived, termed as threat appraisal factors. These are rewards or benefits (any intrinsic or extrinsic motivation to increase or keep an unwanted behaviour), severity (the magnitude of the threat), and vulnerability (the extent to which the individual is perceived to be susceptible to the threat). PMT also includes three factors that explain an individual's ability to cope with the threat, termed coping appraisals. These are response efficacy (the belief in the perceived benefits of the coping action by removing the threat), response cost (cost incurred to the individual in implementing the protective behaviour), and self-efficacy (the degree that he or she believes it is possible to implement the protective behaviour).

In essence, protection motivation emanates from both the threat appraisal and the coping appraisal. Threat appraisal describes an individual's assessment of the level of danger posed by a threatening event (Rogers, 1983). It is composed of the following two items namely perceived vulnerability and perceived severity. Perceived vulnerability is an individual's assessment of the probability of threatening events. In this study, threats result from non-compliance with money laundering activities that cannot be detected by the accountants. Meanwhile, perceived severity is the severity of the consequences of the event. For an instance, penalties severity refers to penalties of non-compliance with the money laundering standard.

The coping appraisal aspect of PMT refers to an individual's assessment of his or her ability to cope with and avert the potential loss or damage arising from the threat (Woon et al., 2005). Coping appraisals are made up of three sub constituents self-efficacy, response efficacy, and response cost. Self-efficacy is the factor that emphasizes an individual's ability or judgment regarding his or her capabilities to cope with or perform the recommended behaviour. In the context of this research, it refers to the sorts of skills and measures that are needed to comply with the regulation been set by the enforcement bodies. Response efficacy refers to factors that relate to the belief about the perceived benefits of the action taken by the individual (Rogers, 1983). Here, it refers to the compliance with the money laundering standard which will make an accountant become more effective in detecting money laundering activities. Finally, response cost relates to factor that emphasizes the perceived opportunity costs in terms of monetary, time, and effort expended in complying with the money laundering standard. The research framework of this study is as follows:

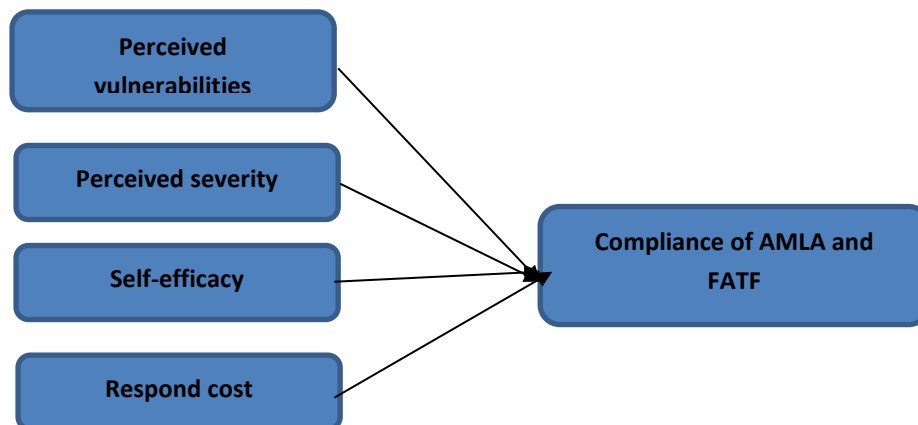


FIGURE 2.1: Protection Motivation Theory

LITERATURE REVIEW

3.1 Professional accountants' obligation as reporting institutions

Professional accountants in Malaysia need to comply with the MIA that priorities integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour to all its registered members. However, after the introduction of the AMLA 2001, there are contradictions between both laws. Firstly, the compliance with the AMLA would make the accountants fail to keep their clients' secrecy. Secondly, the

accountants may commit money laundering activities unknowingly and they would face a risk of committing money laundering crimes, as these professionals are unwilling to know the precise information about their clients like the origin of their funds, just to protect themselves from being charged (He, 2006). However, under Section 20 of the AMLA 2001, the professional privilege between the accountants and their clients is overridden for the purpose of reporting suspicious transaction or activities performed by their clients. However, Cabana (2007) stresses that in Spain, if professionals disclose any information relating to their clients, they will be punished as committing the crime in disclosing confidential material. This will not supporting the initiatives to curb money laundering aggressively.

The accountability of accountants and auditors in questionable practices and conflicts of interest has long been documented by critical accounting scholars in either developed and developing countries. Academic scrutiny has recently been applied to the use of the professional claims of protecting the public interest, commitment to public accountability, and transparency as a convenient mechanism in avoiding criticisms and maintaining the power and privileges of delegated self-regulation by the professional bodies (Canning & O'Dwyer, 2001). The activities of the state, regulators and professional bodies in shielding the professional misconduct of accounting firms, accountants, and auditors have also been well-documented (Mitchell & Sikka, 2004; Sikka & Willmott, 1995). Enron case for example involves unethical accounting practices by practising off balance sheet transaction and earnings management. They have named their external auditor, Arthur Anderson, and internal accountant as the main culprit of those malpractices and professional conduct.

Meanwhile, the range of services provided by the accountants should give them an open access to the documents, records, and financial statement which ultimately can be used by them to detect money laundering and report any suspicious transaction to the FIED (Melnik, 2000). According to Pacini (2002), forensic accountants' main role is to combat money laundering. The government is looking forward to these accountants to take up the new roles in fighting against money laundering, fraud, white collar crime, and corruption. It is, however, essential that this role is balanced with the client's expectation of confidentiality and professional privilege (He, 2006). The role of the accountant is to foster effective oversight and cultivate skills in its detection through forensic and internal auditing activities.

3.2 Perceived vulnerabilities

In general, when individuals recognize a threat, they often adjust their behaviours in response to the amount of risk and determine if they are willing to accept the threat or not (Workman et al., 2008). Thus, individuals tend to be positively linked to their intentions to follow protective actions (Pechmann et al., 2003). If an individual recognises a threat to his or her organization, he or she will more likely to follow the guidelines and requirements that are laid out (Pahnila et al., 2007). In money laundering context, knowledge about business and accounting will attract money launderers to approach these professional accountants. If the accountants comply with the money laundering regime, those illegal activities will be easily detected.

Perceived vulnerabilities refer to an individual's assessment towards the probability of threatening events. In this study, it refers to the threat when the accountants do not comply with the AMLA regime, in which the money laundering activities cannot be detected by the accountants (Roger, 1983; Woon et al., 2005). With respect to the money laundering context, individuals who are invulnerable to money laundering activities will not likely to comply with the AMLA regime in mitigating money laundering activities. Nonetheless, it is reasonable to expect that individuals who perceive high vulnerabilities are more likely to comply with the money laundering requirement. Lee and Larsen (2009) showed that perceived vulnerabilities have a significant impact on business intention to adopt security tools in their organization in the context of organization's internal control system. Any non-compliance with the rules will make the accountants fail in detecting any money laundering activities while performing their job.

3.3 Perceived severity

Perceived severity would refer to the likelihood of the result after the non-compliance. Based on numerous studies, the non-compliance would lead to severity and certainty of sanctions and low standards of personal morality in individuals' moral development (Sutinen & Kuperan, 1999). In a survey research, the severity of legal penalties has been found to have a significant effect on someone's intention to engage in a criminal behaviour (Tittle, 1980). Severity of penalties has been shown as a significant deterrent in some experimental studies on tax compliance (Beck et al, 1991). As an illustration, firms which are fined for not complying with anti-money laundering requirement would give impact to their own reputation (Durrieu, 2013). As a result, deterrent measures can be used to promote compliance to avoid bad reputation. Yet, there are still companies that are reluctant to comply with the requirements and rather willing to pay the fines.

If the professional accountants fail to comply with obligation such as know your customers (KYC), these professionals may face the possibility of being charged as committing money laundering crimes. When the accountants are facing the risk of being charged in committing money laundering activities, the accountants may become unwilling to obtain further information regarding business transactions and sources of fund to protect themselves from being charged. Thus, it will give impact on the professionals' rights to exercise their profession (He, 2006).

3.4 Self efficacy

Self efficacy emphasizes an individual's capabilities and competence to cope with the task or make a choice (Bandura, 1977, 1991). Self-efficacy has been shown to have a significant impact on an individual's ability to accomplish task behaviour, including the Information System usage (Compeau & Higgins, 1995). In fact, Compeau and Higgins (1995) showed that people with higher levels of self-efficacy regarding the information system will employ such systems in their work more than those who have low self-efficacy. With respect to money laundering, it is to be expected that individuals with high capabilities, competence, and training will appreciate the need to follow money laundering standard by adopting the risk based approach.

Competency is also known as expertise. Expertise can be divided into two. Firstly, it can be considered as knowledge that claims to be highly relevant for practical purposes. This is due to the nature of the type of knowledge that can be qualified as 'expertise'. Expertise is stored in professions and organizations, rather than in academic disciplines. Expertise can only be earned through working experience, which means, the longer you do the task, the more expert you will be. Secondly, expertise is a kind of knowledge that claims to be correct. This claim is difficult to be challenged by the users. Expertise is the knowledge produced and administered by specialists and can only be challenged by specialists. The expert competence is considered so advanced that it cannot be evaluated or controlled by people who do not have the same education and experience (Jacobsson, 2000). The inexperienced person needs to trust the expert person (Hulsse & Kerwer, 2007).

In the context of banking institution, competencies are known as crucial factors in detecting money laundering activities at the beginning, when being approached by the new customers, to assess the level of risk until writing in the suspicious transaction reports. A frontline officer has been named as first line of "defences" in screening the customers for money laundering risk potential. The damages become unbearable if money laundering risk has passed through the frontline officers due to the failure of frontline officers to screen the new customer's background. However, any money laundering risk detected after reviewing the transaction of the new customer can be reported to BNM as suspicious transaction and the bank should not notify the customer regarding the report made to BNM (Isa, Sanusi et al, 2015). To continue promoting and maintaining expertise of human capital, this human capital should be provided with continuous education and training that are relevant, for example cutting edge technology, new financial instruments, regulation, policies, and the ability to trace and track illegal behaviour in the digital economy (Vaithilingam & Nair, 2007).

3.5 Response cost

Response costs refer to the incremental costs burdened by the firms and individuals for the purpose of complying to the new rules and regulation activities required by the regulators that are not required previously. To exemplify, compliance costs refer to any additional systems, training, management time, and capital required by the regulators. Incremental costs refer to the additional cost incurred in the absence of regulation (Alfon & Andrews, 1999). In addition, training cost, technological cost, legal cost, and any other activities related to the compliance has added a major expenditure to the reporting institutions (Dolar & Shughart, 2011).

According to Pahnla et al. (2007), response costs may include monetary expense, timing inconveniences, embarrassment, or other negative consequences, which result from an individual's behaviour. Thus, individuals are reticent to follow or adopt recommended responses if they perceive that a considerable amount of resource such as time, effort, and money will be expended towards an effort (Lee & Larsen, 2009). Conversely, if small amounts of resources are required in implementing a measure, it may be adopted (Workman et al., 2008). The cost involved in the compliance process are internal rules regarding measures against money laundering, verification of identity, routines for scrutinizing transactions, routines for preservation of documents, routines for training employees in respect of money laundering issues, obligation to report suspicious transactions to the FIU, internal money laundering register, and technical equipment to detect money laundering (Magnusson,

2009). Reducing the response cost tends to increase the likelihood of an individual performing a recommended behaviour (Woon et al., 2005).

Compliance cost would be the main barrier for the professional accountants to comply with all the requirements and recommendations set by the AMLA 2001 and FATF. Nevertheless, non-compliance by the professional accountants would jeopardize the effectiveness of money laundering laws in detecting money laundering activities.

4.0 RESEARCH METHODOLOGY

The mail out survey is adopted in this study whereby 1200 questionnaires were posted out to the respondents. The printed questionnaires were mailed to a sample of pre-designated potential respondents and they were asked to complete the questionnaires and return it by mail to the researcher. The foremost advantage of a survey research is the ability to generalize entire population by drawing inferences based on the data drawn from a small portion of that population. Sample survey method if conducted properly is a reasonably accurate method of collecting data. It offers opportunity to reveal the characteristic of an institution or communities by studying individuals and other components of those communities that represent these entities in a relatively unbiased and scientifically rigorous manner. The cost and time involved are also less because it only focuses on a small portion and not the entire population.

5.0 RESULT AND DISCUSSION

Table 5.1: Regression result

Variable	Coefficients	T stat	P value
Independent variable			
Compliance cost	-.106	-1.778	.077
Perceived severity	.299	4.167	.000
Perceived vulnerabilities	-.166	-1.575	.117
Response efficacy	.192	2.554	.011
R square	.454		
Adjusted r square	.413		

The results in Table 6.22 explain the outcome of the determinant of money laundering compliance with all the requirement under AMLA as well as FATF standard which are KYC, CDD and RK. Based on the model, it indicates a significant positive relationship between money laundering compliance and determinant factors of the compliance ($R^2 = .454$, $F (31.846)$, $p = .000$). Standardized beta coefficient of 0.63579 of money laundering compliance shows that determinant factors of the compliance makes a strong and unique contribution in explaining money laundering compliance. In this model, perceived severity, compliance cost and response efficacy becomes determinant of money laundering compliance. Three out of four attributes are significant in explaining the compliance determinant of the money laundering requirement.

6.0 Conclusion

The best determinant of compliance derive from the study is perceived severity. Regulators especially BNM may increase the penalty charges and imprisonment sentence for those who failed to detect and prevent any money laundering transactions performed by their clients or even failed to report directly to the FIED. Second determinant would be response efficacy which means that the compliance by the professional accountant depends on the level of competency. In this case, the regulators should take an active part to promote competency among the reporting institution. Competency may be enhance through significant training program that is conducted several times.

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TAX COMPLIANCE AND DYNAMIC CAPABILITIES OF MALAYSIAN SMES

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ABSTRACT

Tax compliance is often seen as a cost or constraint which, according to literature, is more burdensome to Small Medium Enterprises (SMEs) than large businesses. However, some prior studies have also acknowledged the enabling effects of tax compliance on business performance. The compliance activities encompass maintaining comprehensive record keeping, preparing and filing tax returns, checking accounts, and also constantly updating tax-related knowledge. These activities are expected to influence and motivate SMEs to implement business practices that enhance their business efficiency or capabilities. Therefore, tax compliance should not be treated purely as a cost but also as a driving force for SMEs' business performance improvements. This paper discusses the benefits that could be generated by the SMEs from tax compliance activities. In addition, it also attempts to explore how these benefits would contribute to the enhancement of SMEs dynamic capabilities which in turn impact business performance. This effort is necessary as the existing studies which have recognized the presence of the tax compliance benefits, have failed to demonstrate how the SMEs take advantage of such benefits. This paper concludes by indicating the roles of tax policy makers, tax administrators, as well as tax professionals in facilitating the growth of SMEs while ensuring their compliance to tax regulations.

Keywords: Tax compliance, Tax compliance benefits, Dynamic capabilities, Small Medium Enterprises (SMEs)

INTRODUCTION

Tax compliance refers to actions taken by taxpayers to discover, interpret, and comply with tax regulatory obligations placed upon them (Kitching, 2006). It encompasses activities of maintaining comprehensive record keeping, preparing and filing tax returns, checking accounts, and also constantly updating tax-related knowledge. Compliance to tax regulations is often seen as a cost or constraint which, according to literature, is more burdensome to Small Medium Enterprises (SMEs) than large businesses (e.g Pope, 2001; Slemrod & Venkatesh, 2002; Weichenrieder, 2007; Palil et al, 2013).

Even though the costs or burden to fulfil tax regulatory requirements have been the topic extensively discussed by many tax scholars, they have also acknowledged that the compliance activities may stimulate business performance (e.g Sandford et.al, 1989; Pope, 1995; Evans et al., 1997; Tran-Nam, 2001; Weichenrieder, 2007; Lignier, 2008; Abdul-Jabbar, 2009; Lignier & Evans, 2012; Smulders et al., 2012; Sapiei, 2013; Eragbhe & Modugu, 2014; Evans et al., 2014; Gupta & Sawyer, 2015). These activities are expected to influence and motivate SMEs to implement business practices that enhance their business efficiency or capabilities.

Where SMEs adapt to tax regulation by modifying their business processes and activities, then it shows some elements of dynamic capabilities, though the chain of cause and effect may not be visible to them. The effects of adapting to tax regulation are irreducible to SMEs' perceptions of them. They may be unaware that they have actually gained benefits through their compliance activities (Kitching, 2016). However, for the benefits to realise, the SMEs must not just simply comply but also to often act in ways beyond those specified under the legislation (Kitching et al, 2015). It is imperative for the SMEs to take advantage on the opportunities that come from the tax compliance activities.

Since most tax compliance studies especially in Malaysia are more focused on burden and costs (e.g. Abdul-Jabbar, 2009; Palil et al, 2013; Sapiei, 2013) rather than its possible advantage, this study is essential for the extant literature. Moreover, it is to respond to the call of Pope & Abdul-jabbar (2008) and Evans et al. (2014), who asserted that more studies emphasizing the positive side of tax compliance are demanded. Another issue that raises queries and interests to study the tax compliance benefits is on how the possession of the benefits would enable SMEs to improve their business performance. Even though prior studies have acknowledged that the compliance benefits would lead to better business performance, their causal relationship has not been clearly established by

those studies. Oliver & Holzinger (2008) study, though not directly related to compliance benefits, has provided some ideas about the relationship between the benefits and business performance. In their study on strategic political management, they have highlighted the importance of dynamic capabilities as a determinant to the effectiveness of compliance strategies in strengthening performance. The same viewpoint is expressed by Kitching et al. (2015) who have recognized the influence of regulatory compliance in shaping business dynamic capabilities.

In light of this, this paper discusses the enabling effects of tax compliance and how would these contribute to the dynamic capabilities of the SMEs. The rest of the paper is organised as follows: the second section provides a brief overview of Malaysian tax system and its compliance requirements. In the third section, we discuss the benefits of tax compliance to SMEs. Next, in the fourth section, we explain the enabling effects of tax compliance on dynamic capabilities. Lastly, the final section provides some conclusions and recommendations on the topic.

OVERVIEW OF MALAYSIAN TAX SYSTEM

Taxation in Malaysia, whether it is direct or indirect tax, has gone through several phases of reforms. The major changes include the transition from Official Assessment System (OAS) to Self Assessment System (SAS) under Income tax regime, and the latest one for indirect tax is the revocation of the Goods and Services Tax (GST) by bringing back the sales tax and the service tax (SST) on 1 September 2018. These reforms are mostly affecting and give challenges to the businesses, particularly SMEs, as they are the ones who greatly involved in managing both direct and indirect taxes.

To date, the importance of GST in Malaysia as opposed to SST is still being raised by many, especially the tax experts and the economists. In fact, the abolition of the GST has caused the country loses its additional revenue from indirect tax, which was estimated at RM21 billion to RM25 billion a year (Fiscal Outlook and Revenue Estimates 2019 Report). This extra amount of tax collection is indispensable not only to improve the standard of living of the Malaysian people but also for the sustainable development of the country. The GST, used to be thought as less vulnerable to evasion than other forms of taxes (Webley & Ashby, 2010). It is regarded as the most comprehensive, transparent, fair and efficient form of consumption tax. These factors are the reason why it has been widely implemented in many countries around the world, and none has reverted back to SST, except Malaysia. Realising the possible adverse impact on Malaysia's fiscal position and future economy due to losing GST, experts are of the opinion that it is much better for the government to fix weaknesses in the GST and take measures to improve its efficiency rather than reinstating the SST.

With regard to the compliance activities, under the SAS, business entities are required to compute their own tax liability before payment or claim is made to the tax authority, Inland Revenue Board of Malaysia (IRBM). It is based on the concept of **Pay, Self Assess and File, where:**

- (a) **Pay: Taxpayers must first estimate their tax liability and proceed with payment through monthly instalments based on the estimated tax amount; and**
- (b) **Self Assess:** Taxpayers make computation for their actual tax liability after the end of the assessment year; and lastly
- (c) **File:** Taxpayers submit tax return form to the IRBM based on actual tax liability, and to pay any balance of tax if there is a shortfall in the monthly instalments or to claim a refund if there is an overpayment of tax.

Unlike the SAS, payment of GST or SST by businesses to the Royal Malaysian Customs Department (RMCD) is depending on tax collected by them from their consumers. Businesses need to register themselves as GST or SST registrant before they can charge consumption tax on the sales or services that they make. Even though GST in Malaysia has currently been replaced with SST, its significant role in facilitating SMEs' efficiency and competitiveness should not be neglected. Thus, this paper covers fulfilment of GST requirements as part of the scope of tax compliance. Despite the fact that both (GST and SST) are consumption taxes, their scope, administrative and compliance aspects are mostly differ from each other. Summary of the differences between GST and SST is shown below:

Table 1: GST versus SST

Description	GST		SST	
		Sales Tax		Service Tax
Regulation	GST Act 2014	Sales Tax Act 2018		Service Tax Act 2018

Tax system design	Multi-tier	Single-tier	Single-tier
Tax rate	6%	5%,10% or specific rate (petroleum)	6% or specific rate (credit card)
Scope of registrants	All business making taxable supplies except business that make wholly exempt supplies	All manufacturer & sub-contractors except those eligible for sales tax exemption	All service providers providing prescribed services
System	MyGST – Tax Access Point (TAP)	MySST system	MySST system
Accounting basis	Accrual basis	Accrual basis	Payment basis
Scope of tax	Taxable goods and services consumed in Malaysia & goods and services imported into Malaysia	Imported goods into Malaysia and manufactured goods in Malaysia except with sales tax exemption	Provision of taxable services made by a taxable person in Malaysia. Service tax is not charged on imported services.
Taxable period	Monthly (annual turnover \geq RM5 million, quarterly (annual turnover < RM5 million) or other taxable period approved by DG	Bimonthly (every 2 month)	Bimonthly (every 2 month)
Due date to submit tax return & pay tax	1 month from end of taxable period	1 month from end of taxable period	1 month from end of taxable period

Source: Taqiyuddin Amini (n.d.), Faizulnudin Hashim (2019)

Compliance with tax rules and regulations requires among others for the SMEs to implement and maintain comprehensive records keeping, to do frequent periodical reporting, and also frequent periodical remitting. In line with rapid technological changes and for betterment of enforcement, submission of tax returns and other requested documents through electronic filing are highly encouraged by the tax authorities. In 2017, collaboration between the IRBM and the RMCD was realized through a memorandum of understanding, with the purpose of data sharing between them. The effort is necessary in enhancing the efficiency of tax collection and also addressing the issue of tax leakage in the country.

TAX COMPLIANCE AND BENEFITS TO SMES

Research which identifies the occurrence of tax compliance benefits is pioneered by Sandford et al. (1981), who studied the compliance costs of Value-Added Tax (VAT) in UK. Subsequently, most published research (e.g Pope, 1995; Lignier, 2008; Evans et al., 2014; Lignier et al., 2014) after that adheres to the convention introduced in Sandford et al.'s study to determine the net tax compliance costs, where it equals to gross tax compliance costs less tax compliance benefits.

Evans et al. (2014) study on tax compliance costs and benefits has confirmed earlier studies (Sandford et al., 1989; Pope, 1995; Tran-Nam et al., 2000; Tran-Nam, 2001; Lignier, 2008, Lignier, 2009) that by complying with tax requirements, SMEs would be able to derive some forms of benefits. There are three(3) broad categories of tax compliance benefits have been identified and established in tax compliance literature, namely managerial benefits, cash-flow benefits, and tax deductibility benefits. The following are studies on compliance costs that have taken into consideration the effect of compliance benefits.

Table 2: Compliance benefits in compliance costs studies

Year	Author	Country	Managerial Benefits	Cash Flow Benefits	Tax Deductibility Benefits
1981	Sandford et al.,	UK	√	√	
1989	Sandford et al.	UK	√	√	
1991	Pope	Australia	√	√	
1992	Sandford & Hasseldine	New Zealand	√	√	
1994	Allers	Netherlands		√	
1994	National Audit Office	UK	√	√	
1997	Evans et al.	Australia			√
2002	Tran-Nam & Glover	Australia	√		
2006	Rametse	Australia	√		
2008	Lignier	Australia	√		
2009	Abdul-Jabbar	Malaysia			√
2012	Lignier & Evans	Australia			√
2013	Sapiei	Malaysia			√
2014	Isle et al.	Australia	√	√	
2014	Makara	Botswana	√	√	
2014	Susila	Indonesia		√	√
2015	Gupta & Sawyer	New Zealand	√	√	√

Source: Author

Most of the studies listed above attempt to quantify the value of tax compliance benefits. It is so because their main objective is to get the value of net tax compliance costs, where the amount of tax compliance benefits is set off against the amount of gross tax compliance costs. However, due to difficulty in measuring the value, certain category of the benefits is omitted from their study.

Among issues highlighted regarding the omission include unavailability of detailed data for the calculation of either cash flow benefits (Abdul-Jabbar, 2009; Sapiei, 2013) or tax deductibility benefits (Pope et al, 1991). Cash flow benefits refers to the benefits of holding interest-free funds or government's tax revenues for a period of time before the funds or tax revenues must be paid over to the tax authority (Pope, 1993; Rametse, 2010; Tran-Nam et al., 2000; Susila, 2014). In order to accurately determine the holding period of government's revenues before due date of payment to them, the actual transaction dates should be known, which is almost impossible to do. Therefore, to overcome this problem most studies have to hold on to some assumptions to enable them to capture the value of the cash flow benefits. The same is true for the tax deductibility benefits.

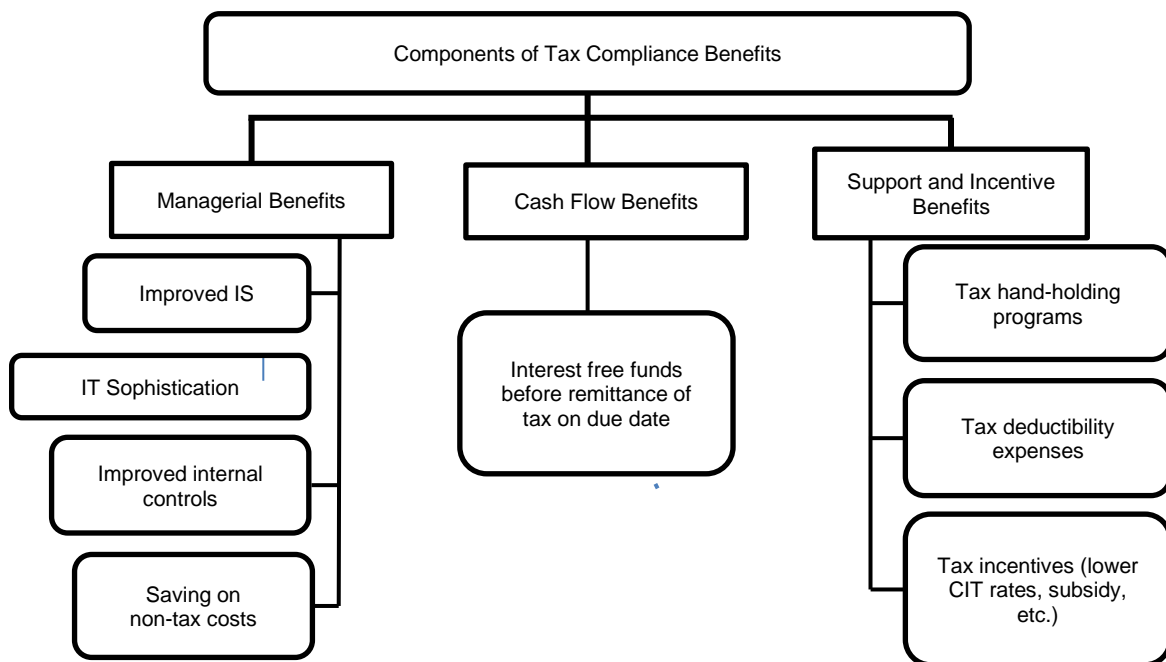
As for the managerial benefits, the difficulty arises where objective measurement is too complicated to be done. Thus, its measurement is usually depending on the subjective assessment of the parties involved in the compliance activities. In other words, the estimation of the value is normally left to the respondents to make. The concern is that, this may cause the value to be inaccurate in representing the managerial benefits. Studies that examined compliance costs of large companies have also generally ignored the effect of managerial benefits (Sapiei, 2013; Susila, 2014). Their argument is that even without compliance to tax regulations, the large companies have had a fairly sophisticated and efficient system in managing their business. Hence, even if the managerial benefits exist, its impact is very minimal and insignificant to the compliance costs. On the contrary, this category of benefits is getting more attention in studies concerning tax compliance costs of SMEs.

When determination of compliance benefits is grounded on some assumptions and subjective measures, reference to its value must be made with caution. While we acknowledge the importance of ascertaining the compliance benefits' value, it is not a focus of this paper. Instead, our aim is to discuss the sources of the compliance benefits, and to present how these benefits can contribute to SMEs' capabilities building. This is because we believe that these benefits, if exist, will probably impact business performance through capabilities enhancement, in the long run.

3.1 Sources or Components of Tax Compliance Benefits

As stated earlier, there are three(3) types of benefits could be derived by the SMEs from tax compliance activities, which consist of managerial benefits, cash flow benefits and tax deductibility benefits. From these three categories, several components or sources of the benefits have been identified. In this paper, the scope of tax deductibility benefits is broadened to include other supports and incentives from government. This is due to the fact that in minimising SMEs' tax burden, the government also provides other kind of incentives besides granting tax deductions to lower the SMEs' income tax liability. Further efforts include the conduct of handholding programs through tax trainings or seminars, to enable SMEs to fulfill their tax obligation with ease. According to Palil (2010), training and assistance provided by the tax authorities may increase SMEs' tax knowledge and skills. In consequence to that, the term "support and incentive benefits" is proposed to replace "tax deductibility benefits". The following diagram depicts the components of tax compliance benefits.

Diagram 1: Components of Tax Compliance Benefits



Source: Author

3.1.1 Managerial benefits

The term "managerial benefits" refers to the benefits gained by taxpayers as a result of complying with the tax regulations which requires them to have stringent record keeping. Triggered by the need for maintenance of comprehensive records, would lead SMEs to have improved information system (Sandford et al, 1981; Gupta & Sawyer 2015), Information Technology sophistication (Tran-Nam & Glover, 2002; Coolidge et al., 2009; Rametse, 2010), improved internal control (Sandford & Hasseldine, 1992; Tran-Nam et al., 2000; Lignier, 2008; Lignier et al., 2014; Evans et al., 2014), as well as saving on non-tax costs (Sandford et al, 1981; Lignier, 2008).

a) Improved Information System (IS)

SMEs tend to reduce public disclosure of financial information. Thus, comprehensive records may not in their safekeeping without the enforcement of tax laws. For tax purpose, the documents that they are required to maintained involve (i) records relating to business activities (e.g. invoices, receipts, debit note/credit note, bank slip/bank statement, etc.); (ii) records relating to accounting (e.g. financial statements, accounts payable/receivable, general ledger, stock, cash, etc.), and (iii) records relating to taxation (e.g. GST/SST return forms, income tax declaration, etc). Stringent record keeping requirement indirectly improves information system of the SMEs, regardless how the records are maintained; manually or electronically. However, with a suitable and reliable accounting system in place, SMEs will certainly have better and more organized record of their business affairs.

b) Information Technology (IT) Sophistication

Tax reform could possibly promote IT sophistication in SMEs. At the time when GST was first implemented in Malaysia, businesses were advised to have a GST-compliant accounting system. The aim was for the businesses to have well equipped tool to submit their GST successfully to the RMCD. For those businesses which have had some kind of computerized system in place, their respond might be to upgrade or modify their existing system. But for those which have not, significant investment might be made to acquire the appropriate computer hardware and software. Whichever the case, it still constitutes IT sophistication to businesses.

Even though with transition back to SST, businesses are still required to use electronic filing for returns and payments, impact on IT sophistication seems very minimal. This possibly due to different tax designs between GST (i.e multi-tier) and SST (i.e single-tier). Proper accounting system is essential for multi-tier tax as it affects every stage or level of the supply chain (manufacturer, wholesaler and consumer). In contrast, SST only affects a single point that is at manufacturer/importer level for the sales tax and at consumer level for the service tax.

c) Improved internal controls

It is imperative to implement internal control management in SMEs. Lignier (2008) states that SMEs typically have little managerial information which leads to poor control over their businesses; and have tendency to make ad-hoc decisions. Tax compliance is believed would become a mechanism that improves internal control efficiency in SMEs (Tran-Nam et al., 2000; Lignier, 2008; Lignier et al., 2014 Evans et al., 2014). It plays its role through strict record keeping requirements and motivation for maintenance of a well-designed accounting system. As such, it will enable SMEs to access timely and accurate information that facilitate their decision making and future planning. A good internal control system enhances the efficiency and effectiveness of SME working capital management. It also helps SMEs to prevent frauds, errors, and wastage of resources.

d) Saving on non-tax costs

With the advent of e-filing facilities for both direct and indirect taxes, not only saves time and costs of the SMEs in respect of submissions of documents as well as payments to the tax authorities, but also drives them to have computerised record keeping rather than manual recording. According to Kitching (2016), availability of comprehensive records facilitates provision of documents and reports to other stakeholders of the SMEs such as creditors, bankers, and regulatory bodies; which is another means of cost savings.

SMEs often rely on the advice and support of external accountants to meet their tax compliance obligations owing to their limited knowledge in financial and taxation matters. This could possibly benefits SMEs in terms of cost when additional services such as informal business advice are obtained from the accountant as a spin-off from their tax compliance service (Lignier, 2008). The use of accounting software in facilitating tax compliance may cause a tendency for SMEs to prepare financial reports or at least do bookkeeping, on their own. This will result in another potential saving that is on fees to be paid to the professional accountants.

3.1.2 Cash flow benefits

Cash flow benefits arise from the use of tax revenues for a period before they must be paid to the tax authorities (Pope, 1993; Tran-Nam et al., 2000; Rametse, 2010). The time difference between the derivation of taxable income or collection of taxes by the taxpayers (businesses) and the time when tax liability on that particular income or the collected taxes have to be paid on the due date is regarded as an interest-free period for the taxpayers as they can enjoy interest-free funds during the period.

In Malaysia, payment of income tax balance by a company, if there is a shortfall in the monthly instalments, must be settled within seven months after the end of the company's accounting period. This seven months period is the interest free period where the company can use the money for other purposes before it is remitted to the tax authority, i.e. RMCD. Whereas for indirect tax, this benefit is more likely to be realized under GST, given that it has a longer taxable period which is quarterly as compared to bimonthly under SST. Cash flow benefit could be measured either based on the interest a taxpayer could gain by lending the money from the interest free funds or alternatively the cost of borrowing the equivalent amount from a financial institution (Sandford et al., 1981).

3.1.3 Support and incentives benefits

Various mechanisms have been used by tax authorities to ease taxpayers' burden and encourage voluntary compliance. The efforts include engagement with taxpayers through hand-holding programs and also provision of numerous kind of incentives. SMEs need to take full advantage of these facilities, not only for minimising tax compliance costs but also for them to enhance their existing capabilities.

a) Tax hand-holding programs

In reaching out to taxpayers, tax authorities adopt a friendly or cooperative approach in which support and assistance is provided through mediums such as site visits, call centres, training series, seminars, etc. These hand-holding programs not only give awareness and exposure to taxpayers regarding their roles and responsibilities in tax matters, but might also instill their positive attitude towards tax regulations (Palil, 2010). SMEs need to constantly update their knowledge on tax issues to avoid any misunderstandings or mistakes while meeting their tax obligations. Hence, continuous support and guidance from particularly tax authorities is very much necessary.

Most SMEs rely solely on their tax agents or external accountants to do whatever needs to be done, due to their tax illiteracy (Kitching, 2016). Through participation in tax hand-holding programs and good relationship between SMEs and tax officers may improve the SMEs' tax knowledge and skills. This will consequently reduce too much reliance on external accountants. After all they are the ones who should know best of their own business environment; and not giving excessive trust for outsiders to handle their compliance matters.

b) Tax deductibility expenses

Under income tax system, some tax compliance costs such as secretarial and tax filing fees are permitted to be used as deductions against taxpayers' taxable income, which will reduce their income tax liability (Tran-Nam et al., 2000). Through this incentive, it will pave the way for taxpayers to enjoy tax deductibility benefits. However, for the benefits to materialize, it demands comprehensive study, understanding and knowledge on tax legislations. In the pursuit of valuing tax deductibility benefits, prior studies follow the assumption used by Evans et al. (1997) that taxpayers are well-informed about the tax incentives and always optimize the utilisation by claiming full amount of the allowable tax deductions.

c) Tax incentives

Other than incentives for tax deductibility expenses, the government has also arranged different form of incentives such as grants, subsidies, and reduction in tax rate, in its effort to relieve compliance burden of SMEs. The tax incentives are provided through various tax Acts. In addition, they are also granted in the Gazette Orders following the government's budget announcements for a specific calendar year. For instance, immediately before the implementation of GST, the government had announced in Malaysian Budget 2014 several incentives to assist SMEs in facing GST challenges. Among others, it includes subsidy to purchase or upgrade accounting software to be GST-compliant in the form of e-vouchers at RM1,000 for each SME, and provision of GST training grants for businesses to send their employees for GST training. Recently, as proposed in Malaysian Budget 2019, there is a reduction of corporate tax rate for SMEs, from 18% to 17% for the first RM500,000 of their chargeable income.

Unfortunately, some studies have found that tax incentives are ineffective in relieving SMEs' tax burden due to their low awareness on the usefulness of tax incentives (Lignier and Evans, 2012; Gupta and Sawyer, 2015) and also due to inefficient delivery of the incentives to the SMEs (Mohamed Zabri, 2013). The availability of incentives and the accessibility to them are two different things. The incentives can be available but without awareness and efficient delivery of incentives, it will still be an issue that needs to be addressed.

TAX COMPLIANCE AND DYNAMIC CAPABILITIES

From strategic management literature, ability to constantly renew capabilities which is termed as "dynamic capabilities" has been evidenced as having significant effect on business performance. Dynamic capabilities (DCs) denotes the capacity of businesses to renew their skills, resources, and competencies to be in congruence with a changing environment (Teece et al., 1997). The process of creating the DCs includes sensing changes in the business environment, learning necessary skills and knowledge to seize opportunities, and the reconfiguration of the existing resources (Teece et al., 1997).

Tax compliance could elevate SMEs' capabilities dynamically through the derivation of managerial benefits, cash flow benefits, and support & incentives benefits. This is possible even without the SMEs' conscious acknowledgement. Improvement in information system, IT sophistication, and other components of compliance benefits could be the driving forces for the enhancement of SMEs' sensing and learning capabilities, which would eventually give enabling effect to the reconfiguring capabilities. The benefits are though, depending on how the SMEs adapt their practices in order to comply with particular tax obligations placed directly upon them.

Tax compliance has no effect at all in improving SMEs' performance unless the owners, employees, regulatory authorities, as well as other entities that they have dealing with change their behaviour as a result of tax regulatory compliance (Kitching, 2006). Thus, it is vital for SMEs to act proactively with well-planned strategies to exploit opportunities resulting from any changes in their business environment.

CONCLUSION AND RECOMMENDATIONS

It is posited that the creation of dynamic capabilities in SMEs could be influenced by the benefits gained through tax compliance activities. Identifying the sources of the benefits is essential in understanding how tax compliance activities affect the dynamic capabilities. Even though the benefits is generated unconsciously, they are believed would still impact the dynamic capabilities of SMEs, in a modest or substantial ways. This conception may contribute new insights into the development of SMEs' performance and be a reference model for future researchers to develop further. The expansion of scope for tax deductibility benefits is made in the hope that future tax researchers will consider other supports and incentives provided by the government to be part of the compliance benefits.

The tax regimes are active institutional forces shaping the activities of not just the SMEs but also their various stakeholders. The way the stakeholders react to the tax legislation will also influence the process on how SMEs adapt to their tax obligations. Good interaction between SMEs and the stakeholders such as tax authorities, external accountants, and also software vendors (in the case of IT sophistication resulting from tax compliance activities) would ensure the creation and development of sensing, learning, and reconfiguring capabilities in SMEs. Continuous and effective forms of support through for instance, sufficient consultation and training are needed in realizing this aim. Other appropriate interventions should also be taken by the government in facilitating the growth of SMEs while ensuring their compliance to tax regulations.

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PERCEIVED STRESS AND BURNOUT AMONG DIPLOMA ACCOUNTANCY STUDENTS

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Abstract

Stress and burnout are the reality of life that must be recognized and managed by everyone including students. In higher education, students may face some challenges due to academic factors such as deadlines and exam weeks which at the end can generate stress and burnout. Therefore, the aim of this study is (1) to assess and measure the level of perceived stress and burnout among diploma Accountancy students and (2) to determine the difference in the demographic factors such as gender, students' semester and parents' level of income in relation to perceived stress and burnout. Data were collected via a printed questionnaire which covered four categories. Perceived Stress Scale and Maslach Burnout Inventory Student Survey (MBI – SS) were used to measure the perceived stress and burnout respectively. Results were analyzed in the form of descriptive analysis, reliability analysis, independent t-test and one way ANOVA test. The findings revealed that Accounting students exposed to low level of perceived stress and burnout during their diploma study in university. In addition, female students reported higher mean scores for perceived stress and burnout as compared to male students. The findings from this study were important to address the potential determinants and factors of stress and burnout so that early detection could be done in order to avoid negative effects and consequences associated with the situation faced by the students.

Keywords: Perceived stress, burnout, diploma, Accounting, student

1. INTRODUCTION

The passage into undergraduate education is the beginning before jump into the professional career. However, higher education students may face some challenges due to academic factors such as deadlines and exam weeks which at the end can generate stress and burnout. Stress is the reality of life and it must be recognized and managed effectively. It is an internal process that occurs when a person is faced with a demand that is perceived to exceed the resources available to respond to it effectively (Hurd & Powell, 2015). In other definitions, Hurd and Powell (2015) also defined stress as “our reaction to events, environmental or internal that exceed our adaptive resources.” These reactions consist of both physical and emotional responses which depending on cultural background, personal straits, experience and coping skills. Nevertheless, stress can be a motivator toward change and growth that is called as “favourable stress. However, it also can cause the impairment and defeat learning that is known as “unfavourable stress” (Yusoff, Abdul Rahim & Yaacob, 2010).

Previously many studies highlight the burnout in the workplace but recently researchers suggested burnout is likewise ascending among university students. Various studies have focused on burnout among students (Boni, Paiva, de Oliveira, Lucchetti, Fregnani & Paiva, 2018; Portoghese, Leiter, Maslach, Galletta, Porru, D'Aloja, Finco & Campagna, 2018; Peleias, Guimarães, Chan & Carlotto, 2017 and Almalki, Almojali, Alothman, Masuadi, & Alaqeel, 2017). In one hand, Boni et al. (2018) find a high prevalence of burnout among medical students in Brazil. They further explain that in the first years of graduation, students' personal attributes (optimism and self-perception of health) and school attributes (motivation and routine of the exhaustive study) were associated with higher levels of burnout. The same positively significant results are found in Italy (Portoghese et. al, 2018) and Arab Saudi (Almalki et. al, 2017). On the other hand, Peleias et al. (2017) conduct study with a sample of 419 accounting students. Of these, 46.3% reported changes in Emotional Exhaustion, 11.2% in Disbelief and 31.3% in Professional Effectiveness. Thus, they conclude that the students experience with burnout and suggest the need for preventive actions that may mitigate the identified symptoms.

Schaufeli, Martinez, Pinto, Salanova and Bakker (2002) have defined student burnout as, “a three-dimensional syndrome that is characterised by feelings of exhaustion due to the demands of studying, a cynical attitude of withdrawal and detachment, and reduced professional efficacy regarding academic requirements”. Then, Yang (2004) define student burnout as “students in the learning process, because of course stress, course load or other psychological factors, display a state of emotional exhaustion, a tendency to depersonalization, and a feeling of

low personal accomplishment”. Both researchers highlight three aspects which are: on the syndrome of emotional exhaustion, cynical attitudes and feelings and tendency to evaluate oneself negatively as formerly defined by Maslach and Jackson (1981). Initially, Maslach Burnout Inventory (MBI) were designed to measure hypothesized aspects of the burnout syndrome among human service workers (Maslach & Jackson, 1981). While the concept of student burnout has been in the attention, Schaufeli et al. (2002) has introduced the Maslach Burnout Inventory-Student Survey (MBI-SS). From that point forward, MBI-SS has been referred to as the most broadly used as measurement to survey burnout among student in many countries such as; in India (Wickramasinghe, 2018); in Italy (Portoghese et al., 2018); in Arab Saudi (Almalki et al., 2017); and in China (Hu & Schaufeli, 2009).

Knowing that stress and burnout may give negative impact to students as well as to university, this issues need to be emphasized more on the academic factors. From time to time, students face an authoritarian, rigid system that encourages competition rather than cooperation among learners (Abdulghani et al., 2011). This situation will continue until they enter into career profession. Thus, students should aware on this matter as the environment itself presents an all-prevailing pressure situation. Failing to face this situation may cause to absenteeism, escape of responsibilities, individual symptoms of fatigue, restlessness and eventually affecting productivity and university development (Peleias et al., 2017).

In Malaysia, perceived stress and burnout were widely discussed among the researchers. However, the discussions were limited to the selected working people such as doctors (Boo, Liam, Lim, Look, Tan, Ching, Wan, Chin & Hoo, 2018); junior doctors (Zuraida & Zainal, 2015); medical residents (Al-Dubai, Ganasegeran, Perianayagam & Rampal, 2013) and teachers (Mukundan, 2011). It was hardly found in the literature the discussion about stress and burnout among the students particularly Accountancy students. Therefore, this study intends to fill in this gap in order to obtain a clearer view from the students’ perspective especially in Malaysia. Thus, the objectives of this study is:

- To assess the level of perceived stress and burnout among Accounting students.
- To determine the difference in the demographic factors such as gender, students’ semester and parents’ level of income in relation to Accounting students’ perceived stress and burnout.

The remainder of the paper is organized as follows. Section 2 includes previous literature on the level of perceived stress and burnout among students. Section 3 describes the research methodology that include data and sample. Section 4 presents the empirical analysis and discussion on the findings and section 5 provides the summary and conclusion.

2. LITERATURE REVIEW

2.1 Perceived Stress

Stress is a common phenomenon all around during all human lifetime. All human has experienced it throughout their life history. In explaining stress in a more dynamic process, Lazarus (1966) and Lazarus and Folkman (1984) developed the “Transactional Theory of Stress and Coping” which presents stress as a creation of a transaction between a person (including multiple systems: cognitive, physiological, affective, psychological, neurological) and his or her complex environment. The theory is basically about the matters relating to stress is between the person and the environment whether internally or externally. Depending on the amount of demands that a person is opposed with and the amount of resources that they must deal with the demands, stress may either be in excess or can be avoided completely (Lazarus & Folkman, 1984). Therefore, one must be able to cope with the demand and resources.

In this study, the researchers are focusing on perceived stress. Perceived stress is the emotional state that an individual feel about the level or degree of stress they are under at a certain point in time or over a certain time period. This stress combining the feelings about the uncontrollability and unpredictability of one’s life, how regularly an individual must deal with unsatisfying conflicts, changes that keeps on occurring, and self confidence in dealing with all the problems or difficulties (Philips, 2013). Prior studies show that researchers investigated many factors that triggered or caused by perceived stress such as academic performance, especially for nursing and medical students. Ye, Hu, Ni, Jiang and Jiang (2017) in their study found that perceived stress was negatively related to clinical performance among practice nursing students, which support the previous studies (Goff, 2011; Liaw, Chan & Scherpbier, 2012). They also found that there was a negative moderate relationship between nursing aptitude and perceived stress. Jabeen, Iqbal, Sheikh and Riaz (2019) suggested that the high stress recognized in medical students in all phases of their education journey that may impair their academic performance and unfavourably affect their mental health is a serious issues and needs consideration by the medical educationists and the medical institutes.

Apart from performance, when perceived stress acting as mediator variables Aydogmus (2019) found negative relationship between perceived stress and life satisfaction. The study stated that Gen Zers with high emotional intelligence are more likely to feel high self-esteem which in turn reduce their perceived stress and increase life satisfaction. This is consistent with Civitci (2015) where students with high college and major belonging have more life satisfaction and perceive less stress. Alleyne, Alleyne and Greenidge (2014) reported that the major contributors of students' life satisfaction were the living environment, campus facilities, and perceived stress. They also found that higher levels of perceived stress were associated with lower levels of satisfaction with life which is further agreed by the study conducted by Tan and Ramzan (2017). These studies show that life satisfaction decreases as perceived stress increases as well as that perceived stress can be used as a predictor of life satisfaction. Hence, Tan and Ramzan (2017) pointed that there is a need to establish intervention programs of refining coping skills of the medical students in facing stress so that they enjoy better satisfaction in life which will consequently lead to better academic performance, more effective learning and diminish stress-related health problems.

As for gender differences towards perceived stress, Civitci (2015) reported in the study that higher levels of perceived stress amongst female respondents compared to the male counterparts. Mouza (2015) found that regarding regularity and strictness, females' students with low family income perceived higher levels of stress in relation to college during Greece economic crisis severely in 2013. Jabeen et al. (2019) found significantly high stress scores among the female medical students as compared to male students. In addition, El-Masry, Ghreiz, Helal, Audeh, and Shams (2013) found differences in the nature of top stressors reported by students in the beginning year compared to the last year of clinical phase. Their study also showed that final year students experienced more stress related to future career and high parental expectations. Similar case also reported by Pau and Croucher (2003) who found that clinical British dental students (third and fourth year) had higher levels of stress than pre-clinical students. Mathew, Navya & Joshy (2019) on the other hand, reported coping strategies adopted by students to alleviate perceived stress were self-distraction which scores the highest and followed closely by religion.

2.2 Burnout

A considerable number of studies have been focusing on burnout and it keeps increasing since burnout may result in a particularly worrisome health concern (Schaufeli, Leiter & Maslach, 2009; Pozos-Radillo, Preciado-Serrano, Acosta-Fernández, Aguilera-Velasco & Delgado-García, 2014). Burnout can be experienced by anyone and no exception to the university's accounting students (Salami, Iyanda & Suleiman, 2017). Based on previous literatures, there are several factors that correlate with burnout among university students. One of the vital determinants is they face a changing education system from secondary to tertiary level and need to adapt with different lifestyle and social environment (Elias, Wong & Chong Abdullah, 2011). Not surprisingly, most of the students face culture shock when entering university as they need to manage time, financial, study and at the same time undergo psychological development by their own.

Importantly, accounting profession entails completion of the higher education course and passing the proficiency examination (Peleias et al., 2017). The need to achieved good grades in examination lead students to put extra effort and time as good result will give more confidence and satisfaction especially when they apply for a job later. Burnout can be experience by students who feel do not have enough time to learn large amounts of contents, need to go through many test and examination, having difficulty in understanding the subjects, face heavy workload and when they obtained poor marks in their examinations (Misra, McKean, West & Russo, 2000; Othman, Farooquia, Yusoff & Adawiyah, 2013). Another study conducted by Peleias et al. (2017) pointed out that those accounting students who work and study at the same time are more easily vulnerable to the burnout syndrome as they need to balance between career and academic life.

Other than academic matter, the study done by Jacobs and Dodd (2003) hypothesized that extracurricular activities may cause students experience burnout. The same authors also reported that students with higher levels of negative temperament (roughly, neuroticism) might contribute directly to three symptoms of burnout; emotional exhaustion, depersonalization and reduced sense of personal accomplishment. On the other hand, Yang (2004) and Rahmati (2015) stated that students with low self-efficacy might suffer burnout due to inability to adapt in exhaustion, doubts his capabilities to overcome challenges and easily being frustrated. Recent research by Njim, Makebe, Toukam, Kika, Fonkou, Fondungallah and Fondong (2019) revealed that there were five predictors of burnout syndrome amongst medical students in Cameroon. These predictors include marital status, relationship difficulties, cumulative GPA, regretting the choice of medical studies and recreational drug use. According to Othman et al. (2013), tertiary education is regarded as highly stressful period and environment which in turn gives negative effect on the psychological and physical health of university students. Burnout may cause

anxiety, depression, frustration and fear to the students (Rahmati, 2015). In another study conducted by Burke and Richardsen; and Maslach, Jackson and Leiter (as cited in Noordin, Othman, Mohd Jais & Sardi, 2012) reported that individual with burnout symptom may suffer physical exhaustion, insomnia, have tendency to take more alcohol and drugs, headaches, backaches, and gastric-intestinal problems. In terms of academic performance, Yang (2004) pointed out that burnout students may experience tension, develop sense of failure, feel lower satisfaction and consequently gives negative effect on academic achievement. Salami et al. (2017) highlighted that burnout may increase absenteeism, procrastination in doing coursework, increased academic dropout and finally make the student quit from continuing the study.

3. RESEARCH METHODOLOGY

3.1 Population and sample size

The population of this study is Accountancy students in public university in Perak, Malaysia since this university is one of the (Private Finance Initiative) PFI campuses that received more students as compared to other PFI campuses. Therefore, data in this research represent a large population of Accountancy diploma students as a whole. The students were selected during March to July 2019 academic session where total population number of students were 1,462 students. 500 questionnaires were dispersed randomly to the students from semester 1 until semester 5 Accountancy students. Out of these 500 questionnaires, 411 responses were obtained resulting in a response rate of 82.2%. This number has met several rules of thumb in determining the appropriate sample size. According to Roscoe (1975) as cited by Sekaran and Bougie (2013), a sample size in a study should be between the ranges of 30 to 500. Thus, the sample size of 411 is considered to be sufficient in this study.

3.2 Survey instruments

This study uses questionnaire survey that consist of four parts. Section A asks about the respondents' perceived stress. There are 9 questions adopted from Cohen's Perceived Stress Scale that used to measure perceived stress. The respondents are requested to choose between the scale of 1 to 5, where 1 = never, 2 = almost never, 3 = sometimes, 4 = fairly often and 5 = very often. Section B is on the sources of stress of the respondents. This section list down 13 sources of stress adapted from El-Masry et al. (2013) and the respondents are required to give feedback on the sources of stress related to them. Section C consists of 15 statements adopted from Maslach Burnout Inventory Student Survey (MBI-SS) that relating to burnout. The respondents are requested to tick one out of seven scales provided where 1 = never, 2 = a few times a year, 3 = every month, 4 = a few times a month, 5 = every week, 6 = a few times a week and 7 = every day. The final section, Section D requests the respondents to complete their demographic profile such as age, gender, parent's monthly income, family residence, current semester and student accommodation.

3.3 Data analysis

Data were analyzed using SPSS (Statistical Package for Social Science) software. Descriptive statistic was used to find out the mean scores for perceived stress and burnout as well as for demographic information. Meanwhile, independent t-test and one-way ANOVA test were used to compare the mean scores between groups. The difference between these two analyses is that t-test was used to compare the mean scores between two groups whereas ANOVA was used to compare the mean scores of more than two groups. The demographic factors applied with these analyses were gender, students' semester and parents' monthly level of income. Before these analyses took place, the reliability analysis using Cronbach's alpha was conducted.

4. RESULTS AND DISCUSSION

4.1 Descriptive Statistic

Table 1 portrays the demographic profiles of the respondents. Most of the respondents are female students with the number of 298 respondents (72.5%) whereas male students made up the remaining 27.5% of the total respondents with the number of 113 students. For age factor, out of 411 respondents, 253 respondents (61.5%) are aged between 20 to 30 years of age which represents the largest group of age. The remaining 158 respondents (38.5%) consist of students below 20 years. The table also shows that 56 respondents (13.6%) are from part 3 students. This is followed by 69 respondents (16.8%) from part 1, 85 respondents (20.7%) from part 5 and 95 respondents (23.1%) from part 4. The largest group of respondents are part 2 which represented by 100 students (24.3%). The smallest group is made up of 6 respondents (1.5%) who are from other parts than the above.

In terms of family residence, majority of the respondents are from urban family (70.6%) with the total respondents are 290 students. The remaining 121 respondents are from rural family (29.4%). Most of the students also stay at the hostel (79.1%) with the total respondents are 325 students. As for parents' income, 201 respondents (49%) have parents' income between RM1000 to RM5,000 per month, making it the largest group of the total respondents. 92 respondents (22.4%) have parents' monthly income ranging from RM5,000 to RM10,000, 45 respondents (10.9%) having an parents' income less than RM1,000 per month and 42 respondents (10.2%) have parents' income ranging from RM10,000 to RM15,000. The remaining 31 respondents (7.5%) have parents' income more than RM15,000 per month., making this income category the smallest group of respondents.

Table 1. Descriptive Statistics - Demographic Profile

Demographic profiles	N = 411	%
Gender:		
Male	113	27.5
Female	298	72.5
Age:		
< 20	158	38.5
20-30	253	61.5
Semester:		
Part 1	69	16.8
Part 2	100	24.3
Part 3	56	13.6
Part 4	95	23.1
Part 5	85	20.7
Others	6	1.5
Parents' income (per month):		
< RM 1,000	45	10.9
RM 1,000 – RM 5,000	201	49
RM 5,000 – RM 10,000	92	22.4
RM 10,000 – RM15,000	42	10.2
>RM 15,000	31	7.5
Family residence:		
Urban	290	70.6
Rural	121	29.4
Student Accommodation:		
Hostel	325	79.1
Stay with the family	8	1.9
Away from the family	78	19

Table 2 shows the summary of the mean score for perceived stress and burnout. For perceived stress, the respondents received were based on the five-point Likert scales where 1 indicates 'never' and 5 indicates 'very often'. The mid-point value of this scale is 3 that indicates 'sometimes'. However, for burnout it is based on the seven-point Likert scale that indicate how frequent the burnout happened where 1 signifies 'never' and 7 signifies 'every day'. In this case, the mid-point value of the scale is 4 that signifies 'a few times a month'. Based on the result, the mean scores for perceived stress and burnout are 2.19 and 2.23 respectively. These mean scores are all below the mid-point. This shows that diploma Accountancy students experience low level of stress and burnout.

Table 2. Descriptive Statistics – Summary of mean score for perceived stress and burnout

	N	Minimum	Maximum	Mean	Std. Deviation
Perceived stress	411	0.00	3.57	2.19	0.548
Burnout	411	0.07	5.13	2.23	0.913
Valid N (listwise)	411				

Table 3 presents the 13 factors of sources of stress faced by the students. The students are required to choose which sources of stress that they are currently faced during that semester. From this result, most of the students agree that the main sources of stress for them are worrying about future career (84.4%). This indicates that majority of Accountancy students having stress when they think on getting job after finishing their studies. With global competition in job market, where job opportunities are very limited, students need to compete with others to get a better job. This scenario lead to diploma students become stress since they have to compete with students who have higher qualification either in degree or professional. Another source of stress faced by students is high expectation from parents (71.3%). Parents nowadays put high expectation on their children to finish the studies on time and get a good result. However, this situation make the students become stress because they think they need to fulfil all the expectations from their parents although they do not have interest in their studies. The similar

results also found in study by El-Masry et al. (2013) whereby they revealed that sixth year medical students cited worry about the future and defective clinical practice skills, followed by fear of harming patients and have high parental expectations.

Table 3. Descriptive Statistics – Sources of stress

Statements	N	%
Problems with the opposite gender	63	15.3
Problems to complete with course mates	158	38.4
Problems with faculties	37	9.0
Parent have high expectation	293	71.3
University has incompatible capacity and facility with students number	71	17.3
Unable to socialize with university environment	57	13.9
Transportation problems to come in and out from university	106	25.8
Personal illness or injury which affected academic performance	27	6.6
Problem with time limitation for doing assignment/homework	209	50.9
Lack of feedback from lecturer	48	11.7
Unable to answer lecturers' question	171	41.6
Worry about future career	347	84.4
Have financial distress to continue study	119	29.0

4.2 Reliability Analysis

Table 4 shows the results of the Cronbach's alpha test using the completed data gathered. Both perceived stress and burnout have exceeded the acceptable level of 0.6 with the Cronbach's alpha values of 0.616 and 0.822 respectively. Thus, this proved that the factors included in the questionnaires were reliable and valid, which lead to the reliable results and findings.

Table 4. Cronbach's Alpha Test

	Cronbach's Alpha	N
Perceived stress	0.616	9
Burnout	0.822	15

4.3 Independent Sample t-test

The independent sample t-test was conducted to measure if there is any significant difference between males and females with regards to their perceived stress and burnout. The results in Table 5 reveals the fact that there was significant difference in perceived stress and burnout for males and females. For stress, $t = -3.498$ and the significance value is 0.001 ($p < 0.01$) while for burnout, $t = -2.011$ and the significance value is 0.045 ($p < 0.05$). In terms of mean, it is reported that female students experienced more stress (2.2472) and burnout (2.2851) as compared to male students.

Table 5. Independent Sample T-Test

	Male (Mean)	Female (Mean)	T-value	Sig. (2-tailed)
Perceived stress	2.0379	2.2472	-3.498	.001
Burnout	2.0826	2.2851	-2.011	.045

4.4 One Way ANOVA Test

One way ANOVA was conducted to determine whether perceived stress and burnout were influenced by students' semester and their parents' level of income. As shown in Table 6, the p-value for stress is at 0.072 and burnout is at 0.385, which are greater than the significant level of 0.05. This result indicates that there is no significant difference on perceived stress and burnout between different groups of students' semester.

Table 6. One Way ANOVA test – Students' Semester

		Sum of Squares	Mean Square	F	Sig.
Perceived Stress	Between Groups	67.110	3.050	1.493	0.072
	Within Groups	792.963	2.044		
	Total	860.073			
Burnout	Between Groups	141.857	2.182	1.048	0.385
	Within Groups	718.216	2.082		
	Total	860.073			

In terms of parents' level of income, Table 7 presents the summary of the One Way ANOVA test for perceived stress and burnout. The results revealed that p-value for stress is at 0.358 and burnout is at 0.767, which are also

greater than the significant level of 0.05. Similarly, this indicates that there is no significant difference on perceived stress and burnout between different respondents' parents' level of income.

Table 7. One Way ANOVA test – Parents' Level of Income

		Sum of Squares	Mean Square	F	Sig.
Perceived Stress	Between Groups	1.318	.329	1.096	.358
	Within Groups	121.975	.300		
	Total	123.293			
Burnout	Between Groups	1.536	.384	.458	.767
	Within Groups	340.496	.839		
	Total	342.032			

4.5 Discussion

From the overall result, it indicates that diploma Accountancy students face low level of perceived stress and burnout regardless their semester and parents' level of income. The most probably reason for this situation because diploma Accountancy students do not have to attend the practical training during their study time which may give some burden to them. Furthermore, the syllabus content as well as assessment for diploma students are not so complicated when compared to other qualifications level. Parent's level of income also did not influence students' stress and burnout because students nowadays have other financial aids to continue their study such as Perbadanan Tabung Pendidikan Tinggi Nasional (PTPTN), zakat and scholarship. In terms of gender difference, it is highlighted that female students faced more stress and burnout as compared to male students. The findings are consistent with those of relevant studies quoting that academic stress levels in female students were significantly higher than those in males (Mouza, 2015; Jabeen et al. 2019). This is due to the fact that women are so emotional in dealing with stress resulting they tend to react differently both physically and mentally as compared to men.

5. CONCLUSION, LIMITATION AND RECOMMENDATION

In conclusion, low level of stress and burnout were evident among diploma Accountancy students. Nevertheless, this study also found that the main sources of stress among students are worrying about their future career and high expectation from their parents. The findings of this research will shed some light for early address of the potential determinants and factors of stress and burnout so that some prevention can take place in order to avoid negative effects and consequences associated with the situation faced by the students. Stress cannot be avoided altogether, but it can be recognized and managed in such a way that the negative consequences can be avoided from it. From time to time, the university need to expend extra resources (Portoghese et al. 2018) to provide talk, explanation and opportunities for students about future career. In addition, parents also should play their roles by not putting too much pressures on students. Communication should be improved between students and parents so that they will be able to think better and make better judgements.

This study is not without limitations. The main limitation is reporting bias resulted from the respondents' interpretation of the questions. They also may desire to report their emotions in a certain way or simply because of inaccuracies of responses. In addition, the study took place only one university which may limit the generalization of the results (El-Masry et al., 2013). Therefore, for the future research, it is suggested to explore a comparison of perceived stress and burnout level of students among different courses, from a few different universities, with a view of extending and examining in a relative and integral way for better results.

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EXPLORATORY STUDY ON VOLUNTARY DISCLOSURE OF TAKAFUL INFORMATION IN MALAYSIA

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Abstract

Takaful is a Shariah compliant insurance (Islamic insurance) option for Islamic Muamalat (Islamic transactions) products. It is based on mutual cooperation, where both risks and funds are shared between the insured and insurer. There are various shariah compliant products under takaful including family takaful and general takaful. In Malaysia, takaful market is more focus on family takaful which involving long term investment. Bank Negara Malaysia allow takaful operators to adopt any takaful model in their takaful operation. With different model adopted and long-term investment element in family takaful, it is important for takaful operator to adequately disclose vital information to the public to assist them in making decision. Takaful operational framework highlighted several important items to be disclosed (compulsory and voluntarily). This study focussed on voluntary disclosure items. A checklist based on takaful operational framework, Islamic Financial Services Board (IFSB) and Islamic Financial Services Act (IFSA) were developed and distributed to the participants in order to gain their opinions on desired disclosure level. A set of checklist items were distributed and evaluated by participants or potential participants (represented by academia from various disciplines) to gain their opinions and perceptions on the voluntary disclosure items. Based on decision usefulness theory under [behavioural accounting research \(BAR\) approach assumes that the user is in the best position to determine the information that will affect their decision or behaviour](#). The items in the voluntary disclosure index might be important to the potential participants. The findings of the research will assist the regulator by giving some insights towards the standardisation of the disclosure.

Keywords: Takaful, voluntary disclosure, takaful operational framework

INTRODUCTION

Takaful is a Shariah compliant version of insurance with variety of products includes family takaful, motor takaful, medical takaful and many more. Unlike insurance, takaful are based on tabarru' concept (mutual agreement between participants to help each other using the fund). Takaful fund are invested according to shariah guideline and not involve anything Haram (prohibited) or related to riba' (interest) and maysir (gambling) and free from Gharar (uncertainty).

Background of the study

Takaful is a fast growing industry and Malaysia hold a second largest takaful gross contribution of USD1.962b (EY, 2013). Malaysian takaful market is the fastest takaful growth in South East Asia and is more focussing on family takaful unlike other major players (Saudi Arabia and UAE) which are more focussing on general takaful products. Malaysia has the world's largest family takaful market with a proven model and a better regulatory (EY, 2014).

Malaysian takaful operator are free to choose any takaful model (mudharabah, wakalah, hybrid or waqf model) unlike Saudi Arabia, which only allow cooperative insurance based on mudharabah model. The cooperative insurance is run by a social organization without capital stock (or associations with mutual form) which provides insurance to its members on an assessment basis without profit. Members of this non-profit cooperation pool their risks that are to be insured and make contributions to the risk pool which later to be claimed by the member who need and eligible to make claims.

In term of flexibility and efficiency, takaful insurance is more effective compared to cooperative insurance (Benyoussef & Hemrit, 2019). However, the need of information to be disclosed is higher as variety of model, products and information must be disseminated to the potential participants to assist them in making decision.

Problem statement

Bank Negara Malaysia (2014) highlighted meaningful disclosure perception to help consumers or participants to understand the costs, benefits and associated risk of financial products. Indirectly, it assists the potential customers or participants to decide on which takaful product that suit their needs. This is to ensure a better protection to the participants.

Although there are rules and guidelines produced by Bank Negara Malaysia (National Bank), Islamic Financial Services Board (IFSB), Islamic Financial Services Act (IFSA), Malaysian Accounting Standard Board (MASB) and Malaysian Deposit Insurance Corporation/ Perbadanan Insurans Deposit Malaysia (PIDM), there is no specific standard of disclosure items to fulfill the needs of potential consumers or participants.

This study focusses on the needs of potential consumers or participants on disclosure level of information pertaining to takaful policy requirements.

Objective and significance of the study

The objective of the study is to examine the desired disclosure level of potential consumers or participants that fulfill their needs to make decision on the most preferred takaful products or investments.

The study employs a set of disclosure index of takaful policy requirements developed based on takaful operational framework, Islamic Financial Services Board (IFSB) and Islamic Financial Services Act (IFSA). This is the first study employed disclosure index on takaful policy requirements in Malaysia.

The findings of the study will lead to further research study and indirectly will assist the regulator to set a disclosure standard in the future.

LITERATURE REVIEW

The number of studies pertaining to takaful reporting increases as the industry grows. Most of the studies are focussing on the same expanses with some divergence on the focus area. The most frequent discussion is on takaful concepts and takaful operational mechanism (Mohamed Ibrahim & Nahar, 2007)

Previous studies can be classified into three main theme; research on knowledge and perception of takaful products, the basic concepts of takaful and consumer behaviour and preferences of takaful products. Several studies examining the level of awareness, knowledge and perception on takaful products and services (Maysami & Williams, 2006; Abdul Wahab, Lewis, & Hassan, 2007; Hamid, Osman, Ariffin, & Nordin, 2009; Bashir & Mail, 2011; Ayinde & Echchabi, 2012; Salleh, Abdullah, & Razali, 2013). Other studies explore and clarify the basic concepts and products of takaful (Maysami & Kwon, 1999; Bekkin, 2007; Altuntas, Berry-stölzle, & Erlbeck, 2011; Muhamat@Kawangit et al., 2012). Consumer behaviour and preferences in takaful are among the focus area of studies of researchers (Ab Rahman, Ali, Che Seman, & Wan Ahmad, 2008; Redzuan, Abdul Rahman, & Aidid, 2009; Matsawali et al., 2012; Sherif & Shaairi, 2013).

However, only two studies focussing on takaful reporting. Abu Kasim (2012) studies focussed on the disclosure of shari'ah compliance in annual reports by takaful operators. She discovered a high conformance of disclosure as per Bank Negara guidelines. However, the researcher believes that the issues on disclosure of adequate and relevant information are not fully addressed. The practice of disclosure during the period of study, was to comply with the rules rather than with principles.

In other related research, Mohd. Puad & Abdullah (2014) studies on Takaful accounting reporting and regulations and the current practice of accounting standards among all the Takaful operators in Malaysia. They discovered that there are no comprehensive accounting standards for takaful in Malaysia. They further conclude and recommend a collaboration between the standards setter, the regulators, the academicians, the auditors and the accountant to pool initiatives knowledge and skills to develop a comprehensive Takaful Accounting Standards and resolve the issues of zakat accounting standards.

Under decision usefulness theory, the core principle of accounting information is to meet the information requirements of users located in the considerable environment of any focal organisation (Bebbington, Gray, & Laughlin, 2001) Under behavioural accounting research (BAR) approach, it is assumed that the user is in the best position to determine the information that will affect their decision or behaviour. As for this study, the main

focussed is on the needs of disclosure by potential consumers or participants to make decision on takaful products and investments.

METHODOLOGY

A set of disclosure index on shari'ah compliance and governance and takaful policy requirements were developed based on takaful operational framework, Islamic Financial Services Board (IFSB) and Islamic Financial Services Act (IFSA). The disclosure index consists of 36 items, 13 items on shari'ah compliance and governance and 23 items on takaful policy requirements. The index distributed to 236 potential consumers or participants to gain their responses.

The potential consumers or participants are represented by lecturers from various disciplines and universities. These sample of respondents were chosen because they have better educational background and it is assuming that they are a better group of respondents to represent the whole population of takaful participants.

The disclosure index was distributed through emails and social media applications (whatsapp, telegram and line). Google form were used as a medium to disseminate and gathered responses from the potential consumers or participants. The disclosure index was distributed from 1st July 2019 until 14th July 2019. Only 54 respondents reply and give their response. The data were gathered and analysed using SPSS. The study is an exploratory in nature, therefore, descriptive analysis such as mean, standard deviation and rank is widely used in the findings.

FINDINGS

Demographic Information

Table 1 shows the demographics results of the respondents. There are fifty-four respondents answering the survey, consists of 23 (42.6%) male and 21 (57.4%) are female. In term of age, 3 respondents (5.6%) are under 25 years, 21 (38.9%) are between 26 to 35 years, 19 (35.2%) are between 36 to 45 years and 11 (20.4%) are between 46 to 55 years.

The academic qualification of the respondents are; diploma 4 (7.4%); Degree 9 (16.7%); Master 32 (59.3%); PhD 8 (14.8%) and others qualification is 1 (1.9%). In terms of academic background, 38 (70.4%) respondents are from Business/Management; Law 7 (13%); Engineering 3 (5.6%) and Science 6 (11.1%).

Table 1
Demographic

Gender	Male	23
	Female	21
Age	Under 25 years	3
	26 to 35 years	31
	36 to 45 years	19
	46 to 55 years	11
Academic Qualification	Diploma	4
	Degree	9
	Master	32
	PhD	8
	Others	1
Academic Background	Business and Management	38
	Engineering	3
	Science	6

Voluntary Information on Shariah Compliance and Governance

The respondents are required to evaluate 13 voluntary information relating to shari'ah compliance and governance for takaful operator in Malaysia. The respondents are required to rank the information according to its importance; 1 – Least important to 5 – Most important. Table 2 below shows the descriptive statistics for the voluntary information pertaining to shari'ah compliance and governance

Table 2
Descriptive statistics for voluntary information pertaining to shari'ah compliance and governance

Voluntary information pertaining to shari'ah compliance and governance	Mean	Std Dev	Rank	N
1) Information related to training on shari'ah awareness for employees	4.24	1.063	6	54
2) Operating procedures and lines of reporting	4.20	0.877	7	54
3) Shari'ah Committee members profiles	4.24	0.910	6	54
4) Information on training for continuous professional development of Internal Shari'ah Compliance Unit	4.30	0.792	4	54
5) The role and authority of the Shariah advisor or board in monitoring the IFI's activities pertaining to Shariah matters.	4.28	0.856	5	54
6) Profile of the board of directors	4.13	0.991	8	54
7) Shareholding of the board of directors	4.07	0.929	9	54
8) Role of the board of directors	4.24	0.845	6	54
9) List of audit committee	4.15	0.833	7	54
10) Academic qualifications of the management team	4.33	0.824	2	54
11) Senior management responsibilities	4.31	0.928	3	54
12) Code of ethics and business conduct requiring employees and agents of takaful operators to observe high standards of integrity, honesty and fair dealing	4.35	0.850	1	54
13) Information on appointment of actuary and their duties	4.28	0.856	5	54

Table 2 indicates that the most important information ranked by respondents is information on code of ethics and business conduct requiring employees and agents of takaful operators to observe high standards of integrity, honesty and fair dealing. The next important information is academic qualifications of the management team. The third important information perceived by the respondent is information on senior management responsibilities. Information on training for continuous professional development of Internal Shari'ah Compliance Unit is ranked fourth in term of important by the respondent. Information on the role and authority of the Shariah advisor or board in monitoring the IFI's activities pertaining to Shariah matters and Information on appointment of actuary and their duties have the same level of importance ranked by the respondents. The two information are ranked fifth by the respondents.

Three information are ranked sixth by the respondent i.e. Information related to training on shari'ah awareness for employees, Shari'ah Committee members profiles and Role of the board of directors. The information on Operating procedures and lines of reporting and information on List of audit committee are ranked seventh by the respondent. Finally, the least important ranked by the respondents is information on Shareholding of the board of directors.

Voluntary Information on Takaful Policy Requirements

The respondents are also required to rank the important of voluntary information pertaining to takaful policy requirements. There are 23 information items relating to takaful policy requirements use in the study. Table 2 below show the descriptive statistics for voluntary information pertaining to takaful policy requirements.

Table 3 indicates the important of information items under takaful policy requirements as ranked by the respondents. The most important items are information items no. 6 and no. 8. Therefore, information on Explanation on obligations of Takaful participants (to make full disclosure of material facts relevant to the proposed transaction before signing any documents, to avoid any conflicts in the future) and information on Policy /procedure on application of shariah contract is perceived as the most important information pertaining to takaful policy requirements.

The second most important information are items information number 5, number 7 and number 18. The information items are information on Explanation on obligations of Takaful Operators (to ensure that takaful funds are managed and invested on sound basis according to Shari'ah rules and principles and managed at par with the standards of their counterparts in the industry), information on Statement of assurance that all the information given to the potential participant is accurate, fair and not misleading and Procedures of claims processing and payments.

Information on Exit options, including the consequences of early termination of the takaful contract is ranked third by the respondents. The fourth information items ranked important by the respondent are items no. 4, no. 9 and no. 18. The items are Policies on complaints-handling and other contractual arrangements, Policy on establishment and maintenance of takaful fund and Procedures of claims processing and payments. The important of other information is shown in Table 3.

Table 3
Descriptive statistics for voluntary information pertaining to takaful policy requirements

Voluntary information pertaining to takaful policy requirements	Mean	Std Dev	Rank	N
1) Contract underlying relationship between participants and takaful operator (operational model)	4.33	0.801	6	54
2) Contract underlying relationship between participants (tabarru' concept)	4.35	0.850	5	54
3) Policy on remunerations to takaful operator	4.17	0.818	12	54
4) Policies on complaints-handling and other contractual arrangements	4.37	0.784	4	54
5) Explanation on obligations of Takaful Operators (to ensure that takaful funds are managed and invested on sound basis according to Shari'ah rules and principles and managed at par with the standards of their counterparts in the industry)	4.39	0.738	2	54
6) Explanation on obligations of Takaful participants (to make full disclosure of material facts relevant to the proposed transaction before signing any documents, to avoid any conflicts in the future)	4.46	0.745	1	54
7) Statement of assurance that all the information given to the potential participant is accurate, fair and not misleading.	4.39	0.763	2	54
8) Policy /procedure on application of shariah contract	4.46	0.745	1	54
9) Policy on establishment and maintenance of takaful fund.	4.37	0.808	4	54
10) Exit options, including the consequences of early termination of the takaful contract.	4.38	0.837	3	54
11) Disclosure of commissions and agency fees of takaful products.	4.32	0.850	7	54
12) Capital management plan (CMP)	4.26	0.851	9	54
13) Publish on the website details of products, fees and charges.	4.11	0.894	5	54
14) Underwriting policy	4.20	1.040	13	54
15) Retakaful management strategy	4.20	0.898	11	54
16) Investments management and strategy (the nature, term, currency, amount and timing of the takaful liabilities and, commensurate with the funds' tolerance of risks)	4.28	0.856	8	54
17) Specific investment objectives for different underlying risks or liabilities.	4.33	0.824	6	54
18) Procedures of claims processing and payments	4.39	0.834	2	54
19) Written policy on the management of Participants' Risk Fund (PRF) surplus	4.37	0.831	4	54
20) Policies and procedures to manage operating costs.	4.24	0.845	10	54
21) Allowable expenses charged to the takaful funds	4.26	0.828	9	54
22) The surrender value basis embedded in the product design (surrender rate)	4.30	0.838	8	54
23) Policies and procedure if deficiency and loss rectification	4.34	0.807	6	54

CONCLUSIONS, RECOMMENDATIONS AND FUTURE RESEARCH

The findings of the study provide valuable insights to the standard setter as they are made aware of potential customers' or participants' needs based on how they ranked the information related to shari'ah compliance and governance and takaful policy requirements.

As this is an exploratory study, further research is needed to extent the scope and to include other voluntary information listed in the takaful operational framework. The current practice of disclosure needs to be observed and analysed to match against the desired level of disclosure needed by the potential customers or participants.

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THE IMPACT OF SHORT-TERM INTEREST RATES ON SHORT-TERM DEBTS AMONG MALAYSIAN COMPANIES

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Abstract

There have been numerous studies conducted on the determinants of capital structure in Malaysia. However, there has been limited studies focus specifically on the effect of short-term interest rate, as set forth by the Central Bank of Malaysia, on the companies' short-term debts. Therefore, this paper aims to study the patterns of interest rates and leverage in Malaysia from 2000 until 2018, to examine the difference of leverage between pre- and post-recession periods, and finally, to investigate the effect of short-term interest rates on the Malaysian public listed companies' short-term debts by controlling for 2008 recession. This study employs independent t-test and pooled linear regression to analyse our data. We find that there are downwards movements in interest rates and leverage after the recession year. The t-test shows that the difference of leverage between pre- and post-recession periods is significant except for long-term debt. The results of pooled linear regression indicate that short-term interest rates play significant roles in determining the leverage. However, from pooled linear regression analysis, 2008 recession does not give significant impact to the leverage. In conclusion, this paper supports the posited hypothesis that short-term interest rates do give significant impact on leverage.

Keywords: Capital structure, short-term interest rate, recession, Malaysia

1.0 INTRODUCTION

Capital structure is a highly debated topic of research as it refers to the way a company finances its investing activities and operations: either through the equity financing; such as issuance of shares or the use of accumulated retained earnings, or through debt financing; whether it is long-term or short-term in nature. It is important to understand a company's financing behaviour because it depicts the company's level of risk and return and whether they suit according to the investors' preference. A company with high level of borrowing often suggests a company that is willing to sacrifice its cash flow in pursuit of higher profitability. A risk-averse investor may not want to invest in such a high-risk company.

Furthermore, the capital structure is essential in determining the company's market value as the it is derived from the company's cost of capital: higher cost of capital would certainly devalue the company and since debt financing is always less expensive than equity financing due to information asymmetry, a capital structure decision that favours debt financing would certainly cause the company's market value to drop (Ross, Westerfield, & Jaffe, 2005)

1.1 The puzzle of capital structure

Previous literatures have developed several theories in their attempt to solve inconsistency found in determining the factors affecting capital structure decisions. The first and the most prevailing theory is the one put forward by Modigliani & Miller (1958) called Static Trade-off Theory, where a company increases its leverage to capture the benefit of tax-saved from interest paid until to point where the cost of borrowings, which increases the bankruptcy cost, outweighs the tax saving benefit. It creates a static or fixed capital structure, known as optimal capital structure, where the total cost of capital is at the lowest and leads to the maximum firm value.

Then, Myers & Majluf (1984) come forward to put outline an alternative explanation on capital structure by arguing that the decision to borrow or to use equity is based on the information asymmetry that exists in the market. The information asymmetry causes the cost of borrowing to be more expensive than utilizing the available retained earnings and causes the cost of issuing new equity to be the most expensive. Therefore, the authors argue

that there is a hierarchy of financing option, where a company will fully utilise the cheapest source of financing (retained earnings) before opting for the second cheapest (borrowing then external equity). This leads to the introduction of Pecking Order Theory.

Jensen (1986) argues that instead of information asymmetry, a company may opt for borrowing as a way to mitigate agency cost. Agency cost is an assumption that managers will act in accordance to their own interest rather than the interest of shareholders. Therefore, interest costs are act as a deterrence to any misconduct or self-interest spending made by the managers.

As more and more studies conducted on determining which theory can explain the capital structure found conflicting results, modified theories are put forward to properly explain the confusion. Baker & Wurgler (2002) introduce the Market Timing Theory which states that a company decides to issue equity when the market value of equity is more than its fundamental value. In addition to that, recent studies have focused on Dynamic Trade-off Theory, where they argue that the capital structure needs not to be static at all time. Instead, a company is allowed to deviate from its optimal capital structure for whatever reason and adjust its capital structure back to its optimal target (Ebrahim, Girma, Shah, & Williams, 2014b, 2014a; Haron, 2016).

1.2 Determinants of capital structure

Profitability

The significant negative relationship between profitability and debt (Booth, Aivazian, Demircuc-Kunt, & Maksimovic, 2001; Deesomsak, Paudyal, & Pescetto, 2004; Fama & French, 2002; Fraser, Zhang, & Derashid, 2006a) is as predicted by pecking order theory which asserts that the highly profitable companies tend to finance investments with retained earnings rather than using debt or equity. The finding, however, indicates the important failure of trade-off theory (Fama & French, 2002) which predicts a positive relationship. In the case of developing countries, the negative relationship could be due to problems of undeveloped nature of the capital market and information asymmetry (Booth et al., 2001)

Firm size

Firm size and debt, which are positively related as found by most studies (Booth et al., 2001; Deesomsak et al., 2004; Frank & Goyal, 2003; Fraser et al., 2006a) conforms to the prediction of trade-off theory. It indicates that the larger firms tend to diversify and fail less often, thus have bigger capacity to use more debt. However, some studies find a negative relationship between firm sizes and leverage, which means, the small firms tend to rely heavily on bank loans due to their limited access to the equity capital market (Chen, 2004).

Asset tangibility

Regarding asset tangibility, most evidence shows a positive relationship with debt (Cheng & Shiu, 2007; Deesomsak et al., 2004; Frank & Goyal, 2003; Hirota, 1999) because tangible assets are easy to collateralise for debt (Chen, 2004) and collateral reduces default risk for lenders (Suto, 2003).

Growth opportunity

As expected in trade-off theory, a negative relationship is found between growth opportunities and debt (Booth et al., 2001; Fama & French, 2002; Frank & Goyal, 2003; Pandey & Chotigeat, 2004) because firms with many growth opportunities tend to be riskier due to large costs of financial distress (Hirota, 1999) and the difficulty of borrowing against intangible growth opportunities (Booth et al., 2001).

Non-debt tax shield

Trade-off theory also suggests a positive relationship between debt tax shield and debt. However, instead of using debt to take advantage of reduction in tax, the firms also can lower their tax by subtracting non-debt tax shields, such as, depreciations, selling and general administrative expenses and research and development costs. Therefore, a negative relationship between non-debt tax shields and debt is expected, and is confirmed by previous studies (Deesomsak et al., 2004; Fama & French, 2002; Wiwattanakantang, 1999; Zou & Xiao, 2006).

Institutional factors

In addition to the common firm-specific factors, the previous studies also investigated the effect of corporate governance on debt, particularly, the firm's ownership. The firms usually use debt to mitigate the agency problem between the shareholders and the management of the firms. Hence, it is expected that highly concentrated ownership firms have lower debt than low concentrated ownership firms do, and De Miguel & Pindado (2001) and Suto (2003) confirmed the expectation in their study. Suto (2003) also found that foreign ownership helps to monitor corporate management's actions.

In Japan, for example, a close relationship with main bank as well as being a member of keiretsu is important. Main bank would help to monitor the firms and rescue the firms that fall into financial distress, while members of keiretsu have risk-sharing mechanisms that make these firms stable, and hence, allow them to issue debt easily. Hirota's (1999) study showed that main bank relationship and keiretsu membership are significantly positively related to leverage, which confirmed Hirota's (1999) expectations. While in Korea, Lee, Lee, & Lee (2000) studied the capital structure of chaebol and non-chaebol firms, and found that chaebol firms had higher leverage compared to non-chaebol firms which was a consequence of the government development strategy in the past. These firms also were blamed as a cause of financial crisis. Corporate governance is also found to be able curb the usage of high leverage during high market volatility (Chow, Muhammad, Bany-Ariffin, & Cheng, 2018)

Macroeconomic factors

The development of stock or bond market, creditor or investor protection and GDP also were found significantly related to debt. Developed bond market is found to be positively related to debt which could be due to many choices of debt instrument offered, whereas developed stock market has negative relationship with debt (De Jong, Kabir, & Nguyen, 2008). The role of legal system to protect creditors and investors is also crucial in determining the firm's capital structure. Better creditor right protection is expected to be positively related to debt, and this is confirmed in a study of Cheng and Shiu (2007). However, de Jong et. al. (2008) found a negative relationship as they believed a tightened creditor protection signals risky debt. GDP is positively related to debt (de Jong et al., 2008) which suggested that firms are using more debt in a country with better GDP. Furthermore, a company operates in a developed stock market will employ low debts because the cost of equity is cheaper due to less information asymmetry as opposed to a company which operates in developing stock market, will have more access to debt because the market provides debt providers with information on the company (Temimi, Zeitun, & Mimouni, 2016)

In relation to recession, most of the firms were badly affected during recession as evidenced by the decline in share prices, hence, attracted many researchers to investigate the effect of recession. Few studies, however, discovered trivial change in the capital structure between pre- and post-recession periods (Ebrahim et al., 2014; Fosberg, 2012; Iqbal & Kume, 2014; Trinh & Phuong, 2016). Nonetheless, there were changes discovered to the relationship between leverage and firm as well as country specific factors for pre- and post-recession periods (Deesomsak et al., 2004). Also, the leverage was found increasing from pre-recession to recession period (Iqbal & Kume, 2014), and during recession, the debt accumulated (Fosberg, 2008). After recession, prior studies found the leverage and the accumulated debt were reversed to before recession (Fosberg, 2008; Iqbal & Kume, 2014). Aside from the usual determinants of capital structure such as profitability, growth, tangibility, non-debt tax shield, it is observed that the determinants of the capital structure show more significant result after the economy has recovered from recession. Amongst the macroeconomic factors that change as the economy recovers are GDP and interest rates. This is where the government and the related authorities would quickly respond to the crisis by introducing the money easing, that is, by reducing Overnight Policy Rate (OPR), which would affect the base-lending rate (BLR) or the borrowing cost. By reducing the OPR, it is the intention of the government to avoid the country to further slip into economic downturn.

Karpavičius & Yu (2017) studied the impact of interest rates (both short-term interest and long-term interest) on leverage and they found that interests have no significant impact at all on the leverage, which is confounding because interest rates affects the borrowing costs and according to pecking order theory, a company will always choose a source of financing that costs less expensive compared to a more expensive alternative. Not only that, the study also found that the interest rate is significant only when the market expects the real GDP growth to be reducing. But the result is probably due to the fact that United States is a developed market.

1.3 Capital structure in Malaysia

Recent studies on capital structure in Malaysia have detailed out several unique determinants to explain the financing decision made the companies. Chow et al. (2018) have conducted a study on Asia Pacific countries (Malaysia, Indonesia, Thailand, Philippines, Singapore, Australia and Japan) to see whether good corporate governance can help curbing the employment of debt during economic volatility. The study finds significant results, supporting their hypotheses.

Furthermore, studies have found that debts have significant negative relationship with profitability. (Alarussi & Alhaderi, 2018; Hamid, Abdullah, & Kamaruzzaman, 2015; Salim & Yadav, 2013). This is because high debts will lead to companies pay high cost of borrowing, which will reduce the profitability. Plus, Hamid et al., 2015 finds that both family owned and non-family owned focuses more on short-term borrowing as opposed to long-

term debts due to the difficulty in accessing long-term credit from banks. The study also concludes that both types of firm prefer equity financing as opposed to debt financing.

A study in Malaysia by Ramli, Latan, & Solovida (2019) shows negative relationship between interest rate and capital structures suggesting that low base-lending rate will encourage companies to adopt higher leverage. However, the study made no distinguish between when the economy is facing recession or not and it only considers the long-term interest and not short-term interest rate.

There is a lack of study done on the short-term interest rate and the capital structure in Malaysia. Therefore, this paper studies the impact of short-term interest rate on the capital structure by controlling for recession year for better result discussion.

1.4 Research objectives

The objectives of this study are to:

1. examine the trends of interest rates from 2000 until 2018.
2. examine the patterns of leverage of Malaysian public listed companies for a period from 2000 until 2018.
3. investigate the difference in total debt, long-term debt and short-term debt of Malaysian public listed companies between pre- and post-recession periods.
4. examine the impact of short-term interest rates on total debt, long-term debt and short-term debt of Malaysian public listed companies.

2.0 RESEARCH DESIGN AND METHODS

2.1 Selection of sample and research method

This study uses the data taken from 2000 until 2018 with 2008 data identified as the recession period (Duggal & Budden, 2011). The selected time period is intended the difference in the economic conditions of the Malaysia economy. The data is chosen across seven industries, which are Construction, Consumers and Products, Industry/Industrial Products, Plantation, Property, Technology and Trading and Services and excludes the Finance industry due to the different characteristics as well as its own unique regulations. Data will be collected from Thomson Datastream. The data are filtered from any missing values and outliers. Accordingly, the final sample of this study consists of 6,003 companies/years observations,

For the purpose of validity and robustness of the study, the study adopts three different proxies for dependent variable, which is leverage. The study measures leverage by using 1) total debts to total assets (TDEBT), 2) long-term debts to total assets (LTDEBT) and total short-term debts to total assets (STDEBT). Following Karpavičius & Yu (2017), this study employs two proxies for short-term interest rates which are Kuala Lumpur Interbank Offered Rate (KLIBOR) and Treasury Bill Discounted Rate (TRBILL). These proxies are retrieved from Thomson Datastream. This study also includes control variables of profitability (PROF), assets tangibility (TANG), firm growth (GROW) and firm size (SIZE). We also control for 2008 recession (Y2008), where 1 is for recession year, and 0 for non-recession years (Iqbal & Kume, 2015).

2.2 Hypothesis development

In the regression analysis, aside from the usual determinants of capital structure, the study introduces one new independent variable, which is, short-term interest rate (KLIBOR/Treasury Bill Discounted Rate) and, a new dependent variable that is short-term debts (STDEBT). A study by Karpavičius & Yu (2017) found that the interest rate is significant, but, only when the market expects the real GDP growth to be reducing. Following Karpavičius & Yu's (2017) study, this study hypothesize that:

H1: There is a significant relationship between short-term interest rate and leverage

Following the literature reviews, the study includes control variables of profitability (PROF), assets tangibility (TANG), company's growth (GROW), company's size (SIZE) and recession year (Y2008).

This paper uses pooled linear regression to understand the statistical relationship between debt ratios and independent variables for the entire period. Based on the literature review and the hypothesis development, the equation models are:

$$\text{LEVERAGE} = \alpha + \beta_1 (\text{IR}) + \beta_2 (\text{PROF}) + \beta_3 (\text{TANG}) + \beta_4 (\text{GROW})$$

$$+ \beta_5 (\text{SIZE}) + \beta_6 (\text{Y2008}) + \varepsilon \quad (1)$$

Where:

LEVERAGE is measured as 1) total debts to total assets (TDEBT), 2) long-term debts to total assets (LTDEBT) and 3) total short-term debts to total assets (STDEBT).

IR is measured as 1) annual average 3-month, 6-month and 12-month KLIBOR and 2) annual average 3-month, 6-month and 12-month Treasury Bill (TRBILL) discounted rate.

3.0 RESULTS AND DISCUSSION

3.1 Descriptive analysis

Table 1 shows the descriptive analysis of 6001 Malaysian public listed companies/years observations from 2000 until 2018.

Table 1: Descriptive Statistic

Variables	Minimum	Maximum	Mean	Std. Dev.	Skewness	Kurtosis
AVE_3M_KLIBOR	2.13000	3.92000	3.26635	0.42653	-0.96412	1.01670
AVE_6M_KLIBOR	2.14000	4.00000	3.32285	0.44675	-0.95921	0.92852
AVE_12M_KLIBOR	2.16000	4.10000	3.40866	0.46379	-1.04004	1.14029
AVE_3M_TRBILL	2.05325	3.43367	2.89286	0.35870	-0.62152	-0.05631
AVE_6M_TRBILL	2.02900	3.57763	2.92667	0.39108	-0.48498	-0.15587
AVE_12M_TRBILL	2.06870	3.44633	2.90839	0.36932	-0.50347	-0.25888
TDEBT	0.00000	0.65725	0.20258	0.13985	0.33148	-0.66010
LTDEBT	0.00000	0.42854	0.10017	0.10305	1.01888	0.19299
STDEBT	0.00000	0.36991	0.10241	0.09062	0.92893	0.07458
PROF	-0.08969	0.20975	0.05871	0.05436	0.08623	-0.02518
TANG	0.00006	0.98049	0.36224	0.22523	0.44662	-0.54143
GROW_MTB	0.00001	0.00679	0.00170	0.00150	1.38096	1.32507
SIZE	4.01089	7.99575	5.73463	0.66491	0.71649	0.40251

KLIBOR is annual average 3-month, 6-month and 12-month interest rate, TRBILL is annual average 3-month, 6-month and 12-month treasury bill rate (Karpavičius & Yu, 2017), TDEBT is total debts divided by total assets. STDEBT is current liabilities without payable divided by total assets (Hamid et al., 2015). PROF is earnings before interest and tax divided by total assets (Deesomsak et al., 2004; Wiwattanakantang, 1999). TANG is property, plant and equipment divided by total assets (Deesomsak et al., 2004; Wiwattanakantang, 1999). GROW is market value divided by book value (Fraser et al., 2006a). SIZE is the natural log of total assets (Fraser et al., 2006a)

The first objective of this study is to examine the trends of interest rates from 2000 until 2018. From Figure 1 and 2, during the recovery period from 1998 recession, it can be seen that the interest rates for both KLIBOR and TRBILL are declining as a response from Central Bank of Malaysia to curb the recession. Afterwards, the interest rates increase dramatically from 2004 with the highest point of 4.1% as the economy is healthy. However, when the Malaysian economy is hit by the Great Recession of 2008, the interest rates plummet as low as 2.03%.

Following the second objective, which is to examine the patterns of leverage, the patterns are shown in Figure 3. From 2000 to 2008, a steady trend with insignificant increase or decrease in leverage. The year 2008 is recognised as the recession year (Duggal & Budden, 2011) and it is marked in trend analysis. There is a sharp downwards movement, indicating a change in the financing behaviour immediately after the recession. Accordingly, the Malaysian companies reacted to the event and quickly adjusted their leverage. From 2009 until 2013, we can see the acute decline in leverage before the companies slowly picking up their leverage a few years after the recession ended.

Figure 1: Trend Analysis of Kuala Lumpur Interbank Offered Rate (KLIBOR)

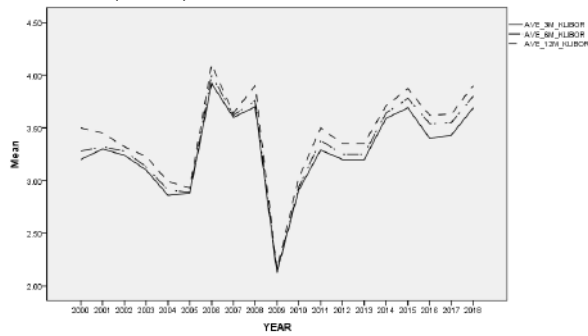


Figure 2: Trend Analysis of Malaysian Treasury Bills' Discounted Rate

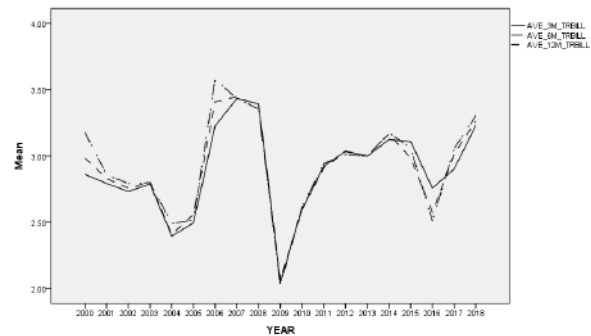
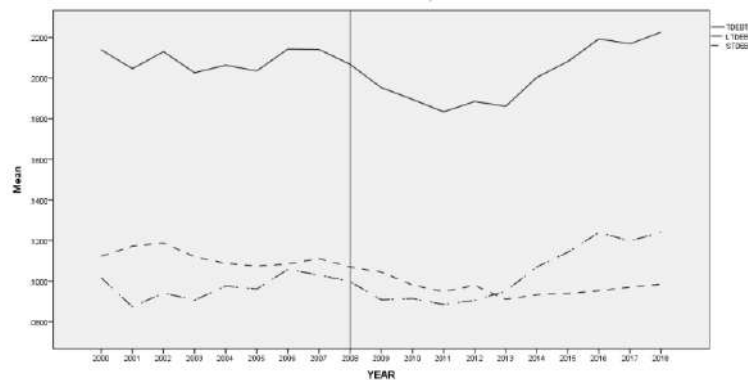


Figure 3: Trend Analysis of Total Debt, Long-term Debt and Short-term Debt Ratios



3.2 Independent Sample T-Test

To answer our third research objective, Table 2 shows the t-test for the mean of TDEBT, LTDEBT and STDEBT. The means for leverage during post-recession are significantly lower compared to the mean during pre-recession period except for LTDEBT, but the difference is insignificant. This finding is consistent with the study of Iqbal and Kume (2014).

Table 2: Independent samples T-test

	N	TDEBT	LTDEBT	STDEBT
Pre-recession period (mean)	2513	0.2087	0.0980	0.1106
Post-recession period (mean)	3488	0.1982	0.1017	0.0965
Independent t-test and Levene's test for equality of variance:				
F-Value		31.065***	10.925***	35.642***
t-value		2.832	(1.338)	5.892
Sig.(2-tailed)		0.005	0.181	0.000

Table 2 shows the independent t-test measurement for TDEBT, LTDEBT and STDEBT between pre-recession period and post-recession period.

***significant at 1%

3.3 Pooled linear regression

Table 3 presents the results for pooled linear regression analysis, where Panel A uses KLIBOR as a proxy for short-term interest rate and Panel B uses TRBILL discounted rate as proxy for short-term interest rate. Panel A shows that, for all three proxies of leverage, short-term interest rates give significant impact. The impacts of short-term interest rate are most significant (1% significant level) on TDEBT, and the least significant is on STDEBT, at 10% significant level. These are also true for Panel B's results where TDEBT and LTDEBT are significantly related to short-term interest rate at 1% significant level. The impact of short-term interest rate on STDEBT is the weakest with exception of 3-month Treasury Bill discounted rate that give no significant result. Therefore, our results support H1. Interestingly, the relationship between short-term interest rates and leverage do not follow previous study by Karpavičius & Yu (2017) where they found a negative relationship between interest rates and leverage. We find positive relationships across all proxies of leverage and short-term interest rates. These findings suggest that the companies opt for short-term debt regardless of the high short-term interest rate because it is cheaper to use it as compared to long-term debt.

Table 3: Pooled Linear Regression

Panel A: IR = KUALA LUMPUR INTERBANK OFFERED RATE

IV	TDEBT						LTDEBT						STDEBT					
	3M		6M		12M		3M		6M		12M		3M		6M		12M	
	β	t-value	β	t-value	β	t-value	β	t-value	β	t-value	β	t-value	β	t-value	β	t-value	β	t-value
(Constant)	0.01	(0.59)	0.01	(0.38)	0.00	(0.20)	0.23	(17.88) ***	0.23	(18.03) ***	0.23	(17.92) ***	0.22	18.64 ***	0.22	19.11 ***	0.22	19.24 ***
IR	0.01	3.12 ***	0.01	2.90 ***	0.01	2.62 ***	0.01	2.30 **	0.01	2.10 **	0.01	1.82 *	0.01	1.93 *	0.01	1.84 *	0.00	1.75 *
PROF	(0.09)	(2.82) ***	(0.09)	(2.81) ***	(0.09)	(2.82) ***	(0.03)	(1.25)	(0.03)	(1.25)	(0.03)	(1.26)	(0.06)	(2.64) ***	(0.06)	(2.64) ***	(0.06)	(2.64) ***
TANG	0.07	10.64 ***	0.07	10.64 ***	0.07	10.62 ***	0.06	12.14 ***	0.06	12.15 ***	0.06	12.13 ***	0.01	1.89 *	0.01	1.90 *	0.01	1.89 *
GROW	(45.02)	(41.06) ***	(44.93)	(41.04) ***	(44.99)	(41.02) ***	(19.84)	(23.62) ***	(19.84)	(23.61) ***	(19.83)	(23.59) ***	(25.17)	(32.64) ***	(25.17)	(32.64) ***	(25.16)	(32.63) ***
SIZE	0.04	17.45 ***	0.04	17.39 ***	0.04	17.43 ***	0.06	31.83 ***	0.06	31.75 ***	0.06	31.78 ***	(0.02)	(9.88) ***	(0.02)	(9.87) ***	(0.02)	(9.85) ***
Y2008	(0.00)	(0.52)	(0.00)	(0.44)	(0.00)	(0.42)	0.00	0.42	0.00	0.50	0.00	0.53	(0.01)	(1.20)	(0.01)	(1.16)	(0.01)	(1.17)
Observation	6001		6001		6001		6001		6001		6001		6001		6001		6001	
R-square	0.31		0.31		0.31		0.26		0.26		0.26		0.19		0.19		0.19	
Adj. R-square	0.31		0.31		0.31		0.26		0.26		0.26		0.19		0.19		0.19	
Model F-value	456.26***		455.95**		455.57***		346.33***		346.13***		345.89***		236.30***		236.23***		236.16***	

Panel B: IR = TREASURY BILL DISCOUNTED RATE

IV	TDEBT						LTDEBT						STDEBT					
	3M		6M		12M		3M		6M		12M		3M		6M		12M	
	β	t-value	β	t-value	β	t-value	β	t-value	β	t-value	β	t-value	β	t-value	β	t-value	β	t-value
(Constant)	0.01	(0.62)	0.02	(0.84)	0.02	(0.89)	0.24	(17.17) ***	0.24	(17.81) ***	0.24	(17.44) ***	0.22	17.83 ***	0.22	18.21 ***	0.22	17.74 ***
IR	0.01	2.80 ***	0.01	3.35 ***	0.01	3.24 ***	0.01	2.38 **	0.01	2.72 ***	0.01	2.71 ***	0.00	1.39	0.01	1.80 *	0.01	1.65 *
PROF	(0.09)	(2.83) ***	(0.09)	(2.85) ***	(0.09)	(2.84) ***	(0.03)	(1.26)	(0.03)	(1.28)	(0.03)	(1.27)	(0.06)	(2.65) ***	(0.06)	(2.66) ***	(0.06)	(2.66) ***
TANG	0.07	10.68 ***	0.07	10.63 ***	0.07	10.66 ***	0.06	12.19 ***	0.06	12.15 ***	0.06	12.18 ***	0.01	1.90 *	0.01	1.88 *	0.01	1.89 *
GROW	(45.00)	(41.04) ***	(45.00)	(41.06) ***	(45.01)	(41.06) ***	(19.85)	(23.63) ***	(19.85)	(23.63) ***	(19.86)	(23.64) ***	(25.15)	(32.61) ***	(25.15)	(32.63) ***	(25.15)	(32.62) ***
SIZE	0.04	17.68 ***	0.04	17.81 ***	0.04	17.7 ***	0.06	32.06 ***	0.06	32.24 ***	0.06	32.21 ***	(0.02)	(9.79) ***	(0.02)	(9.80) ***	(0.02)	(9.79) ***
Y2008	(0.01)	(0.70)	(0.00)	(0.63)	(0.01)	(0.76)	0.00	0.15	0.00	0.27	0.00	0.12	(0.01)	(1.16)	(0.01)	(1.19)	(0.01)	(1.21)
Observation	6001		6001		6001		6001		6001		6001		6001		6001		6001	
R-square	0.31		0.31		0.31		0.26		0.26		0.26		0.19		0.19		0.19	
Adj. R-square	0.31		0.31		0.31		0.26		0.26		0.26		0.19		0.19		0.19	
Model F-value	455.80***		456.63***		456.44***		346.41***		346.81***		346.79***		235.93***		236.20***		236.09***	

Table 3 shows the multivariate regression analysis result by using TDEBT, LTDEBT and STDEBT as dependent variables. TDEBT is the total debt divided by total assets. LTDEBT is the long-term debt divided by total assets. IR is the annual average interest rate of 3-month, 6-month and 12-month KLIBOR. PROF is the earnings before interest and taxes divided by total assets. TANG is tangibility of assets, which defined as property,

plant and equipment divided by total assets. GROW is market value divided by book value. SIZE is the logarithm of total assets. Y2008 is a control variable for recession year. ***significant at 1%, **significant at 5%, *significant at 10%,

A significant (1% significant level) and negative relationship between PROF and leverage is found for all regression models in this study, except for LTDEBT. These results are consistent with the prior literature (Booth et al., 2001; Deesomsak et al., 2004; Fama & French, 2002; Fraser, Zhang, & Derashid, 2006) that states when a company has high internal financing, it would borrow less because it can finance their activities using cheaper source of financing which is the retained earnings.

For the relationship between asset tangibility and leverage, TANG shows significantly positive relationship with all proxies of leverage. However, the impact of TANG is the weakest on STDEBT at only 10% significant level. The positive relationship is as predicted by the trade-off theory that states firms with more tangible assets has bigger ability to use their tangible assets as collateral (Suto, 2003).

Referring to Table 3, growth opportunities (GROW) has a significant and negative relationship with all proxies of leverage at 1% significant level. This result conforms to previous literature (Booth et al., 2001; Fama & French, 2002; Frank & Goyal, 2003; Pandey, 2001) which found a negative relationship between growth opportunities and the level of debt, which meets the prediction of trade-off theory. A negative relationship is predicted because high growing companies is considered high risk and hence, banks will be reluctant to extend borrowing to these companies.

Table 3 also shows positive relationship between firm size and all proxies of leverage, which is significant at 1%. This finding follows the previous literature (Deesomsak et al., 2004; Fraser, Zhang, & Derashid, 2006b) and as predicted by trade off theory where the companies with bigger size are perceived to be more diversified and less likely to fail, which enable them to obtain debt financing easier.

Finally, our dummy variable for 2008 recession (Y2008), however, does not give significant impact on all proxies of leverage, even though the t-test shows that there is a significant different in the mean of leverage between pre- and post-recession periods. This result concurs with Iqbal and Kume (2015) where they found no significant relationship between crisis dummy and leverage.

4.0 CONCLUSION

Throughout the years from 2000 until 2018, both short-term interest rates and leverage are found to be fluctuating steadily before the recession year in 2008, and following the recession, they experience decline in the pattern. This could be due to government initiative to curtail the effect of recession. Further investigation finds that the leverage before and after recession is statistically significant different, in exception for long-term debt. Both total debt and short-term debt are lesser after recession occurred.

Due to the pattern of short-term interest rates which decline after the recession, we conduct a pooled linear regression analysis to examine the impact of short-term interest rate on leverage. We find that short-term interest rates, which are KLIBOR and Treasury Bills discounted rates, are positively and significantly effecting the leverage level. The findings suggest that the company opt for cheapest source of funding regardless of short-term interest rate level.

All control variables, namely, profitability, asset tangibility, growth opportunities and firm size, agree with previous literature and capital structure theories. However, control variable for 2008 recession year does not significantly influenced the level of leverage.

For future study, we recommend the inclusion of more control variables to improve the adjusted R-square. We also recommend future study to lengthen the study period so that it includes other recession periods.

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DEMOGRAPHIC STUDY ON PERCEPTION OF MALAYSIAN BANKERS ON THE EFFECTIVENESS OF FRAUD PREVENTION AND DETECTION TECHNIQUES IN ISLAMIC BANKS

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Abstract

Bank fraud may represent one of the major causes of bankruptcy in the world. Motivated by previous bank fraud cases in India (The Ketan Parekh fraud) and in Dubai (Dubai Islamic Bank scandal), this research is done to know whether bankers are aware about fraud that happens surrounding them and to come out with the most effective method for fraud prevention and detection in their banks. Therefore, this research aims to contribute an empirical analysis between demographic variables of the respondents such as gender, education level and working experience in banking industry towards their perception on the effectiveness of fraud prevention and detection techniques. The respondents are among managers and officers within Islamic banks in Malaysia. A total of 146 responses were received out of 240 questionnaires sent to the respondents. The uniqueness of this study is the respondents are chosen among bankers from Islamic banks in Malaysia as Malaysia aims to become Islamic finance global hub. However, the results show that there are no significant differences between gender, education level and working experience of a banker towards their perception on the effectiveness of fraud prevention and detection techniques. This study hopefully could benefit both academicians and practitioners in term of evaluating demographic influences on bankers' perception on the effectiveness of fraud prevention and detection techniques.

Keywords: fraud, Islamic banks, Malaysia, demographic, gender

INTRODUCTION

In Malaysia, fraud is among the most notable white-collar crime. According to the Malaysia Fraud, Bribery and Corruption Survey Report 2013 by KPMG, fraud continues to be a serious threat within Malaysia's corporations with 48% of companies surveyed experiencing fraud in their organizations. Meanwhile, the total loss suffered during the survey period for the companies that had experienced fraud was RM2.407 million. However, this amount could be far more than what was reported since not all respondents disclosed information on the number of fraud incidences and/or the value of fraud detected. In fact, 94% of KPMG survey respondents believed that frauds have become more sophisticated throughout years.

Banks are the engines that drive the operations in the financial sector, money markets and growth of an economy (Bhasin, 2016). Despite the tight scrutiny of the *Shariah* Supervisory Board, violations in the Islamic banks still occur. One of the most apparent threats is the fraudulent actions that are committed by people within the bank or outside the bank. Obviously, fraud is not a new threat to Islamic banks since none of the entities are immune to fraudster attacks. Based on KPMG Global Banking Fraud Survey 2019, it reported 61% of the respondents indicated that the total volume of external fraud had increased in the banking sector. Meanwhile, 59% of the respondents said the value of fraud had increased. Among common fraud experienced by the banking industry in this new age are cyber or online fraud, scams, bribery and corruption, financial statement fraud, asset misappropriations, and credit card fraud.

The most notable fraud case in Malaysian Islamic banks perhaps was the financial scandal that involved Bank Islam Malaysia Berhad (BIMB). BIMB is the pioneer Islamic bank in Malaysia which had declared a loss of RM456 million with a gross non-performing loan (NPL) portfolio of RM2.2 billion for the year ending 30 June 2005 (Abdul Rahman & Salim, 2010). According to the Second Finance Minister of Malaysia at that time, Tan Sri Nor Mohamed Yakcop, the loss was believed as a result of negligence by some officers and not due to a failure

of Islamic banking principles (Netto, 2005). BIMB finally has established a Special Investigation Unit (SIU) in order to investigate whether the losses and NPL were contributed by misconduct or due to the non-compliance of the normal banking operations. Realizing that the harm brought by bank fraud is immense with regards to the previous fraud cases such as Ketan Parekh Fraud, Bank of Credit and Commerce International (BCCI), Dubai Islamic Banks and even BIMB, banks need to have an effective technique to curb the fraudsters.

In today's world of high competition between Islamic banks, banks cannot afford any financial or customer losses resulted from fraud incidents. Therefore, it is crucial to have ample knowledge on zero fraud strategies; which can be used to prevent and detect fraud in the banks in order to identify likely fraud perpetrators. Bankers who act as the 'backbone' for the banks, actually are in the best position to control fraud by proactively monitoring any unusual or irregular account transactions before the money is gone. They are the ones who involved directly in the banking operations and are familiar with the bank procedures. Therefore, bankers are the right candidates to share their opinions on fraud prevention and detection techniques applicable to their banks.

Nevertheless, different bankers might yield different perceptions on the effectiveness of each fraud prevention and detection techniques. This is due to the diverse background of the bankers. Therefore, the study is interested to investigate empirically whether the demographic factors of a banker might influence their perception on the effectiveness of the fraud prevention and detection techniques. The researcher would like to examine whether the perception of bankers would be different when compared to gender, education level and working experience in the banking industry. It is the aim of this research to contribute empirical evidence on the perceptual difference based on demographic factors of the banker respondents.

The findings from this research would benefit both practitioners and academicians. In the perspective of the practitioners, this study could evaluate an understanding and awareness of the Islamic bank employees towards various types of fraud prevention and detection strategies applicable to the banks. Thus, with this knowledge, the management of the banks may improve their anti-fraud programmes or consider their future organizational fraud policy based on the demography of participants. On the other hand, this research fulfils a resource needed for the academia in terms of providing information on the fraud prevention and detection techniques applicable in Islamic banks within Malaysia. This study could be a reference for those who are interested in doing research on banking fraud areas.

LITERATURE REVIEW

There are several past researches that indicated demographic factors might influence the perception of their respondents which further supported this study. Voon, Voon and Puah (2008) studied whether respondents' perceptions on the determinants of corporate crime were influenced by respondents' demographic characteristics such as gender, age, race, marital status, education level, occupation, and monthly income. Overall, among the variables, only gender, education level and occupation of the respondents showed significant impact on the perception of corporate crime determinants.

Yang, Moyes, Hamedian and Rahdarian (2009) identified those professional demographic characteristics such as type of auditors, highest education level, areas that the auditors majored in at universities, auditors' accumulated knowledge of red flags, auditors who have experienced red flags to detect fraud and auditors who have or have not previously received in-house red flags training provide significant differences on the Iranian auditors' perceptions of the fraud-detecting effectiveness of red flags.

Another research was conducted by Nawawi, Mohamad Khalil and Mahzan (2017) to assess the associations between the bankers' demographic characteristics and their perception on the risk of asset misappropriation. The results from this research revealed that age, working experience, marital status and academic qualification had significant bearings on the perception of the risk of asset misappropriation within the financial institutions. The study also suggested that banking organizations should focus on improving its internal control system and communicate code of ethics to reduce the possibility of misconducts. The similar results also depicted from the recent study by Indarti and Siregara (2018). However, they examined the demographic factors such as experience, credentials, educational background, gender and training experience towards the perceptions of accountants in using fraud indications to detect fraudulent financial reporting.

Based on these previous researches, the researcher expected demographic factors such as gender, education level and working experience in the banking industry to be the most contributing factors for the difference in perceptions on the effectiveness of fraud prevention and detection techniques. In fact, perceptions are shaped by the experience that people have throughout their life (Khoreva, 2011) which could differ depending on the person's gender, education level and working experience. This research provides justifications for each variable as follows

2.1 Gender

Gender is one of the chosen variables for this study because gender affect perceptions are widely studied. According to Rahim and Malik (2010), males and females are different in terms of working and managing emotions since they are physically different from one another. These differences eventually lead to the diversity between employee's perception, conflict and readiness to create and innovate (Rahim & Malik, 2010).

A substantial stream of research suggests that women are more risk averse than men in financial situations (Powell & Ansic, 1997; Halek & Eisenhauer, 2001; Ford & Kent, 2010). Biggs (2006) disclosed that professional ranks in the financial service industry are populated mostly by men when compared to women due to risk aversion and avoidance. The risk aversion attributed by women is consistent with the negative responses to a threatening situation and with the notion of intimidation (Ford & Kent, 2010). Meanwhile, men are more perceived at risk taking as they think the threat is controllable and prompt them to face the threat directly.

Male bankers possibly are more risk takers than female counterparts and thus suggest that their choice and opinions on the effective technique to prevent and detect fraud in banks might be different. Meanwhile, according to the risk aversion theory, women are perceived to be less willing to take risks as compared to men (Booth & Noolen, 2009). Therefore, women are less involved in misconduct or fraudulent actions as supported by Lopez, Rechner and Buchanan (2005) and Hartman-Wendels, Mahlmann and Versen (2009). In a nutshell, differences in risk attitudes may even affect choices about seeking performance feedback which could be represented by the questions on the effectiveness of the fraud prevention and detection strategies asked in this research survey. These differences eventually lead to the diversity between employee's perceptions which lead to the development of the first hypothesis:

H1: There is a significant difference between gender of bankers and perception on the effectiveness of fraud prevention and detection techniques in the bank.

2.2 Education Level

Education is believed to result in greater sensitivity to different points of view (Honeycutt, Glassman, Zugelder & Karande, 2001). Thus, it is perceived that educated respondents and less educated respondents have different opinions. Educated bankers are predicted to be more sensitive with fraud control procedures in the banks as they are more aware and expose to the current development of the fraud prevention and detection techniques since their knowledge on the subject is up-to-date compared to less educated bankers.

Nabhan and Hindi (2009) examined that as employees become more educated, they are likely to be more familiar with the internal control system as they have knowledge on that. This is possibly true if the bankers further their studies in the related areas of economic crime, audit or forensic accounting. In fact, knowledge and decision making skills gained through that formal learning can be useful skill for the bankers to cope with the complexity of fraud modus operandi by perpetrators.

Moreover, Rahim and Malik (2010) revealed that education will help people to understanding situation better and handling the changing scenarios comprehensively. This is proven by the results shown that as the level of education goes higher, the level of emotional intelligence also increases. This is in line with the study done by Nawawi et al. (2017) who found that people with diploma and degree qualifications as compared to professional qualifications provide contrasting opinions. Furthermore, they found that bankers with diploma and degree qualifications are fairly neutral in agreeing to the presence of the risk of asset misappropriation in their organizations.

Highly educated employees are able to express their feelings, communicate frankly and better understand other people than less educated ones which can lead to better opinion in effectiveness of fraud prevention and detection strategies. The preceding argument thus leads to the following hypothesis:

H2: There is a significant difference between bankers' education level and perception on the effectiveness of fraud prevention and detection techniques in the bank.

2.3 Employee tenure / experience

Employee tenure refers to the length of time an employee works for a particular employer. The length of service by an employee will determine his job position whether at senior or junior level. As employees become more senior, they are more familiar with the policies and procedures of their banks as well as internal control systems of the banks. Consequently, they are able to spot any fraud occurred and report the fraudulent action more frequently (Nabhan & Hindi, 2009). As senior employees, they would fear of the threat of loss of reputation and social status when is being accused for convicting or abetting a fraud.

Based on the previous researches which target the auditors as their respondents, Moyes and Hassan (1996) and Owusu-Ansah et al. (2002) showed that the auditors' years of auditing experience may enhance the likelihood of fraud detection. Meanwhile, a study done by Ballou (2001) expected the reviewer-specific characteristics such as general experience and specific experience of an auditor would lead to a more effective and efficient review process. In fact, auditors with a review experience on audit working papers are expected to have some control over how they process information which finally affects their judgments and decisions. This is also consistent with the study done by Mahzan, Mohamad Khalil and Nawawi (2017) who found that individuals who have working experience of above fifteen years believe in performing their whistleblowing roles to improve governance as compared to people who have working experience of less than five years.

With regard to the current study, bankers might evaluate the effectiveness of the fraud prevention and detection techniques based on the complexity of the task which is to some extent determined by their familiarity with the job. The familiarity with the job increases when years of servicing increase. Therefore, it is plausible to believe that more experience should allow for a more confident and efficient review of the effectiveness of fraud prevention and detection techniques by the bankers which lead to the third hypothesis:

H3: There is a significant difference between bankers' working experience and perception on the effectiveness of fraud prevention and detection techniques in the bank.

Based on the above justifications, this research proposes to use gender, employee tenure or working experience and education level as the predictors for the hypotheses. The development of the hypotheses can be illustrated based on the conceptual framework below:

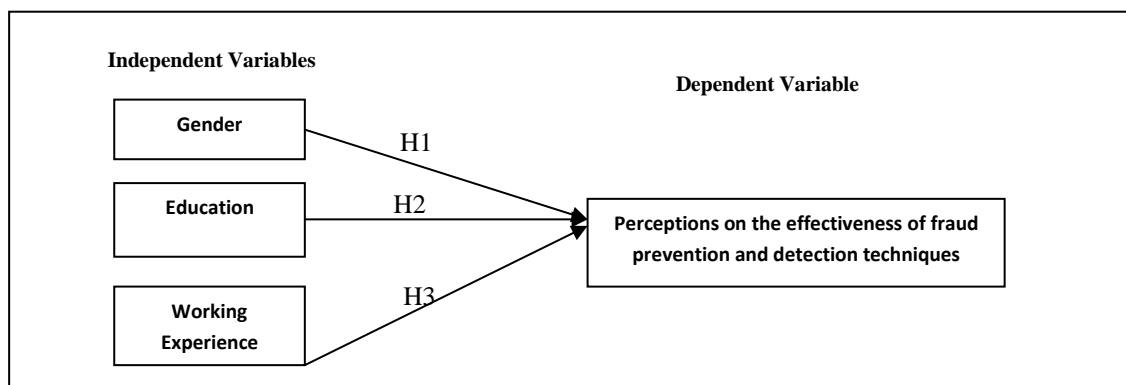


Figure 1. Conceptual framework to illustrate the effect of banker's demographic (gender, education level and working experience) towards perceptions on the effectiveness of fraud prevention and detection techniques.

2.4 Fraud Management Lifecycle Theory

The Fraud Management Lifecycle Theory is developed by Wesley Kenneth Wilhelm (2004); it represents eight interrelated stages of fraud management lifecycle which needs to be implemented together such as deterrence, prevention, detection, mitigation, analysis, policy, investigation and prosecution (Nabhan & Hindi, 2009). Information technology plays a pivotal role throughout the Fraud Management Lifecycle. Each of the stages in the lifecycle benefit from the effective application of information technology resources. The network of lifecycle stage interactions allows an organization to continually evolve and easily adapt to new fraud trends as they emerge. In fact, this theory is relevant for the current study as it involves several components in the fraud management theory such as prevention and detection activities as well as the use of computer software and applications which updates the use of technology in fraud management.

2.5 Fraud Prevention and Detection Techniques

Australian Standard: Fraud and Corruption Control (AS 8001-2008) described prevention as the proactive actions for entities in order to implement a comprehensive fraud and corruption control program. Among the prevention elements are implementing and maintaining an integrity framework and senior management commitment to control the risk of fraud and corruption as well as accountability of line management to prevent and detect fraud. According to fraud management lifecycle theory, prevention corresponds to actions and activities to stop fraudsters from engaging in fraudulent actions. This stage normally occurs before the detection of fraud has been accomplished.

Meanwhile, Wilhelm (2004) identified detection as actions and activities that are used to identify and locate fraud prior to, during and subsequent to the completion of the fraudulent activity. In short, this stage is used to reveal the presence of fraud or fraud attempts in the organization. Among example of detection activities are implementing a post-transactional review, data mining and real-time computer system analysis as well as an analysis of the management accounting report. Besides, other detection elements consist of the role of the external auditor in the detection of fraud and the whistleblower protection program.

There are many fraud prevention and detection strategies as discussed by Vanasco (1998), Owusu-Ansah et al. (2002), Alleyne and Howard (2005), Bierstaker et al. (2006) as well as Khanna and Arora (2009) that can be utilized in order to reduce the chances of bank fraud from occurring. According to Nabhan and Hindi (2009), banking fraud can be classified into two categories; external and internal fraud. Empirical statistics and surveys on anti-fraud management disclose that more than 34% of internal fraud is detected through tips. This is further supported by the ACFE Report to the Nation 2002 and 2010 which indicated occupational frauds are more likely to be detected by tips than other methods (Ruin, 2009). As in today's digital age, fraud has become very complex and even more difficult to deter and detect, thus the techniques used to manage it must also be sophisticated. Therefore, this research is done in order to know the perception of the bankers in Islamic banks regarding the effectiveness of each method or strategy.

2.6 The Islamic Banking System in Malaysia

The term "Islamic Banking" is defined as the conduct of banking operations in adherence with Islamic teachings or Shariah law. Unlike the conventional banking system, the Islamic banking system operates as an interest-free institution and any transaction undertaking business and trade activities that involve interest (*riba*) are prohibited. The main reason of prohibiting interest is to ensure distributive justice of money and equity among the parties involved. Malaysia's Islamic banks keep on growing rapidly as supported by a conducive and facilitative business environment which is to benefit from religious heritage, strategic location and progressive regulatory structure. Malaysia is a Muslim-majority country (more than 60% of its population) situated in the middle of the four countries with the world's largest Muslim populations; Indonesia, India, Pakistan and Bangladesh (Chan, 2015). Furthermore, the strong growth of the Malaysian Islamic banking is induced by more new players climbing on the bandwagon as to cater the needs of Shariah-compliant financial products and services by Muslims and non-Muslims customers (Osman, Ali, Zainuddin, Wan Rashid, Jusoff, 2009).

According to Dusuki and Abdullah (2007), Islamic banks have played a vital role for the overall Malaysian financial market progressively. In spite of the fraud threat, Malaysia actually has a good track record of

developing a successful domestic Islamic financial industry for over 30 years. This has been witnessed by the ability of the Malaysian Islamic banks to manage assets, approximately USD168.4 billion with an impressive growth rate of 17.3% as reported by Global Banking & Finance Review in 2015. Currently, the list of banks in Malaysia offering Islamic products have grown to 16 banks based on Bank Negara Malaysia (BNM) website. It comprises of two domestic Islamic banks, nine Islamic subsidiaries of the domestic banking groups and five foreign Islamic banks. This has created a diverse community of local and international financial institutions. Islamic finance makes up about 25% of the country's entire banking industry and more than 10% of the total assets under the global Islamic banking system (Chan, 2015).

RESEARCH METHODOLOGY

This study is using primary data collected from a survey which involve the whole population of full-fledged Islamic banks in Malaysia. There is a total of 16 Islamic banks in Malaysia that consist of 11 local and 5 foreign banks as stated by Bank Negara Malaysia Website. For this study, the sample selection consists of bankers from managerial to officer levels at Islamic banks in Malaysia. In fact, the participants in this study are chosen randomly for their unique characteristics and experience and are in the best position to provide the information required. Hence, this survey is targeted to be distributed to managers and executives in the Internal Audit Department, Risk Management Department and Compliance Department within the banks. Each department will have five representatives among the managers and executives to be included as samples, giving a total of 240 respondents (5 staff x 3 departments x 16 banks).

The questionnaire is divided into four different sections namely respondent's profile (Section A), effectiveness of fraud prevention and detection techniques (Section B), effectiveness of computer application/ software for fraud deterrence and detection (Section C) and comments and suggestions (Section D). Section D however is optional. The respondents are required to indicate their perception on the degree of agreeable on a four-point Likert-type scale, denoted by "1" Not very effective, "2" Sometimes effective, "3" Effective, and "4" Very effective for all questions in Section B and Section C. The researcher did not use a five-scale interval to avoid no opinion or a neutral response. Moreover, questions in Section C are to test on the effectiveness of the use of technology devices in assessing and analysing fraud risk. This is in line with KPMG Global Banking Fraud Survey 2019 which considered the most significant challenge in fraud risk is the cyber attacks.

The researcher distributed the questionnaires to the respondents via drop-off-method (hand delivery of self-administered questionnaires, and then followed by personal collection). Nevertheless, some of the respondents preferred the use of email. Most of the respondents were contacted through a contact person for each bank. Generally, the researcher would inform them prior to several appointments made to distribute the survey form. Out of 240 questionnaires sent to the targeted respondents, only 146 usable questionnaires were returned which represented a response rate of 60.83%. A summary of measurement of variables that used in this study is depicted as in Table 1.

Table 1. The Measurement of Variables

Variables	Measurement
Dependent variable	
The effectiveness of fraud prevention and detection techniques	Consistent with ACFE (2010), KPMG (2009), and Bierstaker <i>et al</i> (2006), respondents were asked 29 questions related to the effectiveness of fraud prevention and detection techniques (Section B) and nine items on the effectiveness of fraud prevention and detection via computer applications (Section C) All responses for these 38 variables were transformed into summated scale by using the mean function. The variable is denoted by 'mean_effectiveness'.
Independent variables	
Gender	Consistent with Nabhan & Hindi (2009) and Puah <i>et al</i> (2009), this information will be obtained directly from Section A (Respondent's profile) in the questionnaire.

Education level	The respondents were asked to indicate their education level based on four categories such as Diploma, Bachelor, Master and PhD in Section A of the questionnaire.
Working experience	Consistent with Nabhan & Hindi (2009), participants were asked to state their working experience in banking industry based on four categories in Section A of the questionnaire.

FINDINGS

The demographic variables for this study can be observed in Table 2 below. Based on Table 2, 55.5% respondents are male bankers with majority of them are the Bachelor degree holders. Most of the respondents are internal auditors from internal audit department. The questionnaires sent mostly entertained by bankers that have less than five years working experience in banking industry.

Table 2. Descriptive statistics of respondents' gender, education level, job title, current department and working experience in banking industry

Demographic Information	Frequency	Percentage (%)
Gender(n=146)		
Male	81	55.5
Female	65	44.5
Education level (n =139)		
Diploma	23	17
Bachelor	93	66
Master	23	17
Job Title (n=146)		
Internal auditor	52	36
Fraud specialist	3	2
Accountant	2	1
Risk manager	23	16
Compliance officer	15	10
Others	51	35
Current Department (n=144)		
Finance	7	5
Internal audit	53	37
Risk management	40	28
Operation	12	8
Compliance	22	15
Others	10	7
Working experience in banking industry (n=144)		
Less than 5 years	47	32
5-10 years	27	19
11-15 years	27	19
More than 15 years	43	30

The reliability test was conducted to determine the internal consistency among the items in the scales to ensure all the items were measuring the same construct. According to Pallant (2010), the Cronbach's Alpha values above 0.7 are considered acceptable, though values above 0.8 are preferable. The Cronbach's Alpha coefficients for the effectiveness of fraud prevention and detection techniques is 0.911 suggesting very good internal consistency among the items. Thus, it is reliable in measuring the bankers' perceptions on the effectiveness of fraud prevention and detection techniques based on 38 items that make up the scale.

The dependent variable is continuous while in the independents are categorical. It is noted that gender has two independent groups and the other demographic variables (education level and working experience) consist of more than two independent groups. Thus, T-test and ANOVA are the appropriate form of analysis.

Independent sample t-test

The independent sample t-test was conducted to measure if there is any significant difference between males and females in the perception of bankers on the effectiveness of fraud prevention and detection techniques. The result in Table 3 reveals the fact that there was no significant difference in perceptions on the effectiveness of fraud prevention and detection techniques for males and females since the significance value is 0.132 ($p > 0.05$).

Table 3. Independent T-test Result

Variable	Male (Mean)	Female (Mean)	T-value	Sig.
The effectiveness of fraud prevention and detection techniques	2.8199	2.9342	-1.513	.132

4.2 One-way ANOVA

According to Nawawi et al. (2017), ANOVA can be used to test proposed relationship and predicted correlation between variables. This is a form of bivariate test and the main objective of a bivariate test is to test the hypotheses and association. Although one-way ANOVA is used to test the differences between groups, it also functions to show correlation between groups.

One-way ANOVA was conducted to determine whether perceptions on the effectiveness of fraud prevention and detection techniques were influenced by respondents' education level and working experience in the banking industry. The results in Table 4 show that neither education level nor working experience have a significant effect on bankers' perceptions on the effectiveness of fraud prevention and detection techniques since significance value for education level is 0.768 ($p > 0.05$) as well as p-value for working experience ($p\text{-value} = 0.062 > 0.05$).

Table 4. One-way ANOVA result

Demographic Variable	F-value	Sig.
Education level	0.265	0.768
Working experience	2.496	0.062

Based on the independent t-test and ANOVA, the researcher provided empirical evidence that there are no significant differences in the mean value of demographic factors (gender, education level and working experience) with the dependent variable known as the effectiveness of fraud prevention and detection techniques. All three hypotheses are being rejected. Table 5 further summarizes the decisions made on the hypotheses based on t-test and ANOVA results.

Table 5. Summary of hypotheses testing result

	Hypothesis	Decision
H1	There is a significant difference between gender of bankers and perception on the effectiveness of fraud prevention and detection techniques in the bank.	Reject
H2	There is a significant difference between bankers' education level and perception on the effectiveness of fraud prevention and detection techniques in the bank.	Reject
H3	There is a significant difference between bankers' working experience and perception on the effectiveness of fraud prevention and detection techniques in the bank.	Reject

The results reveal that there are no differences in terms of gender, education level and working experience towards perceptions on the effectiveness of fraud prevention and detection techniques in Islamic banks in Malaysia. As most of the respondents are among managers and officers from the controlled function of a bank such as internal audit department, risk management department and compliance department, the bankers are likely to possess similar knowledge and expertise on fraud mitigation strategies regardless of their demographic background.

Furthermore, these bankers might have received similar information on the policies and procedures of their banks regarding fraud from the top management. Based on the remarks made in the questionnaire by certain respondents,

BNM constantly supervises and provide guidelines to the licensed banks on how to deal with the above matters. In fact, most of the banks provide operation manuals or known as standard operational procedures (SOP) as to provide guidelines to all the bank employees on certain critical issues such as fraud and money laundering. There will be a monthly briefing on the bank's policies and procedures by the Head of Departments. This is important in order to update the knowledge of bankers in case there are any revisions on the bank's policies and procedures including procedures on fraud reporting or anti-money laundering.

Besides, the management of the bank persists to educate their employees by sending their staff to attend anti-fraud training, seminar or other fraud awareness programmes. Thus, the deviation of their perception has become smaller. Based on comments made by the respondent in the survey, most of the managers and officers from these controlled function departments have undergone several trainings, seminars or exhibitions on fraud management. Hence, their knowledge on fraud does not really differ from one another.

Furthermore, Serwinek (1992) argued that people working in an office setting like banks are not representative of the general population. In fact, the education level of the general population ranges from high school leavers to university graduates. Nevertheless, an office setting in this study has a higher educationally homogeneous environment since most of the bankers have bachelor degrees.

CONCLUSION

The main objective of this study is to identify if there is any significant difference between bankers' demographic factors such as gender, education level and working experience in the Islamic banking industry and their perception on the effectiveness of fraud prevention and detection techniques. Eventually, the results demonstrate gender, education level and working experience do not influence the perception of the bankers on the effectiveness of those techniques.

Based on the previous literature, there were mixed findings in demographic effects on the perception of fraudulent actions and detection techniques. There are several studies which reveal that demographic gaps in perception on fraud risk, fraud determinants and fraud detection techniques were marginal and not significant. Likewise, the findings of this study are consistent with the earlier results of Apostolou, Hassell, Webber and Sumners, (2001), Puah, Voon, and Entebang, (2009) and Krambia-Kapardis (2010).

Although the results show insignificant probability for empirical evidence of these comparisons, the findings will still be practical for studying the effect of demographic factors on bankers' perception. The insignificant differences between gender, education level and working experience on the bankers' perception could be attributed by the sample being studied. The respondents in this study basically bankers at managerial and executives levels which largely from internal audit department, risk management department and compliance department. Thus, they were likely to possess some similar experience and exposure on this research topic.

With improved facilities on information technology and widespread educational programmes on fraud control strategies, both males and females, well experienced and less experienced, as well as educated and less educated bankers, they will have an equal chance to gain skills and knowledge on fraud prevention and detection techniques without discrepancy. Accordingly, this knowledge and exposure have contributed to the findings of this research where all the independent variables are not significantly differ in terms of their perception scores.

This paper basically discusses the effectiveness of fraud prevention and detection techniques for both types of fraud; internal and external. Future researchers are recommended to emphasize on external fraud in the banking sector which gains attention globally. This is proven based on the data collected from KPMG Global Banking Fraud Survey 2019 which reported over half of survey respondents globally experienced increases in both external fraud total value and volume. Other than that, this study can be replicated in different industries or countries. A qualitative methodology such as an interview to fill in the literature gap is recommended. Future researchers can invite front liners such as bank managers or branch operation officers for a face-to-face interview as they are considered as the first line of defense in preventing fraud.

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A PROFILE OF ADOPTERS AND NON-ADOPTERS OF DIGITAL MARKETING APPLICATION AMONG MALAYSIAN MICRO, SMALL AND MEDIUM ENTERPRISES (MSMES)

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Abstract

This article intent to reveals the profiles of adopters and non-adopters of digital marketing application among Micro, Small and Medium Enterprises (MSMEs) in Malaysia. This research focuses primarily on MSMEs in Perak State. The researchers employed a quantitative approach to meet the research objectives. A survey involving 400 MSMEs in Perak State was conducted to investigate the adopters and non-adopters of digital marketing application. The 361 completed survey data were analyzed using descriptive statistical tools. The results found that out of 361 respondents, 175 are adopters and 186 are non-adopters. The Chi-square tests indicated that the gender and age of business did influenced the adoption levels amongst MSMEs. Majority of the adopters used social media, followed by e-marketing and digital contents. Information sharing, communication with customers as well as advertising and promotion respectively were found to be the key motives for using digital marketing applications. Over 60 per cent of the non-adopters stated their intention to adopt digital marketing but only 21.4 per cent of them intended to do so within a year. Enterprise “does not know how to best utilize digital marketing in business”, “not enough resources (time, monetary, employee and external support)” as well as “not enough skills and knowledge to implement digital marketing”, reported by 46.2 per cent of the non-adopters. This indicates that most Malaysian MSMEs were lack of awareness especially knowledge and internal resources to apply this type of technology. These findings have important implications and value for the research community, MSMEs and policy makers in terms of formulating improved strategies for digital marketing adoption and applications. The results also lend answers on why some MSMEs have chosen to adopt digital marketing technologies, while other MSMEs which face similar market conditions have not.

Keywords: MSME, digital marketing, entrepreneurs, adopters, non-adopters

1.0 INTRODUCTION

Various studies have shown that by strategically harnessing the power of Internet, business organizations may able to increase profit maximization through strategic online marketing approach which covers broad spectrum of applications that enable businesses to form virtual relationships with its customers, potential buyers, resellers, suppliers and business partners around the world. Hongyu and Dongmei (2011) suggested that, the advent of the Internet has changed global business and marketing landscape especially on how they distribute product's information among customers and how they interact with supply and demand as well as buy and sell. Internet usage started mainly as a means of communication via electronic mails (E-mail) and for providing information via online news and homepages on the Web (Drew, 2003). According to International Telecommunication Union (ITU) (2018), as of June 2017, 54.4 per cent of the world's population has Internet access, with Asia has the most Internet users representing 48.7 per cent from that population.

Despite the efforts of the Government and various support schemes, only 30 per cent of the local MSMEs have their own websites as revealed by the Malaysian Small and Medium Industry Association in 2013. Some are still at the initial stage, and or not progressing much beyond E-mail and simple information-based webpages. Ang, Tahar and Murat (2013), mentioned that, although Malaysian MSMEs have company website but most of the functions are limited to just for corporate image purposes only and neglected the importance of website for communication and promoting products and services. In fact, MSMEs owners or managers still do not know and understand the strategic value of digital marketing on their businesses (Lim, Baharudin & Low, 2017). The number

of MSMEs achieving advanced stages of digital marketing is very low as compared to larger corporations (Omar et al., 2011). Therefore, in view of the low adoption of digital marketing applications among MSMEs and lag of digital marketing research being done in Malaysia within the context of MSMEs, there is a need and worth to investigate the profiles of adopters and non-adopters of digital marketing among Malaysian MSMEs.

2. PAST STUDIES

Research on small and medium-sized enterprises (SMEs) has been widely conducted all over the world. Those studies focus on many areas related to SME operations including determinants affecting e-commerce adoption and differences between adopters and non-adopters of e-commerce (Abdullah, Wahab & Shamsuddin, 2013; Yeboah-Boateng & Essandoh, 2014; Ahmad et al., 2015; Rahayu & Day, 2015; Ramayah, Ling, Taghizadeh & Rahman, 2016; Araujo & Zilber, 2016; Lim, Baharudin & Low, 2017). In Malaysia however, few researches found to investigate the adoption of digital marketing among MSMEs. Thus, further investigation should be encouraged to enrich the body of knowledge.

2.1 Malaysian MSMEs

Since Malaysia is well-positioned and strategically located in the Asia region which has been regarded as the most populated Internet users in the world by ITU, the Malaysian MSMEs should take this advantage by adopting digital marketing in their businesses to help them grow and participate in new opportunities both locally and globally. The benefits associated with digital marketing among MSMEs have received empirical attention in the past such as Melewar and Smith (2003) who found that the Internet may enhance the ability of MSMEs to identify and evaluate international competitors apart from developing networks of contacts and partners in foreign markets. With the ability to enter international markets at minimal costs, digital marketing may provide wider opportunities for the Malaysian MSMEs to reach new potential customers around the world. According to SME Corporation (2015), Malaysian MSMEs contributed 36 per cent to the national GDP in 2014, and this is expected to grow at around 10 per cent annually to reach 49 per cent by 2020. This is also supported by Malaysia Digital Economy Corporation (MDEC) (2017) that stated, Malaysia has a large segment of the population that is well-versed in technology and most Malaysians who use the Internet spend more than 16 hours online each week. Consistently, more than 67 per cent of the population currently are considered as Internet users or netizens, and 80 per cent of these netizens are estimated to have made online purchases before, a rate that is comparable to other countries such as Thailand, Singapore, India, and China. Malaysia has about 12 per cent of people using credit card, the second highest in ASEAN, behind Singapore's 37 per cent but well ahead of Thailand's 5 per cent and Indonesia's 1 per cent. Malaysia also has solid e-Commerce platforms, including online marketplaces such as *Lelong* and *Mudah*, and big international companies such as Zalora and Lazada have entered the market. The Internet business infrastructure is also supported by well-developed regulations, including the Electronic Commerce Act (ECA) and the Personal Data Protection Act (PDPA).

2.2 Digital Marketing and ICT adoption in MSMEs

The term digital marketing may be perceived as the new and latest ICT innovation to support business marketing processes that is based on the Internet through the use of digital information and online media, with a view to create, disseminate and transfer of business value in order to achieve marketing objectives and to support the transactions of marketing activities processes such as building customer relationships and enhancing service quality delivery.

MSMEs have unique features that can help them to compete with larger corporations especially when comes to adopt new technologies in their business operations. They are often seen as dynamic organizations and thus are expected to easily adapt to modern ICT technologies (Abdullah, Wahab & Shamsuddin, 2013). MSMEs are more flexible, adapt to changes, and are better placed to develop and accept new ideas as compared to larger corporations (Bala Subrahmanya, Mathirajan & Krishnaswamy, 2010). Yeboah-Boateng and Essandoh (2014) also agreed that MSMEs are easily to adapt ICT because of their size and nature, they are more flexible and simple organization structures compared to larger corporations, which allows them to be more innovative in their response to rapid technological changes in a globalization environment.

Owing to the above characteristics, there are substantial evidences that MSMEs has engaged with many technological innovations. Bala Subrahmanya et al. (2010) has found that, MSMEs has witnessed the introduction of a range of digital marketing applications, ranging from basic technologies to more complex and advanced IT capabilities, such as Web 2.0. Other studies have also examined the adoption of different ICT applications over recent decades. For example, Kuan and Chau (2001) investigated the adoption of Electronic Data Interchange (EDI) by MSMEs in Hong Kong while in another study by Rahayu and Day (2015) have studied E-commerce adoption in MSMEs in Indonesia. In a similar vein, a recent study by Ramayah, Ling, Taghizadeh and Rahman (2016) have also identified determinants for website usage intention among Malaysian MSMEs, reflecting an interest in understanding the adoption of Internet technology in this country.

2.3 ADOPTERS AND NON-ADOPTERS OF E-COMMERCE

Firms of all sizes are finding it necessary to establish a Web presence to increase their ability to survive in an increasingly dynamic and competitive business environment (Patrick & Elaine, 2005). The increase of e-commerce use by businesses is mostly being driven by large companies. In comparison with larger companies, the adoption of e-commerce by SMEs relatively lags behind (Govindaraju et al., 2015; Alam et al., 2011; Chiliya et al., 2011). Larger companies utilize social media more intensively, and the adopter's organizational disposition innovativeness strongly influences the continuity and intensity of the innovation's use (Araujo & Zilber, 2016). Sawyer (2011) argues that new social media has brought people from different cultures together in the "global village".

A study by Patrick and Elaine (2005) reported that there are differences between adopters and non-adopters of electronic commerce in SME professional service firms in New Zealand. Six factors relating to a firm's external/internal environment were found to underpin adoption. These are: response to technological environment/opportunities afforded by technology; negative attitudes or perceived barriers/impediments to electronic commerce; electronic commerce capability; response to new technology/innovation; customer orientation; and sensitivity to competitive/customer environments.

Pearson and Grandon (2005) conducted a survey on managers/owners of SMEs to identify variables that differentiate between adopters and non-adopters of e-commerce. The results indicated that SMEs most receptive to adopting e-commerce have the financial and technological resources, see e-commerce as useful for their firms, and feel external pressure to integrate e-commerce into their organization.

Another study by Ajay and Tobeng (2015) found only three independent factors namely (relative advantage, competitive pressure, IT knowledge) were statistically significant to influence the adoption of e-commerce among SMEs. The relative advantage emerged as the most important factor influencing the adoption of e-commerce among SMEs in terms of relative importance. The Chi-square test indicates that the type of business, occupation level, numbers of employees in the company and academic qualification did influence the adoption levels amongst SMEs whilst how long as owner/manager and gender did not influence the adoption level.

In Indonesia, Rahayu and Day (2017) conducted a survey on 292 SMEs in relation to e-commerce. The results recorded that only 21 (7.2 %) out the total respondents have not connected to the internet and they do not have an e-mail, while the others 271 (92.8 %) have internet access. The former in this study are classified as non-adopters, whilst the latter are classified as e-commerce adopters.

SMEs in the UK are adopting e-commerce, through an exploration of their level and sequence of adoption. The research, which was carried out by means of a mailed questionnaire, found four distinct clusters of adoption. These formed a set of sequential stages, through which firms appear to pass during the adoption of e-commerce. The firms in the first cluster are currently developing their first e-commerce services; the second adoption cluster are using e-mail to communicate with customers, suppliers and employees. Those at the third level of adoption have information-based websites operating and are developing on-line ordering facilities. The most advanced adopters have on-line ordering in operation and are developing online payment capabilities (Daniel, Wilson, & Myer, 2002) In the service sector, there were significant differences between adopters and non-adopters of the service in terms of their perceptual, experience and consumer related characteristics. Internet banking adopters perceived internet banking use as less risky, more user-friendly and more useful compared to internet banking non-adopters. Internet banking non-adopters who intend to use the service in the future (i.e. later

adopters) perceived internet banking use as less risky and more useful compared to non-adopters who do not intend to use the service (i.e. laggards). Internet banking adopters were also found to have more experience with mobile internet, and have higher income and longer working hours (Ozdemir, Trott & Hoecht, 2008)

3. METHODOLOGY

Out of the 400 conveniently selected MSMEs, 31 of respondents rejected the invitation to participate during the pre-notified stage. There were seven (7) non-usable responses with five (5) from postage and two (2) from E-mail respectively while one (1) response received via postage after the deadline which is considered as no response. Hence, 369 responses were sent for survey, representing 99.73 per cent of response rate and 361 responses were valid for analysis, representing 98.1 per cent of completed rate respectively. The survey was conducted in October 2018 in Perak state, and questionnaires were e-mailed or posted to the respondents according to owner-managers' preferences.

4.0 RESULTS

4.1 Owner-managers' Profiles

In respect of gender characteristics of the owner-managers of the MSMEs that participated in this survey, majority of the respondents were male representing 80.1 per cent or 289 respondents. The survey data also shows a comparable number from a recent study by Ahmad, Suseno, Seet, Susomrith and Rashid (2018) that revealed only 20.6 per cent of Malaysian MSMEs are owned or managed by females. This might be due to the characteristics of the Malaysian's cultural setting and traditions associated with the concept of women at work.

In terms of age group, the result shows that respondents aged 35 to 44 years old comprised nearly half of the total respondents (44.6%) while owner-managers between the aged of 25 and 34 years was the second largest group followed by 45 to 54 years with 23.5 per cent and 22.2 per cent respectively. However, 7.5 per cent of the population is represented by the older generation aged above 55 years old compared to just 2.2 per cent of the younger generation aged below than 25 years old. These results are not surprising as recent statistics released by the SME Corporation Malaysia have indicated that the 35 to 44 age group is the dominant decision makers in the country, suggesting a relatively mature-entrepreneurs population in this country (SME Corporation, 2015).

On the question of educational attainment, it is worthy to note that, there is still a small portion of Malaysians for not having any formal educational qualification (4.4%) and secondary school leavers (6.9%), indicating a low educational background of decision makers in the region. Gratefully, the data also shows that educational level off those sampled is generally high. More than half (54.8%) of the respondents' highest qualification was at degree level and 13.9 per cent having Master or PhD while owner-managers with pre-university of diploma represents the second highest group accounting 19.9 per cent of the population, indicating a well-educated decision makers population in the Perak state.

Table 1. Malaysian MSMEs owner-managers' demographic characteristics

Demographics	Frequency	Percentage
<i>Gender</i>		
Male	289	80.1
Female	72	19.9
<i>Age</i>		
Less than 25	8	2.2
25 to 34	85	23.5
35 to 44	161	44.6
45 to 54	80	22.2
55 to 64	26	7.2
65 and over	1	0.3

<i>Highest education level</i>		
No formal qualification	16	4.4
Primary school	0	0.0
Secondary school	25	6.9
Pre-university or diploma	72	19.9
Degree	198	54.8
Postgraduate - Master/PhD	50	13.9

4.2 Business Profiles

Among the participant enterprises, less than a year enterprise accounted for only a small proportion (6.7%) of the total sampled enterprises, while those which had been in business for one to three years and four to six years made up 16.6 per cent and 20.2 per cent of the sample, respectively. The vast majority were businesses that had been in business for more than six years (56.5%), indicating that MSMEs in the region is well-established. Table 2 below presents the relevant summary data.

Given the definition of Malaysian MSMEs based on number of employees, the highest proportion (54%) of the sampled enterprises fell into the small-enterprises category with number of employees between 5 to 74 staffs, while the other two categories, micro-enterprises (less than 5 employees) represents 36 per cent and medium-enterprises (75 to 200 employees) accounts for 10 per cent of the sample. This indicates that the sampled MSMEs in the region are led by small-size companies compared to the previous study by Aman et al. (2011) who revealed that micro enterprises are the majority for Malaysian MSMEs if based on number of full-time employees.

Table 2. Malaysian MSMEs demographic characteristics

Demographics	Frequency	Percentage
<i>Age of business organization</i>		
Less than a year	24	6.7
1 to 3 years	60	16.6
4 to 6 years	73	20.2
More than 6 years	204	56.5
<i>Total number of employees</i>		
Less than 5	130	36.0
5 to 29	171	47.4
30 to 74	24	6.6
75 to 200	36	10.0
<i>Approximate annual sales</i>		
Less than RM300,000	82	22.7
RM300,000 and less than RM3 million	177	49.0
RM 3 million and less than 15 million	66	18.3
RM15 million and less than RM20 million	20	5.5
RM20 million and less than RM50 million	16	4.5
<i>Main business sector</i>		
Manufacturing	89	24.6
Services	206	57.1
Others	66	18.3
<i>Market area</i>		
Urban market	108	29.9
Rural market	20	5.5
National market	156	43.3
International market	77	21.3

As referred to the other definition of Malaysian MSMEs based on approximate annual sales, the highest proportion (67.3%) of the sampled enterprises fell into the small-enterprises category with approximate annual income of between RM300,000 and less than RM15 millions, while the other two categories, micro-enterprises (less than RM300,000) and medium enterprises (between RM15 millions and less than RM50 millions) accounts for 22.7 per cent and 10.0 per cent of the sample, respectively. Similarly, this results also indicates that the sampled MSMEs in the region are led by small-size companies if based on approximate annual sales income.

As far as the make-up of the sample by industry sector is concerned, the survey results indicate that the sample comprised MSMEs from manufacturing (24.6%), services (57.1%) and others (18.3%), demonstrating a similar proportional record by SME Corporation (2015).

Which regards to market area, the survey data reveals that 78.7 per cent of the surveyed MSMEs focused their business activities inside the country, with 29.9 per cent having an urban scope, 5.5 per cent at rural areas and the balance 43.3 per cent are reachable nationwide. It can be also observed that the percentage of enterprises catered on global markets accounted only 21.3 per cent, suggesting that Malaysian MSMEs are more likely to cater on domestic and national markets than to expand activities in globally. This may imply that MSMEs in Malaysia are highly dependent on local and national markets.

4.3 Application of Digital Marketing

From the 361 responses, 175 were adopters, representing 48.5 per cent of the sample and 186 were non-adopters cases, representing 51.5 per cent respectively. The level of digital marketing adoption among Malaysian MSMEs is moderately low. This may suggest that the rate of digital marketing adoption and applications among Malaysian MSMEs are still far behind as compared to the current 67 per cent of Internet users in Malaysia as reported by MDEC (2017).

Table 3. Adopters and Non-adopters of MSMEs (n=361)

Status	Frequency	Percentage
Adopter	175	48.5
Non-Adopter	186	51.5

4.4 Digital Marketing Tools Use by Adopters

Table 4 shows the common tools and components of digital marketing application by the MSMEs adopters. Majority of the adopters used social media (167/175 = 95.4%) in running the business. One hundred and ten (110) enterprises or 62.9 per cent were found to use E-mail marketing, while digital content tools such as YouTube, blogs or website were the third most widely-applied platform used by MSMEs in Malaysia, with slightly more than half (52%). E-commerce platforms such as Lazada, Alibaba or Mudah.my ranked the least applied digital marketing tool in the country (25.1%) indicating that most Malaysian MSMEs were still running their business via the conventional brick and mortar concept.

Table 4. Digital marketing tool and components used by adopters (n=175)

Tools	No. of adopters	Percentage
Social Media	167	95.4
E-mail Marketing	110	62.9
Digital Contents	91	52.0
E-commerce	44	25.1

4.5 The Purpose of Using Digital Marketing Tools and Components

A multiple-response question was asked to the adopting enterprises aimed to elicit information on the purpose of using digital marketing tools and components. The result shows that, information sharing (88.6%), communication

with customers (85.7%) as well as advertising and promotion (81.7%) respectively were found to be the key motives for using digital marketing applications. This may give indication on why social media platforms dominating Malaysian MSMEs as it may provide them with these purposes. This may also suggest that most Malaysian MSMEs consider digital marketing as a tool to create awareness among consumers about their products and services by sharing useful information. It is interesting to note that more than half adopters used digital marketing to gain benefits from branding (61.1%), getting referrals (61.1%), receive customers feedback (61.1%), develop customer relations (60.6%) as well as to reach new customers (58.3%). A smaller percentage of adopters use digital marketing tools and components to enhance both their customer service activities and conducting market research with only 34.9 per cent and 29.7 per cent respectively. This might also reveal lack of knowledge among MSMEs' owner-managers on data manipulation skill sets for effective marketing plan and strategy for their businesses – Refer to Table 5.

4.6 Non-adopters intention to adopt digital marketing

The non-adopters as the second group of respondents were asked question related to their adoption intention plan. As has been previously mentioned, 51.5 per cent or 186 of the surveyed MSMEs did not have a digital presence. These MSMEs were asked to state their intention plan with regards to adoption, making clear whether they intended to adopt or not. Just over 60 per cent of the nonadopters stated their intention to adopt digital marketing as shown in Table 6 below, indicating a moderate of digital marketing adoption rate in the region.

Table 5. Purposes of digital marketing application among adopters MSMEs (n=175)

Purpose	No. of adopters	Percentage
Information sharing	155	88.6
Communication with customers	150	85.7
Advertising and promotion	143	81.7
Branding	107	61.1
Getting referrals	107	61.1
Receive customers feedback	107	61.1
Develop customer relations	106	60.6
To reach new customers	102	58.3
Customers service activities	61	34.9
Conducting market research	52	29.7

Table 6. Intention to adopt digital marketing applications among non-adopters (n=186)

Non-adopters	Frequency	Percentage
Has Intention	112	60.2
No Intention	74	39.8

4.7 Timeline to adopt digital marketing among MSMEs non-adopters

All the 112 intended non-adopters were then asked their intention timeline to adopt digital marketing in the near future and surprisingly, only 21.4 per cent of them intended to do so within a year as stated in Table 7 below, demonstrating a very slow time rate required for Malaysian MSMEs to adopt digital marketing applications in the near future. However, majority of them (35.7%) were intended to adopt in between 13 to 18 months period and about 28.6 per cent of non-adopters will take longer than 24 months to apply digital marketing while 14.3 per cent of them have no plans at all. Thus, it can be summarized that the number of late adopters (85.6%) were more than those laggard group (14.3%), which means MSMEs in this state are in the process of adopting digital marketing application. Thus, continuous encouragement should be given to them to speed up the adoption process.

Table 7. Timeline for non-adopters to adopt digital marketing (n=186)

Duration	Frequency	Percentage
Less than 6 months	27	14.3
6-12 months	13	7.1
13-18 months	66	35.7
More than 24 months	53	28.6
No plan	27	14.3

Table 8. Barriers that hindered the adoption of digital marketing applications (n=186)

	Frequency	Percentage
Does not know to utilize digital marketing	86	46.2
Not enough resources	86	46.2
Not enough skills and knowledge to implement digital marketing	86	46.2
Our customers do not require us to apply digital marketing	78	42.3
The enterprise just not interested to adopt digital marketing	62	33.3
No benefit gaining from using digital marketing	38	20.5
The enterprise can do well without digital marketing	31	16.7
Competitors do not use digital marketing	10	5.13

4.8 Barriers to adopt digital marketing among non-adopters MSMEs

Many barriers to adopt digital marketing were listed in the survey questionnaire. Enterprise “does not know how to best utilize digital marketing in business”, “not enough resources (time, monetary, employee and external support)” as well as “not enough skills and knowledge to implement digital marketing”, reported by 46.2 per cent of the non-adopters, indicating that most Malaysian MSMEs were lack of awareness especially knowledge and internal resources to apply this type of technology. “Our customers do not require us to apply digital marketing” and “the enterprise just not interested to adopt digital marketing” were two other major barriers that were identified with 42.3 per cent and 33.3 per cent of cases respectively. No benefit gaining from using digital marketing was also mentioned by respondents as a barrier to apply digital marketing in their enterprises as well as the enterprise can do well without digital marketing, but with less reported cases of 20.5 per cent and 16.7 per cent respectively as recorded in Table 8. The lowest response barriers to hinder the adoption of digital marketing application was the non-adoption by their competitors with just 5.13 per cent only.

4.9 Crosstabulation and Chi-Square Tests

The Chi-square test indicates that the gender and age of business did influence the adoption levels amongst MSMEs whilst academic qualification, owner/manager age, business sector and annual sales did not influence the adoption level.

Table 9 shows a significant relationship between gender and digital marketing adoption. Male were found to be adopters and female be non-adopters. The Pearson Chi-Square value was 50.27 and significant at $p=0.00$. This result contradicted with a study on adoption of e-commerce among SMEs by Ajay and Tobeng (2015).

Table 9. Digital marketing application and Gender

	Gender		Total
	Male	Female	

Digital marketing application	Non-adopters	122	64	186
	Adopters	167	8	175
Total		289	72	361

When digital marketing application was crosstab with organization age, it was found that adopters and non-adopters were significantly different. Surprisingly, adopters are those who are in business between 0-3 years while non-adopters are those in business for 4 and more years. The Pearson Chi-Square value was 7.903 and significant at $p=0.005$. This finding explained that the new businesses are more willing to adopt digital marketing in their operation as compared to those older businesses. This result contradicted with a study on adoption of e-commerce among SMEs by Ajay and Tobeng (2015) – Refer to Table 10.

Table 10. Digital marketing application and Organization age

		Organization Age		Total
		0-3 years	4 years and more	
Digital marketing application	Non-adopters	32	154	186
	Adopters	52	123	175
Total		84	277	361

Table 11 however revealed the insignificant linear relationship between annual sales and digital marketing adoption. The numbers of adopters and non-adopters are dissimilar no matter whether the annual sales are less or more than 3 million. Majority of the adopters and non-adopters (more than 70%) earned annual sales less than three million. The Pearson Chi-Square value was 0.17 and insignificant at $p=0.890$.

Table 11. Digital marketing application and Annual sales

		Annual Sales		Total
		Less than 3 million	3 million and more	
Digital marketing application	Non-adopters	134	52	186
	Adopters	125	50	175
Total		259	102	361

5. DISCUSSION

As mentioned earlier, the non-adopters (186) digital marketing application were more than the adopters (175) group. However, more than 80 per cent of the non-adopters were late adopters and about 14 per cent were laggards. Thus, the researchers have high confident that MSMEs in Malaysia will adopt digital marketing in their business even though a longer time (e.g. 3 years) is required for them to make an adoption. Related to these findings, the researchers agreed that there will be a gap between the adopters and non-adopters business performance. Those adopters will gain more benefits from the digital marketing they practiced as compared to those non-adopters segment who are slow in adopting the technology.

Even though adopters are using all digital marketing tools listed in the questionnaire, but most of them are using social media and e-marketing contents. Digital contents and e-commerce are less popular among them. Adopters also revealed that they are using digital marketing application for many purposes, however majority of them used digital marketing for information sharing, communication with customers and advertising via promotion.

For the non-adopters, more than 50 per cent of them will adopt digital marketing before two years. About 30 per cent will adopt after 2 years. Thus, within two years in the future, it is expected that the number of adopters of digital marketing will be more than the non-adopters. As such, aggressive encouragement should be given to non-adopters to speed up the adoption process if the record of MSMEs adopters of digital marketing application in Perak state need to be increased.

When cross-tabulation analyses were performed, only two demographic variables found to have significant relationship with digital marketing adoption. Male entrepreneurs were group as adopters while female counterparts were group as non-adopters. To answer for this dissimilarity, the data revealed that many female entrepreneurs are operating the business for four years and more but the business size in average are small. Thus, the motivation for them to adopt digital marketing is slow. In addition to that, those who are new in the business be adopters in digital marketing. The best answer to support the finding is even though they are new in business, but they have knowledge about digital marketing and realized about the benefits offered by new technology to their business. Thus, they are eager to spent time and energy to implement digital marketing in day-to-day operation.

6. CONCLUSION

In Malaysia, MSMEs can be grouped into adopters and non-adopters. Adopters are those who are eager to apply digital marketing in their day-to-day operation while non-adopters are those who are less ready to adopt digital marketing, but some enterprises do have intentions to adopt the technology in the future. As to encourage the MSMEs to adopt digital marketing, more training and financial assistance should be given to them to speed up the acceptance of technology development in their businesses. Actions from departments concern should be taken immediately because about 46 per cent of the non-adopters stated that they do not adopt digital marketing due to three main barriers: 1) Does not know to utilize digital marketing; 2) Not enough resources; 3) Not enough skills and knowledge to implement digital marketing. MSMEs must be exposed on the strategic value of digital marketing in helping them to capture a bigger market both in local and global level. Due to that, future research should embark on the benefits of using digital marketing in capturing bigger customers, sales, market size and market share.

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STUDI EMPIRIS DETERMINAN TAX AVOIDANCE DI INDONESIA

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Abstract

This study aims to examine the effect of good corporate governance, leverage, and corporate social responsibility on tax avoidance. The population in this study were infrastructure and construction companies listed on the Indonesia Stock Exchange (IDX) in 2014 to 2017. The sample of this study are 21 companies, selected by purposive sampling method. The data use secondary data that from the Indonesia Stock Exchange website, and it were analyzed by linear regression, which is processed using SPSS software. The results of this study prove that institutional ownership, independent commissioners, boards of directors have negatively affect on tax avoidance, while audit committees, audit quality, executive characteristics, leverage, and corporate social responsibility have no affect on tax avoidance.

Keywords: GCG, leverage, corporate social responsibility, tax avoidance.

1. PENDAHULUAN

Pencapaian target penerimaan pajak di Indonesia dari tahun 2014 hingga 2017 masih belum tercapai, selain itu rasio penerimaan pajak terhadap produk domestik bruto (PDB) mulai dari tahun 2008 hingga 2017 cenderung stagnan, untuk tahun 2017 rasio pajak terhadap PDB Indonesia hanya sebesar 12% (www.cnnindonesia.com). Hal tersebut, masih berada dibawah rata-rata pajak regional ASEAN yang sebesar 15,4 %. Rasio tersebut menunjukkan rendahnya tingkat kepatuhan pajak di Indonesia. Rendahnya kepatuhan pajak di Indonesia menjadi masalah utama yang perlu diperhatikan oleh pemerintah, karena pajak merupakan sumber pendapatan utama dalam APBN hingga saat ini 80% APBN berasal dari pajak.

Pemungutan pajak di Indonesia menggunakan metode *Self assessment*. Pada metode ini yaitu pajak mendaftarkan, menghitung, membayar, dan melaporkan kewajiban pajaknya ke kantor pajak secara mandiri. Dengan adanya *self assessment* pemerintah dapat menghemat waktu, tenaga, dan biaya sehingga dapat dialihkan untuk aktivitas perpajakan atau pemerintahan lainnya, dan wajib pajak akan terdorong untuk memahami dengan baik sistem perpajakan yang berlaku (Permatasari & Lidyah, 2012). Disisi lain, dengan menggunakan *self assessment*, wajib pajak dapat melakukan tindakan *Tax avoidance* yang merupakan cara meminimalkan beban pajak dengan menghindari pajak secara legal, cara tersebut tidak melanggar ketentuan dan undang-undang mengenai pajak. Metode yang digunakan yaitu dengan memanfaatkan kelemahan yang ada pada undang-undang dan peraturan perpajakan.

Untuk menyikapi tindakan penghindaran pajak diperlukan tata kelola yang baik diperlukan perusahaan. *Corporate governance* dalam suatu perusahaan bertujuan untuk terciptanya operasional perusahaan yang efektif, dan efisien agar perusahaan terus berkembang, namun dengan tidak melanggar aturan yang telah ditetapkan oleh pemerintah. Berdasarkan penelitian Saputra (2018) ukuran komite audit tidak berpengaruh secara signifikan terhadap penghindaran pajak, yang berarti banyak sedikit komite audit tidak berpengaruh terhadap penghindaran pajak yang dilakukan oleh perusahaan, hal tersebut senada dengan penelitian Kurniasih dkk. (2018). Hasil yang berbeda diperoleh dari penelitian Putra (2018) komite audit memiliki pengaruh yang negatif terhadap penghindaran pajak, dan didukung oleh penelitian yang dilakukan oleh Fatimah (2018) apabila jumlah komite audit tidak memenuhi persyaratan maka dapat memicu tindakan manajemen untuk mengurangi beban pajak, karena komite audit memiliki fungsi untuk mengawasi jalannya penyusunan laporan keuangan.

Variabel kualitas audit dalam penelitian yang dilakukan oleh Tandean dan Winnie (2016) tidak berpengaruh terhadap pelaksanaan penghindaran pajak. Berbeda dengan penelitian yang dilakukan oleh Dewi dan Jati (2014) kualitas audit berpengaruh negatif terhadap penghindaran pajak oleh perusahaan. Variabel karakteristik eksekutif dalam penelitian yang dilakukan oleh Tandean dan Winnie (2016) disimpulkan bahwa karakter eksekutif tidak berpengaruh terhadap penghindaran pajak, hal tersebut berbanding terbalik dengan penelitian yang dilakukan oleh Oktamawati (2017) disimpulkan karakter eksekutif berpengaruh terhadap penghindaran pajak. Kepemilikan institusional dalam penelitian yang dilakukan oleh Cahyono, Andini dan Raharjo (2016) menyimpulkan bahwa kepemilikan institusional berpengaruh terhadap penghindaran pajak, hasil penelitian tersebut berbanding terbalik dengan penelitian oleh Diantari dan Ulupui (2016) yang menyatakan bahwa kepemilikan institusional tidak berpengaruh terhadap penghindaran pajak. Untuk variabel komisaris independen dalam penelitian Fadli (2016) menyimpulkan semakin banyak jumlah komisaris independen berpengaruh terhadap pelaksanaan penghindaran pajak yang dilakukan oleh perusahaan. Sebaliknya dalam penelitian Dewi dan Jati (2014) keberadaan komisaris independen tidak berpengaruh terhadap pelaksanaan tindakan penghindaran pajak.

Berdasarkan penelitian dari Hosini dan Garayly (2018) menyimpulkan bahwa dewan direksi berpengaruh terhadap penghindaran pajak yang dilakukan oleh perusahaan, namun hal tersebut berbeda dengan hasil penelitian dari Khoirunnisa (2015) yang menyatakan bahwa dewan direksi tidak berpengaruh terhadap penghindaran pajak. Selanjutnya, variabel *leverage* tidak berpengaruh terhadap penghindaran pajak penemuan ini dihasilkan dari penelitian yang dilakukan oleh Alviyani (2016), sedangkan hasil penelitian yang dilakukan oleh Murniyana (2018) menyimpulkan bahwa *leverage* berpengaruh terhadap penghindaran pajak. Sama seperti variabel sebelumnya variabel *corporate social responsibility* memiliki hasil penelitian yang kontradiktif. Dalam penelitian Darmawati dan Naser (2018) *corporate social responsibility* tidak berpengaruh terhadap penghindaran pajak, hal ini berbeda dengan hasil penelitian dari Lanis dan Rochardson (2015) yang menyimpulkan bahwa *corporate social responsibility* berpengaruh terhadap penghindaran pajak.

Dari uraian di atas berarti terdapat hasil penelitian yang tidak konsisten, sehingga masih layak dilakukan penelitian di bidang yang sama. Penelitian ini merupakan replikasi dari penelitian Tandean dan Winnie (2016). Perbedaan penelitian ini dengan penelitian sebelumnya yaitu menambah variabel ukuran dewan direksi dan CSR, serta mengganti kompensasi eksekutif dengan *leverage*. Juga mengganti objek penelitian dengan perusahaan pada sektor infrastruktur dan konstruksi pada tahun 2014-2017.

2. KAJIAN PUSTAKA DAN PENGEMBANGAN HIPOTESIS

2.1. Teori agensi

Teori agensi merupakan teori yang menjelaskan kontrak antara *principal* dan *agent*. Dalam suatu perusahaan terdapat *principal* dan *agent*, *principal* merupakan pemegang saham sedangkan *agent* adalah manajemen. Teori agensi akan berlaku ketika sudah terjadinya kontrak antara pemegang saham dengan perusahaan. Pengendalian yang dilakukan oleh pemegang saham yaitu dengan meminta perusahaan melaporkan kegiatan operasional sesuai dengan keadaannya, laporan tersebut dapat berupa laporan tahunan. Manajemen berusaha untuk memberikan informasi yang sesuai dengan apa yang diinginkan oleh pemegang saham. Perbedaan kepentingan antara pemegang saham dengan manajemen disebut dengan *agency problem*. Salah satu penyebab *agency problem* yaitu adanya asimetri informasi. Keadaan tersebut membuat manajemen melakukan tindakan oportunistik (*opportunistic behaviour*) yaitu tindakan untuk mementingkan kepentingannya sendiri (Susanti, 2018).

2.2. Trade Off Theory

Trade Off Theory membahas mengenai komposisi struktur modal yang optimal, serta mengenai penyeimbangan antara pengorbanan dan manfaat yang timbul dari penggunaan utang. Penambahan utang diperbolehkan, asalkan manfaat yang didapatkan lebih besar dari pengorbanan yang dikeluarkan. Dalam *Trade Off Theory*, menjelaskan bahwa dengan menggunakan utang akan muncul beban bunga, beban bunga tersebut dapat mengurangi beban pajak yang harus dibayarkan.

2.3. Teori stakeholders

Teori *stakeholders* adalah teori yang membahas mengenai hubungan antara perusahaan dengan *stakeholders*, yang mana antara keduanya saling mempengaruhi. Semakin baik hubungan antara *stakeholders* dan perusahaan, maka keberlanjutan dari suatu operasional perusahaan tersebut akan semakin meningkat. Dalam Darmawati dan Naser (2018) tujuan utama dari teori *stakeholders* adalah membantu perusahaan untuk memberikan manfaat atau

menambah nilai dan meminimalkan dampak negatif dari kegiatan operasional perusahaan yang muncul bagi *stakeholders*. Menurut teori *stakeholders*, perusahaan wajib memberikan kontribusi tidak hanya kepada pemegang saham tetapi juga kepada *stakeholders* lainnya seperti karyawan, masyarakat sekitar pabrik, pemerintah daerah setempat, pemasok, dan pelanggan. Strategi yang diterapkan oleh manajemen perusahaan untuk menjaga hubungan yang baik dengan *stakeholder* salah satunya dengan menggunakan media pengungkapan yaitu dengan melaporkan kegiatan sosial dan lingkungan yang telah dilakukan oleh perusahaan yang sesuai dengan kenyataannya.

2.4. Teori Legitimasi

Menurut Ningrum (2018), teori legitimasi merupakan teori yang berfokus pada hubungan antar perusahaan dengan *stakeholders*. Pada teori ini membahas mengenai perusahaan memerlukan legitimasi dari *stakeholders* untuk mempertahankan keberlangsungan hidup dari perusahaan sendiri. Salah satu cara untuk mendapatkan legitimasi dari masyarakat yaitu dengan melakukan tanggung jawab sosial. Dalam teori legitimasi perusahaan diharapkan untuk melakukan aktivitasnya sesuai dengan norma dan aturan yang ada dalam lingkungan masyarakat. Ketika perusahaan melakukan tanggung jawab sosial maka masyarakat akan mengetahui bahwa perusahaan peduli terhadap sosial dan lingkungan sehingga mendapatkan legitimasi dari masyarakat.

2.5. Pengembangan Hipotesis

Komite audit memiliki tanggung jawab untuk memastikan perusahaan melaksanakan kegiatan sesuai dengan etika, peraturan yang berlaku, dan melakukan pengawasan terhadap perbedaan kepentingan dan kecurangan yang ada pada perusahaan (Putra 2018). Pengawasan ini dilakukan agar mengurangi terjadinya *agency problem* antara manajemen dengan pemegang saham. Berdasarkan penelitian yang dilakukan Putra (2018) komite audit memiliki pengaruh terhadap *tax avoidance*. Semakin banyak jumlah komite audit maka pelaksanaan penghindaran pajak akan semakin kecil. Hal tersebut didukung oleh Fatimah (2018) apabila jumlah komite audit tidak memenuhi persyaratan maka dapat memicu tindakan manajemen untuk mengurangi beban pajak. Berdasarkan uraian di atas dapat dihipotesiskan sebagai berikut:

H₁ : Komite audit berpengaruh negatif terhadap *tax avoidance*

Untuk menghindari terjadinya asimetri informasi yang ada dalam teori agensi antara manajemen dengan pemilik perusahaan, maka dibutuhkan adanya transparansi yang merupakan prinsip yang ada dalam tata kelola perusahaan. *Stakeholders* akan percaya transparansi laporan keuangan ketika laporan keuangan tersebut sudah diaudit oleh KAP. Menurut Alviyani (2016) auditor yang selalu menjaga tingkat independensi dan menjaga kepercayaan masyarakat yaitu *big four* (*PowerWaterhouseCooper- PWC, Deloitte Touche Tohmatsu, KPMG, Ernst & Young-E&Y*). Dalam penelitian yang dilakukan oleh Saputra (2016) kualitas audit berpengaruh negatif terhadap *tax avoidance*, ketika suatu perusahaan menggunakan jasa KAP *Big fours* akan berusaha untuk transparan sehingga mengurangi pelaksanaan penghindaran pajak. Berdasarkan uraian diatas dapat dihipotesiskan sebagai berikut:

H₂ : Kualitas Audit berpengaruh negatif terhadap *tax avoidance*

Pelaksanaan penghindaran pajak merupakan keputusan dari eksekutif perusahaan, pengambilan keputusan tersebut dipengaruhi oleh karakteristik eksekutif. Dalam teori agensi, pengambilan keputusan oleh eksekutif dapat mengakibatkan terjadinya konflik kepentingan antara manajemen dengan pemilik perusahaan, karena keputusan yang diambil akan berpengaruh terhadap resiko yang akan didapat oleh perusahaan. Karakteristik eksekutif dibagi menjadi dua yaitu *risk taker* dan *risk averse*. Eksekutif yang menyukai pengambilan resiko disebut *risk taker*, dengan eksekutif menyukai resiko dalam pengambilan keputusannya akan cenderung melaksanakan penghindaran pajak. Karakteristik eksekutif dapat dihitung dengan menggunakan resiko perusahaan. Dalam penelitian Alviyana (2016) semakin tinggi resiko perusahaan menunjukkan semakin tinggi eksekutif tersebut *risk taker*, maka akan semakin tinggi pula penghindaran pajak yang dilakukan. Penemuan tersebut sejalan dengan penelitian yang dilakukan oleh Oktamawati (2017). Berdasarkan uraian diatas dapat dihipotesiskan sebagai berikut:

H₃ : Karakteristik eksekutif berpengaruh positif terhadap *tax avoidance*

Dalam agensi teori untuk mengurangi adanya suatu asimetri informasi diperlukan adanya kepemilikan institusi. Dengan adanya kepemilikan institusi yang semakin tinggi berarti yang melakukan pengawasan terhadap perusahaan akan bertambah sehingga mendorong perusahaan untuk mematuhi aturan dari perpajakan. Dalam

penelitian Cahyono dkk. (2016) semakin tinggi kepemilikan institusionalnya maka akan semakin tinggi pula yang melakukan pengawasan terhadap perusahaan, dengan begitu tindakan untuk melakukan penghindaran pajak akan semakin berkurang. Berdasarkan uraian diatas dapat dihipotesiskan sebagai berikut:

H₄ : Kepemilikan institusional berpengaruh negatif terhadap *tax avoidance*

Salah satu cara yang digunakan untuk mengurangi adanya asimetri informasi dalam teori keagenan yaitu dengan adanya komisaris independen. Komisaris independen tidak boleh memiliki hubungan dengan direksi, dewan komisaris, dan pemegang saham utama. Dalam penelitian Fadli (2016) semakin banyak jumlah komisaris independen, maka akan semakin banyak pula yang mengawasi manajemen dengan tingkat independensi yang tinggi, maka tingkat penghindaran pajaknya akan semakin berkurang. Berdasarkan uraian diatas dapat dihipotesiskan sebagai berikut:

H₅ : Proporsi dewan komisaris independen berpengaruh negatif terhadap *tax avoidance*

Pada teori agensi, dengan perusahaan memiliki tata kelola yang baik maka manajemen akan menjalankan usahanya sesuai dengan aturan yang ada dan tidak merugikan salah satu pihak, dengan begitu perusahaan akan cenderung untuk mengurangi pelaksanaan penghindaran pajak. Dalam penelitian yang dilakukan oleh Irawan dan Farahmita (2012), dengan semakin banyaknya dewan direksi diharapkan kompetensi antar direksi dan tata kelola perusahaan akan semakin baik, dengan begitu pelaksanaan penghindaran pajak akan semakin berkurang. Berdasarkan uraian diatas dapat dihipotesiskan sebagai berikut:

H₆ : Jumlah dewan direksi berpengaruh negatif terhadap *tax avoidance*

Leverage merupakan salah satu rasio keuangan yang digunakan untuk mengukur seberapa besar operasional perusahaan yang dibiayai dengan utang. Hal ini disebabkan karena utang dapat meningkatkan EPS dan dalam *trade off theory* besar kecilnya beban bunga akan berpengaruh terhadap beban pajak, karena beban bunga dapat mengurangi beban pajak. Semakin besar rasio *leverage* menunjukkan semakin besar hutang yang digunakan, sehingga mengurangi jumlah beban pajak. Menurut Putra (2018) *leverage* yang semakin besar maka akan semakin besar pula penghindaran pajaknya. Penemuan tersebut juga didukung oleh Rosyada (2018), dan Murniyana (2018). Berdasarkan uraian diatas dapat dihipotesiskan sebagai berikut:

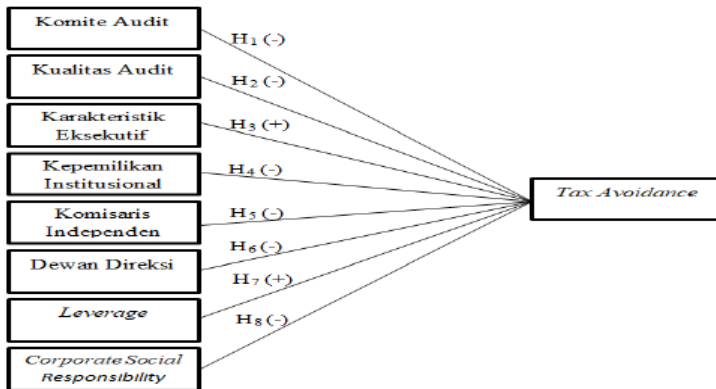
H₇ : *Leverage* berpengaruh positif terhadap *tax avoidance*

Dengan melakukan CSR diharapkan perusahaan mendapatkan legitimasi dari masyarakat dengan bertindak sesuai dengan aturan dan norma yang ada dalam masyarakat, salah satunya dengan membayar pajak sesuai dengan ketentuan yang berlaku. Dalam penelitian Tjondro, Widuri, & Katopo (2016) perusahaan yang memiliki pelaporan *corporate social responsibility* yang baik, lebih cenderung mengurangi tindakan penghindaran pajak, hal ini juga didukung oleh penelitian Lanis dan Rochardson (2015). Berdasarkan uraian diatas dapat dihipotesiskan sebagai berikut:

H₈ : *Corporate social responsibility* berpengaruh negatif terhadap *tax avoidance*

2.6. Model Penelitian

Berikut adalah model penelitiannya:



3. METODE PENELITIAN

3.1. Populasi dan Sampel

Populasi yang digunakan dalam penelitian ini yaitu perusahaan yang berada di sektor infrastruktur dan konstruksi yang terdaftar pada Bursa Efek Indonesia pada tahun 2014-2017. Teknik pengambilan sampel yang digunakan dalam penelitian ini yaitu *purposive sampling* dengan kriteria sebagai berikut:

1. Perusahaan sektor infrastruktur dan konstruksi yang terdaftar di Bursa Efek Indonesia pada tahun 2014-2017.
2. Perusahaan sektor infrastruktur dan konstruksi yang tidak mengalami kerugian selama tahun 2014-2017.
3. Perusahaan sektor infrastruktur dan konstruksi yang menggunakan satuan mata uang rupiah dalam laporan keuangannya.
4. Perusahaan sektor infrastruktur dan konstruksi yang menyajikan data yang dibutuhkan dalam penelitian.

3.2. Pengumpulan Data

Data sekunder yang digunakan dalam penelitian ini yaitu laporan keuangan, dan laporan tahunan perusahaan sektor infrastruktur dan konstruksi pada tahun 2014-2017 yang terdaftar di Bursa Efek Indonesia, yang dapat diakses di web.idx.id, kemudian memilih dan mengumpulkan data sesuai dengan kebutuhan dari penulis.

3.3. Variabel dan Pengukuran Variabel

Penghindaran pajak adalah cara yang digunakan oleh wajib pajak untuk mengurangi beban pajak dengan memanfaatkan kelemahan yang terdapat pada undang-undang dan peraturan yang telah ditetapkan. Pengukuran yang digunakan dalam mengukur penghindaran pajak yaitu metode ETR (*Effective Tax Rate*). Dalam penelitian (Murniyana, 2018) ETR dapat dirumuskan sebagai berikut:

$$ETR_{it} = \frac{\text{Beban pajak}}{\text{Laba sebelum pajak}_{it}}$$

Keterangan:

ETR = *Effective Tax Rate* pada perusahaan i pada tahun ke t

Beban pajak = Total beban pajak perusahaan i pada tahun ke t

Laba sebelum pajak = Total laba sebelum pajak perusahaan i pada tahun ke t

Komite audit adalah komite yang dipilih oleh komisaris yang bertugas untuk mengawasi manajemen dalam pembuatan laporan keuangan serta pengendalian internal yang ada pada perusahaan. Komite audit dapat diukur dengan jumlah komite audit yang ada pada perusahaan (Tandean & Winnie, 2016).

$$KOMA = \sum \text{Komite audit}$$

Kualitas audit merupakan kemungkinan yang terjadi ketika auditor melakukan audit pada laporan keuangan perusahaan serta menemukan kesalahan atau pelanggaran yang diungkapkan pada laporan audit. Kualitas audit

terlihat dari kualitas auditor. KAP yang hingga saat ini masih dipercaya masyarakat mengenai kualitas auditnya yaitu *the big fours* (*Deloitte Touche Tohmatsu, PowerWaterhouseCooper, Ernst & Young, KPMG*). Dalam Saputra (2018) pengukuran kualitas audit dapat diukur dengan perusahaan yang menggunakan jasa auditor dari *big fours* karena, KAP tersebut memiliki reputasi yang sudah mendunia. Pengukurannya yaitu perusahaan yang menggunakan KAP *big fours* akan diberikan nilai satu, sedangkan perusahaan yang tidak menggunakan KAP *big fours* akan diberikan nilai nol

Karakteristik eksekutif dapat dilihat dari resiko perusahaan, karena resiko perusahaan dipengaruhi oleh karakteristik dari eksekutif, dimana sebagai pengambil keputusan. Terdapat dua jenis karakter dari eksekutif yaitu *risk taker* dan *risk averse*, ketika karakteristik eksekutif *risk taker* maka resiko perusahaan akan semakin besar. Resiko perusahaan merupakan penyimpangan dari apa yang diharapkan perusahaan sehingga dapat mempengaruhi kelangsungan hidup perusahaan, sehingga karakteristik perusahaan dapat diukur dengan menggunakan resiko yang ada pada perusahaan (standart deviasi) (Alviyani, 2016), dengan rumus:

$$RISK = \frac{\sqrt{\sum_{t=1}^T \left(E - \frac{1}{T} \sum_{t=1}^T E \right)^2}}{T - 1}$$

Keterangan:

E: Earning Before Interest, Tax, Depreciation, and Amortization (EBITDA) / Total aset perusahaan

Kepemilikan institusi adalah kepemilikan saham perusahaan yang dimiliki oleh institusi seperti yayasan, perusahaan asuransi, pemerintah, perusahaan investasi, bank, dan institusi lainnya.. Dalam penelitian Fatimah (2018) kepemilikan institusi dapat diukur dengan menggunakan rumus:

$$INST = \frac{\text{Jumlah saham yang dimiliki institusi}}{\text{Jumlah saham yang beredar}}$$

Dewan komisaris independen adalah dewan yang dipilih ketika RUPS yang memiliki tugas mengawasi jalan kegiatan perusahaan dan memastikan perusahaan melaksanakan kegiatannya sesuai dengan aturan yang telah ditetapkan. Dalam penelitian Cahyono dkk. (2016) dewan komisaris independen diukur dengan menggunakan rumus:

$$\text{Proporsi dewan komisaris independen} = \frac{\text{Jumlah komisaris independen}}{\text{Jumlah komisaris}}$$

Dewan direksi merupakan dewan yang bertugas untuk menjalankan kegiatan usaha yang ada pada perusahaan sehingga perusahaan dapat mencapai maksud dan tujuan perusahaan. Menurut penelitian Khoirunnisa (2016) pengukuran dewan direksi yaitu total dari dewan direksi yang ada pada perusahaan.

Leverage adalah rasio keuangan yang menghitung seberapa besar utang perusahaan yang digunakan untuk membiayai operasional perusahaan. Dalam penelitian yang dilakukan Murniyana (2018) *leverage* dapat dihitung menggunakan rumus:

$$DER = \frac{\text{Total Debt}}{\text{Total Equity}}$$

Salah satu tanggung jawab sosial perusahaan adalah dengan melakukan pelaporan CSR Semakin lengkap perusahaan melaporkan CSR maka akan semakin baik. Data yang diperoleh untuk pengukuran pengungkapan CSR perusahaan berada pada laporan tahunan. Adapun rumus CSRIj sebagai berikut:

$$CSRIj = \frac{\sum Xij}{Nj}$$

Keterangan

CSRIj : indeks luas pengungkapan tanggung jawab sosial dan lingkungan perusahaan j

$\sum Xij$: nilai 1 jika item i diungkapkan, dan nilai 0 jika item i tidak diungkapkan

Nj : jumlah item untuk perusahaan j, Nj = 78

3.4. Metode Analisis Data

Metode analisis yang digunakan dalam penelitian ini menggunakan analisis regresi berganda yakni dengan melihat pengaruh dari komite audit, kualitas audit, karakteristik eksekutif, kepemilikan institusi, komisaris independen, dewan direksi, *leverage*, *corporate social responsibility* terhadap *tax avoidance* pada perusahaan sektor infrastruktur dan konstruksi yang terdaftar dalam BEI. Dalam menganalisis data peneliti menggunakan program software SPSS Statistics 19.

4. HASIL DAN PEMBAHASAN

4.1. Deskripsi Objek Penelitian

Data penelitian ini diperoleh dari laporan tahunan perusahaan sektor infrastruktur dan konstruksi yang ada di web.idx.id tahun 2014 hingga 2017. Sampel yang ada dalam penelitian ini dipilih dengan teknik *purposive sampling*. Kriteria sampel yang digunakan adalah sebagai berikut

Tabel 1: Pnentuan Sampel Penelitia

No	Kriteria Sampel	Jumlah
1	Perusahaan sektor infrastruktur dan konstruksi yang terdaftar di Bursa Efek Indonesia pada tahun 2014-2017	74
2	Perusahaan sektor infrastruktur dan konstruksi yang mengalami kerugian selama tahun 2014-2017	(27)
3	Perusahaan sektor infrastruktur dan konstruksi yang menggunakan satuan mata uang selain rupiah dalam laporan keuangannya.	(13)
4	Perusahaan sektor infrastruktur dan konstruksi yang tidak menyajikan data yang dibutuhkan dalam penelitian.	(13)
Perusahaan yang memenuhi kriteria		21

Dari pemilihan sampel diperoleh 21 perusahaan, selama 4 tahun sehingga terdapat 84 data.

4.2. Analisis Data

Analisis Statistik Deskriptif

Statistik deskriptif menggambarkan suatu data yang dilihat dari *mean*, standart deviasi, varian, maksimum, dan minimum (Ghozali, 2011). Berikut hasil statistik deskriptif dalam penelitian ini:

Table 2 : Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
ETR	84	,01174	,84914	,2493438	,16375941
Komite_Audit	84	3	6	3,36	,771
Kualitas_Audit	84	0	1	,31	,465
Karakteristik_Eksekutif	84	,01012	,09991	,0392442	,02603774
Kepemilikan_Institusi	84	,33446	,84218	,6332665	,12836527
Komisaris_Independen	84	,33333	,66667	,4282880	,11566473
Dewan_Direksi	84	3	7	5,11	1,261
Leverage	84	,60130	4,33380	1,6354069	,95636755
CSR	84	,38461	,64102	,5010549	,07244224
Valid N (listwise)	84				

Sumber: Data Output SPSS, 2019

Uji Asumsi Klasik

Hasil uji normalitas dengan menggunakan analisis uji statistik Kolmogrov-Smirnov sebesar 0,561. Hal ini menunjukkan bahwa residu terdistribusi normal. Dari hasil multikolinearitas dapat disimpulkan bahwa semua variabel bebas mempunyai nilai *tolerance* >0,1 dan nilai VIF < 10, sehingga tidak terjadi multikolinearitas antar variabel bebas dalam model regresi. Dari uji heteroskedastisitas menunjukkan bahwa titik-titik tidak membentuk pola tertentu dan menyebar secara acak di atas dan dibawah angka 0 yang berada pada sumbu Y. Sehingga dapat disimpulkan bahwa dalam model regresi tidak terjadi Heteroskedastisitas sehingga dapat digunakan untuk analisis selanjutnya. Berdasarkan hasil uji diatas nilai Durbin Watson 1,643 dengan alpha 0,05, n=84, k=8 diperoleh dL 1,443 dan nilai dU 1,85, sehingga nilai DW di antara dL dan dU. Hal ini berarti tidak dapat mengambil

kesimpulan, oleh karena itu penulis melakukan uji run test. Dari hasil uji run test dihasilkan nilai signifikansinya 0,079 yang mana lebih besar dari 0,05, sehingga tidak terjadi autokorelasi antar nilai residual.

Uji Koefisien Determinasi (Adjusted R²) dan Uji F (Uji Kelayakan Model)

Uji koefisien determinasi digunakan untuk menguji seberapa besar pengaruh variabel dependen dengan variabel independen. Hasil Uji Koefisien Determinasi menunjukkan nilai adjusted R² sebesar 15,6%. Artinya 15,6% *tax avoidance* dipengaruhi oleh komite audit, kualitas audit, karakteristik eksekutif, kepemilikan institusi, komisaris independen, dewan direksi, *leverage*, dan *corporate social responsibility*. Untuk sisanya sebesar sebesar 84,4% dipengaruhi oleh variabel lain yang tidak termasuk dalam model penelitian. Berdasarkan analisis regresi berganda diperoleh nilai signifikansi sebesar 0,024 yang berarti lebih kecil daripada alpha (0,05), sehingga dapat disimpulkan bahwa model regresi tersebut layak dan baik digunakan.

Pengujian Hipotesis

Berdasarkan hasil pengujian regresi linear berganda, model regresi yang dikembangkan dalam penelitian ini adalah :

$$ETR = 0,283 + 0,041X1 - 0,027X2 + 1,170X3 - 0,374X4 - 0,385X5 - 0,046X6 + 0,024X7 + 0,074X8 + e$$

Berdasarkan hasil Uji t yang dilakukan nilai koefisien β 0,041 dan probabilitas 0,115 > 0,05 sehingga dapat disimpulkan bahwa komite audit tidak berpengaruh terhadap tindakan penghindaran pajak, hal ini berarti banyak sedikitnya komite audit tidak mempengaruhi pelaksanaan penghindaran pajak yang dilakukan perusahaan. Komite audit memiliki tugas untuk mengawasi jalannya pembuatan laporan keuangan dan operasional perusahaan, akan tetapi apabila unsur lain yang ada dalam perusahaan tidak mendukung tugas dari komite audit maka pelaksanaan tugas dari komite audit sendiri tidak akan berjalan dengan baik, sehingga banyak sedikitnya komite audit tidak menjamin pelaksanaan penghindaran pajak.

Komite audit hanya sebagai pengawas dan memberikan saran kepada manajemen, untuk keputusan yang digunakan tergantung dari manajemen perusahaan sendiri. Selain itu dengan menjadi komite audit yang cukup lama di perusahaan, akan mengakibatkan penurunan independensi dari komite audit sendiri dalam hal ini berkaitan dengan pelaksanaan penghindaran pajak yang dilakukan oleh perusahaan. Hasil penelitian ini didukung oleh penelitian yang dilakukan oleh Saputra (2018), Khoirunnisa (2015), dan Alviyani (2016) yang menyatakan bahwa komite audit tidak berpengaruh terhadap *tax avoidance*. Hasil ini berbanding terbalik dengan penelitian yang dilakukan oleh Fatima (2018) dan Dewi dan Jati (2014) yang menyatakan bahwa semakin banyak jumlah komite auditnya maka akan terjadi pengurangan pelaksanaan penghindaran pajak.

Berdasarkan Uji t yang dilakukan nilai koefisien β -0,027 dan probabilitas 0,497 > 0,05 dapat disimpulkan bahwa kualitas audit tidak berpengaruh terhadap pelaksanaan penghindaran pajak, berarti bahwa tidak ada perbedaan ketika menggunakan KAP *The Big Fours* ataupun *non The Big Fours* terhadap pelaksanaan penghindaran pajak. Hal ini kemungkinan disebabkan oleh setiap KAP menggunakan pedoman standar pengendalian mutu kualitas audit yang sama, yang ditetapkan oleh IAPI (Ikatan Akuntan Publik Indonesia) dalam pelaksanaan auditnya. Penelitian ini sejalan dengan penelitian yang dilakukan oleh Winata (2014) yang menyatakan kualitas audit tidak berpengaruh terhadap pelaksanaan penghindaran pajak, dan berbanding terbalik dengan penelitian Kurniasih dkk (2017) yang menyatakan kualitas audit berpengaruh terhadap pelaksanaan penghindaran pajak.

Berdasarkan hasil Uji t yang dilakukan nilai koefisien β 1,170 dan probabilitas 0,088 > 0,05 disimpulkan bahwa karakteristik eksekutif tidak berpengaruh terhadap pelaksanaan penghindaran pajak. Karakteristik eksekutif berpengaruh terhadap keputusan yang diambil dalam pengelolaan perusahaan, namun tidak berpengaruh terhadap penghindaran pajak, hal tersebut kemungkinan disebabkan karena eksekutif lebih menyukai pengambilan resiko selain yang berhubungan dengan pajak atau eksekutif tersebut bersifat tidak menyukai resiko, sehingga tidak berpengaruh terhadap penghindaran pajak. Penelitian ini didukung oleh penelitian yang dilakukan oleh Tandean dan Winnie (2016) dan berbanding terbalik dengan penelitian yang dilakukan oleh Oktamawati (2017) yang menyatakan semakin tinggi resiko perusahaan, eksekutif semakin bersifat *risk taker*, semakin tinggi pula pelaksanaan penghindaran pajak yang dilakukan.

Berdasarkan hasil penelitian kepemilikan institusi memiliki nilai signifikan nilai koefisien β -0,374 dan probabilitas $0,003 < 0,05$ sehingga disimpulkan kepemilikan institusi berpengaruh negatif terhadap penghindaran pajak. Kepemilikan institusi yaitu kepemilikan saham perusahaan yang dimiliki institusi seperti bank, yayasan, dana pensiun, perusahaan investasi. Semakin tinggi presentase kepemilikan institusi berarti semakin tinggi yang melakukan pengawasan terhadap perusahaan, sehingga perusahaan akan cenderung untuk mengurangi pelaksanaan penghindaran pajak. Penelitian ini didukung dengan penelitian yang dilakukan oleh Cahyono dkk (2016) dan Alviyani (2016), namun berbanding terbalik dengan penelitian dari Diantari dan Ulupi (2016) yang menyatakan besar kecilnya kepemilikan institusi tidak membuat pelaksanaan pajak dihindari.

Berdasarkan hasil Uji t yang dilakukan nilai koefisien β -0,385 dan probabilitas $0,022 < 0,05$ sehingga dapat disimpulkan bahwa komisaris independen berpengaruh negatif terhadap penghindaran pajak. Komisaris independen adalah komisaris yang tidak memiliki hubungan dengan perusahaan, sehingga semakin tinggi presentase komisaris independennya, pengawasan yang dilakukan terhadap perusahaan akan semakin baik, dengan begitu pelaksanaan penghindaran pajak yang dilakukan oleh perusahaan akan semakin kecil. Penelitian ini didukung oleh Alviyani (2016) dan Fadli (2016), namun berbanding terbalik dengan penelitian yang dilakukan oleh Maharani dan Suwardana (2014) yang menyatakan besarnya presentase dewan komisaris independen tidak dapat mempengaruhi pelaksanaan penghindaran pajak.

Berdasarkan hasil Uji t yang dilakukan nilai koefisien β -0,046 dan probabilitas $0,012 < 0,05$ dapat disimpulkan bahwa dewan direksi berpengaruh negatif terhadap penghindaran pajak. Dewan direksi adalah perwakilan dari dewan komisaris yang bertugas menjalankan kegiatan operasional perusahaan sehingga dapat tercapai tujuan perusahaan. Semakin banyak dewan direksi yang ada pada perusahaan maka akan semakin baik pula pengelolaan perusahaannya, sehingga pelaksanaan penghindaran pajak yang dilakukan oleh perusahaan akan semakin berkurang. Hasil penelitian ini sama dengan penelitian yang dilakukan oleh Hoseini dan Garayly (2018), namun berbanding terbalik dengan penemuan oleh Khoirunnisa (2015) yang menyatakan jumlah dewan direksi tidak memiliki pengaruh terhadap penghindaran pajak.

Berdasarkan hasil Uji t yang dilakukan nilai koefisien β 0,024 dan probabilitas $0,225 > 0,05$ yang dapat disimpulkan bahwa besarnya *leverage* tidak mempengaruhi perusahaan untuk melakukan tindakan penghindaran pajak. Dalam teori *trade off* menyatakan utang dapat digunakan untuk penghematan pajak dengan insentif yang berupa pengurangan penghasilan kena pajak, namun berdasarkan penelitian ini teori tersebut tidak dapat dibuktikan, sehingga dapat disimpulkan bahwa perusahaan sampel tidak memanfaatkan utang untuk melakukan tindakan penghindaran pajak. Penelitian ini didukung oleh Fatimah (2018), dan berbanding terbalik dengan penelitian dari Rosyda (2018) yang menyatakan bahwa *leverage* berpengaruh positif terhadap *tax avoidance*.

Berdasarkan hasil Uji t yang dilakukan nilai koefisien β 0,074 dan probabilitas $0,777 > 0,05$ yang berarti pelaporan *corporate social responsibility* tidak berpengaruh terhadap penghindaran pajak. Tidak berpengaruhnya CSR terhadap *tax avoidance* kemungkinan disebabkan karena pelaporan CSR telah menjadi kebiasaan perusahaan, tidak bertujuan untuk melakukan penghindaran pajak. Hasil ini sejalan dengan penelitian yang dilakukan oleh Darmawati dan Naser (2018), dan berbanding terbalik dengan penelitian yang dilakukan oleh Lanis dan Rochardson (2015).

6. Kesimpulan, keterbatasan, dan saran

Kesimpulan

Berdasarkan penelitian yang telah dilakukan dihasilkan kesimpulan sebagai berikut: kepemilikan institusi, komisaris independen, dewan direksi berpengaruh negative terhadap *tax avoidance*. Sedangkan komite audit, kualitas audit, karakteristik eksekutif, *leverage* dan CSR tidak berpengaruh terhadap *tax avoidance*.

Keterbatasan

Nilai koefisien determinasi sebesar 0,156, berarti hanya 15,6% *tax avoidance* dipengaruhi oleh komite audit, kualitas audit, karakteristik eksekutif, kepemilikan institusi, komisaris independen, dewan direksi, *leverage*, dan CSR, sisanya 84,4% dipengaruhi oleh variabel lain yang tidak dimasukkan dalam model penelitian.

Saran

Diharapkan penelitian selanjutnya untuk menambah atau mengganti variabel independen yang memiliki pengaruh yang lebih besar terhadap penghindaran pajak

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The Impact of *Zakat* Distribution on Students' Academic Performance

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Abstract

University Teknologi MARA (UiTM) is one of the Higher Learning Institutions in Malaysia that is allowed to carry out the collection and distribution of *zakat* operations, besides implementing the collection and distribution of alms and the collection of waqf. The operation is carried out by specific Unit called *Pusat Zakat, Sadaqah dan Wakaf (PZSW)* which governed by Contemporary Islamic Studies Academy (ACIS). *Zakat* is a form of financial aid which is awarded to the deserving recipients, i.e. *asnaf*. In UiTM, the *zakat* collected will be partly distributed to the needy recipients among Muslim students which were categorized under *miskin* (poor), *fi sabilillah* (educational purposes) and *ghorimin* (in debt). Every semester, the eligible students will receive certain substantial amount of money from the *zakat* fund for their educational needs. The connection between financial aid and academic success have been tested in the past. However, no specific study has been conducted for the impact of *zakat* distribution on students' academic performance. The main objective of this study is to compare the students' academic performance before and after the receipts of *zakat*. The study finds that there is a significant difference in student's performance between before and after the receipts of *zakat*.

Keywords: *Zakat* Distribution, Financial Aid, *Fi Sabilillah*, *Asnaf*, Academic Performance

1. INTRODUCTION

Zakat is one of the five pillars of Islam. The obligation of paying *zakat* among Muslims is mentioned in the Quran many times and those who ignored the obligations will receive punishment on the *akhirat* (Day of Judgment). Literally, *zakat* is defined as 'growth', 'increase', or 'purity' of wealth (Abd Wahab & Abdul Rahman, 2011, Md. Razak et al. 2013) and a sort of alms giving by the rich people to the needy, *asnaf* (Embong et al. 2013). By giving away portion of their wealth to the poor, it is a symbolic of purification as the rich people cleanse their heart from greed and selfishness. In general, when the rich people pay *zakat*, the needy people will be able to use the money received to fulfill their needs and subsequently the wealth granted by Allah SWT is grow as everybody enjoy it. Ahmad Nazri et al. (2012) claimed that if the *zakat* system functions well, it should be beneficial to the needy and able to reduce the gap between the rich and the poor.

In Malaysia, most of its higher learning institutions have *zakat* funds for it needy students due to the localization concept of *zakat* management. Wahid et al. (2012) explained that the concept of localization empower the universities an authority to collect the *zakat* and distribute it to the *asnaf* on behalf of the *zakat* institutions. At Universiti Teknologi MARA (UiTM), the student welfare is strengthened by the contributions of its *zakat* fund. There are three types of *asnaf* among students that have been identified in UiTM who are eligible to apply and receive *zakat*. They are *miskin* (insufficient means of livelihood to meet the basic needs), *fi sabilillah* (who strives in the cause of Allah for the betterment of the community) and *ghorimin* (in debt and needs assistance to meet the basic needs.)

For 2018, the *zakat* fund of UiTM (Perak) has helped its students with disbursements amounted to RM0.5 million in funding the educational expenses and cost of living. It is contributed by the Muslim staff that paying the requisite 2.5% of their total income through a monthly salary deduction scheme, in which the whole amount of *zakat* collected is sent to the Perak State Islamic Religious Council and 50% of that money is then will be channeled back to the university to be distributed to the *asnaf* students.

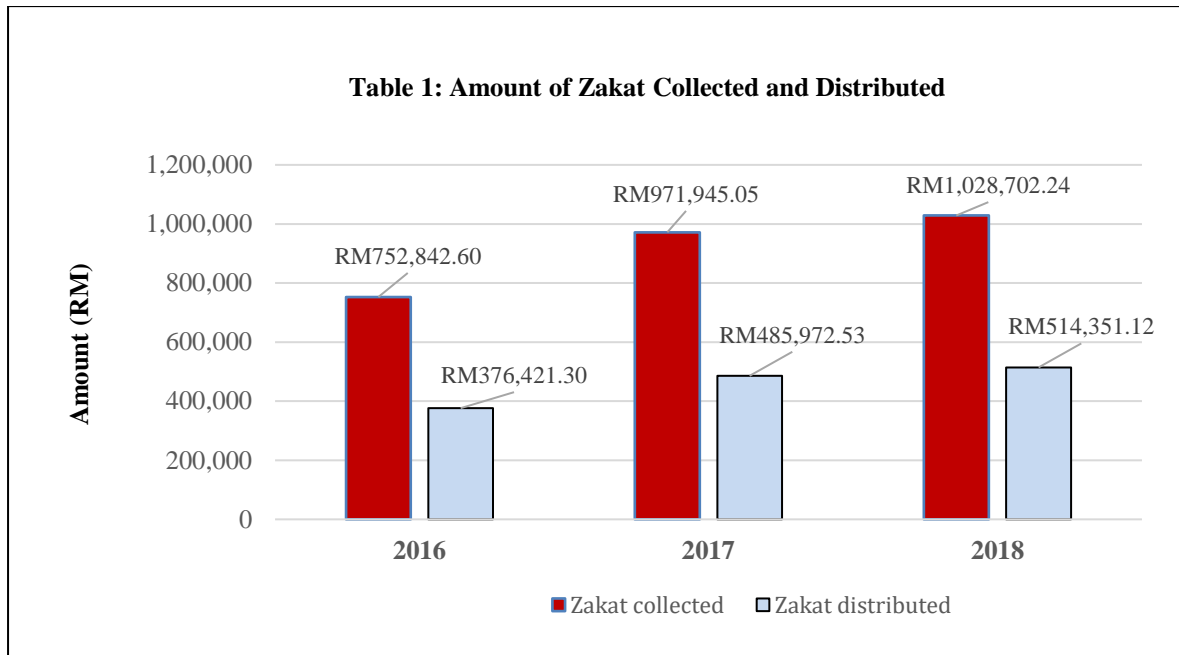


Table 1 shows the total amount of *zakat* being collected by UiTM Perak as *amil* (*zakat* administrator) and its disbursement from 2016 until 2018. According to PZSW the amount are expected to be better from year to year due to the increase in the pattern of application from the students. The university realised that to help the students, it must have a continuous funding from the *zakat* contributor. Thus, it is necessary to highlight the impact of *zakat* contributed by the payer in funding the education of the *asnaf*.

Looking at the various study on *zakat* and performance, many of the study focus on the performance of the *zakat* organization (Sayed Ahmed & Zainudin, 2017; Mohd Noor et al. 2015; Ahmad & Ma'in, 2015; Abd Wahab & Abdul Rahman, 2013), performance of the *zakat* contributor (Al Azizah et al. 2018; Abd Samad et al. 2015), performance on *zakat* compliance (Abdullah & Sapiei, 2018; Ummulkhayr et al. 2017; Rahim & Kaswadi, 2014), impact of *zakat* on macroeconomic (Ridwan et al. 2019; Yusoff, 2014) and satisfaction and perception of *zakat* recipients (Nor Muhammad et al. 2018; Raja Ahmad et al. 2015). The empirical studies on the impact of *zakat* on the academic performance of the recipients are rarely highlighted. Therefore, this study aims to test whether there is a significant difference in student's academic performance following in a receipt of *zakat*. In addition, this study also attempts to assess whether there a significant difference between demographic factors with respect to academic performance of the *zakat* recipients. The finding of this study will contributes to the literature on the connection between *zakat* and academic performance. In other part, this study could be beneficial to the *Pusat Zakat, Sadaqah dan Wakaf* of UiTM to evaluate and monitor the impact of *zakat* on the academic performance of the recipients.

2. LITERATURE REVIEW

2.1 Measurement for Academic Performance

Students' academic performance is generally the extent of student's achievement in their short-term or long-term academic goals. Mohamed Shahiri et al. (2015) found that most higher learning institution in Malaysia using final grades to assessment the performance of students. This final grade generally contributes by various elements such as course structure, assessment mark, final exam marks as well as result from extracurricular activities. This approach is not far different in India where Kumar et al. (2017) revealed that most Indians academic institution and universities using final examination grade of criteria in determining overall student's academic performance. In addition, there are other student's related academic attainment have been established as the performance indicator such as student graduation rates, academic status (dean's list, chancellor award, etc.), attachment with work force and many more (Hilman & Abu Bakar, 2017; Asif & Raouf, 2013)

2.2 Roles of zakat and demographic factors on academic performance

Financial support is considered essential to ensure smooth processing of study during academic session. Student not only burden with the payment of study fees charged by the university, but also other monetary commitment such as food, stationeries, accommodations, transportation, fee charged by student's club and society and lots more which among others important to sustain during their study. Although university education is perceived as privileged to those affordable, but this view has been consistently shifting as it is now important to represent social status, competitiveness and capability to success globally (Morris et al, 2016).

Zakat is one of the tools being used by government at national level as well as at the state level to help those in needs especially in academic institution. The concept of *zakat* has been early in practice by Muslim community in Mecca that aims to help the poor and those in need (Ahmad Nadzri et al. 2012). Study by Nor Muhammad et al. (2018) in examining *asnaf* perceptions on the process of distribution of *zakat* revealed that the distribution process of *zakat* to *fi sabillillah asnaf* which also students of Universiti Teknologi Malaysia has been properly being made and this contribution of *zakat* is found enable to ease the burden among the respondents.

Morris et al. (2016) examined the relationship of food insecurity and academic performance among university students in New Jersey, United States. This study defines food insecurity is the condition where students often missing meals, cutting the portion of meals or not eating for entire day. Most cases this food insecurity results due to money shortage. The study showed that students with characteristic of 'food insecurity' are among those with low grade point average (GPA). Therefore, the existence of financial support is very important to keep the student remains competitive in their study.

On the other field, Clotfelter, Hemelt and Ladd (2016) examined the evolution of providing financial aid in the forms of grant to students; at two different period of sample selection, i.e. (i) year 2004 – year 2006; and (ii) year 2007 – year 2010, against performance. They found that no evidence to support in the early years, compared to recent where show students supplemented with grant-heavy aid plus other non-financial supports were more likely able to graduate on time and gained higher GPA. On the same ground, Bettinger (2004) examined the effect of Pell grant (i.e. a subsidy provided by the United States government to college students) on student's persistence after the first year of study. The result of study strongly showed Pell grants reduce college drop-out behaviours. The author expected the likelihood of this relationship will continue from year to year, thus reflect student's completion of their study. Yang and Grauer (2016) had examined the influence of financial support to the retention and academic achievement of female engineering students at Kansas State University. The authors concluded that the financial incentive in the forms of student loan repayment awarded upon graduation had positively influence student's completion rates as well as effect on their GPAs.

There are many studies have been carried out to determine factors that affect students' academic performance especially looking on the demographic factor of student. According to the Business Dictionary, demographic refers to the statistical data relating to the population or selected group of review, for examples age, sex, religion, education level, marital status, level of income and wealth (www.businessdictionary.com).

Mohd Shaari et al. (2014) have conducted a study in identifying determinants for academic performance for accounting students. They found that gender has significant impact on student's performance, where the female students tend to have better performance compared to male students. A study by Khurshid, Tanveer and Qasmi (2012) also found that female students have more effective study habits and better academic performance than their male counterparts. On the same argument, Garkaz, Banimahdb and Esmailic (2011) measured several factors that could affect accounting students' performance in Iran. The study revealed that female students are getting higher academic achievement compared with male students.

Mohd Shaari et al. (2014) also investigated the effect of education background and academic performance. They found that that there is a significant different between student academic intake and academic performance of the students. The average result scored by students from June intake (with better academic background) was 3.43 as compared to student from December intake of 2.77. The findings were in line with Byrne and Flood (2008) and Jones and Wright (2011) that found significant positive relationships between prior academic achievement, prior accounting knowledge and academic performance of the students.

Interestingly, Khurshid, Tanveer and Qasmi (2012) investigated whether there is any difference between residential status and academic performance of the students. They found that the day scholar students have better study habits and also higher academic achievements than the students residing on campus which could be due to proper and better facilities owned by students who stay at home. On the other hand, Hountras and Brandt (1970) find that students residing in resident halls had higher mean grade point average than did students residing at home or off-campus, when exploring the relation of student residence to academic achievement in five colleges of an upper Midwest university. While research findings by Field (1999) and Snyder et al. (2011) concluded that there is no statistical significant difference between the academic performance of students residing on-campus and those who lived off-campus.

Adebayo and Dorcas (2015) compared the academic performance of students in social studies and integrated science at the Junior Secondary School Certificate Examination in Kwara State, Nigeria. The outcome of the study show that students' performance in social studies was slightly better than that of integrated science and it was significant.

3. METHODOLOGY

3.1 Selection and Size of Data

The population for this study is based on students who received *zakat* as educational aid for their study semester of March 2018. The population comprise of 337 students from three different faculties in Universiti Teknologi MARA (Perak), Tapah Campus, namely Faculty of Accountancy (FP), Faculty of Applied Science (FSG) and Faculty of Computer and Mathematical Science (FSKM). Below is the data on population of this study.

Table 2: Summary Details of Data Selected

	No. of students	FP	FSG	FSKM
Selected	356	102	149	105
Unusable	19	7	9	3
Total sample used	337	95	140	102

3.2 Source of Data and Method of Analysis

The list of *zakat* recipients together with their essential information on demographic background are obtained from the *Pusat Zakat, Sadaqah dan Wakaf* which governed by department of Contemporary Islamic Studies Academy. With permission from the respective university authority in the Academic Affairs Department (HEA), the authors also granted to access student database called Student Information Management System (SIMS). This system provides other secondary data on students' academic-related information including examination result, study plan, academic status, course registration, and others. As stated in earlier part, the research objectives are as follow:

1. to investigate whether there a significant difference in student's academic performance following in a receipt of *zakat*.
2. to investigate whether there a significant difference between demographic factors with respect to academic performance of the *zakat* recipients

Thus, the following null hypotheses were developed:

Hypothesis for research objective (1):

Ha: There is a significant difference in students' academic performance between before and after the receipt of *zakat*.

Ho: There is no significant difference in students' academic performance between before and after the receipt of *zakat*.

Hypothesis for research objective (2):

Ha1: There is a significant difference in academic performance of *zakat* recipients between genders.

Ho1: There is no significant difference in academic performance of *zakat* recipients between genders.

Ha2: There is a significant difference in academic performance of zakat recipients between academic intake.
Ho2: There is no significant difference in academic performance of zakat recipients between academic intake.

Ha3: There is significant difference in academic performance of zakat recipients between residential status.
Ho3: There is no significant difference in academic performance of zakat recipients between residential status.
Ha4: There is a significant difference in academic performance of zakat recipients between backgrounds of students' programme.
Ho4: There is no significant difference in academic performance of zakat recipients between backgrounds of students' programme.

For the first research objective, the students' final examination result scored before and after the receipts of *zakat*, is compared using paired samples T-test. As for the second objective, the means of the result scored after they have received the *zakat* is compared across the demographic factors by using the independent samples T-test. All of the data gathered are processed using a quantitative approach in the Statistical Package for Social Sciences (SPSS). Findings are illustrated in tables to facilitate the discussion.

4. RESEARCH ANALYSIS AND RESULTS

4.1 Descriptive Analysis of Demographic Factors for Zakat Recipient

To pursuit the research analysis, the authors gathered the necessary demographic data of the recipients that includes of gender, type of academic intake, students' residency and type of study programme.

Table 3: Frequency Analysis

		Frequency	Percent
GENDER	Male	66	19.58
	Female	271	80.42
	Total	337	100.0
INTAKE	June Intake	196	58.16
	December Intake	141	41.84
	Total	337	100.0
RESIDENTIAL	Resident	203	60.24
	Non-Resident	134	39.76
	Total	337	100.0
PROGRAMME	Social Science	95	28.19
	Math and Science	242	71.81
	Total	337	100.0

Table 3, shows the descriptive analysis of demographic factor of *zakat* recipients. The figure shows that male students represented by 19.58% whereas female students are 80.42%. Out of the total 337 recipients, 58.16% are from June intake, while 41.84% are from December intake. The study also observed that majority of the students live within the campus area, where 60.24% of total students are resident and the remaining are non-resident students. The result also shows that majority of the *zakat* recipients are from math and science stream (consist of students from FSG and FSKM) by 71.81% while the remaining are social science students (students form FP).

4.2 Descriptive Analysis of Students' Academic Performance

The academic performance is measured by students' grade point average (GPA). GPA is an average result of all grades achieved throughout the course taken for the particular semester. A grade of 4.00 is the maximum

grade that can be achieved, provided the students obtain grade A+ or A in all courses that they took in the particular semester.

Table 4: Descriptive Analysis of Students' Performance

N	337
Mean	3.12
Minimum	1.00
Maximum	4.00

The figure from Table 4 shows the mean of GPA is 3.12, suggesting that most of the *zakat* recipients are within the good performance achievement. The results also show the highest GPA scored for the particular semester is 4.00 and the lowest GPA is 1.00.

4.3 Paired Sample T-test

To prove the null hypothesis, the paired samples t-test was used. First, data was tested for normality distribution. The result shows all results for the different semesters depicted a close to normal distribution. The mean scores for the final examination results of the students are then used as a measure of whether the students performed better, the same or worse after the receipt of *zakat*.

Table 5: Summary Result of Paired Sample T-test analysis

	N	Mean	Std. deviation	Sig (2-tailed)
Before receipts	337	3.1839	0.53576	0.006***
After receipts	337	3.0705	0.54211	

*** Significant at 1%

Table 5 shows the mean, standard deviation and the significance level values of the analysis. The average GPA score before the students received the *zakat* is 3.1839, versus 3.0705 after the student received the *zakat*. The P-value indicates that there is a significant difference between before and after the receipt of *zakat* and it is significant at 1%. Thus, the null hypothesis could not be proved, i.e., there is a significant difference in students' academic performance between before and after the receipt of *zakat*. However, the results in the table imply that the students perform worse after the receipt of *zakat*. Fortunately, the average scored by the students is still above 3.00 pointers that considered in the range of good.

4.4 Independent Sample T-test

Table 6: Summary Result of Independent Sample T-test analysis

	N	Mean	Std. deviation	Sig (2-tailed)
Male	66	3.1639	0.54421	0.736
Female	271	3.1887	0.53459	
June Intake	196	3.3011	0.44729	0.000***
December Intake	141	3.0210	0.60355	
Resident	203	3.2502	0.50949	0.005***
Non resident	134	3.0834	0.56036	
Social science	95	3.1466	0.62041	0.425
Math and science	242	3.1985	0.49929	

*** Significant at 1%

Table 6 shows the independent t-test of academic performance as measured using GPA between all the breaking variables (demographic factors). From the results, it demonstrates that genders and background of students programme are not enough to reject the null hypothesis (Ha1 and Ha4 are rejected). On the other hand, since the P-value of academic intakes and residency status is less than the conventional 0.05, the null hypothesis is rejected (Ha2 and Ha3 are accepted). Breaking down the result, we can see the average result of students from

June intake is higher of 3.3011 compared to average result of students from December intake of 3.0210. While the average result scores by students who stay inside the campus of 3.2502 is better compared to students who stay outside the campus of 3.0834. This concludes that only two variable come out with significant value which are academic intake and residential status which both results indicate that there is a significant difference at 1%.

5. DISCUSSION AND CONCLUSION

The results of the study demonstrate that there is a significant difference in students' academic performance, before and after the receipts of *zakat*, which is at 1%. Although the results show that most of the students had successful result, it reveals that the students performed better before they received the *zakat*. This could indicate that *zakat* contribution is not the only determinants of excellence performance among students.

The objective of PZSW is to deliver the *zakat* collection to those in need to enable them to pursue their study is really reflected in this study of UiTM's students. However, PZSW could also consider using proper tool or methods to observe the usage of the *zakat* contributions to ensure these public's funds are properly channel to cater appropriate purpose. It is crucial for PZSW to assess the background of these *zakat* recipients, for example their attitude to ensure they are really committed with their study. PZSW should consider conducting awareness programs among *asnaf* on their responsibility as students who eventually using public fund to cater their study life. This is to avoid the possibility of complacent condition embedded in the mind of the *asnaf* since *zakat* is not a contract that requires the recipient to pay back the money used like what is being exercised under study loan. These *asnaf* should be educated that the aim of the *zakat* aid is not merely because there are the eligible *asnaf*, but to change their status to be the potential *zakat* payer in the future. Other than that, PZSW could also consider to look on other possible areas other than financial that could divert their attention in their study.

On the other hand, this study had found few demographic factors such as gender, academic intake, residential status and the stream of program study had given an effect on the *asnaf* academic performance. The results show that students from June intake significantly outperformed students from December intake. It indicates that excellent academic background is one of the factors that promote the success in future academic endeavors (Mohd Shaari et. al, 2014). Thus, to encourage and inspire a good continuous achievement among *asnaf* from December intake, it is suggested that PZSW to work closely with UiTM's HEA division, especially *asnaf*'s academic advisor for close monitoring on their academic results.

The results also show that *asnaf* who stay in the campus showed better performance compare to *asnaf* who stay outside the campus. It indicates that resident *asnaf* are significantly more advantages as they enjoyed various university facilities, cost saving in accommodation as well as transportation, which allowed them to study in more conducive environments. Limanond et. al (2011) mentioned that staying inside the campus could indirectly solve the students' problem especially on the living cost and avoid bad things from happening. Thus, by taking the advantages, it leads to help them perform better. Since the quality of facilities directly influence the education processes that may lead to excellence achievement, it is suggested that PZSW could channeled part of the *zakat* fund by providing special residences outside the campus for the non-resident *asnaf*. The accommodation provided is to be supported with sufficient facilities and resources as to assure the learning process running smoothly and motivate the *asnaf* to perform better.

In conclusion, the efforts undertaken by the PZSW to support the financially challenged students at UiTM should be applauded. *Zakat* which serves as an optional financial aid that helps *asnaf* students in their study is really valuable in the UiTM environment. The contribution of *zakat* is hoped to enhance morale of those recipients and directly to improve their social life. Therefore, PZSW is encouraged to have continuous process of monitoring on *zakat* recipient. This initiative is expected to enhance the reputation of PZSW and indirectly able to support and uphold the UiTM's vision and mission in producing *Bumiputera* that involve in all professional fields, consequently being the future *zakat* payer for sustainability of the *ummah* (community of believers).

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FACTORS THAT INFLUENCE ERP IMPLEMENTATION SUCCESS: FROM THE USER'S PERSPECTIVE

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Abstract

Enterprise resource planning (ERP) system has been created to integrate data of all business areas within an organization. Although there are many benefits from its adoption and implementation but there still exist many cases where the ERP system failed to be implemented. The implementation of an ERP system is a complex process because it involves restructuring the whole business, where end users is one of the components that also has to be taken into consideration. In this study, we proposed a conceptual framework and examined it to find factors that influence ERP implementation success. A survey method was used, which resulted in 132 completed responses. The result of the analysis suggests that top management support, change management initiatives, training and education and vendor/consultant support have positive relationship with ERP implementation success.

Keywords: Enterprise Resource Planning (ERP), ERP implementation, end user

1.0 INTRODUCTION

In an era where competitive advantage is the number one goal, companies worldwide are investing heavily in information systems, which can help them achieve the ultimate goal. Information systems such as Enterprise Resource Planning (ERP) are gaining popularity, not just among big firms but also small to medium size organizations. The attraction of ERP systems, which seek to integrate all aspects of the business from production planning, plant management, finance and accounting to personnel, have led organizations to spend large amounts of money on ERP systems. Despite the attractive benefits offered by ERP systems, there still exist reported cases of ERP implementation projects resulting in failure (Wood, 2010; Gross, 2011; Kanaracus, 2012). According to a 2015 report published by Panorama Consulting, 21 percent of companies who have implemented an ERP system, have defined their project as a failure. A closer inspection at the reported problems show that implementation issues are not just technical, but encompass wider behavioural factors (Skok & Döringer, 2001).

Previous research on ERP implementation failure concluded that factors such as poor support by top management (Dezdar & Ainin, 2011; Finney & Corbett, 2007; Ifinedo, 2008; Ifinedo & Nahar, 2009; Somers & Nelson, 2004), resistance of change by users (Bingi, Sharma, & Godla, 1999; Nah, Lau, & Kuang, 2001; Salimifard, Ebrahimi, & Abbaszadeh, 2010; Somers & Nelson, 2001), minimal training or education on the use of the ERP system (Ram, Corkindale, & Wu, 2013; Stratman & Roth, 2002; Umble & Umble, 2002) and not enough support by consultants and vendors (Akkermans & van Helden, 2002; Bavarsad, Rahimi, & Norozy, 2013; Bingi et al., 1999; Nejjib, 2013) have to be taken seriously during the ERP implementation. When organisations tend to overlook at these problems, the percentage of failure will be high.

Another common problem an organization usually overlook when making a decision to adopt a new system is looking at the user's perspective. It is now recognized that human factors are often critical in the ERP implementation phase (Botta-Genoulaz, Millet, & Grabot, 2005). The key issue is getting a positive attitude towards the ERP system. Information technologies cannot by itself influence the productivity of a company. The main efficiency factor lies in the way people use these technologies. Many information strategies have failed for ignoring this issue (Botta-Genoulaz, et al, 2005).

This research aims to investigate factors that influence ERP system implementation through the end user's perspective. This can be done through investigating the relationship between top management support, change management initiatives, training and education and vendor/consultant support with ERP implementation success in a Malaysian setting.

2.0 LITERATURE REVIEW

An ERP system is an integration of various functional spheres in an organization mainly financial, accounting, human resource, supply chain and customer information into one centralised source of information (Momoh & Shehab, 2010). Among the many benefits of implementing ERP systems are solution to problems with legacy systems, reduced development risks, increased global competitiveness, business efficiency, abundant customer information wants and needs, faster information processing and time and cost reduction (Momoh & Shehab, 2010).

Although the benefits outweigh the losses, there are still many cases of failure of system projects to be fully implemented after 3 years (Gillooly, 1998). According to Shah, et al (2011), implementation of an ERP system is not an easy task as it encompasses socio-technical aspects relating to people, organization and technology. Some of the reasons cited for system failure are poor planning by management, lack of business management support, excessive budget, overrun of project live date and limited training (Shah et al, 2011).

2.1 Top management support

Top management support is defined as the willingness of top management to provide the necessary resources and authority or power for project success (Slevin & Pinto, 1987). In an ERP system environment, if the organization provides sufficient support to employees for their task, employees are more likely to enjoy their work and improve their performance through usage of the new system (Lee, Lee, Olson, & Chung, 2010). The implementation of an ERP system brings far reaching changes in an organization and its processes. Hence, top management must realize that communication is essential to ensure that employees understand and accept the changes brought about by ERP (Balsmeier & Nagar, 2002). Thus, organization support is crucial for successful adoption of ERP. The implementation of systems often requires substantial changes to organizational structure, employees' roles and jobs, reward systems, control and coordination mechanisms, and work processes. Therefore, top management support in the form of commitment and communication related to system implementation is critical for the legitimacy of the implementation process and employee morale following the implementation (Venkatesh & Bala, 2008).

2.2 Change management initiatives

Change is more widely accepted in firms when organizational members are accustomed to change and view it as positive (Brown and Eisenhardt, 1997). Both individual and group resistance to IT implementation is very likely to occur. If people are not properly prepared for the imminent changes, then denial, resistance and chaos will be unavoidable consequences of the changes created by the implementation. However, if proper change management techniques are utilized, the company should be prepared to embrace the opportunities provided by the new ERP system (Hasibuan and Dantes, 2012).

2.3 Training & education

Education and training refer to the process of providing management and employees with the logic and overall concepts of the ERP system (Yusuf, Gunasekaran, & Abthorpe, 2004). Enterprise resource planning systems are extremely complex and demand rigorous training; therefore, training is an important factor for successful implementation (Bingi, Sharma, & Godla, 1999). Lack of training has been one of the important reasons for failure of ERP systems (Somers & Nelson, 2001). Training and education will reduce employees' anxiety and stress about the use of the ERP system and provide better understanding about the benefits of the system for their tasks (Lee et al., 2010). Training and education influence user beliefs toward the systems, and training programmes increase the users' confidence in their ability to use them (Gist, 1987). Training also provides managers with a mechanism to disseminate useful and pertinent information about the ERP system and how it fits in with the existing and proposed system (Amoako-gyampah & Salam, 2004)

2.4 Vendor/ consultant support

External factor such as vendors support and consultant's expertise in ERP implementation also play a role in helping to ensure companies successfully implement ERP systems. These two elements refer to the extent that intermediate institutions such as vendors and consultants, present the knowledge, training, maintenance and other technical supports to the organization that applies the ERP systems (Bavarsad et al, 2013). The vendors and consultants are deemed necessary for the operations of ERP since many organisations that apply ERP systems do not have the required individuals and skills for implementing these systems (Bavarsad, et al 2013).

Studies into this factor shows mixed results. Bradley (2008) found no positive relationship between use of an ERP consultant and success of ERP implementation. This might be because consultant's role may be necessary but not sufficient to ensure project success. Shah et al (2011) case study in a public organization also found lack of vendor experience and support to be failure factors to ERP implementation. On the other hand, Bavarsad et al (2013) found a direct influence between external factors and ERP success in the automotive industry in Iran. Dezdar (2012) also found significant relationship between ERP vendor support and ERP implementation success. Thus, more studies are warranted into consultants and vendors role in ERP implementation success.

2.5 Hypotheses

The following are the hypotheses that will be tested in this study:

H₁ : There is a positive relationship between top management support and ERP implementation success

H₂ : There is a positive relationship between change management initiatives and ERP implementation success

H₃ : There is a positive relationship between training and education and ERP implementation success

H₄ : There is a positive relationship between vendor/ consultant support and ERP implementation success

2.6 Conceptual Framework

As stated earlier, the main objective of the study is to investigate factors that influence ERP system implementation through the end user's perspective. Therefore, the conceptual framework is presented in Figure 1.

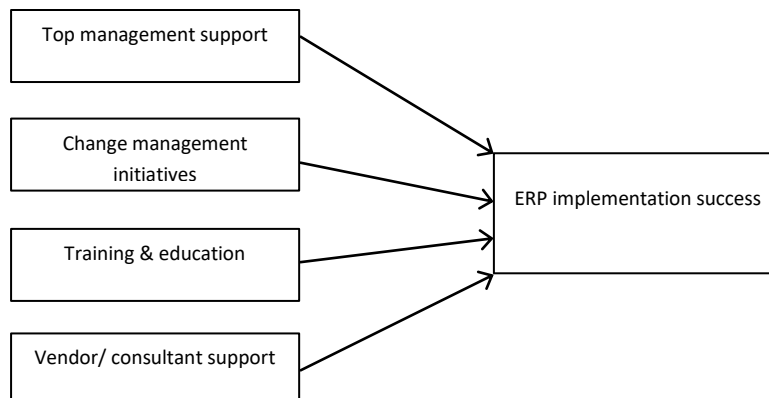


Figure 1: The conceptual framework of the study

3.0 RESEARCH METHOD

The target population in this study consists of ERP users who work in firms, which are listed in Bursa Malaysia's Main Index under the manufacturing sector. According to Bursa Malaysia's classification of the sectors listed, manufacturing firms comes under two sectors, which are consumer products and industrial products. These two sectors were chosen because they represent manufacturing firms in Malaysia. Manufacturing firms would have implemented ERP systems way longer than any other types of business because ERP systems origin comes from the manufacturing sector. Therefore, many of the companies listed under these two sectors would have implemented an ERP system and the system would have been running for a few years. Thus, the end users will be able to give a strong feedback about the ERP system that they are using and its impact on their job performance.

According to Bursa Malaysia's website, there are 154 firms listed under consumer products (as of May 2015) and 290 firms listed under industrial products (as of May 2015). After reviewing the respective company's website for contact information, the number of firms were reduced to 204 for industrial products and 111 for consumer products. This is because of no contact information in their website, the website was under maintenance or there were a number of companies that had two or three counters opened in the same sector. Therefore, the total number of firms was 315. An email was sent to the respective companies to seek their permission and to obtain details relating to their employees who would participate in the survey. Each of the companies was required to send details on five of their employees who is under the Accounts/Finance department. This is because the accounting/finance module of an ERP system is widely used in the manufacturing companies as compared to other modules available. Once the details were received, the survey was sent via mail including a self-stamped envelope for easier return of the completed questionnaire. Respondents were given 3 weeks to complete the questionnaire. In total 132 completed questionnaires were received by the authors.

Table 1 presents the number of measurement items for each variable and their respective Cronbach Alpha coefficient values. All the variables have Cronbach Alpha coefficient values of more than 0.7, thus all the variables meet the requirement of the reliability test.

Table 1: Number of measurement items and Cronbach Alpha's values for all variables

Variables	Number of Items	Cronbach Alpha
Top management support	5	0.774
Training & education	4	0.894
Change management initiatives	5	0.856
Vendor/consultant support	4	0.941
ERP implementation success	6	0.888

4.0 RESULT

Table 2: Demographic information about the respondents

DEMOGRAPHIC CHARACTERISTICS	FREQUENCY	PERCENTAGE
Gender		
Male	57	43.2
Female	75	56.8
Age		
< 24	4	3
25-34	71	53.8
35-44	40	30.3
45-54	15	11.4

> 55	2	1.5
Education Level		
Diploma	17	12.9
Bachelors	79	59.8
Masters	29	22.0
Other	7	5.3
Working experience		
Less than 1 year	13	9.8
1-5 years	64	48.5
6-10 years	29	22.0
11-15 years	12	9.1
More than 15 years	14	10.6
Job position		
Managerial	71	53.8
Non-managerial	61	46.2

From Table 2, 56.8 percent of the respondents were female and the majority of the respondents were from the age group 25 to 34 years old. More than half of the respondents hold a bachelors degree and they have worked in their respective organization between 1 to 10 years. Lastly, 53.8 percent hold a managerial job position.

Table 3: Mean and Standard deviation for all variables

	MEAN	STD DEV
TMS1	5.59	.087
TMS2	5.44	.083
TMS3	4.93	.091
TMS4	5.27	.091
TMS5	5.27	.087
TAE1	4.99	.098
TAE2	5.08	.096
TAE3	4.99	.091
TAE4	5.19	.087
CMI1	5.14	.080
CMI2	4.57	.104
CMI3	4.77	.094
CMI4	4.56	.097
CMI5	4.65	.096
VCS1	4.83	.099
VCS2	4.89	.099
VCS3	4.83	.102
VCS4	4.85	.101
EI1	5.33	.087
EI2	5.39	.088
EI3	5.35	.092
EI4	5.20	.091
EI5	5.36	.100
EI6	5.28	.092

Table 4: Estimated correlation of variables

Measures	TMS	TAE	CMI	VCS
IP	.445	.587	.491	.531

From Table 3, all the variables mean and standard deviation are calculated and the result is as shown. Table 4, on the other hand, shows the estimated correlation values. All the correlation values have positive values, meaning that all four independent variables have a positive correlation with the dependent variable, which is ERP implementation success. According to Pallant (2011), a correlation value of between 0.5 and 1.0 would indicate a strong relationship between the two variables. Whereas a correlation value of 0.3 to 0.49 has a medium relationship between two variables. Therefore, training and education and vendor/ consultant support have strong relationship with ERP implementation success. On the other hand, top management support and change management initiatives only have medium relationship to ERP implementation success. Overall, all the independent variables have positive medium to strong relationship to ERP implementation success.

5.0 CONCLUSION

Enterprise resource planning systems are different from other innovations of IT because of the socio-technical challenges due to the complexity involved in the implementation process and the different types of end users. This research has implications for managers as well as organizations. The findings of this study provide insights for managers to efficiently manage the adoption of the ERP system across the organization. Organizations should understand and identify factors in terms of individual, organizational, and technological characteristics when a complex information system such as ERP is implemented in the organization.

Managers should have the goal of not just making use of the system but to make employees satisfied with using the system, to improve their performance, and also to empower them to make decisions. Further research can be done through a longitudinal approach for the study. This will help to understand how the factors vary at different stages in the implementation process of ERP.

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FRAUDULENT FINANCIAL REPORTING: A REVIEW OF ENVIRONMENTAL FACTORS

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ABSTRACT

Fraudulent financial reporting could have an impact on any organizations and individuals who have financial interest in the company. They rely on the financial statements of the company to make investment decisions. Therefore, the failure or success of the company may influence their returns on investment in the company. The public loses trust in the company and its top management, while the survival or going concern of the company becomes doubtful. Corporate illegal activity literature relates to the environmental characteristics surrounding an organization with illegal activity by the entity. Certain factors that developed from internal and external factors could influence a manager to commit fraud. Therefore, this research intends to investigate the relationship between external environmental factors and occurrence of fraudulent financial reporting. The research methodology employed will be descriptive statistics, correlation analysis, chi-square test, univariable analysis, multiple logistic regression. The results from testing the first and second hypotheses indicated that dynamic and heterogeneous environment showed a positive coefficient, but they were not significant factors contributing to fraudulent of financial reporting.

Keywords: Fraudulent Financial Reporting, Internal Control Quality, Risk Management

1. INTRODUCTION

Zahra, Priem, and Rasheed (2007) found that there are several societal level, industry level, and organizational level factors that can pressure management and encourage their fraudulent behaviour. Zahra et al. suggested three key factors, namely (i) societal-level pressure, (ii) industry-level pressure, and (iii) company- or organizational-level pressure level. First, societal- level pressures used societal- or group-level theories to explain the social nature of criminal behaviour. At the broader societal level, anomie theory suggests individuals who are unable to achieve their aspirations by experience strain, may use deviant means to achieve their desired ends. Second, the industry-level pressures involve challenging industry conditions that cause and intensify fraud.

International Standard on Auditing (ISA 240) (MIA, 2009) "The Auditor's Responsibility to Consider Fraud in an Audit of Financial Statements" laid the examples of fraud risk factors that may be faced by auditors in different situations. The risk factors relating to misstatements arising from fraudulent financial reporting can be categorized into three conditions, namely (a) incentives/pressure, (b) opportunities, and (c) attitudes/rationalizations. ISA 240 (MIA, 2009) states that these risk factors generally present when material misstatements due to fraud occurring.

2. LITERATURE REVIEW

Certain characteristics of the industry such as industry culture or general environmental characteristics, for example, dynamic and heterogeneous environment could contribute to fraudulent financial reporting

2.1 Dynamic Environment and Fraudulent Financial Reporting

Several factors could affect the dynamics of a company's environment with their changes. These factors include technological advances, market changes, and competitive moves. This means that these factors will affect the speed, the uncertainty and the unpredictability of the change of companies in a given industry.

Dynamism indicates the perceived continuity of change in an industry. With the growth opportunities due to technological changes, a company continues to develop in new niche and grow. To discover these opportunities

and to invent new infrastructure, the company needs to invest heavily. But the consequences of these investments may lower the short-term performance. These investments have their own associated risks and the success of long-term survival is uncertain. This uncertainty raises the likelihood of management (agent) to commit fraud. For example, firms facing changes in their environment may add new structures and new specialized divisions or departments. Unfortunately, these specialists address only one part of the changing environment, whereas the responsibility for making overall decision involves a number of individuals and none of them has sufficient authority to prevent or abandon illegal activities.

Previous studies have examined the issue of environmental characteristics that might encourage fraud. Among these studies are Apostolou, Hassell, Webber, and Sumners (2001), Baucus (1994), Baucus and Near (1991), Emery and Trist (1965), Saksena (2001), Stice (1991) and Zahra et al., (2005). Apostolou et al. (2001) examined the relative importance of 25 risk factors (red flags) identified by 140 auditors in Statement on Auditing Standard No. 82 when making fraud risk assessment. They found that challenging industry conditions are one of the factors which they believed were causing fraud.

Consequently, Baucus (1994) used a multivariate model of corporate illegality by using combinations of causal factors leading to illegal activity. He proposed certain combinations of environmental and firm factors that could lead to corporate illegality. His model showed that characteristics of environment and factors within the firm create conditions of pressure or need, and opportunity or predisposition. These conditions arise from combinations of environmental and firm characteristics which tend to occur together.

Zahra et al. (2005) suggested that industry conditions can pressure senior managers to commit or to encourage or to enable fraud. Saksena (2001) examined the characteristics of firm's external environment to the incidence of management fraud. She concluded that firms associated with fraud operate in environments that differ significantly from those that do not commit fraud.

Prior studies have used a number of variables to measure dynamism in an environment. These include variance in the value of shipments in an industry (Baucus & Near, 1991) and the percentage change in sales (Saksena, 1997, 2001; Stice, 1991). Stice (1991) used percentage change in sales from period $(t-1)$ to period t , where period t is the fiscal year preceding the year in which the alleged fraud occurred.

2.2 Heterogeneous Environment and Fraudulent Financial Reporting

Heterogeneity in a firm's environment increases uncertainty created by a high competitive industry environment. A heterogeneous environment causes the managers of an organization to have to deal with many and diverse organizations in the environment. These could be multiple suppliers and or regulatory agencies (Saksena, 1997). Zahra et al. (2007) highlighted that a business is considered heterogeneous when it competes in different markets, or it targets different customer groups who have divergent needs and expectation. Therefore, diversified firms are generally facing heterogeneous environments. Saksena (2001) examined the relationship between heterogeneous environment and management fraud and found the relationship statistically significant.

Baucus and Near (1991) and Saksena (1997, 2001) measured heterogeneous environment using the SIC Code. In the United States, researchers have used a number of different 4-digit industries to study the measures used by a firm to determine heterogeneity. An SIC Code (Standard Industrial Classification) is a 4-digit number issued by the U.S. Federal Government that classified industries by the products or services they made or supplied. The present study represents a study which involves heterogeneous environment in six industries according to Bursa Malaysia industry classification. The industries are technology, industrial, construction, properties, trading and services and consumer products.

3. PROBLEM STATEMENT/RESEARCH OBJECTIVE

Several studies in corporate illegal activities have identified possible motives for managerial misconduct by focusing on the environmental and structural factors that encouraged misconduct. Several studies have also examined the impact of corporate illegal activity on firm performance (see Baucus & Baucus, 1997; Baucus & Near, 1991; Daboub, Rasheed, Priem, & Gray, 1995; Swajkowski, 1985).

Previous studies that have considered external factors or the environmental factors such as dynamism (Baucus & Near, 1991; Staw & Szajkowski, 1975; Simpson, 1986), hostility (Hambrick & Lei, 1985), and heterogeneity (Baucus & Near, 1991; Hayes & Abernathy, 1980). The environmental factors such as pressure or need may stimulate illegal behaviour in the situation when the estimated benefit of the misbehaviour exceeds its estimated cost (Swajkowski, 1985). Moreover, Baucus and Near (1991) identified four proposition of corporate misconduct, which support the likelihood of illegal activity. They occur within larger organizations, firms operating in dynamic environments, firms that have accrued prior violations, and firms operating within certain industries.

4. RESEARCH HYPOTHESIS

4.1 Dynamic Environment

Dynamic environment of a firm could lead to fraudulent behaviour of the manager. Stice (1991) suggested that illegal behaviour may be more likely to occur in a dynamic environment where conditions change rapidly and employees may not know the behaviour required or expected of them.

Zahra et al. (2007) suggested that when the key personnel of a company is highly specialized, the probability that this will contribute to increased incidence of fraud. Thus, in dynamic industries, increased specialization of key personnel will lead to a higher incidence of fraud. Dynamic environment allows the firm to expand its operations, hence each division could operate independently. Unfortunately, this would create some room or opportunities for senior managers to commit fraud and conceal it. However, Zahra et al. have not statistically tested their model.

Baucus (1994) pointed out that dynamic or turbulent environments create uncertainties, and managers differentiate the firm's structure so that the company can adapt or adjust to the changing environment. Baucus and Near (1991) found that firms facing a rapidly changing environment are more likely to engage in illegal acts compared with firms operating in a relatively stable environment. They revealed that in their model, firms operating in a highly dynamic environment are more likely to be engaged in illegal behaviour, with a significant relationship that is curvilinear. Illegal behaviour is prevalent in a fairly stable environment, but the probability is higher in a dynamic environment. Miller and Fiesen (1982) also discovered that dynamic and hostile environment is significant. However, study by Saksena (2001) reported that dynamic environment has resulted in negative coefficient but not statistically significant to management fraud. It is posited that an organization experiencing fraudulent financial reporting will be characterized by a dynamic environment.

Thus, the study proposes the following as Hypothesis 1.

H1: There is a positive relationship between dynamic environment and fraudulent financial reporting by an organization.

4.2 Heterogeneous Environment

Baucus and Near (1991) suggested that when a firm faces a highly heterogeneous environment, it has to deal with many and diverse organizations in its environment such as many suppliers and regulatory agencies, which may cause uncertainties to the company. Hence, in a situation of complex business settings with complex organizational structures, a heterogeneous environment gives opportunities to top managers to commit fraud, since various transactions are complex and sometimes difficult to be understood and to be comprehended. Furthermore, managers have more freedom and discretion in making important decisions. This is because growing complexity of the environment, would render it easy to commit and conceal fraud. Their studies showed that a heterogeneous environment is not a significant predictor of illegal behaviour, nevertheless it has a curvilinear relationship. However, studies by Saksena (2001) reported that the relationship between heterogeneous environment and management fraud is positive and statistically significant.

Hill and Snell (1988) argued that in highly diversified firms, it is necessary to control various quasi autonomous operating divisions, resulting in top management using a "management by numbers" approach of control. Management by numbers means that the top management sets the target of annual return on investment for each division. Hence, the division managers must achieve those targets. Therefore, managers tend to be more motivated

to engage in fraudulent acts. This is explained by the agency theory, as the conflict of interest between managers and stakeholders.

Given the emphasis on numbers, Hill et al. (1992) proposed that managers who failed to achieve the target may face consequences, which include a loss of incentive compensation and a possible loss of employment. These possibilities of loss might encourage managers to act in their best interest, thus leading them to engage in fraudulent financial reporting. This study posited that an organization experiencing fraudulent financial reporting fraud will be characterized by greater environmental heterogeneity.

Thus, the study suggests the following as Hypothesis 2.

H2: There is a positive relationship between heterogeneous environment and fraudulent financial reporting of an organization.

5. RESEARCH METHODOLOGY

This study intends to examine the relationship [environmental factors on the likelihood of fraudulent financial reporting occurring in Malaysia](#). Samples were selected from public listed companies on Bursa Malaysia over the period of 2001 to 2009. This study used the nonprobability purposive sampling method. This method is suitable since the samples selected are confined only to fraud firms.

The relevant regulations pertaining to fraud firms are the Capital Markets and Services Act 2007 (CMSA), the Securities Commission (Amendment) Act 2007, Securities Commission Act 1993, the Security Industry Act 1983, Security Industry Act 1991 and Approved Accounting Standards (Financial Reporting Standards). Violation of either one of the Regulations and Accounting Standards by the companies would mean that fraudulent financial reporting has been committed.

Firms in the same industry were expected to have similar business environments and accounting and reporting requirements (Persons, 1995; St. Pierre & Anderson, 1984). Therefore, the no-fraud firms were selected within the same industry as the fraud firms. The no-fraud firms were matched based on the Bursa Malaysia's industry categories such as consumer products, properties, construction, technology, industrial products and trading and services.

Table 5.1 shows the measurements and previous studies that have been conducted on all the independent variables used in this study.

Table 5.1:

<i>Independent Variables and Measurements</i>		
Variables	Acronym	Measurement
Environment Factors:		
Dynamic environment	<i>DYNAMIC</i>	Percentage change in sales for the period from one year prior to the year in which fraudulent financial statement is alleged to have occurred. Saksena, 1997, 2001)
Heterogeneous environment	<i>HETERO</i>	Different industries indicate firms having homogeneous environment (Baucus and Near, 1991; Davis, Dess and Beard, 1983; Saksena, 1997, 2001)

This study used logit regression analysis to test the hypothesis regarding the relationships between company's environmental characteristics to fraudulent financial reporting. The logistic regression model will be as follows:

$$F_i \text{ Firm} = E(F = 1/X_i) \\ = b_0 + b_1 DYNAMIC_i + b_3 HETERO_i + e_i$$

where

- F Firm* = Alleged Fraudulent Financial Reporting (= 1), no fraud (= 0).
i = All firms in the sample.
b₀ = The model intercept.
DYNAMIC = Percentage change in sales from the period prior to the period in which fraud was alleged.
HETERO = Different industry as a factor that differs between fraud and non-fraud firms.
b₁, b₂, b₃... = Parameters to be estimated.

Three methods can be used to check and assess the goodness of fit of the model is the Hosmer-Lemeshow test. When the *p*-value in this test is checked; if the *p*-value is more than .05, it is concluded that the model has a good fit.

6. FINDINGS

Table 6.1 presents 82 companies which comprised of 36 fraud companies being matched to non-fraud companies based on industry, year and total assets which gives 46 non-fraud companies. The highest fraud companies are from trading and services (28.0%) and industrial products (25.0%). The construction and properties industry shows the least number firms involved (11.0%).

Industries	Fraud Companies	%	NonFraud Companies	%
Consumer products	2	6.0	2	4.0
Properties	4	11.0	5	11.0
Construction	4	11.0	4	9.0
Technology	7	19.0	7	15.0
Trading and services	10	28.0	15	33.0
Industrial products	9	25.0	13	28.0
Total	36	100.0	46	100.0

It also shows the distribution of years of the observations. It shows that year 2007 is the highest number of observations under study at 28, representing 25.0%. Next is year 2006 at 22 (19.0%) and year 2003 at 16 (14.0%). Year 2001 shows the least number of observations with n only 2 (2.0%).

Table 5.2
Distribution of Years of Observation

Industries	Observation	%
2001	2	2.0
2002	6	5.0
2003	16	14.0
2004	12	11.0
2005	14	12.0
2006	22	19.0
2007	28	25.0
2008	6	5.0
2009	8	7.0

Total fraud & no-fraud	114	100.0
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Descriptive statistic on continuous variable in dynamic environment factor such as technological advances and market changes would create uncertainty and unpredictability of change to companies are represented by the average change of sales at 98.6%.

Table 6.3

Descriptive statistics of continuous variables

Variables	Min	Max	M	Median	SD	Skew	Kurt
DYNAMIC (% change in sales)	-0.99	80.26	0.99	0.09	7.59	10.29	108.15

Descriptive statistic on categorical variables using cross tabulation and chi-square test for independence to determine the relationship between two categorical variables. As the number of fraud firms were matched with the number of no-fraud firms, therefore, the number of observations are equal for both fraud and no-fraud firms.

Heterogeneous environment is when uncertainty is created by high competitive industry. It is represented by six different types of industry involved. The trading services industry contributes to the highest percentage in involving fraud that is at 26.3%. It is followed by industrial product (22.5%), construction industry (19.3%), technology (12.3%), consumer products (10.5%), and properties (8.8%). The chi-square value for heterogeneous environment is .000 with an associated level of 1.000. Since that industry was matched samples, therefore, the chi-square value was expected to be zero and *p*-value is not significant.

Table 6.4

Categorical Variables Using Crosstabulation, Chi-Square and p Value

	Fraud and No-Fraud Observations		Total	Chi-Square (df)	<i>p</i> -value
	No	Yes			
Consumer Products	6 10.5%	6 10.5%	12 10.5%	0.000 (1)	1.000
Properties	5 8.8%	5 8.8%	10 8.8%		
Construction	11 19.3%	11 19.3%	22 19.3%		
Technology	7 12.3%	7 12.3%	14 12.3%		
Trading and Services	15 26.3%	15 26.3%	30 26.3%		
Industrial Products	13 22.8%	13 22.8%	26 22.8%		

Note. HETERO is measured using industry classification.

Table 6.9 shows the differences in means are tested using independent *t*-tests. There were no significant differences were found between means at the 5% level for dynamic environment.

Table 6.9

Independent t test

Variables	Mean		df	t statistic	
	Fraud firms	No fraud firms		t value	p value
<i>DYNAMIC</i>	1.6784	0.2935	112	-0.974	0.332

Table 6.10 shows the sum of simple logistic regression results. Each independent variable was entered one at a time to the regression to see whether there was any relationship between each independent variable and the dependent variable. Variables are selected when the significant value or $p < .05$. The result shows the both dynamic and heterogeneous environment have p value more than .05 which is not significant.

Table 6.10

Sum of Simple Logistic Regression

Variables	B	SE	Wald	p-value	Odd Ratio	95% C.I. for EXP(B)	
						Lower	Upper
<i>DYNAMIC</i>	0.044	0.067	0.429	0.512	1.045	0.916	1.192
<i>HETERO - TECH</i>					1.000		
<i>CONS</i>	0.000	0.856	0.000	1.00	1.000	0.187	5.357
<i>PROP</i>	0.000	0.718	0.000	1.00	1.000	0.245	4.083
<i>CONST</i>	0.000	0.787	0.000	1.00	1.000	0.214	4.674
<i>TRAD</i>	0.000	0.683	0.000	1.00	1.000	0.262	3.815
<i>INDU</i>	0.000	0.698	0.000	1.00	1.000	0.255	3.928

Notes. *DYNAMIC* is percentage change in sales; *HETERO* is different industries having homogeneous environment. Statistical significant level: ** $p < .05$, * $p < .10$

Logistic Regression for Hypotheses Test of Company's Environment and Fraudulent Financial Reporting

This subsection presents the test results with regard to the company's environment and fraudulent financial reporting for the test of hypothesis 1 (H1) and hypothesis 2 (H2). Table 6.12 reports the results of multiple logistic regression of company's environmental on fraudulent financial reporting. The table shows that the variable dynamic environment (*DYNAMIC*) was positively related to fraudulent financial reporting, but the relationship was insignificant. Saksena, (2001) also found a statistically insignificant relationship between dynamic environment and management fraud.

Table 6.12

Logistic Regression Results of Company's Environment and Fraudulent Financial Reporting

	B	SE	Wald	p value	Odd Ratio	95.0% C.I. for EXP(B)	
						Lower	Upper
Intercept	3.587	3.026	1.405	0.236	36.137		
<i>DYNAMIC</i>	0.045	0.070	0.417	0.518	1.046	0.912	1.201
<i>HETERO:</i>							
<i>TECH</i>					1.000		
<i>CONS</i>	0.128	0.799	0.026	0.690	0.872	0.312	5.447

<i>PROP</i>	0.351	0.890	0.155	0.800	0.693	0.237	8.123
<i>CONST</i>	0.195	0.709	0.075	0.820	0.784	0.248	4.879
<i>TRAD</i>	0.093	0.673	0.019	0.874	0.890	0.303	4.103
<i>INDU</i>	0.110	0.678	0.026	0.871	0.871	0.294	4.214
<i>SIZE</i>	-0.445	0.368	1.460	0.227	0.641	0.296	1.319

Hosmer and Lemeshow Test:

Chi-square (χ^2)	2.847
<i>df</i>	8
<i>p</i> value	.944

Note. Statistical significant level: ** $p < .05$, * $p < .10$

The variable heterogeneous environment (*HETERO*) is represented by properties industry, construction industry, technology industry, trading and services industry, and industrial products. The results showed that all industries were positively associated to fraudulent financial reporting. However, the associations were insignificant Hence, hypothesis 1 and hypothesis 2 did not receive support.

The chi-square (χ^2) value for the Hosmer-Lemeshow test was 2.847 with the model *p* value of .944. Since the model *p* was larger than .05, the model was supported.

7. CONCLUSION

The results from testing the first and second hypotheses indicated that dynamic and heterogeneous environment showed a positive coefficient, but they were not significant factors contributing to fraudulent of financial reporting. The dynamic environment is hypothesized to have a positive relationship with fraudulent financial reporting. The finding of this study showed that dynamic environment has a positive coefficient as has been predicted, but the relationship was not statistically significant. This finding is consistent with Saksena (1997, 2001).

Studies have posited that the more heterogeneous the environment is, the greater would be the chance of fraud occurring. Therefore, heterogeneous environment is hypothesized to have a positive relationship with fraudulent financial reporting. In Malaysia, heterogeneous environment is represented by six industries, namely technology, industrial, properties, construction, trading, and services and consumer products.

The present study found that the relationship between heterogeneous environment and fraudulent financial reporting were not statically significant and have a positive coefficient. Therefore, the hypothesis was not supported. This finding is consistent with that of Baucus and Near (1991) but is in contrast with that of Saksena (1997, 2001) who found that the relationship was statistically significant. One of the possible reasons for the differences is the sample used. Most of the samples used by Saksena were related to manufacturing (44.60%) and services (25.68%). However, in this study the samples were chosen mainly from industrial, trading and services, and technology.

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INDUSTRY SPECIALIST AUDITORS, CORPORATE GOVERNANCE AND EARNINGS MANAGEMENT

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Abstract

Since 2008, fraud cases were found to be intensifying, wherein only a mere 11 percent were discovered by the auditors. Previous studies had revealed that earnings management conducts act as indicators of fraud; thus, being the motivation of this study. This study attempts to describe the relationship between industry specialist auditors and earnings management activities. Furthermore, this study will look at how internal monitoring via corporate governance mechanisms support external monitoring provided by industry specialist auditor in mitigating earnings management activities. This study will serve as initial inputs for future research and for auditors, regulators, as well as investors in making the decisions in relation to auditors appointment that will benefit relevant parties.

Keywords: Audit industry specialisation, earnings management, corporate governance

INTRODUCTION

Financial statement fraud had received much attention due to its ever increasing cases. According to PWC Global Economic Crime and Fraud Survey 2018 (GECFS 2018), where 48 percent of their respondents consisting of employees from listed, public and private companies said that their companies had been victims of fraud or economic crimes. An increase of 28 percent from the 41 percent of the respondents believed that Malaysian business suffered fraud made by their own management. In 2013, KPMG Malaysia reported that more than 80% of their respondents; consisting of corporate individuals from top to bottom level management; agreed that fraud activities in the corporate world had increased and become more sophisticated. Furthermore, the majority of the respondents agreed that poor internal control is one of the major factors that trigger fraud, bribery and corruption.

Another important finding in the Fraud, Bribery and corruption Survey 2013 (FBCS 2013) is that there is only a mere increase from 8 to 11 percent since 2008 of fraud cases were detected by the external auditors' review. In a study done by Nasir, Ali, Razzaque and Ahmed (2018), fraudulent firms were found to be engaged in earnings management activities during the preceding year of the fraud event. This indicate that earnings management serves as a warning sign of financial statement fraud. Balsam, Krishnan and Yang (2003) and Krishnan (2003) had suggested that companies that appoint auditors with industry expertise have lower earnings management conducts.

Adding more variables in examining the fraud relationship, Sun and Liu (2012), by using data of US firms, found that firms with industry specialist auditor will compliment board governance in constraining earnings management scheme. These findings had suggested that through high quality audit services, industry specialist auditors serve as an important role in monitoring financial reporting process (Sun and Liu, 2012). Since audit act as an insurance for companies with regards to liability avoidance towards users of financial statement (Simunic 1980), it is prevalent to further explore the effect of certain qualities possessed by the auditors in mitigating earning management. The need to further investigate the effect of auditor industry specialisation is supported by Carcello and Nagy (2004) who had found that a negative relationship exist between auditor industry specialisation and fraud.

Recently, researches on corporate governance and earnings management have received ample attention. After the infamous Asian Financial Crisis, The Malaysian Code on Corporate Governance (MCCG) was launched in the year 2000 to address the public concern on the corporate governance mechanism to monitor the management of

firms. Since its introduction, the code was revised for the third time in 2017 which showed that the regulators acknowledge the impact of corporate governance and continuing the effort to improve the corporate governance standards of Malaysian companies. Kumari and Pttanayak (2017) in their study of Indian commercial banks, had observed that corporate governance mechanisms restrict earnings management practices. Alves (2011) found that Board composition was negatively related to earnings management in the Portuguese companies. Using specific corporate governance mechanism, Salleh, Iskandar and Rahmat (2007) observed that in Malaysian public listed companies, a fully independent audit committee will reduce earnings management practices. Previous studies had found empirical evidence that there is a negative relationship between good corporate governance practices (including board diversity) and earnings management practices (Bedard, Chtourou, and Courteau 2004; Buniamin, Johari, Abd Rahman and Abdul Rauf, 2012).

PROBLEM STATEMENT

As reported in the GECFS 2018 and FBCS 2013, fraud activities have been increasing and continue to evolve along with business advancement. Auditors' role to help mitigate early sign of fraud (earnings management) must also improve in order to ensure acceptable external monitoring exist and reliable financial data for the users. The low percentage of auditors' capability in fraud detection shows that fraud been committed in the presence of external monitoring by the auditors. Auditors with industry specific knowledge and expertise (Dunn and Mayhew, 2004) will be able to better understand the nature and reporting of the business and consequently reduce detection risk.

The need to understand the relationship between auditor industry specialisation and earnings management is essential to identify the best mechanism to mitigate such practices. Sun and Liu (2012) had documented evidences of the positive impact that board independence had on improving industry specialist auditors to reduce earnings management practices. However, it is important to note that good governance does not only depends on the independence of the board. Other mechanism such as duality status, board diversity and audit committee attributes should be considered in examining governance effect on the auditor industry specialisation and earnings management link. Therefore, a study is needed to examine the governance mechanism in line with the recommendations in MCCG 2017. Other than contributing to the literature on auditor industry specialisation in Malaysia, the results from the study will aid the dilemma of choosing the basic characteristics of an auditor in ensuring reliable financial data. From the shareholders point of view, agreements should be made on a company to be audited by a specialist or non-specialist, in providing trustworthy financial data for decisions to be based upon. Accordingly, the level of auditor industry specialisation plays a critical role in corporate board decisions about engaging auditors (Fleming, Hee and Romanus, 2014).

Recommendations by the MCCG 2017 had emphasised on the significance of having good corporate governance practices in ensuring acute monitoring of management behaviour. Mandatory best practice governance requirements are beneficial for larger firms (Kent, Kent, Routledge and Steward, 2016). The results from this study will contribute for the initial insights to improve the existing governance practices in Malaysia. According to Fleming, Hee and Romanus (2014), auditors spent amass of resources to develop industry specific specialisation in the past two decades. This research will assist audit firms to determine the proper need to develop specialisation skills and understand the cost and benefit effect to acquire such skills.

This paper will describe briefly each of the elements in the auditor industry specialization, corporate governance and earnings management link. This paper will also look into previous literature in relation to the topic to identify potential area of future research.

CORPORATE GOVERNANCE

In order to capture the characteristics of good corporate governance, the MCCG 2017 focusing on two of the three principles outlined by the code. Principle A of MCCG emphasises on board leadership and effectiveness, and Principle B focusses on effective audit and risk management. Whilst Principle C (integrity in corporate reporting and meaningful relationship with stakeholders) is also important in ensuring quality governance as it focuses more on procedures and practices regarding communication with stakeholders and the conduct of general meetings.

From the two principles (Principle A and B), there are a few main enhancements in the recommendations of good corporate governance practices that are identified in MCCG 2017 are worth mentioning. The first one, for large companies, the board is recommended to comprises of mostly independent directors. By referring to previous studies, to measure the board independence, most studies calculated the proportion of independent directors on the board by dividing the total number of independent directors by the total number of board members (Klein, 2002; Abdul Rahman and Mohamed Ali, 2006)

To strengthen the independence of audit committee, the code advices that the position of chairman of the board and chairman of audit committee are held by different person. This, status can be measured similarly by using a dummy variable as per capturing the duality status of the firms. A 0 will be coded when the board chair does not serve as the chairman of audit committee and 1 when both roles are held by the same person. This measurement are commonly used by previous researchers such as Braun and Sharma (2007), Abdul Rahman and Mohamed Ali (2006), Abdul Rahman and Haniffa (2005) and Boyd (1995) to capture the duality status.

Another important addition to the code is that large companies are required to have 30 percent of women directors as an effort to increase board diversity. Similarly, to capture the board diversity, a study can calculate the proportion of women directors by dividing the number of women directors with the total number of board members. Next, it is also recommends that the audit committee should only comprise solely of independent directors. This can be measured by calculating the proportion of independent directors in the audit committee by dividing the number of independent directors in the audit committee with the total number of audit committee members. A dummy can also be used to capture this governance characteristic where 1 will be coded if the audit committee should only comprise solely of independent directors and 0 otherwise.

And lastly, the code endorses that risk management committee to be comprise of a majority of independent directors. This also can be measured by calculating the proportion of independent directors in the risk management committee by dividing the number of independent directors in the risk management committee with the total number of risk management committee members.

EARNINGS MANAGEMENT PRACTICES

There are two infamous methods to measure earnings management practices. First, the accrual earnings management (AEM) and; second, is the real earnings management (REM). The AEM is the common practice done by the managers; whereas, managers may engage in real earnings management through altering normal activities to manipulate the reported earnings (Roychowdhury, 2006). The shifting from AEM to REM occurred after the financial scandal of Enron and Arthur Andersen back in 2001.

An excellent definition of EM comes from Healy and Wahlen (1999). According to them, the EM is a purposeful act and the managers apprehend their actions taken to manipulate the accounting numbers. This is done to convey the idea that the financial statements are in a good position so that the stakeholders will continue to invest in the company. This is also done to attract potential investors to invest in the company. The reason is the company will have a higher cash inflow to continue its operation and sustain in the industry. Salleh et al. 2007 used total accruals (TACC) which are apportioned into non-discretionary accruals (NDAC) and discretionary accruals (DAC). The study utilises the model referred by many accruals management studies, that is, Jones (1991) model to envisage NDAC. This model may clearly control for firms' performance (Salleh et al 2007 mentioned Dechow et al., 1995; Guay et al., 1996). The used of AEM had decreased after the collapsed of Enron and Arthur Andersen in 2001 whereby the managers were shifted to REM.

Another propose dimension is the real earnings management which uses three types of real earnings management activities, namely, the cash flow from operations (CFO), production costs and discretionary expenditure. This study will opt to employ abnormal CFO and abnormal production costs as measures of real earnings management since the information for research and development costs required to calculate the discretionary expenditure is not available for most of the sample firms used in this study.

AEM involves the GAAP choices that try to obscure or mask the true value (P. M. Dechow & Skinner, 2000). AEM involves managers' discretion within the GAAP choices. In contrast, REM takes place when managers undertake actions that deviate from the first best practice to increase the reported earnings. While both are legally

accepted within the law, REM is less likely to be detected by regulators, analysts or auditors (Graham et al., 2005). Put differently, managers are more willing to engage in real earnings activities than accrual earnings activities because accrual earnings activities are more visible than real earnings activities due to the scrutiny from auditors and regulators, among others and has the potential for reversal in future periods.

AUDIT INDUSTRY SPECIALISATION AND EARNINGS MANAGEMENT

The development of business strategies and relationship between management and shareholders are often viewed from the point of agency theory. Jensen and Meckling (1976) had proposed that managers will not act in the best interest of shareholders unless an appropriate mechanism is used to control the behaviour. An interesting finding by Hu, Hao Liu and Yao (2015), in their study of Chinese firms from the stock exchange, had found that managers will continue to be more aggressive in managing earnings after a few years in top managerial positions and will be more conservative after reaching the maximum level of earnings management. Hiring a specialist to monitor financial numbers of a company will ensure that sufficient monitoring is present in producing financial information. Sun and Liu (2012) had found that board independence will ensure better monitoring of earnings management practices when the financial statements are audited by an industry specialist.

The most recent finding by Alareeni (2019) had also found a negative relationship between auditor industry specialization and discretionary accruals and explained that auditors' industry specific knowledge will increase audit quality. Using meta-analysis in his research, Alareeni (2019) further confirms Maletta and Wright (1996) and Balsam et al. (2003) claim of similar negative relationship. The findings provide more evidence that auditors' understanding of a particular area will increase the ability to detect early signs of fraud or misstatements through earnings management. Inaam and Khamoussi (2016) studied using meta-analysis and found that the employment of an industry specialist auditor will restrain earnings management due to the auditors' experience and understanding the industry and its accounting. Furthermore, Zgarni, Hlioui and Zehri (2016) had found a complimentary link between audit committee's effectiveness and auditor industry specialisation to constrain earnings management practices.

4. CORPORATE GOVERNANCE AND EARNINGS MANAGEMENT

In 2017, Securities Commission Malaysia issued a new MCCG 2017 replacing the 2012 code in an effort to raise the standard of corporate governance practices. Among the noteworthy changes are the recommendation to include at least half independent directors (majority of independent directors for large companies) in the board. This shows that the code is acknowledges more distinguished board independence in public listed companies. As suggested by Sun and Liu (2012) and Klein (2002), independent directors are regarded as effective factors of the management and financial reporting process.

The new MCCG 2017 recommends that for large companies, at least 30% of the board must be women directors, and that other companies should work toward achieving this target. Gavius, Segev and Yosef (2012) studied Israeli high-technology firms and found that the presence of female directors showed a negative impact on earnings management thus improving earnings quality. They further documented that earnings management is lower when either the CEO or CFO is a women. Peni and Vahama (2010) had found that in S&P 500 firms, women CFOs follows a more conservative financial reporting approach as they are associated with income-decreasing discretionary accruals. A more recent study by Damak (2018) documented women as a director are more effective in their monitoring role as his findings showed a significant negative effect of board women presence on earnings management practices level. However, using a sample of Malaysian public listed companies, Abdullah and Ismail (2016) found no relationship between the presence of women directors and earnings management.

MCCG 2017 also recommends that the audit committee to consist of only independent directors and the chairman of the audit committee is not the chairman of the board. This is consistent with the findings of Saleh, Iskandar and Rahmat (2007) who found that earnings management practices are less in Malaysian companies with fully independent audit committee. They also documented that firms which had more knowledgeable audit committee members and held more audit committee meetings recorded fewer earnings management. For Tunisian firms, Zgarni, Hlioui and Zehri (2016) identified a complementarity link between the score of audit committee's effectiveness and auditor industry specialisation's to constrain earnings management. Similarly, Inaam and

Khamoussi (2016) recorded a negative relationship between the size, independence and number of meetings of the audit committee with earnings management.

Other recommendation in MCCG 2017 is the separation of the CEO and board chairman role. Jensen and Meckling (1976) believe that managers will not act in the best interest of shareholders unless the appropriate mechanism is used to control the behaviour. Accordingly the relationship between the CEO and the Chairman is of particular concern when applying the agency theory. As Finkelstein and D'Aveni (1996) had noted, when the CEO is also the chair of the board, directors will have opposing objectives. The duty of the board of directors is to ensure that management drives organisations towards shareholders interest may be impaired when the CEO hold significant decision making power in the firm. This argument supports the claim by Fama and Jensen (1983) who asserted that the board's monitoring capacity will be extensively reduced in situation where duality exists. The CEO who has already possesses high informal authority will be given additional formal authority allowing them to create opportunities for entrenchment (Jensen and Meckling, 1976). Kakabadse, Kakabadse and Barratt (2006) also were in favour of this argument, that the CEO must not have any relationship with the Chairman other than sharing certain chemistry. However, Yasser and Al Mamun (2015) studied companies from Australia, Pakistan and Malaysia and found no relationship between duality and financial reporting quality. This arguments suggest that more research need to be conducted in explaining the impact of duality.

5. AUDITOR INDUSTRY SPECIALISATION, CORPORATE GOVERNANCE AND EARNINGS MANAGEMENT

An audit expert of a certain industry where a company operates may have additional monitoring values and better understanding on those accounts, systems, operations or procedures. As defined by MCCG 2017, corporate governance promotes ethical behaviour, accountability, transparency and sustainability which are considered important to produce long-term values of stewardship of investors' capital. Combining the expertise of and auditor and the framework of control mechanism provided by good corporate governance, assumed effective constraint of earnings management practices.

The notion that board independence as a monitoring mechanism had been well documented by prior researches (Kolsi and Grassa, 2017; Sun and Liu, 2012; and Klein, 2002). As the directors do not audit the financial statement, according to Sun and Liu (2012), a board of strong governance will likely to accept the auditors' opinion of any accounting issue. Sun and Liu (2012) further proved that such relationship exist in their study of US firms. They documented that earnings management are more negatively associated with board independence for firms audited by industry specialist.

CONCLUSION

Based on the findings from GECFS 2018, the extent of external monitoring mechanism in enhancing financial statements credibility is an area worth looking into. As previous literatures found that strong corporate governance practices will the reliability of financial statements, it is interesting to see how these internal corporate governance mechanisms does will assist auditors with industry specialized knowledge in mitigating earnings management, which is a n indicator of fraud. With the ever increasing fraud activities, it is hope that future researches investing the link between industry specialized auditors, corporate governance and earnings management will be an insightful evidence for companies to choose and appoint external auditors to enchace financial statement credibility for the benefits of stakeholders.

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A REVIEW ON REGULATORY FACTORS INFLUENCING OUTCOME OF ZAKAT WAKALAH DISTRIBUTION BY PUBLIC LISTED COMPANIES IN MALAYSIA

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Abstract

Zakat is one of the five basic pillars in Islam. *Zakat* is also a social institution, which play a pivotal role in socio-economic well-being of the Muslim communities. Many Muslim communities have adopted *zakat* methods into corporate public responsibility and overseen or monitored by government agencies. The appointment of an institution agent as a representative of *zakat* on behalf of the State Islamic Religious Councils (SIRC) using the *wakalah* basis is a catalyst in helping to increase the collection of *zakat* especially corporate *zakat*, income and property. However, the application of *zakat* distribution by *wakalah* is not widely discussed by many researchers before. Thus, this paper attempt to provide a conceptual study on the regulatory factors that influence outcome of *Zakat wakalah* distribution by Public Listed Companies in Malaysia.

Keywords: corporate zakat, zakat distribution, *wakalah*, Public Listed Companies, Malaysia

INTRODUCTION

Zakat is one of the pillars in Islam and it is able to help individual or community in needs. Thus, it becomes one of the financial instruments and Islamic economic development resources. *Zakat* is described by Allah s.w.t in the holy *Qur'an*. The responsibility of paying *zakat* is part of worship and duties on each of the Muslims. As such, it is mandatory that every Muslim individual who satisfies the required conditions pay *zakat*, to ensure that *zakat* is able to fulfill its role in the development of economic Muslim community. Muslims who pay *zakat* are expected to get returns not just in the present life but in the hereafter as well (Barizah, Bakar, Rahim, & Rahman, 2007). The obligation to pay *zakat* is linked with the order to perform prayer as stated in surah *at-Taubah*:

“Of the goods take alms, that so thou mightiest purify and sanctify them, and pray on their behalf, verify thy prayers are a source of security for them”

(9:103)

Basically, there are many types of *zakat* on wealth and one of them is *zakat* on business. Issue regarding *zakat* on business often debated and discussed among zakat expertise in Malaysia. Among the issue include law enforcement of *zakat* payment (Khamis & Che Yahya, 2015), tax incentives (Obaidullah, 2016), the company status or entity (Khamis, Salleh & Nawati, 2011), business zakat accounting (Hamat, 2009), measurement of *zakat* on business wealth (Rahman, 2007), effectiveness of *zakat* distribution (Wahid, Ahmad & Kadir, 2009) and other matters related to *zakat* on business. Despite many issues highlighted by previous literatures, Khamis, Salleh & Nawati (2011) emphasize on how to increase the total payer of *zakat* on business and at the same time to attract more Muslim business community to pay *zakat* on business. According to Arif, Alwi & Tahir (2011), *zakat* institutions in Malaysia is still facing some resistance to raise the collection for business *zakat* and the total collection of business *zakat* still at a small number compared with collection of *zakat* on income.

In addition, study by Alias (2013) reveals that only 0.17 percent of Muslim entrepreneurs in Federal Territory of Kuala Lumpur contributed to the business *zakat* collection. 99.83 percent potential business *zakat* payers in Wilayah Persekutuan are still reluctant to pay business *zakat*, particularly small and medium entrepreneurs. This finding is in line with study done by Hasan and Shahnaz (2005) in Terengganu which reported total *zakat* collection has increased but the increment for the small and medium entrepreneur community is still in small number. In Selangor, Saad (2008) stated that there are more than 14,000 active Muslim entrepreneurs in Selangor but only 5.83 percent who had paid their *zakat* on business. Meanwhile, Khamis (2014) found that although

Selangor has the highest total collection of *zakat* in Malaysia, the percentage of *zakat* payer among Muslim business community is approximately 19 percent from the total number of business registered. However, there have only 3.5 percent among of them pay *zakat* on business.

Many Islamic countries including Malaysia is said to suffer from poor collection amongst Muslim entrepreneurs who are eligible to pay *zakat* on business income but fail to do so (Al-Jaffri Saad & Haniffa, 2014). To improve *zakat* collection, the institution of *zakat* has implemented various measures to attract people to *zakat* responsibility as well as to increase public confidence towards the institutions (Zainal *et al*, 2016). In Malaysia, State Islamic Religious Council (SIRCs) is responsible for collecting and distributing *zakat* funds. However, the issue of “pay *zakat* outside the local area” and “pay *zakat* directly to the *asnaf*” arise because there is no legal provision stipulated that the payer must pay to the authority and provision that prevents them to pay directly to eight *asnafs* (Zainal *et al*, 2016). Due to this issue, SIRCs in majority of the states in Malaysia apply an innovative measure using *wakalah* basis in helping to increase the collection of *zakat* especially *zakat* on business, income and property. Nonetheless, the application of *zakat* distribution by *wakalah* is not widely discussed by many researchers before (A. Ahmad & Wahid, 2017). Thus, the objective of this paper is to conceptually examine the implementation of *wakalah* concept particularly at Federal Territory Kuala Lumpur and Selangor through the institution of *Zakat* Collection Centre, Federal Territory Kuala Lumpur Islamic Religious Council (PPZ-MAIWP) and Selangor *Zakat* Authority, Selangor Islamic Religious Council (LZS-MAIS). This paper also attempts to conceptually identify the factors influence *wakalah* *zakat* distribution among Public Listed Companies in Malaysia.

2.0 LITERATURE REVIEW

2.1 Business Zakat

Zakat is an act of distributing one’s wealth to the lawful beneficiaries, who are the *asnaf*. It is essentially an act of worship through which Muslims can purify their wealth, cleanse their souls and benefit themselves as well as others. In the context of corporate wealth, Muslim companies are obliged to pay *zakat* as a contribution to social well-being and to fulfill their social accountability and ultimate accountability to Allah. There are two types of obligatory *zakat*, namely *zakat fitrah* (*zakah al-fitr*) and *zakat* on wealth (*zakat* on property) (M. Abu Bakar, 2018, Sarif, Azzah Kamri, & Aini Ali, 2013). *Zakat fitrah* is a mandatory payment for every Muslim individual from Ramadan to 1 Syawal. The rate for *zakat fitrah* is 2.7 kg of rice or any other similar staple food. Meanwhile, *zakat* on wealth is a mandatory payment when the property reaches the rate and period set by the Islamic law. The property which is subject to *zakat* is gold, silver, business, income, stock, money, savings, agriculture and minerals (M. Abu Bakar, 2018). The *zakat* rate varies according to fixed assets and property changes. For property changes, the rate of *zakat* charged is between 1.25 to 2.5 percent. Meanwhile, for fixed assets, the rates charged are 5, 10 and 20 percent.

Generally, any type of wealth could be subjected to *zakat* when it meets certain conditions that exceed a minimum level (*nisab*) and held for a period of one year (*haul*) (Sarif *et al.*, 2013). In Malaysia, the 31 Muzakarah (Conference) of the Fatwa Committee National Council of Islamic Religious Affairs Malaysia held 9 December 1992 has decided that a business company is obliged to pay *zakat* when it fulfils certain conditions such as ownership, *nisab* (*zakatable* limit) and *haul* (period) (Abdullah *et al* 2012). The wealth becomes *zakatable* once it exceeds the *nisab*, which is calculated as the equivalent monetary value of 85 grams of gold. Once this requirement is met, *zakat* needs to be paid each year at the rate of 2.5 percent (N. B. Abu Bakar, 2008).

Looking from *Shari’ah* perspective, Bakar (2007) stated *fiqh al-zakat* (the rules of *zakat*) is progressive and dynamic; that the availability of various corporate *zakat* assessment methods shows that *zakat* is changeable within the scope allowed by the *Shari’ah*. To meet the changes in environment, Islam allows considerable flexibility in solving new problems. Since the *Qur’an* only describe on principle of *zakat* obligation, the other matters were based on *hadith* and in devising on the new rules of *zakat*, *ijtihad* was used instead. The reason for that is the changing circumstances, such as *zakat* on horses which was exempted before. Even the *ijtihad* has been practiced since the era of Prophet (pbuh).

In the context of business *zakat* calculation, *zakat* centers were found to have recommended at least five assessment methods for companies to calculate the amount of their corporate *zakat*: the net assets (or working

capital), net equity (growth model), net profit after tax, combined methods, and dividend methods. These methods have been derived mainly from different interpretations of the relevant *Shari`ah* provisions. To help them assess this amount, most companies that want to pay it seek advice from the state *zakat* officers to help them calculate it based on their disclosed financial information (N. B. Abu Bakar, 2008). *Zakat* is then distributed to eight groups of eligible recipients (*asnaf*), namely the *faqir* (poor), *miskin* (needy), *amil* (person collecting and distributing *zakat*), *muallaf* (those who embraced Islam), *ar-riqab* (slave), *al-gharimin* (the indebted), *fi sabilillah* (those struggling for righteous cause) and *ibn sabil* (travelers stranded in a foreign land).

In theory, *zakat* will not only increase the demand for goods and fulfill the basic needs of the poor, but may also reduce demand for luxurious goods by the rich (N. A. Wahab & Rahim Abdul Rahman, 2011). Apart from collecting, *zakat* funds are also required to be distributed according to the rules set by Allah. The organization responsible for the *zakat* fund is obliged to issue them and distribute them to those entitled. If *zakat* is effectively implemented, it will encourage the rich to invest their wealth, which would then increase the disbursement of *zakat*, and in turn, increase employment and productivity (N. A. Wahab & Rahim Abdul Rahman, 2011). Thus, the role of *zakat* institution should be enforced for the better upliftment of the disadvantaged group in society. In order to implement *zakat* properly, involvement of the State, the institution of *zakat* and *zakat* officials is indispensable (Kaslam, 2009).

2.2 Zakat Institution in Malaysia

Zakat institutions are trusted bodies that manage *zakat* in Muslim countries. In Malaysia, such *zakat* institutions are State Islamic Religious Councils (SIRCs). The institutions are expected to play a key role in promoting the socio-economic objectives of *zakat* in Malaysia. Prior to the twentieth-century, *zakat* in Malaysia was a personal religious duty. Muslims paid the fund to anyone who was deemed to be entitled to receive the payment among them. A more organized collection of the fund only commenced in the early twentieth-century, after the establishment of the State Religious Councils, which then became the main bodies entrusted to collect and disburse the *zakat* fund (Sarif et al., 2013). All aspects pertaining to the administration of *zakat* are under the jurisdiction of the state through the SIRCs. The establishment and operation of the *zakat* institutions varies from one state to another. There is a total of fourteen SIRCs, one for each of the thirteen states and one for the Federal Territory. So, across the nation, each state may have different *zakat* rules and implementation (Kaslam, 2009).

By the end of the twentieth-century (approximately from the early 1990s), obvious changes started to be observed in the *zakat* practice in Malaysia, and, since then, there have been steady improvements in many aspects of *zakat* management in the country (Sarif et al., 2013). Due to the demand of more efficient and effective collection and distribution of *zakat* funds in Malaysia, some of the Religious Council have privatized an institution that responsible on the matter of collection and distribution part of *zakat* in those particular states (N. A. Wahab & Abdul Rahman, 2012).

A more corporate structure of *zakat* collecting institution was adopted in the Federal Territory in 1991. A company by the name of Hartasuci Sdn. Bhd., also known as *Zakat* Collection Centre, Federal Territory Islamic Religious Council (PPZ-MAIWP) was responsible for collecting *zakat* (Azrae, Yusoff, & Ayub, 2009). Hartasuci Sdn. Bhd. is a subsidiary company to the Federal Territory Islamic Religious Council (MAIWP). It was incorporated under the Companies Act 1965. Then in 1994, the corporate structure of *zakat* institution is also being adopted in the state of Selangor in the form of Selangor *Zakat* Authority, Selangor Islamic Religious Council (LZS-MAIS). In contrast with Hartasuci Sdn. Bhd., LZS-MAIS was established and registered under the Trustees (Incorporation) Act 1952 (Azrae et al., 2009). Such initiative was later followed by Penang (1994), Pahang (1996), Malacca (1996) and Negeri Sembilan (1998). The other six States (Kedah, Perlis, Kelantan, Terengganu, Perak and Johor) still maintain the conventional approach of managing *zakat*.

The State is fully authorized to establish an enactment to ensure the smooth functioning of Islamic practices in the state including the rules of *Zakat* and sustaining the right of supervising the smooth functioning of *zakat* in the State (Kaslam, 2009). Although there are States have yet taken a step-in corporatization of their *zakat* institutions, they have benefited from the initiative through the exchange of ideas and information. As a result, the *zakat* collection has consistently increased. At the Federal level, the Federal Government has no direct jurisdiction over Islamic law. However, in 2005, the Federal Government has established a task force or department to study the administration, collection and distribution of *Zakat*, *Bait-ulmal* and *Wakaf* which named the Department of *Wakaf*,

Zakat and Hajj (JAWHAR). Through this department, the federal government may take certain initiatives to ensure the efficiency and effectiveness of *zakat* collection and distribution throughout the country.

In the context of *zakat* collection, Adibah Abdul Wahab & Joni Tamkin Borhan (2014) found that the total number of corporate *zakat* collection throughout the country in 2012 amounted to RM460 million as compared to RM 1.936 billion in the total national *zakat* collection with a total contribution of 24%. This shows that *zakat* on business is a major contributor to *zakat* collection in Malaysia other than *zakat* on income. Based on their analysis on data from PPZ-MAIWP in 2012, total collection of business *zakat* was contributed by only 25,959 payers compared to 886,510 payers in the year 2012 with a contribution of 2.93%. The issue here centered on the needs and the urgency to maximizing the potential of corporate *zakat* collection. Despite the yearly increase in the number of business corporations, adherence to paying corporate *zakat* is relatively very low with only 20% Muslim companies pay corporate *zakat* (Adibah Abdul Wahab & Joni Tamkin Borhan, 2014). Another study by Rahim, Faizal, & Jameelah (2018) using a report from Companies Commission of Malaysia shows that while there are 14,000 active Muslim entrepreneurs in Selangor, only 817 (5.83%) had paid their business *zakat*. This shows even though total collection of business *zakat* has been on the rise from one year to another, the increase is inconsistent with the total numbers of *zakat* payers among Muslim entrepreneurs.

Another issue is on the effectiveness of *zakat* distribution. Based on the observation of *zakat* reports on the trend of *zakat* distribution, although it was increasing yearly, it still showed the abundance of undistributed *Zakat* (Taha *et al*, 2017). For instance, in 2012 and 2013 the percentage of undistributed *zakat* was 18.7 percent and 20 percent respectively. In the case of undistributed or unallocated *zakat*, there was no information given in the *zakat* reports in regard to where the *zakat* fund went and how the institutions had managed the excess fund or money. Taha *et al* (2017) further classified distribution of *zakat* into three categories. The first category is distributed based on need and those who are in the category of recipients such as needy, poor, slaves, debtors and *IbnuSabil*. The second category is distribution based on the cultivation and encouragement of religious life and morality and the recipients who will receive assistance for this category is a convert (*Muallaf*) and *fisabilillah*. The third category is distribution based on incentives and motivation to managers and the recipients are the *zakat* collectors or the *amil*. *Zakat* distribution to the *asnaf* recipients requires an effective distribution system to ensure they are treated fairly and thoroughly. Therefore, the role played by the management of *zakat* in the distribution aspect of *zakat* is important to be given attention (S. Ahmad, 2009).

2.3 Wakalah Implementation

One of the reasons why *zakat* institutions fail to achieve the *zakat* potential is lack of awareness or education and informal channeling of *zakat*. It is important to find out why some people prefer to give money directly to eligible recipients. According to Samir and El Fadili (2019), *zakat* payers attain individual satisfaction when interacting directly with the counterparty which they do not think to perceive when paying directly to a centralized institution. When giving the *zakat* directly to an individual, the payer directly views the impact and in case of a *zakat* institution, mostly the payers only gets an annual report to assess how the money has been used. Samir and El Fadili (2019) suggest that awareness programs should emphasize the impact of *zakat* on society and the added value of paying *zakat* to a *zakat* institution which can pool the money and allocate in a sustainable way. Another way is *zakat* institutions can provide *zakat* payers with traceability of funds where the payer can trace the impact that he made on the society with the paid *zakat*.

The Selangor *Zakat* Authority (LZS-MAIS) and Federal Territory *Zakat* Collection Center (PPZ-MAIWP) are among the leading examples of professional *zakat* institution in Malaysia (Kaslam, 2009). Both institutions have implemented innovative programs in upholding *zakat* collection and distribution in the state of Selangor and Federal Territory respectively. One of the strategies is *wakalah* *zakat* distribution where appointment of *zakat* payers as representatives on behalf of *zakat* institutions is made and they have responsibility to distribute *zakat* themselves to the eligible *asnaf*. The *zakat* payers will have an opportunity to get the reinstatement from their *zakat* payment which indirectly encourage *zakat* payers to pay *zakat* to the approved *zakat* institutions. In Malaysia, *zakat* institution like LZS-MAIS and PPZ-MAIWP has implemented *wakalah* as one of the innovative *zakat* distribution mechanism.

Derived from arabic word *wakala*, which appears in the *Qur'an*, *al-Wakalah* is another practice of which the Shariah approves. Literally, *wakalah* has several meanings including agency, representation, proxy, mandate,

authorization, delegation and empowerment (Amin & Hamid, 2014). *Al-Wakalah* used to indicate a representation of a person on behalf of another person in certain dispositions. Based on the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) *Shari'ah* Standard, Standard NO 23, Clause 2/1, *wakalah* is the act of one party delegating the other to act on its behalf in what can be a subject matter of delegation. Thus, *wakalah* is a contract of agency where a person delegates his right or business to a second party to act as his representative in a financial transaction (Htay & Salman, 2013). The appointee is the agent or *wakil* while the one who appoints is called the principal. Its legitimacy stems from both the *Qur'an* and the *Sunnah* of Prophet Muhammad (pbuh) and *Ijma'* (Anuar, Rosly & Abdul Rashid, 2004, Amin & Hamid, 2014).

The *Qur'an* contains several verses that deal with the lawfulness of *al-Wakalah*. According to Anuar (2004), none of these verses directly testifies its permissibility though, and it was through the process of *ijtihad* that the Muslim jurists were able to relate the verses to the concept of *al-wakalah*. The contract of *al-Wakalah* or agency falls under the realm of the concept of representation or deputation (*al-niyabah*). *Al-Wakalah* contract is consistent with other concepts or contracts pertaining to Islamic commercial law and transactions where all regulations and rules must be derived from the *Qur'an* and the *Sunnah*. There is a verse in the *Qur'an* specify the agent to collect the charity or the *zakat*,

“Alms are for the poor and the needy and those employed to administer the funds...” (9: 60)

Apart from the *Qur'an*, sources of the legitimacy of *al-wakalah* can be found in the *sunnah* and *hadith* of the Prophet, peace be upon him. According to Napiah (1995) as stated in Anuar, Rosly & Abdul Rashid (2004), It is known too that the Prophet, peace be upon him, commonly appointed agents to perform certain duties on his behalf. One of the duties is collection of *zakat*, and it was narrated in a *hadith* by Abu Hurairah that the Prophet, peace be upon him, sent Caliph 'Umar for this purpose. A consensus of Muslim scholars agrees on the permissibility of the *wakalah* contract, due to the people's desperate need of assistance in accomplishing certain tasks that they are incapable of doing on their own (Amin & Hamid, 2014).

SIRCs like MAIWP and MAIS has acknowledged the *wakalah* concept as the policy of return the *zakat* money to the *zakat* payers to be distributed to the eligible *asnaf*. The *zakat* payers can be the individuals, the companies or organizations, the employers and the high learning institutions. The payer was appointed as the representative of SIRCs to perform the *zakat* distribution process on behalf of SIRCs based on the terms and guidelines set by SIRCs (A. Ahmad & Wahid, 2017). The *wakalah* policy is one of the initiatives by *zakat* institutions to increase *zakat* collection especially for *zakat* on business, income and property through the payment of *zakat* to Zakat Collection Centre of the State of Federal Territory. For companies or organizations, the policy on *zakat* will be able to reduce the burden of corporate taxes since the company or corporation does not obtain tax rebates for the payment of business *zakat*. This is in contrast with *zakat* payment by individuals where the person can claim for tax rebates for the *zakat* payment.

Using the primary (interview) and secondary data, A. Ahmad & Wahid (2017) found that the implementation of *wakalah* by MAIWP imposed certain procedures. This policy is applicable only for *zakat* paid to Zakat Collection Centre and the payers have to submit the application letter to Zakat Collection Centre. Then, it is subject to the approval and endorsement of the Chief Executive Officer of Islamic Religious Council or Secretary of Islamic Religious Council. The approval normally takes nine working days and once the application is approved, the transfer of *zakat* funds will be transferred through EFT to the payers' accounts. Upon the distribution of *zakat wakalah* to the *asnaf*, the SIRCs will give a briefing and the appointment letter to the payers as the SIRCs' agent of *wakalah*. Table 1 shows the percentage of *zakat* that will be return back to the payers as the agent of *wakalah* for the purpose of distribution to the *asnaf*.

Table 1: Rate, terms and targeted *asnaf* for *zakat wakalah* distribution

Category	Wakalah rate (From total zakat payment)	Terms	Targeted asnaf
Individual	2/8 (25%)	Zakat payment above RM50,000	Faqir & Miskin
Companies / Corporation	3/8 (37.5%)	No limit of zakat payment	Faqir, Miskin & Fisabilillah

Higher Learning Institutions	3/8 (37.5%)		Faqir, Miskin & Fisabilillah
Employer	1/8 (12.5%)	Zakat payment above RM100,000	Faqir

Source: A. Ahmad & Wahid (2017)

The payers as an agent of *wakalah* should submit the report on their *zakat* distribution to SIRC's within a year after the appointment date. This report will be used by SIRC's to monitor the *zakat* distribution performance. Since its implementation, the *zakat* distribution using *wakalah* incentive has shown an increase in the total distribution and number of agents. Table 2 shows a yearly total distribution and *wakalah* distribution of MAIWP from 2013 to 2017.

Table 2: Total distribution and distribution through *wakalah* segment of MAIWP

Year	Total distribution (RM million)	Distribution through <i>wakalah</i> (RM million)	Percentage
2013	328.39	24.57	7.48%
2014	419.23	37.87	9.03%
2015	608.72	43.03	7.07%
2016	444.72	43.81	9.85%
2017	462.27	59.13	12.79%

Source: Annual Report of MAIWP 2013 - 2017

Based on the annual report of MAIWP, the *zakat* distribution to the *asnaf* are not mainly in the form of monthly financial assistance, monthly food assistance, medical assistance, rent assistance, school aid and scholarship. For *asnaf* who are productive, *zakat* distribution is done using the capital form and human capital development. *Zakat* distribution is channeled through capital that enable them to start a business, educational programmes, courses and training relating to the development of skills, person and mind of the *asnaf*. The current *zakat* distribution is not only for fulfilling the basic necessity of the *asnaf* through consumption distribution, but also helps them to escape from poverty and improve their standard of living through capital distribution in the form of material capital and human capital (Sarif *et al.*, 2013). This shows that *zakat* is no longer treated merely a religious duty but a development tool for the economy. The current target is not merely relieving the poor temporarily but enriching them in the hope that they will be transformed and become payers.

2.4 Factors Determining *Wakalah Zakat* Distribution

The effectiveness of *zakat* collection and distribution is highly dependent on the management of *zakat* institutions. The implication of an efficient *zakat* fund management, especially its distribution program is important so that its implementation can achieve its economic objective (Taha, Mohd Nor, Embong & Zulkifli, 2017). Despite business *zakat* is the second largest contributor of the total *zakat* collection after *zakat* on income, there is a lack of literature and study focusing on compliance behavior of business *zakat*. Previous studies have focused largely on *zakat* on income, and very few emphasize on business *zakat* in Malaysia (Khamis & Che Yahya, 2015, Saad, Farouk, Wahab & Ismail, 2019, Saad, Wahab & Samsudin, 2016, Khamis, Salleh & Nawawi, 2011, Rahim *et al.*, 2018, Ibrahim, 2015, Muhammad, 2016) and most studies focus on small medium entrepreneurship and the entrepreneurs' perspective on *zakat* payment compliance.

Meanwhile, only studies by Adibah Abdul Wahab & Joni Tamkin Borhan (2014) and A. A. Wahab & Borhan (2016) have examined the factors of *zakat* compliance and *zakat* potential among Public Listed Companies in Malaysia. A. A. Wahab & Borhan (2016) found that the total potential of *zakat* on businesses from public limited companies in Malaysia is RM290 million per year. Out of 118 companies owned by more than 30 percent of individuals who are Muslim, only 15 companies have *zakat* disclosure in their financial reports and their total *zakat* paid is RM76.8 million. The study also reveals *zakat* gap of RM200 million yearly with a rate of 74%. According to A. A. Wahab & Borhan (2016), the *zakat* gap discovered is severe and the compliance rate among public listed companies in Malaysia are still marginal. The purpose of this study is to identify possible regulatory factors that may lead to compliance behaviour of corporate *zakat* among public listed companies in Malaysia through their *wakalah* incentive.

2.4.1 Law enforcement

Law enforcement is necessary and become a factor determining the compliance of *zakat* because law enforcement exists to ensure compliance among individuals and is an important method in safeguarding the ruling organization's jurisdiction (Khamis & Yahya, 2015). Most studies have revealed the relationship between law enforcement and compliance behavior of *zakat* on income (Idris, 2006 and Mohd Alayuddin, 2008) and law enforcement on business *zakat* (Khamis & Yahya, 2015). Law enforcement acts as a mechanism to ensure compliance with the rules and regulations enforced by the authorities. The positive perceptions held by Muslim individuals about *zakat* law affect compliance in *zakat*. However, it must be implemented effectively because without effective law enforcement such as imposing penalties and fines, instructions or regulations from the organization would not be taken seriously by the individual. Mohd Alayuddin (2008) asserts without specific law on *zakat*, the already diminishing *zakat* collection will decrease further.

As stated by Khamis & Yahya (2015), *zakat* law is enacted under Clause 74(1) (2) of the Federal Constitution which states that the Parliament and the State Legislature Body have the power or authority to regulate the laws associated with Islamic religious matters including *zakat*. From this clause, the laws of *zakat* have been codified in the State Islamic Religious Administration of every state. For Wilayah Persekutuan, these laws were admitted under the Islamic Administration Law Act (Wilayah-Wilayah Persekutuan) 1993 (Act 505). The Federal Government has no power and responsibility on all *zakat* matters in the States except for those States without Sultans presiding over them.

Despite the existence of *zakat* enactment, Zulkifli and Sanep (2010) found that law enforcement insignificant to influence Muslim individual pay *zakat* on income through formal institution. This is because Muslim individual already know about the obligation to pay *zakat* and they might pay *zakat* through informal channel compared to *zakat* institution. They found that knowledge on *zakat* and high religiosity level have significant influence towards Muslim individual who comply on paying *zakat* on income. On the contrary, Khamis & Yahya (2015) found that law enforcement is one of the criteria of business *zakat* compliance. Their study consists of small and medium business owners in Selangor registered with the Malaysian Selangor Malay Chamber of Commerce (DPMMNS). This finding indicates that even though *zakat* law enforcement is still not stringent, its implementation encourages SMEs entrepreneurs to comply with paying business *zakat* besides establishing mechanism for checking *zakat* compliance and payment. Most of the entrepreneurs agreed that legal action and punishment should be imposed to those who avoid paying business *zakat*, appropriate punishment should be imposed to those whom did not pay *zakat* on business besides routine inspections by authorizing bodies compulsory.

2.4.2 Tax incentives

In Malaysia, the corporate tax is administered by the Inland Revenue Board of Malaysia (IRBM). Malaysian corporate tax contributes the biggest portion of the total tax revenue which represent about 45 percent of total income tax revenue for a country. Unlike *zakat* which calculated based on adjusted working capital (calculates *zakat* base as net current assets, adjusted for items that do not meet the conditions for *zakat* assets and liabilities), tax is imposed on income, consumption and capital gain. Principally, *zakat* is payable on the business irrespective of whether profit has been earned or unearned if the business has positive working capital (Hamat, 2016). In Malaysia, the computation and reporting of corporate tax is stipulated in the Income Tax Act, Inland Revenue Public Rulings and guidelines and Promotion of Investment Act 1986 (Noor, Nik Mohd Rashid, & Mastuki, 2011). In year 2018, the corporate tax rate is 18 percent of the chargeable income on the first RM500,000 and 24 percent in excess of RM500,000.

With effect from the year 2006, Section 44 (11A) of the Income Tax Act 1967 provides a deduction of *zakat* paid by companies to a maximum of 2.5 percent of the company's aggregate income excluded *zakat* paid by cooperatives and trust bodies. However, effective from year of assessment 2007, *zakat* settled by cooperatives and trust bodies is allowed as a tax deduction in line to equalize the tax treatment between companies and trust bodies. The 2.5 percent *zakat* deduction is an incentive to encourage companies to pay *zakat*. However, it does not give an option for companies to choose to pay either *zakat* or tax. Malaysia provides for tax rebate on *zakat* payment by individuals while tax deduction on *zakat* payment by businesses. According to Obaidullah (2016), the total tax payable is reduced when there is *zakat* paid during the year of assessment. However, the *zakat* must be paid to an

appropriate religious authority established under any written law or any person authorized by such religious authority according to Section 44 (11A).

Hamat (2016) highlighted that the entrepreneurs would not utilize the benefits from the tax deductions allowable for them due to the different source of information used. Business *zakat* accounting uses data from the Balance Sheet while business tax deduction gain information from the Income Statement. If the companies suffered loss, deduction of *zakat* payment is not allowed. The entrepreneurs would not utilize their benefits in two situations. The first situation is when their business suffers losses but still has a positive working capital. The second situation is when tax deduction is smaller than the amount of business *zakat* paid. To harmonized business *zakat* accounting method and tax deduction allowable, Hamat (2016) opined that the entrepreneurs are allowable to use any methods, either adjusted working capital or business income based. In the case of business operation running at a loss, entrepreneurs are recommended to use business income for their business *zakat* accounting.

Furthermore, study by Noor, Nik Mohd Rashid, & Mastuki (2011) found that only 1.8 percent (15 companies) of *Shari'ah* compliance companies in Malaysia have disclosed *zakat* information in their annual reports. The scenario indicates that they were low compliance of *zakat* disclosures by the Shariah companies listed on Bursa Malaysia and this might be due to low compliance of *zakat* payment. The study further suggested that *zakat* system should be integrated into the tax system by giving tax rebate to corporate taxpayers so as to avoid double payments and as an incentive for companies to fulfill *zakat* obligations on behalf of the muslim shareholders. The integration of tax and *zakat* would enable the *Shari'ah* companies to perform its dual roles that are its obligations to pay *zakat* according to the suggested models and its duties to pay tax as required by the tax statute.

2.4.3 CSR initiative

The trend of Corporate Social Responsibility (CSR) is very appealing worldwide. It has been a common practice in the market particularly for listed companies to produce their annual CSR report. Companies with good CSR record enjoy high reputation and able to attract investors especially institutional investors who are very concerned with their ethical investment (Hasan, 2019). The World Business Council of Sustainable Development defines CSR as the commitment to contribute to sustainable economic development, working with employee, their families and local community and society at large to improve their quality of life. Thus, CSR includes any kinds of initiatives for social purpose, voluntary or obligatory.

Based on the Islamic economic, a corporation or companies should not only required to fulfill its economic function, but also plays significant roles in addressing socio-economic issues as part of its corporate responsibility. Islamic corporation requires additional *Shari'ah* and ethical framework to safeguard and maintain not only the relationship with God but to include correlation with the human being, as well as the environment (Hasan, 2019). As mentioned by Haji (2012), CSR from an Islamic perspective takes a broader view and consideration is not only the financial return of CSR activities from good image and legitimacy of the companies within the society, but also as a form of good deed (*ibadah*) which serves favourably to one's life in the hereafter.

As such, CSR can be the most appropriate platform and mechanism for Islamic corporations to fulfil their social responsibilities as part of their religious obligations. Hasan (2019) asserts that corporate governance is also considered essential as a key factor in shaping the IFIs direction towards active engagement on CSR and plays very imperative roles to foster and to stimulate CSR initiatives in Islamic corporations. In fact, CSR may play its function to boost financial performance and to improve corporate image in the community. The prohibition of dealing with any form of interest, the payment of mandatory *zakat* on both individual and corporate wealth upon a certain level of wealth as well as voluntary charitable contributions, dealing with people justly are some examples that form part of CSR activities which are encouraged in Islam. In line with the role of CSR, Bursa Malaysia has launched the CSR Framework for Public Listed Companies (PLCs) in 2006 and simultaneously in the same year, the Government (Malaysia) has launched the Silver Book for Government-Linked Companies (GLCs) for greater transparency and accountability to display their CSR activities.

Ibrahim, Kadir & Adwam Wafa (2012) examine the financial reporting of *zakat* among Malaysian government linked companies (GLCs). They found that several GLCs had disclosed their obligations towards *zakat* in indicated their social responsibility statement. However, various practices in reporting have been found such as some GLCs stated that they have distributed donation to the right *asnaf* while other GLCs stated that have

collaborated with Zakat Collection Centre at their respective state to run on the society program. This is supported by findings of Haji (2012) where he found that although there is an increasing trend in disclosure of CSR information, the religious items like *zakat* is absence from annual reports of *Shari'ah* companies in Malaysia.

On the contrary, the study by F. Abu Bakar & Md Yusof (2016) on CSR initiative of Bank Islam Malaysia Berhad (BIMB) found that the bank had engaged in CSR activities since the first day of its incorporation through the payment of business *zakat* (obligatory alms giving) regardless of whether the business made a profit or a loss. Using Bank Islam Annual Report 2012, their study indicates that in the three years up to 2012, the bank paid and distributed almost RM30 million worth of *zakat* to enhance the well-being of society. This study also documents that the CSR disclosure and reporting of Bank Islam show a positive improvement because by having an effective communication and transparent reporting, it increases an awareness of CSR and gives assurance to all stakeholders that the bank is conducting its business ethically.

3.0 CONCLUSION

This paper presents a review of the previous studies to identify the possible regulatory factors imposed by *zakat* institutions or regulators that influence the compliance of *zakat* on business among public listed companies in Malaysia. Some recent studies in the context of *zakat* compliance especially in Malaysia explore and discuss the business *zakat* compliance from the perspective of *zakat* institutions, small and medium business, Muslim entrepreneurs' and *zakat* recipients (*asnaf*). There is still a lack of study highlighting the compliance of corporate or public listed companies on *zakat*. This paper proposes a conceptual framework for studying the *zakat* compliance in Malaysia among public listed companies on regulatory factors pertaining on business *zakat*. The development of conceptual model and future empirical findings using this framework hopefully will contribute and prove the compliance of *zakat* which can be discussed in many ways.

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THE EFFECT OF ENTERPRISE RISK MANAGEMENT (ERM) ON SHAREHOLDERS VALUE MAXIMISING: EVIDENCE FROM MALAYSIAN PUBLIC-LISTED FIRMS

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Abstract

Enterprise risk management (ERM) was introduced as a response to an increasing pressure received by organizations to manage risks effectively and to enhance the firm value that was diminishing during the financial crisis. Despite the claim that ERM is the solution for corporate risk management deficiency and its potential of value creation, the number of empirical research studying this new field is still limited. Thus, this study aimed at examining the effect of ERM implementation to maximising shareholders value among Malaysian public-listed companies. ERM implementation was measured by using existence of Risk Management Committee (RMC) in the firms. Shareholders value maximising theory was proxied by three variables that are financial distress cost, underinvestment problems and firm value. Findings of this study demonstrate that ERM implementation has a significant impact to financial distress cost and underinvestment problem. However, the results do not find an effect of ERM implementation to firm value. The main contribution of this study is to present a theoretical model that explains the effects of ERM implementation on firm value.

Keywords: Enterprise risk management, shareholders value maximising, risk management committee (RMC), financial distress, Malaysian Shariah-compliant firms

1.0 INTRODUCTION

In the aftermath of the 2008 financial crisis, which is considered as the worst economic disaster since the Great Depression of 1929, there has been an urgent need for corporate entities to have a strong and effective risk management mechanism within their business models to ensure minimum loss and business continuity disruption in the event of similar incidents recurring. Financial crisis has demonstrated weaknesses in traditional risk management styles that handle risks in rather defensive method. Global financial crisis has proven the failure of the traditional silo-based risk management to transmit information about risk exposures to management (Marc, Sprčić, & Žagar, 2018). The crisis has put firms under significant pressure to strengthen their corporate governance practices particularly risk management systems to ensure stakeholders value are protected (Paape & Speklé, 2012). Therefore, the new technique of corporate risk management has been introduced, which is popularly known as Enterprise Risk Management (ERM). ERM has shifted the focus of risk management towards a more offensive handling through the integration of risk management into the corporate strategy (Gatzert & Martin, 2015).

Despite the claim that ERM is an effective response to risk management challenges and has received growing attention from business community, only a minority of firms are adopting the system. In Malaysia, previous survey carried out among the main board listed companies on Bursa Malaysia shows that ERM practices were still at an early stage of implementation. ERM survey conducted in year 2008 reveals that only 30% of the companies surveyed had some form of an ERM program in place (Pacific, 2012). Daud, Yazid, and Hussin, (2010) conducted ERM survey among Malaysian public-listed companies (PLCs) and concluded that ERM practices among Malaysian PLCs was still at infancy. The findings show that 43 percent of the respondents surveyed, affirmed that they had completely adopted ERM, 38 percent partially adopted ERM, five percent were planning to adopt ERM while 14 percent were still contemplating to adopt ERM. The finding is supported by Ping and Muthuveloo, (2015), which found that only 21.4% of the Malaysian PLCs had been implementing ERM extensively while 44.7% of the companies implemented ERM to a somewhat moderate extent. The statistics raises questions as to

why some firms implement an ERM program while others do not; and whether ERM programs can actually create value once implemented.

In order to understand the effect of ERM implementation to firm value, this study focuses on shareholder value maximising theory. The relationship between risk management and shareholder value maximising theory has long been debated among academics. Shareholders' value maximising theory highlights that the most important benefits derived from ERM activities is that ERM has value creating ability, which is, the capacity to increase firm value (Liebenberg & Hoyt, 2003; Miccolis & Shah, 2000; Songling, Ishtiaq, & Anwar, 2018). Stulz (1996) and Lai and Samad (2011) claim that firms implement ERM in order to avoid financial distress costs and underinvestment problems. Firms are likely to initiate an ERM programme because financial distress reduces liquidity and ERM will enable them to reduce the probability that the firm will be unable to pursue potentially profitable future investments (Khan, Hussain, & Mehmood, 2016). Furthermore, Krause and Tse (2016) argue that financial distress costs are causing firms to be financially weak and making it more difficult to raise funds, resulting in their inability to undertake profitable investments. The inability to undertake valuable investments is a real resource cost for the firm. Therefore, firms implement ERM in order to alleviate financial distress costs and underinvestment problems that will enhance shareholders' value.

To test the effect of ERM implementation to shareholders value maximising notion, prior empirical studies using financial distress, underinvestment problem and firm value as proxy of the theory and regress the variables on firms' risk management. It is claimed that firms with high leverage are more likely to encounter financial distress in the future and should thus have stronger incentives to implement ERM (Aretz, Bartram, & Dufey, 2007). The existing empirical studies find mixed evidence in support of the financial distress cost-based theories and risk management. Some of the studies confirmed that firms with financial distress costs and underinvestment problems implement risk management in order to minimise the costs. For example, Graham and Rogers (2002), Khan et al. (2016), and Lai and Samad (2011) found a positive relation between the two variables, while Nance, Smith, and Smithson (1993) and Tufano (1996) failed to find such evidence. Furthermore, the existing empirical research on the association between ERM and firm value offers mixed results. The mixed findings are worrisome since the notion that ERM is a value-creating program is important for its development to continue. Thus, the main objectives of this study is to (i) evaluate whether ERM have an effect on financial distress cost and underinvestment problem among Malaysian publicly listed firms and (ii) examine whether ERM creates value to Malaysian public listed firms.

2.0 LITERATURE REVIEW

2.1 TRADITIONAL RISK MANAGEMENT AND ENTERPRISE RISK MANAGEMENT (ERM)

Risk management is a continuous process which is practised across a series of the activities where firms systematically deal with risk attaching to their activities in order to minimize the negative impact of the risks and thus, achieve firm objectives (Collier, Berry, & Burke, 2006; Knechel, 2002). Traditionally, risk management programs focus on eliminating downside exposures and a system to reduce the potential adverse effects of risk phenomena caused by price volatilities, accidents, politics events, supply chain disruptions, economic developments, etc. (Andersen, 2008). This style of managing risk is known as traditional risk management (TRM) or silo-based risk management practices where risks are managed on a separate or individual basis. However, there has been a paradigm shift in risk management discipline due to new challenges and sophistication in the types of risks that have arisen which require firms to enhance its risk management practices. Inevitably, firms need to change their risk management approach from silo based to holistic based perspective. This new risk management technique is known as Enterprise Risk Management (ERM).

ERM, which is an evolving concept of risk management has various definitions. Generally, ERM is described as a rigorous approach in assessing and addressing the risks from all sources that threaten the achievement of an organization's strategic objectives (Miccolis & Shah, 2000). Meulbroek (2002) refers ERM as the identification and assessment of the collective risks that affect firm value and the implementation of a firm-wide strategy to manage those risks. The most cited ERM definition in the literature is by the Committee of Sponsoring Organisations of the Treadway Commission (COSO). In 2004, COSO issued the ERM-Integrated Framework as a guideline for firms when implementing ERM. COSO (2004) defines ERM as *"a process, effected by an entity's board of directors, management, and other personnel, applied in strategy setting and across the enterprise,*

designed to identify potential events that may affect the entity, and manage risks to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives” (p.8).

ERM is a program that can be used to enhance a firm’s share value, growth, return on capital and consistency of earnings. In addition, ERM is able to identify any threat to a firm’s growth and recognise risks that represent opportunities for a firm and to exploit its competitive advantage. The main difference between ERM and the silo approach is that ERM identifies those risks that represent corresponding opportunities for firm to exploit the competitive advantage.

2.2 CORPORATE RISK MANAGEMENT THEORY

The theory of corporate risk management particularly on traditional risk management approach is well established and empirical studies examining corporate risk management policy are vast. On the other hand, the literature discussing theories, which relate to ERM implementation is still in its infancy since ERM is a new discipline of risk management. Although there is a rise in the number of firms adopting ERM, little is understood on the theory that influences ERM adoption and the relation between ERM and firm value (M. Beasley, Pagach, & Warr, 2008). Thus, this study uses shareholders value maximisation theory as foundations to develop the theoretical framework, to explain the determinants that influence firm’s decision on ERM implementation, and to examine whether ERM has an effect on the firm value.

In the era of intense competition among business community, firms have started finding new ways to create shareholder value and eventually they have begun to look at the possibility of risk management program in creating value. According to the shareholder model, the objective of the firm is to maximize shareholders’ wealth through allocative, productive, and dynamic efficiency. Shareholders’ wealth maximization should be the overall goal of every corporate entity. Maximization of shareholders’ wealth ensures that shareholders are adequately compensated for risk undertaken (Kyereboah-coleman, 2007). Corporations are realising that risks are no longer merely hazards to be avoided, but, in many cases, are opportunities to be embraced. It is argued that risk creates opportunity and that opportunity creates value, which ultimately creates shareholders’ wealth. However, the most important matter is how to manage risks in order to derive the value (KPMG LLP, 2001). Current development in risk management practices shows that a significant number of corporations are committing resources to risk management activities and it is an indication of the potentiality for corporate risk management to increase firm value (Sohnke M. Bartram, 2001).

Over the last two decades, academics have started to relate the idea of risk management as a value-creating program, which is capable of increasing shareholders’ wealth. In general, shareholder value maximization theory measures how successful firm enriches its shareholders. One of the strategies that can achieve shareholders’ value maximisation is through effective risk management practices, hence, the implementation of ERM system. The primary aim of ERM is to increase the likelihood that strategic objectives are realized and shareholders’ value is preserved and enhanced (Marc et al., 2018). Liebenberg and Hoyt (2003) assert that profit-maximizing firms should consider implementing an ERM program only if it increases expected shareholders’ wealth. It is argues that ERM creates value through aggregating of risks into portfolios, then hedging the residual risk. This technique is more efficient and value maximizing than dealing with each risk independently as in silo-approach (McShane, Nair & Rustambekov 2011). Furthermore, Marc et al., (2018) propose that ERM should improve corporate sustainability and lower a company’s overall risk of failure to enhance shareholders value.

3.0 THEORETICAL FRAMEWORK AND HYPOTHESES DEVELOPMENT

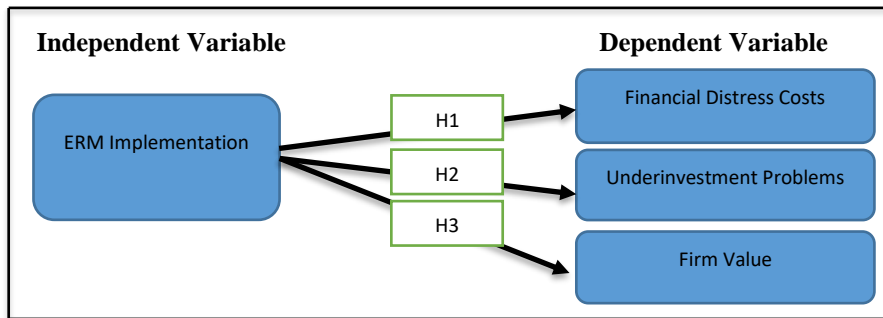


Figure 3.1 Theoretical Framework

Figure 1.0 depicted the theoretical framework of this study that is developed based on shareholder value maximising theory (Nocco & Stulz, 2006; Tufano, 1996). This framework identifies variables from the theory in order to understand the effect of ERM implementation to the firm's liquidity and firm value.

3.1 HYPOTHESES DEVELOPMENT

3.1.1 Financial Distress Costs

Financial distress is defined as a situation where a firm has to give up positive net present value (NPV) activities because of financial constraints (Nocco & Stulz, 2006). Risk management at the enterprise level is claims to increase the firm's value to shareholders by reducing costs associated with agency conflicts, external financing, financial distress, and taxes (Aretz et al., 2007). Stulz (1996) argues that risk management can be value creating if it is able to help firm avoid the direct and indirect costs associated with financial distress and bankruptcy. Furthermore, Mayers and Smith (1982) and Smith and Stulz (1985) argue that risk management reduces the likelihood of firm encountering financial distress by reducing the variance of firm value and thereby reducing the expected costs of financial distress. Beasley et al., (2008) call for greater risk management activities as the possibility of the increase of transaction costs from financial distress and bankruptcy. Thus, when a firm is faced with the possibility of lower-tail outcomes, engaging in risk management activities would reduce the likelihood of real costs associated with such outcomes. Khan et al., (2016) investigate the factor that lead towards the decision of initiating an ERM programme among 315 of French firms. The results suggest that firm's internal factors such as the expected probability of financial distress and its explicit and implicit costs, poor earnings performance and the existence of growth opportunities play vital role in motivating firms to adopt ERM. Accordingly, the following hypothesis is asserted:

H1: There is a positive relationship between ERM implementation and financial distress costs.

3.1.2 Underinvestment Problem

Underinvestment problem is a situation when a firm has many growth options but cost of raising external financing is more expensive than fund generated internally to finance the investment. This problem arises when investment opportunities are negatively correlated with cash flows. In addition, Gay and Nam (1998) explain that an underinvestment problem appears when firms find that external financing is sufficiently expensive and investment spending needs to be reduced during times when internally generated cash flows are not sufficient to finance growth opportunities. In general, firms prefer to finance investments using internally generated fund such as retained earnings due to its lower cost as compared to a more costly external generated fund. When raising external capital is costly due to transaction costs, firms may underinvest: thus, managers can use risk management to increase shareholder value by coordinating the need for and availability of internal funds. A credible risk management program can mitigate underinvestment costs by reducing the volatility of firm value and this problem seems more serious for firms with a significant growth and investment opportunities (Bartram, Brown, & Conrad, (2009). Empirical studies provide mixed support for the underinvestment hypothesis. Studies by Géczy, Minton, and Schrand (1997) and Nance, Smith, and Smithson (1993) find that firms with greater growth opportunities

and tighter financial constraints are more likely to use risk management to reduce cash flow variation that might otherwise prevent firms from investing in valuable growth opportunities. However, Mian (1996) finds a negative relation between a firm's investment opportunities and its risk management tools, which does not support the underinvestment hypothesis. Thus, the following hypothesis is proposed:

H2: There is a positive relationship between ERM implementation and underinvestment problems.

3.1.3 ERM and Firm Value

The main goal of ERM is to maximise firm and shareholder value and a number of studies have done investigations based on this premise. The implementation of an ERM program that has a holistic perspective on a firm's risk portfolio is aims to enhance a firm's shareholder value (Lechner & Gatzert, 2018). A study by Hoyt and Liebenberg (2011) measures the extent to which firms have implemented ERM programs and assesses the value implications of the program. Firm value was measured using Tobin's Q and positive relation was found between firm value and the use of ERM. Meanwhile, Pagach and Warr (2010) studied the effect of adoption of ERM practices on firms' long-term performance by examining how financial, asset and market characteristics change around the time of ERM adoption. Analyses show that some firms adopting ERM experience a reduction in earnings volatility. However, in general their result failed to find support for the proposition that ERM is value creating. Izah and Ahmad Rizal (2011) are amongst the pioneer empirical researchers using Malaysia as their research setting. They estimated the relation between ERM and firm value in Malaysian public listed firms using data of 528 firms. Tobin's Q was employed as measurement of firm value. Empirically, the study does not support the hypothesis that firms which practice ERM would have a higher value than firms which are not. In a contrary, Ping and Muthuveloo (2015) observed a significant influence of ERM implementation to firm value when examining the effect of ERM implementation on firm performance among 103 Malaysian PLCs. Due to findings of these previous studies, the current study hypothesizes that:

H6: There is a significant relationship between the extent of ERM implementation and firm value.

4.0 RESEARCH METHODOLOGY AND DATA ANALYSIS

4.1 Sample Frame and Data Collection

The main objective of the current study is to examine the effect of ERM implementation to shareholders value. This study focuses on ERM implementation among Malaysian public listed firms. Therefore, the sample and unit of analysis of this study are publicly traded Malaysian firms. The population of this study is limited to publicly traded firms because of the availability of risk information such as the existence of RMC that is reported for public use where information can be assessed through firm's annual reports. Thus, non-public listed firms have been excluded from the population because these firms are not required to disclose risk information in its annual reports. Furthermore, population of this research is limited to publicly traded firms because they are typically large firms that have large operations and more are likely to implement ERM programs. This study's population is chosen following suggestion by Beasley, Clune, and Hermanson (2005) stating that size of the firm is associated with the extent of ERM adoption because given the resources required to embark on an ERM journey, publicly traded organizations are more likely to make this investment.

Based on the total population of 815 firms, the required sample size is 201 firms. Samples are selected from the population using simple random sampling method and the final sample is comprised of 201 Malaysian public listed firms from seven industries. This research employs secondary data to operationalise variables, namely, firm values, financial distress costs, underinvestment problems and risk management committee. Secondary data were handpicked from annual reports with financial year ended by 31 December 2013 of 201 firms.

4.2 Measurement of the Variables

Theoretical framework of this study shows that firm value, financial distress costs and underinvestment problems serves as dependent variables. Firm value is measured using Tobin's Q. Tobin's Q is defined as a ratio of market value of a firm to the replacement cost of its assets (Chung & Pruitt, 1994). Hoyt and Liebenberg (2008) claim that Tobin's Q is a standard proxy for firm value. Furthermore, Lindenberg and Ross (1981) argue that Tobin's

Q is a preferred measurement of firm value because Tobin's Q reflects market expectations and is relatively free from managerial manipulation. Underinvestment problems was measured using the ratio research and development expense to sales and financial distress costs measured by debt maturity ratio that is total long-term debt to total debt (Bartram, Brown, & Fehle, 2009).

ERM implementation is an independent variable and was gauged by the existence of Risk Management Committee (RMC) in the firms; using dichotomous variable of 1 = the existence of a RMC and 0 = otherwise. RMC is a board level committee with the main role of overseeing the risk management of a company. RMC is a governance mechanism designed to manage various risks within a firm's risk appetite and to identify potential events that may negatively impact the firm (Hines & Peters, 2015). The establishment of RMC would provide the board with direct contact with ERM at the group management level, thus giving director's detailed insight into the business and its associated risks as well as the risk management strategies employed (Brown, Steen, & Foreman, 2009). Thus, RMC demonstrates an important role in improving the overall corporate governance structures of the firms, particularly on risk management practices. It is argued that boards that establish a risk management committee demonstrate their commitment to strengthen corporate governance and internal control environment of their firm. Therefore, the establishment of RMC was used as a proxy of ERM implementation in previous studies (see, e.g., Sekome & Lemma, 2014; Subramaniam, McManus, & Zhang, 2009; Yatim, 2010).

4.3 Data Analysis

Hypotheses testing was conducted to assess H1, H2 and H3. Based on shareholders value maximising theory, the impacts of ERM implementation to financial distress costs, underinvestment problems, and firm value were evaluated. To assess the impact of an independent variable (ERM implementation) to three dependent variables (financial distress costs, underinvestment problems, and firm value), this study applied the Multivariate analysis of variance (MANOVA). MANOVA is an appropriate method of analysis when the model has more than one dependent variable, and the dependent variables are related in some way, or when there are some conceptual reasons for considering them together (Pallant 2011). As for this study, dependent variables which are financial distress costs, underinvestment problem, and firm value are the variables used to measure shareholders value maximising theory. Prior to performing the MANOVA, the correlation test was conducted to determine the existence of any multicollinearity problem among the dependent variables which are financial distress costs, underinvestment problems, and firm value. One way of checking multicollinearity problem is using bivariate correlation analysis. According to Cooper and Schindler (2011), serious multicollinearity problems exist when the bivariate correlation score is 0.80 or greater. Spearman's rho correlation results show a significant relationship between financial distress costs and underinvestment problems; however, the correlation coefficient of .316 indicates that multicollinearity is absent because the value is lower than cut-off point of .80 as suggested by Cooper and Schindler (2011). Table 4.1 presents the result of the Spearman's rho correlation analysis among the three dependent variables.

Table 4.1
 Spearman's rho Correlations Matric

	Financial Distress Costs	Underinvestment Problem	Firm Value
Financial Distress Costs	1.000		
Underinvestment Problems	.316**	1.000	
Firm Value	.217	.213	1.000

Notes: *p < 0.05, **p < 0.01

After checking for multicollinearity problem among the dependent variables and the results are found to be satisfactory, the next process was conducting the MANOVA analysis. The multivariate regression results are presented in Table 4.2.

Table 4.2
 Results of Multivariate Regression Analysis (MANOVA)

Exp.Sign	F (Wilks' λ)	Sig.
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Independent Variable : ERM			
Financial distress costs	+	2.790	.032**
Underinvestment problems	+	2.520	.048**
Firm value	+	1.293	.280
Wilks' Lambda		1.798	0.051*
Number of observations: 201			
Adjusted R ² = 0.13			
Notes: * $p < 0.10$, ** $p < 0.05$,			

A one-way multivariate analysis of variance was conducted to determine the impact of ERM implementation (independent variable) to shareholders value maximising. Three dependent variables which are financial distress costs, underinvestment problems, and firm value were used as proxy of shareholders value maximising theory. As discussed above, before the main analysis was conducted, a preliminary assumption testing was run to check multicollinearity problem and no serious violations were noted. Results of MANOVA analysis as shown in Table 4.2 revealed a statistically significant difference between the level of ERM implementation on the combined dependent variables, Wilks' λ (F) = 1.798, $p < .10$ and the adjusted R² is 13 percent. Further analysis for univariate ANOVAs showed that both financial distress costs (F = 2.790, $p < 0.05$) and underinvestment problems (F = 2.520, $p < 0.05$) were statistically significantly different to the extent of ERM implementation. The results provide empirical evidence supporting H1 and H2 confirming that ERM implementation has an impact on financial distress cost and underinvestment problems. However, no empirical evidence was observed to support H3 on the impact of ERM to firm value.

5.0 DISCUSSION AND CONCLUSION

The primary aim of ERM is to help firm realise its strategic objectives, preserve, and enhance shareholders' value. Fundamentally, an increase in the value of the firm can come from either eliminating factors that can cause financial distress costs or allow firms to continue their investment strategies. Shareholders value maximising theory suggests that risk management is a value-increasing strategy for a firm if there are some frictions in the market, such as, financial distress costs or costly access to external financing that will cause underinvestment problem. Empirical results of this study supporting H1 and H2, confirming that ERM implementation has an effect to financial distress cost and underinvestment problems. A number of previous studies have found similar results (e.g. Beasley et al., 2008; Liebenberg & Hoyt, 2003; Pagach & Warr, 2011; Khan et al., 2016). Shareholders value maximising theory contends that firms implement risk management program such as ERM program to reduce the various costs involved with highly volatile cash flows particularly to mitigate financial distress costs and underinvestment problems. Findings of the current study is consistent with the theory stating that firms implement ERM program to mitigate financial distress costs and underinvestment problems (Jin & Jorion, 2006; Mayers & Smith, 1982; Smith & Stulz, 1985).

Even though financial distress costs are not directly related to bankruptcy cost, it involves indirect costs, such an inability to pursue strategic projects and loss of customer confidence. It can be argued that ERM program does help firms stabilise their cashflows. This is because it is difficult for a financially unstable firm to raise funds as cost of raising external financing becomes expensive, which makes it difficult for them to undertake profitable investments. The inability to undertake valuable investments is a real resource cost that firms need to accept; thus, it is through ERM program underinvestment problem could be mitigated. Hoyt and Liebenberg (2011) argue that firms with high levels of leverage may increase the probability of bankruptcy and incur extra costs because of increased financial distress. Therefore, through implementation of ERM, firms may have a lower possibility of facing bankruptcy costs.

Findings of this study do not find support to H3 and this indicates that ERM implementation does not have an impact on firm value among Malaysian public listed firms. This finding is contrary from the notion that ERM is one of the sources of value to a firm. Prior studies provide mixed evidence on the effect of ERM on firm value where some of the studies found a positive and significant association between ERM and firm value, while others failed to validate the association. Among studies examining the impact of ERM implementation to firm value in Malaysian PLCs are the ones conducted by Izah and Ahmad Rizal (2011), Norlida and Zahiruddin (2013), and Ping and Muthuveloo (2015). The findings of these studies demonstrate that the level of ERM implementation among Malaysian PLCs is at an early stage. The regression results conducted by Izah and Ahmad Rizal (2011) indicate a positive but not significant relationship between ERM and firm value. Norlida and Zahiruddin (2013)

also found that ERM was not the main factor that led to value creation. Izah and Ahmad Rizal (2011) justify their finding by stating that Malaysian PLCs knowledge on the benefits of practicing ERM is still limited; therefore, the practice of ERM is still at a minimal level and the program is yet to add value to the firm. In consistent with findings of prior studies on ERM implementation in Malaysia, findings of the current study do not substantiate the impact of ERM implementation to firm value.

To conclude, testing the three proposed hypothesis in this study provides a useful starting point in understanding ERM practices and its effect to a firm's value in Malaysian perspectives. Besides adding new knowledge to ERM literature, results of this study could help academics and firms to have a better understanding on the factors that they could leverage on ERM in achieving the main objective of a firm, which is to increase value.

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“ANALISIS REAKSI PASAR MODAL SEBELUM DAN SESUDAH PROGRAM TAX AMNESTY” (Studi Pada Saham Perusahaan Sektor Perbankan Yang Terdaftar Di Bursa Efek Indonesia Dan Ditunjuk Sebagai *Gateway* Dalam Pelaksanaan Program *Tax Amnesty*)

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ABSTRACT

This study aims to analyze the capital market reaction before and after the Tax Amnesty program. This research was conducted with an event study method by analyzing the banking sector which was designated as a gateway. The statistical tool used to test hypotheses is to use paired sample t-tests. The total sample used is the banking sector designated as a gateway and meets the research criteria of 11 banking companies. The effect of the capital market reaction is measured using the cumulative average abnormal return variable, cumulative average trading volume activity, and cumulative average market capitalization. The research period is divided into four periods, namely the start of the first period, the closing of the first period, closing the second period and closing the third period. The results showed that the influential capital market reaction was seen with the results of differences in market capitalization at the beginning of period I and end of periods II and III, as well as differences in abnormal returns at the end of period I because there was information content that arrived at investors. Other variables in each period do not show any difference.

Keywords: *Tax Amnesty, Abnormal Return, Trading Volume Activity, Market Capitalization*

PENDAHULUAN

Kebijakan suatu negara dalam menjalankan roda perekonomian dan pembangunan melalui berbagai kebijakan. *Tax Amnesty* yang berlaku ditahun 2017 kemarin menjadi sorotan publik terhadap berebagai sektor terutama pasar modal. Pasar modal yang identic dengan produk saham salah satunya. Perputaran saham yang sangat cepat dalam pasar modal akan sering terjadi karena transaksi yang terus berjalan dan memiliki penyebab yang sangat kompleks. Investor membutuhkan informasi mengenai kondisi atau arah pergerakan pasar sehingga dapat membuat keputusan yang tepat dalam melakukan pembelian atau penjualan saham. Didukung oleh pernyataan (Ardi, Kiryanto dan Dista A, 2008) Informasi yang cepat dan benar tercermin dalam harga-harga sekuritas. Salah satu istilah *Bank Gateway* merupakan sebutan bank yang berpartisipasi dan terdaftar sebagai gerbang masuk dana repatriasi. Ditambah dengan pernyataan Ketua dewan komisioner OJK Muliaman Hadad yang mengungkapkan pertumbuhan DPK perbankan yang cukup tinggi merupakan pengaruh dari program pengampunan pajak atau *Tax Amnesty* (Kompas, 2016). Tertuang berdasarkan Permenkeu No. 119/PMK.08/2018 yaitu untuk menerima dana repatriasi tentunya pemerintah tidak bisa bekerja sendiri tanpa bekerja sama dengan perbankan yang berfungsi sebagai alat untuk administrasi dan pengawasan dana repatriasi yang telah ditanamkan oleh wajib pajak dari luar negara ke dalam negara. Lalu didukung pernyataan tentang Pelaku *Gateway* yaitu tidak hanya saja berupa sektor perbankan namun terdiri dari manajer investasi dan perantara pedagang efek sesuai tugas yang ditentukan dalam undang-undang pengampunan pajak (Permenkeu No. 123/PMK.08/2016). Maka sektor perbankan menjadi menarik untuk diteliti. Disilain, reaksi pasar modal mempunyai cerminan ketika terjadi perubahan melalui banyak indikator. dengan hal tersebut penelitian ini mengkaji dengan melihat reaksi pasar modal terkait dengan adanya sebuah peristiwa Kebijakan *Tax Amnesty* dengan menggunakan tiga indikator.

Pertama, pengukuran reaksi dari perubahan harga saham yang diukur melalui indikator reaksi harga saham yaitu *abnormal return*. Sejalan dengan hal tersebut, beberapa penelitian terdahulu sudah mengkaji mengenai keterkaitan

antara *Tax Amnesty* dengan reaksi pasar modal dengan indikator harga saham oleh (Jesi R S, 2018) yang berjudul “Analisis Sebelum Dan Sesudah Pengumuman Kebijakan *Tax Amnesty* Terhadap Harga Saham” mendapatkan output hasil analisis penelitian dengan pembahasan yaitu terdapat kecenderungan pada peristiwa pengumuman kebijakan *Tax Amnesty* dan berlakunya kebijakan *Tax Amnesty* yang memberikan sebuah berita positif dan sinyal bagus bagi pasar modal didalam negeri yang terlihat dari Indeks Harga Saham Gabungan (IHSG) sebelum dan sesudah pengumuman kebijakan *Tax Amnesty* mengalami perubahan kenaikan.

Pengukuran reaksi yang diukur dengan indikator perhitungan *trading volume activity*. sejalan dengan pendapat (Jones & Charles P, 2014:426) bahwa *trading volume activity* digunakan sebagai indikator dalam menggambarkan kondisi pasar dan tren saham. *trading volume activity* dilihat dari jumlah saham yang diperdagangkan dibandingkan dengan jumlah saham yang beredar dalam pasar modal. Menjadikan penelitian yang semakin relevan karena tidak melihat dengan hanya sudut pandang abnormal return saja. Peneliti tertarik menggunakan indikator ini karena dapat mencerminkan reaksi yang terjadi pada pasar modal saat bereaksi.

Ketiga, *market capitalization*, dalam penelitian terdahulu dari (Rahayu D W) yang menyatakan adanya signifikan hasil dan pengaruh tentang *market capitalization* terhadap pengumuman *tax amnesty*. Penelitian *event study* dengan Emiten-emiten yang bersifat liquid terutama untuk jangka waktu harian yang mempunyai nilai kapitalisasi terbesar. Berdasarkan kondisi dan alasan tersebut, peneliti berupaya melakukan penelitian *event study* mengenai ‘Analisis Reaksi Pasar Modal Sebelum dan Sesudah Program *Tax Amnesty* (Studi pada Saham Perusahaan Sektor Perbankan Yang Terdaftar Di Bursa Efek Indonesia dan Ditunjuk Sebagai Gateway Dalam Pelaksanaan Program *Tax Amnesty*)’

KAJIAN PUSTAKA

Kebijakan Pemerintah

Kebijakan dikaji dari segi istilah yaitu susunan [konsep](#) dan asas yang berlaku sebagai acuan dan dasar penentuan rencana dalam implementasi suatu pekerjaan, kepemimpinan, dan proses bertindak. Kajian ini dapat diterapkan pada [pemerintahan](#), [organisasi](#), sektor swasta maupun [individu](#). Dalam kaitan ini, memaknai kebijakan sebagai sejumlah tindakan atau bukan tindakan yang lebih dari sekadar keputusan spesifik

Tax Amnesty

Pengampunan Pajak yang menjadi salah satu penyumbang kebutuhan terbesar dalam sumber pendanaan negara menjadi suatu hal yang diperhatikan. Dengan adanya pengampunan pajak bagi wajib pajak yang menyimpan dananya di luar negeri, dan tidak memenuhi kewajibannya dalam membayar pajak di dalam negeri sesuai dengan syarat ketentuan kebijakan.

Pasar Modal

Pasar Modal menurut (Didit & Herlianto, 2013) menjelaskan suatu sistem keuangan yang terorganisasi, termasuk didalamnya merupakan bank-bank komersial dan semua lembaga perantara dibidang keuangan, serta keseluruhan instrumen termasuk surat-surat berharga yang beredar. Dapat di rangkum pada uraian pada dasarnya pasar modal merupakan pasar untuk berbagi instrumen keuangan jangka pendek maupun jangka panjang yang dapat di transaksikan, baik melalui bentuk modal asing ataupun modal sendiri.

Efisiensi Pasar Modal

Secara formal pasar modal yang efisien didefinisikan sebagai pasar yang harga sekuritas-sekuritasnya telah mencerminkan semua informasi yang relevan (Suad dan Enny, 2006). Semakin cepat informasi baru tercermin pada harga sekuritas, semakin efisien pasar modal tersebut. Dengan demikian akan sulit atau bahkan hampir tidak mungkin bagi para pemodal untuk memperoleh tingkat keuntungan diatas normal secara konsisten dengan melakukan transaksi perdagangan di bursa efek dan diklasifikasikan menjadi lemah, semi kuat dan kuat

Reaksi Pasar Modal

Dampak dari program pengampunan pajak (*tax amnesty*) sangat terasa pada pasar modal Indonesia menjadi lebih terlihat dari beberapa penemuan yang ada. Keputusan investasi oleh investor merupakan reaksi atas informasi yang diterima, baik informasi yang tersedia di publik maupun informasi private dipergunakan investor sangat beragam, informasi tersebut bisa menyangkut kondisi makro ekonomi maupun moneter, serta informasi yang

diumumkan oleh *emiten*, seperti pengumuman laporan keuangan, pembagian dividen, *stock split*, maupun *right issue* (Anastasia, 2009).

Abnormal Return

Return dan Abnormal Return Menurut (Hartono, 2015), return adalah hasil yang diperoleh dari investasi dan return dapat berupa return aktual (*actual return*) atau disebut juga return realisasi yang sudah terjadi atau return ekspektasian (*expected return*) yang diharapkan terjadi di masa mendatang

Aktivitas Volume Perdagangan

Aktivitas volume perdagangan merupakan suatu instrument yang dapat digunakan untuk melihat reaksi pasar modal terhadap informasi melalui parameter pergerakan aktivitas volume perdagangan di pasar. Perubahan volume perdagangan di pasar modal menunjukkan aktivitas perdagangan saham dan mencerminkan keputusan investasi investor (Iskandar, 2003).

Kapitalisasi Pasar

Salah satu indikator yang menunjukkan perkembangan sebuah bursa saham adalah kapitalisasi pasar. Kapitalisasi pasar menunjukkan nilai efek yang tercatat di bursa saham atau secara definisi diartikan sebagai total jumlah surat berharga yang diterbitkan oleh berbagai perusahaan di dalam satu pasar (Putu & Anggreani, 2016).

HIPOTESIS

Berdasarkan latar belakang, kajian teori dan penelitian terdahulu yang telah diuraikan, didukung dengan tujuan penelitian, maka pengembangan hipotesis yang akan diajukan adalah:

1. Hubungan antara Tax Amnesty dengan Abnormal return

Menurut (Hartono, 2015) *abnormal return* adalah selisih antara *return* yang sesungguhnya (*actual return*) dengan *return* yang diharapkan (*expected return*) yang dapat terjadi sebelum informasi resmi diterbitkan atau telah terjadi kebocoran informasi (*leakage of information*) sesudah informasi resmi diterbitkan. Bukti penelitian yang menggambarkan hubungan antara peristiwa penting nasional dengan *abnormal return*.

Untuk membuat dugaan sementara yang relevan diambil penelitian terdahulu oleh (Sutra, Jullie J.S dan Sintje R, 2017) yang berjudul “Analisis Reaksi Harga Saham Sebelum Dan Sesudah *Tax Amnesty* Periode Pertama” yang menguraikan hasil perhitungan average abnormal return menunjukkan bahwa hasil negatif pengujian ini menunjukkan bahwa informasi *Tax Amnesty* tidak berdampak bagi investor pada saat sebelum dan sesudah peristiwa pengumuman *Tax Amnesty* periode pertama sehingga belum mampu membuat perbedaan harga saham di pasar modal khususnya saham sektor properti yang tercatat di bursa efek Indonesia. Sejalan dengan ini untuk mendapatkan penelitian terdahulu yang relevan diambil dari (Eduard F dan Ni PS, 2018) dalam penelitiannya berjudul “Dampak Pengumuman *Tax Amnesty* Pada Saham LQ-45 BEI” hipotesis yang dalam penelitian ini menggunakan paired sampel t-test dan diperoleh dari hasil pengolahan yang diperlihatkan yaitu menunjukkan rata rata hasil pengujian Signifikan 0,409 yang berarti lebih 0.05. Hasil pengujian menggunakan SPSS ini menunjukkan tidak terdapat perbedaan yang signifikan abnormal return saham sebelum dan sesudah pengumuman *Tax Amnesty* selama periode peristiwa. Serta penelitian (Dhaniswara, 2018) pada jurnalnya “analisis reaksi pasar modal sebelum dan setelah penutupan program tax amnesty” dan (Raditya,2017) pada jurnalnya “ Reaksi pasar modal Indonesia terhadap kebijakan Tax Amnesty Indonesia pada Saham LQ45 tahun 2016-2017” yang mendapatkan tidak ada perbedaan yang signifikan *Comulative Average Abnormal return*.

Hasilnya menunjukkan peristiwa mempunyai hubungan mengakibatkan pasar bereaksi dengan terjadinya perubahan harga saham melalui *abnormal return mean*. Maka hipotesis yang diajukan:

H₁ : Tidak terdapat perbedaan rata-rata *abnormal return* sebelum dan sesudah pelaksanaan program *Tax Amnesty* pada pembukaan periode I, penutupan periode I, penutupan periode II, penutupan Periode III.

2. Hubungan Antara Tax Amnesty Dengan Rata-Rata Aktivitas Volume Perdagangan.

Hipotesis kedua ini dilakukan untuk menjadi dugaan sementara dari penelitian tentang hubungan antara *Tax Amnesty* Dengan Rata - rata Aktivitas Volume Perdagangan pada periode penelitian. Dengan ini menurut penelitian terdahulu oleh (Dhaniswara & Sulasmiyati, 2018) pada jurnalnya yang berjudul “Analisis Reaksi Pasar Modal Sebelum Dan Setelah Penutupan Program *Tax Amnesty*” Average Trading Volume Activity tidak menunjukkan perbedaan yang signifikan sebelum dan setelah penutupan kebijakan tax amnesty. Hasil dari penelitian yang dilakukan menggunakan uji paired sample t-test menunjukkan nilai signifikansi sebesar 0,709 . menguraikan tidak ada perbedaan signifikan pada Average Trading Volume Activity menunjukkan bahwa informasi mengenai berhasilnya *Tax Amnesty* tidak cukup untuk meningkatkan volume perdagangan pada saham yang diteliti. Lalu, sejalan dengan penelitian diatas yaitu oleh (Laela,2017) dalam penelitiannya yang berjudul “Analisis Reaksi Pasar Modal Terhadap Kebijakan Amnesty Pajak” yang mendapatkan hasil tidak terdapatnya perbedaan *Comulative Trading Volume Activity* pra dan pasca Penerapan *Tax Amnesty* serta Sejalan dengan penelitian (Raditya, 2017) yang tidak menemukan perbedaan Trading Volume Activity. Maka dengan penelitian diatas dapat diambil pengujian :

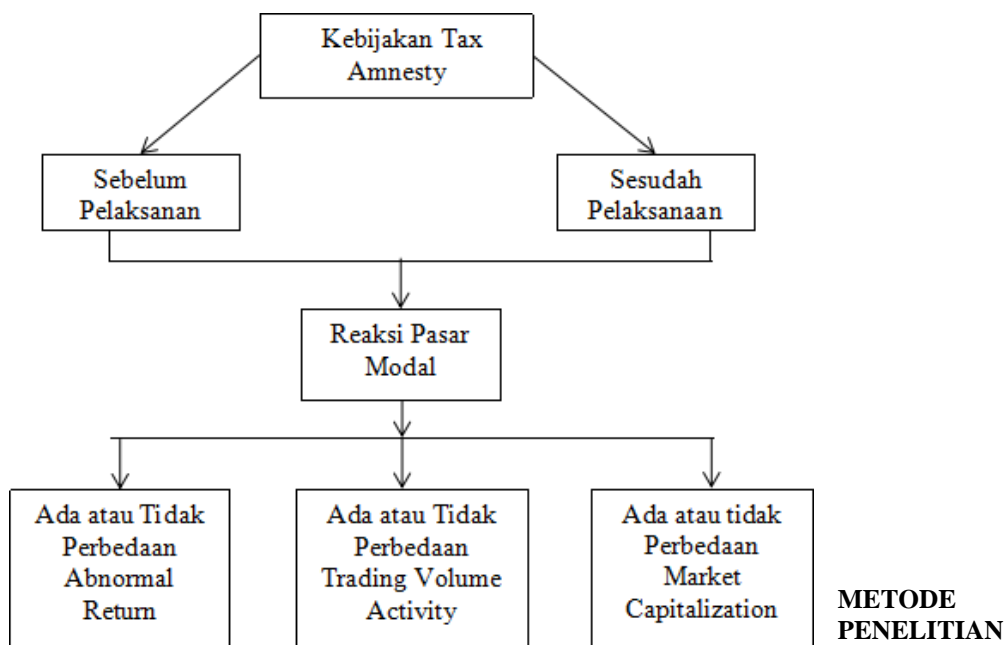
H₂ : Tidak Terdapat perbedaandari rata-rata volume perdagangan sebelum dan sesudah pelaksanaan program *Tax Amnesty* pada pembukaan periode I, penutupan periode I, penutupan periode II, penutupan Periode III.

3. Hubungan antara *Tax Amnesty* dengan Market Capitalization.

Hipotesis selanjutnya menduga sementara hubungan Kejadian *Tax Amnesty* oleh (Dian W R, 2018) dengan Judul jurnal penelitiannya “*The Market Reaction On The Announcement Of Tax Amnesty Law*” *Market Capitalization* yang menyatakan nilai *Market Capitalization* pada periode sekitar pengumuman *Tax Amnesty* adalah signifikan dengan ditunjukannya dari nilai *Market Capitalization* memiliki hasil yang signifikan untuk seluruh periode jendela dengan signifikansi 1 % atau 0,01Ini berarti bahwa pasar bereaksi terhadap pengumuman tindakan pengampunan pajak saham yang tercantum dalam Indeks. maka hipotesis 3 dapat diambil sebagai berikut :

H₃ : Terdapat perbedaan rata-rata nilai kapitalisasi pasar sebelum dan sesudah pelaksanaan program *Tax Amnesty* pada pembukaan periode I, penutupan periode I, penutupan periode II, penutupan Periode III.

KERANGKA PENELITIAN



Penelitian ini diklasifikasikan sebagai penelitian study peristiwa. Menurut (MacKinlay, 1997) Study peristiwa merupakan salah satu metodologi penelitian yang menggunakan data-data pasar keuangan untuk mengukur

dampak dari suatu kejadian yang spesifik terhadap nilai perusahaan. Penelitian ini bertujuan untuk mengetahui apakah ada pengaruh signifikan dengan kebijakan yang diambil oleh pemerintah terhadap reaksi pasar modal yang tercermin dalam Abnormal return, trading volume activity, dan market capitalization.

Beberapa kriteria diatas didapatkan atas dasar agar arah penelitian semakin mempunyai tujuan yang jelas dan sampel memiliki orisinalitas yang cukup untuk mendukung penelitian agar semakin relevan. Dari populasi 81 bank yang terdaftar di bursa efek Indonesia lalu didapatkan 21 yang ditunjuk pemerintah sebagai gateway dan 11 yang memenuhi kriteria diatas yang menjadi obyek penelitian ini. Perusahaan yang menjadi obyek penelitian ini yaitu:

No	KODE	SAHAM
1	BBCA	PT Bank Central Asia Tbk.
2	BBRI	PT Bank Rakyat Indonesia (persero) Tbk.
3	BMRI	PT Bank Mandiri (Persero) Tbk.
4	BBNI	PT Bank Negara Indonesia Tbk.
5	BDMN	Bank Danamon Indonesia Tbk.
6	BNLI	Bank Permata Tbk
7	BNII	PT Bank Maybank Indonesia Tbk.
8	PNBN	Bank Pan Indonesia Tbk .
9	BNGA	Bank CIMB Niaga Tbk.
10	MEGA	Bank Mega Tbk.
11	BBKP	Bank Bukopin Tbk

Data diperoleh melalui mencari secara langsung data-data harian perusahaan mulai dari harga penutupan, volume saham & market kapitalisasi sektor perbankan yang masuk dalam gateway dari awal periode *Tax Amnesty* pada periode I, II, dan III berlangsung dari laman bursa efek Indonesia melalui www.idx.com, mandiri sekuritas dan sahamok.com.

Uji Asumsi Klasik

Pengujian hipotesis dengan menggunakan spss sebagai alat untuk menganalisis faktor - faktor penyebab atau munculnya peristiwa tertentu yang menjadi jawaban mendasar dari penelitian ini

Uji Normalitas

Uji normalitas adalah pengujian data untuk melihat apakah nilai residual terdistribusi normal atau tidak (Imam G, 2011:29).

Uji Paired Sampel Test

Menurut (Widiyanto, 2013), paired sample t-test merupakan salah satu metode pengujian yang digunakan untuk mengkaji keefektifan perlakuan, ditandai adanya perbedaan rata-rata sebelum dan rata-rata sesudah diberikan perlakuan.

Dasar pengambilan keputusan untuk menerima atau menolak H_0 pada uji ini adalah sebagai berikut :

1. Jika $t \text{ hitung} > t \text{ tabel}$ dan probabilitas (Asymp.Sig) $< 0,05$, maka H_0 ditolak dan H_a diterima.
2. Jika $t \text{ hitung} < t \text{ tabel}$ dan probabilitas (Asymp.Sig) $> 0,05$, maka H_0 diterima dan H_a ditolak.

ANALISIS DATA DAN PEMBAHASAN

a. periode I dimulai *Tax Amnesty*

Pada periode I dimulai *Tax Amnesty* diperoleh perbedaan *Comulative Average Market Capitalization* sebelum dan sesudah periode I dimulai tidak ditemukan perbedaan dari *Comulative Average Abnormal Return* karena kandungan informasi pada awal pengumuman belum sepenuhnya informatif dan investor masih dalam kondisi

menunggu efek dari pengumuman. Walaupun terdapat respon baik namun tidak signifikan berpengaruh karena investor masih menunggu arah dari program tax amnesty. Sejalan dengan hal tersebut pada penelitian (sutra, Julie, dan sinjtie , 2017) dalam jurnalnya “ Analisis Reaksi Harga saham sebelum dan sesudah *Tax Amnesty* periode pertama sector property yang menyatakan bahwa tidak adanya perbedaan abnormal return dikarenakan investor mesih “*wait and see*” dalam menanggapi informasi *Tax Amnesty*”. *Comulative Average Trading Volume Activity* menunjukkan tidak ada perbedaan hal tersebut karena pada periode ini informasi tidak mengandung arti yang berarti pada investor tercermin dengan tidak adanya perubahan. Pada variable *Comulative Average Trading Volume Activity* tidak ditemukan perbedaan karena informasi tidak berpengaruh terhadap transaksi volume pasar modal sebab informasi tidak mempunyai kandungan berarti untuk transaksi volume pasar dikarenakan pada saat yang bersamaan investor cenderung untuk menahan transaksi jual belinya. Sejalan dengan penelitian (Raditya, 2017) yang menemukan tidak adanya perbedaan reaksi pasar modal terhadap informasi dari program tax amnesty. Dari variable *Comulative Average Market Capitalization* mempunyai perbedaan karena informasi (Hanifah S, 2017) pada penelitian terdahulu menyatakan bahwa terdapat perbedaan *Comulative Average Market Capitalization* pasar pada periode I pengesahan *Tax Amnesty* yaitu pada tanggal 1 juli 2016 positive investor masih ada dalam nilai perusahaan pada sektor perbankan karena dana yang akan masuk ke sektor perbankan menjadikan momen langkah pemerintah. Penelitian diatas sejalan dengan hasil variabel yang menyatakan terdapat perbedaan dalam hasil analisis mengenai *Comulative Average Market Capitalizaion* pada penelitian ini. Maka dalam penelitian ini hipotesis : h_0 ditolak dan h_1 diterima, h_0 ditolak dan h_2 diterima, h_0 ditolak dan h_3 diterima.

Variabel 1	Hasil	H0	H1
CAAR SEBELUM & CAAR SESUDAH	.643	Ditolak	Diterima
Variabel 2	Hasil	H0	H2
CATVA SEBELUM & CATVA SESUDAH	.784	Ditolak	Diterima
Variabel3	Hasil	H0	H3
CAMC SEBELUM & CAMC SESUDAH	.003	Ditolak	Diterima

b. periode I penutupan *Tax Amnesty*

Pada periode I penutupan *Tax Amnesty* diperoleh dari ketiga variabel yang di analisis hanya *Comulative Average Abnormal Return* yang mempunyai perbedaan karena sentiment mulai dirasakan investor ketika informasi akan dana reprivatisasi yang masuk memberikan kandungan informasi kepada investor. (Anita & Paramita, 2017) dalam penelitiannya juga menemukan perbedaan pada periode I penutupan sampai awal periode II *Tax Amnesty* dinyatakan optimisme pasar uforia *Tax Amnesty* seiring dengan adanya sentiment dengan pengelolaan ekonomi serta penguatan nilai mata uang rupiah karena dana dari luar negeri banyak masuk ke dalam negeri dan hal tersebut merupakan signal baik untuk investasi dalam berbagai sektor. Penelitian tersebut dinyatakan adanya perbedaan antara sebelum dan sesudah periode pertama ini. Variabel *Comulative Average Trading Volume Activity* dan *Comulative Average Market Capitalization* mempunyai hasil berbeda yaitu tidak adanya perbedaan antara sebelum dan setelah periode bergulir karena disebabkan karena walaupun respon baik terlihat pada perbedaan abnormal namun tidak adanya perbedaan antara *Comulative Average Trading Volume Activity* dan *Comulative Average Market Capitalization* karena asumsi hasil reprivatisasi tersebut tidak akan terlalu berdampak kepada perputaran uang yang beredar di pasar saham, karena hal ini bergantung pada volume transaksi harian di pasar saham karena tidak adanya kandungan informasi yang informatik pada waktu itu. (Laela, 2018) mendukung penelitian ini dengan hasil penelitian yang dahulu sudah dilakukan mempunyai kesamaan yang menyatakan bahwa tidak adanya perbedaan.

Maka dalam penelitian ini hipotesis : h_0 diterima dan h_1 ditolak, h_0 ditolak h_2 diterima, h_0 di terima h_3 ditolak.

Variabel 1	Hasil	H0	H1
CAAR SEBELUM & CAAR SESUDAH	.039	Diterima	Ditolak
Variabel 2	Hasil	H0	H2
CATVA SEBELUM & CATVA	.597	Ditolak	Diterima

SESUDAH			
Variabel3	Hasil	H0	H3
CAMC SEBELUM & CAMC SESUDAH	.874	Diterima	Ditolak

c. periode II penutupan Tax Amnesty

Pada periode II penutupan *Tax Amnesty* Variabel *Comulative Average Abnormal Return* didapatkan nilai sebesar 0.979 yang berarti tidak ditemukan perbedaan sebelum dan sesudah periode ini sebab kondisi pasar kembali lagi menjadi setengah kuat karena efek berkesinambungan dari informasi yang sudah di dapatkan pada periode I penutupan, maka informasi tidak memberikan kandungan berarti kepada pasar yang menyebabkan tidak memberikan perubahan signifikan abnormal return. Sesuai dengan hasil analisis penelitian yang lebih dulu diteliti mengenai analisis pasar modal terhadap kebijakan terhadap kebijakan amnesty pajak oleh (Raditya, 2017) menyatakan tidak adanya perbedaan *Comulative Average Abnormal Return* pada periode I dimulai *Tax Amnesty* karena pada kondisi ini keadaan ini efisiensi pasar bentuk setengah kuat dimana tidak terdapat perbedaan signifikan perubahan positive *Comulative Average abnormal return* yang mencerminkan bahwa tidak adanya investor yang mengambil keuntungan tidak normal dari adanya informasi pada sebelum dan sesudah periode I *Tax Amnesty*

Tidak adanya perbedaan juga ditemukan pada variabel *Comulative Average Trading Volume Activity*, hal ini menunjukkan bahwa informasi tentang penutupan periode II yang dilakukan pemerintah tidak cukup menimbulkan reaksi terhadap aktivitas volume yang diperdagangkan di bursa. Sejalan dengan penelitian (Dhaniswara & Sulasmiyati, 2018) pada jurnalnya yang berjudul “Analisis Reaksi Pasar Modal Sebelum Dan Setelah Penutupan Program *Tax Amnesty* yang menyatakan tidak ada perbedaan pada *Comulative trading volume activity* sector keuangan. Berbeda dengan *Comulative Average Market Capitalization* dari hasil analisis ditemukan perbedaan antara sebelum dan sesudah periode II penutupan *Tax Amnesty* ini. Penelitian terdahulu dari mendukung hasil analisis (Raditya, 2017) dalam jurnal yang menyatakan pada periode III menunjukkan tidak adanya perbedaan antara *Comulative Trading Volume Activity*. Hasil analisis tentang *Comulative Average Market Capitalization* yang memiliki perbedaan didukung oleh penelitian (Dian W R, 2018) menyatakan Peristiwa memasuki periode III yaitu periode terakhir memiliki potensi pertumbuhan *Comulative Average Market Capitalization* pasar yang tinggi karena trend terus naik dan sempat turun sebelumnya karena adanya issue dari negeri london. Walaupun begitu abnormal return dan trading tidak memiliki informasi berarti karena beberapa faktor eksternal di yang tidak berkaitan dengan sektor perbankan.

Maka dalam penelitian ini hipotesis : h0 ditolak dan h1 diterima, h0 ditolak dan h2 diterima, h0 ditolak dan h3 diterima

Variabel 1	Hasil	H0	H1
CAAR SEBELUM & CAAR SESUDAH	.979	Ditolak	Diterima
Variabel 2	Hasil	H0	H2
CATVA SEBELUM & CATVA SESUDAH	.654	Ditolak	Diterima
Variabel3	Hasil	H0	H3
CAMC SEBELUM & CAMC SESUDAH	.009	Ditolak	Diterima

d. periode III penutupan Tax Amnesty

Pada periode III penutupan *Tax Amnesty* didapatkan hasil analisis dari *Comulative Average Abnormal Return* dan *Comulative Average Trading Volume activity* yang tidak ada perbedaan pada penutupan *Tax Amnesty*. Pada kondisi ini pasar sudah mengerti alur laju dari informasi tax amnesty sehingga informasi sudah bisa mencerminkan

harga sebenarnya. Investor menanggapi pengumuman tersebut dengan baik namun dalam sektor perbankan periode penutupan terakhir ini tidak mengandung informasi yang berarti. Sejalan dengan penelitian terdahulu (Dhaniswara, 2018) dalam jurnalnya yang berjudul ‘Analisis Reaksi Pasar modal sebelum dan setelah penutupan program tax amnesty’ bahwa *Comulative Average Abnormal Return* tidak ada perbedaan yang signifikan menunjukkan informasi mengenai program *tax amnesty* sudah direaksi dengan cepat oleh investor sehingga saham sudah mencapai titik keseimbangan baru. Hal tersebut menjadi tidak membuat overreaction terhadap sentimen harga saham. Namun divariabel lain masih terdapat perbedaan antara *Comulative Average Market Capitalization* sebelum dan sesudah penutupan periode III *Tax Amnesty* karena asumsi pada sektor perbankan dana reapatiasi yang semakin meningkat pada periode ini sebelum penutupan kebijakan *Tax Amnesty* yang terakhir. Sejalan dengan penlitian Dian W R, (2018) yang mendaoatkan hasil adanya perbedaan yang signifikan oleh *Comulative Average Market Capitalization*.

Maka dalam penelitian ini hipotesis : h0 ditolak dan h1 diterima, h0 ditolak dan h2 diterima, h0 ditolak dan h3 diterima.

Variabel 1	Hasil	H0	H1
CAAR SEBELUM & CAAR SESUDAH	.967	Ditolak	Diterima
Variabel 2	Hasil	H0	H2
CATVA SEBELUM & CATVA SESUDAH	.970	Ditolak	Diterima
Variabel3	Hasil	H0	H3
CAMC SEBELUM & CAMC SESUDAH	.048	Ditolak	Diterima

KESIMPULAN

Berdasarkan Hasil dan pembahasan diatas penulis dapat menguraikan penelitian ini yang dapat diambil kesimpulan sebagai berikut :

1. Pada penelitian ini dapat kita simpulkan bahwa sebelum dan sesudah periode I dimulai *Tax Amnesty* tidak terdapat perbedaan *Comulative Average Abnormal Return Comulative dan Average Trading Volume Activity* pada saham-saham sektor perbankan yang menjadi gateway yang terdaftar di Bursa Efek Indonesia dikarenakan investor masih menunggu dan mempelajari program *Tax Amnesty*. Namun, Bukan berarti informasi tidak berguna karena terdapat Perbedaan *Comulative Market Capitalization* pada periode I dimulai *Tax Amnesty* karena adanya investor mulai menerima sedikit sedikit kandungan informasi momentum dana reapatiasi yang masuk ke dalam negri lewat bank-bank yang di tunjuk sebagai gateway dalam program *Tax Amnesty*.
2. Peristiwa Penutupan periode II *Tax amnesty* memberikan reaksi pasar modal atas terdapatnya perbedaan yang signifikan terhadap *Comulative Average Abnormal Return* sebelum dan sesudah. Hal tersebut terjadi karena optimisme pasar sertauforia *Tax Amnesty* seiring dengan adanya sentimen positive dengan diartikan sebagai pengelolaan ekonomi membaik serta penguatan nilai mata uang rupiah karena dana dari luar negeri banyak masuk ke dalam negri sudah berjalan. Hal, tersebut menjadikan pada periode ini informasi untuk pasar modal bereaksi. Akan tetapi, *Market Capitalization dan Comulative Trading Volume Activity* tidak mengalami perbedaan pengaruh karena disebabkan dana reapatiasi tersebut tidak akan terlalu berdampak kepada perputaran uang yang beredar di pasar saham, karena hal ini bergantung pada volume trasnaksi harian di pasar saham yang diperdagangkan.
3. Pada periode 2 penutupan *Tax Amnesty*, Peneliti mendapatkan hasil tidak adanya perbedaan *Comulative Average Abnormal Return dan Comulative Trading Volume Activity*. Tidak adanya perbedaan dari kedua variable reaksi pasar modal tersebut dikarenakan pasar modal sudah menjadi bentuk setengah kuat menyesuaikan kembali seperti periode I dimulai dan informasi sudah mulai mengandung tingkat yang tidak terlalu informatif. Yang menarik, Peneliti menemukan *Comulative Average Market Capitalization* bereaksi mempunyai perbedaan dikarenakan trend terus naik dalam ukuran market kapitalisasi sektor perbankan karena menjadi gateway dana repatriasi walaupun sempat turun sebelumnya karena adanya issue dari negeri London.
4. Peneliti mendapatkan hasil yang tidak jauh berbeda dengan periode sebelumnya pada periode III penutupan program *Tax Amnesty*. tidak adanya perbedaan *Comulative Average Abnormal Return dan Comulative Trading Volume Activity* artinya tidak bereaksi terhadap pasar modal. Hal tersebut, diasumsikan sebab

investor sudah mulai menemui titik baru dalam pasar modal serta mengetahui pola *Tax Amnesty*, Namun pasar modal masih berpengaruh dalam *Comulative Average Market Capitalization* yang masih konsisten terdapat perbedaan yang signifikan dikarenakan periode terakhir *Tax amnesty* maka Sektor Bank menjadi informasi yang baik untuk ukuran perusahaan atau *Market Capitalization* oleh investor.

Saran

1. Bagi Investor

Pada saat akan mengambil keputusan ketika ada Peristiwa terutama kebijakan pemerintah ataupun non pemerintah tentunya memperhatikan semua aspek analisis. Dan tidak terburu-buru menelan informasi yang tersebar tanpa adanya data.

2. Bagi pemerintah

Kebijakan *Tax Amnesty* memiliki berbagai periode dan tiap periodenya lebih baik dapat dikelola lagi penentuannya karena mempunyai pengaruh terhadap peristiwa-peristiwa diluar program *tax amnesty*

3. Bagi Peneliti

Penelitian yang selanjutnya diharapkan meneliti dengan topik yang sejenis, disarankan untuk memperhatikan jangka waktu periode pengamatan lebih dari 10 hari karena periode *tax amnesty* yaitu selama 1 bulan. Selain itu penulis disarankan untuk menambah variable lain seperti PBV dan EPS.

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EFFECTS OF INTERNET ON THE ACADEMIC PERFORMANCE OF UNDERGRADUATE ACCOUNTING STUDENTS: A CASE STUDY OF UNIVERSITI TEKNOLOGI MARA, TAPAH

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Abstract

Nowadays the internet has developed an utmost importance in the education field. There are abundant studies done in all over the world regarding the impact of the internet on academic performance. According to previous studies, students' academic performance is either negatively or positively associated by the internet usage and accounting students are no excluded when they also have the access to the internet which they use it for academic, social and recreational purposes. In this study, descriptively quantitative method and independent T-test are used to study the differences of the internet usage towards academic performance of the final year Universiti Teknologi MARA, Tapah accounting students. In total respondents of 255 participants took part in the study. From the independent samples T-test conducted only gender has differences towards internet usage in terms of social oriented rather than the other two usage which are academic oriented and recreational oriented usage. This shown that internet usage has no significant difference on the academic performance of final year accounting students in UiTM Tapah. Apart from that, this study provides information on the impact of the internet as an instrument for students as they use hours of internet not only for their academic related task but also other social and recreational purpose. This includes high performance students. This could be the first research done for UiTM Tapah accounting student about the impact of the internet on academic achievements of the students.

Keywords: Internet usage, student's performance, academic performance, education

1. INTRODUCTION

Internet have been given keen attention internationally and locally due to an insightful current innovation in the environment of information technology. Generally, internet is all-around valuable information source that served as a tool for communication, social interaction, education, business and many functions as well as other activities. Many researchers hypothesized that the internet plays a thoughtful role in various field especially in the scope of education (Brown, Ellore, & Niranjana, 2014; Alshammari, 2014). Due to the rapid dissemination of technology, internet seem to be one of the best instruments to provide high quality of education and learning which in turn lead to achieve better academic results. Consistently, educational society nowadays also has experience significant revolution moving to a new dimensions of technology environment.

Globally, internet serve as a new communication platform in teaching and learning process since it is known as treasure trove of information that may assist students in retrieving notes, lectures, for social communication, interaction and entertaining purpose. According to previous literatures, students' academic performance is either adversely or positively affected by the internet utilization and accounting students in higher education are not excluded due to the availability of the internet for academic, social and recreational purposes Dorji (2015). Jehopio, Wesonga, and Candia (2017) proved that students who use the internet for academic purposes will have higher academic results compared to other students. This demonstrates that such students utilize online resources in order to expand their learning and knowledge of the subjects that they learn in the classroom (Ivwithreghweta & Igere, 2014)

In spite of the positive effect of the internet on academic performance, existing studies have shown that excessive internet usage may lead to physical health problem, far from family life and caused disadvantage for student's accomplishment in studies (Akhter, 2013). This argument further supported by Kim (2011) who also mentioned that an overuse of internet usage will cause a decrease in academic results since students more likely to spend

most of their valued time surfing the irrelevances on the internet because of its accessibility. Frangos, Frangos and Kiohos (2010) also indicated that young generation who present an addiction to internet usage will lead to unfavorable situation of lower academic achievement.

Over the years, the usage of internet among undergraduates have grown tremendously. Undergraduates use internet primarily not for leisure time, but also involve their engagement in community and social networks. In the Malaysian educational environment, Siraj et al. (2015) has conducted a study among undergraduates in Malaysian public university and found internet addiction among students is closely related to academic failure. Usman, Alavi & Shafeq (2013) also has identified the association between Internet Addiction (IA) and academic performance among foreign undergraduate students in Universiti Teknologi Malaysia (UTM). Shahibi & Rusli (2017) similarly conducted research in local university on the effect of internet on their academic achievement but they are focusing on final year students of the Faculty of Information Management in UiTM Puncak Perdana. However, no extensive studies were addressed on the issue of the internet usage on academic performance among undergraduate accounting students mainly in small town area like Tapah.

Due to that, this research specifically aims to examine the relationship of the internet and the academic performance among final year accounting students in UiTM, Tapah. Since in previous studies shown that high usage of internet led to failure in academic performance, therefore this study is expanded to find out the usage of internet in terms of three aspects which are academic oriented internet utilization, social oriented internet utilization and recreational oriented internet utilization towards academic performance.

2. LITERATURE REVIEW

2.1 Academic oriented internet utilization

Over the years, the education level in all countries has changed significantly due to development of internet technologies. This can be proven by looking at the ways the students being taught at schools and universities. To encourage students to enroll in online courses, there are many university and college that offer online courses especially for students who are workings. The teachers use the information technology as a modern tool for education and supplement for their lessons while the students are being provided with internet education to facilitate the learning process. According to Senthil (2018), students spend more time on internet to search for online references such as online text book, magazines, daily newspapers and other sources because it is easy and more efficient compared to traditional method. By utilizing the online resources, it will save the students from going to campus with heavy textbook every day. The students use the internet to search for answers to questions, preparing assignments, collaboration with other students, forum discussion and also sharing documents in the virtual learning environments This is consistent with finding of the study done by Siraj et al. (2015), 64.4% of the respondents in their studies agreed that internet is important because it acts as supplement to the information given by the lecturers. Furthermore, internet has superseded library as source of information and research, thus allow students to pursue subjects in much greater detail rather than being limited to whatever the teacher provides.

On the other hand, some studies argued that excessive internet usage has negative implication toward the academic performance. Christakis, Moreno, Jelenchick, Myaing and Zhou (2011) found in their study that excessive internet usage has caused sleep loss, negative impact on grades and homework while Senthil (2018) supported when students spent time on non-academic activities, it will negatively impact the academic performance.

2.2 Social oriented internet utilization

The internet plays important role as a key communication channel and social support (Cadima, Ojeda & Monguet, 2012). The internet usage promotes good communication and allow free sharing of thoughts and opinion and thus making the students become open minded person. Mostly the students stay connected with the social media like Facebook, Instagram, Twitter, WhatsApp and etc. to make some friends and satisfy their social needs. Social skills are needed so that they will feel comfortable being around new people and to handle others when they are working later. Among the reason why people fail their job interview because they don't know how to communicate well due to lack of exposure to the real conversation with other people. According to Siraj et. al. (2015), less than 40% of US college students use internet as their medium for communication. On the other hands, some studies argued that internet gives negative impact on the students' social skills. By engaging in the online activities, face to face

interaction has become lesser, thus led to problems like depression, anxiety, boredom with routine task, loneliness and socially isolated. Some student that are shy will feel awkward when talking to someone in person. The students have become dependent on technology and become struggling to interact with real people in real life. According to Senthil (2018), when student spend more time to socially online tend to affect their sleeping hours and would result in postponement of bedtimes. In addition, some of them use the social networks for escaping reality and also for entertainment (Azizi, Soroush & Khatony, 2019).

2.3 Recreational oriented internet utilization

Engagement in recreational oriented internet can be defined as consuming the internet for recreational and entertaining purpose such as online gaming, watching online movies and listening to online music. As cited in Kim (2011), it has been mentioned that most of parents normally expect their children to utilize internet for educational purposes. Unfortunately, nowadays young generation tend to misuse the internet benefit for socializing and entertainment (Lenhart, Madden & Hitlin 2005). Due to the over engagement for social and recreational purpose, Dorji (2015) further claimed that students have high tendency to be engaged with the phenomena of internet addiction. Past researchers revealed that heavy dependency of recreational oriented internet utilization will affects the academic performance of the students (Gross, 2004, Haythronthwaite & Wellman, 2002). According to Brown, Ellore and Niranjana (2014), the success of a student's in academic significantly determined by the allocation of time in which student in higher education will spend on recreational oriented purposes such as for online movies, music, gaming and academic purpose. In South Korea, Kim (2011) claimed that teenagers in that country use internet for entertainment or recreation followed by information hunting, stress management and socialization. Additionally, the researcher reported the South Korean female and male genders utilize internet for different usage. It was found that males tend to use internet for playing online games while females are preferably to use internet for watching online tutorials and blog more regularly and extensively than males.

2.4 Gender difference and the internet usage

The number of people using internet has significantly increase over the years. According to data published by Digital reports 2019, the total internet users in the world from January 2018 to January 2019 are 4.39 billion and has increase by 366 million while 3.26 billion people are using social media on devices and has increase by 10% over a year. In Malaysia, 80% of the population in Malaysia are the active internet user and mostly they spend the average daily time of 8 hour 5 minutes using the internet from any devices. Among the active social media platforms visited the Malaysian are YouTube, WhatsApp, Facebook, Instagram, FB Messenger, WeChat and Twitter. In addition, the price of the smartphones and mobile data plans have become more affordable and thus contribute to high usage of the internet. The past studies have recorded there is significant differences between male & female behavior in using the internet. According to Senthil (2018), the internet usage of male is higher than female students. Azizi, Soroush and Khatony, (2019) further supported that the male has higher level of addiction to internet compared to the female. Female use internet to engage on social media and online shopping more compared to men. The female will update their daily activities on social media and thus it is become necessary to stay logged on for frequent basis. Besides that, female also use internet as effective communication, entertainment, lifestyle, education, music, economic and health content sites. The male enjoys using the internet to search for quality information and further exploration more than female because men are more experienced with computers since their childhood and thus developed favourable attitude towards computers more compared to female.

3. RESEARCH METHODOLOGY

3.1 Sample Selection and Data Collection

This study employs descriptive analysis and quantitative research in nature. The sample population size is made up of 600 undergraduate accounting students from final year semester of UiTM Tapah, but the actual respondents of the survey were 255. The students of varying backgrounds such as with diploma in accounting and diploma in accounting information systems were surveyed with structured questionnaires starting from 23rd May, 2019 till 10th June, 2019. Survey questionnaires were used as an instrument to collect the data to investigate the impact of the internet usage on academic performance. The questionnaires were distributed through online survey. A convenience sampling technique was used, due to the limitation of time and resources. All the questions in the

questionnaire were adopted from study conducted by Dorji (2015) which is revised suitably in the environment of UiTM Tapah accounting students.

3.2 Measurement of Variables

The dependent variable is academic performance and it was measured by a five-point interval scale ranging from strongly disagree (1) to strongly agree (5). Respondents were asked a question whether the internet facilitated them achieve better academic performance and their responses were measured on 5 points interval scale. The study employs three independent variables specifically:

a. Academic oriented internet utilization

For this independent variable, internet usage for assignment, research, course related and class presentation related internet browsing is considered. The total time they spend on these matters was explored on a daily basis. Academic oriented internet utilization was measured by three questions with several sub questions (1) Time spend on academic oriented internet on daily basis (2) Four questions on 'to what extent they agree' and (3) Ranking the reasons for using the academic oriented internet. All the questions was measured by five point interval scale.

b. Social oriented internet utilization

This variable includes the usage of the internet for social networking sites such as Facebook, weChat, WhatsApp and others. Social oriented internet utilization was measured by three questions (1) Time spend on social oriented internet on a daily basis (2) Five questions on 'to what extent they agree' and (3) Reasons for using the social oriented internet. All the questions were measured by five-point interval scale.

c. Recreational oriented internet utilization

This variable includes the usage of Internet for recreational and entertaining purpose such as online gaming, watching online movies and listening to online music. Recreational oriented internet utilization was measured by four question (1) Two rhetorical questions (2) Time spend on recreational oriented internet daily basis (3) Eight questions on 'to what extent they agree' (4) Reasons for using the recreational oriented internet. All the questions were measured by five-point interval scale.

4. DATA ANALYSIS AND DISCUSSIONS

The data collected was analysed using SPSS software. To determine gender difference and the internet usage, an independents-samples T-Test was run.

4.1 Respondents' Demographic Information

Figure 4.1.1 Gender

Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Valid >23	183	71.8	71.8	71.8
18-20	72	28.2	28.2	100.0
Total	255	100.0	100.0	

Out of the total respondents, majority of 183 were female students which is consistent with the data from Academic Affairs UiTM Tapah that shows majority of UiTM Tapah students are female.

Figure 4.1.2 Age

Age	Frequency	Percent	Valid Percent	Cumulative Percent
Valid >23	5	2.0	2.0	2.0
18-20	169	66.3	66.3	68.2
21-23	81	31.8	31.8	100.0
Total	255	100.0	100.0	

The majority of the respondents fall under the age group 18-20 years old (66.3 %) which they are in their final year. In UiTM final year students are amongst Part 4 and Part 5 students.

Figure 4.1.3 Course

Course	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Diploma in Accountancy	250	98.0	98.0	98.0

Diploma in Accounting Information System	5	2.0	2.0	100.0
Total	255	100.0	100.0	

The survey respondents indicated that 98 % of students are from diploma in accountancy (AC110) while the remaining 2% are Diploma in Accounting Information System (AC120) students.

Figure 4.1.4 shows that, slightly more than half of the respondents (54.5%) use the internet for other academic related tasks, while the balance of 116 students (45.5%) use internet mostly for another task.

Figure 4.1.4 Internet Usage for Academic Related Task

		Frequency	Percent	Valid Percent	Cumulative Percent	
Figure Internet for	Valid	116	45.5	45.5	45.5	4.1.5 Usage
	Yes	139	54.5	54.5	100.0	
	Total	255	100.0	100.0		

Academic Purposes, Assignments, Presentations and Homework

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	> 7 hours	13	5.1	5.1	5.1
	1-2 hours	101	39.6	39.6	44.7
	3-4 hours	115	45.1	45.1	89.8
	5-6 hours	26	10.2	10.2	100.0
	Total	255	100.0	100.0	

From figure 4.1.5 it shows that out of 255 of these respondents, majority 45.1 % use the internet for academic purpose, assignments, presentation and homework in the range of 3-4 hours daily. Only 5.1 % use internet for more than 7 hours a day.

Figure 4.1.6 as per below indicated that 51.4% of respondents achieved CGPA more than 3.5 in the previous semester (September 2018 – January 2019). From the total of 131 students, 96 respondents are female students. The second range of CGPA which is from 3.00 to 3.49, consist of 89 respondents which majority (62 students) of them are female. There are only 1 female students in the last group of CGPA of less than 2.00.

Figure 4.1.6 Gender VS CGPA

		CGPA				
		> than 3.5	3.00 – 3.49	2.50 – 2.99	2.00 – 2.49	> than 2.00
Gender	Female	Count	96	62	19	5
		% within Gender	73.3%	69.7%	73.1%	62.5%
	Male	Count	35	27	7	3
		% within Gender	26.7%	30.3%	26.9%	37.5%
Total		Count	131	89	26	8
		% within CGPA	51.4%	35%	23.9%	3.1%
		Total %	100.0%	100.0%	100.0%	100.0%

Figure 4.1.7 Gender and CGPA VS Internet Usage (Academic) – Academic purposes, assignments, presentations & homework

		A12					Never Use	Count	Total % gender within CGPA
		1-2 hours	3-4 hours	5-6 hours	> 7 hours				
Gender	Female	> than 3.5	40	44	7	4	1	96	52.50%
		3.00 – 3.49	20	37	5	0	0	62	33.90%
		2.50 – 2.99	10	7	2	0	0	19	10.40%
		2.00 – 2.49	2	2	0	1	0	5	2.70%
		< than 2.00	0	1	0	0	0	1	0.50%
		Count	72	91	14	5	1	183	
		% within Gender	39.30%	49.70%	7.70%	2.70%	0.50%	2.20%	100.00%
	Male	> than 3.5	21	10	4	0	0	35	48.61%
		3.00 – 3.49	13	13	1	0	0	27	37.50%
		2.50 – 2.99	6	1	0	0	0	7	9.72%
2.00 – 2.49		1	1	1	0	0	3	4.17%	
		Total	43	25	5	0	0	73	

	< than 2.00	0	0	0	0	0	0	0%
	Count	41	25	6	0	0	72	
	% within Gender	56.94%	34.72%	8.33%	0	0		100.00%
	Count	113	116	20	5	1	255	255
Total	% gender within usage	44.31%	45.49%	7.84%	1.96%	0.39%		100.00%

Figure 4.1.7 shows that the gender differences and their CGPA towards academic oriented internet usage. Our result is consistent with the study by Jehopio, Wesonga, and Candia (2017). It proves that students who use the internet for academic purposes will have higher academic results compared to other students. Both female and male students who uses more internet for academic purpose achieved better CGPA.

Figure 4.1.8 shows the gender differences and their CGPA range towards social oriented. Our result is more likely consistent with Siraj et al. (2015) where in their study stated that, less than 40% students use internet for social communication, and ours shows 45.49% uses internet 3-4 hours for social communication

Figure 4.18 Gender and CGPA VS Internet Usage (Social) – Social Networking

		B16					Count	Total % gender within CGPA	
		1-2 hours	3-4 hours	5-6 hours	> 7 hours	Never Use			
Gender	Female	> than 3.5	9	41	28	18	0	96	52.46%
		3.00 – 3.49	10	26	18	8	0	62	33.88%
		2.50 – 2.99	4	7	6	2	0	19	10.38%
		2.00 – 2.49	0	4	0	1	0	5	2.73%
		< than 2.00	0	0	1	0	0	1	0.55%
		Count	72	91	14	5	1	183	
		% within Gender	39.34%	49.73%	7.65%	2.73%	0.55%		
Gender	Male	> than 3.5	5	10	12	7	1	35	48.61%
		3.00 – 3.49	5	12	2	8	0	27	37.50%
		2.50 – 2.99	4	2	1	0	0	7	2.75%
		2.00 – 2.49	0	1	2	0	0	3	4.17%
		< than 2.00	0	0	0	0	0	0	0.00%
		Count	14	25	17	15	1	72	
		% within Gender	19.44%	34.72%	23.61%	20.83%	1.39%		100.00%
Total	% gender within usage	33.73%	45.49%	12.16%	7.84%	0.78%		100.00%	

Figure 4.1.9 Gender and CGPA VS Internet Usage (Recreational) – Online Gaming

		C20 (a)					Count	Total % gender within CGPA	
		1-2 hours	3-4 hours	5-6 hours	7 hours and above	Never Use			
Gender	Female	> than 3.5	31	6	0	1	56	94	51.37%
		3.00 – 3.49	26	7	1	3	25	62	33.88%
		2.50 – 2.99	7	2	0	2	8	19	10.38%
		2.00 – 2.49	1	1	0	0	3	5	2.73%
		< than 2.00	0	0	1	0	0	1	0.55%
		Count	72	91	14	5	1	183	
		% within Gender	39.34%	49.73%	7.65%	2.73%	0.55%		
Gender	Male	> than 3.5	8	13	5	5	4	35	48.61%
		3.00 – 3.49	12	6	3	4	2	27	37.50%
		2.50 – 2.99	2	0	1	1	3	7	2.75%
		2.00 – 2.49	1	2	0	0	0	3	4.17%

	< than 2.00	0	0	0	0	0	0	0.00%
	Count	23	21	9	10	9	72	
	% within Gender	31.94%	29.17%	12.50%	13.89%	12.50%		100.00%
Total	Count	95	112	23	15	10	255	255
	% gender within usage	37.25%	43.92%	9.02%	5.88%	3.92%		100.00%

Figure 4.1.9 and 4.1.10 shows the gender differences and their CGPA range towards recreational-oriented internet usage. Both figures show that majority of respondents who uses internet for recreational purpose are the high achievers' students either female or male with CGPA more than 3.5%. Male students use internet for recreational activity in terms of online gaming more than female students, while most of the female students uses the internet for movies and music. Our result is therefore contradicting with the previous research of Gross, (2004) and Haythronthwaite & Wellman. (2002). Past researchers revealed that heavy dependency of recreational oriented internet utilization will affects the academic performance of the students. However, our result shows that these high achievers' students use internet for recreational activity only in the range of 3-4 hours a day. In the duration more than 7 hours of internet usage for online gaming, its shows that male students (13.89%) use internet for online gaming more than female students.

Figure 4.1.10 Gender and CGPA VS Internet Usage (Recreational) – Movies and Music

		1-2 hours	3-4 hours	5-6 hours	> 7 hours	Never Use	C20 (b) Count	Total % gender within CGPA
Female	> than 3.5	24	40	19	12	1	96	52.46%
	3.00 – 3.49	17	20	13	7	5	62	33.88%
	2.50 – 2.99	7	10	2	0	0	19	10.38%
	2.00 – 2.49	2	2	0	1	0	5	2.73%
	< than 2.00	0	0	1	0	0	1	0.55%
	Count	72	91	14	5	1	183	
Gender	% within Gender	39.34%	49.73%	7.65%	2.73%	0.55%		
Male	> than 3.5	6	18	6	4	1	35	48.61%
	3.00 – 3.49	10	8	5	3	1	27	37.50%
	2.50 – 2.99	3	1	3	0	0	7	2.75%
	2.00 – 2.49	1	2	0	0	0	3	4.17%
	< than 2.00	0	0	0	0	0	0	0.00%
	Count	20	29	14	7	2	72	
Gender	% within Gender	27.78%	40.28%	19.44%	9.72%	2.78%		100.00%
Total	Count	92	120	28	12	3	255	255
	% gender within usage	36.08%	47.06%	10.98%	4.71%	1.18%		100.00%

Figure 4.1.11 Gender VS Internet Usage (Social Oriented)

		Independent Samples Test								
		Levene's Test for Equality of Variances		t-test for Equality of Means					95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Social	Equal variances assumed	3.454	.064	-2.698	253	.007	-.25369	.09403	-.43887	-.06851
	Equal variances not assumed			-2.422	106.518	.017	-.25369	.10473	-.46131	-.04607

An independent samples T-test was run as per Figure 4.1.11. there is significant difference of internet usage (social oriented) according to gender. This is parallel with figure 4.1.8 that shown gender differences towards social oriented usage that we matched with their CGPAs. Majority female students (49.73%) and male students (34.72%) use internet for social oriented purpose in the duration of 3-4 hours a day. However, female students show higher

number on social oriented usage in that particular duration. This is consistent with Aziz, Soroush and Khatony (2019) where female will update their daily activities on social media and thus it is become necessary to stay logged on for frequent basis as compared to male.

5.0 Conclusions

Overall, this study highlighted that the internet serves as important information technology in the UiTM education system specifically among accounting students. UiTM's Tapah accounting students depend profoundly on the internet for academic, social and recreational purpose based on their timing of usage. Although this study didn't find the significance difference between internet usage and academic performance in detail, we do find the differences between gender and social oriented usage which is significant. This study proved that almost 50% of the respondents use the internet for social oriented purpose, which in our opinion is a drawback to the better academic performance in the long run. Some of them exceed 7 hours of usage for social and recreational purpose and surprisingly these students come from the high performers (high CGPA) groups of students. However, we rather believe that too much hours of internet usage for social and recreational purpose will have effects upon their studies in the long run where they may have communication problems in real world like the one proven by Siraj et al. (2015). In the matter of that, further research should be carried out to find the effect of too much hours of usage for freshly graduated students who got their first job to see the impact if they perform well in terms of communication during their working environment.

Regarding to the result, we believe that the government authority may provide better internet facilities to various educational institutions with secure policy so that the academic society use the internet mostly for academic purpose. Otherwise there are several possibilities that the internet provided will be misused hourly for social and recreational activities. Apart from that, since we didn't find the significant differences of internet usage and academic performance in detail, in our opinion, internet do helps students in their academic related tasks where we found that majority of them use 3-4 hours of internet to complete their assignments, homework and presentations. Therefore, in our opinion, with proper execution of internet limitation on social oriented purpose, these students need to have a good access and coverage of internet to help them in their academic tasks.

Finally, this paper will alarm the government authority, especially academic institution on how to limit students from misuse or overly use the internet for social and recreational purpose in campus or school area, which they are supposed to concentrate in using the internet for academic related tasks to enhance their academic performance. Though it seems to be tough, but proper guidelines and some sort of mechanism to avoid hours of usage on social and recreational purpose need to be done.

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AN EXPLORATORY STUDY ON THE UNDERGRADUATES' PERCEPTION RELATION TO THE FUNCTIONS AND BENEFITS OF STUDENT SOCIETY

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Abstract

Student society plays an important role in the development of non-academic skills among the undergraduates. Firstly, soft skills, communication skills and ability to networking are among abilities that can be obtained through their active involvement in student society. These values are vital as they may enhance the graduates' rate of employability. Secondly, student society also acts as a platform to carry out value-added activities as undergraduates such as professional talk with the collaboration professional bodies. Finally, student society may also act as a tool to support alumni activities in the future via promoting the sense of belongingness among them while they are still studying in the university. However, the involvement of undergraduates in student society activities is low especially among the final year students. As studies on this subject are scarce in Malaysian setting, therefore, an exploratory study is carried out. The purpose of the study is to find out students' perceptions on student society. This includes their awareness on the functions and benefits of student society as well as reasons for the low participation. Samples were chosen via purposive sampling method. Data were collected via semi-structured interviews and analysed via content analysis. The findings will be useful in order to improve the management of the student society and to increase undergraduates' participation in the future.

Keywords: Exploratory study, student society, employability, alumni

INTRODUCTION

Employers need graduates who are not only expert in their technical fields but also who are able to work in team and lead, possess good communication skills and creative in problem solving. Another characteristic that is being looking forward is ability to make networking. These traits can be developed during the employees' study periods via active participation in extra-curriculum activities such as student society. Most of universities do not make it compulsory; instead of that the undergraduates' participations is on voluntary basis. Many benefits can be reaped if the undergraduates are actively participated in such activity. Apart from the skills above being developed, their resumes will be also remarkable. Being active in student the activities of student society also benefit the university in the long term. Several studies showed that undergraduates who were active in student society activities had a higher probability to donate to their alma mater. However, not all undergraduates are into keen in taking part in student society activities. Therefore, this study is performed in order to find out the reasons of undergraduates' low participation in the activities of student society.

LITERATURE REVIEW

Benefits of student society

A student society is a community and self-government organization whose membership is the students. Student society is run by students at a university or college and thus the success or failure depends on the action and decision made by the members of the organization. Student society is important as it will provide the students a platform to learn and gain experiences by giving them the opportunities to join different extra-curricular activities either academic or non-academic (Chapin, Deans & Fabris, 2019). In general, whenever the new semester starts,

the student societies will actively promote their club to attract the new students to join, therefore students always join student society during their first year at a university and can continue until they graduated.

Many past literatures have documented the benefits of active participations in student society. Firstly, Matilla, et.al. (2013) found that students who involved in student society were able to develop critical thinking skills and utilized creativity in solving problems. They were also more open to comments and able to receive constructive criticism from their peers in order to improve the quality of their tasks. Secondly, students can build up their leadership skills especially if they are the committee members of the student society (Haber & Buckley, 2015; Karimi & Matous, 2018). The president of a student society is responsible to lead the society and oversee the overall operations. Therefore, he needs to have vision, able to make plans as well as able to motivate other committee members. All these can only be achieved if the president has a good communication skill, a strong work ethic and a strategic mind. Other committee members such as treasurer and secretary also play an important role. As they support the president to manage the student society well. Next, students learn to manage their time efficiently. They need to divide their time between their studies and the co-curricular activities as both have deadlines to be met. Additionally, Williams & Mann, (2017) Karimi & Matous (2018) and Chapin et. al.(2019) found that participations in student society may improve students' social skills and widen their social network. These outcomes were achieved when they need to collaborate with other students of different expertise or schools. Finally, students' confidence levels and knowledge were also reported to be high due to the wide social networks (Chapin, Deans & Fabris, 2019 & Williams & Mann, 2017). All these skills are highly valued by employers as the students (or potential employees) are knowledgeable, have a good communication skill, possess leadership traits and able to perform several tasks simultaneously.

Universities may also benefit from the student society in the long run, particularly in the relationship of alumni giving to the university. A number of researches reported there was a higher level of alumni giving if they were actively participated in student society during their studies. The alumni donation is due to a high sense of belongingness; as mentioned by Belfield and Beney (2000); fraternities and sororities gave more as compared to others. Similarly, greater school (or faculty) identification leads to greater probability in alumni giving (Freeland et al, 2014). Thus, student society that is based on school or faculty has a vital role to instill the sense of belongingness among the students of same school or faculty. Additionally, alumni giving is enhanced by the students' satisfaction towards their study experience (Tsao and Coll , 2005 and Sun et.al. 2007). This satisfaction was achieved when student society arranged activities such as career talk or created connection with professional bodies that might assist the students to their current career. A high level of student satisfaction towards their study experience also may be achieved through good relationships between the students and university faculty and staff (Sun et.al 2007), which normally created via various activities arranged by student society.

Students' awareness and perception on student society

There is a limited literature regarding student perception towards student society. Balyer and Gunduz (2012) performed a qualitative research on the impacts of extra-curriculum on students. They revealed that the students' involvement in extra-curriculum activities increased both students' social and academic achievements. The students perceived the extra-curriculum activities as interesting and motivated them to attend school more frequently. They also perceived that extra-curriculum activities a platform for them to enlarge their social cycle and hence they were happier after their involvement in the extra-curriculum activities. However, some of the participants perceived extra-curriculum activities consumed time and distracted their focus from examination.

On the other hand, Roulin and Bangerter (2013) conducted a study on motivations towards student involvement in extra-curriculum. Result shows that students participate in extra-curriculum activities mainly out of internal motives rather than external motives (positive outcomes). The samples joined the extra-curriculum as the activities are enjoyable and interesting. However, towards the end of the study, the participants were more externally motivated to participate in the extra-curriculum activities. This is due to their lack of working experience and extra-curriculum might act as an aid to add more credentials other than their academic qualifications. Roulin and Bangerter also found that students with higher post in the student society were more externally motivated; this means that this group of students was more focus on having more credentials rather than participating due to passion or interest. As a conclusion, samples of both studies were aware on the importance and benefits on the involvement in student society.

Employers' Needs upon the Qualities of Graduates

In the 21st century where the modern economies are rapidly evolving, the needs for highly qualified skilled employees are increasing (Goodman & Tredway, 2016). In Malaysia, issues of graduate's employability have been discussed a decade ago due to oversupply of graduates among public and private universities (Azmi, Hashim & Yusoff, 2018). Therefore, graduates should not only excel in subject matter knowledge but need to equip themselves with standard soft skills in order to secure employment (Jayasingam, Fujiwara & Thurasamy, 2016). However, the arising concern behind the high rates of unemployment is due to marketability of graduates where the graduates do not have the required skills and competency that meet the needs of the industry (Hanapi & Nordin, 2014).

According to Ranjit (as cited in Hanapi & Nordin, 2014), there are ten weaknesses of Malaysian graduates which are in the aspect of management, problem-solving, communication, leadership, creativity, critical thinking, proactive, self-confidence and interaction skills. This has caused universities under pressure to equip students with the 'key', 'core', 'transferable', 'soft', 'employable' and/or 'generic skills' needed in many types of employment (Gurcharan Singh & Garib Singh, 2008).

Student Society of Public University in Malaysia

In public university in Malaysia, student society is established under student affairs division. A number of activities will be carried out in every semester. These activities are categorized in according to the key performance index being set up by the Ministry of Higher Education. They are community engagement; volunteerism with industrial collaboration, undergraduates' expertise or with local community; entrepreneurship; green environment and others such as sport, social or religious activities. The student society acts as a platform in order to produce graduates with leadership skills including good communication skills and high level of creativity. Its activities may also include volunteerism and professional talks which provides add-on values apart from their technical knowledge obtained during lectures.

Each student society will be supervised by one or two advisors who are staff of the university. Approval must first be obtained thus to enable the student society to carry out the activities. Fund will be obtained from the university at a specific amount of RM3,000/- per semester regardless of number of participants or activities carried out. Alternatively, the activities may be funded by the members of the student society themselves or by sponsorship. However, activities which provide big impact on the university will be exceptional; the fund may be raised more than the usual amount. Reports of activities must be prepared and handed over to the responsible unit in relation to student society of the university.

As have been discussed previously, there are numerous benefits may be obtained via an active involvement in student society. However, the level of students' involvement in the activities of student society is low. The poor participation is more obvious if the participation is on volunteer basis and among the final year students. Therefore, an exploratory study is carried out in order to obtain the students' general perceptions on student society. Hopefully, reasons of poor participations can be concluded from the findings and improvements can be carried out in the future. Therefore, the benefits of student society can be reaped out by the undergraduates before they complete their studies.

This study has several limitations. Firstly, it is only focused on one particular student society of a single public university. Other student societies may not have similar problem of low participations. Secondly, the low participation in student society activities is only referred to the year 2017- 2018, which is generally short period of time. Thirdly, being an exploratory study, the sample size of respondents is small; therefore more (quantitative in particular) researches need to be carried out in order to make general conclusions for improvements.

METHODOLOGY

The study was conducted in a public university in Malaysia focusing only on a single student society. In order to address the objectives of the research, this present study used a qualitative inquiry and the participants were selected based on purposive sampling method (Balyer and Gunduz, 2012) because this method is best suited for small size group of participants and it is adequate to capture human perceptions, problems, needs and behaviors.

Total of eight final year students were chosen as samples with the assumption that they have ample time to involve with any activities carried out by the university student society. Five of them are females while the other three are males. Their CGPA are between 3.00-3.97 and none of them hold any post in the student society. The data was gathered through semi-structured interviews and analyzed via content analysis.

RESULTS AND DISCUSSION

Voluntary Participation in the Activities Organised by Student Society

Most of the participants will join activity of student society only if it is compulsory for them to attend. In other words, the level of voluntary participation is low among the students, especially during the final year of study. For instance, most of the participants of sport day were the new students because it was mandatory for them. As mentioned by the participants, *"I have to go because I was told this is mandatory activity (for new students)"*. However, if provided an option, they were not also keen to join the activities – *"I only joined the sport day. Other than that, I don't join any other activity organised by the student society."* Apart from this point, students of final year were participated the least in the student society activities due limited free time. As the content of study has become more difficult, hence their free time is scarce and prioritize their studies rather than non-academic activities. As mentioned by a participant, *"there is no point of being active in student society but with poor academic results"*. Yet the failed to see their active involvement in student society will give a strong foundation to their resumes as suggested by Roulin and Bangerter (2013). Apart from this, some students even practise daredevil which they dare to do against the instruction. Although it is compulsory to attend the sport day, they just ignored the instruction and did whatever they want knowing there was no action could be taken against them- *"I involved in the process of preparation of the sport day, but during the program, I went back home. I don't care whether I will be punished later."*

External motivations may increase the students' level of motivation to participate in the activities organised by student society. They are free meals, meal coupons or merit to be used to apply college in the next coming semester. As suggested by two samples' feedback, *"If I didn't go, I can't stay at college next semester."* and *"I will be there if there is free food provided"*. A participant even suggested several student societies should collaborate and carry out an activity. Apart from external motivators, a collaboration among several student societies that organise a single event instead of separately may increase the number of participations, as mentioned by a sample *"...will go to the event if other friends go"*. The reason is because some students will attend activity organised by student society when there are other friends going. It can be interpreted that students perceive activities of student society as a social event and enlarge their social circle. As two feedbacks obtained, *"When I join sport day activity, I was place in group where some of them were from faculty of science and faculty of science computer. So now my friend lists have expended."* and *"I didn't know that one of member in my team was my neighbour"*. This finding supports Balyer and Gunduz (2012) that extra-curricular activities affected their social life positively where number of their samples' friends and popularity were increased.

On the other hand, two participants participated in student society activities six times on volunteer basis. They understand one of the functions of student society – to enhance students' soft skills. Our samples' feedbacks were *"...to explore one's strength and weaknesses"*, *".. to learn many skills other than academics"* and *"Last time I attended Mental Awareness Talk because this is current issue and I need to know how avoid mental illness."* This finding is similar to Culic et. al. (2016) which active students were always looking for opportunities to build networking and enhance their social, physical and intellectual skills. Samples of both studies were more likely to increase their mastery in various aspects of life and not limited to academically per se.

Students' Preference on the Types of Activities

Student society carry out numerous activities in every semester which can be classify into general activity, entrepreneurship, leisure social engagement and value-added activities such as spiritual mass and career talks. Various feedbacks were sought from the participants but majority prefer activities with entertainment or general issue. They perceive that these kinds of activities may ease their stress and as a break away from their academic workload. In other words, they prefer socialising events to be held more frequently as suggested by Culic et.al. (2016). Several feedbacks were sought; *"Academic program is boring unless the speaker is fun or famous. If I attend, I will just play with my handpone or fall asleep."* Others commented were *"I like to join leisure activities*

like talent show competition because everybody else will go. I get to spent time with my friends and enjoy the show at the same time.” and “... Annual General Meeting should have some entertainment like drama and songs... then only many students will come...”

Only a participant suggested that student society should organise workshops on subjects with high level of failure in order to pass the paper with flying colour. He suggested that *“Student society should organise more activities like mentor-mentee ... so the weak students can get help from their friends or seniors who are smarter than them... help the weak students to pass the difficult paper...”*. Findings of Culin et. al. (2016) also had a similar finding which academic activity was not a priority for the students to be held under student society. Ironically, the academic service can be obtained during lectures and tutorial or via personal consultation sessions. Additionally, religious activities are also the least favoured indicating they do not favour spiritually engagement. It is not a good sign as a holistic development of students emphasizes the spiritual side as stated in the Education Blueprint of Ministry of Higher Education.

4.3 Students’ Perceptions on Student Society

4.3.1 Functions of Student Society

From the samples’ perspective, the student society is important and needed in a university. Student society is a place where all the active students who want to join certain activities gathered to share their ideas and knowledge. Therefore, every faculty need to have their own student’s society or else the students have nowhere to go to join activities. As mentioned by the interviewees, *“Personally, I think student society is needed in campus for those who want to join extra curriculum activities.”* And *“We can plan activities through student society.”*

In general, there is a mixed finding about the students’ knowledge on the functions of student society. Several participants are aware that their involvement in the student society may build up their personal development including leadership skills and expand their networking. As a sample replied, *“Students society is good for building soft skills and can meet new friends from all faculties”*. Yet, none of the participants mentioned anything about the functions of student society in the development of career (Clements and Kamau, 2018); none of the participants realised that student society can be used as a platform for their career planning in the future. The only similarity between this study and Clements and Kamau is both researches agreed that student society may enhance students’ skills in networking.

Another interesting finding is a participant’s response shows that there is a distorted expectation on the functions of student society. He expects that student society acts as a mediator if there is a conflict happens between the students and lecturers. In reality, it is not the responsibility of committee members or advisor of student society to act accordingly. Moreover, it is beyond the jurisdiction of student society; the person who should be accountable is the head of department or the counselling unit. As he said, *“Student society should resolve any conflict between a teaching lecturer and students...”*. Additionally, the same participant also suggested that entertainment activity should be included in the Annual General Meeting (AGM). It shows that the participant does not understand the purpose of AGM which should be carried out in a formal and business-like activity- to report previous activities and spending, plans for future activities and selection of committee members. AGM is only to introduce the new batch of committee members, nothing more than that. In fact, AGM is a platform whereby report of previous activities, election of new committee members and discussion over the future activities. AGM should also act as a platform of two-way communication which members can be informed constraints faced by committee members upon carrying out any activity such as limited budgets, types of activities allowed by the university and time frame. The feedback is *“... Annual General Meeting should have some entertainment like drama and songs...”*

Sadly, several participants think that members do not need to contribute anything to the student society in terms of cooperation; they merely take parts as participants and not co-organiser of activities. Two participants also think that the management of the activities should be solely handled by the committee members; they have no responsibility to contribute their manpower to the society. They fail to see that to make the society active, it is everyone responsibility. Ad-hoc committee members can be set up and therefore committee members may organise more events as compared to if they handle everything. This indicates that leadership values are not possessed by all members, which is a far cry from the objective of student society. Their responses were *“I know that the President and committee members are responsible to plan the good activities for all students.”* And *“I*

like to join entrepreneurs activities not as committee members but as buyer because there will be many students and outsiders open up stalls and I have many choices of foods for that day."

4.3.2 The Impact of Joining Students' Society on Their Academic Performance

Student society gives many advantages toward the development of students' characters but it may impact negatively on the students' academic performance if they do not manage their time well or work as a group. Those who actively join the student society are being exposed to build professional skills including leadership, soft skills, prioritization, management and a boost in self-esteem. Most importantly is student learn how to manage their time efficiently and have a sense of commitment as they participate in the activities and need to commit and try their best in every aspect. Balyer and Gunduz (2012) found that the samples' academic performance increased as the students had a higher self- esteem due to improved social lifes. However, the finding of this study contradict Balyer and Gunduz. Despite the numerous advantages of joining student society, it was found that the samples were sceptical to involve in the student society in the fear of declining academic performance. This opinion might be true if the students were too preoccupied by the student society activities and failed to manage their time between study and activities. As mentioned by the interviewees, *"I am terrified to join student society because I witness my friend who was excellent in her academic performance but her CGPA dropped below 3.0 due to her active involvement in act ivities."* And *"I can't commit with student society because I am afraid I can't manage my time well and finally affected my academic performance."*

4.4 Ineffective Dissemination of Information in Relation to Activities

In the era of technology, the dissemination of information using printed materials is getting less. The use of WhatsApp, Instagram or Telegram applications is widely use. Therefore, taking the advantage of technology, most of the information is disseminated digitally. Not only it is convenience but also may save the student society source of fund. However, there is a catch whereby the information is not disseminated to all either by the flaw of the technology or human attitude. Since group WhatsApp is widely used for this purpose, however it has a limited number of participants. Thus, not all students will be included in the group. Additionally, the internet line is slow that students are put off to download any attachment sent by the student society committee members. And finally, some students are act irresponsibly; they bombard the WhatsApp group with unnecessary information and thus many participants of a group WhatsApp are put off to read all content which makes them miss information related to activity of student society. For instance, a participant did not join dinner organised by student society because he just received the information a day before the event and did not know that transportation was being provided. As he mentioned, *"... I got the information regarding the dinner one day before... I had no time to make any preparation since the dinner has theme..."* and *"...I thought students need to go by themselves and no transport was provided..."*. Most probably WhatsApp is not the most suitable tool to be used. As reported by Culin et. al. (2016), 45% of their samples obtained information about student society via Facebook.

CONCLUSION

As a conclusion, active participation in student society is vital for undergraduates due to two purposes. Firstly, their employability rate will be higher as certain skills that are favoured by employers will be developed via their active participation in student society. These traits are ability to create networking, creativity in problem solving, leadership skills and good communication skills. Secondly, active participation in student society will also instil the sense of belongingness among the undergraduates. This may lead to a higher probability of alumni giving to the university once they have graduated. However, since the involvement in the student society is based on volunteer basis, not all students have the same interest to be actively involved. The findings of this study suggest that the students need to be extrinsically motivated in order to enhance their participations. Additionally, several of them may have distorted understanding on the functions of student society. It is suggested that the committee members need to clarify these issues especially on the functions and roles of student society. Several operational methods also need to be improvised such as dissemination of information to the all members. In the future, it is suggested that similar studies need to be carried out using a bigger size of samples in order to draw conclusions for a wider picture.

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THE REFORM OF MALAYSIAN CODE ON CORPORATE GOVERNANCE: A CONCEPT PAPER

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Abstract

The initiative of formalising the corporate governance in Malaysia is aggressively after the 1997 Asian financial crisis. This crisis had pushed the government to establish a proper system by which the organisation being managed and controlled. Since its first inception in 2000, the Malaysian code of corporate governance is progressively revised for its relevancy with the general aim to achieve sustainable growth of Malaysian capital market. This paper will provide a review on the reform of the corporate governance in Malaysia, begin from year 2000; which then subjected for several stages of revision until present date. This paper will also provide literatures in relation to the Malaysian code on corporate governance and possible future research area.

Keywords: corporate governance, Malaysia, changes

INTRODUCTION

The idea of corporate governance is endlessly subject for discussion as well as improvement. It became a mainstream, where the discussion not only in the corporate boardrooms, but also in the academic meeting around the world (Claessens, 2006). A corporate governance is “the system by which companies are directed and controlled” (Cadbury, 2002). On fundamental, corporate governance provides recommendations on proper standard of operations and propose line of reporting and authority. Beyond that, corporate governance is actually providing a framework of relationship between a company’s management, its board, its shareholders, as well as other stakeholders such as employees and public at large (Witherell, 2000).

Awareness on the important of corporate governance is vital due to increase in number of corporate scandals, especially starting the exposure of Enron back in year 2001 due to accounting fraud and corruption. In relation to that more corporate scandals were revealed around the world such as AOL, Bristol-Myers Squibb, AIG, Lehman Brothers (United States); Lernout & Hauspie (Belgium); Swissair (Switzerland); Parmalat (Italy); Nortel, Biovail, Kinross Gold (Canada); Amir-Mansour Aria, Bank Saderat Iran (Iran); Satyam Computer Services (India); Olympus Corporation, Toshiba (Japan) as well as in Malaysia, among reported cases are Port Klang Free Zone, Maminco Sdn Bhd, Perwaja Steel and Transmile Group Bhd. Alternatives tools being used in the scandals such as misuse corporate funds, fictitious transaction and documents, improper accounting treatment, money laundering and corruption (Kızıllı, 2018). Looking on the patterns of accounting scandals, majority occur within the organisation, due to poor governance of these companies’ managements. This is the factors of emergence of various corporate governance rules and recommendations around the world to response on the disruption of the capital market and to safeguard the investors’ interest.

According to Witherell (2000) the governments is the responsible party to establish a proper policy framework which consists of legal, institutional and regulatory components, which from that the governance system will be developed. The Enron case with other major corporate scandals had forced the United States government to introduced the Sarbanes-Oxley Act (2002), which focus on financial transparency as well as major changes in corporate governance system. In United Kingdom, the Committee on the Financial Aspects of Corporate Governance had issued Cadbury Report in 1992, which recommend amongst other include on the separation duties of chairman and Chief Executive Officer, composition of the board, financial reporting transparency as well as tighten internal controls. The same initiative begins to emerge at other countries, with more corporate governance framework have been established such as the Principles of Good Corporate Governance for Australian listed companies, The 2002 Austrian Code of Corporate Governance, Exposure of Draft Code on Corporate Governance

Practices and Corporate Government Report (Hong Kong) as well as Singapore's Code of Corporate Governance which issued in 2003.

This paper will highlight the reform of Malaysians' code on corporate governance from its' first establishment until present date. This paper will also refer to previous literature to discuss the development process as well as current research in the area of corporate governance in Malaysia.

1. LITERATURE REVIEW

1.1 Corporate governance in Malaysia

In Malaysia, the first code of corporate governance was issued in March 2000, not only in response of the incident of corporate scandal, but also due to Asian financial crisis. Johnson et al (1999) had predict in their study that the country with poor corporate governance will suffer weaker stock market performance, in situation of financial crisis occur between 1997 to 1998. They found that countries with weak corporate governance will eventually suffer stock market collapse due to the loss of confidence among investors. It is believes that a strong corporate governance is the most powerful tool in resolving problems especially during financial crisis (Johnson, Boone, Breach, & Friedman, 2000).

Malaysian's journey in establishing corporate governance is initiate by Securities Commission (SC). The 1st Malaysian Code on Corporate Governance (MCCG) is covering detailed description of principles and best practice for shareholders and external auditors. Then, the code was revised in 2007, where the focus being made on strengthen the roles and responsibilities of the board of directors, the audit committee and the internal audit function (Lee et al., 2015). Among major outcome of MCCG 2007 is by introducing qualifying criteria for being directors, among others the directors need to have proper skills, knowledges, expertise, experiences and being professionalism. The latest code also emphasises more on area of audit where it recommends that all member of audit committee must be independent and forced the company to have an internal audit function.

1.1.1 The Changes of MCCG 2012 against MCCG 2007

In the platform of enhancing the Malaysian corporate governance, SC had released the MCCG 2012 which aim to strengthen the board structure and composition as well as recognise the stewardship role of directors in the company. Recognising the fiduciary role of investor basically reflected from the Agency Theory where it involves a contract relationship between principal who is engaging and also delegating decision making authority to another person, or known as agent, to perform some services on their behalf (Jensen & Meckling, 1976). Through MCCG 2012, the directors in not only act as principal who providing fund and setting the business strategic direction, they also need to ensure that the business operations' is in compliance with all rules and regulations and maintaining an effective governance structure that able to minimise possible risk and internal controls issues ("Malaysian Code on Corporate Governance," 2012). In the following paragraph, the eight principles of revision made to MCCG 2012 are outlined and its respective comparison with the previous version of MCCG 2007 are briefly discussed.

Principle 1: Establish clear roles and responsibility

The first principle of MCCG 2012 aimed to establish a set of unambiguous roles and responsibility of the Boards. Although the same focus was also mentioned in the previous version of MCCG 2007, a greater emphasis was given to ensure explicit segregation of duties and functions between the members of the Board and the management team. The establishment of a formal code of ethical conduct was an urgency with its conformity was the utmost priority in the organization.

Principle 2: Strengthen composition

The second principle of MCCG 2012 touched on an ideal composition of the Board. The Board is mandated to form a nominating committee that is exclusively composed by non-executive directors with most of them are independent. Meanwhile, in addition to a mere establishment of remuneration committee as required in the earlier

MCCG 2007, the Board is also required to a formal and transparent remuneration policies. It includes the recruitment procedures as well as measures taken to attract and retain directors.

Principle 3: Reinforce independence

The third principle of MCCG 2012 set forth several measures to be undertaken by the Board to reinforce independence quality in governance of the organization. Previously, the Board need to ensure a clear division of roles and responsibilities among the organisational leaders to ensure a balance of power and authority. To further improve the perspective of independence in the organization, MCCG 2012 required an annual assessment on its independent directors. Furthermore, the appointment of any independent director is now limited to a maximum of 9 years. The Chairman of the Board must not an independent director while the Board is composed by majority of independent directors. In a specific view on the Chairman position, although not an independent director, the selected person for the post must be a non-executive member of the Board, which also implied that the Chairman should not be appointed as Chief Executive Officer of the organization.

Principle 4: Foster commitment

The fourth principle signified the importance of establishing directorship commitment towards the organization. To foster commitment of directors, MCCG 2012 proposed the specification of a code of behaviours for accepting new directorships. In a similar vein, the Code also suggested the expected time commitment of each members of the Board is established and visible.

Principle 5: Uphold integrity in financial reporting

The earlier MCCG 2017 code had taken the initiative to empower the role of audit committee by limiting the participation of only non-executive directors. This seemed to be consistent with the effort of reinforcing independence as suggested in the third principle of MCCG 2012. Additionally, the audit committee was also required to ensure the preparation of financial statements adhered strictly all applicable financial reporting standard.

Principle 6: Recognize and manage risk

Safeguarding companies' asset and protecting shareholders' interest are among the crucial aspects of organizational commitment. MCCG 2007 had emphasized the maintenance of a reliable internal control system to meet the two organizational commitments mentioned earlier. To complement the effectiveness of the existing internal control system established by the organization, MCCG 2012 proposed the introduction of risk management framework to ensure all potential risks are identified and are properly addressed by the organization. The replacement Code also urged organization to establish an internal audit function that report directly to the audit committee. This move was critical to ensure the Board are made aware of any organizational risk exposure and necessary action, if any, can be taken efficiently on a timely manner.

Principle 7: Ensure timely and high-quality disclosure

In a move to improve transparency, MCCG2012 had suggested value added approaches in disclosing necessary information to the shareholders. In consistent with the Corporate Governance Blueprint 2011 issued by the Securities Commission Malaysia, an organization must not only seek to fulfil the minimum requirement in its reporting. The new organizational paradigm should aim at furnishing shareholders with all relevant information within a timely and appropriate corporate disclosure policies and procedures.

Principle 8: Strengthen relationships between company and shareholders

Instead of previously focus on efforts to improve the commitment and engagement of mainly institutional shareholders with the organization, MCCG 2012 explicitly aimed to establish better and effective communication with all shareholders. More involvement was expected from the shareholders as it was believed to bring positive impact on the governance of the organization. Among the possible strategies to meet this objective was promoting organizational commitment in establishing effective communication with shareholders. This was regarded as an

important initial step to reach and educate all shareholders particularly on the important of active shareholders participation at general meetings.

1.1.2 The Changes of MCCG 2017 against MCCG 2012

On 26 April 2017, the Securities Commission introduced the 4th version of MCCG. The latest version aims to strengthen the Malaysia's corporate culture which focus on accountability and transparency. Not only that, the SC Chairman, Tan Sri Ranjit Ajit Singh said the MCCG 2017 also intend to inspire more corporate governance culture within the companies, in considering whether they are listed or non-listed entities, government-linked companies as well as small and medium enterprise (NST Online, 2017). In contrast with MCCG 2012, there are few significant changes as highlight in the recent MCCG 2017, which represent in Table 2.1 below.

Table 2.1 The changes of MCCG 2017 against MCCG 2012

Area of Differences	MCCG 2017 Reference No	MCCG 2017 Explanation	MCCG 2012 Reference No	MCCG 2012 Explanation
Board Composition	Principle A. II Board Composition 4.1	The board member must at least half is an independent director. For Large Companies, the board members must comprise a majority of independent directors.	Recommendation 3.5	The board members must majority is an independent director. However, the chairman of the board is not to be an independent director.
Tenure of board members	Principle A. II Board Composition 4.2	The tenure limit of nine years for independent directors. After Year 9, the independent directors may continue to serve as non-independent, with the approval from shareholders. After Year 12, the board should seek approval from shareholders through two-tier voting process if they intend to retain an independent director. However, Large Companies are not recommended to retain same independent direct after Year 12.	Recommendation 3.2	The tenure limit of 9 years for independent director. The independent direct may continue to serve, but will re-designation as non-independent director.
Board Diversity	Principle A. II Board Composition 4.5	The board need to disclose in its annual report the company's policy on gender diversity. For Large Companies, they must have a board member, which is at least 30% women directors.	Recommendation 2.2	The board should establish a formal policy that emphasize on board diversity. The board through the Nominating Committee should consider women candidate in the recruitment process.

Area of Differences	MCCG 2017 Reference No	MCCG 2017 Explanation	MCCG 2012 Reference No	MCCG 2012 Explanation
Whistleblowing	Principle A. II Board Responsibilities Practice 3.2	The board should together with the management to establish, review and implement policies and procedures on whistleblowing.	Recommendation 1.3	The board should ensure the preparation of code of conduct should include establishing a proper communication and feedback channels to facilitate whistleblowing.

(“Malaysian Code on Corporate Governance,” 2012; “Malaysian Code on Corporate Governance,” 2017)

1.2 Prior studies on MCCG

Many studies have been done to see the effect of MCCG to performance of the company. Literatures show that good corporate governance generally increase the market value of the firm (Adinehzadeh, Jaffar, Abdul Shukor, & Che Abdul Rahman, 2018; Bhatt, 2016; Bhatt & Bhatt, 2017; Bujang & Rimin, 2017; Kallamu & Saat, 2015; Salin, Ismail, Smith, & Nawawi, 2019). Other than that, studies have also done to examine the effect of series of revision on the scope of MCCG. Based on the observation of Malaysian firms in period between 2004 to 2009, the revision of MCCG 2007 has effect on the earning quality, which two audit committee characteristics; namely financial expertise and independent increase the level of conservatism in Malaysia (Marzuki, Wahab, & Haron, 2016). On the same ground, there is significant improvement in corporate governance of firms listed under finance sector of the main market of Bursa Malaysia, after the MCCG 2007 was issued. The requirement of Bursa Malaysia as well as Central Bank of Malaysia for independent Audit Committee enhance the accounting performance of the selected companies (Kallamu & Saat, 2015). Table 2.2 below represent literatures on different variables covering different angle related with MCCG.

Table 2.2 Prior study on MCCG

Author	Independent Variable	Dependent Variable	Theory Applied
(Salin et al., 2019)	<ol style="list-style-type: none"> Corporate governance <ul style="list-style-type: none"> - Measured using the requirements of the MCCG Board’s ethical commitment <ul style="list-style-type: none"> - Measured using the MCCG and international best practices 	Company performance measured using <ul style="list-style-type: none"> • Return on equity (ROE) • Return on assets (ROA) • Net profit margin • Market-to-Book ratio • Tobin’s Q 	Agency Theory
(Musa, Ali, & Haron, 2018)	<ol style="list-style-type: none"> Board characteristics variables <ul style="list-style-type: none"> - board independence - role duality - published board charter tenure of independence directors 	Voluntary Risk Disclosure measured using <ul style="list-style-type: none"> • the counting of total number of words of “Risk disclosure” 	Nil
(Adinehzadeh et al., 2018)	CG variable	Environment disclosures quality measured using	Agency Theory

Author	Independent Variable	Dependent Variable	Theory Applied
	- measure using index based on MCCG	<ul style="list-style-type: none"> Environmental disclosure index where involved analyzed keywords related to the environment in annual report. 	
(Hooy & Hooy, 2017)	<ol style="list-style-type: none"> Pyramidal firm structure Multiple control chains 	Firm performance measured using <ul style="list-style-type: none"> ROA 	Nil
(Bujang & Rimin, 2017)	Governance attributes <ul style="list-style-type: none"> Number of independent non-executive directors in each company Director's remuneration 	Firm performance measured using <ul style="list-style-type: none"> Earnings per share (EPS) Dividend yield (DY) 	The Agency Cost Theory
(Sadou, Alom, & Laluddin, 2017)	CG variable Measured using corporate governance index (CGI)	Firm performance measured using <ul style="list-style-type: none"> ROE ROA Tobin's Q 	Agency Theory
(Abidin, Hashim, & Ariff, 2017)	Management commitment towards ethics -measured using The Ethics Commitment Assessments Index (ECAI)	Firm performance measured using <ul style="list-style-type: none"> ROE ROA 	Stakeholder Theory
(Bhatt & Bhatt, 2017)	<ol style="list-style-type: none"> CG Measured using self-developed corporate governance index (MCGI) Leverage 	Firm performance measured using <ul style="list-style-type: none"> ROE ROA Return on Invested Capital (RIC) 	Agency Theory Resource Dependency Theory
(Kazemian, Shauri, Sanusi, Kamaluddin, & Shuhidan, 2017)	Financial Ratio & Monitoring Mechanism <ul style="list-style-type: none"> Liquidity Leverage Profitability Dividend policy 	Financial distress measure using Altman z score	Nil
(Sadou et al., 2017)	<ol style="list-style-type: none"> Ownership structures variables <ul style="list-style-type: none"> ownership concentration director ownership government ownership CG attributes <ul style="list-style-type: none"> independent non-executives 	Corporate Social responsibility Disclosure (CSR D) <ul style="list-style-type: none"> Measure using self-constructed Corporate Social Responsibility (CSR) list 	Legitimacy Theory Agency Theory

Author	Independent Variable	Dependent Variable	Theory Applied
	- board size 3. Award		
(Ishak, Amran, & Manaf, 2017)	Firm characteristics - Firm size - Firm leverage - Firm growth - Industry type - Auditor type	Compliance to MCCG principles and recommendations -measure using Corporate Governance Compliance Index	Nil
(Bhatt, 2016)	MCCG - Issued in 2000 - Issued in 2007	Firm performance measured using • ROE • ROA • RIC	Agency Theory Stewardship Theory
(Husnin, Nawawi, & Salin, 2016)	Ownership structure - Block shareholder - Ownership dominance - Politically-connected firms - Family-controlled firm	Choice of auditor based on ethnicity -measure based on the engagement partner's name of certified public accountant firm	Agency Theory
(Abdullah, 2016)	Characteristics & activities of board of directors - Board independence - CEO duality - Board size - Directors' busyness - Nomination committee independence - Risk management committee - Number of board meetings in the year - Firm size - Firm leverage or gearing	Firm performance measured using • Tobin's Q • ROA	Nil
(Marzuki et al., 2016)	1. MCCG 2007 amendments 2. Board members mixture of accounting and financial expert 3. Audit committee characteristics - Independence - The number of meetings annually - Boards' financial expertise	Earnings conservatism	Agency Theory Resource dependency theory
(Ibrahim, Ahmad, Jahl, & Ur Rahman, 2016)	Attributes of 2012 MCCG on independence of the board - separate leadership	Quality of financial information reporting measure using Modified Jones Model	Agency Theory

Author	Independent Variable	Dependent Variable	Theory Applied
	<ul style="list-style-type: none"> - Independent chairman - Proportion of independent directors on board & nomination committee 		
(Rahman, Ibrahim, & Ahmad, 2015)	Board diversity <ul style="list-style-type: none"> - Age - Gender - Ethnicity 	Shareholders' confidence Measured using <ul style="list-style-type: none"> • Share Market Price 	Agency Theory
(Kallamu & Saat, 2015)	Audit committee (AC) attributes <ul style="list-style-type: none"> - Committee composition - Independent committee chair - Audit subcommittees' expertise - Directors with executive experience on audit subcommittee - Membership of executive on audit subcommittee - Interlock of directors on audit and risk management committee - Interlock of directors on audit and remuneration committee - Interlock of directors on audit and nomination committee 	Firm performance measured using <ul style="list-style-type: none"> • Tobin's Q • ROA 	Agency Theory

2. DISCUSSION AND CONCLUSION

Currently, Malaysians' companies are using 4th edition of MCCG. Literatures shows that most studies done looking on the impact of MCCG attributes to the performance of company. There are only few studies on examining the impact prior and post the establishment of MCCG, especially investigating on the areas of changes due to series of revision of MCCG. From the observation made by the SC in 2018, there is more than 70% of the 841 listed companies in Malaysia, had adopted the MCCG best practice in their companies' operations (Star, 2019). Even though these listed companies generally provided minimal requirement as required by the MCCG, but this eventually will help them to hinder from any wrongdoing's opportunities. This statistic basically provides another opportunity for future research looking on factor of noncompliance with MCCG guidelines by those remaining which is not within the statistic.

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ACCOUNTING STUDENTS' ICT USAGE AND ITS EFFECTIVENESS TO IMPROVE PERCEIVED ICT SKILLS IN A PUBLIC UNIVERSITY IN INDONESIA

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Abstract

ICT facilities enable a more efficient delivery of accounting education materials and improve the ICT skills of the students to meet the requirements by the accounting industry especially in the ICT related courses. However, the ICT infrastructures available is subject to budget limitation and therefore, we need to relook into the effectiveness of the available ICT infrastructure and its usage to justify further significant investment in the facilities. In addition, the student-centred learning approach empowered the students to study from outside of the campus and by-pass the need of using university's ICT facilities and therefore lessen its importance. This study measures the accounting students' preference of usage of ICT facilities inside as well outside of the university and their effect on perceived ICT skills acquired by the accounting students in a public university in Indonesia. This study observed a significant relationship between the past experiences in using ICT facilities and the willingness of the students to use it during ICT-related courses the as well as the ICT skills of the students; and between the usage of university's ICT facilities with the perceived ICT skills of the students.

Keywords: Accounting Students, Education, IT, ICT, ICT Facility, Technology

INTRODUCTION

The accounting industry demands the accounting students to be prepared with information and communication technology (ICT) skills which enable them to meet the challenges in working environment (Güney, 2014). However, the education institution is facing financial limitation in providing ICT infrastructure to meet the industry demand and therefore need to channel the resources to the area which provide the most beneficial ICT experience to the accounting students (Tao, 2015).

At the same time, the education industry is turning to ICT by focusing on online courses to improve learning experience of the students as well as to cater to the individual student study behaviour and limitations. Even though this approach reduces the reliance on physical facilities, such as class and lecture hall, and staff, in the event of higher number of student intake, the pressure to increase the ICT facilities has indeed burdened the education industry financially (Tao, 2015).

Based on the point of view from accounting educators, the delivery of accounting knowledge should also consider the preference usage of ICT facilities to improve the learning experience of accounting students (Sačer and Oluić, 2013). This is important to adapt the teaching & learning to the needs of the students and at the end of the day it will improve the accounting students' ICT knowledge and related skills.

The above discussion requires the re-evaluation of the accounting students' usage and preference of the education institution ICT facilities. This is to ensure accounting educators and students to reap the most benefits from the ICT facilities provided (Hussain and Safdar, 2008).

LITERATURE REVIEW

The influence of technology is enormous in the operations of organization, social activity and education (Sačer and Oluić, 2013 & Hussain and Safdar, 2008). Technology is also mainly associated with results achievement,

problem solving, task completion, knowledge employment and asset management (Abdul Wahab and Che Rose, 2012). Inclusively, technology leads to advancements in the methods and tools used to solve problems or achieve a goal. Hence, technological helps in exploring new capacities and capabilities in education (Daiute, 2013) and it is an important learning tools to facilitate students' learning (Eady and Lockyer, 2013). The use of technologies in education environment provides sound and unmatched feasibility for discovery, exchange of information, communication and exploration to strengthen the teaching-learning process (Hussain and Safdar, 2008). In the classroom, technology can encompass all kinds of tools including the use of presentation software, or high-tech tablets, projector screen, online collaboration and conferencing tools, social media and so forth.

The use ICT facilities improve students' performance (Beauchamp and Hillier, 2014 & Wegerif, 2008). Moreover, these facilities assist the educators as well as the students in teaching and learning process such as in communication and, course material preparation and distribution (Al-Ammary, 2013). Thus, deploying technological environment in the education process is a catalyst to reform the educational landscape towards better education facilities.

ICT facilities in accounting education assists life and workplace skills development (Salome and Chukwunwendu, 2014), and in improving the educational quality in the developing countries (Al-Ammary, 2013) to meet employers' demands (Ezeani and Akpotohwo, 2014). Special attention is required for information technology in education due to its rapid growth and advancement since it affect the core competences (Skidmore, 2002) as well productivity of accounting professionals (Pan and Poh-Sun, 2016).

ICT usage in accounting is not only confined to accounting system (French and Coppage, 2011) but also in various tasks which relate to the duties and responsibilities of accountant such as in managerial, advisory and evaluative roles (Skidmore, 2002). Technological advancement requires changes in accounting information system (Sačer and Oluić, 2013) and this should also apply to the accounting education atmosphere since the profession requires new competencies to operate efficiently (French and Coppage, 2011).

In addition, ICT fosters creativity (Henriksen, 2016) and enable management to be more efficient, affordable and flexible than the traditional method (Güney, 2014). The new technologies such as forensic tools, business reporting language, analytics and data mining, are commonly used in accounting (Pan and Seow, 2016). This makes technology-based teaching approach important as a ground basis for accounting students in later life, as a future accountant, auditor or even involved in other sectors imbued with the technological know-how.

Hence, this study measures the accounting students' acceptance of technology-based teaching approach based on their past IT experience, actual usage of IT in education as well as computer skills. Therefore, the following hypotheses were developed to meet the objectives:

Table 1. Hypotheses of the study

H ₁	<i>There is a positive relationship between past experiences in IT and the acceptance of technology-based education.</i>
H ₂	<i>There is a positive relationship between past experiences in IT and the perceived IT skills acquired from technology-based education.</i>
H ₃	<i>There is a positive relationship between past experiences in IT and actual usage of IT.</i>
H ₄	<i>There is a positive relationship between the acceptance of technology-based education and the actual usage of IT.</i>
H ₅	<i>There is a positive relationship between the acceptance of technology-based education and the perceived IT skills acquired from technology-based education.</i>
H ₆	<i>There is a positive relationship between the actual usage of IT and the perceived IT skills acquired from technology-based education.</i>

RESEARCH METHODOLOGY

A questionnaire was designed and consists of three parts. Part A is for demographic information whereas Part B is used to measure the students' past ICT experiences, perceived ICT skills acquired and ICT usage. Finally, Part C is used to measure the students' acceptance of ICT role in accounting education. Five-point Likert Scale; from 1 = "Strongly Disagree" to 5 = "Strongly Agree", is used to measure the students' responses.

A total of 400 questionnaires was randomly distributed to a population of approximately 1,000 bachelor accounting students, however, only 315 questionnaires was returned completely by the respondents, which is more than adequate to represent the population. The previous studies proposed a sample size of 118 for a population of 1,679 (Kotrlík and Higgins, 2001), or alternatively, ten times or more than the number of variables in the study (Roscoe, 1975).

Table 2 shows the reliability statistics for “Past IT experience” variable (students’ previous experiences in computer usage), and “acceptance” variable (students’ acceptance towards technology-based education), which exceeded the minimum recommended Cronbach’s value of 0.70 (Hair et al., 1998; Nunnally and Bernstein, 1994) indicating adequate internal consistency.

Table 2. Reliability statistics

Variable	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
Past ICT Experience	.725	.727	9
ICT Acceptance	.923	.924	18

Descriptive statistics and correlational analysis, using Statistical Package for Social Sciences (SPSS), were done to evaluate overall picture and to ascertain the relationship between variables.

RESULTS

Demographic Profile

The respondents of this study comprised of 80% female and 20% male accounting students, which somewhat represented the population. 42% of the respondents were excellent students, with Cumulative Grade Point Average (CGPA) of 3.50 and above, 39% was between 3.00 to 3.49, and the balance (19%) was below 3.00.

Respondents’ Experiences in Computer Usage

Figure 1 displays the mean results for the respondents’ previous ICT experiences. In general, the results show that respondents have a positive experience in using computer and this is consistent with previous research (Al-Khadash and Al-Beshtawi, 2009). The students enjoy the use of computer, with a mean of 4.3, and its multiple usage makes it even interesting (4.0) and it is a good idea (3.9) to introduce it in accounting education, as it is fun (3.8) to use. Computer helps the students to think (3.8) and some do not believe they can live without it (3.2).

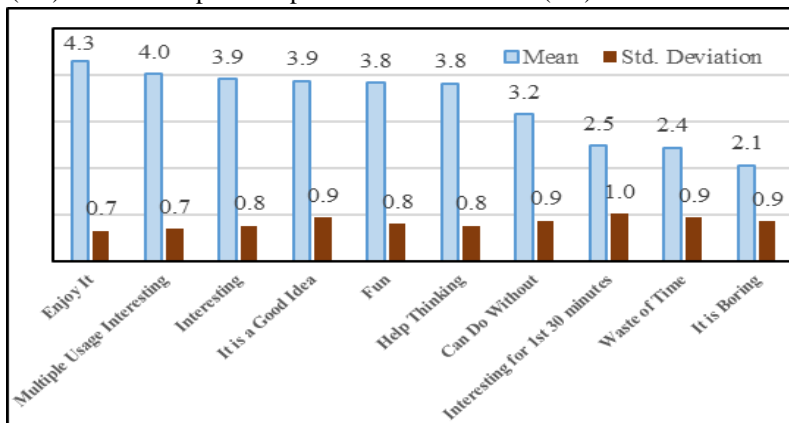
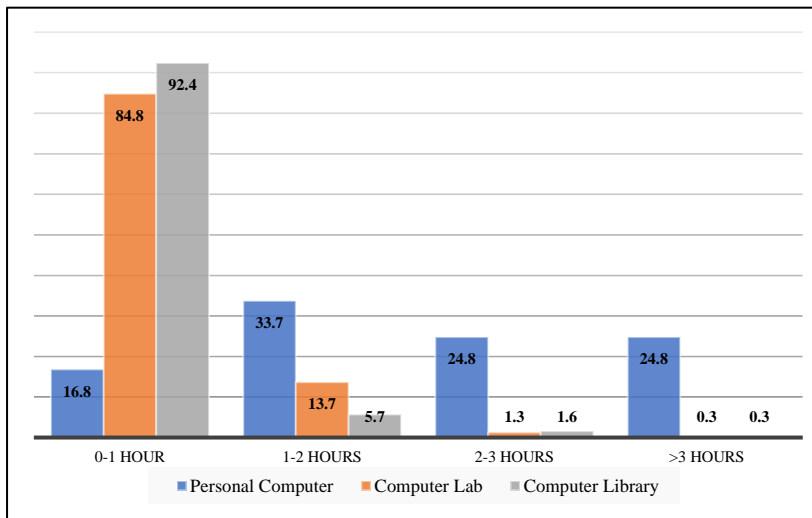


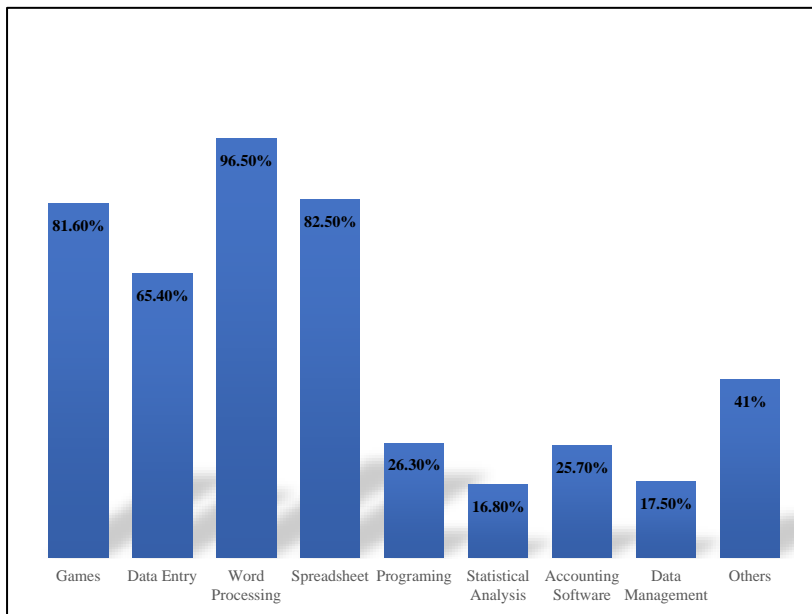
Figure 1. Mean and standard deviation response rate on respondents’ previous experience in computer usage

Though the results reveal that there are positive experiences on the usage of computer, it is noted that the respondents do not think that learning about computer is a must, with a mean of 3.2. Looking into the details of their responses, majority of the respondents, 43%, are indifferent on the learning of computer knowledge while 35% disagree that learning about computer is a must. However, previous researches indicated that university students with low computer literacy are the ones who feel that they have the sufficient computer knowledge (Kumar and Mahajan, 2013 & Wallace and Clariana, 2005)). The finding highlights the possible lack of ICT knowledge among the accounting students and future research is required on the matter.

Usage of Computer



Approximately 25% of the respondents use personal computer more than 3 hours at home, 25% between 2 – 3 hours and 34% between 1 – 2 hours at a time, as depicted in Figure 2. Contrarily, most of the students use the



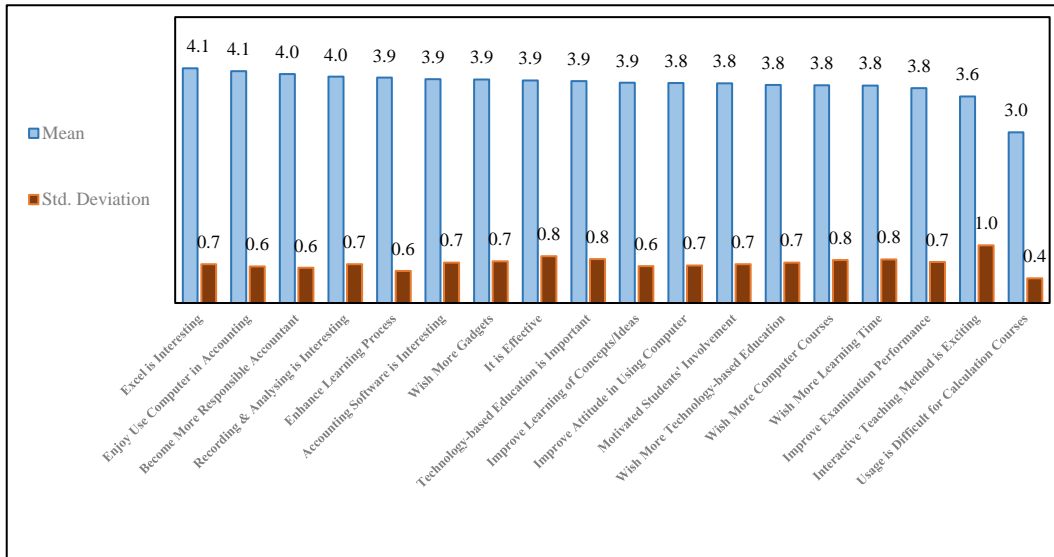
facilities in the computer laboratory between 0 – 1 hours (85%) and 1 – 2 hours (14%). A high percentage of the students (92%) use the computer provided in the library. On average, the respondents use their personal computer between 2 – 3 hours at a time and only up to one hour at a time in the computer laboratory and computer provided by the library. The data shows that the respondents rely on a personal computer at home for task that requires longer duration or for non-educational purposes while using the computer facility in the computer laboratory during class hours for, i.e. below a 2-hour slot. The students have also the choice to use the computers in the library, mostly within 1-hour slot.

Computer Skills of the Respondents

Figure 2. Usage of computers among students (in percentage)

Figure 3. Perceived computer skills acquired (in percentage)

The computer skills among the students is a very important aspect in this study. As shown in Figure 3, nearly 97% respondents believe they have skills in word processor application, which is in line with a previous research (Merino and Abel, 2003). The second is the skills in spreadsheet (82%) and followed by playing computer games (82%) followed by data entry (65%). Surprisingly, only 26% of them believe that they have skills in spreadsheet – one of the must-have computer skills to become a future accountant. This is also consistent with previous studies



which claimed that even though the skills in accounting software are the most important in the work place, they are not highlighted on campus and do not meet with the demands of the working environment (Jackson and Cherrington, 2002).

Respondents' Acceptance on Technology Implementation in Accounting Education

The means of the respondent's acceptance towards the use of technology in accounting education are portrayed in Figure 4. As an overall, the introduction of technology-based education is welcomed by the accounting students. The accounting students perceived the use of technology in accounting subjects makes the mastering of accounting related applications such as Excel more interesting, with a mean of 4.1, and they enjoy the use of computer in accounting subjects (4.1) to the extent that even boring and repetitive tasks of recording and analyzing data (4.0) is apparent as interesting chores. One important point to highlight is that the accounting students believe that the use of technology enhances learning process (3.9) and improves their examination performance (3.8), which is supported by a previous study (Bawaneh, 2011).

Figure 4. Mean and standard deviation of the students' acceptance on the use of technology in accounting education

Another important finding of the research is that most of the respondents feel that the use of technology does not help them in calculation subjects (3.0). This could be due to the lack of exposure or practice or assignment used in the class using the computer, or, could be in solving the problems in more advanced accounting courses. Since technology is there to help us in making tough job easier, computer should be used in calculation subject, such as computer mediated tutorials (Merino and Abel, 2003). This is a challenge to the accounting educators (Watson et al., 2007, & Zemsky and Massy, 2004) since the right choice of technology used in accounting education has a tremendous impact on students (Ahadiat, 2003).

Correlation Analysis

Based on Table 3, all hypotheses of the study are accepted as there are significant correlation between past ICT experiences, ICT acceptance, usage and perceived ICT skills acquired. This result is consistent with previous studies where students that have access to technology tools tend to have a positive attitude towards the use of technology in teaching and learning (Henderson, 2005 and Chokri, 2012). In addition, students who have less

experience with ICT would normally feel discomfort with the use of technology (Link and Marz, 2006) in education.

Table 3. Correlation analysis

	Gender	CGPA	Personal Computer Usage	Computer Labs Usage	Computer in Library Usage	Past Experiences	Perceived Skills
CGPA	.213**						
Personal Computer Usage	-.020	.055					
Computer Labs Usage	-.116*	-.199**	.028				
Computer in Library Usage	.001	-.054	.059	.289**			
Past Experiences	.000	.118*	.265**	.027	.040		
Perceived Skills	-.079	-.027	.101	.051	.148**	.237**	
Acceptance	-.024	.055	.220**	.033	.114*	.640**	.276**

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

The past ICT experience and acceptance are significantly correlated with the usage of personal computer but not the usage of computers in laboratory and library. In addition, both ICT experience and acceptance are significantly correlated to the perceived ICT skills acquisition among the accounting students.

Additionally, the usage of the computers in library is also significantly correlated with the improve in perceived ICT skills acquired by the accounting students. Strangely, the usage of personal computer and computers in laboratory are not significantly correlated with the perceived ICT skills acquired by the students. However, there is insignificant correlation between the usage of personal computer and the use of computer in laboratory and library. On the contrary, the usage of computer in both laboratory and library is significantly correlated.

The results of the correlation analysis show that the students with positive past ICT experience have high ICT acceptance and use personal computer heavily. The students with excess to personal computer, however, do not rely on the computers provided by the university, hence insignificant correlation in their usage of the computers in the laboratory and the library. The ICT skills of these students are not related to the usage of personal computer, but instead it is related to their past ICT experience and ICT acceptance. This could be due to non-educational usage, such as for playing computer games and interaction through social media.

There are many students rely on the computers provided by the library as the computers in the laboratory are used most of time for teaching and learning. Most probably the usage of computers in the library, due to its environment or availability of relevant computer applications, has improved their perceived ICT skills. This is in contradiction with another research whereby the usage of the computers in the laboratory increases the ICT skills of the accounting students (Wahab, 2017).

Obviously, the students rely heavily on the ICT infrastructure provided by the university, especially the computers in the library to improve the ICT skills. This dependency could somehow be reduced by the ICT infrastructure afforded by the university and in the future, more should be done by the faculty to give extended access of the computers in the laboratory to the accounting students, especially to those who really need to use the computers for learning purposes.

Insignificant correlation is noted between demographic information, which is the gender and CGPA with the ICT acceptance of the accounting students (Mitra et al., 2000 & Pektas and Erkip, 2006) as society has generally accepted it (Popovich, 2008).

Based on the results, this study concludes the ICT skills acquisition for accounting students as depicted in Figure 5.

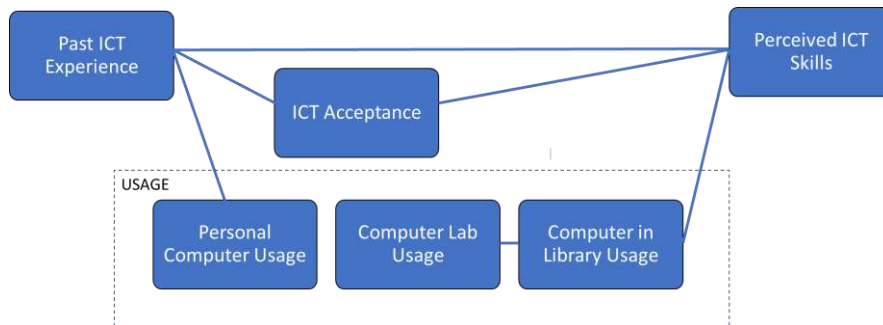


Figure 5. ICT acceptance & usage summary in developing ICT skills for accounting students

CONCLUSION

This study found a significant positive relationship between the past ICT experiences and the ICT acceptance as well as the perceived ICT skills of the students; and between the usage of computer in library with the perceived ICT skills of the students. Therefore, it is essential for the academic administrator to enhance ICT experience of the accounting students via additional intake requirements, i.e. basics ICT courses, or additional ICT courses for students with inadequate ICT exposure. In addition, more computer laboratory hours should be introduced to enhance ICT skills of the accounting students. In a nut shell, additional introductory ICT courses and additional investments in ICT infrastructures are necessary in improving ICT skills among the accounting students. The study could be extended to identify the qualitative aspect of ICT usage among accounting students.

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FACTORS IN SELECTING ACCOUNTING PROGRAM: A STUDY ON A MALAYSIAN PUBLIC UNIVERSITY

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Abstract

Professional accountant is one of the pillars in a developed country, a status strived by Malaysia to be achieved. Malaysia requires at least 60,000 professional accountants by the year 2020 to support the nation's aspiration. The current number of Malaysian Institute of Accountants members is only about 36,000 individuals. Since we are way far behind from the target, all efforts and resources should be focused in achieving this figure, in an effective manner, at least in the next 5 years. However, the existence of failure and expulsion rates among the accounting students makes the accounting educators wonder whether they are offering the accounting course to the right individuals. Offering the program to a wrong person is actually a waste of the nation's resources, and this has led and encouraged this study to be carried out in order to identify the factors that are taken into consideration by the first semester Diploma in Accountancy (DIA) students in selecting the accounting course as their tertiary education preference. Questionnaires were distributed and 131 completed questionnaires were obtained from the new intake students (September-December 2019 intake) of DIA in a Malaysian public university in Perak. This study found that self-interest, siblings, parents and schoolmates are among the factors that have impact onto the students' decision making in selecting accounting program. Hence, lack of self-interest among the students themselves, as other factors (siblings, parents and schoolmates) are also having impact in influencing some of these students' decision making in selecting the accounting program, could also contribute to the presence of expulsion rate among the accounting students. These findings could assist the policy makers, and interested parties, in promoting accounting programmes among the potential accounting students in the future.

Keywords: Accounting, Accounting Students, Accounting Education, Education

INTRODUCTION

Professional accountant is one of the pillars in a developed country, a status strived by Malaysia to be achieved. However, the number of professional accountants in Malaysia is still far from the required 60,000 professional accountants (CSAP, 2014). The current number of the Malaysian Institute of Accountants (MIA) members is approximately 36,000 (MIA, 2019), which also includes non-professionally qualified members. Since an accountant does not come into existence overnight, efforts and resources in promoting, selecting, nurturing and encouraging this profession to the younger generation need to be taken up the local authority in attaining this target.

In addition, there is no guarantee that the current accounting students will become professional accountants (Wahab et. al, 2016) because in the last 40 years only 27% of accounting graduates have registered with MIA (CSAP, 2014) and a study by CSAP (2014) noted that only around 41% of graduating accounting students planned with certainty to sit for professional examination. Furthermore, the problem is escalated by the under-representation of Bumiputera professional accountants, which is only about 8% of total professional accountants ("YPPB Roadmap to 2020").

Furthermore, there is a decline of interest in selecting accountant as preferable profession in Malaysia as it is mainly associated with long working hours, and it is considered as a less glamorous profession (MIA, 2015), as well as having a very rigid entrance requirements (Sugahara, Hiramatsu & Boland, 2009). Some parts of the world are also experiencing this similar trend over the last decades (Hsiao & Nova, 2016, Zyl & Villiers, 2011; Sugahara, Hiramatsu & Boland, 2009; Sugahara & Boland, 2006; Jackling & Calero, 2006; & Ahmed, Alam & Alam, 1997), while others are experiencing the opposite (Hsiao & Nova, 2016). On top of that, the existence of failure, withdrawal and expulsion rates among the accounting students makes the accounting educators and administrators

of higher education institutions wonder whether they have attracted and offered the places in the Accounting Faculty to the wrong group of individuals. In such situation, it is actually a waste of the nation's resources and corrective need to be taken in overcoming this problem.

Accordingly, this paper explores the factors that are taken into consideration by the new intake students of Diploma in Accountancy program in selecting the accounting course as their tertiary education preference. The contribution made by this study might be minimal to the body of knowledge in the related area, nevertheless the findings are of importance as they would provide more insights on how to attract larger number of qualified and "right" type of students to join accounting program in the future.

The paper is organized as follows: Section 2 focuses on the literature review, followed by Section 3 that outlines the research methodology of the study. Section 4 presents the results of the study and their interpretations. The paper ends with Section 5 that discusses on conclusions, recommendations and limitations of the study.

LITERATURE REVIEW

Previous studies find mixed results in relation to the influence of various groups such as parents, friends and teachers onto individuals' preference in selecting their tertiary program that they intend to pursue. Family plays a significant role in the students' selection of program in college (Balckwell & Pinder, 2013) especially that of parents (Dalci et. al, 2013; Sugahara & Boland, 2006). However, this findings contradict to the findings in Gul, Andrew, Leong & Ismail (1989).

Teachers (Ibrahim et. al, 2016; Hsiao & Nova, 2016; Dalci et. al, 2013; Paolillo & Estes, 1982; Mauldin, Crain & Mounce, 2000; & Geiger & Ogilby, 2000), and peers (Hsiao & Nova, 2016; Dalci et. al, 2013) are also playing major roles in the students' decision in selecting the accounting program.

Students' knowledge (Yusoff et. al, 2011) pertaining accounting program could also have an impact on their decision-making process. Hence, promotional programs and materials are important in creating awareness about accounting education among students (Ibrahim et. al, 2016; Zakaria, Fauzi & Hasan, 2012; Samsudin et al., 2015), especially by the professional accounting bodies (Ghani et al., 2008) and practicing accountants (Sugahara & Boland, 2006) since they are the experts in this field in relation to an accountant's career path (Ghani et al., 2008).

Family is also seen as an influential factor that affect the students' decision-making process (Hamid, 2017). In fact, family encouragement is evidently affecting the students' choices on their accounting career pathways (Wahab et. al, 2016). The impact of family influence is very obvious especially when a family member is in the accounting profession himself (Ibrahim et. al, 2016). However, the recent studies by Thing & Jalaludin (2018) & Ng et al. (2017) conclude that third parties; parents, teachers and friends, have no significant impact on the students' decision to become an accountant.

Benefits obtain from being an accountant, either in the form of financial or non-financial gain, is one of the most important factors in the accounting students' decision-making process in selecting accountant as their career (Demagalhaes, Wilde, & Fitzgerald, 2011; Said et al., 2004; and Ghani et al., 2008). However, Ulfah, Jaharandak & Khatibi (2019), highlight that economic factors are not significantly affecting the decision in pursuing accountant as their career.

Career aspiration, educational aspirations, personal interest and characteristics are also among other main factors attracting the students in enrolling into accounting programs (Samsudin et al., 2015). Additionally, job stability and security, advancement opportunities and the students' perceptions towards the profession (Mustapha & Abu Hassan, 2012), social and career factors (Ulfah, Jaharandak & Khatibi, 2019; Ibrahim et. al, 2016) and future prospect (Umar, 2014) significantly influence students' decision in pursuing accounting qualification programs.

Further, students' perception (Kloot et al., 2007; Sugahara et al., 2008; and Omar, 2009) do influence the students in their decision to pursue accounting qualification. Some of the students pursue accounting program in order to obtain public recognition with higher level of qualification and satisfactory salary scale, to acquire an in-depth knowledge and competency, as well as to secure a better job and to be successful (Hamid, 2017; Samsudin et al., 2015). Only a few studies show that self-desire (Umar, 2014) and interest (Ibrahim et. al, 2016) positively affect the decision of the students.

In another study, students' academic results and availability of students' loan or scholarship are the main consideration in selecting accounting program (Omar, 2009). A number of the previous studies cited gender differences (Ahmadi et al, 1995; Kloot et al, 2007; and Omar, 2009) as the variable in enrolling accounting

program. In fact, there are students who they themselves are not interested in accounting program at all as the course is too difficult or due to lack of financial aid to take up the program (Samsudin et al., 2015).

RESEARCH METHODOLOGY

A set of questionnaires is designed and it is consisted of three parts. Part A is pertaining to the demographic information, Part B is relating to the students' motivational factors in selecting accounting program, while Part C is seeking the students' future planning. Five-point Likert Scale; from 1 = "Strongly Disagree" to 5 = "Strongly Agree", is used to measure the students' responses.

A total of 200 questionnaires were randomly distributed to a population of 1,579 accounting students. However, only 131 complete questionnaires were received. Nevertheless, this amount is adequate to represent the population as Kotrlik and Higgins (2001) proposed a sample size of 118 for a population of 1,679 individuals.

Descriptive statistics and correlational analysis, using Statistical Package for Social Sciences (SPSS), were done to evaluate overall picture and to ascertain the relationship between variables.

RESULTS

Demographic Profile

The respondents of this study is comprised of 75% female and 25% male accounting students, which somewhat representing the gender of the population. 61.8% of the respondents obtained four to five grade A's in Malaysian Certificate of Education (Sijil Pelajaran Malaysia; SPM), 29% obtained one to three grade A's, and the balance (8.4%) secured between 6 to 9 A's.

78% of the students who are being offered the accounting program have chosen this program as their first choice, while the rest (22%) did not apply accounting as their preferred choice in pursuing their tertiary education.

Parties Encouraging the Students in Selecting Accounting Programme

Table 1. Encouraging Parties (%)

	Self-Interest	Parents	Siblings	Teachers	Friends
Strongly Disagree	8.4	5.3	5.3	6.9	8.4
Disagree	0.8	1.5	3.1	3.8	19.8
Not Applicable	3.8	3.8	20.6	15.3	41.2
Agree	56.5	42.0	45.8	43.5	25.2
Strongly Agree	30.5	47.3	25.2	30.5	5.4

The respondents claimed that parents (89.3%), self-interest (87%), teachers (74%), siblings (71%), and friends (30.6%) played major role in encouraging them to apply for accounting program as depicted in Table 1. Therefore, parents and self-interest play a major role in encouraging the students to apply for the accounting program.

Motivation for Studying

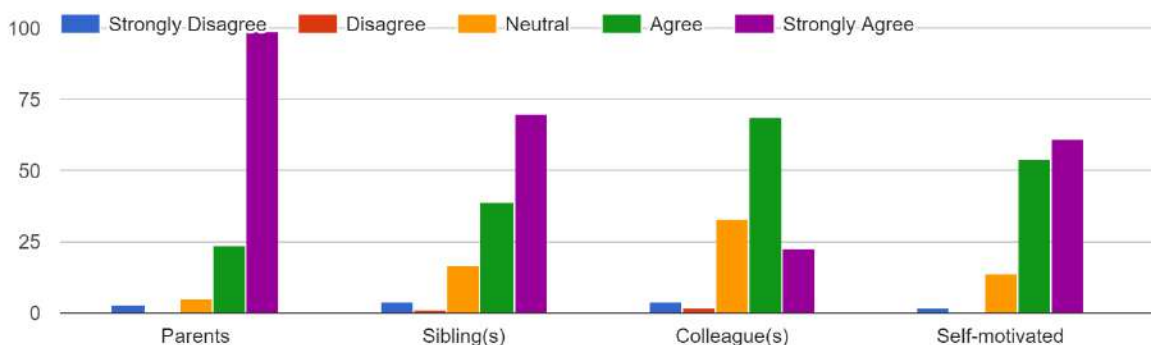


Figure 1. Motivation for studying (number)

The respondents claimed that parents are the main motivator for studying and taking up the accounting program. This is followed by self-motivation, siblings and colleagues. Hence, parents and self-motivation are crucial in motivating the students to study and performed well in their studies.

Correlation Analysis

Based on Table 2, there are significant correlation between the students' own choice in selecting accounting program and Self-Interest. This shows that the students do make up their own mind in selecting accounting program. This finding is as per the results obtained by Thing & Jalaludin (2018) and Ng et. al (2017).

In addition to the above, Parents Encouragement is positively co-related with the decision of the students to enroll into the accounting program. This shows that parents also play a major role in the accounting students' decision making (Dalci et. al, 2013; Sugahara & Boland, 2006).

Schoolmate Encouragement is also positively correlated with the students' decision making in deciding their next phase of education level (Hsiao & Nova, 2016 and Dalci et al., 2013). Last but not least, siblings is also one of the major contributors in assisting the students' decision making in selecting accounting program.

Table 2. Correlation analysis

	Own Choice
Self Interest	.003**
Parent Encouragement	.037*
School Mate Encouragement	.029*
Siblings	.006**

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

CONCLUSION

This paper explores the decision-making factors that were taken into consideration by the new intake students of Diploma in Accountancy program in their decision to further their studies in accounting field.

This study shows that for those students who have selected accounting program as their first choice, their decision to further their studies in the accounting field is significantly co-related to the self-interest and encouragement by parents, friends (schoolmates) and siblings. Hence, lack of self-interest among the students themselves, as other factors (siblings, parents and schoolmates) are also having impact in influencing some of these students' decision making in selecting the accounting program, could also contribute to the presence of expulsion rate among the accounting students.

This study is not without any limitations. The most obvious limitation is that it covers only one Malaysian public university. For future research, it is suggested that the study could include other Malaysian public universities as well as private universities, in order obtain better understanding on the factors that have impact onto the students' decision to further their studies in accounting field. Additionally, future study could also delve into the reasons as to why students do take up the accounting program despite accounting is not their first choice preferred program (represented by 22% of the sample in this study)

The results derived from this research could be useful for the policy makers, accounting educators and administrators, as well as to the professional bodies in attracting individuals who are actually keen in pursuing accounting program and to become an accountant at the end of the day. Collaboration among the related interested parties need to be taken up seriously in order to ensure the accountant's future viability (Malthus & Fowler, 2009).

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KEMAMPUAN FAKTOR AKUNTANSI DAN NON AKUNTANSI DALAM MEMPREDIKSI *BOND RATING* DI INDONESIA

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Abstract

This research aims to determine the ability of accounting factors and non-accounting factors in predicting the bond rating in non-financial companies. Bond rating is the dependent variable in this research. The independent variables in this research are accounting factor and non accounting factor. Accounting factors consist of productivity, profitability, solvency, liquidity, and leverage. Non-accounting factors consist of secure, maturity, and the auditor's reputation. The sample in this research are non-financial companies which are listed in Indonesia Stock Exchange (BEI) during 2013-2015 and rated by PT Pefindo. The sample is selected by using purposive sampling method. 120 samples of bonds are obtained. Data analysis is done by using logistic regression analysis. The results of this research indicate that the solvency and maturity have a significant positive effect on bond rating, and leverage has a significant negative effect on bond rating. Meanwhile, productivity, profitability, liquidity, bond guarantee, and auditor reputation have no effect on bond rating.

Keywords: bond rating, accounting factor, non-accounting factor, auditor's reputation

1. PENDAHULUAN

Salah satu yang menjadi faktor terpenting dalam menjalankan suatu usaha adalah sumber pembiayaan bagi usaha tersebut. Menerbitkan obligasi merupakan salah satu bentuk pembiayaan atau pendanaan yang dapat dilakukan oleh suatu perusahaan. Sari dan Badjra (2016) menyatakan bahwa investasi obligasi itu memang lebih aman, akan tetapi obligasi tetap memiliki risiko yaitu risiko tingkat suku bunga dan risiko perusahaan tidak mampu membayar kupon obligasi atau nilai pokok hutang obligasinya. Salah satu cara yang dapat dilakukan untuk meminimalisir risiko obligasi adalah melalui peringkat obligasi.

Susilowati dan Sumarto (2010) berpendapat bahwa memperhatikan peringkat obligasi sangat penting, khususnya untuk pemilik modal yang akan melakukan investasi. Informasi yang diperoleh dari peringkat obligasi mempunyai tujuan untuk menilai kualitas kredit dan kinerja dari perusahaan penerbit. Peringkat obligasi tersebut merupakan salah satu acuan dari investor ketika akan memutuskan untuk membeli suatu obligasi perusahaan atau tidak. Widiyastuti, Djumahir, dan Khusniyah (2014) menjelaskan bahwa selain peringkat obligasi memiliki keuntungan bagi investor, peringkat obligasi ini juga memiliki keuntungan bagi perusahaan penerbit obligasi diantaranya yaitu untuk menunjukkan penilaian atas keamanan dari obligasi yang diberikan.

Di Indonesia, terdapat tiga lembaga pemeringkat obligasi, yaitu PT PEFINDO, PT Kasnic Credit Rating Indonesia, dan PT Fitch Ratings Indonesia. Penelitian ini lebih mengacu pada obligasi yang diperingkat oleh lembaga pemeringkat PT PEFINDO karena lebih banyak perusahaan listing di Bursa Efek Indonesia (BEI) yang menggunakan jasa pemeringkatan Pefindo. Secara umum peringkat obligasi dikategorikan menjadi dua, yaitu; (1) kategori *investment-grade* (AAA, AA, A, BBB) adalah kategori bahwa perusahaan dianggap memiliki kemampuan yang cukup dalam melunasi hutangnya, dan (2) kategori *non investment-grade* (BB, B, CCC, dan D) adalah kategori perusahaan dikatakan tidak layak untuk berinvestasi bagi para investor.

Widiyastuti (2016) menyatakan bahwa peringkat obligasi diperbaharui secara reguler, perbaruan dari peringkat obligasi ini berguna untuk mencerminkan perubahan signifikan dari kinerja keuangan dan bisnis perusahaan. Perubahan peringkat obligasi memiliki pengaruh signifikan pada aktivitas investasi dan pendanaan masa depan perusahaan serta profil risiko dan kinerja masa depannya.

Salah satu kasus terjadi pada PT Express Transindo Utama Tbk yang mengalami gagal dalam membayar bunga ke-15 obligasi I Tahun 2014 senilai Rp 1 triliun, padahal awalnya obligasi tersebut mempunyai peringkat A dari Pefindo. Kemudian PT Pefindo kembali menurunkan peringkat obligasi I tahun 2014 dari BB- menjadi D atau *default*. Hal ini terjadi karena PT Express Transindo Utama Tbk gagal membayar bunga pada 26 Maret 2018. Gagal membayar hutang terjadi ketika pertama kali tidak membayar kupon bunga (Melani, 2016).

Fenomena yang terjadi di Indonesia perihal peringkat obligasi dari beberapa perusahaan yang mengalami gagal bayar (*default*) yang kebetulan memiliki peringkat *investment-grade* ini menimbulkan suatu pertanyaan apakah peringkat obligasi yang dinilai oleh lembaga pemeringkat di Indonesia akurat atau tidak. Realitas yang terjadi adalah peringkat obligasi suatu perusahaan tidak selalu stabil. Keadaan fluktuatif atau kondisi naik turunnya peringkat obligasi ini disebabkan oleh berbagai faktor, baik faktor akuntansi maupun faktor non akuntansi. Pengaruh faktor akuntansi dan faktor non akuntansi dalam kaitannya dengan *bond rating* didukung oleh penelitian sebelumnya yang sudah dilakukan.

Rusfika dan Wahidahwati (2017), Sari dan Badjra (2016), dan Widowati, *et. al* (2013) menyatakan bahwa terdapat banyak faktor yang mempengaruhi peringkat obligasi baik dari faktor akuntansi maupun non akuntansi. Faktor akuntansi meliputi rasio produktivitas, likuiditas, solvabilitas, profitabilitas, dan leverage. Untuk faktor non akuntansi meliputi jaminan, reputasi auditor dan umur obligasi. Karena adanya hasil yang tidak konsisten dalam penelitian-penelitian sebelumnya, maka diperlukan penelitian lebih lanjut untuk menguji kembali pengaruh faktor akuntansi dan non akuntansi terhadap *bond rating*.

Penelitian ini menguji kembali faktor-faktor yang berpengaruh terhadap peringkat obligasi pada perusahaan non keuangan yang terdaftar di Bursa Efek Indonesia yang akan ditinjau dari faktor akuntansi dan faktor non akuntansi. Faktor akuntansi yang digunakan dalam penelitian ini adalah produktivitas, profitabilitas, solvabilitas, likuiditas, dan leverage. Sedangkan faktor non akuntansi yang digunakan adalah jaminan obligasi, umur obligasi, dan reputasi auditor. Penelitian ini menjadi penting karena kandungan informasi akuntansi dan non akuntansi merupakan acuan utama dalam mempertimbangkan untuk memprediksi *bond rating*. Berdasarkan latar belakang tersebut, peneliti bertujuan untuk menguji kemampuan faktor akuntansi dan faktor non akuntansi dalam memprediksi *bond rating*

2. LANDASAN TEORI DAN PENGEMBANGAN HIPOTESIS

2.1 Teori Sinyal (*Signaling Theory*)

Signaling Theory menunjukkan adanya asimetri yang terjadi antara pihak yang berkepentingan dalam perusahaan mengenai informasi perusahaan karena ada salah satu pihak yang dianggap memiliki informasi yang lebih baik dari pihak lainnya (Spence, 1973). Manajemen sebagai pihak internal perusahaan memiliki informasi yang lebih baik dibandingkan dengan pihak lain. Teori sinyal mengemukakan bagaimana seharusnya sebuah perusahaan memberikan sinyal kepada pengguna laporan keuangan. Sinyal ini berupa informasi mengenai apa yang sudah dilakukan oleh manajemen untuk merealisasikan keinginan pemilik. Sinyal yang diberikan dapat berupa promosi atau informasi lain yang menyatakan bahwa perusahaan tersebut lebih baik daripada perusahaan lain. Contohnya informasi terkait peringkat obligasi. Henny (2016) mengatakan bahwa dengan adanya asimetri informasi, sangat sulit bagi investor dan kreditor untuk membedakan antara perusahaan yang mempunyai kualitas tinggi dengan perusahaan berkualitas rendah. Sinyal yang diberikan dapat berupa informasi yang menyatakan bahwa suatu perusahaan lebih baik dibandingkan dengan perusahaan lain (Fauziah, 2014).

2.2 Pengaruh Faktor Akuntansi terhadap Bond Rating

Produktivitas merupakan rasio yang mengukur seberapa efektif perusahaan mempergunakan sumber daya yang dimiliki oleh perusahaan tersebut (Widowati *et. al*, 2013). Rusfika dan Wahidahwati (2017) menjelaskan apabila produktivitas perusahaan tinggi kemungkinan besar obligasi yang diterbitkan perusahaan tergolong dalam *investment grade*, karena dengan penjualan yang tinggi akan lebih cenderung mampu menghasilkan laba yang tinggi pula sehingga perusahaan mampu untuk memenuhi segala kewajibannya kepada para investor secara lebih baik. Penelitian Henny (2016) menemukan bahwa produktivitas berpengaruh positif terhadap prediksi peringkat obligasi.

H1. Produktivitas berpengaruh positif terhadap prediksi peringkat *bond rating*.

Profitabilitas memberikan gambaran sejauh manakah keefektifan perusahaan dalam menghasilkan laba. Tingkat profitabilitas yang tinggi dapat mengindikasikan kemampuan perusahaan untuk *going concern* dan memenuhi kewajibannya. Laba perusahaan dapat digunakan untuk melunasi kewajiban perusahaan termasuk obligasi. Dengan demikian tingkat profitabilitas dapat digunakan sebagai pengukur risiko *default* perusahaan. Hasil penelitian Amalia (2013), Rusfika dan Wahidahwati (2017) dan Widowati *et. al* (2013) menemukan bahwa variabel profitabilitas yang diprosikan dengan *Return on Assets* berpengaruh positif terhadap peringkat obligasi di PT Pefindo.

H2. Profitabilitas berpengaruh positif terhadap prediksi bond rating.

Solvabilitas merupakan kemampuan suatu perusahaan membayar semua kewajiban atau utang-utangnya baik jangka pendek maupun jangka panjang (Rusfika dan Wahidahwati, 2017). Teori sinyal menjelaskan bahwa manajemen perusahaan mensinyalkan informasi kepada investor dari laporan keuangan. Investor dapat melihat nilai dari *cash flow from operating*, jika nilainya tinggi maka kemampuan perusahaan untuk melunasi kewajiban jangka panjang dan jangka pendeknya dapat dikatakan baik. Apabila solvabilitas tinggi maka kemungkinan obligasi tersebut masuk pada *investment grade*, karena dengan keadaan tersebut perusahaan mempunyai kemampuan untuk melunasi segala kewajibannya tepat waktu. Rusfika dan Wahidahwati (2017) dan Widowati *et. al* (2013) menunjukkan bahwa solvabilitas berpengaruh positif signifikan terhadap peringkat obligasi.

H3. Solvabilitas berpengaruh positif terhadap prediksi bond rating.

Likuiditas mencerminkan tingkat kemampuan perusahaan untuk melunasi kewajiban jangka pendeknya. Tingkat rasio likuiditas yang tinggi mengindikasikan bahwa perusahaan tersebut memiliki kemampuan untuk membayar seluruh kewajiban lancarnya dan menunjukkan kondisi keuangan yang baik yang dimiliki oleh perusahaan tersebut. Purwaningsih (2013) juga berpendapat bila semakin tinggi rasio likuiditas suatu perusahaan maka akan semakin tinggi pula rating perusahaan tersebut karena semakin besar pula kemampuan perusahaan untuk melunasi seluruh kewajiban lancarnya. Sari dan Yasa (2016) dan Rusfika dan Wahidahwati (2017) menemukan bahwa likuiditas mempunyai pengaruh negatif signifikan terhadap peringkat obligasi.

H4. Likuiditas berpengaruh positif terhadap prediksi bond rating.

Semakin tinggi *leverage* menunjukkan sebagian besar modal yang dimiliki perusahaan didanai oleh utang, sehingga akan mengakibatkan semakin sulitnya perusahaan untuk memperoleh pinjaman dikarenakan perusahaan berada dalam *default risk* (Widowati, Nugrahanti dan Kristanto, 2013). *Default risk* ini terjadi karena besar kemungkinan perusahaan tidak dapat mengembalikan pokok pinjaman dan bunga secara berkala yang disebabkan oleh besarnya utang yang dimiliki perusahaan tersebut. Penelitian Utami dan Khairunnisa (2015) dan Werastuti (2015) menemukan bahwa *leverage* berpengaruh negatif signifikan terhadap peringkat obligasi.

H5. Leverage berpengaruh negatif terhadap prediksi bond rating.

2.3 Pengaruh Faktor Non Akuntansi terhadap Bond Rating

Obligasi dengan jaminan adalah obligasi yang harus disertai dengan jaminan aktiva tertentu atau dengan jaminan lain dari pihak ketiga (Wijayanti dan Priyadi, 2014). Sementara jenis obligasi tanpa jaminan adalah *junk bond* yaitu obligasi yang memiliki tingkat bunga sebab memiliki tingkat risiko kredit yang besar. Investor biasanya lebih menyukai obligasi yang dijamin dibandingkan dengan obligasi yang tidak dijamin karena obligasi dengan jaminan memberikan tingkat risiko lebih kecil dan peringkat obligasi yang lebih baik (Utami dan Khairunnisa, 2015). Obligasi dengan jaminan dapat dikategorikan aman. Utami dan Khairunnisa (2015) menemukan bahwa jaminan obligasi berpengaruh signifikan terhadap peringkat obligasi, dan menyebutkan pula apabila semakin tinggi nilai aset yang dijamin maka peringkat obligasi akan semakin tinggi. Hasil ini sejalan dengan penelitian Sari dan Badjra (2016) dan Rusfika dan Wahidahwati (2017)

H6. Jaminan obligasi berpengaruh positif terhadap prediksi bond rating.

Obligasi dengan umur yang lebih singkat atau pendek (misalnya dalam tiga tahun) cenderung lebih mudah diprediksi dibandingkan dengan obligasi yang berumur lebih panjang dari itu (Fauziah, 2014). Obligasi yang semakin mudah diprediksi umumnya memiliki risiko yang lebih kecil dibandingkan dengan obligasi dengan tingkat ketidakpastian yang lebih tinggi. Wendy dan Rosita (2017) menjelaskan bahwa obligasi dengan maturitas yang lebih pendek cenderung memiliki *default risk* yang lebih rendah karena faktor *uncertainty* yang relatif rendah sehingga lebih *predictable*. Purwaningsih (2013) menemukan pengaruh negatif antara umur obligasi terhadap peringkat obligasi.

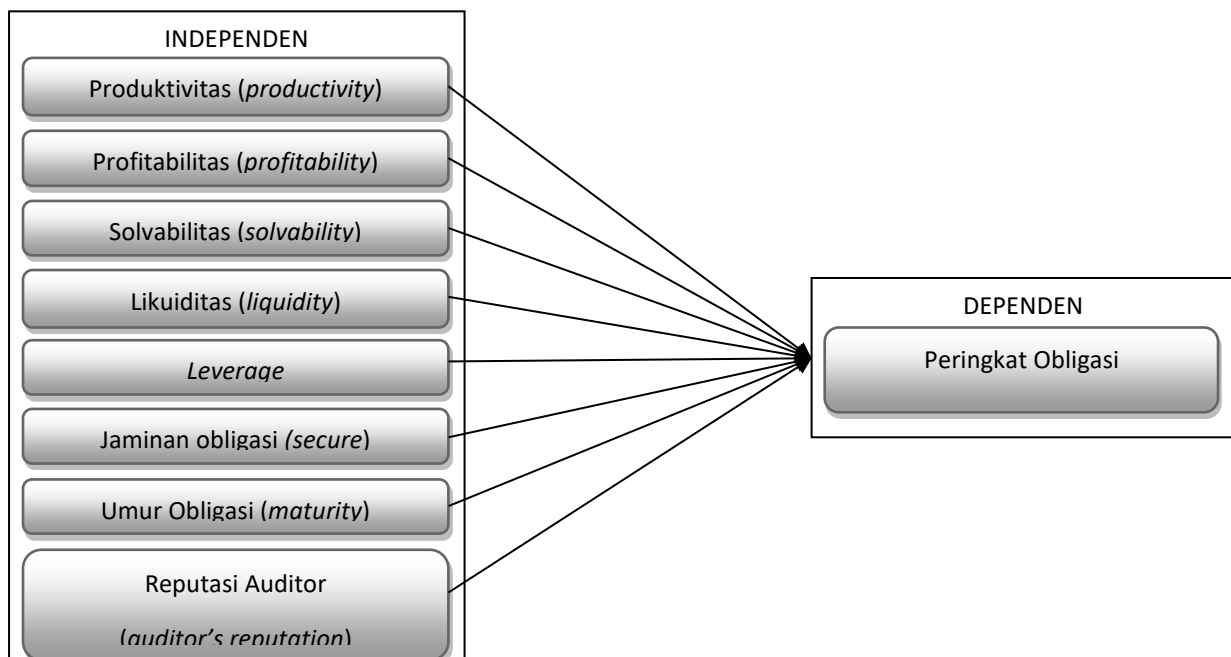
H7. Umur Obligasi berpengaruh negatif terhadap prediksi bond rating.

Peran auditor eksternal dalam memberikan pendapat mengenai kewajaran laporan keuangan berguna sebagai bahan pertimbangan mengambil keputusan. Hal tersebut dikarenakan auditor berperan sebagai pihak yang independen dalam melakukan audit laporan keuangan perusahaan. Perusahaan dapat memberikan sinyal tentang kualitas laporan keuangan perusahaan dengan memilih kantor akuntan yang telah memiliki reputasi yang baik. Vina (2018) mempunyai pendapat apabila semakin tinggi reputasi auditor diharapkan semakin baik keputusan hasil audit laporan keuangan. Penelitian Widowati *et. al* (2013) menemukan bahwa reputasi auditor berpengaruh positif pada prediksi peringkat obligasi.

H8. Reputasi Auditor berpengaruh positif terhadap prediksi bond rating.

2.4 Kerangka Pemikiran

Kerangka pemikiran yang menggambarkan hubungan antara variabel independen terhadap variable dependen disajikan pada gambar 1 berikut:



Gambar 1 : Kerangka Pemikiran

3. METODE PENELITIAN

3.1 Populasi dan Sampel Penelitian

Populasi dalam penelitian ini adalah perusahaan non keuangan di Indonesia yang listing di Bursa Efek Indonesia serta menerbitkan obligasi tercatat dalam peringkat obligasi yang dikeluarkan oleh PT Pefindo periode 2013-2016. Dari seluruh populasi yang ada kemudian dilakukan pemilihan sampel dengan metode *purposive sampling* dengan kriteria sebagai berikut: Obligasi perusahaan non keuangan yang beredar di Bursa Efek Indonesia berturut-turut selama tahun 2013-2016, mendapat peringkat obligasi yang dikeluarkan oleh PT Pefindo dalam kurun waktu pengamatan, obligasi perusahaan non keuangan yang menerbitkan laporan tahunan per 31 Desember antara tahun 2013-2016 yang dimuat di www.idx.co.id, dan laporan keuangan perusahaan penerbit obligasi memiliki data yang lengkap terkait dengan variabel-variabel yang akan digunakan dalam penelitian.

3.2 Pengukuran Variabel Penelitian

Variabel dependen yang digunakan dalam penelitian ini adalah peringkat obligasi yang dikeluarkan oleh PT Pefindo (Pemeringkat Efek Indonesia). Blesia (2016) menjelaskan bahwa pengukuran peringkat obligasi menggunakan skala nominal. Peringkat yang digunakan dalam penelitian ini adalah peringkat berkategori *investment grade* yang dibagi ke dalam 3 klasifikasi (Winardi, 2013). Adapun klasifikasi peringkat obligasi adalah sebagai berikut:

Tabel 1: Klasifikasi Peringkat Obligasi

Peringkat Obligasi	Kategori	Nilai
IdAAA	<i>Investment Grade</i>	3
idAA+	<i>Investment Grade</i>	3
IdAA	<i>Investment Grade</i>	3
idAA-	<i>Investment Grade</i>	3
idA+	<i>Investment Grade</i>	2
IdA	<i>Investment Grade</i>	2
idA-	<i>Investment Grade</i>	2
idBBB+	<i>Investment Grade</i>	1
IdBBB	<i>Investment Grade</i>	1
idBBB-	<i>Investment Grade</i>	1

Sumber : www.pefindo.com dan Winardi (2013)

Tabel 2: Pengukuran Variabel Penelitian

Variabel	Pengukuran Variabel	Referensi
<i>Produktivitas</i>	$STA = \frac{Sales}{Total Assets}$	Rusfika dan Wahidahwati (2017)
<i>Profitabilitas</i>	$ROA = \frac{Earning After Tax}{Total Assets}$	Nufita (2017)
<i>Solvabilitas</i>	$CFOTL = \frac{Cash Flow From Operating}{Total Liabilities}$	Rusfika dan Wahidahwati (2017)
<i>Likuiditas</i>	$Current Ratio = \frac{Current Assets}{Current Liabilities}$	Utami dan Khairunnisa (2015)
<i>Leverage</i>	$DER = \frac{Total Liabilities}{Equity}$	Sari dan Badjra (2016)
<i>Jaminan Obligasi</i>	Variabel dummy, kode 1 menunjukkan obligasi dengan jaminan, sedangkan kode 0 menunjukkan obligasi tanpa jaminan.	Purwaningsih (2013), Widowati (2013), Utami dan Khairunnisa (2015)
<i>Umur Obligasi</i>	Variabel dummy, kode 1 untuk obligasi mempunyai umur antara satu sampai lima tahun, sedangkan kode 0 untuk obligasi yang mempunyai umur lebih dari lima tahun.	Widowati, <i>et. al</i> (2013), Rusfika dan Wahidahwati (2017)
<i>Reputasi Auditor</i>	Variabel dummy, kode 1 adalah jika diaudit oleh KAP The Big 4, sedangkan kode 0 adalah jika diaudit oleh selain KAP The Big 4	Widowati, <i>et. al</i> (2013), Rusfika dan Wahidahwati (2017)

3.3 Metode Analisis Data

Pada penelitian ini, hipotesis diuji dengan analisis *multivariate* menggunakan *ordinal logistic regression* karena kategori variabel dependen berupa ordinal. Adapun model regresi logistic ordinal pada penelitian ini adalah sebagai berikut :

$$\text{Logit RATING}_{(1-3)} = \alpha_1 + \beta_1\text{PROD} + \beta_2\text{PROF} + \beta_3\text{SOL} + \beta_4\text{LIKUID} + \beta_5\text{LEV} + \beta_6\text{JAM} + \beta_7\text{UMUR} + \beta_8\text{AUDITOR} + \varepsilon$$

Keterangan: Logit Rating (variable *bond rating* dengan 3 kategori, α (konstanta), β (koefisien variable, PROD (produktivitas STA), PROF (profitabilitas ROA), SOL (solvabilitas CFOTL), LIKUID (likuiditas CR), LEV (leverage DER), JAM (jaminan), UMUR (umur obligasi), AUDITOR (reputasi auditor), dan ε (*error term*).

4. PEMBAHASAN

Hasil pengujian hipotesis dengan analisis regresi logistic disajikan pada tabel 3 di bawah ini :

Tabel 3: Hasil pengujian Hipotesis

	Estimate	Prediksi	Wald	Sig.	Kesimpulan	
Thresh old	[RATING = 1,00]		23,758	,000		
	[RATING = 2,00]		3,774	,052		
Locatio n	PROD	+	,174	,677	Ha1 tidak didukung	
	PROF	+	1,720	,190	Ha2 tidak didukung	
	SOL	+	12,858	,000	Ha3 didukung	
	LIKUID	+	3,785	,052	Ha4 tidak didukung	
	LEV	-	8,611	,003	Ha5 didukung	
	[JAM=,00]	+	,063	,802	Ha6 tidak didukung	
	[JAM=1,00]	0 ^a	.	.		
	[UMUR=,00]	,846	+	5,291	,021	Ha7 tidak didukung
	[UMUR=1,00]	0 ^a	.	.		
	[AUDITOR=,00]	-,136	+	,111	,739	Ha8 tidak didukung
	[AUDITOR=1,00]	0 ^a	.	.		

Sumber: Data diolah, 2019

Hasil pengujian menunjukkan bahwa produktivitas (PROD) yang diprosikan dengan *Sales to Assets* memiliki nilai koefisien negatif sebesar 0,211 dengan tingkat signifikansi 0,677 dan nilai statistik *wald* sebesar 0,174. Artinya bahwa H1 tidak berhasil didukung. Penelitian ini tidak konsisten dengan hasil penelitian Henny (2016). Namun, hasil penelitian ini konsisten dengan penelitian Rusfika dan Wahidahwati (2017) dan Widowati *et. al* (2013). Produktivitas tidak dapat dijadikan faktor dalam memprediksi peringkat obligasi, kemungkinan karena perbedaan sektor perusahaan yang digunakan pada penelitian ini sehingga penilaian tentang tinggi rendahnya produktivitas itu berbeda antara sektor satu dengan yang lainnya.

Profitabilitas (PROF) yang diprosikan dengan *Return on Assets* (ROA) memiliki nilai koefisien positif sebesar 0,068 dengan tingkat signifikansi 0,190 dan nilai statistik *wald* sebesar 1,720. Artinya bahwa H2 tidak berhasil didukung. Penelitian ini tidak konsisten dengan hasil penelitian Amalia (2013), Rusfika dan Wahidahwati (2017) dan Widowati *et. al* (2013). Namun, hasil penelitian ini sesuai dengan penelitian Utami dan Khairunnisa (2015) dan Sari dan Yasa (2016) yang menyatakan bahwa tidak terdapat pengaruh antara profitabilitas dengan prediksi peringkat obligasi. Hasil ini kemungkinan disebabkan karena rasio profitabilitas yang menunjukkan kemampuan laba perusahaan tidak bisa dijadikan indikator dalam menilai peringkat obligasi. Dengan kata lain besar kecilnya laba yang dilaporkan perusahaan tidak bisa dijadikan tolok ukur dalam menilai apakah perusahaan akan mampu membayar bunga periodik dan pokok obligasi pada jatuh temponya sehingga informasi profitabilitas tidak mempengaruhi prediksi peringkat obligasi yang diterbitkan.

Solvabilitas (SOL) yang diprosikan dengan *Cash Flow From Operating* (CFOTL) memiliki nilai koefisien positif sebesar 0,063 dengan tingkat signifikansi 0,000 dan nilai statistik *wald* sebesar 12,858. Artinya bahwa H3 berhasil didukung. Hasil penelitian ini konsisten dengan penelitian Rusfika dan Wahidahwati (2017) dan Widowati *et. al* (2013). Solvabilitas mencerminkan kemampuan perusahaan melunasi semua kewajibannya baik jangka pendek maupun jangka panjang. Solvabilitas yang diprosikan dengan *Cash Flow From Operating* (CFOTL) menunjukkan bahwa arus kas dari aktivitas operasi perusahaan yang tinggi mengindikasikan bahwa perusahaan mampu melunasi kewajiban jangka panjang dan jangka pendek perusahaan. Artinya bahwa semakin tinggi nilai aliran kas dari aktivitas operasi maka semakin tinggi nilai solvabilitas. Nilai solvabilitas yang tinggi ini membuat peringkat obligasi perusahaan semakin baik karena perusahaan dianggap mampu melunasi semua kewajibannya. Sebaliknya, semakin kecil angka rasio solvabilitas maka semakin kecil angka fleksibilitas keuangan perusahaan serta semakin besar kemungkinan perusahaan menghadapi masalah keuangan dimasa yang akan datang.

Likuiditas (LIUID) yang diprosikan dengan *Current Ratio* (CR) memiliki nilai koefisien negatif sebesar -0,006 dengan tingkat signifikansi 0,052 dan nilai statistik *wald* sebesar 3,785. Artinya bahwa H4 tidak berhasil didukung, karena memiliki arah yang berlawanan dengan yang diprediksikan. Penelitian ini tidak konsisten dengan hasil penelitian Sari dan Yasa (2016) serta Rusfika dan Wahidahwati (2017). Namun, hasil penelitian ini konsisten dengan penelitian Manurung (2009) yang menemukan arah negatif pada pengaruh likuiditas terhadap peringkat obligasi. Hal ini mengindikasikan bahwa semakin tinggi likuiditas perusahaan, maka semakin rendah peringkat obligasi perusahaan. Fenomena ini kemungkinan disebabkan karena asset yang dimiliki oleh perusahaan

hanya mampu untuk melunasi kewajiban jangka pendeknya, misalnya membayar bunga obligasi, sedangkan kewajiban jangka panjang dalam hal ini kewajiban melunasi obligasi pada saat jatuh tempo, perusahaan mengalami kesulitan dalam melunasinya sehingga mengakibatkan peringkat obligasi menurun.

Leverage (LEV) yang diproksikan dengan *Debt To Equity Ratio* (DER) memiliki nilai koefisien negatif sebesar 0,002 dengan tingkat signifikansi 0,003 dan nilai statistik *wald* sebesar 8,611. Artinya bahwa H5 berhasil didukung. Hasil penelitian ini konsisten dengan penelitian Werastuti (2015) serta Utami dan Khairunnisa (2015). Variabel *leverage* yang diproksikan dengan DER memiliki pengaruh negatif signifikan terhadap prediksi peringkat obligasi. Hal ini menunjukkan bahwa semakin rendah nilai leverage, berarti perusahaan memiliki kemampuan tinggi dalam menjamin hutang jangka pendek dan jangka panjangnya dengan menggunakan modal yang tersedia. Perusahaan yang memiliki jumlah hutang yang lebih kecil dari jumlah modal dapat diartikan bahwa perusahaan mampu melunasi hutang hanya dengan modal yang dimiliki. Perusahaan yang mampu mengelola hutang dengan baik akan menghasilkan laba yang diperoleh perusahaan. Peningkatan laba yang dihasilkan ini akan berdampak pada peningkatan modal. Kondisi seperti ini banyak diminati investor karena umumnya perusahaan memiliki peringkat obligasi yang baik.

Jaminan (JAM) memiliki nilai koefisien negatif sebesar -0,111 dengan tingkat signifikansi 0,802 dan nilai statistik *wald* sebesar 0,063. Artinya bahwa H6 tidak berhasil didukung. Penelitian ini tidak konsisten dengan hasil penelitian Utami dan Khairunnisa (2015), Sari dan Badjra (2016), serta Rusfika dan Wahidahwati (2017). Namun, hasil penelitian ini konsisten dengan penelitian Widowati *et. al* (2013) serta Blesia dan Pramudika (2016). Jaminan tidak memberikan pengaruh pada peringkat obligasi. Hal ini dimungkinkan karena meskipun obligasi tidak dijamin akan tetapi perusahaan memberikan kupon atau imbal hasil yang tinggi pada investo sehingga meskipun tidak ada jaminan tetapi tidak terlalu menjadi masalah bagi para investor. Contohnya pada PT AKR Corporindo Tbk dan PT. Indosat Tbk yang sama-sama mengeluarkan obligasi perusahaan yang tidak dijamin tetapi memiliki peringkat obligasi dengan kategori *investment grade* dengan nilai 3.

Umur obligasi (UMUR) memiliki nilai koefisien positif sebesar 0,846 dengan tingkat signifikansi 0,021 dan nilai statistik *wald* sebesar 5,291. Artinya bahwa H7 tidak berhasil didukung, karena memiliki arah yang berlawanan dengan prediksinya. Hasil penelitian ini tidak konsisten dengan penelitian Purwaningsih (2013) yang menemukan pengaruh negatif antara umur obligasi dengan peringkat obligasi. Hasil penelitian ini justru menunjukkan fenomena bahwa semakin banyak umur obligasi maka akan semakin baik peringkat obligasi. Temuan ini kemungkinan disebabkan karena investor mempunyai keyakinan yang cukup tinggi bahwa perusahaan penerbit akan mampu membayar bunga periodik dan pokok pinjaman pada saat jatuh tempo obligasinya. Kemungkinan yang lain adalah bahwa investor yakin jika sewaktu-waktu bisa menjual investasi obligasi ketika membutuhkan dana sehingga dengan umur obligasi yang semakin banyak justru semakin menarik bagi investor untuk berinvestasi karena memberikan harapan atas return yang semakin besar yang akan diperoleh selama umur obligasi tersebut. Fenomena ini akan mendorong semakin meningkatkan peringkat obligasi tersebut.

Reputasi auditor memiliki nilai koefisien negatif sebesar -0,136 dengan tingkat signifikansi 0,739 dan nilai statistik *wald* sebesar 0,111. Dapat disimpulkan bahwa H8 tidak berhasil didukung. Hasil penelitian ini tidak konsisten dengan penelitian Widowati *et. al* (2013). Namun, hasil penelitian ini konsisten dengan penelitian Winardi (2013), Blesia dan Pramudika (2016), serta Rusfika dan Wahidahwati (2017) yang menyatakan bahwa reputasi auditor tidak mempunyai pengaruh terhadap prediksi peringkat obligasi. Artinya kualitas audit yang diukur dengan KAP The Big 4 tidak berpengaruh positif signifikan terhadap prediksi peringkat obligasi. Hasil yang tidak signifikan ini mungkin juga disebabkan karena KAP dengan reputasi yang tinggi sempat beberapa kali terlibat dalam skandal keuangan. Untuk di Indonesia, KAP big 4 juga pernah terlibat dalam beberapa skandal keuangan seperti pada kasus PT Kimia Farma yang melibatkan KAP Hans Tuanakotta yang merupakan afiliasi dari Deloitte serta kasus Bank Lippo yang melibatkan KAP Prasetyo, Sarwoko dan Sandjaja yang merupakan afiliasi dari Ernst dan Young. Kasus tersebut membuktikan bahwa KAP big 4 yang dianggap memiliki kualitas yang baik juga dapat melakukan kesalahan dalam pelaksanaan audit (Winardi, 2013). Oleh karena itu, reputasi auditor yang tinggi tidak menjamin sebuah obligasi mendapatkan peringkat yang tinggi dari agen pemeringkat obligasi.

5. KESIMPULAN

Penelitian ini bertujuan untuk menganalisis kemampuan faktor akuntansi dan faktor non akuntansi dalam memprediksi *bond rating*. Faktor akuntansi meliputi produktivitas, profitabilitas, solvabilitas, likuiditas, dan *leverage*. Sedangkan faktor non akuntansi meliputi jaminan obligasi (*secure*), umur obligasi (*maturity*), dan

reputasi auditor. Berdasarkan hasil regresi logistik ordinal dapat disimpulkan bahwa variabel solvabilitas yang diukur dengan rasio Cash flow from operating dibagi total asset (CFOTL) berpengaruh positif signifikan terhadap peringkat obligasi, sedangkan variabel *leverage* berpengaruh negatif signifikan terhadap peringkat obligasi. Temuan pengaruh kedua variabel tersebut yaitu solvabilitas (SOL) dan *leverage* (LEV) sesuai dengan yang diprediksi. Sementara umur obligasi (UMUR) mempunyai pengaruh positif signifikan terhadap prediksi peringkat obligasi, ini berlawanan dengan prediksinya. Variabel produktivitas, profitabilitas, likuiditas, jaminan obligasi, dan reputasi auditor tidak berpengaruh secara signifikan terhadap prediksi peringkat obligasi.

Hasil penelitian ini dapat memberi kontribusi bagi investor dan kreditor dalam membantu memprediksi peringkat obligasi perusahaan. Bagi yang berkeinginan untuk berinvestasi obligasi sebaiknya memperhatikan nilai solvabilitas dan *leverage* perusahaan, serta umur obligasi yang ditawarkan. Perusahaan dengan solvabilitas yang tinggi diprediksi mempunyai obligasi dengan peringkat yang semakin baik pula. Perusahaan dengan nilai *leverage* yang semakin kecil maka akan meningkatkan peringkat obligasi.

Penelitian ini mempunyai keterbatasan antara lain adalah yang pertama nilai R^2 sebesar 25,5%, artinya bahwa hanya 25,5% variabel dependen yang dapat dijelaskan oleh variabel independen. Sisanya sebesar 74,5% dijelaskan oleh variabel-variabel lain diluar model penelitian. Oleh karena itu, penelitian selanjutnya diharapkan dapat menambahkan faktor akuntansi, misalnya rasio cakupan bunga dan risiko bisnis dan faktor non akuntansi, misalnya kebijakan akuntansi, faktor lingkungan, dan peraturan yang berkaitan dengan perusahaan. Selain itu variabel dalam penelitian yang signifikan hanya ada tiga, diharapkan dapat mengambil jumlah sampel dengan periode pengamatan yang lebih panjang agar hasilnya lebih maksimal dan akurat. Kemudian, penelitian ini hanya berdasarkan peringkat yang berikan oleh PT Pefindo, sehingga tidak diketahui bagaimana penilaian obligasi yang diperingkat oleh lembaga pemeringkat selain PT Pefindo, diharapkan penelitian selanjutnya dapat menggunakan data peringkat obligasi dari lembaga pemeringkat lain seperti PT Kasnic Credit Rating Indonesia dan PT Fitch Rating Indonesia yang belum diteliti pada sampel penelitian ini. Kemudian dapat dilakukan uji beda untuk membandingkan hasil penelitian dengan menggunakan data dari lembaga pemeringkat selain Pefindo.

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Analisis Faktor Yang Mempengaruhi Keputusan *Transfer Pricing* Pada Perusahaan Manufaktur Di Indonesia

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Abstract

The objective of this research is to analyze the influence of tax minimization, bonus mechanism, foreign ownership, exchange rate, and audit quality to transfer pricing decisions. The population of this research is all of the companies in manufacturing companies listed with the Indonesia Stock Exchange from 2014 to 2016. The sample were selected using a purposive sampling method and result for 81 samples. The hypothesis were tested using linear logistic analysis. The results of this research are show that tax minimization variable has positive significant effect on company transfer pricing decisions. Bonus mechanism, foreign ownership, and exchange rate has no significant effect on company transfer pricing decisions. Audit quality variables have a significant positive effect on company transfer price decisions. This result is the opposite direction predicted. The results of the study have implications for the government to improve its audit procedures so that it can prevent the practice of transfer pricing carried out by the company whose purpose is to transfer taxable income between companies that have special relationships.

Keyword : *bonus mechanism, foreign ownership, tax minimization, transfer pricing*

1. PENDAHULUAN

Perkembangan dunia usaha saat ini mendorong tumbuhnya perusahaan-perusahaan multinasional yang lingkup operasionalnya tidak hanya di negara sendiri, tetapi juga merambah ke mancanegara. Permasalahan yang dihadapi oleh perusahaan multinasional salah satunya ialah perbedaan tarif pajak antar negara. Perbedaan tarif pajak ini membuat perusahaan multinasional melakukan transfer pricing dalam transaksi internasionalnya (Nurjanah et al., 2015). Transfer pricing seringkali digunakan sebagai strategi perusahaan untuk mendapatkan laba tinggi dari penjualan. Perusahaan yang berorientasi laba akan berusaha untuk mendapatkan keuntungan yang maksimal melalui berbagai macam cara termasuk melalui efisiensi biaya. Hal tersebut dapat dilakukan salah satunya dengan melakukan *transfer pricing* (Hartati et al., 2015). *Transfer pricing* merupakan harga transfer atas harga jual barang, jasa, dan harta tidak berwujud kepada anak perusahaan atau kepada pihak yang berelasi atau mempunyai hubungan istimewa yang berlokasi di berbagai negara. Transaksi *transfer pricing* dapat terjadi pada divisi-divisi dalam satu perusahaan, antar perusahaan lokal, atau perusahaan lokal dengan perusahaan yang ada di luar negeri Hartati et al. (2015).

Direktorat Jenderal Pajak (DJP) berhasil membongkar motif sebanyak 2.000 perusahaan multinasional atau asing yang teridentifikasi mengemplant pajak. Rata-rata perusahaan tersebut menunggak pajak jenis Pajak Penghasilan (PPh) Badan pasal 25 dan 29. Direktur Pelayanan dan Penyuluhan Hubungan Masyarakat (P2 Humas) DJP, Mekar Satria Utama menyatakan bahwa rata-rata 2.000 perusahaan asing tersebut menggunakan modus transfer pricing. Tujuannya, pertama, untuk mengakali jumlah profit sehingga pembayaran pajak dan pembagian dividen menjadi rendah. Kedua, menggelembungkan profit untuk memoles (*window-dressing*) laporan keuangan. Dari praktik ini negara dirugikan triliunan rupiah karena praktek transfer pricing perusahaan asing di Indonesia. Modus kedua adalah bahwa biasanya perusahaan asing tersebut memanfaatkan fasilitas fiskal, seperti pengurangan pajak (*tax allowance*) untuk menghindari pembayaran pajak usai masa *tax allowance* habis (www.cnnindonesia.com, 2017).

Berdasarkan Undang-Undang Nomor 36 Tahun 2008 Pasal 18 ayat (4) tentang hubungan istimewa antara Wajib Pajak Badan dapat terjadi karena kepemilikan atau penguasaan modal saham suatu badan oleh badan lainnya

sebanyak 25% atau lebih, atau antara beberapa badan yang 25% atau lebih sahamnya dimiliki oleh suatu badan. Secara universal transaksi antar wajib pajak yang mempunyai hubungan istimewa tersebut dikenal dengan istilah transfer pricing. Hal ini dapat mengakibatkan terjadinya pengalihan penghasilan, dasar pengenaan pajak (tax base) atau biaya dari satu wajib pajak kepada wajib pajak lain yang dapat direkayasa untuk menekan keseluruhan jumlah pajak terutang atas wajib pajak yang mempunyai hubungan istimewa tersebut.

Pemerintah Indonesia mulai mengatur praktik transfer pricing pada tahun 1993 melalui SE-04/PJ.7/1993 yang kemudian disusul dengan KMK650/KMK.04/1994 tentang daftar tax haven countries. Setelah itu baru pada tahun 2009, Indonesia lebih serius memperhatikan praktik transfer pricing melalui UU Nomor 36 Tahun 2008 tentang Pajak Penghasilan (Setiawan, 2014).

Penelitian tentang faktor yang diduga mendorong terjadinya praktik transfer pricing di Indonesia sudah dilakukan oleh beberapa peneliti, namun memberikan hasil yang tidak konsisten. Hasil penelitian Refgia (2017), Mayowan, & Karjo (2016), Hartati et al. (2015), dan Nurjanah et al. (2015) menunjukkan bahwa tax minimization berpengaruh signifikan terhadap transfer pricing, sedangkan hasil penelitian Mispianiti (2015) menunjukkan bahwa tax minimization tidak mempunyai pengaruh signifikan terhadap transfer pricing.

Penelitian Hartati et al. (2015) dan Nurjanah et al. (2015) menemukan bahwa mekanisme bonus berpengaruh signifikan terhadap transfer pricing, sementara penelitian Ayu et al. (2017), Refgia (2017), Rosa et al. (2017) dan Mispianiti (2015) tidak menemukan pengaruh mekanisme bonus terhadap transfer pricing. Refgia (2017) menemukan bahwa kepemilikan asing berpengaruh positif signifikan terhadap transfer pricing, sementara Tiwa et al. (2017) dan Nurjanah et al. (2015) tidak berhasil membuktikan pengaruh positif kepemilikan asing terhadap transfer pricing.

Chan, Landry, & Jalbert, (2004) menemukan bahwa exchange rate berpengaruh positif signifikan terhadap transfer pricing sedangkan Marfiah & Azizah (2014) tidak berhasil membuktikan bahwa exchange rate berpengaruh terhadap transfer pricing. Nurjanah et al. (2015) menemukan adanya pengaruh ukuran perusahaan terhadap transfer pricing sedangkan penelitian Refgia (2017) menunjukkan bahwa ukuran perusahaan tidak berpengaruh terhadap transfer pricing.

Hasil penelitian Rosa et al (2017) menunjukkan bahwa kualitas audit mempunyai pengaruh positif terhadap transfer pricing, sedangkan hasil penelitian Mayowan & Karjo (2016) menunjukkan bahwa kualitas audit tidak berpengaruh signifikan terhadap transfer pricing. Tujuan penelitian ini adalah untuk menguji pengaruh *tax minimization*, mekanisme bonus, kepemilikan asing, *exchange rate*, dan kualitas audit terhadap keputusan *transfer pricing* pada perusahaan manufaktur di Indonesia.

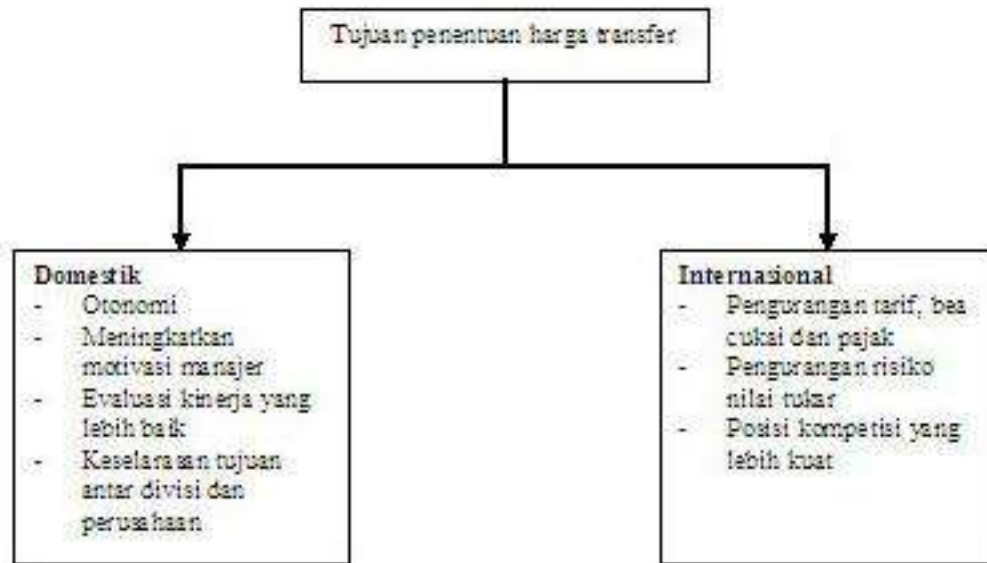
2. LANDASAN TEORI DAN PENGEMBANGAN HIPOTESIS

2.1 Aspek Internasional Harga Transfer

Transfer pricing sering juga disebut dengan *intracompany pricing*, *intercorporate pricing*, *interdivisional* atau *internal pricing* yang merupakan harga yang diperhitungkan untuk keperluan pengendalian manajemen atas transfer barang dan jasa antar anggota (grup perusahaan). Bila dicermati secara lebih lanjut, *transfer pricing* dapat menyimpang secara signifikan dari harga yang disepakati (harga pasar).

Tujuan harga transfer berubah apabila melibatkan multinational corporation (MNC) serta barang yang ditransfer melalui batas-batas negara. Tujuan penentuan harga transfer internasional terfokus pada meminimalkan pajak, bea, dan risiko pertukaran asing, bersama dengan meningkatkan suatu kompetitif perusahaan dan memperbaiki hubungannya dengan pemerintah asing. Walaupun tujuan domestik seperti motivasi manajerial dan otonomi divisi selalu penting, namun seringkali menjadi sekunder ketika transfer internasional terlibat. Perusahaan akan lebih fokus pada pengurangan pajak total atau memperkuat anak perusahaan asing. Oleh karena itu *transfer pricing* juga sering dikaitkan dengan suatu rekayasa harga secara sistematis yang ditujukan untuk mengurangi laba yang nantinya akan mengurangi jumlah pajak atau bea dari suatu negara. Penentuan harga transfer domestik dan internasional disajikan pada gambar 1 berikut:

Gambar 1
Penentuan Harga Transfer Domestik dan Internasional



Sumber: <https://sijenius.wordpress.com/2008/08/09/harga-transfer-definisi-penentuan-aspek-internasional/>

Sebagai contoh, pembebanan harga transfer yang rendah untuk anak perusahaan asing mungkin akan mengurangi pembayaran bea cukai sebagai akibat dari batas-batas internasional, atau mungkin membantu anak perusahaan untuk bersaing dalam pasar asing dengan mempertahankan biaya anak perusahaan yang rendah. Di sisi lain, mebebaskan suatu harga transfer yang tinggi mungkin membantu MNC mengurangi laba pada negeri yang telah memperketat kendali pengiriman uang asing, atau mungkin memberikan kemudahan bagi MNC memindahkan pendapatan dari suatu negara yang memiliki tingkat pajak pendapatan yang tinggi ke suatu negara dengan tingkat pajak rendah (*tax haven country*).

2.2 Pengaruh Tax Minimization Terhadap Transfer Pricing

Hartati et al. (2015) menyatakan bahwa perusahaan multinasional melakukan transfer pricing untuk meminimalkan kewajiban pajak perusahaan secara global. Menurut Undang-Undang Nomor 16 tahun 2009 tentang Ketentuan Umum dan Tata Cara Perpajakan yang dimaksud pajak adalah kontribusi wajib kepada negara yang terutang oleh orang pribadi atau badan yang bersifat memaksa berdasarkan Undang-Undang, dengan tidak mendapatkan imbalan secara langsung dan digunakan untuk keperluan negara bagi sebesar-besarnya kemakmuran rakyat.

Teori agensi dapat terjadi apabila pihak agen memiliki banyak informasi dibandingkan pihak prinsipal dan adanya perbedaan kepentingan antara kedua pihak. Asimetri informasi yang terjadi antara pemegang saham dan pihak manajemen memberikan kebebasan kepada manajemen untuk melaksanakan kegiatan yang tidak sepenuhnya diketahui oleh pemegang saham. Dalam hal ini, manajemen memanfaatkan celah peraturan perpajakan antarnegara yang berbeda untuk melakukan praktek transfer pricing untuk menurunkan beban pajak (Ayu et al., 2017).

Beban pajak yang semakin besar memicu perusahaan untuk melakukan *transfer pricing* dengan harapan dapat menekan beban tersebut, karena dalam praktik bisnis, umumnya pengusaha mengidentikkan pembayaran pajak sebagai beban sehingga akan senantiasa berusaha untuk meminimalkan beban tersebut guna mengoptimalkan laba (Hartati et al., 2015). Pengaruh *tax minimization* terhadap transfer pricing dibuktikan dalam penelitian Ayu et al. (2017) dan Tiwa et al. (2017) yang menemukan bahwa pajak berpengaruh positif signifikan terhadap penerapan transfer pricing.

H1 : *Tax minimization* berpengaruh positif terhadap *transfer pricing*

2.3 Pengaruh Mekanisme Bonus Terhadap Transfer Pricing

Mekanisme bonus adalah kompensasi tambahan atau penghargaan yang diberikan kepada pegawai atas keberhasilan pencapaian tujuan yang ditargetkan oleh perusahaan. Mekanisme bonus berdasarkan laba merupakan cara yang paling sering digunakan perusahaan dalam memberikan penghargaan kepada direksi atau manajer (Refgia, 2017). Menurut Ayu et al. (2017), pemilik perusahaan biasanya menggunakan sistem pemberian bonus untuk meningkatkan kinerja karyawan, sehingga laba yang dihasilkan setiap tahunnya menjadi semakin tinggi. Sebagian perusahaan menggunakan bonus plan. Dalam teori akuntansi positif terdapat bonus plan hypothesis menyatakan bahwa manajer perusahaan pada dasarnya menginginkan bonus yang besar dari perusahaan, salah satu caranya dengan mengubah laba yang dilaporkan. Untuk memaksimalkan laba periode ini, maka manajer harus menyesuaikan dengan prosedur akuntansi yang diterapkan apabila ada rencana pemberian bonus oleh pemilik. Jika bonus yang diterima oleh manajer didasarkan atas pencapaian laba perusahaan secara keseluruhan maka logis bila manajer melaporkan laba bersih yang tinggi. Apabila komite pengawas tidak menyesuaikan dengan metode yang dipilih, maka manajer leluasa memilih metode akuntansi yang memaksimalkan laba yang dilaporkan dengan melakukan praktek transfer pricing.

Semakin tinggi laba perusahaan yang ingin dicapai untuk memaksimalkan bonus maka semakin tinggi pula praktek transfer pricing yang dilakukan untuk mendapatkan laba yang besar (Hartati et al., 2015). Hasil penelitian Hartati et al. (2015) dan Nurjanah et al. (2015) menunjukkan bahwa mekanisme bonus berpengaruh positif signifikan terhadap transfer pricing.

H2: Mekanisme bonus berpengaruh positif terhadap transfer pricing

2.4 Pengaruh Kepemilikan Asing Terhadap Transfer Pricing

Perusahaan yang sahamnya dimiliki pihak asing memungkinkan perusahaan untuk melakukan transaksi antar pihak berelasi. Jika pihak asing memiliki saham mayoritas maka pihak asing akan memiliki kuasa untuk mengendalikan manajemen melakukan transfer pricing.

Penelitian yang dilakukan oleh Dyanty et al. (2011) menunjukkan bahwa semakin tinggi hak kendali yang dimiliki pemegang saham pengendali, termasuk pemegang saham pengendali asing, memungkinkan pemegang saham pengendali untuk memerintahkan manajemen melakukan transaksi pihak berelasi yang bersifat merugikan pemegang saham non pengendali dan menguntungkan dirinya. Salah satu transaksi pihak berelasi yang dapat dilakukan adalah transfer pricing.

Kiswanto dan Purwaningsih (2013) menunjukkan bahwa persentase kepemilikan asing yang semakin besar dapat membuat pemegang saham pada posisi yang kuat untuk mengendalikan perusahaan termasuk mengendalikan keputusan mengenai banyak sedikitnya transfer pricing yang dilakukan perusahaan sehingga kepemilikan asing berpengaruh terhadap transfer pricing. Pengaruh kepemilikan asing terhadap transfer pricing didukung dalam penelitian Refgia (2017) dan Kiswanto & Purwaningsih, (2013) yang menunjukkan bahwa kepemilikan asing berpengaruh positif terhadap transfer pricing.

H3: Kepemilikan asing berpengaruh positif terhadap transfer pricing

2.5 Pengaruh Exchange Rate Terhadap Transfer Pricing

Exchange rate atau yang sering disebut dengan kurs adalah harga satu unit mata uang asing dalam mata uang domestik atau dapat juga dikatakan harga mata uang domestik terhadap mata uang asing (Bank Indonesia, 2004). Exchange rate memiliki dua efek akuntansi, yaitu untuk memasukkan transaksi mata uang asing dan mengungkapkan keuntungan dan/atau kerugian yang dapat mempengaruhi keuntungan perusahaan secara keseluruhan. Akibatnya, perusahaan multinasional mungkin mencoba untuk mengurangi risiko nilai tukar (exchange rate) mata uang asing dengan memindahkan dana ke mata uang yang kuat melalui transfer pricing untuk memaksimalkan keuntungan perusahaan secara keseluruhan (Chan et al., 2004). Hasil penelitian Chan et al. (2004) menunjukkan bahwa exchange rate berpengaruh positif signifikan terhadap transfer pricing. Berdasarkan uraian di atas, maka hipotesis yang diajukan adalah :

H4: Exchange rate berpengaruh positif terhadap transfer pricing

2.6 Pengaruh Kualitas Audit Terhadap Transfer Pricing

Kualitas audit dapat diartikan sebagai bagus atau tidaknya suatu pemeriksaan yang dilakukan oleh auditor (Mayowan & Karjo, 2016). Transparansi merupakan satu prinsip penting dalam GCG. Hal tersebut dapat dilakukan dengan cara melaporkan hal-hal yang terkait dengan perpajakan pada pasar modal dan RUPS. Kualitas audit didasarkan pada pertimbangan dimana mencakup beberapa unsur yang ada di dalam Good Corporate Governance yaitu, keterbukaan, kejujuran dan akuntabilitas (Rosa et al., 2017).

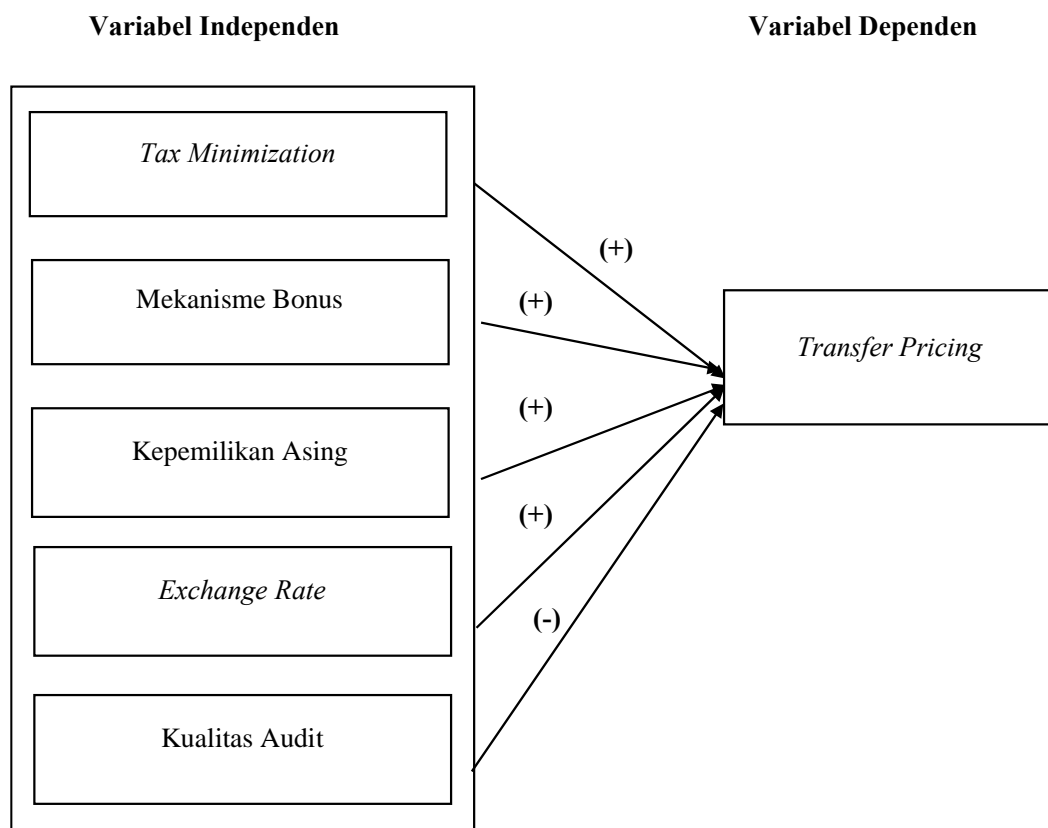
Apabila suatu perusahaan diaudit oleh Kantor Akuntan Publik (KAP) yang berkualitas maka akan semakin sulit melakukan kebijakan pajak agresif. Semakin berkualitas hasil audit suatu perusahaan, maka perusahaan cenderung akan semakin transparansi dalam melaporkan hal mengenai pajak sehingga praktik *transfer pricing* dalam perusahaan akan semakin kecil. Hasil penelitian Mayowan & Karjo (2016) menunjukkan bahwa kualitas audit berpengaruh signifikan terhadap *transfer pricing*.

H5 : Kualitas audit berpengaruh negatif terhadap *transfer pricing*

2.7 Kerangka Pemikiran

Kerangka pemikiran yang menggambarkan hubungan antara variabel independen terhadap variable dependen disajikan pada gambar 1 berikut:

Gambar 1
Kerangka pemikiran



6. METODE PENELITIAN

Populasi dalam penelitian ini adalah perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia (BEI) pada tahun 2014-2016 terpilih sampel sebanyak 27 perusahaan per tahun atau 81 perusahaan untuk 3 tahun. Proses pemilihan sampel disajikan pada tabel 1 berikut:

Tabel 1
Proses Pemilihan Sampel

NO	Kriteria	Jumlah
1.	Perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia (BEI) tahun 2014-2016	142
2.	Perusahaan yang tidak melaporkan laporan keuangan perusahaannya secara berturut-turut pada tahun 2014-2016	(28)
3.	Perusahaan yang tidak menerbitkan laporan keuangan dalam mata uang rupiah	(23)

4.	Perusahaan yang melaporkan kerugian selama tahun 2014-2016	(17)
5.	Perusahaan yang dikendalikan oleh asing dengan persentase kepemilikan di bawah 20%	(47)
Jumlah sampel selama 1 tahun		27
Jumlah sampel selama 3 tahun		81

Sumber : Data Diolah, 2019

Data yang digunakan dalam penelitian ini adalah data sekunder berupa laporan tahunan perusahaan. Sumber data diperoleh dari website www.idx.co.id. Data dikumpulkan dengan metode dokumentasi yaitu dengan mempelajari atau menelaah dokumen-dokumen atau sumber-sumber tertulis serta arsip-arsip lainnya yang sesuai dengan topik penelitian.

Variabel penelitian ini terdiri dari variabel independen dan dependen. *Tax minimization*, mekanisme bonus, kepemilikan asing, *exchange rate* dan kualitas audit merupakan variabel independen sedangkan *transfer pricing* sebagai variabel dependen dalam penelitian ini. Variabel *transfer pricing* yang dihitung dengan pendekatan dikotomi, yaitu dengan melihat keberadaan penjualan kepada pihak yang mempunyai hubungan istimewa. Untuk perusahaan yang melakukan penjualan kepada pihak yang mempunyai hubungan istimewa diberi nilai 1 dan yang tidak diberi nilai 0.

Variabel *Tax minimization* diukur menggunakan skala rasio. Rasio yang digunakan adalah *Effective tax rate* (ETR). *Effective tax rate* merupakan perbandingan *tax expense* dikurangi *differed tax expense* dibagi dengan laba kena pajak. Variabel mekanisme bonus diukur dengan menggunakan skala rasio yaitu Indeks Trend Laba Bersih (ITRENDLB). Variabel kepemilikan asing diukur dengan menggunakan skala rasio yaitu jumlah kepemilikan saham oleh pihak asing dibagi dengan jumlah saham yang beredar. Variabel *exchange rate* diukur dengan menggunakan skala rasio yaitu laba rugi selisih kurs dibagi dengan laba rugi sebelum pajak.

Variabel kualitas audit diukur dengan menggunakan variabel dummy. Apabila audit laporan keuangan dilakukan oleh Kantor Akuntan Publik (KAP) The Big Ten, diantaranya, PriceWaterhouse Cooper-PWC KAP Tanudireja, Wibisana, Rintis dan Rekan; Deloitte Touche Tohmatsu KAP Osman Bing Satrio; KMPG KAP Siddharta Widjaja dan Rekan; Ernest & Young – E&Y KAP Purwantono, Suherman, Surja; RSM AAJ - McGladrey & Pullen; Grant Thornton; CBIZ Mayer Hoffman McCann; BDO USA; Crowe Horwath dan BKD maka bernilai 1 dan bernilai 0 apabila audit laporan keuangan tidak dilakukan oleh Kantor Akuntan Publik (KAP) The Big Ten.

Metode analisis data yang digunakan untuk menguji hipotesis dalam penelitian ini adalah analisis regresi logistik. Model persamaan regresi logistik tersebut sebagai berikut:

$$\text{Logit}(\pi_j) = \ln \frac{\pi}{1-\pi} = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e \dots (1)$$

π_j : probabilitas bahwa faktor atau covariate ke-j mempunyai response =1 dari response regresi logistik biner yang mempunyai nilai 0. β_0 : konstanta, $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$: koefisien variabel independen, X_1 : Tax Minimization, X_2 : Mekanisme Bonus, X_3 : Kepemilikan Asing, X_4 : Exchange Rate, X_5 : Kualitas Audit, e : error

7. PEMBAHASAN

Analisis statistik deskriptif dalam penelitian ini menggambarkan data masing-masing variabel penelitian yang meliputi nilai *mean*, minimum, maksimum, dan standar deviasi. Hasil deskriptif statistik disajikan pada tabel 2 berikut.

Tabel 2
Deskriptif Statistik

	N	Minimum	Maximum	Mean	Standar Deviation
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<i>Tax Minimization (X1)</i>	81	-26.6684	7.9829	-0.336667	4.1902218
Mekanisme Bonus (X2)	81	-0.5000	9.2943	1.307732	1.2957898
Kepemilikan Asing (X3)	81	0.2248	0.9818	0.604720	0.2354336
<i>Exchange Rate (X4)</i>	81	-0.6866	0.6056	-0.007586	0.1525592
Kualitas Audit (X5)	81	0	1	0.81	0.391
<i>Trasnfer Pricing (Y)</i>	81	0	1	0.85	0.357

Sumber : Data Diolah, 2019

Variabel kualitas audit mempunyai nilai rata-rata (*mean*) 0.81, standar deviasi 0.391 dengan nilai minimum dan maksimum masing-masing adalah 0 dan 1. Hal ini menunjukkan bahwa perusahaan sampel yang terdaftar dalam BEI pada tahun 2014-2016 yang diaudit oleh *The Big Ten* rata-rata sebesar 81% atau sebanyak 66 perusahaan sedangkan sisanya sebesar 19% atau 15 perusahaan tidak diaudit oleh *The Big Ten*.

Variabel *transfer pricing* mempunyai nilai rata-rata (*mean*) 0.85, standar deviasi 0.357 dengan nilai minimum dan maksimum masing-masing adalah 0 dan 1. Hal ini menunjukkan bahwa perusahaan sampel yang terdaftar dalam BEI pada tahun 2014-2016 yang melakukan *transfer pricing* rata-rata sebesar 85% atau sebanyak 69 perusahaan sedangkan sisanya sebesar 15% atau 12 perusahaan tidak melakukan *transfer pricing*.

Uji multikolinearitas dalam regresi logistik menggunakan korelasi antar variabel bebas untuk melihat besarnya korelasi antar variabel bebas. Hasil uji multikolinearitas dengan matriks korelasi dapat diketahui bahwa nilai koefisien korelasi antar variabelnya tidak lebih besar dari 0.8. Hal ini menunjukkan bahwa tidak terdapat gejala multikolinearitas yang terjadi antar variabel bebasnya.

Kelayakan model regresi logistik dengan menggunakan *Hosmer and Lemeshow's Goodness of Fit Test* menunjukkan nilai Chi-Square sebesar 5.641 dengan signifikansi sebesar 0.687. Hal ini menunjukkan bahwa model regresi bisa digunakan mampu memprediksi nilai oservasinya.

Hasil uji kesesuaian keseluruhan model regresi (*overall model fit test*) dapat diketahui bahwa nilai *-2 log likelihood (-2LL)* pada awal (*Block Number =0*) mengalami penurunan nilai *-2 log likelihood (-2LL)* pada akhir (*Block Number =1*) setelah masuknya beberapa variabel independen dalam penelitian ini. Hal ini dapat dilihat bahwa nilai *-2 log likelihood (-2LL)* pada awal (*Block Number =0*) adalah sebesar 67.956. Sedangkan nilai *-2 log likelihood (-2LL)* pada akhir (*Block Number =1*) mengalami penurunan setelah masuknya beberapa variabel independen dalam penelitian ini, nilai *-2LL* menjadi sebesar 48.619. Penurunan ini menunjukkan model regresi yang baik atau dengan kata lain model yang dihipotesiskan fit dengan data, artinya penambahan variabel bebas yaitu *tax minimization*, mekanisme bonus, kepemilikan asing, *exchange rate*, dan kualitas audit akan memperbaiki model fit dalam penelitian ini.

Nilai *Nagelkerke R Square* sebesar 0.374 berarti bahwa variabilitas variabel dependen dapat dijelaskan oleh variabel independen sebesar 37,4%. Sisanya sebesar 62.6% dijelaskan oleh variabel-variabel lain di luar model penelitian.

Uji Sig-Wald digunakan untuk mengetahui pengaruh masing-masing variabel independen terhadap variabel dependen disajikan pada table berikut:

Tabel 7
Hasil Uji Hipotesis

Variabel Independen	B	Wald	Sig.	Exp(B)	Kesimpulan
<i>Tax Minimization</i>	0.176	4.350	0.037	1.193	H1 Didukung
Mekanisme Bonus	0.492	1.209	0.272	1.635	H2 Tidak Didukung
Kepemilikan Asing	1.359	0.549	0.459	3.892	H3 Tidak Didukung
<i>Exchange Rate</i>	-3.099	1.967	0.161	0.045	H4 Tidak Didukung

Kualitas Audit	2.658	9.049	0.003	14.263	H5 Tidak Didukung
Constant	-1.276	1.237	0.266	0.279	

Sumber : Olah Data, 2019

4.1 Pengaruh Tax Minimization terhadap Transfer Pricing

Hipotesis pertama yang menyatakan bahwa *tax minimization* berpengaruh positif terhadap keputusan *transfer pricing* didukung. Hal ini menunjukkan bahwa semakin besar jumlah beban pajak yang harus dibayarkan perusahaan kepada negara maka perusahaan manufaktur yang berorientasikan pada laba semakin terpicu untuk melakukan berbagai cara dalam rangka meminimalisir jumlah pajak yang harus dibayar dengan salah satu caranya menerapkan *transfer pricing*.

Hasil penelitian ini sesuai dengan penelitian Ayu et al. (2017) dan Tiwa et al. (2017), serta Nurjanah et al. (2015) yang menyatakan bahwa *tax minimization* berpengaruh positif terhadap keputusan *transfer pricing*. Untuk menurunkan total beban pajaknya, perusahaan manufaktur memilih untuk melakukan manajemen pajak dengan melakukan transaksi ke perusahaan lain yang berada di negara lain yang masih terafiliasi. Kemungkinan perusahaan untuk melakukan praktik *transfer pricing* akan meningkat apabila suatu negara menetapkan tarif pajak yang tinggi. Perusahaan yang mendapatkan laba tinggi dan berada di negara yang memiliki tarif pajak tinggi akan menggeser laba dan pendapatannya ke negara yang tergolong *low tax countries*.

Asimetri informasi yang terjadi antara pemegang saham dan pihak manajemen memberikan kebebasan kepada manajemen untuk melaksanakan kegiatan yang tidak sepenuhnya diketahui oleh pemegang saham. Dalam hal ini, manajemen memanfaatkan celah peraturan perpajakan antarnegara yang berbeda untuk melakukan praktek *transfer pricing* untuk menurunkan beban pajak (Ayu et al., 2017).

4.2 Pengaruh Mekanisme Bonus terhadap Transfer Pricing

Hipotesis kedua yang menyatakan bahwa mekanisme bonus berpengaruh positif terhadap keputusan *transfer pricing* tidak didukung. Hasil ini mengindikasikan bahwa mekanisme bonus tidak mendorong tindakan *transfer pricing* perusahaan manufaktur di Indonesia. Hasil penelitian ini tidak sesuai dengan Hartati et al. (2015) dan Nurjanah et al. (2015) yang menunjukkan bahwa mekanisme bonus berpengaruh positif signifikan terhadap *transfer pricing*. Hasil penelitian ini sesuai dengan penelitian Ayu et al. (2017), Refgia (2017) dan Rosa et al. (2017) dan Mispuyanti (2015) yang menunjukkan bahwa mekanisme bonus tidak berpengaruh signifikan terhadap *transfer pricing*. Hal ini kemungkinan apabila karena ingin mendapatkan bonus yang tinggi dan direksi berani melakukan transaksi *transfer pricing* guna memberikan kenaikan laba yang hanya sementara untuk perusahaan maka hal ini sangat tidak pantas. Hasil penelitian ini juga sesuai dengan penelitian Wafiroh dan Hapsari (2014) yang menyatakan bahwa jika hanya karena motif ingin mendapatkan bonus direksi berani melakukan transaksi *transfer pricing* guna memberikan kenaikan laba sementara bagi perusahaan maka hal ini sangat tidak etis mengingat terdapat kepentingan yang jauh lebih besar lagi yaitu menjaga nilai perusahaan di mata masyarakat dan pemerintah dengan menyajikan laporan keuangan yang handal dan dapat digunakan untuk tujuan pengambilan keputusan penggunaannya.

Hasil ini kemungkinan disebabkan oleh karena mekanisme bonus dalam penelitian ini diukur berdasarkan laba yang dimiliki perusahaan. Dalam menjalankan tugasnya, para direksi cenderung ingin menunjukkan kinerja yang baik kepada pemilik perusahaan, salah satunya adalah berusaha melaporkan laba perusahaan yang tinggi. Dengan laba yang tinggi, maka direksi akan memperoleh penghargaan berupa bonus. Akan tetapi mungkin saja Direksi tidak hanya melakukan cara untuk memaksimalkan laba perusahaan dengan melakukan praktik *transfer pricing*.

4.3 Pengaruh Kepemilikan Asing terhadap Transfer Pricing

Hipotesis ketiga yang menyatakan bahwa kepemilikan asing berpengaruh positif terhadap keputusan *transfer pricing* tidak didukung. Hasil penelitian ini tidak sesuai dengan Refgia (2017) dan Kiswanto & Purwaningsih (2013) yang menunjukkan bahwa kepemilikan asing berpengaruh positif terhadap *transfer pricing*. Penelitian ini sesuai dengan penelitian yang dilakukan oleh Tiwa et al. (2017) dan Nurjanah et al. (2015) yang menunjukkan bahwa kepemilikan asing tidak berpengaruh terhadap keputusan *transfer pricing*. Tidak berpengaruhnya kepemilikan asing terhadap praktik *transfer pricing* ini kemungkinan disebabkan karena

pemilik saham pengendali asing lebih menginginkan keberlangsungan perusahaan jangka panjang sehingga tidak menggunakan posisinya untuk mempengaruhi keputusan yang mungkin akan merugikan perusahaan jangka panjang, termasuk keputusan *transfer pricing* yang kemungkinan merugikan perusahaan jangka panjang.

4.4 Pengaruh Exchange Rate terhadap Transfer Pricing

Hipotesis keempat yang menyatakan bahwa *exchange rate* berpengaruh positif terhadap keputusan *transfer pricing* tidak didukung. Hasil penelitian ini tidak sesuai dengan penelitian Chan et al. (2014) yang menyebutkan bahwa perusahaan multinasional mungkin mencoba untuk mengurangi risiko nilai tukar (*exchange rates*) mata uang asing dengan memindahkan dana ke mata uang yang kuat melalui *transfer pricing* untuk memaksimalkan keuntungan perusahaan secara keseluruhan.

Hasil ini sesuai dengan penelitian Marfuah dan Azizah (2014) yang menyatakan bahwa besar-kecilnya *exchange rates* tidak mempengaruhi pertimbangan perusahaan apakah perusahaan akan memilih untuk melakukan keputusan *transfer pricing* dalam perusahaan atau tidak.

Hasil ini kemungkinan disebabkan karena apabila perusahaan melakukan pemindahan dana ke mata uang yang kuat akan tetapi nilai tukar valuta yang terus-menerus berfluktuatif yang dimungkinkan dapat mengakibatkan jumlah unit valuta negara asal yang dibutuhkan dapat berubah-ubah sehingga tidak akan memungkinkan *exchange rate* tersebut dijadikan sebagai upaya untuk melakukan *transfer pricing*. Kemungkinan lainnya disebabkan oleh dua efek akuntansi dalam *exchange rate*, yaitu untuk memasukkan transaksi mata uang asing dan pengungkapan keuntungan dan/atau kerugian yang dapat mempengaruhi keuntungan perusahaan secara keseluruhan. Dalam laporan keuangan sampel perusahaan yang digunakan, banyak terdapat kerugian pada laba atau rugi selisih kurs sehingga *exchange rates* tidak menjadi sorotan pokok dalam kecenderungan manajemen memanfaatkan transaksi *transfer pricing*.

4.5 Pengaruh Kualitas Audit terhadap Transfer Pricing

Hipotesis kelima yang menyatakan bahwa kualitas audit berpengaruh negatif terhadap keputusan *transfer pricing* tidak didukung, karena berdasarkan pengujian hipotesis kualitas audit justru berpengaruh positif dan signifikan terhadap keputusan *transfer pricing*. Hasil ini tidak sesuai dengan Penelitian Mayowan & Karjo (2016) yang menunjukkan bahwa kualitas audit berpengaruh negative signifikan terhadap *transfer pricing*. Hasil ini justru sesuai dengan penelitian yang dilakukan Rosa et al. (2017) yang menunjukkan bahwa kualitas audit berpengaruh positif terhadap *transfer pricing*. Kualitas audit berpengaruh positif signifikan terhadap *transfer pricing* kemungkinan disebabkan ketidaktepatan dalam pemilihan proksi yang digunakan untuk mengukur kualitas audit. Penggunaan KAP The Big Ten mungkin tidak tepat mewakili sebagai auditor yang berkualitas sehingga hasil auditnya tidak bisa dijadikan dasar untuk menilai indikasi terjadinya penurunan tindakan *transfer pricing* yang dilakukan oleh perusahaan, namun justru terjadi indikasi yang sebaliknya yaitu bahwa perusahaan yang diaudit oleh KAP The Big Ten justru cenderung melakukan tindakan *transfer pricing*.

8. KESIMPULAN

Penelitian ini bertujuan untuk mengetahui pengaruh *tax minimization*, mekanisme bonus, kepemilikan asing, *exchange rate*, dan kualitas audit terhadap keputusan *transfer pricing* pada perusahaan manufaktur di Indonesia. Berdasarkan hasil analisis regresi logistik disimpulkan bahwa dari keenam hipotesis yang diuji, hanya hipotesis pertama yang didukung. Variabel *tax minimization* berpengaruh positif signifikan terhadap keputusan *transfer pricing*. Hal ini mengindikasikan bahwa semakin besar jumlah beban pajak yang harus dibayarkan perusahaan kepada negara maka perusahaan manufaktur yang berorientasikan pada laba semakin terpicu untuk melakukan berbagai cara dalam rangka meminimalisir jumlah pajak yang harus dibayar dengan salah satunya caranya melakukan tindakan *transfer pricing*.

Pengujian terhadap hipotesis kedua (H2), hipotesis ketiga (H3) dan hipotesis keempat (H4) menunjukkan hasil yang tidak signifikan. Artinya variabel mekanisme bonus, kepemilikan asing dan *exchange rate* tidak berpengaruh positif signifikan terhadap keputusan *transfer pricing* perusahaan.

Hasil pengujian hipotesis kelima (H5) tentang pengaruh negatif kualitas audit terhadap keputusan *transfer pricing* perusahaan menunjukkan hasil yang berlawanan dengan yang diprediksikan, yaitu kualitas audit justru berpengaruh positif signifikan terhadap keputusan *transfer pricing*. Hal ini kemungkinan disebabkan

ketidaktepatan dalam pemilihan proksi yang digunakan untuk mengukur kualitas audit. Penggunaan KAP The Big Ten mungkin tidak tepat mewakili sebagai auditor yang berkualitas sehingga hasil auditnya tidak bisa dijadikan dasar untuk menilai indikasi terjadinya penurunan tindakan *transfer pricing* yang dilakukan oleh perusahaan, namun justru terjadi indikasi yang sebaliknya yaitu bahwa perusahaan yang diaudit oleh KAP The Big Ten justru cenderung melakukan tindakan *transfer pricing*.

Penelitian ini mempunyai keterbatasan yang diharapkan bisa diperbaiki oleh peneliti yang akan datang. Penelitian ini dilakukan pada perusahaan manufaktur tanpa memperhatikan sektor industrinya. Penelitian selanjutnya diharapkan mengembangkan penelitian ini dengan melakukan uji tambahan, misalnya melakukan uji perbandingan (uji beda) terhadap praktik *transfer pricing* antar sub sektor industri manufaktur atau melakukan perbandingan praktek *transfer pricing* tersebut dengan industry non manufaktur. Berdasarkan hasil analisis regresi logistic menunjukkan bahwa nilai *Nagel Karke R Square* sebesar 37,4%. Hal ini berarti bahwa kemampuan keenam variable independen dalam menjelaskan variasi variable dependen sebesar 37,4%, sedangkan sisanya yaitu 37,4% dijelaskan oleh faktor lain yang tidak dimasukkan dalam model penelitian ini. Oleh karena itu penelitian selanjutnya diharapkan bisa menambahkan variabel independen lain yang diduga menjadi faktor determinan terhadap keputusan perusahaan melakukan *transfer pricing*, misalnya *debt covenant*, dan *good corporate governance*.

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ANALISA FAKTOR-FAKTOR YANG MEMPENGARUHI NILAI PERUSAHAAN

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Abstrak

Tujuan penelitian untuk menguji pengaruh *corporate governance* (kepemilikan manajerial, dewan komisaris independen dan komite audit), profitabilitas dan leverage terhadap nilai perusahaan. Dalam penelitian ini, nilai perusahaan diukur menggunakan Tobin's Q. Populasi yang digunakan dalam penelitian ini adalah perusahaan non-keuangan yang terdaftar di Bursa Efek Indonesia (BEI) periode tahun 2015 sampai dengan tahun 2017. Sampel penelitian ini berjumlah 297 perusahaan dengan menggunakan metode purposive sampling. Dalam pengujian hipotesis, dianalisis menggunakan metode regresi berganda. Hasil penelitian ini menunjukkan bahwa dewan komisaris independen dan profitabilitas memiliki pengaruh positif dan signifikan terhadap nilai perusahaan, sedangkan leverage, kepemilikan manajerial dan komite audit tidak memiliki pengaruh terhadap nilai perusahaan.

Kata Kunci : Nilai perusahaan, dewan komisaris independen, profitabilitas

1. Pendahuluan

Negara Indonesia merupakan salah satu negara berkembang di dunia, oleh karena itu aspek perekonomian sangat berpengaruh pada dunia bisnis sehingga mengakibatkan persaingan yang ketat bagi perusahaan-perusahaan di Indonesia untuk meningkatkan nilai perusahaan. Salah satu indikator untuk mengukur nilai perusahaan adalah harga saham. Nilai perusahaan merupakan nilai pasar saham yang mencerminkan kekayaan pemegang saham. Semakin tinggi harga saham maka semakin tinggi kekayaan pemegang saham. Investor memilih untuk menanamkan investasinya pada perusahaan yang memiliki nilai perusahaan dengan harga saham yang meningkat secara maksimal karena dapat meningkatkan kesejahteraan dan tingkat pengembalian yang tinggi.

Dalam proses memaksimalkan nilai perusahaan kerja sama antar berbagai pihak yang terkait sangat dibutuhkan untuk mencapai tujuan perusahaan. Namun dalam mencapai tujuan perusahaan terkadang muncul konflik kepentingan antara manajer dan pemegang saham yang disebut dengan *agency problem*. Pihak manajemen yaitu manajer perusahaan mempunyai tujuan dan kepentingan lain yang bertentangan dengan tujuan utama perusahaan dan sering mengabaikan kepentingan pemegang saham (Mutmainah, 2015). Dengan adanya perbedaan kepentingan antara manajer dan pemegang saham maka diperlukan pengelolaan perusahaan yang baik (*Good Corporate Governance*) untuk menyelaraskan antara tujuan perusahaan dengan pencapaian kinerja secara maksimum.

Penerapan *corporate governance* sangat berkaitan erat untuk memaksimalkan nilai perusahaan melalui prinsip-prinsip yang diterapkan dalam suatu perusahaan. Menurut Debby *et al.* (2014), dalam menerapkan *Good Corporate Governance* perusahaan dapat mampu memaksimalkan kinerja keuangan maupun kinerja bisnis lainnya melalui keadilan, transparansi, akuntabilitas dan responsibilitas. Hal ini diharapkan dengan adanya *corporate governance* dapat menjadi alat untuk meyakinkan para investor terhadap kemampuan suatu perusahaan. Pengelolaan perusahaan yang baik atau *good corporate governance* akan berdampak terhadap kesejahteraan pihak-pihak yang berkepentingan (Dewi, 2016). Di Indonesia banyak terjadi kasus penyimpangan yang berdampak pada kurangnya optimalisasi terhadap nilai perusahaan karena lemahnya penerapan *corporate governance*.

Beberapa aspek yang berhubungan dengan *corporate governance* adalah kepemilikan manajerial, dewan komisaris independen, dan komite audit. Menurut Muryati & Suardikha (2014), kepemilikan manajerial berpengaruh positif terhadap nilai perusahaan. Dengan demikian, kepemilikan manajerial dapat mempersatukan kepentingan manajer dengan pemegang saham sehingga dapat meningkatkan nilai perusahaan. Oleh karena itu, kepemilikan oleh para manajer menjadi pertimbangan penting dalam meningkatkan nilai perusahaan (Rustendi & Jimmi, 2008). Keberadaan dewan komisaris independen berkaitan dengan kepemilikan manajerial. Tingginya

proporsi komisaris independen, akan dapat melakukan tugas pengawasan dan memberikan nasihat maupun saran bagi direksi secara efektif. Menurut Suyanti, Rahmawati, & Aryani (2010) komisaris independen merupakan posisi yang paling baik untuk melaksanakan fungsi *monitoring* agar terwujud *good corporate governance*. Komite audit merupakan komite yang dibentuk oleh dan bertanggung jawab kepada dewan komisaris untuk mengawasi manajemen perusahaan.

Faktor lain yang dapat memengaruhi nilai perusahaan adalah profitabilitas dan *leverage*. Profitabilitas merupakan kemampuan perusahaan dalam menghasilkan laba yang berhubungan dengan penjualan, total aset dan modal (Rasyid, 2015). Profitabilitas sangat berpengaruh terhadap nilai perusahaan karena semakin baik tingkat profitabilitas maka nilai perusahaan juga akan semakin baik dan terjaminnya kelangsungan hidup perusahaan. Pentingnya profitabilitas dalam aspek bisnis menunjukkan apakah perusahaan memiliki efisiensi dan mencerminkan perspektif yang baik dalam kinerja perusahaan di masa depan. Rasio profitabilitas dapat diproksikan dengan ROE (*Return on Equity*). ROE digunakan untuk mengukur kemampuan perusahaan dalam menghasilkan laba bersih setelah pajak berdasarkan modal sendiri. Demikian juga *leverage* dapat mempengaruhi nilai perusahaan. *Leverage* merupakan bagian dari struktur modal yang berasal dari luar perusahaan yang disebut sebagai hutang. Rasio *leverage* dalam penelitian ini diproksikan menjadi DER (*Debt to Equity Ratio*) yaitu perbandingan jumlah pinjaman jangka panjang yang dimiliki perusahaan dengan jumlah modal sendiri.

Agency theory, pada prinsipnya memandang hubungan antara manajer sebagai agen dan pemegang saham sebagai prinsipal. Pemegang saham sebagai pemilik perusahaan memberikan kepercayaan kepada manajer untuk melakukan pengelolaan perusahaan. Pada dasarnya baik manajer ataupun pemegang saham mempunyai tujuan yang sama untuk meningkatkan nilai perusahaan. Namun dalam mencapai tujuan tersebut timbul kepentingan yang berbeda antara manajer dan pemegang saham yang menimbulkan konflik diantara keduanya. Manajer sebagai agen mendapat amanah mengelola perusahaan untuk meningkatkan kemakmuran pemegang saham sebagai prinsipal melalui usaha-usaha agar nilai perusahaan meningkatkan. Untuk itu manajer akan memperoleh imbalan dalam bentuk gaji, insentif, bonus atau fasilitas yang lain. Dalam usaha untuk meminimalkan konflik tersebut, sehingga tujuan untuk meningkatkan nilai perusahaan tercapai diperlukan penerapan *good corporate governance* yang meliputi kepemilikan manajerial, dewan komisaris independen, dan komite audit. Disamping penerapan *corporate governance*, manajer juga harus melakukan pengelolaan perusahaan dengan baik untuk meningkatkan profitabilitas. Manajer juga harus dapat menggunakan dana pinjaman untuk meningkatkan potensi imbal hasil (*return*) dari sebuah investasi yang dilakukan, untuk itu manajer harus dapat mengendalikan tingkat *leverage* yang optimal. Diharapkan dengan peningkatan profitabilitas dan *leverage* dapat meningkatkan nilai perusahaan, sehingga tujuan perusahaan tercapai.

2. Landasan Teori dan Pengembangan Hipotesis

2.1. Teori Keagenan (*Agency Theory*)

Teori keagenan melibatkan hubungan antara manajemen dan pemegang saham. Penerapan *corporate governance* pada teori keagenan yaitu manajemen disebut sebagai agen secara moral bertanggung jawab dalam memaksimalkan keuntungan bagi para pemegang saham yang sebagai prinsipal dan pihak manajemen akan memperoleh kompensasi dengan kesepakatan kontrak. Oleh karena itu terdapat dua kepentingan yang menyebabkan munculnya masalah baru. Pendelegasian pemegang saham terhadap manajemen menjadikan pemegang saham tidak dapat secara langsung mengawasi kinerja manajer, sehingga keputusan manajer seringkali tidak sesuai dengan keinginan pemegang saham. Adanya perbedaan kepentingan antara manajemen dengan pemegang saham di suatu perusahaan menimbulkan konflik yang disebut dengan masalah keagenan (*agency problem*). Konflik keagenan dapat mengakibatkan kecenderungan manajemen dalam pelaporan laba perusahaan mengutamakan kepentingan pribadinya (Rupilu, 2011). Manajemen dalam mengelola perusahaan terkadang memiliki tujuan yang tidak sesuai dengan kepentingan pemegang saham sehingga menimbulkan asimetri informasi kepada para pemegang saham. Asimetri informasi dapat dibagi menjadi dua tipe, yaitu *adverse selection* dan *moral hazard* (Susanti, 2016).

2.2. Nilai Perusahaan

Nilai perusahaan dapat dikatakan sebagai pandangan atas keberhasilan pemegang saham terhadap perusahaan dalam mengelola sumber daya yang tercermin dalam harga saham perusahaan (Sujoko & Soebiantoro, 2007). Nilai perusahaan merupakan persepsi investor terhadap tingkat kesuksesan perusahaan yang mengacu pada harga saham (Rasyid, 2015). Nilai perusahaan juga dapat didefinisikan sebagai nilai pasar. Hal ini dikarenakan jika harga saham suatu perusahaan tinggi menunjukkan bahwa nilai perusahaan juga tinggi. Nilai perusahaan yang tinggi akan menarik perhatian dan kepercayaan masyarakat pada kinerja perusahaan dan memberikan kemakmuran bagi pemegang saham

2.3. Corporate Governance

Good Corporate Governance adalah rangkaian proses, kebiasaan, kebijakan, aturan dan institusi yang mempengaruhi pengelolaan serta pengontrolan suatu perusahaan atau korporasi (Pertiwi & Pratama, 2012). *Corporate governance* adalah seperangkat sistem yang dibentuk untuk perusahaan yang dikelola secara profesional berdasarkan lima prinsip dasar tercantum dalam Pedoman Umum *Good Corporate Governance* Indonesia tahun 2006, yaitu transparansi (*transparency*), akuntabilitas (*accountability*), tanggung jawab (*responsibility*), independensi (*independency*), kewajaran dan kesetaraan (*fairness*). Konsep *corporate governance* menjadikan terbentuknya kinerja manajemen yang bersih, transparan dan profesional (Effendi, 2016: 3). Jika *corporate governance* diterapkan dengan baik maka perusahaan dapat memaksimalkan nilai perusahaan.

2.4. Kepemilikan Manajerial

Kepemilikan manajerial merupakan proporsi kepemilikan saham yang dimiliki oleh direksi, manajemen, komisaris atau pihak lainnya dalam pengambilan keputusan (Rasyid, 2015). Kedudukan para pemegang saham dalam manajemen perusahaan baik sebagai kreditur maupun sebagai dewan komisaris disebut sebagai kepemilikan manajerial (Mutmainah, 2015). Kepemilikan saham oleh pihak manajemen dapat mendorong dalam peningkatan kinerja yang memiliki tujuan untuk meningkatkan harga saham perusahaan dalam memaksimalkan nilai perusahaan (Siallagan & Machfoedz, 2006). Pihak manajemen yang memiliki kepemilikan atas saham dapat melakukan pengawasan terhadap kebijakan-kebijakan yang diambil oleh manajemen perusahaan. Kepemilikan manajerial mempunyai peran yang menyatukan kepentingan antara manajer dan pemegang saham sehingga akan mengurangi masalah keagenan karena proporsi saham yang dimiliki manajer dan direksi dapat berdampak terhadap menurunnya tindakan manipulasi oleh manajemen. Oleh karena itu, kepemilikan oleh para manajer menjadi pertimbangan penting ketika hendak meningkatkan nilai perusahaan (Rustendi & Jimmi, 2008). Kepemilikan manajerial akan mensejajarkan kepentingan manajemen dengan pemegang saham sehingga dapat memperoleh manfaat langsung dari pengambilan keputusan dan menanggung kerugian sebagai konsekuensi dari pengambilan keputusan yang salah (Suyanti, Rahmawati, & Aryani, 2010). Dalam mekanisme *corporate governance*, kepemilikan manajerial berfungsi untuk meminimalisasi tindakan manipulasi pendapatan maupun keuntungan yang dilakukan oleh manajemen.

2.5. Dewan Komisaris Independen

Proporsi yang baik dalam dewan komisaris independen adalah jumlah dewan komisaris independen dalam perusahaan. Jika jumlah dewan komisaris independen semakin banyak maka dewan komisaris independen dapat melakukan fungsi pengawasan dan koordinasi lebih baik. Dewan komisaris independen merupakan pihak yang netral atau tidak terpengaruh oleh pihak manajemen. Komisaris independen memiliki peran yang paling baik untuk melaksanakan fungsi monitoring agar tercapainya *good corporate*. Peran dewan komisaris independen sebagai penyeimbang dalam pengambilan keputusan (Suyanti, Rahmawati, & Aryani, 2010; Debby *et al.*, 2014).

Dewan komisaris independen dipilih oleh pemegang saham dalam Rapat Umum Pemegang Saham (RUPS) untuk mewakili kepentingan, tanggung jawab, memberikan nasihat dan mengawasi direksi (Effendi, 2016: 26). Peranan penting dewan komisaris independen dalam pelaksanaan *corporate governance* yaitu menjamin strategi perusahaan, mengawasi manajer dan mewajibkan terlaksananya akuntabilitas di dalam suatu perusahaan. Perusahaan wajib memiliki sejumlah komisaris independen yang proporsional dan sebanding dengan jumlah saham yang dimiliki oleh bukan pemegang saham pengendali dengan ketentuan jumlah komisaris independen sekurang-kurangnya 30% (tiga puluh perseratus) dari jumlah seluruh anggota dewan komisaris (Mutmainah, 2015).

2.6. Komite Audit

Komite audit adalah suatu komite yang bekerja secara profesional dan independen yang dibentuk oleh dewan komisaris serta memiliki tugas untuk membantu dan memperkuat fungsi dewan komisaris (dewan pengawas) dalam menjalankan fungsi pengawasan atas proses pelaporan keuangan, manajemen resiko, pelaksanaan audit dan implementasi dari *corporate governance* di suatu perusahaan. Komite audit juga bertanggung jawab dalam melindungi kepentingan para pemegang saham minoritas sehingga dapat meyakinkan para pemegang saham untuk mempercayakan investasinya kepada perusahaan (Perdana & Raharja, 2014). Pentingnya komite audit dalam mengelola perusahaan untuk bertanggung jawab dalam pengawasan laporan keuangan, mengawasi auditor eksternal apakah bersikap independen atau tidak dan mengawasi sistem pengendalian internal (Siallagan & Machfoedz, 2006). Komite audit diharapkan dapat bertindak secara independen serta dapat mencegah terjadinya penyelewengan yang mengakibatkan kerugian oleh pihak manajemen dalam memaksimalkan nilai perusahaan.

2.7. Profitabilitas

Profitabilitas merupakan ukuran untuk menilai kemampuan perusahaan dalam memperoleh laba yang dilakukan pada periode pelaporan dan dapat dijadikan sebagai indikator kesuksesan operasi perusahaan (Rasyid,

2015). Semakin besar tingkat profitabilitas suatu perusahaan maka semakin besar tingkat kemampuan yang diberikan oleh perusahaan dalam memberikan dividen bagi kemakmuran investor (Debby *et al.*, 2014). Hal ini dapat memberikan dampak positif terhadap harga saham di pasar dan menarik para investor untuk menanamkan modalnya pada perusahaan tersebut. *Return on Equity* (ROE) merupakan salah satu pengukuran profitabilitas.. Menurut Dewi (2016) rasio ini menunjukkan kemampuan perusahaan dalam menghasilkan laba setelah pajak berdasarkan modal saham perusahaan. Kenaikan dari laba bersih berbanding lurus dengan kenaikan nilai perusahaan (Prasetyorini, 2013). Semakin tinggi profitabilitas perusahaan menunjukkan bahwa laba yang diperoleh sudah mencukupi sehingga perusahaan dapat memungkinkan untuk mendanai kegiatan operasional dari dana internal tanpa menambah dana dari pihak eksternal.

2.8. Leverage

Leverage merupakan rasio yang berasal dari struktur modal untuk menghitung dana yang disediakan oleh kreditur dan membandingkan total hutang terhadap keseluruhan aktiva suatu perusahaan (Rasyid, 2015). Maka apabila investor melihat sebuah perusahaan dengan aset yang tinggi namun risiko *leveragenya* juga tinggi, maka investor akan berpikir dua kali untuk berinvestasi pada perusahaan tersebut. *Leverage* merupakan kemampuan perusahaan dalam melunasi kewajiban finansial perusahaan jangka pendek maupun jangka panjang (Harjadi *et al.*, 2018). *Leverage* juga dapat dikatakan sebagai suatu rasio keuangan yang mengukur seberapa banyak perusahaan dibiayai dengan hutang. Pengelolaan *leverage* sangat penting sebab keputusan dalam penggunaan hutang yang tinggi dapat meningkatkan nilai perusahaan karena adanya pengurangan atas pajak penghasilan (Suwardika & Mustanda, 2017). Salah satu rasio yang digunakan untuk mengukur *leverage* adalah *Debt to Equity Ratio* (DER). Rasio *leverage* merupakan ukuran dari banyaknya aset perusahaan berpengaruh terhadap ekuitas (Paramita, 2012). Perusahaan yang memiliki rasio *leverage* yang tinggi menunjukkan bahwa perusahaan tersebut menggunakan hutang dan kewajiban untuk pendanaan investasi pada aset, sehingga akan menimbulkan resiko yang tinggi.

2.9. Hipotesis Penelitian

2.9.1. Pengaruh Kepemilikan Manajerial terhadap Nilai Perusahaan

Kepemilikan manajerial adalah proporsi dari kepemilikan saham oleh direksi, manajemen, komisaris atau pihak lain yang berkepentingan dalam pengambilan keputusan perusahaan (Rasyid, 2015). Pentingnya peran kepemilikan manajerial digunakan untuk menyelesaikan konflik agensi supaya kepentingan antara manajer perusahaan dan pemegang saham dapat seimbang. Semakin tinggi kepemilikan manajerial maka *agency cost* akan berkurang dan akan meningkatkan nilai perusahaan. Menurut Herawaty (2008), kepemilikan manajerial berfungsi sebagai mekanisme *corporate governance* dalam meminimalkan tindakan manajemen perusahaan untuk memanipulasi pendapatan.

Menurut penelitian yang dilakukan oleh Muryati & Suardikha (2004), Perdana & Raharja (2014) serta Suyanti, Rahmawati, & Aryani (2010) menunjukkan bahwa kepemilikan manajerial berpengaruh positif dan signifikan terhadap nilai perusahaan. Kepemilikan manajerial dapat mengatasi konflik keagenan dengan efektivitas dan efisiensi kepentingan manajemen dalam mengelola perusahaan serta mampu mempersatukan kepentingan antara manajemen dengan pemegang saham. Hal ini akan menghasilkan dampak positif pada peningkatan nilai perusahaan.

H₁: *Kepemilikan manajerial berpengaruh positif terhadap nilai perusahaan.*

2.9.2. Pengaruh Dewan Komisaris Independen terhadap Nilai Perusahaan

Dewan komisaris terdiri dari dewan komisaris independen yang berasal dari pihak luar dan dewan komisaris yang berasal dari pihak dalam di suatu perusahaan. Dengan adanya proporsi yang baik dari dewan komisaris independen dapat memberikan pengaruh terhadap hasil penyusunan laporan keuangan karena dewan komisaris independen merupakan pihak yang netral dan tidak mempunyai hubungan maupun kepentingan antara manajer dan pemegang saham sehingga tidak berpihak di antara keduanya.

Dewan Komisaris Independen dalam perusahaan dapat melakukan fungsi pengawasan dan pengendalian lebih efektif dalam mengatasi tindakan serta kebijakan para manajemen (Debby *et al.*, 2014). Menurut Effendi (2016: 26), dalam Rapat Umum Pemegang Saham (RUPS) dewan komisaris independen ditunjuk sebagai pemberi nasihat dan mengawasi direksi untuk mewakili kepentingan para pemegang saham. Semakin banyak jumlah anggota dewan komisaris independen maka akan berpengaruh positif terhadap nilai perusahaan.

Hasil penelitian Muryati & Suardikha (2014), Siallagan & Machfoedz (2006), Herawaty (2008) serta Perdana & Raharja (2014) menunjukkan bahwa dewan komisaris independen berpengaruh positif dan signifikan terhadap nilai perusahaan. Hal ini membuktikan bahwa dewan komisaris independen mampu menjalankan fungsi pengawasan secara efektif dalam setiap kebijakan yang dilakukan oleh direksi dan mampu memberikan kontribusi

dalam proses penyusunan laporan keuangan yang berkualitas. Semakin banyak anggota komisaris independen maka proses pengawasan pelaporan keuangan akan lebih efektif dalam meningkatkan kinerja perusahaan.

H₂: Dewan komisaris independen berpengaruh positif terhadap nilai perusahaan.

2.9.3. Pengaruh Komite Audit terhadap Nilai Perusahaan

Tugas komite audit adalah untuk mengawasi manajemen perusahaan sehingga diharapkan perusahaan mampu beroperasi dengan baik dengan keberadaan komite audit di dalam suatu perusahaan. Pentingnya komite audit dalam suatu perusahaan adalah untuk mempertanggungjawabkan laporan keuangan, audit eksternal serta mengamati sistem pengendalian internal (Siallagan & Machfoedz, 2006).

Hasil Penelitian yang dilakukan oleh Siallagan & Machfoedz (2006), Rupilu (2011) membuktikan bahwa komite audit memiliki pengaruh positif dan signifikan terhadap nilai perusahaan. Sedangkan penelitian Perdana & Raharja (2014) membuktikan bahwa komite audit berpengaruh positif dan tidak signifikan terhadap nilai perusahaan. Hal ini dikarenakan keberadaan komite audit sangat dibutuhkan dalam implementasi *corporate governance* dan perannya dalam mengamati perusahaan dengan baik. Tugas dan tanggung jawab yang diberikan kepada komite audit dilakukan dengan baik maka akan berpengaruh positif terhadap nilai perusahaan dan mengurangi kecurangan yang terjadi di dalam perusahaan.

H₃: Komite audit berpengaruh positif terhadap nilai perusahaan.

2.9.4. Pengaruh Profitabilitas terhadap Nilai Perusahaan

Profitabilitas merupakan kemampuan perusahaan untuk menghasilkan laba di masa depan dan sebagai indikator perusahaan dalam memperoleh kemakmuran (Rasyid, 2015). Dengan meningkatnya laba yang terjadi pada suatu perusahaan maka investor dapat menilai bahwa kinerja perusahaan semakin baik. Menurut Debby *et al.* (2014), semakin besar laba yang diperoleh dalam perusahaan maka semakin besar kemampuan perusahaan dalam membagikan dividen kepada para pemegang saham.

Penelitian yang dilakukan oleh Debby *et al.* (2014), Rasyid (2015), Prasetyorini (2013) serta Sujoko & Soebiantoro (2007) membuktikan bahwa profitabilitas memiliki pengaruh positif terhadap nilai perusahaan yang tercermin dalam peningkatan kinerja manajemen yang menghasilkan pendapatan optimal dari modal dan memaksimalkan keuntungan sehingga dapat meningkatkan nilai perusahaan. Perusahaan yang memperoleh profitabilitas tinggi menunjukkan bahwa kemampuan untuk membagikan dividen tunai kepada para investor dengan jumlah yang lebih besar dan dapat melunasi hutang kepada para kreditur.

H₄: Profitabilitas berpengaruh positif terhadap nilai perusahaan.

2.9.5. Pengaruh Leverage terhadap Nilai Perusahaan

Leverage merupakan bagian dari struktur modal yang berasal dari hutang dan dapat digunakan untuk mengukur besarnya aktiva yang diperoleh perusahaan. *Leverage* disebut juga sebagai alat prediksi risiko sistematis yang bersifat fundamental sehingga jika tingkat *leveragenya* tinggi maka akan meningkatkan pendapatan pada perusahaan dalam kondisi ekonomi yang baik. Namun semakin tinggi perusahaan dalam melakukan pendanaan menggunakan hutang, maka risiko yang akan dihadapi perusahaan dalam kesulitan keuangan akan semakin tinggi.

Hasil penelitian yang dilakukan oleh Siallagan & Machfoedz (2006) menyatakan bahwa *leverage* memberikan pengaruh positif terhadap nilai perusahaan. Hal ini dikarenakan jika terjadi kenaikan pada *leverage* maka risiko juga akan naik.

H₅: *Leverage* berpengaruh positif terhadap nilai perusahaan.

3. Metode Penelitian

3.1. Populasi dan Sampel Penelitian

Populasi penelitian adalah perusahaan non-keuangan yang terdaftar di Bursa Efek Indonesia (BEI) periode 2015-2017. Teknik pengambilan sampel menggunakan metode *purposive sampling*.

3.2. Metode pengumpulan data

Data yang digunakan menggunakan data sekunder yang bersumber dari laporan keuangan tahunan pada perusahaan non-keuangan yang terdaftar di Bursa Efek Indonesia (BEI) periode 2015-2017 melalui website BEI <http://idx.co.id>.

3.3. Definisi Operasional dan Pengukuran Variabel

3.3.1. Nilai Perusahaan

Tinggi rendahnya nilai perusahaan merupakan cerminan dari harga sahamnya, semakin tinggi harga saham maka semakin tinggi nilai perusahaan sehingga meningkatnya tingkat kesejahteraan para pemegang saham. Nilai perusahaan diukur menggunakan *Tobin's Q* yang mengacu pada penelitian Debby *et al.* (2014). Rumus yang digunakan yaitu:

$$Tobin's Q = \frac{(MVE + D)}{(BVE + D)}$$

Nilai pasar ekuitas diperoleh dari hasil perkalian harga saham atau penutupan akhir tahun dengan jumlah saham yang beredar pada akhir tahun. Nilai buku ekuitas diperoleh dari selisih total aset perusahaan dengan total kewajiban (Herawaty, 2008).

3.3.2. Kepemilikan Manajerial

Kepemilikan manajemen diukur berdasarkan proporsi jumlah saham yang dimiliki perusahaan. Pengukuran ini mengacu pada penelitian Debby *et al.* (2014). Skala data yang digunakan adalah skala rasio yaitu:

$$KM = \frac{\text{Jumlah kepemilikan saham manajerial}}{\text{Jumlah saham yang beredar}}$$

3.3.3. Dewan Komisaris Independen

Dewan komisaris independen diukur berdasarkan proporsi jumlah anggota komisaris yang independen dengan seluruh anggota dewan komisaris. Pengukuran ini mengacu pada penelitian Debby *et al.* (2014). Skala data yang digunakan adalah skala rasio yaitu:

$$DKI = \frac{\text{Jumlah anggota dewan komisaris independen}}{\text{Jumlah anggota dewan komisaris}}$$

3.3.4. Komite Audit

Komite audit diukur berdasarkan jumlah anggota dalam komite audit. Pengukuran ini mengacu pada penelitian Debby *et al.* (2014). Skala data yang digunakan adalah skala rasio yaitu:

$$\text{Komite Audit} = \text{Jumlah anggota komite audit}$$

3.3.5. Profitabilitas

Berdasarkan penelitian Debby *et al.* (2014), profitabilitas diukur dengan menggunakan skala pengukuran rasio yaitu rumus perhitungan *Return on Equity* (ROE):

$$ROE = \frac{\text{Laba bersih setelah pajak}}{\text{Total ekuitas}}$$

3.3.6. Leverage

Perhitungan *leverage* menggunakan skala rasio *Debt to Equity Ratio* (DER), skala ini digunakan untuk mengukur perbandingan antara total hutang dengan modal. Rumus *leverage* berdasarkan penelitian Rasyid (2015) yaitu:

$$DER = \frac{\text{Total Hutang}}{\text{Total Ekuitas}}$$

3.3.7. Metode Analisis Data

Metode analisis data yang digunakan untuk menguji hipotesis adalah analisis regresi linier berganda yang mengandung interaksi antar variabel independen. Model regresi sebagai berikut :

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon$$

4. Hasil dan Analisa Penelitian

4.1. Deskripsi Data Penelitian

Populasi dalam penelitian ini adalah perusahaan non-keuangan yang terdaftar di Bursa Efek Indonesia (BEI) selama periode tahun 2015 hingga 2017. Sampel penelitian dipilih menggunakan metode *purposive sampling* dan menghasilkan 99 perusahaan non-keuangan.

4.2. Uji Asumsi Klasik

Tabel 1
Hasil Uji Normalitas (One-Sample Kolmogorov-Smirnov Test)

	<i>Unstandardized Residual</i>
N	297
<i>Test Statistic</i>	0,144
<i>Asymp. Sig. (2-tailed)</i>	0,000

Hasil pengujian normalitas residual berdasarkan Kolmogorov-Smirnov pada tabel menunjukkan bahwa nilai asymp. Sig. (2-tailed) sebesar 0,000 dimana nilai ini lebih kecil dari 0,05 sehingga dapat disimpulkan bahwa data tidak berdistribusi normal

Tabel 2
Hasil Uji Normalitas (One-Sample Kolmogorov-Smirnov Test)

	<i>Unstandardized Residual</i>
N	197
Test Statistic	0,063
Asymp. Sig. (2-tailed)	0,057

Data pada tabel 3 menunjukkan bahwa nilai asymp. Sig. (2-tailed) sebesar 0,057 dimana nilai tersebut lebih besar dari 0,05 yang berarti data berdistribusi normal, sehingga untuk pengujian selanjutnya peneliti akan menggunakan data penelitian setelah melakukan transformasi data yakni sebanyak 197 data.

4.3.2. Uji Autokorelasi

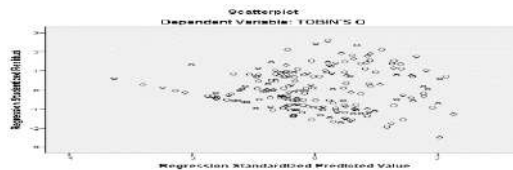
Tabel 3
Hasil Uji Autokorelasi

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0,528	0,278	0,259	0,14902	1,995

Berdasarkan hasil uji autokorelasi menggunakan uji Durbin-Watson (DW test) pada tabel menunjukkan bahwa nilai Durbin-Watson adalah sebesar 1,995. Dari hasil perhitungan pada tabel yaitu $1,8190 < 1,995 < 2,181$ maka dapat disimpulkan bahwa tidak terjadi autokorelasi.

4.3.3. Uji Heteroskedastisitas

Berdasarkan hasil uji heteroskedastisitas menunjukkan bahwa titik-titik menyebar secara acak serta tersebar baik diatas dan dibawah angka 0 pada sumbu Y sehingga dapat disimpulkan dalam model regresi ini tidak terjadi heteroskedastisitas.



Gambar 2
Hasil Uji Heteroskedastisitas

4.3.4 Uji Multikolinearitas

Tabel 4
Hasil Uji Multikolinearitas

Variabel	Tolerance	VIF	Kesimpulan
KM (X1)	0,986	1,014	Tidak terjadi multikolinearitas
DKI (X2)	0,946	1,057	Tidak terjadi multikolinearitas
KA (X3)	0,996	1,004	Tidak terjadi multikolinearitas
ROE (X4)	0,962	1,039	Tidak terjadi multikolinearitas
DER (X5)	0,974	1,026	Tidak terjadi multikolinearitas

Tabel 4 menunjukkan bahwa kepemilikan manajerial (KM), dewan komisaris independen (DKI), komite audit (KA), profitabilitas (ROE) dan leverage (DER) memiliki nilai tolerance lebih besar dari 0,1 dan nilai Variance Inflation Factor (VIF) kurang dari 10 sehingga dapat disimpulkan tidak terjadi multikolinearitas dalam model regresi yang digunakan pada penelitian ini.

4.4. Analisis Koefisien Determinasi (R^2)

Tabel 5
Hasil Uji Koefisien Determinasi (*Adjusted R*²)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,528	0,278	0,259	0,14902

Nilai analisis koefisien determinasi (*Adjusted R*²) yang disajikan dalam tabel 5 adalah sebesar 0,259. Hal ini menunjukkan bahwa secara statistik besarnya variasi variabel dependen yaitu nilai perusahaan yang dapat dijelaskan oleh variabel independen yaitu kepemilikan manajerial (KM), dewan komisaris independen (DKI), komite audit (KA), profitabilitas (ROE) dan leverage (DER) adalah sebesar 25,9%. Sedangkan sisanya adalah sebesar 74,1% dijelaskan oleh variasi variabel lain atau faktor lain yang tidak dimasukkan ke dalam model regresi.

4.5. Pengujian Hipotesis

4.5.1. Uji Statistik t

Tabel 6
Hasil Uji Statistik t

Variabel	B	Sig.	Keterangan
(Constant)	0,211	0,136	
KM (X1)	0,053	0,663	H ₁ ditolak
DKI (X2)	0,842	0,000	H ₂ gagal ditolak
KA (X3)	0,099	0,104	H ₃ ditolak
ROE (X4)	0,457	0,007	H ₄ gagal ditolak
DER (X5)	0,026	0,487	H ₅ ditolak

4.6. Pembahasan

4.6.1. Pengaruh Kepemilikan Manajerial terhadap Nilai Perusahaan

Hasil pengujian regresi kepemilikan manajerial memiliki nilai signifikansi sebesar 0,663 lebih besar dari 0,05 dan nilai koefisien regresi 0,053. Hal ini membuktikan bahwa kepemilikan manajerial tidak memiliki pengaruh terhadap nilai perusahaan sehingga H₁ ditolak. Besar kecilnya jumlah kepemilikan manajerial tidak mampu menyejajarkan kepentingan manajemen dengan pemegang saham, sehingga tujuan perusahaan dalam meningkatkan nilai perusahaan tidak dapat tercapai. Jika kepemilikan manajerial dalam suatu perusahaan meningkat, maka nilai perusahaan akan menurun sebesar peningkatan yang terjadi. Kepemilikan manajerial berfungsi sebagai mekanisme *corporate governance* dalam meminimalkan tindakan manajemen perusahaan untuk memanipulasi pendapatan (Herawaty, 2008). Hasil penelitian ini sesuai dengan hasil penelitian yang dilakukan oleh Debby *et al.* (2014), Sujoko & Soebiantoro (2007) serta Rasyid (2015), namun tidak sesuai dengan penelitian yang dilakukan oleh Muryati & Suardikha (2014), Perdana & Raharja (2014) serta Suyanti, Rahmawati & Aryani (2010).

4.6.2. Pengaruh Dewan Komisaris Independen terhadap Nilai Perusahaan

Hasil pengujian data menunjukkan bahwa dewan komisaris independen memiliki nilai signifikansi sebesar 0,000 lebih kecil dari 0,05 dan nilai koefisien regresi sebesar 0,842. Hal ini membuktikan bahwa dewan komisaris independen memiliki pengaruh positif dan signifikan terhadap nilai perusahaan sehingga H₂ gagal ditolak. Hal ini membuktikan bahwa dewan komisaris independen dapat melakukan pengawasan terhadap direksi dengan efektif dan dengan adanya dewan komisaris independen dapat memberikan kontribusi yang efektif dalam penyusunan laporan keuangan perusahaan. Menurut Muryati & Suardikha (2014), komisaris independen dalam mengatasi konflik keagenan (*agency problem*) dapat digunakan untuk memberikan informasi terkait tujuan pemegang saham kepada manajer. Komisaris independen merupakan posisi terbaik dalam menjalankan fungsi *monitoring* supaya terciptanya *good corporate governance* (Suyanti, Rahmawati, & Aryani, 2010).

Hasil penelitian ini sesuai dengan penelitian yang dilakukan oleh Muryati & Suardikha (2014), Siallagan & Machfoedz (2006), Herawaty (2008) serta Perdana & Raharja (2014), namun tidak sesuai dengan penelitian yang dilakukan oleh Debby *et al.* (2014), Rupilu (2011), Siallagan & Machfoedz (2006) serta Suyanti, Rahmawati & Aryani (2010) yang memperoleh bukti bahwa dewan komisaris independen tidak berpengaruh terhadap nilai perusahaan.

4.6.3. Pengaruh Komite Audit terhadap Nilai Perusahaan

Berdasarkan hasil pengujian regresi dalam penelitian ini, komite audit memiliki nilai signifikansi sebesar 0,104 lebih besar dari 0,05, dengan nilai koefisien regresi 0,099. Hal ini membuktikan bahwa komite audit tidak memiliki pengaruh terhadap nilai perusahaan sehingga H₃ ditolak. Dengan adanya komite audit di dalam suatu perusahaan hanya untuk memenuhi ketentuan yang ada, sehingga komite audit tidak dapat menjalankan fungsinya secara maksimal. Menurut Muryati & Suardikha (2014) jumlah anggota yang terlalu banyak dalam suatu komite audit dapat memberikan dampak buruk bagi perusahaan karena mengakibatkan banyaknya tugas atau pekerjaan yang terpecah. Hal ini dapat menyebabkan anggota komite audit kurang mampu menjalankan tugasnya secara efektif sehingga dapat menurunkan kinerja serta nilai perusahaan tersebut. Keberadaan komite audit di dalam suatu perusahaan bukan menjadi jaminan dalam meningkatkan kinerja perusahaan.

Hasil penelitian ini sesuai dengan hasil penelitian yang dilakukan oleh Debby *et al.* (2014) serta Suyanti, Rahmawati & Aryani (2010), namun hasil penelitian ini tidak sesuai dengan yang dilakukan oleh Siallagan & Machfoedz (2006), Rupilu (2011) serta Perdana & Raharja (2014) yang menemukan bukti bahwa komite audit berpengaruh positif terhadap nilai perusahaan.

4.6.4. Pengaruh Profitabilitas terhadap Nilai Perusahaan

Berdasarkan hasil pengujian regresi dalam penelitian ini, profitabilitas memiliki nilai signifikansi sebesar 0,007 lebih kecil dari 0,05 dan nilai koefisien regresi sebesar 0,457. Hal ini membuktikan bahwa profitabilitas memiliki pengaruh positif dan signifikan terhadap nilai perusahaan sehingga H_4 gagal ditolak. Hal ini membuktikan bahwa profitabilitas menjadi suatu indikator penilaian perusahaan dalam menjalankan kinerja operasional suatu perusahaan. Semakin tinggi kemampuan perusahaan dalam mendapatkan laba menunjukkan bahwa kinerja di dalam suatu perusahaan semakin baik sehingga dapat di terima oleh publik untuk keyakinan dalam keberlangsungan hidup perusahaan di masa depan (Debby *et al.*, 2014). Profitabilitas berpengaruh terhadap nilai perusahaan dikarenakan profitabilitas menunjukkan seberapa besar tingkat pengembalian yang diterima oleh investor dari investasi yang mereka lakukan. Jika tingkat pengembalian tinggi maka investor memiliki kepercayaan terhadap perusahaan tersebut dalam menyejahterakan kepentingan pemilik. Hasil penelitian sesuai dengan penelitian yang dilakukan oleh Debby *et al.* (2014), Rasyid (2015), Sujoko & Soebiantoro (2007) serta Prasetyorini (2013).

4.6.5. Pengaruh Leverage terhadap Nilai Perusahaan

Berdasarkan hasil pengujian regresi dalam penelitian ini, *leverage* memiliki nilai signifikansi sebesar 0,487 lebih besar dari 0,05, dengan nilai koefisien regresi 0,026. Hal ini membuktikan bahwa *leverage* tidak memiliki pengaruh terhadap nilai perusahaan sehingga H_5 ditolak. Dalam penelitian ini memperoleh bukti bahwa perusahaan dalam membiayai aset lebih cenderung memilih untuk menggunakan laba ditahan dan modal saham perusahaan dibandingkan menggunakan hutang. Perusahaan lebih berhati-hati melakukan pembiayaan dengan melakukan pinjaman kepada pihak lain, karena akan menanggung beban yang timbul dari pinjaman tersebut, misal biaya bunga, biaya provisi, biaya asuransi dan lainnya, yang akan menjadi beban perusahaan. Khususnya biaya bunga akan menjadi beban tetap selama jangka waktu pinjaman.

Hasil penelitian ini sesuai dengan hasil penelitian yang dilakukan oleh Rasyid (2015) dan Prasetyorini (2013) yang menyatakan bahwa *leverage* tidak berpengaruh terhadap nilai perusahaan. Namun hasil penelitian ini tidak sesuai dengan yang dilakukan oleh Siallagan & Machfoedz (2006) yang menyatakan bahwa *leverage* berpengaruh positif terhadap nilai perusahaan serta hasil penelitian Sujoko & Soebiantoro (2007) yang menemukan bahwa *leverage* berpengaruh negatif signifikan terhadap nilai perusahaan.

1. 5. Kesimpulan, Implikasi, Keterbatasan Dan Saran

5.1. Kesimpulan

Kepemilikan manajerial, komite audit, dan leverage tidak berpengaruh terhadap nilai perusahaan. Hal ini menunjukkan bahwa besar kecilnya proporsi kepemilikan manajerial, adanya komite audit serta pembiayaan aset yang bersumber dari hutang tidak berdampak terhadap naik atau turunnya nilai perusahaan. Sedangkan dewan komisaris independen dan profitabilitas berpengaruh positif terhadap nilai perusahaan. Sehingga dapat disimpulkan bahwa dewan komisaris independen dapat berperan dalam menjalankan fungsi *monitoring* untuk mengawasi kebijakan yang dilakukan oleh direksi dengan efektif dan semakin tinggi tingkat profitabilitas akan meningkatkan nilai perusahaan. Tingginya kemampuan suatu perusahaan dalam memperoleh laba menunjukkan perusahaan tersebut memiliki kinerja yang baik sehingga dapat meyakinkan publik dalam keberlangsungan perusahaan di masa depan serta dapat memberikan kepercayaan kepada investor untuk melakukan investasi pada perusahaan tersebut.

5.2. Implikasi Penelitian

Berdasarkan hasil penelitian yang terbukti mempengaruhi kinerja perusahaan adalah dewan komisaris independen dan profitabilitas. Sehingga bagi investor atau calon investor perlu memperhatikan ada tidaknya dewan komisaris independen dalam struktur dewan komisaris di perusahaan, disamping tingkat profitabilitas yang diperoleh perusahaan.

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Penerapan Altman Z-Score

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Abstract

Penelitian ini bertujuan untuk melakukan pengamatan dan prediksi potensi kebangkrutan perusahaan tambang batu bara yang listing pada Bursa Efek Indonesia periode tahun 2016 sampai dengan 2017. Alat prediksi yang digunakan adalah Altman Z-Score. Variabel operasional pada penelitian ini adalah rasio-rasio keuangan yang dapat diambil pada laporan keuangan tahunan perusahaan (emiten). Analisa yang digunakan adalah analisa diskriptif. Data yang digunakan adalah data kuantitatif dengan sumber data sekunder.

Populasi dari penelitian ini adalah semua perusahaan yang terdaftar dalam Bursa Efek Indonesia pada sub sector perusahaan tambang batu bara dengan jumlah 21 perusahaan. Kriteria sample yang digunakan adalah perusahaan yang secara berturut-turut pada periode penelitian yaitu 2016 sampai dengan 2017 membayarkan deviden kepada investor. Dari kriteria tersebut, maka hanya ada delapan perusahaan yang memenuhi syarat untuk dilakukan prediksi kebangkrutan.

Hasil dari pengaplikasian rumus Altman Z-Score, maka didapatkan hasil bahwa pada periode 2016 semua emiten yang diteliti mempunyai kondisi keuangan yang sehat ($Z > 2.99$), artinya bahwa dengan menggunakan rumus Altman Z-Score emiten di prediksi tidak akan mengalami kebangkrutan (sehat). Pada periode pelaporan keuangan 2017, dari delapan sample, terdapat satu emiten yang diprediksi rawan bangkrut ($1.81 < Z < 2.99$). Ketujuh emiten yang lain pada tahun 2017 diprediksi sehat ($Z > 2.99$). Sebaiknya calon investor melakukan analisa keuangan lebih lanjut untuk melihat bagian keuangan yang tidak sehat.

Keywords: Altman, Z-Score, Prediksi, Kebangkrutan

INTRODUCTION

Indonesia merupakan salah satu negara yang mempunyai kekayaan alam yang besar. Sumber daya alam (SDA) yang dimiliki Indonesia menjadi incaran banyak perusahaan asing. Potensi kekayaan alam Kawasan Timur Indonesia (KTI) sebanyak 68% dan menyimpan 81, 2% cadangan bahan tambang. Indonesia memiliki beberapa jenis barang tambang, diantaranya adalah minyak bumi, batu bara, biji besi, tembaga, bauksit, emas dan perak, marmer, yodium, nikel, gas alam, mangan, grafit. Berawal dari alasan tersebut, maka banyak perusahaan tambang yang dapat dijumpai, khususnya di wilayah KTI baik perusahaan milik Indonesia maupun perusahaan asing.

Banyaknya perusahaan yang berdiri sebenarnya mampu menolong perekonomian. Namun kesalahan prediksi dapat berakibat buruk bagi perusahaan. Berdirinya banyak perusahaan tambang di Indonesia dapat mengurangi tingkat pengangguran sehingga roda perekonomian berjalan dengan baik. Kegiatan eksplorasi pada perusahaan tambang merupakan kegiatan yang utama karena tidak akan ada kegiatan penambangan tanpa adanya kegiatan eksplorasi. Eksplorasi juga dapat menarik perhatian investor. Semakin banyak investor yang menanamkan modal pada perusahaan, maka perusahaan mampu mengekspansi perusahaannya. *Size* perusahaan yang semakin besar, maka semakin besar juga kemampuannya dalam menggerakkan roda perekonomian nasional.

Isu lingkungan, kondisi politik dan ekonomi di Indonesia yang tidak dapat di prediksi ini membuat risiko perusahaan menjadi tinggi, termasuk risiko bangkrut. Kebangkrutan sebuah perusahaan disebabkan oleh beberapa faktor, yaitu 1). Internal, yang berasal dari kesalahan kebijakan dan strategi, kurang pengawasan. 2). Eksternal, yang berasal dari kebijakan pemerintah, perekonomian, keamanan di Indonesia. Keadaan perusahaan yang terpuruk secara keuangan dapat menghambat pertumbuhan perekonomian, dan menciptakan masalah baru pada sebuah negara. Kebangkrutan berasal dari kesulitan keuangan atau likuiditas yang berdampak pada kemampuan untuk memenuhi kewajiban-kewajibannya baik jangka panjang maupun jangka pendek hingga penutupan usaha. Untuk itu pentingnya dilakukan perhitungan risiko dan prediksi kesehatan keuangan pada sebuah perusahaan.

Kebangkrutan sebenarnya dapat diprediksi. Analisa laporan keuangan merupakan barometer untuk melihat posisi keuangan perusahaan untuk mengantisipasi risiko-risiko keuangan yang buruk. Analisa laporan keuangan digunakan untuk melihat kelayakan perusahaan secara financial dengan membaca rasio keuangan.

Altman Z-Score adalah alat ukur keuangan dengan hasil skor yang menunjukkan kemungkinan kebangkrutan. Altman menggunakan rasio-rasio untuk memprediksi kondisi keuangan.

Salah satu industri yang berkembang di Indonesia adalah industri tambang dan menyerap banyak tenaga kerja. Sehingga sangat penting untuk mengetahui kondisi keuangan serta memprediksi prospek kebangkrutan. Hal ini untuk sangat baik untuk mencegah risiko sistemik akibat kebangkrutan, diantaranya pengangguran, inflasi, keamanan.

RESEARCH OBJECTIVES

Kebangkrutan sebuah perusahaan merupakan masalah dan mempunyai dampak yang sangat besar sehingga sangat penting memprediksi kesulitan financial perusahaan. Rumusan masalah yang ingin ditulis adalah bagaimana kondisi kesulitan keuangan dengan menggunakan prediksi kebangkrutan Altman Z-Score pada perusahaan tambang batu bara yang listing pada Bursa Efek Indonesia.

LITERATUR REVIEW

Kinerja Keuangan

Munawir (2002) mengungkapkan bahwa kinerja keuangan perusahaan adalah hasil dari banyak keputusan yang dibuat oleh pihak manajemen perusahaan secara terus-menerus untuk mencapai suatu tujuan tertentu secara efektif dan efisien. Fahmi (2011) mengungkapkan kinerja keuangan merupakan suatu analisis yang dilakukan untuk melihat sejauh mana suatu perusahaan telah melaksanakan dengan menggunakan aturan-aturan pelaksanaan keuangan secara baik dan benar.

Jadi kinerja keuangan merupakan alat yang digunakan untuk melihat seberapa besar perusahaan mampu melakukan efisiensi secara keuangan. Efisiensi keuangan berimplikasi pada naiknya keuntungan. Dengan naiknya keuntungan dapat berekspansi. Selain perusahaan dapat berekspansi, kesejahteraan pemilik modal juga naik.

Kebangkrutan

Kebangkrutan (*bankruptcy*) merupakan kondisi dimana perusahaan tidak mampu lagi untuk melunasi kewajibannya. Kondisi ini biasanya tidak muncul begitu saja di perusahaan, ada indikasi awal dari perusahaan tersebut yang biasanya dapat dikenali lebih dini kalau laporan keuangan dianalisis secara lebih cermat dengan suatu cara tertentu. Rasio keuangan dapat digunakan sebagai indikasi adanya kebangkrutan di perusahaan (Toto, 2011). Sebaiknya pemilik perusahaan dan investor sama-sama mengenali lebih jauh kondisi kesehatan keuangan perusahaan dengan melakukan pengecekan rasio keuangan secara berkala, sehingga risiko kebangkrutan dapat dihindari. Menurut Aziz (2010) terdapat tahap-tahap terjadinya kebangkrutan, diantaranya adalah:

- a) Tahap permulaan. Tahap ini ditandai oleh adanya satu atau lebih keadaan operasi dan keuangan yang tidak menggembirakan yang kemungkinan tidak disadari baik oleh kreditur, pihak luar bahkan oleh manajemen sendiri. Contoh tanda-tanda adalah adanya penurunan penjualan, kenaikan biasa-biasa komersial dan finansial, in-efisien produksi, persaingan yang ketat, personalia yang memegang jabatan tidak mempunyai potensi dan kegagalan dalam melakukan ekspansi, ketidakefektifan pengumpulan piutang, kurangnya dukungan perbankan.
- b) Tahap perusahaan mengalami kekurangan kas dan alat-alat liquid lain. Tahap ini diawali dengan ketidakmampuan perusahaan dalam membayar hutang-hutang jangka pendek dan biaya operasinya.
- c) Tahap perusahaan tidak solvabel dalam kegiatan komersial dan finansial. Perusahaan benar-benar tidak mampu mendapatkan dana dari sumber-sumber dana reguler.
- d) Tahap bangkrut secara total. Gejala yang paling menonjol adalah jumlah hutang

Indikator kebangkrutan

Adapun indikator kesulitan keuangan antara lain (Hani, 2015):

- a) Terjadinya penurunan aset. Hal ini ditandai dengan rendahnya nilai total aset pada neraca.
- b) Penurunan penjualan
- c) Perolehan laba dan profitabilitas yang semakin rendah
- d) Berkurangnya modal kerja
- e) Tingkat hutang yang semakin tinggi

Penurunan dan peningkatan tidak bisa hanya dilihat pada satu periode saja, harus ada periode pembandingan. Selain adanya periode pembandingan, juga sebaiknya menggunakan rasio-rasio keuangan untuk melihat lebih pasti kesulitan keuangan yang dihadapi oleh perusahaan.

Altman Z-Score

Ada beberapa metode yang dapat digunakan untuk memprediksi kebangkrutan. Metode yang sering digunakan adalah dengan metode Altman dengan menghitung nilai Z. Nilai Z ini melibatkan

variabel rasio-rasio keuangan. Menurut Hanafi (2014) Z-Score Altman adalah salah satu teknik statistik analisa diskriminan yang dapat digunakan untuk memprediksi kebangkrutan perusahaan.

$$Z = 1.2 X_1 + 1.4 X_2 + 3.3 X_3 + 0.6 X_4 + 1.0 X_5$$

Dimana:

- Z = Indeks Kebangkrutan
- X1 = Modal Kerja (Aktiva Lancar – Hutang Lancar) / Total Aktiva
- X2 = Laba Ditahan / Total Aktiva
- X3 = Laba Sebelum Bunga dan Pajak / Total Aktiva
- X4 = Nilai Pasar Saham Biasa dan Preferen / Nilai Buku Total Hutang
- X5 = Penjualan / Total Aktiva

Kriteria penilaian adalah sebagai berikut

Tabel 1. Kriteria Penilaian

Nilai	Interprestasi
$Z > 2.99$	Perusahaan tidak mengalami masalah dengan kondisi keuangan (Sehat)
$1.81 < Z < 2.99$	Perusahaan akan mengalami permasalahan keuangan jika tidak melakukan perbaikan yang berarti dalam manajemen maupun struktur keuangan (Rawan Bangkrut)
$Z < 1.81$	Perusahaan mengalami masalah keuangan yang serius (Bangkrut)

Previews Research

penelitian yang sudah dilakukan sebelumnya untuk melihat potensi kebangkrutan adalah sebagai berikut:

- a) Penelitian yang dilakukan oleh kartikasari, Topowijoyo, dan Azizah (2014) melakukan pengamatan terhadap industri garment pada tahun 2008-2012 menemukan bahwa dari tujuh dari delapan perusahaan yang menjadi sample berpotensi mengalami kebangkrutan apabila tidak ada kemajuan dalam posisi keuangan
- b) Aprilianingsih (2018) melakukan penelitian terhadap seluruh emiten di indeks LQ-45 selama tahun 2010 -2013 dan menemukan hasil yang berbeda-beda pada setiap periodenya.
- c) Penelitian yang dilakukan oleh wulandari, Burhanudin, dan Widyawati (2017) dengan sample perusahaan farmasi yang listing di BEI periode 2011-2015 menemukan bahwa perusahaan farmasi pada tahun 2011-2015 semua dalam kondisi bagus dan meneruskan menjaga tingkat likuiditasnya.
- d) Yunindra (2018) meneliti kebangkrutan dengan menganalisa rasio keuangan pada industri sub sektor tixtile dan garmen selama tahun 2011-2015 menemukan bahwa terdapat satu perusahaan dari total sample periode pengamatan berturut-turut diprediski bangkrut, dan satu perusahaan yang diprediski bangkrut hanya pada tahun 2013 dan 2015, satu perusahaan lagi diprediski bangkrut pada tahun 2012-2015
- e) Ariesco (2015) meneliti *financial distress* pada bank yang listing di BEI periode 2010-2013 menemukan bahwa 56% terindikasi bangkrut, 11% area abu-abu, dan 33% diprediski sehat.

METHODOLOGY AND DATA

Metode yang digunakan adalah diskriptif, yaitu penggambaran keadaan subjek dalam pengamatan berdasarkan fakta yang terlihat. Populasi yang digunakan adalah seluruh perusahaan yang terdaftar pada Bursa Efek Indonesia. Sample yang digunakan mempunyai kriteria diantaranya:

- a) Perusahaan tambang batu bara yang terdaftar di BEI selama tahun 2016 dan 2017.
- b) Perusahaan membagikan deviden selama periode 2016 dan 2017 berturut-turut.

Berikut daftar perusahaan

Tabel 2. Daftar Perusahaan Batu Bara

No	Nama Emiten	Kode
1	Adaro	ADRO
2	Baramulti Sekessarana	BSSR
3	Golden Energy Mines	GEMS
4	Harum Energy	HRUM
5	Indi Tambang Megah	ITMG
6	Samindo Resources	MYOH

7	Tambang Batu Bara Bukit Tinggi	TPBA
8	Toba Bara Sejahtera	TOBA

Teknik Analisa Data:

- Memperoleh laporan keuangan
- Mengitung rasio keuangan untuk mengisi Z-Score
- Menghitung nilai Altman Z-Score dengan rumus

5. HASIL DAN PEMBAHASAN

Dari laporan keuangan, didapat rasio-rasio keuangan, kemudian diolah dengan memasukan angka ke rumus. Rasio keuangan dengan membandingkan sebagai berikut:

- X1 = Modal Kerja (Aktiva Lancar – Hutang Lancar) / Total Aktiva
 X2 = Laba Ditahan / Total Aktiva
 X3 = Laba Sebelum Bunga dan Pajak / Total Aktiva
 X4 = Nilai Pasar Saham Biasa dan Preferen / Nilai Buku Total Hutang
 X5 = Penjualan / Total Aktiva

Tabel 3. Operasional Variabel 2016

Emiten	Kode	X1	X2	X3	X4	X5
Adaro	ADRO	0,164945	0,052234	0,090094	9,436396	0,387019
Baramulti Seksessarana	BSSR	0,028738	0,000431	0,193455	0,009648	1,3186
Golden Energy Mines	GEMS	0,395901	0,128816	0,130431	59951506	1,017661
Harum Energy	HRUM	0,520705292	0,032295244	0,10780607	16,2781464	0,525252851
Indi Tambang Megah	ITMG	0,248116205	0,10804254	0,158697528	1245,192467	1,130357946
Samindo Resources	MYOH	0,570837597	0,028849311	0,308477285	12932,27175	1,291008168
Tambang Batu Bara Bukit Asam	TPBA	0,178027681	0,107994424	0,756798193	2,729391831	0,756798193
Toba Bara Sejahtera	TOBA	0,030037269	0,002047249	0,088553998	0,133878894	0,088553998

Tabel 4. Operasional Variabel 2017

Emiten	Kode	X1	X2	X3	X4	X5
Adaro	ADRO	0,176946	0,032208	0,167519	1,502882	0,478172
Baramulti Seksessarana	BSSR	0,115864	0,281775	0,814326	0,027279	1,868178
Golden Energy Mines	GEMS	0,284908632	0,280352939	0,284282013	55357164,98	1,279404542
Harum Energy	HRUM	0,559470555	0,098551067	0,183724579	13,70285229	0,708683799
Indi Tambang Megah	ITMG	0,345551472	0,185923956	0,266478884	1179,291314	1,243520284
Samindo Resources	MYOH	0,631767137	0,042105088	0,241563549	15061,42503	1,382177423

Tambang Batu Bara Bukit Tinggi	TPBA	0,030037269	0,002047249	0,088553998	0,133878894	0,088553998
Toba Bara Sejahtera	TOBA	0,099252999	0,126852197	0,270163839	22,50819732	0,891976879

Tabel 5. Hasil Perhitungan Z-Score

No	Nama	Kode	Z-Score 2016	Prediksi	Z-Score 2017	Prediksi
1	Adaro	ADRO	6,593744	Sehat	2,190163143	Rawan Bangkrut
2	Baramulti Seksessarana	BSSR	19,37441714	Sehat	5,105344862	sehat
3	Golden Energy Mines	GEMS	35,970906	Sehat	33,214,302	sehat
4	Harum Energy	HRUM	11,31796041	Sehat	10,34602	sehat
5	Indi Tambang Megah	ITMG	749,2185	Sehat	710,3726	sehat
6	Samindo Resources	MYOH	10,79374	Sehat	9,039734	Sehat
7	Tambang Batu Bara Bukit Asam	TPBA	5,256693	Sehat	5,0002	sehat
8	Toba Bara Sejahtera	TOBA	11,96996	Sehat	15,58513262	sehat
Sehat				8		7
Rawan Bangkrut				0		1
Bangkrut				0		0

6. PEMBAHASAN

Setelah memperoleh rasio0rasio keuangan, maka langkah selanjutnya adalah mengaplikasin rasio-rasio (X_1, X_2, X_3, X_4, X_5) tersebut pada rumus Z-Score $1.2 X_1 + 1.4 X_2 + 3.3 X_3 + 0.6 X_4 + 1.0 X_5$. hasil dari perhitungan tersebut kemudian dibandingkan dengan kriteria angka Altman.

Dari hasil pengaplikasian rumus Altman Z-Score pada Tabel 5 dapat dilihat bahwa tujuh perusahaan batu bara secara keuangan pada posisi sehat ($Z > 2.99$) dan satu perusahaan berada dikeadaan rawan bangkrut. Pada tahun 2016 PT Golden Energy Mine (GEMS) mempunyai angka Z-Score paling tinggi yaitu 35,9 dan PT Tambang Batu Bara Bukit Asam (PTBA) mempunyai angka Z-Score paling rendah yaitu 5,25. Semua perusahaan pada tahun 2016 pada posisi sehat. Pada tahun 2017 terdapat satu perusahaan yang diprediksi rawan bangkrut dengan angka 2,19 ($1.81 < Z < 2.99$) yaitu PT. ADARO. Angka paling tinggi secara berturut-turut dari tahun sebelumnya yaitu PT. Golden Energy Mine sebesar 33,21 ($Z > 2.99$).

Banyak penyebab dari kebangkrutan, salah satunya dari turunnya angka penjualan. Hal ini tidak terjadi pada emiten berkode GEMS karena secara berturut-turut mempunyai angka penjualan yang melonjak pada tiga periode laporan keuangan (tahun). Penjualan neto GEMS mengalami kenaikan sebanyak 51% dari tahun 2016-2017 yaitu 384,34 menjadi 759,45. Keberlangsungan perusahaan tidak hanya ditentukan oleh faktor perusahaan, namun operasional perusahaan salah satunya didanai dari laba penjualan. Apabila penjualan naik maka laba juga akan naik, namun dengan asumsi bahwa keadaan normal.

7. KESIMPULAN dan SARAN

Kesimpulan

- Dari delapan sample yang digunakan pada tahun 2016 semua perusahaan dalam kondisi sehat.
- Pada tahun 2017, dari delapan sample, hanya ada satu perusahaan yang diprediksi rawan

- bangkrut, yaitu PT ADARO
- c) Dengan melakukan prediski, maka menghindarkan kebangkrutan pada perusahaan dan kerugaian pada investor

Saran

- a) Sebaiknya investor mempertimbangkan Altman sebagai alat prediski kebangkrutan sebelum melakukan perdagangan. Investor diharapkan tidak hanya menggunakan analisa teknikal saja namun juga menggunakan analisa fundamental untuk meminimalkan risiko kerugian di kemudian hari
- b) Alat analisis yang digunakan sebaiknya beragam untuk membuat perbandingan dan tingkat akurasi.
- c) Bagi perusahaan (Emiten) yang diprediski rawan bangkrut atau tidak sehat maka harus segera memperbaiki kinerja keuangan sebelum keadaan menjadi lebih buruk.

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ANALISIS FAKTOR DEMOGRAFI DAN PENGARUHNYA TERHADAP INTENSI KEWIRAUSAHAAN MAHASISWA PROGRAM D3 EKONOMI FAKULTAS EKONOMI UNIVERSITAS ISLAM INDONESIA

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Prodi D3 Manajemen Fakultas Ekonomi Universitas Islam Indonesia, Indonesia

Abstract

Menumbuhkan minat wirausaha di kalangan mahasiswa bukan satu hal yang mudah. Banyak faktor yang mempengaruhi intensi wirausaha mahasiswa, baik faktor internal maupun eksternal. Begitu pula sudah banyak ahli yang mencoba melakukan studi empiris terkait faktor-faktor yang mempengaruhi intensi kewirausahaan seseorang. Penelitian ini mencoba menganalisis faktor demografi yang mempengaruhi intensi kewirausahaan mahasiswa D3 Ekonomi Universitas Islam Indonesia. Intensi berwirausaha didefinisikan sebagai keinginan atau motivasi seseorang untuk merealisasikan rencana yang dibuat secara sadar dalam mendirikan sebuah bisnis/usaha mandiri. Faktor demografi yang diteliti adalah asal prodi mahasiswa, jenis kelamin, daerah asal mahasiswa, dan latar belakang pekerjaan orang tua. Dengan menggunakan sampel sebanyak 50 mahasiswa D3 Ekonomi yang sedang mengambil mata kuliah kewirausahaan, peneliti menganalisis data menggunakan uji beda *independent sample t test* menggunakan software SPSS 23,0. Ada empat hipotesis yang diajukan. Pertama, Mahasiswa Prodi D3 Manajemen memiliki intensi kewirausahaan lebih besar dibanding mahasiswa Prodi D3 Akuntansi. Kedua, Mahasiswa laki-laki memiliki tingkat intensi kewirausahaan yang lebih tinggi dibanding mahasiswa perempuan. Ketiga, Mahasiswa yang berasal dari daerah perkotaan memiliki intensi kewirausahaan yang lebih tinggi dibandingkan mahasiswa yang berasal dari pedesaan. Dan keempat, Mahasiswa dengan latar belakang pekerjaan orang tua wirausaha memiliki intensi kewirausahaan yang lebih besar dibanding mahasiswa dengan latar belakang pekerjaan orang tua non wirausaha. Hasil penelitian menunjukkan bahwa faktor asal prodi dan latar belakang pekerjaan orang tua memberikan pengaruh yang signifikan terhadap tingkat intensi kewirausahaan mahasiswa. Sementara untuk faktor jenis kelamin dan asal daerah hanya memberikan hasil perbedaan rata-rata intensi kewirausahaan, akan tetapi perbedaan tersebut tidak memberikan pengaruh yang signifikan terhadap tingkat intensi kewirausahaan. Ini berarti bahwa kedua variabel tersebut tidak berpengaruh terhadap intensi mahasiswa D3 Ekonomi UII.

Keywords: Intensi Kewirausahaan, Faktor Demografi, *independent sample t test*

PENDAHULUAN

1.1. Latar Belakang Masalah

Seperti dibahas dalam banyak literature, kewirausahaan memiliki peranan penting dalam menggenjot pertumbuhan ekonomi, melalui penciptaan peluang lapangan kerja baru, dan peningkatan daya beli masyarakat. Di beberapa Negara, semakin tumbuh dengan subur kewirausahaan, maka pertumbuhan ekonomi negara sendiri semakin baik. Di Indonesia, wirausaha dalam hal ini UMKM bahkan sudah terbukti menjadi salah satu solusi yang menyelamatkan bangsa dari krisis ekonomi dan moneter yang berkepanjangan di tahun 1998 hingga awal decade 2000 an.

Penumbuhan minat berwirausaha yang berdampak pada menciptakan usaha baru, merupakan salah satu strategi yang bisa dilakukan untuk mengurangi pengangguran suatu Negara, tak terkecuali adalah Indonesia. Sejalan dengan hal tersebut, dekade terakhir ini pemerintah Indonesia sedang menggalakkan dan program wirausaha mandiri, dalam rangka untuk menumbuhkan minat wirausaha di lapisan masyarakat khususnya usia kerja produktif. Salah satu upaya yang dilakukan pemerintah dalam hal ini adalah dengan membuka kran kemudahan untuk akses permodalan dan dukungan serta pendampingan manajemen UMKM. Selain itu untuk menumbuhkan minat wirausaha di kalangan anak muda, khususnya lulusan sekolah atau perguruan tinggi,

pemerintah juga menetapkan mata kuliah pendidikan kewirausahaan menjadi mata kuliah wajib di setiap sekolah vokasi dan perguruan tinggi.

Pendidikan kewirausahaan memiliki peranan dalam menumbuhkan karakter kewirausahaan yang berdampak pada meningkatnya intensi kewirausahaan. Pendidikan kewirausahaan menyediakan proses pembelajaran kepada siswa didik yang menjamin terjadinya transfer ilmu pengetahuan kewirausahaan dengan output pembelajaran yang terbagi dalam tiga ranah kognitif, afektif, dan psikomotorik. Ranah kognitif berarti melalui proses pembelajaran kewirausahaan siswa didik akan mampu memahami teori dan pengetahuan dasar kewirausahaan. Ranah afektif membangun sikap kewirausahaan siswa didik agar memiliki karakter layaknya seorang wirausaha. Sedangkan ranah psikomotorik mendorong siswa didik untuk bertindak memulai usaha.

Seiring dengan semakin meningkatnya kesadaran masyarakat untuk berwirausaha, aktifitas wirausaha banyak ditemukan di hampir semua wilayah di Indonesia. Berdasarkan data yang dikeluarkan oleh Kementerian Koperasi, per tahun 2017, ada sekitar 62 juta UMKM yang tersebar di seluruh Indonesia, pertumbuhannya meningkat sebesar 2,06 % dibanding tahun 2016 (Sumber data : KemenKUKM, 2019). Sementara itu, setiap tahun di Indonesia muncul lebih dari 1000 *start up business* baru yang bergerak di beberapa bidang usaha, yang terdaftar dan teridentifikasi (Bekraf, 2018). Data ini menjadi pertanda bahwa di Indonesia, kewirausahaan pertumbuhannya semakin bagus dan memberikan prospek yang bagus dalam pengembangan ekonomi Indonesia.

Akan tetapi data yang kontras justru terlihat dari minat mahasiswa dan lulusan perguruan tinggi untuk berwirausaha yang masih rendah. Berdasarkan data BPS tahun 2017 diketahui bahwa data lulusan PT yang berminat menjadi wirausaha masih berkisar pada angka 6 %, sementara untuk lulusan SMA sederajat adalah 22 %. Disisi lain jumlah lapangan kerja semakin sempit, menyebabkan tingkat pengangguran usia produktif lulusan sekolah menjadi meningkat. Oleh karena itu proses menumbuhkan minat wirausaha di kalangan mahasiswa menjadi satu program yang penting dalam rangka menumbuhkan calon-calon wirausaha baru. Kemandirian berwirausaha akan memberikan peluang kemandirian bagi diri sendiri sekaligus membuka peluang menyerap tenaga kerja bagi orang lain.

Sejalan dengan perkembangan wirausaha di Indonesia yang bertumbuh dengan cepat, semakin banyak pula penelitian terkait dengan faktor yang mempengaruhi minat seseorang menjadi wirausaha. Penelitian ini mencoba mengintegrasikan beberapa penelitian yang berbeda tentang intensi kewirausahaan, dan fokus pada identifikasi faktor demografi dan pengaruhnya terhadap intensi kewirausahaan khususnya mahasiswa D3 Ekonomi Fakultas Ekonomi Universitas Islam Indonesia.

1.2. Perumusan Masalah

Berdasarkan latar belakang tersebut di atas, maka dapat dirumuskan masalah adalah “Apakah faktor-faktor yang menentukan intensi kewirausahaan mahasiswa di Prodi D3 ekonomi Fakultas Ekonomi Universitas Islam Indonesia?”

1.3. Tujuan Penelitian

Penelitian ini bertujuan untuk mengetahui faktor-faktor yang menentukan intensi kewirausahaan mahasiswa di Prodi D3 ekonomi Fakultas Ekonomi Universitas Islam Indonesia

2. TINJAUAN PUSTAKA

2.1. Intensi Kewirausahaan

Perilaku seseorang dapat diprediksi melalui pengukuran sikapnya terhadap suatu objek tertentu. Pendekatan ini dapat dijabarkan dengan melihat intensi untuk menampilkan perilaku tertentu dalam diri seseorang. Intensi secara harfiah bermakna niat. Menurut Fishbein dan Ajzen (dalam Elis, 2011) mendefinisikan intensi atau niat ini sebagai kemungkinan subjektif (*subjective probability*) individu untuk berperilaku tertentu. Intensi merupakan dimensi probabilitas lokasi subjektif seseorang yang menghubungkan antara dirinya dengan suatu tindakan tertentu. Dengan kata lain, intensi merupakan besarnya dimensi probabilitas subjektif seseorang yang akan ditampilkan dalam bentuk perilaku tertentu. Intensi dipandang sebagai ubahan yang paling dekat dari individu untuk melakukan perilaku, maka dengan demikian intensi dapat dipandang sebagai hal yang khusus dari keyakinan yang obyeknya selalu individu dan atribusinya selalu perilaku. Menurut Ajzen (1988) pembentukan intensi pada diri seseorang terikat dalam suatu perilaku tertentu. Intensi terbentuk dalam rangka memenuhi faktor-faktor kebutuhan yang memiliki dampak pada perilaku. Intensi juga menandakan bagaimana upaya seseorang bertekad untuk mencoba dan berencana untuk menampilkan perilaku tertentu.

Santoso (1995) beranggapan bahwa intensi adalah hal-hal yang diasumsikan dapat menjelaskan faktor-faktor motivasi serta berdampak kuat pada tingkah laku. Hal ini mengindikasikan seberapa keras seseorang berusaha dan seberapa banyak usaha yang dilakukan agar perilaku yang diinginkan dapat dilakukan. Jika sikap

positif dan individu terdorong untuk berbuat sesuai harapan lingkungan untuk melakukan suatu perbuatan, ditambah individu melihat bahwa tidak ada hambatan baginya untuk berperilaku maka kemungkinan munculnya perilaku tinggi. Dengan kata lain, niatnya besar. Bila sikap negatif, individu tidak mau menentang harapan lingkungan padanya, dan individu merasa tidak akan mampu melakukan suatu perbuatan, maka niat menjadi lemah, yang ini berarti kemungkinan dia berperilakupun rendah (Wijaya 2007). Intensi kemudian fokus pada kepercayaan individu, perhatian, pengalaman, dan perilaku menuju objek tertentu yang dituju (Kautonen, Van Gelderen and Fink, 2015).

Berdasar pengertian intensi, kemudian intensi kewirausahaan dapat diartikan secara sederhana sebagai keinginan, keyakinan atau dorongan seseorang secara sadar untuk mendirikan atau menjalankan bisnis (Conner&Armitage dalam lorz,2011; Thompson dalam Lorz,2011; Gurbuz&Aykol,2008; Engle, et al.,2010). Oleh karena itu, intensi berwirausaha bukan sekedar pertanyaan “ya” atau “tidak” melainkan dapat dibuat interval dari intensi untuk memulai sebuah bisnis dengan tingkat yang sangat rendah, nol atau bahkan sangat tinggi.

Dalam perspektif lain, intensi kewirausahaan juga bisa diartikan sebagai komitmen seseorang untuk memulai usaha baru (Urban, et al., 2018). Senada dengan pengertian diatas, intensi kewirausahaan adalah langkah awal seseorang untuk memulai bisnis (Fayolle&Linan, 2014). Seseorang dengan tingkat intensi kewirausahaan yang baik akan cenderung memiliki kesiapan yang lebih baik dalam mendirikan dan menjalankan usaha, dibanding orang yang tidak punya intensi sama sekali. Intensi kewirausahaan yang dimiliki akan menjadi pendorong seseorang untuk mengetahui lebih banyak tentang ilmu dan pengalaman berwirausaha. Disamping itu dengan tingkat intensi yang tinggi akan membuat dia semakin tangguh dalam menghadapi permasalahan usaha yang dijalanannya.

2.2. Faktor Demografi

Penelitian tentang intensi kewirausahaan akhir-akhir ini banyak mendapat perhatian dari para peneliti. Pada dasarnya, proses pembentukan intensi berwirausaha dipengaruhi oleh faktor internal dalam diri seseorang, dan juga faktor eksternal berupa faktor lingkungan sekitar. Faktor internal bisa berupa sifat, sifat, dan kemampuan kewirausahaan yang mendorong dia menjadi seorang wirausaha. Faktor eksternal terkait faktor lingkungan seperti keluarga, lingkungan social, dan kondisi dunia usaha yang mempengaruhi ketertarikan seseorang untuk berwirausaha.

Banyak ahli yang sudah mengidentifikasi faktor-faktor yang mempengaruhi intensi kewirausahaan. Beberapa faktor demografi ditemukan menjadi salah satu determinan dari intensi kewirausahaan. Beberapa penelitian mendukung pernyataan bahwa faktor demografi seperti jenis kelamin, tempat tinggal, dan tingkat pendidikan, dan latar belakang pekerjaan orang tua menjadi salah satu faktor yang bisa membangun intensi kewirausahaan. Latar belakang pendidikan seseorang akan mempengaruhi intensi kewirausahaan seseorang. Mahasiswa dengan latar belakang pendidikan bisnis atau manajemen dipercaya akan memiliki pengetahuan bisnis yang lebih bagus, sehingga akan meningkatkan minat dia dalam berwirausaha. Beberapa studi membuktikan bahwa latar belakang pendidikan berpengaruh positif terhadap intensi kewirausahaan (Sinha, 1996; Lee, 1997).

Hipotesis 1 : Mahasiswa Prodi D3 Manajemen memiliki intensi kewirausahaan lebih besar dibanding mahasiswa Prodi D3 Akuntansi.

Pengaruh gender atau jenis kelamin telah banyak diteliti. Dari banyaknya referensi menyebutkan bahwa berdasarkan hasil penelitian, intensi kewirausahaan mahasiswa laki-laki lebih besar daripada mahasiswa perempuan (Mazzarol, et al., 1999; Grilo, et al., 2008).

Hipotesis 2 : Mahasiswa laki-laki memiliki tingkat intensi kewirausahaan yang lebih tinggi dibanding mahasiswa perempuan.

Mahajan & Arora, 2018 dalam penelitiannya menemukan bahwa faktor tempat tinggal mempengaruhi intensi mahasiswa di India. Lebih lanjut dalam penelitiannya, mahasiswa India yang tinggal di daerah kota metropolitan memiliki intensi kewirausahaan yang lebih besar dibanding mahasiswa yang tinggal di kota non metropolitan atau di desa.

Hipotesis 3 : Mahasiswa yang berasal dari daerah perkotaan memiliki intensi kewirausahaan yang lebih tinggi dibandingkan mahasiswa yang berasal dari pedesaan.

Status pekerjaan orang tua disinyalir memiliki hubungan yang kuat dengan intensi kewirausahaan mahasiswa. Keputusan seorang lulusan perguruan tinggi untuk berwirausaha salah satunya berhubungan dengan pekerjaan orang tuanya menjadi wirausaha juga. Beberapa penelitian membuktikan bahwa orang-orang yang

memiliki orang tua wirausaha cenderung menjadi pengusaha juga mengikuti jejak kedua orang tuanya (Davidson dan Honig, 2003).

Hipotesis 4 : Mahasiswa dengan latar belakang pekerjaan orang tua wirausaha memiliki intensi kewirausahaan yang lebih besar dibanding mahasiswa dengan latar belakang pekerjaan orang tua non wirausaha.

3. METODE PENELITIAN

3.1 Populasi dan Sample

Populasi dalam penelitian ini adalah seluruh mahasiswa D3 Ekonomi Fakultas Ekonomi Universitas Islam Indonesia. Populasi terjangkau dibatasi hanya pada mahasiswa yang mengambil mata kuliah kewirausahaan dan praktek kewirausahaan pada semester genap 2018/2019. Sampel dalam penelitian ini sebanyak 50 mahasiswa, dengan teknik pengambilan sampel menggunakan teknik *simple random sampling*, dimana sampel diambil secara acak berdasarkan kemudahan dalam mengakses responden.

3.2 Tehnik Pengumpulan Data

Data dalam penelitian ini berupa data primer yang dikumpulkan dengan menggunakan instrumen kuisioner. Instrumen yang digunakan adalah angket yang disusun berdasarkan faktor-faktor (indikator) dalam variabel intensi kewirausahaan. Untuk mengolah setiap variabel dalam analisis data yang diperoleh, disediakan beberapa alternatif jawaban dengan skala Likert, yaitu : Sangat setuju (SS), Setuju (S), Ragu-ragu (RR), Tidak setuju (TS), Sangat tidak setuju (STS).

3.3 Analisis data

Analisis data menggunakan uji beda independent sample t test dengan menggunakan software SPSS 23,0.

4. HASIL DAN PEMBAHASAN

4.1. Pengaruh Faktor Asal Prodi Terhadap Intensitas Kewirausahaan.

Analisis statistik uji beda *Independent Sample T Test* dengan menggunakan SPSS 23,0 untuk intensitas kewirausahaan mahasiswa asal Prodi D3 Akuntansi dan Prodi D3 Manajemen adalah sebagai berikut :

Tabel 1
Group Statistics

	asal prodi	N	Mean	Std. Deviation	Std. Error Mean
intensitas kewirausahaan	d3 akuntansi	32	18.7813	2.56193	.45289
	d3 manajemen	18	21.3333	3.28991	.77544

Berdasarkan tabel output grup statistik di atas diketahui bahwa jumlah data intensitas kewirausahaan untuk mahasiswa D3 Akuntansi ada 32 orang, sedang untuk mahasiswa D3 Manajemen ada 18 mahasiswa. Nilai rata-rata atau *mean* untuk kelompok D3 Akuntansi adalah sebesar 18,78, sedang kelompok mahasiswa D3 Manajemen adalah 21,33. Dengan demikian secara deskriptif dapat disimpulkan ada perbedaan rata-rata hasil intensitas kewirausahaan antara mahasiswa D3 Akuntansi dan mahasiswa D3 Manajemen.

Selanjutnya dilakukan analisis independent sample test dengan hasil sebagai berikut :

Tabel 2
Independent Samples Test

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper

intensi kewirausahaan	Equal variances assumed	2.264	.139	-	48	.004	-	.83709	-	-.86900
	Equal variances not assumed			-	28.74	.008	-	.89801	-	-.71474
				3.049	2		2.55208		4.23516	
				2.842			2.55208		4.38943	

Berdasarkan output tabel diketahui bahwa nilai *sig Levene's Test for Equality of Variance* adalah $0,139 > 0,05$ maka dapat disimpulkan bahwa varians data antara kelompok mahasiswa D3 akuntansi dan D3 Manajemen adalah homogen atau sama. Berdasarkan tabel output *independent samples t test* pada bagian *equal variances* diketahui nilai *sig (2-tailed)* sebesar $0,04 < 0,05$, maka dapat disimpulkan bahwa H_0 ditolak, dan H_a diterima. Dengan demikian dapat disimpulkan bahwa ada perbedaan yang signifikan antara rata-rata intensi kewirausahaan mahasiswa D3 Akuntansi dan D3 Manajemen.

4.2. Pengaruh Faktor Jenis Kelamin Terhadap Intensi Kewirausahaan

Analisis statistik uji beda *Independent Sample T Test* dengan menggunakan SPSS 23,0 untuk intensi kewirausahaan mahasiswa berdasarkan jenis kelamin adalah sebagai berikut :

Tabel 3

Group Statistics

	jenis kelamin	N	Mean	Std. Deviation	Std. Error Mean
intensi kewirausahaan	laki-laki	15	19.8667	3.50238	.90431
	perempuan	35	19.6286	2.92138	.49380

Berdasarkan tabel output grup statistik di atas diketahui bahwa jumlah data intensi kewirausahaan untuk mahasiswa dengan jenis kelamin laki-laki 15 orang, sedang untuk mahasiswa dengan jenis kelamin perempuan adalah 35 mahasiswa. Nilai rata-rata atau *mean* untuk kelompok laki-laki adalah sebesar 19,87, sedang kelompok perempuan adalah 19,63. Dengan demikian secara deskriptip dapat disimpulkan ada perbedaan rata-rata hasil intensi kewirausahaan antara mahasiswa berjenis kelamin laki-laki dan perempuan, meskipun selisihnya hanya sedikit.

Tabel 4

Independent Samples Test

		Levene's Test for Equality of Variances					t-Test for Equality of Means			
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
intensi kewirausahaan	Equal variances assumed	1.613	.210	.249	48	.805	.23610	.95733	-1.68674	2.16293
	Equal variances not assumed			.231	22.760	.819	.23610	1.03035	-1.89459	2.37078

Selanjutnya berdasarkan output tabel diketahui bahwa nilai *sig Levene's Test for Equality of Variance* adalah $0,249 > 0,05$ maka dapat disimpulkan bahwa varians data antara kelompok mahasiswa D3 akuntansi dan D3 Manajemen adalah homogen atau sama. Berdasarkan tabel output *independent samples t test* pada bagian *equal variances* diketahui nilai *sig (2-tailed)* sebesar $0,805 > 0,05$, maka dapat disimpulkan bahwa H_0 diterima, dan H_a ditolak. Dengan demikian dapat disimpulkan bahwa tidak ada perbedaan yang signifikan antara rata-rata intensi kewirausahaan mahasiswa berjenis kelamin laki-laki dan perempuan.

4.3. Pengaruh Faktor Asal Daerah Terhadap Intensi Kewirausahaan

Analisis statistik uji beda *Independent Sample T Test* dengan menggunakan SPSS 23,0 untuk intensi kewirausahaan mahasiswa berdasarkan faktor asal daerah adalah sebagai berikut :

Tabel 5

Group Statistics

	asal daerah	N	Mean	Std. Deviation	Std. Error Mean
intensi kewirausahaan	desa	30	19.4000	3.03542	.55419
	kota	20	20.1500	3.15019	.70440

Berdasarkan tabel output grup statistik di atas diketahui bahwa jumlah data intensi kewirausahaan untuk mahasiswa yang berasal dari daerah pedesaan adalah 30 orang, sedang untuk mahasiswa yang berasal dari daerah perkotaan adalah 20 mahasiswa. Nilai rata-rata atau *mean* untuk kelompok mahasiswa pedesaan sebesar 19,40, sedang kelompok mahasiswa perkotaan adalah 20,15. Dengan demikian secara deskriptif dapat disimpulkan ada perbedaan rata-rata hasil intensi kewirausahaan antara mahasiswa yang berasal dari pedesaan dan mahasiswa yang berasal dari perkotaan.

Tabel 6

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
intensi kewirausahaan	Equal variances assumed	.013	.909	-.843	48	.403	-.75000	.86951	-2.53848	1.03848
	Equal variances not assumed			-.837	38.808	.408	-.75000	.86628	-2.56171	1.06171

Selanjutnya berdasarkan output tabel diketahui bahwa nilai *sig Levene's Test for Equality of Variance* adalah $0,843 > 0,05$ maka dapat disimpulkan bahwa varians data antara kelompok mahasiswa D3 akuntansi dan D3 Manajemen adalah homogen atau sama. Berdasarkan tabel output *independent samples t test* pada *bagian equal variances* diketahui nilai *sig (2-tailed)* sebesar $0,403 > 0,05$, maka dapat disimpulkan bahwa H_0 diterima, dan H_a ditolak. Dengan demikian dapat disimpulkan bahwa tidak ada perbedaan yang signifikan antara rata-rata intensi kewirausahaan mahasiswa yang berasal dari pedesaan dan mahasiswa yang berasal dari perkotaan.

4.4. Pengaruh Faktor Pekerjaan Orang Tua Terhadap Intensi Kewirausahaan

Analisis statistik uji beda *Independent Sample T Test* dengan menggunakan SPSS 23,0 untuk intensi kewirausahaan mahasiswa berdasarkan latar belakang pekerjaan orang tua adalah sebagai berikut :

Tabel 7

Group Statistics

	pekerjaan orang tua	N	Mean	Std. Deviation	Std. Error Mean
intensi kewirausahaan	warausaha	26	20.6154	2.85765	.56043
	non warausaha	24	18.7083	3.04287	.62112

Berdasarkan tabel output grup statistik di atas diketahui bahwa jumlah data intensi kewirausahaan untuk mahasiswa dengan latar belakang pekerjaan orang tua warausaha/dagang adalah 26 orang, sedang untuk mahasiswa dengan latar belakang pekerjaan orang tua non warausaha/dagang adalah 24 mahasiswa. Nilai rata-rata atau *mean* untuk kelompok mahasiswa pedesaan sebesar 20,61, sedang kelompok mahasiswa perkotaan adalah 18,70. Dengan demikian secara deskriptif dapat disimpulkan ada perbedaan rata-rata hasil intensi kewirausahaan antara mahasiswa dengan latar belakang pekerjaan orang tua warausaha dan non warausaha.

Tabel 8

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
intensi kewirausahaan	Equal variances assumed	.010	.921	2.285	48	.027	1.90705	.83445	.22928	3.58482
	Equal variances not assumed			2.280	47.022	.027	1.90705	.83659	.22408	3.59003

Selanjutnya berdasarkan output tabel diketahui bahwa nilai *sig Levene's Test for Equality of Variance* adalah $0,921 > 0,05$ maka dapat disimpulkan bahwa varians data antara kelompok mahasiswa dengan latar belakang pekerjaan orang tua wirausaha dan non wirausaha adalah homogen atau sama. Berdasarkan tabel output *independent samples t test* pada *bagian equal variances* diketahui nilai *sig (2-tailed)* sebesar $0,027 < 0,05$, maka dapat disimpulkan bahwa H_0 ditolak, dan H_a diterima. Dengan demikian dapat disimpulkan bahwa ada perbedaan yang signifikan antara rata-rata intensi kewirausahaan mahasiswa yang berasal dari pedesaan dan mahasiswa yang berasal dari perkotaan.

Dari hasil penelitian dapat dijelaskan bahwa faktor jenis kelamin dan asal daerah tidak memberikan pengaruh yang signifikan pada tingkat intensi kewirausahaan mahasiswa D3 Ekonomi UII. Meskipun banyak teori dan hasil penelitian menunjukkan pengaruh yang signifikan. Pengaruh yang tidak signifikan ini dapat dijelaskan dari kondisi lingkungan saat ini, dimana terkait dengan faktor jenis kelamin, saat ini isu kesetaraan gender sudah semakin membaik. Baik laki-laki maupun perempuan memiliki akses yang sama untuk berkembang, termasuk di dalamnya akses pendidikan dan informasi yang berimbang. Karena adanya kesempatan yang sama untuk berkembang tersebut, sehingga perbedaan intensi kewirausahaan tersebut menjadi semakin mengecil. Begitu juga untuk faktor asal daerah, dimana di Indonesia saat ini pemerintah sudah tidak membedakan proses pembangunan dan pengembangan daerah pedesaan dan perkotaan. Selain daerah pedesaan semakin berkembang dan maju, akses penduduk untuk ke kota juga semakin mudah. Bahkan program-program kewirausahaan dari pemerintah sekarang banyak yang dialokasikan di pedesaan. Sehingga wajar kalau sikap dan intensi kewirausahaan masyarakat pedesaan dan perkotaan saat ini memiliki kesempatan yang sama.

Untuk faktor asal prodi dan latar belakang pekerjaan orang tua memiliki pengaruh yang signifikan terhadap intensi kewirausahaan. Mahasiswa yang orang tuanya memiliki usaha, biasanya akan memiliki semangat dan intensi yang lebih besar dalam berwirausaha dibanding mahasiswa yang latar belakang orang tuanya bukan wirausaha. Setiap hari mahasiswa langsung melihat contoh bisnis dari orang tuanya, bahkan tidak jarang mereka sudah dilibatkan secara langsung untuk ikut mengelola usaha orang tuanya. Sehingga semangat dan intensinya semakin bertumbuh karena pembiasaan dan praktek secara langsung. Yang menarik dari hasil penelitian ini adalah adanya perbedaan dan pengaruh antara faktor asal prodi dengan intensi kewirausahaan. Dimana dalam proses belajar sehari-hari baik mahasiswa dari D3 Akuntansi dan D3 Manajemen mendapatkan pola pendidikan, metode, materi, dan tugas yang sama, karena sebagai salah satu mata kuliah wajib, maka kuliah kewirausahaan sudah dibuat standarisasi pembelajarannya. Sehingga patut dikaji lebih dalam untuk penelitian ke depan, faktor apa yang menyebabkan ada perbedaan intensi kewirausahaan mahasiswa D3 akuntansi dan mahasiswa D3 Manajemen.

5. KESIMPULAN DAN SARAN

Dari hasil penelitian dapat disimpulkan bahwa secara garis besar factor demografi memiliki pengaruh terhadap intensi kewirausahaan mahasiswa D3 Ekonomi Universitas Islam Indonesia. Secara khusus faktor asal prodi dan faktor latar belakang pekerjaan orang tua memiliki pengaruh yang signifikan terhadap intensi kewirausahaan mahasiswa. Ini terbukti dari hasil analisis data yang menyatakan bahwa ada perbedaan intensi kewirausahaan mahasiswa untuk kedua variabel tersebut. Sedangkan faktor jenis kelamin dan daerah asal tidak memiliki pengaruh signifikan terhadap intensi kewirausahaan mahasiswa. Hal ini dapat dilihat dari hasil analisis data dimana kedua variabel tersebut tidak memiliki perbedaan hasil terkait dengan intensi kewirausahaan mahasiswa.

Dari penelitian ini juga dapat disarankan, untuk pihak universitas agar membuat program intensif penumbuhan intensi kewirausahaan mahasiswa, baik melalui pendidikan formal kewirausahaan maupun pelatihan dan sesi motivasi yang diberikan secara berkala.

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MEASURING THE ELEMENTS OF BRAND EQUITY OF A DIPLOMA PROGRAM IN INDONESIA: A PRELIMINARY STUDY

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Abstract

Higher education institutions are service providers which currently facing several challenges such as dynamics of times changes, increasing needs of society, and tight competition in educational business. In order to respond these challenges, higher education institutions, especially the providers of vocational programs, are required to have proper marketing strategies based on empirical research. A program brand can play a role as a marketing tool which is essential to differentiate one vocational program from another. Therefore, to improve the competitiveness of a vocational program, this paper presents a preliminary study on measuring the elements of brand equity of a vocational program in Indonesia. This study was carried out by collecting the data from 250 vocational students of Diploma Program of Economy, Universitas Islam Indonesia using purposive sampling method. The elements of brand equity were identified and measured based on the brand equity reference model for higher education. There were six independent variables included, namely experience (x_1), social economic factor (x_2), promotion activities (x_3), service attribute (x_4), symbolic attribute (x_5), and financial attribute (x_6). Meanwhile, the conceptual framework and correlations in the model were tested using regression analysis tool. The results of the study showed that only variables of experience, promotion activities, service attribute, and financial attribute positively and significantly contributed to the brand equity of Diploma Program of Economy, Universitas Islam Indonesia. This result of study is expected to be the basis of policy making for the vocational program providers in Indonesia.

Keywords: Brand, brand equity, higher education marketing, diploma program competitiveness

INTRODUCTION

Various providers of goods and services are facing business challenges triggered by the advancement of information technology. In this era of increasingly advanced information technology, time is changing faster, public demand is increasing, and business competition is getting tighter. Responding to the recent condition, every business is seeking opportunities to gain positive benefits from the rapid development of information technology. The service sector in particular, also continues to develop their marketing effort to accommodate the transformation.

The higher education (HE) institutions, including college and university, are providers of education services. The increasing needs of HE institutions, such as to increase the number of students enrolment, to raise the tuition fees, and to achieve international recognition, have encouraged HE institutions to develop their institution brand in this increasingly intense competition of education business (Nguyen, Melewar & Hemsley-Brown, 2019). In this context, brand plays role as an important element of higher education marketing to differentiate the quality of education services. Moreover, the HE institutions are required to have suitable higher education marketing strategies based on empirical researches to survive.

The higher education services offered by tertiary institutions have unique characteristics because to know that the choice is right, prospective applicants must become students in selected colleges or university. This of course carries a fairly high risk related to costs and time. Therefore, a media that can provide information related to experience and quality is demanded to assist potential college students. Brand equity is an important media that has been widely identified can help determine the selection of higher education institutions (Mourad, Ennew & Kortam, 2011).

The application of marketing and branding theory in HE institutions is relatively more complex than in corporate (Pringle, 2014). Many researchers and academicians are discussing the importance of branding in HE institutions. Several studies (Mourad et al., 2011; Pinar, Trapp, Girard & Boyt, 2014; Vukasovič, 2002) have provided overviews of the importance role of brands in higher education providers and their implications for policy makers in higher education. Existing research has included various dimensions of brand equity in its discussion. However, there are not many studies that discuss brand equity measurement in the vocational program/The Diploma Program.

Related researches with the case study of a diploma program are still rarely accomplished, particularly in Indonesia. Therefore, a research on measuring the element of brand equity of a diploma program in Indonesia is imperative. One reason is that the diploma program in Indonesia is also part of higher education, but with different characteristics compared to other higher education pathways. First, the Diploma Program is a vocational pathway, not an academic pathway. As a vocational pathway, graduates from the Diploma Program are directed to jump into the world of work so that the composition of learning should be more practical than theory. Second, the Diploma program is still become the second choice for students compared to the academic pathway.

One of the Diploma Program in Indonesia that needs to measure its brand equity is the Diploma Program of Economy, Universitas Islam Indonesia. This program has been established for more than 20 years. Currently, it has three study programs, namely Corporate Management Study Program, Accounting Study Program, and Finance and Banking Study Program. The Diploma Program of Economy, Universitas Islam Indonesia is committed to being able to create professional graduates by holding vocational education in accordance with the needs of the community. This research is expected to provide an overview of the brand equity of The Diploma Program of Economy, Universitas Islam Indonesia as one of the references in determining the right strategy in order to be able to compete in the increasingly tighter world of higher education.

This research was conducted based on research questions, namely:

1. What are the dimensions of brand equity that can be used to measure brand equity in higher education?
2. How is the contribution of the element of brand equity of the Diploma Program of Economy, Universitas Islam Indonesia in accordance with the reference model?

LITERATURE REVIEW

2.5 Brand

According to the American Marketing Association, a brand can be defined as a name, term, sign, symbol or design, or a combination of these things which is intended to identify a product or a service so that it is different from its competitor (Kotler & Keller, 2012). A brand can also be patented so that they can be protected from counterfeiting and piracy. The brand is different from the product. A product is something that is produced by a factory, while a brand is something that is bought by consumers. The product may die, but not the brand. Thus, when the brand image decrease, revitalization is needed. The process of image reduction can occur because of the life cycle process of each product, on the other way, brand has a period of maturity.

The brand strength can be measured by seeing how much an institution or company is willing to pay to introduce their brand. The high cost of introducing brands is now due to the need to spend money on advertising, distribution and promotion. The discussion of the current brand can be divided into two approaches, namely:

- 1) Discussion of brand concepts developed by management, and
- 2) Discussion of the concept of brand image developed by customers.

The discussion of branding concepts is developed by management in the form of the vision, mission, and values of a brand, while the customers develop branding concept in the form of a response to the brand. Moreover, in general communication, branding is intended to persuade people to think, feel, or do certain actions related to a brand or product, while marketing is defined as a social and managerial process in which individuals and groups get what they need and want by creating, offering, and exchanging valuable products with other parties (Kotler & Keller, 2012).

2.6 Brand Equity

A brand is a name or symbol that is distinguishing, with the intention of identifying the goods or services of a seller or a certain group of sellers. Brands provide consumers a signal about the source of the brand, and protect consumers and producers from competitors who try to provide products that look identical.

According to Kotler and Keller (2012, p243), brand equity is “the added value endowed on products and services. It may be reflected in the customers think, feel, and act with respect to the brand, as well as in the prices, market share, and profitability the brand commands.” Meanwhile, Aaker (1991) has defined brand equity as a set of brand assets and liabilities related to a brand, name and symbol, which increases or decreases the value given by an item or service to a company or company customer

According to David A. Aaker, brand equity can be grouped into five categories. First, brand awareness, indicates the ability of a prospective buyer to recognize or recall that a brand is part of a particular product category. Second, brand association reflects the image of a brand towards a certain impression in relation to habits, lifestyle, benefits, product attributes, geography, prices, competitors, celebrities, and others. Third, perceived quality reflects customer perceptions of the overall quality/superiority of a product or service regarding the intended purpose. Fourth, brand loyalty, reflects the level of consumer engagement with a product brand. Fifth, other brand assets (other proprietary brand assets), such as patents, technology secrets, business secrets, special access to suppliers or markets, and others. The four elements of brand equity outside of other brand assets are known as the main elements of brand equity. The fifth brand equity element will directly be influenced by the quality of the four main elements.

2.7 Brand Equity for Higher Education Institutions

This study is focusing on customer-based brand equity in the context of higher education. The concept of brand equity in the context of higher education is special since university degree is a one-time purchase for the majority. Therefore, the theory application of brand equity in the context of higher education should be less emphasis on repeat purchase but more emphasise on building customer base brand equity to increase positive word of mouth marketing.

The framework of thinking in this study refers to the brand equity model for universities proposed by Vukasovič (2002) as presented in Figure 1. Each component can be described as follows.

- 1) Consumer attributes, namely everything related to socio-economic characteristics and experience of consumers which includes age, experience of services provided, gender, and type of education.
- 2) Promotion activities, covering all promotional activities carried out by higher education institutions
- 3) Service attributes, including attributes about perceived quality of educational services, learning methods, and quality management
- 4) Symbolic attributes, including associations related to personality and brand identity that represent the overall image, social responsibility, innovation, and international orientation of the study program
- 5) Financial Attributes, including the relationship between service quality and price and financial stability of the study program

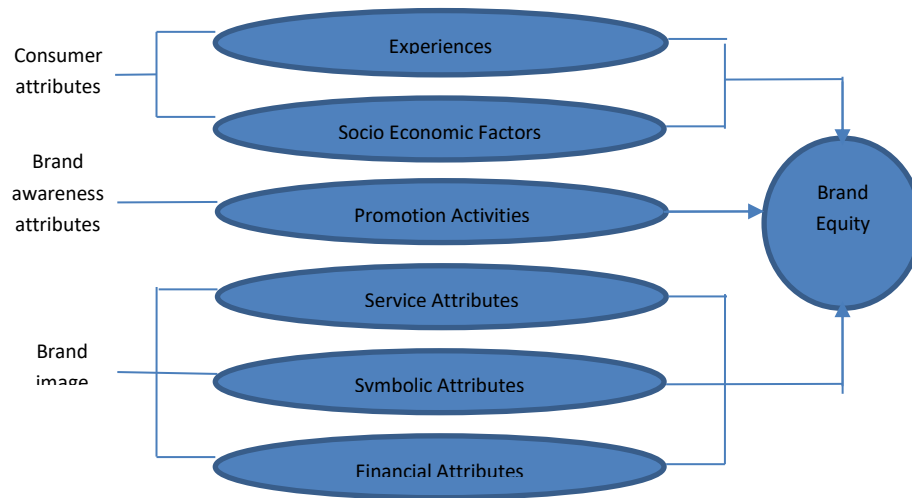


Figure 1
Reference Model of Brand Equity for Higher Education Institutions in Indonesia

METHODS

This research explored the implementation of services marketing in higher education, especially in the Diploma Program of Economy, Universitas Islam Indonesia. So, the sampling technique used is purposive sampling method. The respondents in this research were all active Diploma III students from the three study programs, namely Corporate Management, Accounting, and Finance and Banking. As expected, this research collected data from 250 respondents.

The data from expected samples were collected using questionnaires. The questionnaire was designed in the form of questions with a Likert scale developed covering elements in the conceptual model as illustrated in Figure 1. The dependent variable (x_7), namely brand equity, will be measured by five Likert scale items consist of 1 = strongly disagree, 2 = disagree, 3 = agree, 4 = strongly agree, and 5 = strongly agree. Meanwhile, the independent variables consist of x_1 (experience), x_2 (social-economic factors), x_3 (promotional activities), x_4 (service attributes), x_5 (symbolic attributes), and x_6 (financial attributes). In order to get accurate and consistent data, the analysis of validity and reliability was carried out on the questionnaire with the number of respondents as many as 30 respondents.

Regarding the overall research, the analysis was carried out using descriptive statistical methods for the main data while the linear relationship between variables was determined by the correlation coefficient. Further, the conceptual and correlation models in the model were tested with Multiple Linear Regression analysis tools. The form of the multiple linear regression equation used was formulated as follows:

$$Y = \alpha + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \beta_4x_4 + \beta_5x_5 + \beta_6x_6 + e$$

Note:

Y = brand equity

α = constant

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6$ = regression coefficients

x_1 = experience

x_2 = social-economic factors

x_3 = promotional activities

x_4 = service attributes

x_5 = symbolic attributes

x_6 = financial attributes

e = error

RESULT

4.1 Profil of Respondent by Sex

This research involved 250 (two hundred and fifty) students of the Diploma Program of Economy, Universitas Islam Indonesia from various study programs and the year of entering college. Respondents by sex are presented in Table 1.

Table 1
Number of Respondents by sex, 2018

Sex	Number of Students	Percentage
Male	82	33
Female	168	67
Total	250	100

Source: Data processed, 2018

Based on Table 1, the number of female students who became respondents in this study reached 67 percent, and male students who became respondents were 33 percent. This data illustrates the population of students of the Diploma Program of Economy, Universitas Islam Indonesia which were more than 60 percent female.

4.2 Profil of Respondents by Age

Table 2 provides an overview of the composition of respondents by age. There were 97 respondents, equivalent to 39 percent, who were less than twenty years old. Meanwhile, the number of respondents with age between 20 and 22 years old were 145 students, equivalent to 58 percent. Last, the respondents with age over 22 years only amounted to 8 students, equivalent to three percent of respondents. This data illustrates that the majority of respondents are students who are in their second year who currently take the third and fifth semester of study in the Diploma Program of Economy, Universitas Islam Indonesia, so that they can provide an objective assessment of the program.

Table 2
Number of Respondents by Age, 2018

Age	Number of Students	Percentage
< 20 tahun	97	39
20 – 22 tahun	145	58
> 22 tahun	8	3
Total	250	100

Source: Data processed, 2018

Table 3 provides an overview of the composition of respondents by the semester taken or being undertaken. Students who are taking third semester and fifth semester are the majority of respondents in this research.

Table 3
Number of Respondents by the Semester Taken, 2018

Semester	Number of Students	Percentage
Semester one	35	14
Semester three	95	38
Semester five	113	45
> semester five	7	3
Total	250	100

Source: Data processed, 2018

4.3 Respondents by Study Program

Table 4 provides an overview of the composition of respondents according to the study program that was pursued during his studies at the Diploma Program of Economy, Universitas Islam Indonesia. Respondents who attended the Study Program of Management were 108 students, equivalent to 43 percent. Respondents who pursued Accounting course were 43 students or equivalent to 17 percent and as many as 99 students (40 percent) pursued Financial and Banking Study Programs.

Table 4
Number of Respondents by Study Program, 2018

Study Programs	Number of Students	Percentage
Management	108	43
Accounting	43	17
Finance and Banking	99	40
Total	250	100

Source: Data processed, 2018

4.4 Validity and Reliability Test

Validity and reliability testing was carried out on 30 respondents. Interpretation of the correlation coefficient stated items which have a positive correlation with the criteria (total score) and high correlation, indicating that the item has high validity as well. It is usually that the minimum requirement to be considered fulfilling the requirements is if $r > 0.3$. So, if the correlation between items with a total score of less than 0.3, the items in the instrument are considered invalid.

Table 5
The Result of Validity Test, 2018

Name of Variable	Item	Pearson Correlation	Description
Experience	X1.A. Studying in the D3 FE UII program is fun	.930**	valid
	X1.B. I am proud to be a student at the UII FE D3 Program	.937**	valid
Promotional Activities	X3.A. I learned that the UII FE D3 Program has a good name and reputation	.897**	valid
	X3.B. I know a lot of promotions about the UII FE D3 Program	.907**	valid
Service Attribute	X4.A. Teachers and staff at the UII FE D3 Program provide friendly and very helpful service	.917**	valid
	X4.B. The teaching and learning process in the UII FE D3 Program was exactly what I needed	.915**	valid
Symbolic Attribute	X5.A. The location of the FE UII D3 Program is easy to find	.892**	valid
	X5.B. Lecture facilities in the UII D3 FE Program are modern and complete	.888**	valid
Brand Equity	X7.A. When I thought about the Vocational Program, my mind was fixed on the UII D3 Program	.926**	valid
	X7.B. Although other Vocational Programs have the same features as the FE UII D3 Program, I prefer the UII FE D3 Program	.911**	valid

Source: Data processed, 2018

Meanwhile, the reliability test is done by looking at the value of r (alpha) with the criteria if r alpha (positive) > 0.7 then the variable is declared reliable. If r alpha (negative) < 0.7 then the variable is declared unreliable.

Based on the results of the reliability test using the alpha cronbach coefficient, all variables have cronbach's alpha reliability coefficient above 0.6. So that, it can be concluded that the instrument was developed reliably to measure various variables used in the study. The complete reliability test results are presented in Table 6.

Table 6
Result of Reliability Test, 2018

Variable	Coefficient of Alpha Cronbach	Description
X1	0.851	Reliable
X3	0.770	Reliable
X4	0.808	Reliable
X5	0.736	Reliable
X7	0.814	Reliable

Source: Data processed, 2018

4.5 Regression Analysis

In this study, regression analysis was carried out in two stages, namely simultaneous regression analysis and partial regression analysis. Multiple linear regression analysis requires testing simultaneously using F count. Significance is determined by comparing F count with F table or looking at the significance of SPSS output. Partial regression analysis is done to complete the results of simultaneous regression tests which in some cases can occur that simultaneously (simultaneously) several variables have a significant effect, but partially not.

4.5.1 Simultaneous Regression Analysis

Based on the results of statistical calculations with multiple linear regression presented in Table 7, the R Square value of 0.421 is obtained. This means that this research model is able to explain that brand equity variables are influenced by experience, socio-economic factors, promotional activities, service attributes, symbolic attributes, and financial attributes of 42.1 percent. While 57.9 percent of brand equity variables are explained or influenced by other variables outside the research model.

Table 7
The Result of Simultaneous Regression using F Test, 2018

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.649 ^a	0.421	0.407	0.56697

a. Predictors: (Constant), Finance Attribute, Socio Economic Factor, Promotion Activity, Symbolic Attribute, Experience, Service Attribute

Source: Data processed, 2018

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	56.846	6	9.474	29.473	0.000 ^b
Residual	78.115	243	0.321		
Total	134.961	249			

a. Dependent Variable: Brand Equity

b. Predictors: (Constant), Finance Attribute, Socio Economic Factor, Promotion Activity, Symbolic Attribute, Experience, Service Attribut

Based on the value of F count 29.473 with a significance of 0.000 < 0.05 as presented in Table 7 this means that the independent variable consists of experience variables, socioeconomic variables, promotional activity variables, service attribute variables, symbolic attribute variables and financial attribute variables together- the same is proven to have a significant effect on brand equity variables.

4.5.2 Partial Regression Analysis

To complete the results of analysis of simultaneous multiple linear regression tests presented in the section above, this section discusses the results of partial regression analysis, namely testing the effect of each independent variable (independent) on brand equity variables as dependent variables. The result of partial regression analysis with the T test tool is presented in Table 8.

Table 8
The Result of Partial Regression using T Test , 2018

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.482	0.224		2.147	0.033
Experience	0.337	0.082	0.315	4.135	0.000
Social Economic Factor	0.005	0.023	0.010	0.209	0.835
Promotion Activity	0.163	0.071	0.170	2.292	0.023
Service Attribute	0.178	0.075	0.181	2.371	0.019
Symbolic Attribute	-0.008	0.063	-0.008	-0.124	0.901
Finance Attribute	0.100	0.042	0.133	2.408	0.017

a. Dependent Variable: Brand Equity

Based on the results of the table above, it was obtained that:

1. The influence of experience on brand equity is 0.315 with t count of 4.134 and significance of 0.000. It can be concluded that experience has proven to have a positive effect on brand equity because the significance is less than 0.05.
2. The influence of social economic factors on brand equity is 0.010 with t count 0.209 and significance 0.835. Because of the significance is more than 0.05, it can be concluded that socio-economic factors are not proven to influence brand equity.
3. The influence of promotional activities on brand equity is 0.170 with t count 2.292 and significance 0.023. Because the significance is less than 0.05, it can be concluded that promotional activities have been shown to have a significant positive effect on brand equity.
4. The influence of service attributes on brand equity is 0.181 with t count 2.337 and significance 0.019. Therefore, the significance is less than 0.05, it can be concluded that service attributes proved to have a significant positive effect on brand equity.
5. The influence of symbolic attributes on brand equity is -0.008 with t count of -0.124 and significance of 0.902. Because the significance is more than 0.05, it can be concluded that symbolic attributes are not proven to influence brand equity.
6. The influence of financial attributes on brand equity is 0.133 with t count 2.408 and significance 0.017. Therefore, the significance is less than 0.05, it can be concluded that financial attributes proved to have a significant positive effect on brand equity

CONCLUSION

Based on the results of the analysis of measurement of brand equity elements of the Diploma Program of Economy, Universitas Islam Indonesia, some conclusions can be drawn as follows:

1. R Square value of 0.421 means that this research model is able to explain that brand equity variables are influenced by experience, socio-economic factors, promotional activities, service attributes, symbolic attributes, and financial attributes of 42.1 percent while 57.9 percent of brand equity variables are explained or influenced by other variables outside the research model.
2. The variables that have a significant and positive influence on brand equity are variables of experience, promotion, service, and financial activities.
3. Variables that do not have a significant and positive influence on brand equity of the Diploma Program of Economy, Universitas Islam Indonesia are socio-economic factors and symbolic attributes.

Therefore, the Diploma Program of Economy, Universitas Islam Indonesia should focus on improving the promotion programs and service quality while maintaining the experience and financial activities

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EFEKTIVITAS DAN KONTRIBUSI PENERIMAAN BEA PEROLEHAN HAK ATAS TANAH DAN BANGUNAN DALAM RANGKA PENINGKATAN PENDAPATAN ASLI DAERAH (Studi Kasus di Kabupaten Gunung Kidul)

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Abstrak

Penelitian ini bertujuan untuk mengetahui efektivitas dan kontribusi penerimaan BPHTB (Bea Perolehan Hak Atas Tanah dan Bangunan) dalam rangka peningkatan pendapatan asli daerah. BPHTB merupakan pajak atas perolehan hak tanah dan bangunan baik oleh pribadi maupun badan. Penelitian menggunakan metode kualitatif dengan pendekatan studi kasus pada Kabupaten Gunung Kidul - Yogyakarta. Data diperoleh dari dokumen dan wawancara. Informan/narasumber berasal dari berbagai pihak yang kompeten memberikan informasi yang diperlukan. Hasil penelitian ini menunjukkan bahwa penerimaan Bea Perolehan Hak Atas Tanah dan Bangunan di Kabupaten Gunung Kidul dapat dikategorikan cukup efektif, namun kontribusi dari Bea Perolehan Hak Atas Tanah dan Bangunan terhadap Pendapatan Asli Daerah (PAD) masih sangat kurang

Kata Kunci: Efektivitas, Kontribusi, Pajak, Pendapatan Asli Daerah

1. PENDAHULUAN

1.1 Latar Belakang

Kabupaten Gunung Kidul merupakan salah satu kabupaten dari lima kabupaten di Daerah Istimewa Yogyakarta – Indonesia. Kabupaten Gunung Kidul memiliki daerah terluas dibandingkan kabupaten lainnya dan juga memiliki kekayaan alam yang melimpah. Kekayaan alam yang melimpah tersebut dapat menjadi potensi besar untuk meningkatkan perekonomian daerah melalui optimalisasi Pendapatan Asli Daerah (PAD). (Papang Permadi dkk, 2014)

Pendapatan Asli Daerah (PAD) merupakan salah satu sumber pendanaan bagi daerah kabupaten/kota dengan salah satu komponennya berupa pajak daerah dan retribusi daerah. Pajak daerah adalah kontribusi wajib oleh orang pribadi atau badan yang bersifat memaksa dengan tanpa mendapatkan imbalan secara langsung dan digunakan untuk keperluan daerahnya bagi kemakmuran rakyat. Retribusi daerah adalah pemungutan dari daerah sebagai pembayaran atas jasa atau pemberian izin tertentu yang khusus disediakan dan/atau diberikan oleh pemerintah daerah untuk kepentingan pribadi atau badan.

Semakin tinggi kontribusi yang diberikan Pendapatan Asli Daerah (PAD) maka semakin tinggi kemampuan daerah untuk membiayai penyelenggaraan pemerintahan serta pembangunan daerah. Pajak daerah mempunyai peranan yang sangat penting dalam membiayai penyelenggaraan pemerintahan serta pembangunan disuatu daerah. Kemampuan pemerintah daerah dalam memungut pajak daerah merupakan salah satu tolok ukur dalam pelaksanaan otonomi daerah.

Pemerintah daerah perlu meningkatkan secara maksimal potensi yang ada khususnya potensi yang akan dikenakan pajak daerah. Jenis pajak daerah yang dipungut oleh Pemerintah Daerah Kabupaten Gunungkidul diatur dalam Undang-Undang Nomor 1 Tahun 2011, terdiri dari Pajak Hotel, Pajak Restoran, Pajak Hiburan, Pajak Parkir, Pajak Reklame, Pajak Air Tanah, Pajak Penerangan Jalan (PPJ), Pajak Mineral Bukan Logam dan Batuan, Pajak Bumi dan Bangunan Pedesaan dan Perkotaan (PBB-P2), Bea Perolehan Hak atas Tanah dan Bangunan (BPHTB).

Bea Perolehan Hak atas Tanah dan Bangunan (BPHTB) merupakan salah satu bagian dari jenis pajak daerah. Bea Perolehan Hak atas Tanah dan Bangunan ini merupakan pajak yang dilimpahkan oleh pemerintah pusat kepada pemerintah daerah. Menurut Undang-Undang Nomor 21 Tahun 1997 sebagaimana telah diubah dengan Undang-Undang Nomor 20 tahun 2000 tentang BPHTB. BPHTB merupakan pajak yang dikenakan atas

perolehan hak atas tanah dan atau bangunan, yang selanjutnya disebut pajak. Jadi BPHTB sama dengan pajak perolehan hak atas tanah dan bangunan.

Menurut Undang-Undang BPHTB, Perolehan Hak atas Tanah dan atau Bangunan adalah perbuatan atau peristiwa hukum yang mengakibatkan diperolehnya hak atas tanah dan atau bangunan oleh orang pribadi atau badan. Kewenangan pemungutan BPHTB dari pemerintah pusat kepada pemerintah daerah sesuai dengan Undang-Undang Nomor 28 tahun 2009 tentang Pajak Daerah dan Retribusi Daerah. Dengan demikian Kantor Pelayanan Pajak Pratama sudah tidak lagi melayani pengelolaan pelayanan BPHTB tersebut, sehingga wajib pajak yang akan melaporkan pembayaran BPHTB sehubungan dengan proses transaksi properti yang dilakukannya akan langsung ditangani oleh Pemerintah Daerah atau Kabupaten/Kota.

Ditetapkannya BPHTB menjadi tanggung jawab daerah maka perlu diatur dengan suatu peraturan yang dapat mendorong daerah untuk mempersiapkan segala sesuatu yang diperlukan dalam pelaksanaan pemungutan BPHTB. Pemungutan BPHTB diawali dengan Peraturan Daerah (PERDA). Oleh karena itu, salah satu indikator yang dapat digunakan untuk melihat kesiapan daerah memungut BPHTB adalah perkembangan penerbitan Peraturan Daerah (PERDA) tentang BPHTB oleh Kabupaten/Kota.

1.2 Kajian Pustaka

1.2.1 PAD (Pendapatan Asli Daerah)

Karakteristik yang menunjukkan suatu daerah otonom yaitu terletak pada kemampuan untuk memenuhi kebutuhan keuangan daerahnya. Artinya daerah otonom harus memiliki kewenangan dan kemampuan untuk menggali sumber-sumber keuangan sendiri, sedangkan ketergantungan pada bantuan pemerintah pusat harus seminimal mungkin, sehingga PAD (Pendapatan Asli Daerah) harus menjadi bagian sumber keuangan terbesar yang didukung oleh kebijakan pembagian keuangan pusat dan daerah sebagai prasyarat sistem pemerintahan Negara.

Dengan berlakunya Undang-Undang Nomor 32 Tahun 2004 tentang Pemerintahan Daerah sebagaimana telah diubah beberapa kali terakhir dengan Undang-Undang Nomor 12 Tahun 2008 tentang Pemerintahan Daerah dan menurut Undang-Undang Republik Indonesia Nomor 33 Tahun 2004 tentang Perimbangan Keuangan antara Pemerintah Pusat dan Pemerintah Daerah, maka penyelenggaraan pemerintahan daerah dilakukan dengan memberikan kewenangan yang seluas-luasnya, disertai dengan pemberian hak dan kewajiban menyelenggarakan otonomi daerah dalam kesatuan sistem penyelenggaraan pemerintahan Negara.

Sebagaimana telah dijelaskan dalam Undang-Undang diatas, kemudian dikeluarkan Undang-Undang Nomor 28 Tahun 2009 dalam rangka pembiayaan penyelenggaraan pemerintahan dan pelayanan kepada masyarakat, pemerintah pusat memberikan kewenangan pajak (*taxing power*) kepada daerah agar dapat berupaya mengoptimalkan Pendapatan Asli Daerah melalui Pajak Daerah dan Retribusi Daerah.

Dalam Undang-Undang Nomor 33 Tahun 2004 tentang Perimbangan keuangan antara Pusat dan daerah pasal 1 ayat 18 disebutkan bahwa, Pendapatan Asli Daerah (PAD) adalah pendapatan yang diperoleh Daerah yang dipungut berdasarkan Peraturan Daerah sesuai dengan peraturan perundang-undangan. Adapun tujuan PAD ini berdasarkan pasal 3 yakni memberikan kewenangan kepada Pemerintahan Daerah untuk mendanai pelaksanaan otonomi daerah sesuai dengan potensi daerah sebagai perwujudan desentralisasi.

Adapun sumber Pendapatan Asli Daerah (PAD) adalah hasil pajak daerah, hasil retribusi daerah, hasil perusahaan milik daerah dan hasil pengelolaan kekayaan daerah lainnya, serta lain-lain pendapatan asli daerah yang sah (hasil penjualan asset daerah yang tidak dipisahkan, penerimaan jasa giro, pendapatan bunga deposito, tuntutan ganti kerugian daerah, komisi, potongan dan selisih nilai tukar rupiah).

Menurut Soemitro (2014:1), pajak adalah iuran rakyat kepada kas Negara berdasarkan undang – undang (yang dapat dipaksakan) dengan tidak mendapat jasa timbal balik (kontraprestasi) yang langsung dapat ditunjukkan, dan yang digunakan untuk membayar pengeluaran umum. Dan pajak daerah merupakan pajak yang dipungut oleh pemerintah daerah baik daerah tingkat I (pajak provinsi) maupun daerah tingkat II (pajak kabupaten/kota), dan digunakan untuk membiayai rumah tangga daerah masing-masing, misalnya Pajak Kendaraan Bermotor, Pajak hotel, Pajak restoran, Pajak Air Tanah, dan Bea Perolehan Hak atas Tanah dan Bangunan. (Siti Resmi, 2014).

1.2.2 Bea Perolehan Hak atas Tanah dan Bangunan (BPHTB)

Menurut Mardiasmo (2016), Bea Perolehan Hak atas Tanah dan Bangunan (BPHTB) adalah pajak yang dikenakan atas perolehan hak atas tanah dan /atau bangunan. Perolehan hak atas tanah dan/atau bangunan adalah perbuatan atau peristiwa hukum yang mengakibatkan diperolehnya hak atas tanah dan/atau bangunan oleh orang pribadi atau badan. Hak atas Tanah dan/atau Bangunan adalah hak atas tanah, termasuk hak pengelolaan, beserta bangunan di atasnya, sebagaimana dimaksud dalam undang-undang di bidang pertahanan dan bangunan.

Bea Perolehan Hak atas Tanah dan Bangunan (BPHTB) diatur dalam Undang-Undang Nomor 21 tahun 1997 yang kemudian diubah dengan Undang-Undang Nomor 20 tahun 2000. Undang-Undang ini merupakan landasan hukum dalam pengenaan pajak sehubungan dengan perolehan hak atas tanah dan bangunan.

Prinsip-prinsip yang dianut dalam undang-undang Bea Perolehan Hak atas Tanah dan Bangunan ini adalah:

1. Pemenuhan kewajiban Bea Perolehan Hak atas Tanah dan Bangunan adalah berdasarkan sistem *self assessment*, yaitu Wajib Pajak menghitung dan membayar sendiri utang pajaknya.
2. Besarnya tarif ditetapkan sebesar 5% dari Nilai Perolehan Objek Pajak Kena Pajak.
3. Agar pelaksanaan undang-undang ini dapat berlaku secara efektif baik kepada Wajib Pajak maupun kepada pejabat-pejabat umum yang melanggar ketentuan atau baik sanksi menurut peraturan perundang-undangan yang berlaku.
4. Hasil penerimaan Bea Perolehan Hak atas Tanah dan Bangunan merupakan penerimaan Negara yang sebagian besar diserahkan kepada pemerintah daerah untuk meningkatkan pendapatan daerah guna membiayai penyelenggaraan pemerintah daerah dan dalam rangka memantapkan otonomi daerah.

Obyek BPHTB sebagaimana yang diatur dalam Pasal 1 Undang-Undang Nomor 21 Tahun 1997 sebagaimana telah diubah dengan Undang-Undang Nomor 20 Tahun 2000 tentang Bea Perolehan Hak atas Tanah dan Bangunan menyatakan bahwa BPHTB adalah pajak yang dikenakan atas perolehan hak atas tanah dan bangunan (selanjutnya disebut dengan pajak). Dengan demikian yang menjadi objek pajak adalah perolehan hak atas tanah dan bangunan dapat berupa tanah termasuk tanaman di atasnya, tanah dan bangunan di atasnya, serta bangunan.

Subjek pajak BPHTB adalah orang pribadi atau badan yang memperoleh hak atas tanah dan bangunan. Subjek pajak yang dikenakan kewajiban membayar pajak BPHTB tersebut menjadi wajib pajak menurut Undang-undang BPHTB. Adapun tarif yang ditetapkan atas pajak Bea Perolehan Hak atas Tanah dan Bangunan sebesar 5% dari Nilai Perolehan Objek Pajak Kena Pajak.

1.2.3 Efektivitas dan Kontribusi

Efektivitas menggambarkan seberapa baik pekerjaan yang dilakukan, sejauh mana orang menghasilkan keluaran sesuai dengan yang diharapkan. Bungkaes (2013) menyatakan efektivitas merupakan hubungan antara output dan tujuan, dalam artian efektivitas adalah ukuran seberapa jauh tingkat output, kebijakan dan prosedur dari organisasi mencapai tujuan yang ditetapkan. Jadi efektivitas pajak daerah menunjukkan kemampuan pemerintah daerah dalam mengumpulkan pajak daerah sesuai dengan jumlah penerimaan pajak daerah yang ditargetkan.

Untuk mengetahui Efektivitas menggunakan rumus berikut :

$$\text{Efektivitas} = \frac{\text{Realisasi}}{\text{Target}} \times 100\%$$

Sumber : Halim (2010)

Hasil perhitungan efektivitas penerimaan Bea Perolehan Hak atas Tanah dan Bangunan kemudian dapat diinterpretasikan sesuai kriteria kontribusi yaitu sangat efektif, efektif, cukup efektif, kurang efektif dan tidak efektif. Berikut ini dirincikan kriteria tersebut:

Tabel 1.5
Tabel Interpretasi Nilai Efektifitas

Persentase	Kriteria
>100%	Sangat Efektif
90-100%	Efektif
80-90%	Cukup Efektif
60-80%	Kurang Efektif
<60%	Tidak Efektif

Sumber : Yulia Anggara Sari (2010)

Menurut Soerjono Soekanto (2015) mengartikan kontribusi sebagai bentuk iuran uang atau dana, bantuan tenaga, bantuan pemikiran, bantuan materi, dan segala macam bentuk bantuan yang kiranya dapat membantu suksesnya kegiatan pada suatu forum, perkumpulan dan lain sebagainya. Sedangkan analisis kontribusi digunakan untuk mengetahui sejauh mana Bea Perolehan Hak atas Tanah dan Bangunan memberikan sumbangan dalam pendapatan asli daerah.

Untuk mengetahui kontribusi BPHTB terhadap PAD digunakan rumus sebagai berikut :

$$\text{Kontribusi BPHTB} = \frac{\text{Realisasi Penerimaan BPHTB} \times 100\%}{\text{Realisasi Penerimaan PAD}}$$

Sumber : Halim (2010)

Hasil perhitungan kontribusi Bea Perolehan Hak atas Tanah dan Bangunan terhadap Pendapatan Asli Daerah kemudian dapat dimasukkan dalam klasifikasi kriteria kontribusi yaitu sangat kurang, kurang, sedang, cukup baik, baik dan sangat baik. Berikut ini dirincikan klasifikasi tersebut:

Tabel
Klasifikasi Kriteria Kontribusi

Presentasi	Kriteria
0,00-10%	Sangat Kurang
10,10-20%	Kurang
20,10%-30%	Sedang
30,10%-40%	Cukup Baik
40,10%-50%	Baik
Diatas 100%	Sangat Baik

Sumber : Yulia Anggara Sari (2010)

1.3 Metode Penelitian

Penelitian ini menggunakan desain penelitian deskriptif yaitu metode penelitian yang berusaha menggambarkan dan menginterpretasi objek sesuai dengan apa adanya. Penelitian deskriptif pada umumnya dilakukan dengan tujuan utama, yaitu menggambarkan secara sistematis fakta dan karakteristik objek dan subjek yang diteliti secara tepat.

Data yang digunakan ada 2 jenis, yaitu data primer yang berasal dari wawancara terhadap narasumber yang kompeten dan data sekunder dari Badan Keuangan dan Aset Daerah Kabupaten Gunung Kidul.

Dari data yang diperoleh, penulis kemudian melakukan analisa agar data dapat di interpretasikan. Metode analisa data yang digunakan dalam penelitian ini adalah analisa deskriptif kuantitatif. Analisa deskriptif kuantitatif digunakan untuk menjelaskan maupun menyajikan data yang diperoleh dari instansi dengan memberikan gambaran umum menurut apa adanya sesuai dengan kenyataan yang ada pada saat melakukan penelitian

2. PEMBAHASAN

2.1 Analisis Efektivitas Penerimaan Bea Perolehan Hak atas Tanah dan Bangunan Kabupaten Gunung Kidul

Berdasarkan hasil penelitian, tingkat efektivitas perbandingan antara realisasi penerimaan BPHTB dengan target penerimaan BPHTB yang telah ditetapkan dapat dihitung sebagai berikut:

- Efektivitas Penerimaan BPHTB tahun 2013
Efektivitas BPHTB 2013 = $\frac{1.509.252.967,00}{1.200.000.000,00} \times 100\% = 125,77\%$
- Efektivitas Penerimaan BPHTB tahun 2014
Efektivitas BPHTB 2014 = $\frac{2.800.722.784,50}{2.296.554.350,00} \times 100\% = 121,95\%$
- Efektivitas Penerimaan BPHTB tahun 2015
Efektivitas BPHTB 2015 = $\frac{5.751.566.075,00}{2.100.000.000,00} \times 100\% = 237,88\%$
- Efektivitas Penerimaan BPHTB tahun 2016
Efektivitas BPHTB 2016 = $\frac{4.181.044.350,00}{3.285.050.000,00} \times 100\% = 127,27\%$
- Efektivitas Penerimaan BPHTB tahun 2017
Efektivitas BPHTB 2017 = $\frac{5.266.034.276,00}{4.550.000.000,00} \times 100\% = 115,73\%$

Dari perhitungan di atas, dirangkum dalam tabel efektivitas penerimaan Bea Perolehan Hak atas Tanah dan Bangunan sebagai berikut:

Tabel 2.1
Efektivitas Penerimaan Bea Perolehan Hak atas Tanah dan Bangunan

No	Tahun	Target (Rp)	Realisasi (Rp)	Persentase (%)	Kriteria
1.	2013	1.200.000.000,00	1.509.252.967,00	125,77%	Sangat Efektif
2.	2014	2.296.554.350,00	2.800.722.784,50	121,95%	Sangat Efektif
3.	2015	2.100.000.000,00	5.751.566.075,00	237,88%	Sangat Efektif
4.	2016	3.285.050.000,00	4.181.044.350,00	127,27%	Sangat Efektif
5.	2017	4.550.000.000,00	5.266.034.276,00	115,73%	Sangat Efektif

Selama tahun 2013-2017, penerimaan Bea Perolehan Hak atas Tanah dan Bangunan selalu melebihi target yang ditetapkan. Pada tahun 2013 persentase penerimaan mencapai 125,77%; tahun 2014 sebesar 121,95%; tahun 2015 sebesar 237,88%; tahun 2016 sebesar 127,27% dan tahun 2017 sebesar 115,27%.

Persentase penerimaan Bea Perolehan Hak atas Tanah dan Bangunan tahun 2013 ke tahun 2014 mengalami penurunan, penerimaan tahun 2014 ke tahun 2015 mengalami kenaikan yang sangat pesat. Namun penerimaan Bea Perolehan Hak atas Tanah dan Bangunan pada tahun 2015 ke tahun 2016 kembali mengalami penurunan, begitu juga dengan penerimaan dari tahun 2016 ke tahun 2017 juga mengalami penurunan.

Meskipun secara perhitungan penerimaan Bea Perolehan Hak atas Tanah dan Bangunan selalu melebihi target dan dinyatakan dalam kriteria sangat efektif, akan tetapi Pemerintah Daerah Gunung Kidul hendaknya lebih giat lagi mengupayakan peningkatan penerimaan Bea Perolehan Hak atas Tanah dan Bangunan, sehingga persentase pencapaian dapat meningkat dan mendorong perkembangan ekonomi daerah.

2.2 Analisis Kontribusi Penerimaan Bea Perolehan Hak atas Tanah dan Bangunan Kabupaten Gunung Kidul

Berdasarkan hasil penelitian, tingkat kontribusi penerimaan Bea Perolehan Hak atas Tanah dan Bangunan Kabupaten Gunung Kidul dibandingkan dengan Pendapatan Asli Daerah (PAD) dapat dihitung sebagai berikut:

- Kontribusi Penerimaan BPHTB tahun 2013

$$\text{Kontribusi BPHTB 2013} = \frac{1.509.252.967,00}{83.427.447.822,42} \times 100\% = 1,80\%$$
- Kontribusi Penerimaan BPHTB tahun 2014

$$\text{Kontribusi BPHTB 2014} = \frac{2.800.722.784,50}{159.304.338.220,22} \times 100\% = 1,75\%$$
- Kontribusi Penerimaan BPHTB 2015

$$\text{Kontribusi BPHTB 2015} = \frac{5.751.566.075,00}{196.099.244.204,02} \times 100\% = 2,93\%$$
- Kontribusi Penerimaan BPHTB 2016

$$\text{Kontribusi BPHTB 2016} = \frac{4.181.044.350,00}{206.278.295.665,78} \times 100\% = 2,02\%$$
- Kontribusi Penerimaan BPHTB 2017

$$\text{Kontribusi BPHTB 2017} = \frac{5.266.034.276,00}{271.370.043.388,71} \times 100\% = 1,94\%$$

Tabel 1.8
Kontribusi Bea Perolehan Hak atas Tanah dan Bangunan terhadap Pendapatan Asli Daerah

No	Tahun	Realisasi BPHTB (Rp)	Realisasi PAD (Rp)	Persentase (%)	Kriteria
1.	2013	1.509.252.967,00	83.427.447.822,42	1,80%	Sangat Kurang
2.	2014	2.800.722.784,50	159.304.338.220,22	1,75%	Sangat Kurang
3.	2015	5.751.566.075,00	196.099.244.204,02	2,93%	Sangat Kurang

4.	2016	4.181.044.350,00	206.278.295.665,78	2,02%	Sangat Kurang
5.	2017	5.266.034.276,00	273.370.043.388,71	1,94%	Sangat Kurang

Selama tahun 2013-2017, kontribusi penerimaan Bea Perolehan Hak atas Tanah dan Bangunan (BPHTB) terhadap Pendapatan Asli Daerah (PAD) selalu dibawah angka 10% dan dinyatakan dalam kriteria sangat kurang. Pada tahun 2013, kontribusi penerimaan Bea Perolehan Hak atas Tanah dan Bangunan (BPHTB) terhadap Pendapatan Asli Daerah (PAD) sebesar 1,80%; tahun 2014 sebesar 1,75%; tahun 2015 sebesar 2,93%; tahun 2016 sebesar 2,02% dan tahun 2017 sebesar 1,94%.

Persentase kontribusi penerimaan Bea Perolehan Hak atas Tanah dan Bangunan tahun 2013 ke tahun 2014 mengalami penurunan, penerimaan tahun 2014 ke tahun 2015 mengalami kenaikan. Namun kontribusi penerimaan Bea Perolehan Hak atas Tanah dan Bangunan terhadap Pendapatan Asli Daerah pada tahun 2015 ke tahun 2016 kembali mengalami penurunan, begitu juga dengan penerimaan dari tahun 2016 ke tahun 2017 juga mengalami penurunan.

Pemerintah Daerah Gunung Kidul perlu melakukan evaluasi kontribusi penerimaan Bea Perolehan Hak atas Tanah dan Bangunan (BPHTB) terhadap Pendapatan Asli Daerah (PAD) yang dalam waktu 5 tahun selalu dinyatakan masuk kriteria sangat kurang. Evaluasi dapat dibandingkan dengan penerimaan pajak daerah lainnya yang mempengaruhi pendapatan asli daerah.

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DETERMINAN AKUNTABILITAS KINERJA INSTANSI PEMERINTAH DENGAN KOMITMEN ORGANISASI SEBAGAI VARIABEL MODERASI

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Abstract

This study aims to determine the effect of budget target clarity and budgeting participation on the performance accountability of government agencies with organizational commitment as a moderating variable. The sampling technique used purposive sampling technique. Data was collected through a questionnaire that is distributed directly to employees in the Regional Work Unit (SKPD) of the Daerah Istimewa Yogyakarta. This study used multiple regression analysis. The results of this study indicate that (1) budgetary clarity has a positive influence on the performance accountability of government agencies, (2) budgeting participation has a positive influence on the performance accountability of government agencies, (3) organizational commitment does not strengthen the relationship between clarity of budget goals with performance accountability, (4) organizational commitment does not strengthen the relationship between clarity of budget targets and performance accountability

Keywords: Budget, organizational commitment, performance accountability

Pendahuluan

Akuntabilitas publik merupakan sebuah kewajiban suatu agen untuk memberikan pertanggungjawaban, menyajikan, melaporkan, dan mengungkapkan seluruh kegiatan yang telah dilakukan kepada seorang principal yang memiliki hak untuk mengetahuinya (Mardiasmo, 2005). Akuntabilitas merupakan cara pemerintah dalam merealisasikan tanggung jawab terhadap masyarakat yang memiliki hak untuk mengetahui hasil kinerja pemerintahnya selama satu periode. Akuntabilitas merupakan alat untuk membantu pelaksanaan dan pewujudan tata kelola pemerintahan yang bersih dan transparan. Akuntabilitas dapat berjalan jika pemerintah hanya berorientasi pada hasil kerja yang akan dicapai dengan menerapkan Sistem Akuntabilitas Kinerja Instansi Pemerintah atau SAKIP.

Menurut hasil evaluasi Sistem Akuntabilitas Kinerja Instansi Pemerintah (SAKIP) tahun 2017 di wilayah III yang meliputi Daerah Istimewa Yogyakarta, Sulawesi, Jawa Tengah, Maluku, Maluku Utara, Papua dan Papua Barat, hanya terdapat 1 pemerintah daerah tingkat provinsi yang mendapatkan skor A yaitu Daerah Istimewa Yogyakarta. Akan tetapi masih banyak Pemerintah Daerah lainnya yang masih mendapatkan skor dibawah rata-rata, bahkan masih ada yang belum melaporkan hasil kerjanya. Syarat untuk mendapatkan skor tinggi dalam evaluasi sistem akuntabilitas kinerja instansi pemerintah yaitu mempergunakan anggaran yang sudah dibuat sesuai dengan rencana kerja yang akan dicapai, sehingga menghindari dari pemborosan dan mencapai hasil kerja yang diinginkan.

Penelitian ini bertujuan untuk membuktikan pengaruh variabel kejelasan sasaran anggaran dan partisipasi penyusunan anggaran terhadap akuntabilitas kinerja instansi pemerintah, serta membuktikan kemampuan komitmen organisasi dalam memperkuat pengaruh kejelasan sasaran anggaran dan partisipasi penyusunan anggaran terhadap akuntabilitas.

Tinjauan Pustaka Dan Pengembangan Hipotesis

Akuntabilitas Kinerja

Akuntabilitas kinerja pemerintah daerah pada dasarnya memiliki kesamaan konsep dengan teori agensi. Akuntabilitas kinerja merupakan sebuah kewajiban pihak pemegang amanah/agen untuk dapat memberikan

pertanggungjawaban, menyajikan, melaporkan serta mengungkapkan seluruh aktivitas dan kegiatan kepada pihak pemberi amanah/principal yang memiliki hak dan kewenangan untuk diberi pertanggungjawaban. Untuk dapat mewujudkan akuntabilitas yang diinginkan, salah satu caranya yaitu dengan sasaran yang jelas dalam perencanaan anggaran serta adanya partisipasi penyusunan oleh pihak-pihak yang terkait agar dapat menghasilkan anggaran yang dapat mudah untuk dilaksanakan sehingga akan menghasilkan hasil kinerja yang diinginkan oleh seluruh pihak, terutama dalam hal mensejahterakan masyarakat.

Akuntabilitas kinerja merupakan sebuah perwujudan atas kewajiban suatu instansi pemerintah untuk mempertanggungjawabkan hasil kerja terhadap pelaksanaan program kerja yang telah direncanakan kepada masyarakat melalui laporan kinerja instansi pemerintah yang disusun secara periodik. Berdasarkan Perpres Nomor 29 Tahun 2014, Sistem Akuntabilitas Kinerja Instansi Pemerintah (SAKIP) merupakan suatu rangkaian sistematis atas aktivitas-aktivitas, alat, dan prosedur yang dirancang untuk tujuan penetapan dan pengukuran, pengumpulan data, pengklasifikasian, pengikhtisaran, dan pelaporan kinerja pada instansi pemerintah, dalam rangka pertanggungjawaban dan peningkatan kinerja instansi pemerintah. Laporan evaluasi yang dibuat pemerintah daerah biasa disebut dengan LAKIP atau Laporan Akuntabilitas Kinerja Instansi Pemerintah. LAKIP terdapat 4 bagian penting yang nantinya akan dinilai dan menentukan apakah pemerintah daerah tersebut mendapatkan akuntabilitas yang baik atau buruk. Hal pertama yang diperhatikan yaitu perencanaan strategik, perencanaan kinerja, pengukuran kinerja, dan evaluasi kinerja.

Kejelasan Sasaran Anggaran

Efrizal (2017) menyatakan bahwa salah satu karakteristik anggaran yaitu adanya kejelasan sasaran anggaran. Dengan adanya sasaran anggaran yang jelas maka lebih memudahkan dalam menyusun target-target anggarannya. Sedangkan Fauzan (2017) menyatakan bahwa kejelasan sasaran anggaran merupakan bagaimana tujuan anggaran dibuat dan ditetapkan secara jelas dan spesifik supaya anggaran dapat dimengerti oleh orang yang bertanggungjawab atas pencapaian sasaran anggaran tersebut. Berdasarkan pernyataan diatas dapat diketahui dalam mewujudkan pemerintahan yang bersih dan berakuntabilitas pemerintah daerah harus membuat perencanaan anggaran sesuai dengan hasil yang akan dicapai sehingga dalam pelaksanaannya dapat mudah dimengerti dan sesuai dengan apa yang telah direncanakan, serta dapat menciptakan akuntabilitas kepada masyarakat.

Dalam membuat anggaran, pemerintah daerah haruslah berorientasi pada hasil dan pencapaian kerja apa yang akan dicapai dalam satu periode. Dengan anggaran yang tepat dan spesifik akan memudahkan aparat pemerintah dalam mengimplementasikannya sehingga kinerja pemerintah akan meningkat, begitupun dengan akuntabilitas kinerja pemerintah. Sebaliknya, jika anggaran tidak jelas dan tidak spesifik maka aparat pemerintah daerah akan merasa kesulitan dalam melaksanakannya, dan berdampak pada akuntabilitas yang menurun.

H1: Kejelasan Sasaran Anggaran memiliki pengaruh positif terhadap Akuntabilitas Kinerja Instansi Pemerintah

2.3 Partisipasi Penyusunan Anggaran

Proses penyusunan anggaran dapat dilakukan dengan pendekatan *bottom-up* dan *top-down*. Dari kedua pendekatan tersebut menurut Anthony dan Govindarajan (2005:87) menyatakan bahwa pendekatan *bottom-up* lebih sering digunakan, karena dengan pendekatan ini memungkinkan untuk menciptakan komitmen yang lebih demi mencapai tujuan. Pendekatan *bottom-up* adalah pendekatan dimana manajer ditingkat yang lebih rendah dapat berpartisipasi dalam penyusunan anggaran (Anthony dan Govindarajan, 2005:86). Menurut Biduri (2011) menyatakan bahwa partisipasi aparat pemerintah daerah dalam proses penganggaran lebih mengarah pada bagaimana tingkat keterlibatan aparat pemerintah daerah dalam menyusun anggaran serta pelaksanaannya untuk mencapai target anggaran. Partisipasi anggaran secara terperinci terdiri atas 3 indikator penilaian, yaitu: keterlibatan, pengaruh, dan kontribusi para karyawannya. Keikutsertaan aparat pemerintah dalam penyusunan anggaran dapat mensukseskan pencapaian target kerja yang diinginkan. Tidak hanya dari pihak atasan/manajer tingkat atas saja yang dapat memberikan pendapatnya tetapi manajer/staf bawahan juga perlu didengarkan pendapatnya, dengan begitu dapat meningkatkan motivasi bagi keduanya serta tanggungjawab yang sama dalam mencapai target anggaran (Ibrahim, 2015).

Partisipasi dalam organisasi digunakan sebagai alat komunikasi antara pihak bawahan dan atasan, hal ini memunculkan adanya pertukaran informasi antara pihak atasan dan bawahan. Dari kegiatan pertukaran informasi inilah yang memberikan bawahan peluang untuk dapat mengeluarkan pendapatnya mengenai penganggaran, sehingga dengan adanya peluang bagi berbagai pihak dalam proses penganggaran maka dapat meningkatkan kinerja, sehingga akuntabilitas kerjanya juga akan mengalami peningkatan. Arifin W (2012) dan Asrini (2017) menyatakan bahwa partisipasi penyusunan anggaran memiliki pengaruh yang positif dan signifikan terhadap akuntabilitas kinerja instansi pemerintah.

H2: Partisipasi Penyusunan Anggaran memiliki pengaruh positif terhadap Akuntabilitas Kinerja Instansi Pemerintah

2.4 Komitmen Organisasi

Komitmen organisasi adalah tingkat sejauh mana seorang karyawan dapat memihak pada sebuah organisasi beserta tujuannya, dan ingin mempertahankan keanggotaannya dalam organisasi tersebut (Lubis, 2017:83). Sedangkan menurut Anwar (2018) komitmen organisasi adalah suatu dorongan yang datang dari individu untuk melakukan sesuatu demi menunjang keberhasilan organisasi serta lebih mengutamakan kepentingan organisasi dibandingkan dengan kepentingan sendiri. Hal ini dapat timbul dikarenakan seorang individu memiliki sebuah ikatan emosional terhadap organisasi yang mereka tempati. Keyakinan dan dorongan itu dapat berupa dukungan moral, dapat menerima ruang lingkup organisasi, serta keinginan dari diri sendiri untuk mengabdikan kepada organisasi. Komitmen organisasi memiliki karakteristik keyakinan dan penerimaan yang kuat terhadap nilai dan tujuan organisasi, kemampuan sekuat tenaga melakukan yang diperlukan untuk kepentingan organisasi, dan keinginan yang kuat untuk menjaga keanggotaan dalam organisasi.

Komitmen organisasi dapat dilaksanakan ketika seseorang memiliki keyakinan dan kemampuan yang kuat dalam melaksanakan tugas dalam pekerjaannya hanya demi mewujudkan tujuan organisasi. Sedangkan kejelasan sasaran anggaran yang memiliki tujuan, anggaran dibuat dan ditetapkan secara jelas dan spesifik supaya anggaran dapat dimengerti oleh orang yang bertanggungjawab atas pencapaian sasaran anggaran tersebut. Kejelasan sasaran dalam sebuah anggaran dapat didukung oleh komitmen organisasi yang kuat dalam diri seorang karyawan/aparat pemerintah untuk dapat melakukan penyusunan anggaran yang jelas demi mewujudkan tujuan organisasi, sehingga akan berdampak pada akuntabilitas kinerjanya yang akan meningkat. Hal ini memungkinkan komitmen organisasi dapat memperkuat hubungan antara kejelasan sasaran anggaran dengan akuntabilitas kinerja. Anwar (2018) menyatakan bahwa kejelasan sasaran anggaran memiliki pengaruh positif terhadap kinerja manajerial dengan komitmen organisasi sebagai moderasi.

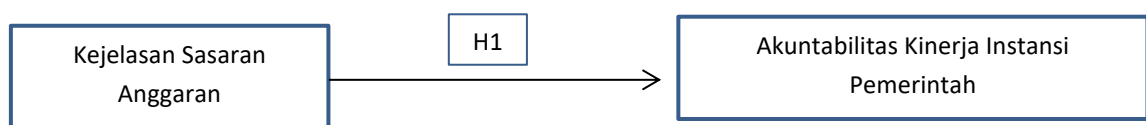
Komitmen organisasi juga memungkinkan dapat memperkuat pengaruh antara partisipasi penyusunan anggaran dengan akuntabilitas kinerja pemerintah. Partisipasi dalam penyusunan anggaran dengan didukung adanya komitmen organisasi yang kuat dari diri seorang karyawan/aparat pemerintah maka dapat meningkatkan motivasi kinerjanya, sehingga dapat mencapai tujuan organisasi yang telah ditetapkan serta akuntabilitas kinerjanya juga akan meningkat. Duvamindra (2015) menyatakan bahwa partisipasi penyusunan anggaran memiliki pengaruh positif terhadap kinerja pemerintah dengan komitmen organisasi sebagai moderasi.

H3: Komitmen Organisasi menguatkan pengaruh Kejelasan Sasaran Anggaran terhadap Akuntabilitas Kinerja Pemerintah

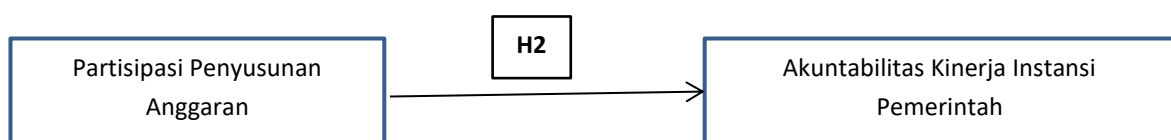
H4: Komitmen Organisasi menguatkan pengaruh Partisipasi Penyusunan Anggaran terhadap Akuntabilitas Kinerja Pemerintah

2.5 Model Penelitian

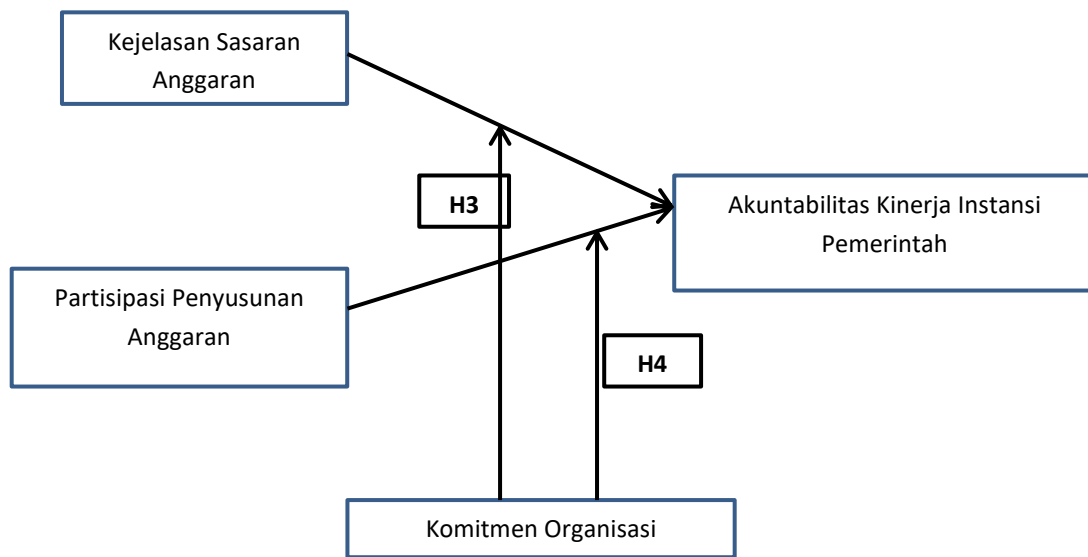
Gambar 1. Model Penelitian 1



Gambar 2. Model Penelitian 2



Gambar 3. Model Penelitian 3



MODEL PENELITIAN

3.1 Populasi dan Sampel

Populasi yang digunakan dalam penelitian yaitu pemerintah daerah di Daerah Istimewa Yogyakarta. Sedangkan teknik pengambilan sampel menggunakan teknik *purposive sampling*. Pengambilan data dilakukan secara primer dengan membagikan kuesioner kepada pejabat struktural atau aparat yang memang paham proses penyusunan anggaran. Kuesioner diberikan dalam bentuk skala likert 1-4. Sebanyak 100 kuesioner dibagikan, 98 kuesioner diterima kembali, dan 69 kuesioner memenuhi dapat diolah.

3.2 Variabel Penelitian

Terdapat dua variabel independen dalam penelitian ini yaitu kejelasan sasaran anggaran dan partisipasi penyusunan anggaran. Variabel dependen dalam penelitian ini yaitu akuntabilitas kinerja instansi pemerintah, dan variabel Moderasi Komitmen Organisasi

3.2.1 Kejelasan Sasaran Anggaran

Fauzan (2017) menyatakan bahwa kejelasan sasaran anggaran merupakan bagaimana tujuan anggaran dibuat dan ditetapkan secara jelas dan spesifik supaya anggaran dapat dimengerti oleh orang yang bertanggungjawab atas pencapaian sasaran anggaran tersebut. Indikator pernyataan yang akan digunakan berdasar pada penelitian menurut Agustin (2018) dan Harahap (2017), kuesioner terdiri dari 8 pernyataan berkaitan dengan definisi, kemudahan anggaran untuk dipahami, kesesuaian dengan rencana kerja serta tujuan instansi, pengetahuan mengenai anggaran, kesesuaian dengan anggaran pendapatan dan belanja.

3.2.2 Partisipasi Penyusunan Anggaran

Partisipasi anggaran sektor publik menunjukkan bagaimana partisipasi bagi aparat pemerintah daerah baik atasan maupun bawahan terlibat dan mempunyai pengaruh dalam menentukan target anggaran. Pengukuran variabel ini dilakukan dengan menggunakan kuesioner. Indikator pernyataan yang akan digunakan berdasar pada penelitian menurut Syarafina (2018) dan Wulandari (2013), kuesioner terdiri dari 6 pernyataan berkaitan dengan, keterlibatan dalam penyusunan anggaran, kesediaan dan pengaruh dalam menerima pendapat, peningkatan motivasi kinerja.

3.2.3 Komitmen Organisasi

Komitmen organisasi adalah tingkat sejauh mana seorang karyawan dapat memihak pada sebuah organisasi beserta tujuannya, dan ingin mempertahankan keanggotaannya dalam organisasi tersebut (Lubis, 2017:83).

Indikator pertanyaan yang akan digunakan berdasar pada penelitian menurut Wulandari (2013) dan Sakti (2017), kuesioner terdiri dari 8 pertanyaan berkaitan dengan, keyakinan kuat untuk bekerja, tingkat keterlibatan dalam bekerja, tingkat ketertarikan dengan pekerjaan dan organisasi, serta perasaan menjadi bagian dari organisasi.

3.2.4 Akuntabilitas Kinerja

Menurut Fauzan (2017) menyatakan bahwa akuntabilitas merupakan sebuah perwujudan pertanggungjawaban seseorang atau unit organisasi, dalam mengelola sumber daya yang telah diberikan dan dikuasai demi mencapai tujuan, dengan menggunakan suatu media berupa laporan akuntabilitas kinerja secara periodik. Indikator yang digunakan berdasar pada penelitian menurut Agustin (2018) dan Masdayani (2015), kuesioner terdiri dari 7 pernyataan berkaitan dengan, definisi, keterkaitan anggaran dengan rencana kerja dan tujuan instansi, perencanaan anggaran, pelaporan akuntabilitas, pengawasan kinerja, pertanggungjawaban kerja.

3.3 Persamaan Regresi

Pengujian hipotesis menggunakan teknik analisis linier berganda dengan rumus:

$$Y = \alpha + \beta_1 X_1 + e$$

$$Y = \alpha + \beta_2 X_2 + e$$

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 Z_1 + \beta_4 (X_1 Z_1) + \beta_5 (X_2 Z_1) + e$$

Keterangan :

Y = Akuntabilitas Kinerja Instansi Pemerintah

X1 = Kejelasan sasaran Anggaran

X2 = Partisipasi Penyusunan Anggaran

Z1 = Komitmen Organisasi

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ = Koefisien Regresi

α = Koefisien

e = eror

ANALISIS DAN PEMBAHASAN

4.1 Diskripsi Responden

Gambaran responden penelitian sebagaimana tampak pada tabel 1.

Tabel 1: Diskripsi Responden

Keterangan	Jumlah	%
Gender		
Perempuan	29	42%
Laki-laki	40	58%
Umur		
<30 th	3	4%
31-40 th	13	19%
41-50 th	36	52%
>50 th	17	25%
Pendidikan		
SMA	8	12%
Diploma	7	10%
S1	34	49%
S2	20	29%

Sumber: Data primer diolah, 2019

Dari tabel diatas terlihat bahwa mayoritas responden berusia dibawah 50 th dengan tingkat pendidikan sarjana. Posisi responden bervariasi dari kepala sub bagian, sub bidang, kepala seksi, fungsional, analisis perencanaan, analisis program , dengan mayoritas responden berada pada posisi staf.

4.2 Diskripsi Statistik

Berikut ini adalah diskripsi statistik variabel penelitian.

Tabel 2 . Hasil Uji Statistik Deskriptif

	N	Minimum	Maximum	Mean	Standard Deviation
Kejelasan Anggaran	69	3	4	3,29	0,356
Partisipasi Anggaran	69	3	4	3,21	0,354
Akuntabilitas Kinerja	69	3	4	3,19	0,361
Komitmen Organisasi	69	2	4	2,86	0,383

Sumber: Data primer diolah, 2019

Berdasarkan hasil pengujian statistik deskriptif di atas terlihat bahwa nilai minimum dan maksimum dari keempat variabel yang didapatkan dalam data kuesioner yaitu 3 dan 4 sehingga dapat diambil kesimpulan bahwa semakin tinggi nilai yang diberikan dalam menjawab item pertanyaan kuesioner maka semakin berpengaruh tingkat variabel pada instansi pemerintah tersebut. Nilai rata-rata yang didapatkan setiap variabel yaitu 3,29, 3,21, 3,19, dan 2,86 yang merepresentasikan bahwa setiap variabel dalam penilitan ini sudah cukup baik dan tepat sasaran bagi instansi pemerintah. Sedangkan nilai standar deviasi yang didapatkan dapat diartikan bahwa ukuran penyebaran data dari setiap variabel yaitu sebesar 0,356 , 0,354 , 0,361 , dan 0,383 dari 69 responden

4.3 Hasil uji Validitas, Reliabilitas, dan Uji Asumsi Regresi

Berdasarkan pengujian yang dilakukan seluruh item pertanyaan disetiap variabel penelitian mempunyai R-hitung lebih besar dari R-tabel, yang artinya selutu item pertanyaan dalam penelitian ini valid. Sedangkan berdasarkan uji reliabilitas nilai Cronbach's Alpha setiap variabel lebih besar dari 0,60 atau mendekati 1. Oleh karen itu dapat disimpulkan bahwa seluruh item pertanyaan kuesioner setiap variabel adalah reliabel.

Hasil nilai Tolerance dan VIF untuk variabel kejelasan sasaran anggaran dan partisipasi penyusunan anggaran sebesar 0,531 dan 1,882. Oleh karena itu dapat disimpulkan bahwa untuk kedua variabel independen dalam penelitian ini memiliki nilai Tolerance > 0,10 dan nilai VIF < 10, sehingga tidak terdapat gejala multikolinearitas antar variabel. Uji normalitas memiliki nilai signifikansi Asymp. Sig (2-tailed) sebesar 0,073 lebih besar dari 0,05, sehingga penelitian ini berdistribusi normal. Sedangkan hasil uji heterokedastisitas yang dilakuka dengan diagram Scatterplot menunjukkan gambar menyebar diatas dan dibawah angka 0 pada sumbu Y, sehingga tidak terjadi gejala heterokedastisitas.

4.4. Hasil pengujian Hipotesis

4.4.1 Hasil pengujian Hipotesis 1

Persamaan regresi yang dipergunakan untuk menguji hipotesis 1 Kejelasan sasaran anggaran berpengaruh positif terhadap akuntabilitas kinerja menunjukkan hasil sebagaimana tampak pada tabel 4.

Tabel 3. Hasil Uji Regresi Linier

Model	Unstandardized Coefficients		Sig.
	B	Std. Error	
(Constant)	1,169	,327	,001
X1	,614	,099	,000

Sumber: Data diolah, 2019

Berdasarkan hasil uji regresi linier berganda didapatkan nilai signifikansi sebesar 0,000 yang berarti lebih kecil dari 0,05. Oleh karena itu dapat disimpulkan bahwa H1 terbukti, hal ini berarti menunjukkan bahwa kejelasan sasaran anggaran berpengaruh positif terhadap akuntabilitas kinerja instansi pemerintah . Hasil ini sejalan dengan

penelitian yang dilakukan oleh Roman (2013), Fauzan (2017), Setyawan (2017), dan Asrini (2017) yang menyatakan bahwa kejelasan sasaran anggaran memiliki pengaruh positif terhadap akuntabilitas kinerja instansi pemerintah.

4.4.2 Hasil Pengujian Hipotesis 2

Hasil pengujian persamaan regresi untuk membuktikan H2 Partisipasi Penyusunan Anggaran memiliki pengaruh positif terhadap Akuntabilitas Kinerja Instansi Pemerintah, sebagaimana tampak pada tabel

Tabel 4. Hasil Uji Regresi Linier

	B	Std. Error	
(Constant)	,761	,272	,007
X2	,756	,084	,000

Sumber: Data diolah, 2019

Hasil uji regresi linier menunjukkan nilai signifikansi sebesar 0,000, oleh karena itu dapat disimpulkan bahwa H2 terbukti. H ini berarti menunjukkan bahwa partisipasi penyusunan anggaran berpengaruh positif terhadap akuntabilitas kinerja instansi pemerintah Hasil ini sejalan dengan penelitian yang dilakukan oleh Arifin W (2012) dan Asrini (2017) menyatakan bahwa partisipasi penyusunan anggaran memiliki pengaruh positif terhadap akuntabilitas kinerja instansi pemerintah.

Hasil pengujian regresi untuk membuktikan hipotesis 3 dan 4 sebagaimana tampak pada tabel 6.

Tabel 5. Hasil Uji Regresi Linier Berganda

	B	Std. Error	
(Constant)	,703	,329	,036
X1(KA)	-,236	,875	,788
X2 (PA)	,941	,898	,299
X1.Z(KA*KO)	,145	,312	,644
X2.Z(PA*KO)	-,122	,320	,703

Sumber: Data primer diolah, 2019

Berdasarkan hasil uji regresi linier berganda diatas didapatkan nilai signifikansi variabel moderasi komitmen organisasi dan kejelasan anggaran sebesar 0,644 yang berarti lebih besar dari 0,05. Oleh karena itu dapat disimpulkan bahwa H1 tidak terbukti. Dengan demikian komitmen organisasi tidak memiliki pengaruh terhadap hubungan antara kejelasan sasaran anggaran dengan akuntabilitas kinerja instansi pemerintah. Hal ini kemungkinan disebabkan kurang optimalnya komitmen organisasi yang dapat terlihat dari nilai mean hasil uji statistik deskriptif 2,86.

Hasil uji regresi linier berganda juga menunjukkan nilai signifikansi moderasi komitmen organisasi dan partisipasi anggaran sebesar 0,703 yang berarti lebih besar dari 0,05. Dengan demikian komitmen organisasi tidak memperkuat hubungan antara partisipasi penyusunan anggaran dengan akuntabilitas kinerja instansi pemerintah. Hasil ini sejalan dengan penelitian yang dilakukan oleh Arifin W (2012) dan Kusuma (2016) yang menyatakan bahwa partisipasi penyusunan anggaran memiliki pengaruh negatif terhadap akuntabilitas kinerja dengan komitmen organisasi sebagai moderasi.

KESIMPULAN

Penelitian ini membuktikan bahwa kejelasan sasaran anggaran dan partisipasi penyusunan anggaran memiliki pengaruh yang positif terhadap akuntabilitas kinerja instansi pemerintah. Namun demikian penelitian ini tidak berhasil membuktikan peran variabel komitmen organisasi dalam memperkuat hubungan antara kejelasan sasaran anggaran maupun partisipasi anggaran dengan akuntabilitas kinerja. kinerja instansi pemerintah.

Penelitian ini hanya dilakukan pada 11 SKPD dari total 43 SKPD yang ada di Daerah Istimewa Yogyakarta sehingga jumlah sampelnya relatif sedikit. Penelitian selanjutnya disarankan untuk menambah jumlah sampel. Peneliti juga menyarankan untuk menguji variabel lain yang dimungkinkan memperkuat pengaruh kejelasan anggaran dan partisipasi anggaran terhadap akuntabilitas kinerja, misalnya dengan menggunakan variabel *Job Relevant Information*

Bagi Instansi pemerintah daerah lainnya diharapkan untuk dapat menerapkan kejelasan sasaran anggaran dan partisipasi penyusunan anggaran demi mencapai akuntabilitas instansi yang baik, karena dari hasil penelitian

ini terbukti bahwa kejelasan sasaran anggaran dan partisipasi penyusunan anggaran memiliki pengaruh terhadap akuntabilitas kinerja instansi pemerintah.

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FAKTOR DETERMINAN PENGUNGKAPAN SUKARELA OLEH YAYASAN DI INDONESIA

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Abstract

This paper examines the effect of donations, restricted funds, organizations size, and organizations age on foundations voluntary disclosure. Data of this paper was taken from foundations in Indonesia that published their financial statements between 2011-2016. There are 94 samples used in this paper. The result of this study prove that restricted fund and organization size has positive significant effect toward the voluntary disclosure, while donations and organization age have not positive significant effect toward the voluntary disclosure. Based on these findings, Funders should consider restricted funds sources and the size of the organization to assess the prospect of the foundation. In addition, the foundation should increase voluntary disclosure to be more transparent in providing information about its foundation. With transparency, the foundation will find it easier to gain trust to receive funds, which can be useful for the survival of the foundation.

Keywords: donations, organization age, organization size, restricted fund, voluntary disclosure

PENDAHULUAN

Pengungkapan merupakan bagian yang tidak terpisahkan dari laporan keuangan. Secara teknis pengungkapan merupakan bagian akhir dari siklus akuntansi, yaitu penyajian informasi akuntansi dalam statemen keuangan. Secara umum, dalam laporan keuangan pengungkapan ada dua jenis, yaitu pengungkapan wajib (*mandatory disclosure*) dan pengungkapan sukarela (*voluntary disclosure*). Pengungkapan wajib (*mandatory disclosure*) adalah pengungkapan yang diwajibkan oleh peraturan yang berlaku, dalam hal ini adalah peraturan yang ditetapkan oleh lembaga yang berwenang. Sementara itu, pengungkapan sukarela (*voluntary disclosure*) adalah pengungkapan yang dilakukan melebihi dari apa yang diwajibkan. Dalam penelitian ini penulis akan meneliti tentang pengungkapan sukarela pada yayasan.

Menurut Undang-Undang no 16 tahun 2001 tentang yayasan, Yayasan adalah badan hukum yang terdiri atas kekayaan yang dipisahkan dan diperuntukkan untuk mencapai tujuan tertentu di bidang sosial, keagamaan, dan kemanusiaan, yang tidak mempunyai anggota. Sedangkan, menurut Ayu (2014) Yayasan pada hakikatnya adalah kekayaan yang dipisahkan dan diberi status badan hukum. Sehingga, dapat disimpulkan bahwa yayasan adalah sebuah badan hukum yang didirikan untuk mencapai tujuan tertentu dengan memisahkan antara kekayaan pendiri dan yayasan.

Masalah yang seringkali terjadi dalam sebuah yayasan adalah tentang akuntabilitas dan transparansi laporan kinerja serta keuangan. Dermawan, pemerintah, masyarakat, dan orang yang menjabat dalam kepemimpinan yayasan, yang merupakan stakeholder yayasan memiliki hak yang sama untuk memperoleh dan mengakses semua informasi keuangan. Namun, kenyataan yang ada adalah belum banyak yang melaporkan laporan keuangannya secara transparan dan berkelanjutan, terutama yayasan yang berada di Indonesia.

Yayasan dipilih sebagai obyek penelitian karena belum banyak yang melakukan penelitian mengenai faktor yang mempengaruhi pengungkapan sukarela dengan obyek tersebut, terutama di Indonesia. Menurut Undang-Undang no 16 tahun 2001 tentang yayasan menyebutkan bahwa pengurus yayasan harus membuat laporan tahunan yang sekurang-kurangnya berisi laporan keadaan dan kegiatan yayasan selama tahun buku yang lalu serta hasil yang telah dicapai dan laporan keuangan yang terdiri dari laporan posisi keuangan pada akhir periode,

laporan aktivitas, laporan arus kas, serta catatan atas laporan keuangan. Yayasan perlu melakukan pengungkapan sukarela karena stakeholder yang berperan dalam yayasan perlu mengetahui tentang transparansi dari sebuah yayasan.

Berdasarkan penelitian yang dilakukan oleh Zainon, Atan, and Wah (2014), Murni (2016), Atan, Zainon, and Wah (2012), Nova and Oktaviana (2016), Nie, Liu, and Cheng (2016), Wardani (2012), dan Hidayat (2017) terdapat beberapa faktor yang dapat mempengaruhi luas pengungkapan sukarela. Penelitian yang dilakukan oleh Atan, Zainon, dan Wah (2012) menemukan bukti bahwa terdapat hubungan yang signifikan antara jumlah donasi dan tingkat pengungkapan sukarela. Bukti tersebut sejalan dengan bukti yang di temukan oleh Zainon, Atan, dan Wah (2014) yang menyatakan bahwa organisasi-organisasi yang menerima sumbangan yang lebih besar cenderung untuk mengungkapkan informasi lebih banyak. Penelitian yang dilakukan oleh Nie, Liu, and Cheng (2016) memperoleh hasil yang menyatakan bahwa dana *restricted* berpengaruh positif terhadap luas pengungkapan sukarela. Hasil penelitian yang dilakukan oleh Hidayat (2017), Murni (2016), Nova and Oktaviana (2016), dan Wardani (2012) menyatakan bahwa ukuran perusahaan berpengaruh positif terhadap tingkat pengungkapan sukarela. Hidayat (2017) menemukan bahwa umur yayasan berpengaruh positif terhadap indeks pengungkapan sukarela. Hasil ini berlawanan dengan hasil penelitian yang diperoleh Wardani (2012) yaitu umur berpengaruh negatif terhadap luas pengungkapan sukarela.

Penelitian ini dilakukan karena belum banyak penelitian tentang faktor yang mempengaruhi pengungkapan sukarela oleh yayasan di Indonesia. Oleh karena itu tujuan penelitian ini adalah untuk mengetahui pengaruh donasi, dana *restricted*, ukuran organisasi dan umur organisasi terhadap pengungkapan sukarela oleh Yayasan di Indonesia.

2. LANDASAN TEORI DAN PENGEMBANGAN HIPOTESIS

2.1. Institutional Theory

Institutional theory merupakan teori sosiologi yang berkaitan dengan organisasi. Teori institusional menjadi salah satu perspektif teori yang paling penting dalam penelitian organisasi dan manajemen. (Cornelissen et al., 2015). Teori institusional atau yang dapat dikatakan dengan teori kelembagaan merupakan sebuah teori dengan pemikiran dasar yaitu terbentuknya sebuah organisasi karena tekanan lingkungan institusional. Dalam teori ini, organisasi dipengaruhi oleh tekanan normatif, yang kadang-kadang ditimbulkan dari sumber eksternal seperti negara, dan ditimbulkan dari dalam organisasi itu sendiri (Zucker, 1987). Teori ini juga menjelaskan perkembangan yang berkaitan dengan organisasi bukan hanya berasal dari proses teknis yang pada akhirnya hanya akan berorientasi pada faktor-faktor efisiensi, tetapi lebih menekankan pada motivasi dan rasionalitas dari para pelaku organisasi. Hal ini bertujuan agar mereka memperoleh legitimasi dari pihak-pihak yang berkepentingan. Menurut Scott (2004) teori institusional memberi perhatian yang mendalam dan sungguh-sungguh pada struktur sosial. Teori ini memperhatikan bagaimana struktur berubah menjadi bentuk yang otoritatif untuk terbentuknya perilaku sosial. *Institutional theory* juga mempertanyakan bagaimanakah hal-hal tersebut dapat dibuat, berpadu, dan diadaptasi dalam ruang dan waktu.

2.2. Resources Dependence Theory

Resources Dependency Theory (RDT) adalah teori yang membahas tentang hubungan yang berkualitas antara konsep kekuasaan dengan konsep ketergantungan, yang didasarkan pada ketergantungan terhadap sumber daya. Teori ini juga berusaha menjelaskan tentang perilaku organisasi dan antar organisasi berkaitan dengan sumber daya yang kritis, yang harus dimiliki oleh sebuah organisasi untuk kelangsungan hidup mereka. RDT mengakui pengaruh faktor eksternal pada perilaku organisasi, dan, meskipun dibatasi oleh konteks, manajer dapat bertindak untuk mengurangi ketergantungan dan ketidakpastian lingkungan (Hillman, Withers, and Collins, 2009). Teori ini cenderung membahas tentang strategi organisasi daripada struktur organisasi. Motivasi bagi mereka yang menjalankan organisasi adalah untuk memastikan kelangsungan hidup organisasi dan untuk meningkatkan otonomi mereka sendiri, sementara itu juga menjaga stabilitas dalam hubungan asing organisasi (Davis dan Cobb, 2010). Menurut Johnson (1995) *Resource Dependence Theory* (RDT) memiliki fokus sebagai berikut : (1) sumber daya, (2) aliran atau pertukaran sumber daya antar organisasi, (3) menciptakan dependensi dan perbedaan kekuatan sebagai hasil dari pertukaran sumber daya yang tidak seimbang, (4) efek penghambat seperti ketergantungan telah ada di perilaku organisasi, (5) upaya pemimpin organisasi untuk mengelola ketergantungan.

2.3. Jumlah Donasi dan Pengungkapan Sukarela

Resources Dependence Theory menyatakan bahwa keberhasilan organisasi telah dijelaskan pada teori ini yaitu dengan meminimumkan ketergantungan resources pada organisasi lain dan memaksimalkan ketergantungan resources organisasi lain pada organisasi kita. Menurut teori ini tujuan organisasi hanya tergantung pada satu faktor yaitu meminimumkan ketergantungan resources (Soliha dan Maharani, 2012). Dengan sistem dan prosedur keuangan yang terstruktur, lembaga dapat dengan mudah memenuhi tuntutan transparansi kepada *stakeholdernya* (Yuliarti, 2014).

Donasi merupakan salah satu sumber utama dalam pendanaan di beberapa yayasan. Begitu pula dengan yayasan-yayasan yang ada di Indonesia. Tanpa adanya donasi yang berasal dari masyarakat dan/atau pihak-pihak yang memiliki kondisi keuangan yang stabil, sebuah yayasan akan mengalami kesulitan untuk merealisasikan program-program yang telah dibuat. Kebanyakan dari yayasan yang berada di Indonesia akan menghimpun dana baik dari individu maupun organisasi. Karena donasi yang diperoleh berasal dari berbagai pihak, maka sebuah yayasan sangat perlu untuk menyesuaikan transparansi dalam laporan keuangan. Mereka dapat melakukannya dengan membuat pengungkapan untuk lebih meyakinkan pemberi donasi selanjutnya. Semakin banyak dana donasi yang diperoleh perusahaan maka pengungkapan secara sukarela yang dilaporkan seharusnya akan semakin luas. Dan sebaliknya, jika jumlah dana donasi yang diperoleh rendah maka pengungkapan sukarela akan semakin sedikit. Dari penjelasan di atas, maka dapat diambil sebuah pemikiran yang mengasumsikan bahwa ketergantungan sebuah yayasan terhadap jumlah donasi yang diperoleh akan mempengaruhi informasi yang akan diungkapkan secara sukarela.

H1. Jumlah donasi yang diperoleh sebuah yayasan berpengaruh positif terhadap pengungkapan sukarela.

2.4. Dana Restricted dan Pengungkapan Sukarela

Menurut *Resources Dependence Theory*, dana *restricted* merupakan salah satu yang mempengaruhi pengungkapan dalam laporan keuangan organisasi. Hal ini karena dana *restricted* merupakan salah satu sumber pendanaan yang penting selain daripada pemberi donasi. Implikasi lain dari teori ketergantungan terhadap sumber daya adalah bahwa semakin banyak organisasi non-profit pemerintah yang bergantung dengan organisasi lain, yang lebih penting adalah organisasi eksternal yang digunakan untuk operasi dan kelangsungan hidup organisasi non-profit pemerintah (Khieng and Dahles, 2015). Sebagai organisasi masyarakat sipil, organisasi non-profit pemerintah transasional diharapkan untuk mempertahankan status independensi dari individu dan lembaga yang mereka perlukan untuk dapat memperoleh bantuan keuangan (Mitchell, 2014). Semakin banyak dana *restricted* yang digunakan sebagai sumber pendanaan maka seharusnya pengungkapan yang dicantumkan dalam laporan keuangan semakin luas. Begitu juga sebaliknya, apabila dana *restricted* yang digunakan sebagai sumber pendanaan sedikit maka pengungkapan yang dicantumkan dalam laporan keuangan akan sempit. Dari penjelasan di atas maka dapat diasumsikan bahwa dana *restricted* akan berpengaruh terhadap luas pengungkapan sukarela yang diungkapkan dalam laporan keuangan yayasan.

H2. Dana *restricted* berpengaruh positif terhadap luas pengungkapan sukarela.

2.5. Ukuran Organisasi dan pengungkapan sukarela

Pengungkapan sukarela merupakan salah satu bentuk untuk mewujudkan akuntabilitas dan transparansi sebuah organisasi. Menurut Hidayat (2017), ukuran memiliki pengaruh yang positif terhadap luas pengungkapan sukarela. Semakin besar ukuran sebuah organisasi, maka pengungkapan sukarela yang dilakukan akan semakin luas. Begitu juga sebaliknya, apabila ukuran organisasi semakin kecil maka luas pengungkapan sukarela juga semakin sempit. Dari penjelasan tersebut maka dapat diasumsikan bahwa ukuran organisasi akan berpengaruh positif terhadap luas pengungkapan sukarela dalam laporan keuangan yayasan.

H3. Ukuran organisasi berpengaruh positif terhadap luas pengungkapan sukarela

2.6. Umur Organisasi dan Pengungkapan Sukarela

Umur organisasi merupakan seberapa lama organisasi tersebut telah berdiri. Menurut Wardani (2012) semakin lama perusahaan menjadi perusahaan publik, maka perusahaan semakin mengetahui kebutuhan informasi untuk para penggunanya atau semakin mengetahui kebutuhan informasi untuk para *stakeholder* perusahaan melalui pengungkapan informasi sukarela yang diungkapkan dalam laporan tahunan perusahaan sebagai alat untuk pengawasan kinerja perusahaan agar kelangsungan usaha perusahaan tetap terjaga. Sehingga, semakin lama umur sebuah organisasi, maka pengungkapan sukarela yang dilakukan akan semakin luas. Begitu juga sebaliknya, apabila umur organisasi semakin muda maka luas pengungkapan sukarela juga

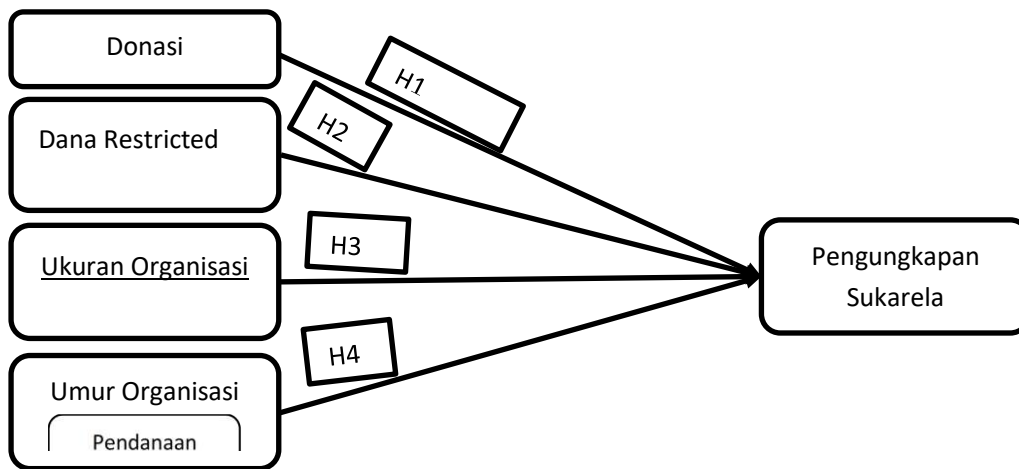
semakin sempit. Alasannya adalah organisasi dengan umur yang lebih tua memiliki pengalaman yang lebih banyak terkait dengan pembuatan laporan keuangan. Dari penjelasan tersebut, maka dapat diasumsikan bahwa umur organisasi berpengaruh positif terhadap luas pengungkapan sukarela.

H4. Umur organisasi berpengaruh positif terhadap luas pengungkapan sukarela.

2.7. Model Penelitian

Model penelitian yang menggambarkan hubungan antara variable independen dengan variable dependen disajikan pada gambar 1 berikut:

Gambar 1
Model Penelitian



3. METODE PENELITIAN

Populasi dalam penelitian ini adalah semua yayasan yang berada di Indonesia. Yayasan di Indonesia yang menerbitkan laporan keuangan antara tahun 2011-2016 dan memiliki data lengkap terkait variable-variabel yang akan digunakan dalam penelitian menjadi sample dalam penelitian ini.

Variabel dalam penelitian ini terdiri dari variable dependen dan variable independen. Variabel dependent pada penelitian ini adalah pengungkapan sukarela. Variabel pengungkapan sukarela diukur dengan indeks pengungkapan sukarela menurut Nie et al. (2016) yang dihitung dengan cara berikut:

1. Memberi skor untuk setiap item secara dikotomi, yaitu apabila item tersebut diungkapkan akan diberi skor 1, dan jika tidak diungkapkan akan diberi nilai 0.
2. Skor yang diperoleh setiap yayasan dijumlahkan untuk mendapatkan skor total.
3. Menghitung indeks kelengkapan pengungkapan dengan cara membagi total skor yang diperoleh dengan total skor yang diharapkan dapat diungkapkan oleh yayasan.

Berikut adalah daftar item yang diungkapkan indeks pengungkapan sukarela menurut Nie et al. (2016):

Tabel 1. Daftar Item Indeks Pengungkapan Sukarela

No	Item Pengungkapan
1	Carter Yayasan
2	Funder Endowment Asli
3	Identitas Anggota Dewan
4	Curriculum Vitae dari General Manajer
5	Aturan Manajemen Keuangan

6	Aturan Manajemen Projek
7	Aturan Manajemen Kepegawaian
8	Laporan Audit
9	Pengadopsian Website
10	Kolom Informasi Pengungkapan pada Website
11	Kolom Pengungkapan Projek pada Website
12	Kolom Pencarian Donatur pada Website
13	Kolom Pencarian Penerima Manfaat pada Website
14	Adaptasi “Weibo” (microblog)

Sumber : Nie et al. (2016)

Variabel independen pada penelitian ini terdiri dari donasi, dana *restricted*, ukuran organisasi dan umur organisasi. Donasi adalah sebuah pemberian bersifat sukarela dan tanpa mengharapkan imbalan, yang diberikan oleh perorangan dan/atau badan hukum, yang bersifat fisik. Dana *restricted* menurut Powers (2014) merupakan dana yang diberikan kepada aktivitas, program, atau negara tertentu. Menurut Febria et. al (2009) dalam Sujardi and Tobing (2016) menyebutkan bahwa ukuran secara umum dapat diartikan sebagai perbandingan besar kecilnya suatu objek. Besar kecilnya sebuah organisasi akan mempengaruhi luas sempitnya pengungkapan sukarela. Umur organisasi adalah seberapa lama organisasi tersebut telah berdiri atau telah terdaftar secara hukum yang sah. Pengukuran variabel independent pada penelitian ini dapat dilihat pada tabel 2.

Tabel 2. Pengukuran variabel independen

Variabel	Pengukuran
Donasi	$Donasi = \frac{Total\ Pemasukan\ Donasi}{Total\ Pendapatan\ Yayasan}$
Dana Restricted	persentase dana restricted dalam total asset pada masing-masing laporan keuangan yayasan
Ukuran Organisasi	log dari total asset yayasan
Umur Organisasi	Tahun Laporan – Tahun Pendirian

Metode analisis data yang digunakan untuk menguji hipotesis penelitian ini adalah analisis regresi berganda dengan persamaan berikut:

$$Y = a + \beta_1 DONATIONS + \beta_2 RESTRICTED + \beta_3 SIZE + \beta_4 AGE + e \dots\dots\dots(1)$$

dimana a menerangkan konstanta; β_1 , β_2 , β_3 , β_4 koefisien regresi; DONATIONS menerangkan donasi; RESTRICTED menerangkan dana *restricted*; SIZE menerangkan ukuran organisasi; AGE menerangkan umur organisasi.

5. HASIL DAN PEMBAHASAN

Data yayasan di Indonesia diperoleh dari yayasan yang mengungkapkan laporan keuangannya di Internet. Berdasarkan kriteria sampel diperoleh jumlah sampel sebanyak 94 laporan keuangan. Proses pemilihan sampel adalah sebagai berikut:

Tabel 3. Proses Pemilihan Sampel

Kriteria	2011	2012	2013	2014	2015	2016	Jumlah
Yayasan di Indonesia yang mempublikasikan laporan keuangan via internet	9	20	24	27	28	17	125
Yayasan yang laporan keuangannya tidak memiliki data lengkap terkait dengan variabel penelitian	(5)	(6)	(7)	(8)	(4)	(1)	(31)
Jumlah sampel	4	14	17	19	24	16	94

Sumber : data diolah, 2019

Tabel 4 menunjukkan statistik deskriptif dari variabel-variabel yang digunakan dalam penelitian yang meliputi nilai minimum, maksimum, mean dan standar deviasi.

Tabel 4. Hasil statistik deskriptif

Variabel	Min	Max	Mean	SD
Donations	0.357	0.786	0.587	0.093
Restricted	0.000	1.062	0.667	0.371
Size	-3.73	2.93	0.382	0.697
Age	13.64	26.78	22.55	2.323

Sumber: data diolah, 2019

Sebelum dilakukan uji hipotesis, terlebih dahulu dilakukan uji asumsi klasik model regresi yang meliputi uji normalitas data, uji multikolinearitas dan uji heterokedastisitas. Berdasarkan hasil uji asumsi klasik dapat disimpulkan bahwa data telah terdistribusi normal, karena nilai Kolmogorov-smirnov sebesar 0,063 dengan signifikansi 0,200. Data juga sudah lolos uji multikolinearitas, karena semua variable independen mempunyai nilai VIF <10. Berdasarkan uji heterokedastisitas dg uji Gletzer menunjukkan bahwa tidak ada gejala heterokedastisitas utk semua variable independen. Tabel 5 berikut menyajikan hasil uji hipotesis dengan analisis regresi linier berganda.

Tabel 5. Hasil Analisis Regresi Berganda

Variabel	Prediksi	B	T statistik	Sig.t	
Constant		0.314		3.139	
Donations	+	0.023	0.904	0.369	Variabel dependen: Disclosures N=94 Adjusted R ² = 0.139 F= 3.578 (p-value= 0.009)
Restricted	+	0.034	2.450	0.016	
Size	+	0.011	2.404	0.018	
Age	+	-0.001	-0.478	0.634	

Sumber: data diolah, 2019.

Berdasarkan tabel 5 di atas diketahui bahwa koefisien determinasi (Ad. Adjusted R²) sebesar 0.139. Angka ini menunjukkan bahwa besarnya kemampuan variable independen yang terdiri dari jumlah donasi, dana restricted, ukuran organisasi dan umur organisasi dalam menjelaskan variasi variable pengungkapan sukarela sebesar 13,9%, sisanya sebesar 86,1% dijelaskan oleh variable lain diluar model regresi ini.

Hasil analisis regresi linier berganda menunjukkan bahwa nilai koefisien variabel donasi (DONATIONS) sebesar 0.023 dengan signifikansi 0.369 mengindikasikan bahwa variable donasi tidak berpengaruh signifikan terhadap luas pengungkapan sukarela. Yayasan yang menerima sumbangan lebih besar belum tentu melakukan pengungkapan lebih luas daripada yayasan yang menerima sumbangan lebih sedikit, demikian sebaliknya Hasil penelitian ini tidak mendukung Zainon et al. (2014) dan Atan et al. (2012) yang menemukan bahwa donasi berpengaruh positif terhadap pengungkapan sukarela. Donasi tidak berpengaruh positif signifikan terhadap pengungkapan sukarela karena kesadaran melakukan pengungkapan sukarela guna meningkatkan transparansi laporan keuangan yang diterbitkan tidak dipengaruhi oleh besarnya donasi yang diperoleh. Sehingga, yayasan yang memperoleh donasi lebih banyak dapat melakukan pengungkapan lebih banyak atau lebih sedikit. Bahkan, yayasan dengan jumlah perolehan donasi yang banyak ataupun sedikit dapat melakukan pengungkapan sukarela yang tetap dari tahun ke tahun. Hal ini kemungkinan dikarenakan sebagian besar jumlah donasi yang diperoleh merupakan donasi yang tidak terikat, sehingga yayasan tidak merasa memerlukan pengungkapan meskipun donasi yang diperoleh besar.

Koefisien variable dana *restricted* (RESTRICTED) sebesar 0.034 dengan signifikansi 0.016 menunjukkan bahwa variable dana *restricted* berpengaruh positif signifikan terhadap pengungkapan sukarela. Hasil penelitian ini mendukung Nie et al. (2016) yang menemukan bahwa dana *restricted* berpengaruh positif terhadap pengungkapan sukarela. Hal ini dikarenakan dana *restricted* berkaitan erat dengan stakeholder, baik itu

pemerintah, donator, maupun pihak lain yang memiliki ikatan dengan yayasan. Sehingga semakin besar dana *restricted* yang diperoleh maka akan semakin besar pula tuntutan dari stakeholder agar yayasan mengungkapkan laporannya secara transparan. Keterkaitan erat dana *restricted* dengan penyumbang membuat yayasan dituntut untuk melakukan pengungkapan sukarela yang lebih luas. Apabila yayasan yang bersangkutan kurang transparan dalam menyajikan laporan keuangan mereka, maka dikhawatirkan para stakeholder dan penyumbang dana enggan memberikan dananya.

Koefisien variabel ukuran organisasi (SIZE) sebesar 0.011 dengan signifikansi 0.018 menunjukkan bahwa variabel ukuran organisasi berpengaruh positif signifikan terhadap pengungkapan sukarela. Artinya semakin besar ukuran sebuah organisasi maka akan semakin banyak stakeholder yang berhubungan dengan yayasan tersebut. Hubungan sebuah organisasi dengan stakeholder yang semakin meluas membuat organisasi tersebut dituntut untuk lebih transparan dalam mengungkapkan laporannya. Transparansi ini juga akan membantu para pemberi dana dalam melihat prospek organisasi di masa yang akan datang dan dapat meningkatkan kepercayaan mereka. Sehingga, semakin besar ukuran organisasi maka semakin tinggi tingkat pengungkapan sukarela dalam laporan keuangan yayasan. Hasil ini sesuai dengan penelitian Wardani (2012), Murni (2016), Nova & Oktaviana (2016), Hidayat (2017), dan Nugroho (2012) yang menemukan hasil bahwa ukuran organisasi berpengaruh positif terhadap pengungkapan sukarela.

Koefisien variabel umur organisasi (AGE) sebesar -0.001 dengan signifikansi 0.634 menunjukkan bahwa umur yayasan tidak mempengaruhi luas pengungkapan sukarela. Hasil penelitian ini tidak mendukung penelitian Wardani (2012) yang menyatakan bahwa umur organisasi berpengaruh positif terhadap pengungkapan sukarela. Umur organisasi tidak berpengaruh positif signifikan terhadap pengungkapan sukarela yang dilakukan oleh Yayasan kemungkinan disebabkan karena yayasan yang umurnya semakin tua sudah mendapat kepercayaan dari para stakeholdernya sehingga tidak ada tuntutan untuk melakukan pengungkapan sukarela yang lebih luas dibanding dengan yayasan yang umurnya masih muda.

6. KESIMPULAN

Tujuan penelitian ini adalah untuk mengetahui pengaruh jumlah donasi, dana *restricted*, ukuran organisasi dan umur organisasi terhadap pengungkapan sukarela oleh yayasan di Indonesia. Adapun kesimpulan hasil penelitian ini adalah:

1. Variabel dana *restricted* dan ukuran organisasi terbukti berpengaruh positif signifikan terhadap pengungkapan sukarela. Hal ini berarti bahwa semakin besar dana *restricted* yang diperoleh dan semakin besar ukuran dari sebuah organisasi maka akan meningkatkan pengungkapan sukarela yayasan.
2. Variabel donasi dan umur organisasi tidak terbukti berpengaruh positif signifikan terhadap pengungkapan sukarela. Hal ini berarti bahwa besar kecilnya donasi yang diperoleh dan tua atau mudanya umur dari sebuah yayasan tidak memiliki pengaruh yang positif signifikan terhadap pengungkapan sukarela yayasan.

Hasil penelitian ini mempunyai implikasi bagi:

1. Pemberi Dana, ketika akan memberikan dana pada sebuah yayasan hendaknya mempertimbangkan perolehan dana *restricted* dan ukuran organisasi untuk memprediksi transparansi yang dilakukan oleh Yayasan.
2. Yayasan. Yayasan hendaknya meningkatkan luas pengungkapan sukarelanya agar lebih meningkatkan transparansi dalam memberikan informasi kepada pihak pemberi dana maupun masyarakat. Dengan meningkatkan transparansi tersebut yayasan akan lebih mudah mendapatkan kepercayaan dari pemberi dana maupun masyarakat yang berguna bagi kelangsungan hidup yayasan.

Koefisien determinasi sebesar 13.9% mengindikasikan bahwa keempat variabel independen dalam penelitian ini hanya bisa menjelaskan variasi variabel pengungkapan sukarela sebesar 13,9%, sisanya 86,1% dijelaskan oleh variabel di luar model regresi. Oleh karena itu penelitian yang akan datang disarankan untuk menambah variabel independen yang digunakan, misalnya pendanaan dari pemerintah dan tipe Yayasan

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MINAT FRONTLINERS BANK SYARIAH TERHADAP SERTIFIKASI KOMPETENSI UNTUK MENINGKATKAN KOMPETENSI KEAHLIAN (STUDI KASUS DI BANK SYARIAH ANAK PERUSAHAAN BANK BUMN DAN UUS BANK BUMN DI YOGYAKARTA).

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ABSTRACT

Kompetensi menjadi sesuatu yang mutlak mengingat tantangan bankir di masa depan akan semakin berat, terutama disebabkan oleh meningkatnya intensitas persaingan yang menuntut perbankan untuk menyediakan jasa/produk yang semakin kompleks dan berisiko, serta adanya pengaruh faktor-faktor global seperti perlunya melakukan adopsi international best practices serta era globalisasi yang memudahkan masuknya investor asing baik dari aspek permodalan maupun aspek Sumber Daya Manusia / ekspertise. Dengan semakin tumbuh berkembangnya dampak globalisasi maka profesionalisme dalam industri perbankan memerlukan sumber daya manusia yang kompeten, yaitu yang meliputi sikap, penampilan, dan pengetahuan atau skill. Kompetensi keahlian karyawan ini harus ditunjukkan lisensinya yaitu melalui sertifikasi kompetensi. Sertifikasi Kompetensi merupakan kebijakan yang dibuat oleh pemerintah guna meningkatkan kualitas tenaga kerja di Indonesia, termasuk bidang perbankan. Melalui kepemilikan sertifikasi kompetensi, pihak bank dapat menilai kompeten tidaknya seorang karyawan dalam melakukan suatu tugas, karena telah terukur secara pasti melalui kepemilikan sertifikat kompetensi. Penelitian ini bertujuan untuk menganalisa minat frontliners Bank Syariah terhadap sertifikasi kompetensi untuk meningkatkan kompetensi keahlian. Pendekatan yang digunakan peneliti adalah dengan deskriptif-kualitatif. Sumber data diperoleh dalam penelitian ini melalui wawancara dan observasi. Bank Syariah yang dijadikan penelitian adalah Bank Syariah Anak Perusahaan Bank BUMN dan UUS Bank BUMN di Yogyakarta. Hasil penelitian menunjukkan pada tahun 2019 karyawan frontliners pada saat memasuki dunia kerja tidak memiliki sertifikasi kompetensi keahlian, bahkan karyawan tidak mengetahui sertifikasi kompetensi dan manfaatnya. Namun karyawan tersebut memiliki minat yang tinggi untuk mengikuti sertifikasi kompetensi keahlian untuk kemajuan karier di bank setelah mengetahui pentingnya sertifikasi kompetensi.

Keywords : Frontliners, Sertifikasi Kompetensi, Kompetensi Keahlian

1. PENDAHULUAN

Tantangan dunia perbankan saat ini semakin kompleks. Mulai dari persaingan bisnis antar bank, tantangan kemajuan teknologi digital, persaingan sumber daya manusia yang terus meningkat, dan persaingan produk dan jasa yang dihasilkan. Persaingan SDM di industri perbankan ditunjukkan dengan kompetisi untuk menduduki posisi jabatan di bank. Masing-masing karyawan bersaing untuk menunjukkan kemampuannya sehingga karirnya dapat berkembang dengan pesat. Seiring dengan meningkatnya perkembangan transaksi di bank, dan persaingan tenaga kerja maka secara alamiah bank akan mencari tenaga kerja yang unggul dan dapat memenuhi kebutuhan bank. Beberapa bidang kerja harus diisi oleh sumber daya manusia (SDM) yang secara profesional terspesialisasi dan andal mampu menguasai bidang kerja tersebut. Tujuannya supaya mampu bersaing dan memberikan layanan terbaik. Sejak itulah bidang kerja di perbankan mulai diterapkan.

Kebutuhan tenaga kerja yang terampil ini juga merupakan tuntutan dari MEA (Masyarakat Ekonomi ASEAN), dimana sistem perdagangan bebas antara negara-negara ASEAN mengharuskan membebaskan tenaga kerja terampil dapat bekerja di seluruh wilayah ASEAN. Oleh karena itu, sekarang banyak orang yang berlomba-lomba tidak hanya guna mendapatkan gelar akademik yang lebih tinggi (S1/S2/S3) tetapi menyesuaikan dengan kebutuhan lingkungan kerja yaitu memiliki sertifikasi profesi. Memperhatikan pentingnya fungsi perbankan dalam melaksanakan operasionalisasi bisnisnya untuk mendukung sektor-sektor bisnis atau sektor non bisnis lainnya, maka perbankan harus dikelola secara tepat dan benar sesuai dengan kaidah berbisnis dan mengikuti

ketentuan yang berlaku. Agar pengelolaan bisnis perbankan dapat dikelola dengan tepat dan benar, maka dibutuhkan Sumber Daya Manusia (SDM) perbankan kompeten dan professional sesuai dengan bidangnya.

Pemenuhan atas kebutuhan SDM perbankan yang kompeten dan professional, tentu harus dilakukan secara sistemik dengan tetap mengacu kepada kebutuhan di lapangan. Salah satu model pengembangan SDM yang sistemik dan mampu menyiapkan SDM yang kompeten adalah dengan sistem pengembangan SDM berbasis kompetensi. Dalam sistem pengembangan SDM berbasis kompetensi tersebut, terdiri dari 3 (tiga) pilar utama yaitu (1) sub-sistem standarisasi kompetensi, (2) sub-sistem pendidikan dan pelatihan berbasis kompetensi dan (3) sub-sistem sertifikasi kompetensi. Penyiapan standar kompetensi kerja untuk Perbankan menjadi suatu langkah yang penting dalam rangka menyiapkan dan memelihara tersedianya SDM yang kompeten dan professional. Karena standar kompetensi kerja Jasa Keuangan dan Perbankan tersebut, akan menjadi acuan dalam merumuskan program pendidikan dan pelatihan bagi calon tenaga yang kompeten sebagai acuan untuk uji kompetensi dan sertifikasi untuk para pelaku dan profesional di sub-bidang tersebut.

Namun demikian, masyarakat masih banyak mempertanyakan, apakah sertifikasi kompetensi kerja itu perlu, dan kalau perlu apa nilai tambah yang akan diperoleh, hal ini karena program sertifikasi kompetensi kerja belum menjadi persyaratan wajib dalam rekrutmen tenaga kerja. Sehingga saat ini kompetensi kerja masih banyak memerlukan campur tangan dari regulator, berupa ketentuan dari regulator yang mewajibkan program sertifikasi dan memberikan sanksi bagi perusahaan atau pejabat yang tidak memiliki sertifikat kompetensi kerja yang diwajibkan. Idealnya program sertifikasi datang dari industri dan para profesional yang harus melengkapi dirinya dalam memenuhi kompetensi kerja sesuai yang dipersyaratkan oleh perusahaan / industri. Dari uraian di ataslah yang menjadi dasar untuk melakukan penelitian dengan judul “Minat Karyawan Bank Syariah Tingkat Asisten Terhadap Sertifikasi Kompetensi Untuk Meningkatkan Kompetensi Keahlian (Studi kasus di Bank Syariah Anak Perusahaan Bank BUMN dan UUS Bank BUMN di Yogyakarta).”

2. TINJAUAN PUSTAKA

2.1. Frontliners

Frontliners adalah petugas atau staff bank yang berada diposisi garis depan dalam melayani kebutuhan nasabah (Moenir, 2002). *Frontliners* bank terdiri dari *teller*, *customer service*, satpam, dan supervisor layanan. *Teller* adalah petugas yang melayani setoran, penarikan, kiriman uang, pemindahbukuan atau *overbooking*, penukaran uang atau yang berkaitan dengan transaksi keuangan nasabah. *Customer Service* adalah petugas yang melayani nasabah dalam hal menjelaskan produk yang DPK, melayani pembukaan rekening, melayani pemesanan ATM, *Internet Banking*, *Mobile Banking*, *SMS Banking*, melayani atau menghandle komplain atau pengaduan nasabah, dan lain sebagainya. Satpam adalah petugas keamanan yang menjaga dan memastikan keadaan aman bagi semua nasabah yang datang di bank dan juga menjaga keamanan asset-aset yang dimiliki perusahaan. Supervisor layanan adalah petugas bank yang memastikan dan mengatur semua staff yang dimilikinya dapat bekerja dengan baik, layanan nasabah dapat berjalan dengan lancar dan nasabah dapat terpenuhi harapannya. Selain itu supervisor juga bertanggung-jawab para staffnya dapat mengaplikasikan ketentuan dari layanan yang telah ditetapkan perusahaan.

2.2. Kompetensi Keahlian

Berdasarkan pada arti estimologi, kompetensi keahlian diartikan sebagai kemampuan yang dibutuhkan untuk melakukan atau melaksanakan pekerjaan yang dilandasi oleh pengetahuan, ketrampilan dan sikap kerja. Sehingga dapat dirumuskan bahwa kompetensi diartikan sebagai kemampuan seseorang yang dapat terobservasi mencakup atas pengetahuan, keterampilan dan sikap kerja dalam menyelesaikan suatu pekerjaan atau tugas sesuai dengan standar performa yang ditetapkan.

Sesuai Undang-Undang Ketenagakerjaan No. 13 tahun 2003 pasal 18 dinyatakan bahwa setiap tenaga kerja berhak untuk mendapatkan pengakuan kompetensi kerja, dan dalam Pedoman Badan Nasional Sertifikasi (BNSP) No. 101-2005 batasan kompetensi kerja adalah kemampuan kerja setiap individu yang mencakup aspek pengetahuan, ketrampilan dan/atau keahlian serta sikap kerja yang sesuai dengan standar yang ditetapkan. Pemegang sertifikat ibaratnya telah memiliki Surat Ijin Mengemudi (SIM) untuk menjalankan profesinya, yaitu telah kompeten dalam pengetahuan (knowledge), terampil dalam praktek (skill) dan mematuhi kode etik (attitude).

2.3. Sertifikasi Kompetensi

Sertifikasi kompetensi adalah proses pemberian kompetensi yang dilakukan secara sistematis dan objektif melalui uji kompetensi yang mengacu pada standar kompetensi kerja yang bersifat nasional maupun internasional dan dengan memiliki sertifikasi kompetensi maka seseorang akan mendapatkan bukti pengakuan tertulis atas kompetensi yang dimilikinya.

Tujuan sertifikasi kompetensi adalah sebagai berikut :

1. Membantu tenaga profesi meyakinkan kepada organisasi/industri/kliennya bahwa dirinya kompeten dalam bekerja atau menghasilkan produk atau jasa.
2. Membantu memastikan dan memelihara kompetensi untuk meningkatkan percaya diri tenaga profesi.
3. Membantu tenaga profesi dalam merencanakan karirnya.
4. Membantu tenaga profesi dalam mengukur tingkat pencapaian kompetensi dalam proses belajar di lembaga formal maupun secara mandiri.
5. Membantu tenaga profesi dalam memenuhi persyaratan regulasi.
6. Membantu pengakuan kompetensi lintas sektor dan lintas negara
7. Membantu tenaga profesi dalam promosi profesinya dipasar tenaga kerja
8. Secara lebih spesifik program sertifikasi kerja mempunyai beberapa manfaat, baik bagi profesional pemegang sertifikat maupun bagi perusahaan atau industri sebagai user.

Manfaat bagi profesional pemegang sertifikat kompetensi adalah sebagai berikut:

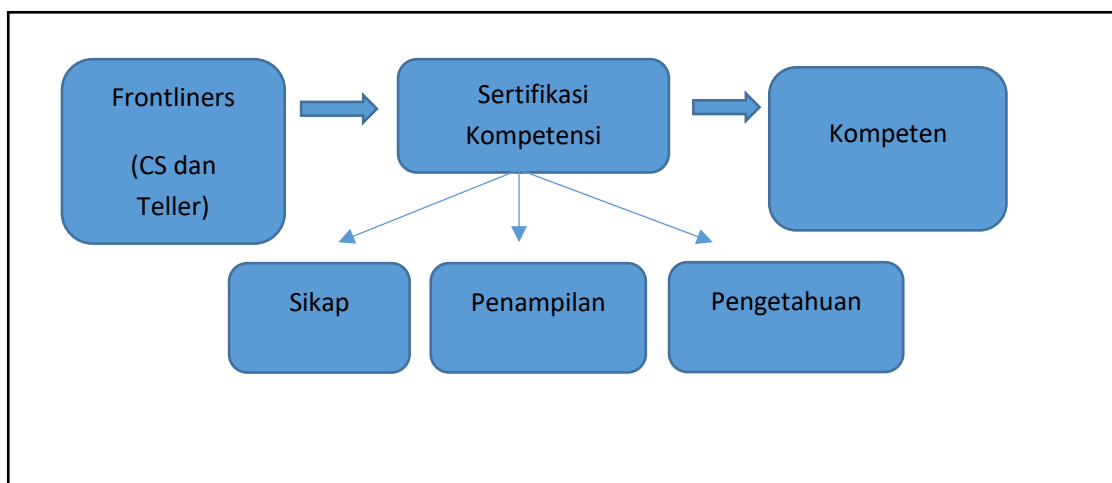
1. Dapat memilih program sertifikat kompetensi kerja sesuai bidang profesi yang dipilih dan meningkatkan akses untuk berkembang.
2. Memudahkan dalam meyakinkan atas kompetensi kerja yang dimiliki kepada perusahaan / industri dan jenjang karir yang lebih baik.
3. Meningkatkan nilai jual sesuai profesi yang telah dipilih.
4. Meningkatkan kepercayaan diri dalam menjalankan profesinya dan berkompentensi di pasar tenaga kerja.

Manfaat sertifikasi kompetensi bagi perusahaan / industry adalah sebagai berikut:

1. Memudahkan dalam menyusun job description, materi pelatihan / training yang diperlukan dan penilaian kinerja.
2. Sebagai salah satu faktor penting dalam rangka recruitment, mutasi dan promosi.
3. Dengan menempatkan pegawai yang kompeten, perusahaan dapat meningkatkan efisiensi dan mampu bersaing dengan pesaing bisnisnya.
4. Meningkatkan loyalitas pegawai kepada perusahaan atau profesinya.

2.4. Kerangka Pemikiran

Gambar : Skema Sertifikasi Frontliners (CS dan Teller) Bank



3. METODOLOGI PENELITIAN

Pendekatan yang digunakan peneliti adalah dengan deskriptif-kualitatif serta data-data pendukung seperti literatur dan sebagainya. Yaitu penelitian yang bertujuan menggambarkan suatu keadaan atau sifat seperti apa adanya (Sugiyono, 2006). Penelitian ini dilaksanakan untuk memastikan atau menggambarkan ciri-ciri atau karakteristik dari objek yang diteliti. Sumber data diperoleh dalam penelitian ini melalui sumber data primer dan data sekunder. Data primer yaitu sumber data yang diperoleh secara langsung dari sumber pertama melalui wawancara dan pengamatan langsung kepada kepada pihak kompeten dan dapat memberikan informasi mengenai penelitian ini. Data sekunder yaitu sumber data yang diperoleh dari laporan-laporan bank yang dikeluarkan dari tahun 2018 sampai dengan 2019, serta literatur pustaka yang berkaitan dengan materi penelitian ini.

Populasi dalam penelitian ini adalah seluruh Bank Syariah di wilayah Yogyakarta. Sedangkan sampel yang diambil adalah seluruh Bank Syariah Anak Perusahaan Bank BUMN dan Bank Syariah Unit Usaha Syariah Bank BUMN yang memiliki Kantor Cabang di Yogyakarta yaitu Bank BNI Syariah Cabang Yogyakarta, Bank BRI Syariah Cabang Yogyakarta, Bank BTN Syariah Cabang Yogyakarta, dan Bank Syariah Mandiri Cabang Yogyakarta (tidak termasuk layanan *SCO*).

Metode pengumpulan data di lokasi bank terhadap objek yang diteliti dengan cara : 1) Interview, yaitu melakukan tanya-jawab dan menyebarkan kuestioner kepada *frontliners (customer service dan teller)*. Hal ini dilakukan untuk mendapatkan informasi-informasi yang diperlukan dalam penelitian. Pada penelitian ini penulis melakukan interview atau wawancara kepada pejabat bank dan *frontliners (customer service dan teller)* yang dapat memberikan informasi mengenai penelitian ini. 2). Observasi, yaitu dengan melakukan pengamatan langsung ke berbagai kegiatan yang menjadi objek penelitian di bank. Hal ini dilakukan untuk memperoleh data yang diperlukan penulis termasuk data mengenai jumlah *customer service* dan jumlah *teller*. Peneliti menggunakan metode observasi langsung untuk melihat secara langsung ke objek penelitian.

Waktu penelitian ini dilakukan selama 1 (satu) bulan dengan mengambil sampel periode waktu yaitu di tahun 2019.

4. HASIL DAN PEMBAHASAN

4.1. HASIL

4.1.1. Jumlah Tenaga *Frontliners* Bank Syariah Anak Perusahaan dan UUS BUMN di Yogyakarta

Berdasarkan hasil interview atau wawancara dengan pejabat bank syariah di Yogyakarta diketahui pada tahun 2019 Bank BNI Syariah KC Yogyakarta (Arif, Operasional Manager) memiliki jumlah outlet 8 kantor dengan jumlah customer service 12 dan teller 12. Bank BRI Syariah Kantor Cabang Yogyakarta (Kurniawan, Branch Manager) memiliki jumlah outlet 9 kantor dengan customer service 13 dan teller 11. Bank Syariah Mandiri Kantor Cabang Yogyakarta (Khoerul Wajid, branch Manager) memiliki jumlah outlet 17 kantor dengan customer service 15 dan teller 19. Bank BTN Kantor Cabang Syariah Yogyakarta (Slamet Wahyudi, Branch Manager) memiliki jumlah outlet 2 kantor dengan customer service 3 dan teller 3.

Tabel 1 Jumlah *Frontliners* Bank Syariah di Yogyakarta tahun 2019

NO	NAMA BANK SYARIAH	CUSTOMER SERVICE	TELLER
1	Bank BNI Syariah KC Yogyakarta	12	12
2	Bank BRI Syariah KC Yogyakarta	13	11
3	Bank Syariah Mandiri KC Yogyakarta	15	19
4	Bank BTN KC Syariah Yogyakarta	3	3
	TOTAL	43	45

Sumber : Hasil wawancara dengan pejabat bank syariah

1. Apakah saudara tahu mengenai sertifikasi kompetensi bagi *frontliners* yaitu *customer service* dan *teller* sebelum saudara membaca informasi mengenai sertifikasi kompetensi dari penelitian ini?
 - a. Ya
 - b. Belum mengetahui

Sebanyak responden menjawab belum mengetahui mengenai sertifikasi kompetensi bagi *frontliners* yaitu *customer service* dan *teller*.

2. Apakah saat ini saudara sudah memiliki sertifikasi kompetensi customer service dan atau teller?
- Ya, semuanya atau salah satu
Saya memiliki sertifikasi : (sebutkan).
 - Belum memiliki
Sebanyak responden menjawab belum memiliki sertifikasi kompetensi customer service dan atau teller.

3. Apakah pada saat masuk diterima bekerja di bank saudara saat ini, saudara sudah memiliki sertifikasi kompetensi customer service dan atau teller?
- Ya, semuanya atau salah satu
Saya memiliki sertifikasi :(sebutkan)
 - Belum memiliki.

Sebanyak responden menjawab pada saat masuk diterima bekerja di bank, responden belum memiliki sertifikasi kompetensi customer service dan teller.

4. Apakah jika saudara ingin mengambil sertifikasi kompetensi customer service dan atau teller atas biaya sendiri atau biaya kantor?
- Biaya sendiri
 - Biaya kantor

Sebanyak responden menjawab bahwa jika responden ingin mengambil sertifikasi kompetensi customer service dan atau teller menggunakan biaya sendiri.

5. Apakah pada saat rekrutmen kerja ada persyaratan dari bank untuk memiliki serifikasi kompetensi?
- Ya
 - Tidak

Sebanyak responden menjawab bahwa pada saat rekrutmen kerja ada tidak persyaratan dari bank untuk memiliki serifikasi kompetensi.

6. Setelah mengetahui tujuan dan manfaat dari sertifikasi kompetensi apakah saudara menganggap sertifikasi kompetensi penting bagi saudara?
- Ya
 - Tidak

Sebanyak responden menjawab bahwa sertifikasi kompetensi penting bagi responden.

7. Setelah mengetahui manfaat dan tujuan dari pentingnya sertifikasi kompetensi apakah saudara berminat untuk mengambil sertifikasi kompetensi?
- Ya
 - Tidak

Sebanyak responden menjawab bahwa responden berminat untuk mengambil sertifikasi kompetensi.

8. Apakah sebelumnya saudara telah mengetahui bahwa sertifikasi kompetensi akan mendapatkan gelar profesi jika hasil sertifikasi kompetensi saudara adalah kompeten?
- Ya
 - Tidak
- Gelar profesi kompetensi customer service : CCS (Certified Customer Service)
Gelar profesi kompetensi teller : CBT (Certified Banker Teller)

Sebanyak responden menjawab bahwa responden tidak mengetahui bahwa sertifikasi customer service dan teller akan memperoleh gelar profesi.

9. Apakah pada saat awal kerja di perusahaan saudara, saudara mengalami kesulitan untuk beradaptasi mengenai job desk saudara?
- Ya
 - Tidak

Sebanyak responden menjawab bahwa responden mengalami kesulitan untuk beradaptasi mengenai job desk responden.

5. KESIMPULAN

Berdasarkan hasil penelitian ini, kami menyimpulkan beberapa hal yaitu :

- Selama masa penelitian dengan adanya digitalisasi perbankan saat ini tidak ada penambahan ataupun pengurangan *outlet* atau kantor baru. Hanya terdapat relokasi outlet kantor dikarenakan untuk meratakan pemetaan wilayah dan mempermudah nasabah bertransaksi ke bank syariah.
- Kebutuhan *frontliners* untuk posisi *teller* tidak ada pengurangan ataupun penambahan petugas. Namun untuk posisi *customer service* hanya Bank BNI Syariah yang melakukan penambahan tenaga kerja sebanyak 2 (dua) petugas. Alasan penambahan *customer service* dikarenakan Bank BNI Syariah melakukan penambahan tenaga *marketing* sehingga untuk membantu pembukaan rekening dari nasabah-nasabah yang aplikasinya dibawa oleh *marketing* bisa dilakukan lebih cepat.
- Lowongan pekerjaan di bank syariah dengan adanya *digital banking* saat ini yang dibutuhkan adalah tenaga *marketing*. Sedangkan lowongan untuk posisi *customer service* dan *teller* selama masa penelitian tidak terdapat pembukaan lowongan. Jika staf posisi *frontliners* kosong, maka manajemen merotasi staf lain (*back office*) atau *marketing* untuk menempati posisi *frontliners*.

6. SARAN

Penulis memberikan saran dengan adanya digitalisasi perbankan yang saat ini juga dialami oleh perbankan syariah menjadi 2 (dua) bagian kepentingan yaitu :

Bagi Bank Syariah :

- Bersedia menjalin kerjasama dengan dunia pendidikan untuk menyediakan tenaga kerja yang siap pakai dan kompeten sesuai dengan kebutuhan industri perbankan syariah.

Bagi Lembaga Pendidikan :

- Kebutuhan industri perbankan syariah dengan adanya digitalisasi perbankan, hendaknya dimanfaatkan oleh lembaga pendidikan yang memiliki jurusan atau program studi perbankan untuk membentuk profil lulusan mahasiswanya kompeten di bidang *marketing (sales funding dan lending)*.
- Menyesuaikan kurikulum perbankan dengan kebutuhan industri perbankan sebagai akibat adanya digitalisasi di bidang perbankan.
- Menjalinkan kerjasama dengan industri perbankan untuk magang mahasiswa ataupun untuk mensuplai kebutuhan tenaga kerja yang sesuai dengan kebutuhan industri yaitu siap kerja dan kompeten.
- Mendorong mahasiswa untuk mengikuti sertifikasi di bidang *sales* melalui BNSP, karena kompetensi tersebut saat ini sedang dibutuhkan oleh industri perbankan. Dan sertifikasi kompetensi yang dikeluarkan oleh BNSP tersebut sudah diakui oleh Negara sehingga bagi yang sudah memiliki sertifikasi kompetensi tersebut lebih diakui dan diterima kompetensinya.

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PENGARUH JOB INSECURITY, JOB STRESS, KOMPETENSI AKUNTANSI, DAN KONFLIK PERAN TERHADAP TURNOVER INTENTION

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Abstract

This study aim to analyze the influence of job insecurity, job stress, accounting competence, and role conflict on turnover intention on employees of Bank Pembangunan Daerah (BPD) in the Special Province of Yogyakarta. The number of samples used in this study were 45 respondents with the purposive sampling. Data collecting was done by questionnaire method and calculated by SPSS Statistics 24. The result of this study showed that job insecurity, job stress, and role conflict had positive effect to turnover intention. But, accounting competence had negative effect to turnover intention.

Keywords: *turnover intention, job insecurity, job stress, role conflict, and accounting competence.*

1. Pendahuluan

Semakin pesatnya dunia usaha saat ini mengharuskan perusahaan untuk melakukan pengelolaan secara tepat agar proses bisnis yang dijalankan tetap bertahan dan tidak kalah saing dengan lawan *bisnis*. Menurut data Badan Pusat Statistik (2017), Sensus Ekonomi pada tahun 2016 mengalami peningkatan sebesar 17,51% (26,71 juta usaha) dari tahun 2006 (22,73 juta usaha). Tak hanya itu, menurut data Badan Pusat Statistik (2017) pada tahun 2016 hingga 2017 jumlah wirausahawan di Indonesia kian meningkat masing-masing sebesar 1,67% dan 3,1%. Di tahun 2018 ini Menteri Koperasi dan UKM AAGHN, Puspayoga, mengatakan bahwa jumlah wirausahawan di Indonesia sudah menembus 7%, angka tersebut sudah diatas standar internasional yang mematok sebesar 2% dari jumlah penduduk (Departemen Koperasi, 2018). Dari jumlah peningkatan jumlah wirausahawan dari tahun ke tahun menyebabkan persaingan bisnis pada era sekarang ini sangatlah ketat.

Terdapat beberapa faktor yang menyebabkan timbulnya keinginan karyawan untuk berpindah kerja ke perusahaan lain. Menurut penelitian Putra & Mujiati (2016) menyatakan bahwa kompetensi merupakan faktor yang menjadi penyebab karyawan berpindah, sedangkan menurut Mega Fristiyanti (2017) komitmen organisasi berpengaruh terhadap *turnover intention*. Halimah, Fathoni, dan Minarsih (2016) menyimpulkan bahwa lingkungan kerja berpengaruh terhadap *turnover intention*. Menurut Kusriyani et al (2016) konflik peran dan kelelahan emosional juga menjadi penyebab adanya *turnover intention*. Berbeda dengan Kusriyani et al (2016) yang menyimpulkan bahwa konflik peran berpengaruh negatif terhadap *turnover intention* dan Ida Ayu & I Gusti Ayu Dewi (2016) yang menyimpulkan konflik peran berpengaruh positif terhadap *turnover intention*, justru Mega Fristiyanti (2017) dan Apriyani (2016) menyimpulkan bahwa konflik peran tidak berpengaruh terhadap *turnover intention*.

Pada penelitian Monica dan Putra (2017) menyimpulkan bahwa adanya pengaruh stres kerja, komitmen organisasional, dan kepuasan kerja terhadap *turnover intention*. Apriyani (2016) juga menyimpulkan bahwa stres kerja berpengaruh terhadap *turnover intention*. Namun pengaruh pada dua penelitian tersebut yang menjadikan stres kerja sebagai variabel independen masih terdapat perbedaan kesimpulan, yaitu Monica dan Putra (2017) menyimpulkan bahwa stres kerja berpengaruh positif terhadap *turnover intention* sedangkan Apriyani (2016) menyimpulkan stres kerja berpengaruh negatif terhadap *turnover intention*. Adanya inkonsistensi ini juga terjadi pada penelitian Dina Eka (2018) dan Audina & Kusmayadi (2018). Dina Eka (2018) menyatakan bahwa *job insecurity* berpengaruh negatif terhadap *turnover intention* sedangkan Audina & Kusmayadi (2018) menyatakan bahwa *job insecurity* berpengaruh positif terhadap *turnover intention*.

Pada penelitian Putra dan Mujiati (2016) juga menyimpulkan bahwa kompetensi, kompensasi, serta motivasi kerja berpengaruh terhadap *turnover intention*. Namun, peneliti yang melakukan penelitian untuk menguji apakah terdapat pengaruh antara kompetensi terhadap *turnover intention* khususnya pada kompetensi akuntansi masih sangat jarang ditemui tidak seperti variabel independen lainnya yang sudah disebutkan di atas.

Dari adanya perbedaan kesimpulan pada berbagai penelitian yaitu terkait dengan konflik peran, *job insecurity*, dan *job stress*, serta terbatasnya peneliti yang menguji kompetensi akuntansi terhadap *turnover intention*, maka peneliti akan menguji kembali empat faktor tersebut terhadap *turnover intention*.

Job insecurity merupakan cerminan derajat kepada karyawan yang merasakan pekerjaan mereka terancam dan merasakan tidak berdaya untuk melakukan segala tentang itu (Ashford, 1989). Beberapa hal yang membuat karyawan pada suatu perasaan tidak memiliki rasa aman (*job insecurity*) yaitu status pegawai yang cenderung tidak stabil dan juga pendapatan perusahaan di mana karyawan bekerja tidak dapat diramalkan yang di mana akan berdampak terhadap ketidakstabilan gaji yang akan diterima oleh para pekerja baik dalam segi jumlah maupun waktu pembayaran. Menurut *Happiness Index Survey*, salah satu faktor yang membuat karyawan loyal terhadap tempat dimana ia bekerja adalah reputasi perusahaan (Gideon, 2017). Jika karyawan merasa aman dalam melakukan pekerjaannya di suatu perusahaan tentu tingkat loyalitas para pekerja terhadap perusahaan akan semakin meningkat. Kondisi inilah yang perlu menjadi perhatian manajemen perusahaan agar selalu menciptakan rasa aman kepada para pegawai sehingga akan meminimalisir tingginya tingkat perputaran pegawai.

Konflik peran adalah situasi dimana harapan-harapan peran seseorang pada saat yang bersamaan, baik dari individu sendiri maupun dari lingkungan, tetapi bersifat bertentangan Milman & Goldman (1969). Konflik peran ini akan muncul ketika terdapat harapan dari dua peran yang berbeda yang dimiliki oleh individu. Contoh halnya adalah dalam pekerjaan, seorang wanita yang profesional diharapkan untuk agresif, kompetitif, dan dapat menjalankan komitmennya pada pekerjaan. Sedangkan jika berada di rumah, wanita sering kali diharapkan untuk merawat anak, menyayangi dan menjaga suaminya. Konflik peran ini akan menjadi penyebab stres pada individu sehingga akan berdampak terhadap pencapaian tujuan seseorang. Apabila stres yang diakibatkan oleh konflik peran ini terjadi secara berkepanjangan, maka kondisi akan berdampak terhadap tingginya intensitas *turnover* pada suatu perusahaan.

Berdasarkan latar belakang tersebut, maka penulis tertarik untuk melakukan penelitian secara lebih dalam mengenai pengaruh *job insecurity*, *job stress*, kompetensi akuntansi, dan konflik peran terhadap *turnover intention*. Penelitian ini merupakan penelitian replikasi dari penelitian Audina & Kusmayadi (2018). Perbedaan penelitian ini dari penelitian sebelumnya adalah terletak pada jumlah variabel independen serta jenis responden. Pada penelitian sebelumnya hanya terdapat dua jenis variabel independen yaitu *job insecurity* dan *job stress* serta penelitian dilakukan pada *Staff Industri Farmasi Lucas Group Bandung*. Oleh karena itu, penulis berinisiatif menambahkan dua variabel lainnya, yaitu kompetensi akuntansi dan konflik peran.

2. Landasan Teori dan Pengembangan Hipotesis

2.1 Teori Sumber Daya Manusia

Manajemen sumber daya manusia erat kaitannya dengan pengelolaan sumber daya manusia atau yang biasa disebut dengan pegawai atau karyawan dalam perusahaan. Karyawan adalah potensi yang dapat digerakkan untuk mewujudkan eksistensi organisasi, selain itu juga merupakan aset yang berfungsi sebagai modal non material yang dapat mendorong eksistensi organisasi (Nawawi, 2011). Menurut Mathis & Jackson (2012) menyatakan bahwa sumber daya manusia atau MSDM merupakan ilmu dan seni yang mengatur hubungan dan peranan tenaga kerja agar efektif dan efisien dalam penggunaan kemampuan manusia agar dapat mencapai tujuan di setiap perusahaan. Selain itu, menurut Bohlander dan Snell (2010) manajemen sumber daya manusia adalah suatu ilmu yang mempelajari bagaimana memberdayakan karyawan dalam perusahaan, membuat pekerjaan, kelompok kerja, mengembangkan para karyawan yang mempunyai kemampuan agar lebih kompeten, mengidentifikasi suatu pendekatan untuk dapat mengembangkan kinerja karyawan dan memberikan imbalan kepada mereka atas usaha dalam bekerja.

2.2 Turnover Intention

Keinginan atau intention adalah niat yang timbul pada individu untuk melakukan sesuatu sedangkan *turnover* adalah berhentinya karyawan dari tempatnya bekerja secara sukarela. Sehingga dari dua pengertian tersebut *turnover intention* adalah kecenderungan atau niat seseorang untuk berhenti bekerja dari pekerjaannya (Zeffane, 1994). *Turnover intention* merupakan *kecenderungan* atau niat seseorang yang bekerja pada suatu perusahaan untuk berhenti bekerja dari tempat ia bekerja (Mas'ud, 2004). Menurut Mathis & Jackson (2001) *turnover intention* adalah proses dimana karyawan-karyawan yang bekerja meninggalkan organisasi dan harus digantikan dengan karyawan baru. Harnoto (2002) menyatakan *turnover intention* merupakan kadar atau intensitas dari keinginan untuk keluar dari perusahaan. Terdapat beberapa hal yang dapat mempengaruhi terjadinya *turnover intention*:

1) *Job Insecurity*

Menurut Rowntree (2005) *job insecurity* atau ketidakamanan kerja dapat didefinisikan sebagai kondisi yang berhubungan dengan rasa takut seseorang akan kehilangan pekerjaannya atau penurunan jabatan serta berbagai ancaman lainnya terhadap kondisi kerja yang berasosiasi menurunnya kesejahteraan secara psikologis

dan menurunnya kepuasan kerja. Menurut Hartley, Jacobson, Klandermands, dan Van Vuuren dalam Sverke & Hellgren (2002) mengatakan bahwa *job insecurity* merupakan ketidakamanan yang dirasakan seseorang terkait dengan kelanjutan pekerjaan dan aspek-aspek penting yang berkaitan dengan pekerjaan tersebut. Sedangkan Sverke & Hellgren (2002) mengungkapkan bahwa *job insecurity* ialah pandangan subjektif seseorang terhadap situasi atau peristiwa yang mengancam pekerjaan di mana tempat ia bekerja.

2) *Job Stress*

Menurut Siagian (1995) stress merupakan kondisi ketegangan yang berpengaruh terhadap emosi, jalan pikiran, dan kondisi fisik seseorang. Robbins & Judge (2008) mendefinisikan stres ialah kondisi dinamik yang didalamnya individu menghadapi peluang kendala atau tuntutan yang terkait dengan apa yang sangat diinginkannya dan hasilnya dipersepsikan sebagai tidak pasti tetapi penting. Menurut Beer dan Newman dalam Luthans (1998), *job stress* atau stres kerja adalah suatu kondisi yang muncul akibat interaksi antara individu dengan pekerjaan mereka yang dimana terdapat ketidaksesuaian karakteristik dan perubahan-perubahan yang tidak jelas yang terjadi dalam perusahaan.

3) Kompetensi Akuntansi

Swardjono (2005) menyatakan bahwa pengetahuan akuntansi dapat dipandang dari dua sisi pengertian yaitu sebagai sebagai suatu disiplin pengetahuan yang diajarkan di perguruan tinggi dan pengetahuan profesi (keahlian) yang dipraktekkan di dunia nyata. Akuntansi sebagai bidang pengetahuan di perguruan tinggi, akademisi memandang akuntansi sebagai dua bidang kajian yaitu bidang praktek dan bidang teori. Bidang praktek berkepentingan dengan masalah bagaimana praktek tersebut dijalankan sesuai dengan prinsip akuntansi, sedangkan bidang teori berkepentingan dengan penjelasan, deskripsi, dan argumen yang dianggap melandasi praktek akuntansi yang semuanya dicakup dalam suatu pengetahuan yang disebut teori akuntansi. Menurut Yuliani, Nadirsyah, & Bakar (2010) seseorang yang memiliki pemahaman akuntansi merupakan orang yang pandai dan mengerti secara baik terhadap akuntansi.

4) Konflik Peran

Konflik peran ganda adalah sebuah konflik yang timbul akibat tekanan-tekanan yang berasal dari pekerjaan atau keluarga (Fred, 2001). Menurut Greenhaus & Beutell (2000) konflik peran ialah konflik yang terjadi antara tuntutan peran pekerjaan dan keluarga secara mutual dan tidak dapat disejajarkan dalam beberapa hal. Sedangkan menurut Frone, M, & Cooper (1992) konflik peran yang terjadi pada karyawan merupakan kondisi yang dimana pada satu sisi ia harus melakukan pekerjaan di kantor dan di sisi lain harus memperhatikan keluarga secara utuh sehingga sulit membedakan antara pekerjaan mengganggu keluarga atau keluarga mengganggu pekerjaan.

2.3 *Job Insecurity dan Turnover Intention*

Job insecurity dapat muncul karena *going concern* perusahaan terganggu sehingga karyawanpun merasa gelisah, terancam, serta cemas terhadap kehidupan individu dikemudian hari jika terus bekerja di perusahaan yang bersangkutan. Pemikiran ini relevan dengan teori manajemen sumber daya manusia yang dikemukakan oleh Hasibuan (2013) yang menyatakan bahwa perusahaan perlu dalam memperkirakan keadaan perekonomian pada umumnya dan perkembangan perusahaan pada khususnya. Hingga tahun 2017, ketidakamanan kerja atau *job insecurity* di ASEAN. Menurut *Financial Times Confidential Research* (FTCR), 22,8% responden di lima negara Asia Tenggara mengkhawatirkan keamanan pekerjaan mereka dalam enam bulan kedepan. Angka tersebut meningkat 2,5 poin persentase dibandingkan pada hasil survei akhir April 2015 (Wahyudi, 2017).

Pernyataan tersebut diperkuat oleh hasil penelitian Halimah et al (2016) dan Septiari & Ardana (2016) yang menyimpulkan bahwa *job insecurity* berpengaruh positif dan signifikan terhadap *turnover intention*. Berdasarkan uraian di atas, maka hipotesis yang dapat dirumuskan adalah:

H₁: *Job insecurity* berpengaruh positif terhadap *turnover intention*

2.4 *Job Stress dan Turnover Intention*

Job stress atau stres kerja merupakan kondisi tegang yang dialami oleh seseorang yang dimana kondisi tersebut mampu mempengaruhi kondisi seseorang, proses berpikir, serta emosi suatu individu (Handoko, 2008). Jika keadaan ini terus menerus terjadi secara berkelanjutan maka akan menimbulkan stres berlebih yang akan dirasakan oleh individu tersebut dan juga akan mengganggu seseorang dalam melaksanakan peran dan tugasnya masing-masing.

Khaidir & Sugiati (2016) dan Audina & Kusmayadi (2018) menyatakan pada penelitiannya bahwa stres kerja berpengaruh positif dan signifikan terhadap *turnover intention*, yang artinya bahwa semakin karyawan merasakan stres pada pekerjaannya yang dilakukan di tempat perusahaan dimana ia bekerja maka tingkat

intensitas turnover akan semakin tinggi. Berdasarkan uraian tersebut, maka penulis merumuskan hipotesis sebagai berikut:

H₂: *Job stress* berpengaruh positif terhadap *turnover intention*

2.5 Kompetensi Akuntansi dan *Turnover Intention*

Kondisi ini tentu akan menjadi bencana bagi perusahaan di Indonesia. Semakin rendahnya kompetensi yang dimiliki oleh karyawan maka semakin rendah pula produktivitas perusahaan. Apabila produktivitas perusahaan meningkat tentu margin atau laba yang diperoleh perusahaan tersebut juga akan meningkat. Oleh karena itu, perusahaan perlu merekrut dan mempertahankan karyawan yang berkompoten pada bidangnya khususnya dalam penelitian ini berkompoten dalam hal akuntansi atau keuangan. Pemikiran ini didukung oleh teori terkait dengan manajemen sumber daya manusia yang dikemukakan oleh Hasibuan (2013). Penempatan kerja yang efektif dengan kebutuhan perusahaan berdasarkan *job description*, *job specification*, *job evaluation*, serta asas *the right man in the right job* merupakan hal yang terpenting untuk membantu perusahaan dalam mewujudkan tujuannya.

Menurut Menteri Ketenagakerjaan, M. Hanif Dhakiri dalam *Metro News* menyampaikan bahwa hingga saat ini kompetensi SDM di Indonesia masih sangat rendah (Purba, 2018). Kondisi ini menyebabkan Negara Indonesia *over supply* di level bawah, sedangkan level menengah ke atas tenaga kerja di Indonesia cenderung kekurangan. Tak hanya itu, tiga sampai empat orang dari sepuluh orang karyawan tidak bekerja sesuai pada bidangnya atau *miss-match* (Purba, 2018). Jika hal ini terus terjadi dalam waktu panjang maka margin perusahaan pun ikut menurun dan akan berdampak secara makro terhadap perkonomian Indonesia.

Pernyataan para ahli di atas diperkuat oleh hasil penelitian yang dilakukan oleh Putra & Mujiati (2016) yang menyimpulkan bahwa kompetensi berpengaruh negatif dan signifikan terhadap *turnover intention*. Hal ini mengindikasikan bahwa semakin karyawan mempunyai pengetahuan dan keterampilan dalam bekerja maka *turnover intention* atau keinginan untuk pindah pekerjaan semakin rendah, kondisi ini berlaku sebaliknya. Semakin rendah seseorang dalam hal kompetensinya maka akan semakin repot dalam menyelesaikan pekerjaannya dan memunculkan pikiran untuk berpindah tempat bekerja. Oleh karena itu, dari penjelasan diatas hipotesis yang dapat dirumuskan ialah:

H₃: Kompetensi akuntansi berpengaruh negatif terhadap *turnover intention*

2.6 Konflik Peran dan *Turnover Intention*

Konflik peran merupakan kondisi yang terjadi pada seseorang ketika dihadapkan dengan pertentangan perilaku maupun pola pikir karena adanya peran yang berlainan sehingga individu tersebut kesulitan dalam melakukan tindakan atau sulit dalam pengambilan keputusan. Konflik peran ini akan muncul ketika seseorang memiliki peran ganda atau lebih yang harus dijalankan pada waktu yang bersamaan. Jika individu yang bersangkutan merasa tidak nyaman dalam kondisi ini, maka akan menyebabkan turunnya kemauan atau motivasi dalam bekerja.

Pemikiran ini relevan dengan teori manajemen sumber daya manusia yang dikemukakan oleh Hasibuan (2013) yang menjelaskan bahwa kegiatan mempersatukan kepentingan perusahaan dengan kebutuhan karyawan adalah hal penting agar terciptanya kerjasama yang serasi dan saling menguntungkan. Jika perusahaan mengerti apa yang dirasakan oleh karyawannya dan mengerti apa konflik apa yang terjadi pada setiap karyawan tentu perusahaan akan menemukan jalan keluar dari permasalahan tersebut agak bisa menekan angka *turnover intention*. Penjelasan tersebut juga diperkuat oleh hasil penelitian. Ayu & Adnyani (2016) menyimpulkan bahwa *work family conflict* berpengaruh positif terhadap *turnover intention*. Simpulan ini mengindikasikan bahwa semakin tingginya konflik peran yang dialami oleh individu maka keinginan untuk keluar dari pekerjaannya akan semakin meningkat juga. Dari uraian yang telah dijelaskan maka peneliti dapat merumuskan hipotesis sebagai berikut:

H₄: Konflik peran berpengaruh positif terhadap *turnover intention*

3. Metode Penelitian

3.1. Populasi dan Sampel Penelitian

Dalam penelitian ini, peneliti menggunakan sample bank BPD DIY karena selama 21 tahun Bank BPD DIY mendapatkan kinerja yang sangat bagus. Pada penelitian ini terdapat 10 kantor cabang Bank BPD di Provinsi Yogyakarta dan satu kantor pusat Bank BPD di Provinsi Yogyakarta. Masing-masing kantor cabang terdiri dari empat karyawan divisi akuntansi sedangkan pada kantor pusat terdapat lima karyawan yang bekerja pada divisi akuntansi.

3.3.1 Variabel dependen

Turnover intention adalah keinginan karyawan yang bekerja pada suatu unit kerja untuk berhenti atau keluar dari tempat kerjanya.

3.3.2 Variabel Independen

Dalam penelitian ini terdapat empat variabel independen yaitu *job insecurity*, *job stress*, kompetensi akuntansi, dan konflik peran.

3.4 Metode Analisis Data

Metode yang digunakan untuk menguji hipotesis dalam penelitian ini adalah analisis regresi berganda dengan rumus sebagai berikut:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e$$

Keterangan:

Y	= <i>Turnover Intention</i>
a	= Konstanta
b	= Koefisien
X ₁	= <i>Job Insecurity</i>
X ₂	= <i>Job Stress</i>
X ₃	= Kompetensi Akuntansi
X ₄	= Konflik Peran

4. Hasil

4.1 Hasil Pengumpulan Data

Metode pengumpulan data dalam penelitian ini adalah dengan cara membagikan kuesioner kepada responden. Objek penelitian ini adalah karyawan divisi akuntansi yang bekerja di perusahaan Bank Pembangunan Daerah (BPD) di Provinsi Daerah Istimewa Yogyakarta. Kuesioner yang disebar sebanyak 45 dalam rentang waktu 1 bulan lebih 2 hari yaitu mulai tanggal 12 November 2018 – 11 Desember 2018. Hasil pengumpulan data kuesioner yang disebar sebagai berikut:

Tabel 1
Hasil Pengumpulan Data

Keterangan	Jumlah	Presentase
Kuesioner yang disebar	45	100
Kuesioner yang kembali	45	100
Kuesioner yang tidak kembali	0	0
Kuesioner yang tidak layak	0	0

(Sumber: data diolah 2019)

4.2 Uji Instrumen

Uji reliabilitas pada penelitian ini menggunakan perbandingan antara nilai *Cronbach's Alpha* dengan tingkat signifikansi. Dikatakan reliabel jika nilai *Cronbach's Alpha* melebihi 0,05. Pada penelitian ini seluruh variabel penelitian lolos uji reliabilitas dengan masing-masing *Cronbach's Alpha* untuk *job insecurity*, *job stress*, kompetensi akuntansi, konflik peran, dan *turnover intention* adalah 0,915; 0,940; 0,816; 0,660; dan 0,622.

4.3 Uji Asumsi Klasik

Uji asumsi klasik model regresi meliputi uji normalitas, uji multikolinieritas, dan uji heteroskedastisitas. Pengujian normalitas data dilakukan dengan uji statistik kolmogorov-smirnov. Hasil uji normalitas data dengan Kolmogorof Smirnov Test untuk 45 sampel menunjukkan bahwa model regresi lolos uji normalitas, karena model regresi mempunyai nilai sig. (2-tailed) sebesar 0,993 yang dimana angka tersebut lebih besar dari tingkat signifikansi yaitu 0,05.

Hasil uji multikolinieritas menunjukkan bahwa semua variabel independen memiliki nilai tolerance > 0,10 dan VIF < 10. Hasil tersebut mengindikasikan bahwa variabel independen yang digunakan dalam model regresi penelitian ini lolos uji multikolinieritas. Artinya bahwa seluruh variabel independen pada penelitian ini terbebas dari gejala multikolinieritas.

Pengujian heteroskedastisitas dilakukan dengan menggunakan uji glejser. Hasil uji heteroskedastisitas menunjukkan bahwa seluruh nilai signifikansi di atas 0,05. Hasil ini menandakan bahwa tidak terdapat gejala heteroskedastisitas pada model regresi sehingga model regresi dapat digunakan untuk analisis selanjutnya.

4.4 Hasil Uji Hipotesis

Hasil pengujian hipotesis dengan menggunakan model regresi linear berganda disajikan pada tabel 2 berikut:

Tabel 2
Hasil Pengujian Hipotesis
 $Y = 2,523 + 0,126X_1 + 0,140X_2 - 0,190X_3 + 0,201X_4$

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2,523	0,397		6,352	0,000
<i>Job Insecurity</i> (X_1)	0,126	0,056	0,301	2,234	0,031
<i>Job Stress</i> (X_2)	0,140	0,053	0,351	2,262	0,012
Kompetensi Akuntansi (X_3)	-	0,077	-0,248	-	0,019
Konflik Peran (X_4)	0,201	0,064	0,323	3,156	0,003

(Sumber: data diolah 2019)

Adapun pembahasan hasil pengujian hipotesis dijelaskan sebagai berikut:

4.7.1 Pengaruh *Job Insecurity* terhadap *Turnover Intention*

Hasil pengujian hipotesis pertama atau H_1 yang menyatakan bahwa *job insecurity* berpengaruh positif terhadap *turnover intention* didukung. Hal ini berarti bahwa semakin tinggi *job insecurity* yang dirasakan karyawan maka kemungkinan karyawan untuk keluar dari perusahaan juga akan semakin tinggi. Hal ini diindikasikan oleh koefisien *job insecurity* sebesar 0,031 dan signifikasni t sebesar 2,234. Hasil penelitian ini sejalan dengan penelitian yang dilakukan oleh Halimah et al (2016), Septiari & Ardana (2016), dan Audina & Kusmayadi (2018) yang menyimpulkan bahwa *job insecurity* berpengaruh positif terhadap *turnover intention*.

4.7.2 Pengaruh *Job Stress* terhadap *Turnover Intention*

Hasil pengujian hipotesis kedua atau H_2 yang menyatakan bahwa bahwa *job stress* berpengaruh positif terhadap *turnover intention* didukung. Hal ini mengartikan bahwa jika *job stress* karyawan semakin meningkat maka kemungkinan *turnover intention* pada suatu perusahaan yang bersangkutan juga akan meningkat. Hal ini ditunjukkan oleh koefisien *job stress* sebesar 0,012 dan nilai signifikansi t yaitu sebesar 2,626. Hasil penelitian ini sejalan dengan hasil penelitian yang dilakukan oleh Khaidir & Sugiati (2016), Monica dan Putra (2017), dan Audina & Kusmayadi (2018) yang menyatakan bahwa *job stress* berpengaruh positif terhadap *turnover intention*.

4.7.3 Pengaruh Kompetensi Akuntansi terhadap *Turnover Intention*

Hasil pengujian hipotesis ketiga atau H_3 yang menyatakan bahwa kompetensi akuntansi berpengaruh negatif terhadap *turnover intention* didukung. Hal ini berarti bahwa semakin tinggi tingkat kompetensi akuntansi yang dimiliki oleh karyawan maka kemungkinan karyawan tersebut untuk keluar dari perusahaan akan semakin rendah. Hal ini ditunjukkan oleh koefisien kompetensi akuntansi sebesar 0,019 dan nilai signifikansi t sebesar -2,449. Hasil penelitian ini sejalan dengan hasil penelitian yang dilakukan oleh Putra dan Mujiati (2016) yang menyimpulkan bahwa kompetensi akuntansi berpengaruh negatif terhadap *turnover intention*.

4.7.4 Pengaruh Konflik Peran terhadap *Turnover Intention*

Hasil pengujian hipotesis keempat atau H_4 yang menyatakan bahwa konflik peran berpengaruh positif terhadap *turnover intention* didukung. Hal ini berarti semakin tinggi tingkat konflik peran yang dirasakan oleh karyawan maka kemungkinan karyawan tersebut untuk berpindah kerja akan semakin meningkat. Hal ini diindikasikan oleh koefisien dari konflik peran sebesar 0,003 dan nilai signifikansi t sebesar 3,156. Hasil penelitian ini sebanding dengan hasil penelitian yang dilakukan oleh Ayu & Adnyani (2016) serta Ida Ayu & I Gusti Ayu Dewi (2016) yang menyatakan bahwa konflik peran berpengaruh positif terhadap *turnover intention*.

5. Simpulan, Implikasi dan Keterbatasan

5.1. Simpulan

Tujuan penelitian ini adalah untuk mengetahui adanya pengaruh antara *job insecurity*, *job stress*, kompetensi akuntansi, dan konflik peran terhadap *turnover intention*. Berdasarkan hasil pengujian hipotesis maka disimpulkan bahwa:

1. *Job insecurity*, *job stress*, dan konflik peran berpengaruh positif dan signifikan terhadap *turnover intention*. Hal ini berarti bahwa semakin tinggi ketidaknyamanan yang dirasakan karyawan maka kemungkinan karyawan untuk keluar dari tempat ia bekerja juga akan semakin tinggi. Begitu juga dengan *job stress* dan konflik peran, jika karyawan semakin merasa stres dan konflik peran yang ia rasakan semakin tinggi maka kemungkinan karyawan tersebut untuk berpindah kerja akan semakin tinggi.
2. Kompetensi akuntansi berpengaruh negatif dan signifikan terhadap *turnover intention*. Hal ini berarti bahwa semakin tinggi tingkat kompetensi akuntansi yang dimiliki oleh karyawan maka kemungkinan karyawan tersebut untuk keluar dari perusahaan akan semakin rendah.

5.2. Implikasi Penelitian

Berdasarkan hasil penelitian ini, terdapat beberapa hal yang dapat dipertimbangkan bagi pihak terkait, antara lain:

1. Manajemen Perusahaan

Bagi pihak manajemen, penelitian ini mampu dijadikan bahan pertimbangan dalam pengelolaan sumber daya manusia yaitu karyawan. Selain itu, penelitian ini dapat dijadikan pedoman untuk mengetahui cara meningkatkan tingkat loyalitas karyawan dalam bekerja secara efektif dan efisien.

2. Peneliti Selanjutnya

Bagi peneliti selanjutnya, dari penelitian ini mampu dijadikan sebagai bahan pedoman untuk melakukan penelitian pada bidang yang sama khususnya terkait dengan pengaruh *job insecurity*, *job stress*, kompetensi akuntansi, konflik peran terhadap *turnover intention*.

5.3. Keterbatasan dan Saran

Berdasarkan penelitian ini, terdapat beberapa keterbatasan dalam penulisan penelitian oleh karena penulis memberikan beberapa saran yang dapat dijadikan masukan dan bahan pertimbangan yang berguna bagi pihak-pihak yang berkepentingan, diantaranya adalah:

1. Keterbatasan dari penelitian ini yaitu ruang lingkup penelitian hanya terbatas pada satu perbankan yaitu Bank Pembangunan Daerah di Provinsi Yogyakarta. Oleh karena itu disarankan untuk penelitiannya selanjutnya agar menambahkan objek penelitian maupun responden penelitian.
2. Penelitian ini hanya menggunakan variabel *job insecurity*, *job stress*, kompetensi akuntansi, dan konflik peran dengan koefisien determinasi sebesar 0,617. Hal ini berarti bahwa variabel *job insecurity*, *job stress*, kompetensi akuntansi, dan konflik peran mampu menjelaskan variabel *turnover intention* hanya sebesar 61,7% sedangkan sisanya dipengaruhi oleh variabel lain. Oleh karena itu disarankan untuk penelitian selanjutnya dapat menambahkan variabel lain selain keempat variabel independen yang sudah digunakan dalam penelitian ini seperti halnya penelitian yang telah dilakukan oleh Chandra (2016).

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THE FACTORS AFFECTING TIMELINESS OF FINANCIAL REPORTING

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Abstract

The study aims to analyze some of the factors which influence the financial reporting. The sample of study include 14 companies on Mining Industry listed on Bursa Efek Indonesia (IDX) from 2012-2015. The result of the hypothesis shows that the firm size provides negative significant influences on the financial reporting timeliness. The variable profitability, liquidity, leverage, and operational complexity, on the other hand, have not been proved to affect the financial timeliness. The implications from this study for regulators is that regulations can be better determined to oversee and ensure a high standard from the financial reporting mechanism in the Indonesia Stock Exchange.

Keywords: *Timeliness, Profitability, Liquidity, Leverage, Firm size, Operational Complexity*

INTRODUCTION

Information is pivotal in the field of business since it may affect decision making. Timeliness has, therefore, become a necessity. Punctuality refers to a condition in which financial report should be available on time or prior to decision making and is related to relevance. According to Muqodim (2006), relevance is information on the financial report which can help the users make decision based on the assessment of the past, present, and future.

Timeliness is a significant factor for an efficient market (Fahmi, 2015). The information hits the market very quickly and accurately without any obstacles and decision making should, therefore, quick, accurate and accountable. Moreover, the market gives an appropriate rate which can clearly describe the investor's reaction, which is reflected in stock rate that moves steadily both before and after information is received. Before deciding whether to buy or sell the stock of a company, an investor analyze the company's financial report and makes it basis to evaluate its financial condition (Suwardjono, 2013). However, it is difficult for an investor to obtain a reliable financial report due to asymmetrical information from the company's management and the investor itself. The report from the management may be manipulated when the company performs poorly. This will bring a negative impact on the stock market, thus leading to the fall of the company's stock price.

The regulations of timeliness are stated in Undang-Undang Nomor 8 tahun 1995 about capital market and are discussed on the degree of the Head of Bapepam Nomor: KEP-80/PM/1996 which obligates all of the listed firms to submit their annual reports along with the independent auditor's opinion at the end of fourth month after the date of the firms' annual report. Bapepam has, however, tightened their regulation and published Bapepam Regulation Nomor X.K2 requiring that an annual financial report be handed over along with the accountant's report and its statement. Kusuma (2016) said that IDX has suspended 14 companies because they did not submit their interim financial reports on March 31, 2016 and/or failed to pay fine for the late submission of their financial reports. Some of the suspended companies are PT Borneo Lumbang Energi & Metal Tbk (BORN), PT Berau Coal Energy Tbk (BRAU), PT Bumi Resources Tbk (BUMI), PT Permata Prima Sakti Tbk (TKGA), and PT Garda Tujuh Buana Tbk (GTBO).

Some research analyses on timeliness have been conducted. In Indonesia, some of them were carried out by Pinto and Handayani (2016); Novatiani and Asri (2016); Riswan and Saputri (2015); Prastiwi, Yuniarta, and Darmawan (2014); Pradana and Wirakusuma (2013); Dewi and Jusia (2013). Not only was timeliness analyzed in Indonesia, but also it was analyzed in other countries by Ahmad, Mohamed, and Nelson (2016); Al-tahat (2015); Al Daoud, Ku Ismail, and Lode (2014); Uchenna and Peace (2013); Iyoha (2012). Previous researchers generally examined some factors inter alia profitability, leverage, and firms' size. The results, however, were inconsistent.

Riswan and Saputri (2015) conducted a research on timeliness with profitability, firm's size, and debt to equity as independent variables. They used insurance companies listed on IDX from 2010-2012 as the sample.

Moreover, logistic regression was used to analyze the data. The result showed that profitability, firms' size, and debt to equity did not significantly affect the timeliness. The researchers suggested future researchers re-conduct a research about these variables. This research is the replica of previous research conducted by Riswan dan Saputri (2015). Some of the new features in this research include:

- a. Two independent variables added by the researcher, liquidity and operational complexity
- b. Audit Report Lag (ARL) used to measure the timeliness instead of dummy variable.

This research uses mining firm's listed in Bursa Efek Indonesia (IDX) from 2012-2015. The reason is many mining companies did not submit their financial report on time and make IDX suspense them.

REVIEW LITERATURE AND HYPOTHESIS

2.1. Agency Theory

Agency theory describes a company as a set of contract among the parties in the firms, which are stockholders. Managements, owners, creditors, and government that interact each other in the company. Suwardjono (2014) said that agency theory explains the relation between two parties, management and owners. The relationship between two parties is in the form of contract, which is both implicit and explicit, where one or more owners (principal) request the management (agent) to manage the company in the name of the owners (Arifin, 2005).

The management is granted an authority to make decisions regarding the company's operation and strategies, hoping that they will maximize the company's value. Principal, on the other hand, demands that the company obtain maximum profit in order to increase the company's value. However, the expectation that the management will always make appropriate decisions to boost the company's value sometimes does not work.

The majority of the decisions made by the management are likely to bring more advantages to the management itself and rule out the principal's interests. This agency problem, leads to an information asymmetry. According to Riswan and Saputri (2015), this problem arises because of management has better knowledge about the firm than does the principal. Financial statement, however, has been made to minimize such a problem.

2.2. Signaling Theory

Signaling theory states that the insiders have been better and faster information related to the company's condition and prospect than do the future or current investor. The theory is based on information asymmetry between managers who are *well-informed* and investors who are *poorly-informed* (Arifin, 2005). Information asymmetry makes the investors to give their objective assessment on the company's quality. The truth of management's statements are doubtful because both good and bad companies may claim better prospect, which makes the investors give a lower assessment to all of the companies.

Signaling theory focuses on the effect of information on the change of information user's behavior. One of the signals is announcement by the company. This announcement will influence the company's stock price (Suwardjono, 2005). The firms issue the financial reports to give information to the market, which include both good and bad signals. If it is good news, it may increase the stock price, and vice versa.

Therefore, giving signals to the financial report users is important, especially for the decision makers. In this research, the companies which submitted their financial reports punctually gave the good signals to the investors. Meanwhile, the ones who did not provided the bad signals to the market.

2.3. The Previous Studies

The previous researches on timeliness were conducted by Pinto and Handayani (2016), Novatiani and Asri (2016), Ahmad, Mohamed, and Nelson (2016), Seni and Mertha (2015), Riswan and Saputri (2015), Lidiyawati and Wulandari (2015), Al Daoud, Ku Ismail, and Lode (2014), Al-tahat (2015), Uchenna and Peace (2013), dan Dewi and Jusia (2013).

Riswan and Saputri (2015) conducted a research entitled "Profitabilitas, Ukuran Perusahaan, *Debt to Equity* Terhadap Ketepatan Waktu Penyampaian Laporan Keuangan: Studi Pada Perusahaan Asuransi Yang Terdaftar Di BEI Dalam Periode 2010-2012" (The Effect of Profitability, Firm Size, Debt to Equity towards Timeliness of Financial Report: study on assurance companies listed in BEI during 2010-2012). The result proved that profitability, firm size, and debt to equity affected the timeliness 19,5% only, while 80,5% was explained by other variables.

Additionally, Pinto and Handayani (2016) conducted a research entitled "Analisis Faktor-Faktor Yang Berpengaruh Terhadap Ketepatan Waktu Penyampaian Laporan Keuangan" (The Analysis of Factors That Affect Timeliness of Financial Report). The factors analyzed were profitability, liquidity, leverage, firm size, KAP reputation, and auditor's opinion. This sample of their study were 102 companies listed in Bursa Efek Indonesia

from 2012 to 2014. The result showed profitability, liquidity, leverage, and auditor's opinion did not significantly affect the timeliness, which was contrary to firm size and KAP reputation.

The research conducted by Novatiani and Asri (2016) was entitled "Leverage, Ukuran Perusahaan, Opini Auditor, Dan Kompleksitas Operasi Perusahaan Terhadap Ketepatan Waktu Penyampaian Laporan Keuangan Perusahaan" (The Effect of Leverage, Firm Size, Auditor's Opinion, and Operational Complexity on Timeliness of Financial Report). The independent variables of their study included leverage, firm size, auditor's opinion, and operational complexity. The companies listed in Bursa Efek Indonesia from 2010 to 2014 were used as the samples. The result showed that leverage, firm size, auditor's opinion, and operational complexity partially affected the timeliness.

A research entitled "The Association Between Industry Specialist Auditor and Financial Reporting Timeliness-Post MFRS Period" was conducted by Ahmad, Mohamed, and Nelson (2016). The dependent variable of this study was ARL, which was used to measure timeliness of financial report. Meanwhile, industry specialist auditor was used as independent variable and client size, profitability, industry, audit complexity, and leverage were the control variables.

Lidiyawati and Wulandari (2015) conducted a research on 30 companies customer goods listed in BEI from 2010 to 2012. The dependent variable was timeliness of corporate internet reporting, while profitability, leverage, firm size, stock issue, and auditor's quality. The result revealed that leverage, profitability, firm size, and stock issue did not significantly affect the timeliness of corporate internet reporting. On the contrary, auditor's quality affected the timeliness of financial report.

Seni and Mertha (2015) conducted a study entitled "Pengaruh Manajemen Laba, Kualitas Auditor, dan Kesulitan Keuangan Pada Ketepatan Waktu Pelaporan Keuangan Yang Dilakukan" (The Effect of Earnings Management, Auditor's Quality, and Financial Difficulties on Timeliness). This study examined and showed that auditor's quality significantly affected the timeliness. The study had positive coefficient, which means that the companies that used high quality or big four categories of auditor submitted their financial report on time.

Al-tahat (2015) carried out a research entitled "Company Attributes and The Timeliness of Interim Financial Reporting in Jordan". Two hundred and thirty-five companies consisting of 69 companies of Industrial sectors, 124 companies of services sectors (including financial services and real estate), and 42 companies of financial sectors (bank and assurance) were involved in the study, which used OLS regression to analyze the hypothesis. The dependent variable was timeliness whereas the independent variables included firm size, profitability, company's growth, firm age, leverage, audit firm size, and market listing status. The study showed that the company use half-yearly financial reporting with 1 month maximum lag. Only 20 out of 193 companies revealed it more than 1 month which explain the high compliance level, with 89,6%. The financial reporting lags of companies in this study ranged between 17 and 120 days with a mean and median of 30.95 days and 29 days, respectively (Al-tahat, 2015). It means most of the companies submitted their financial reports one day before due date. This study also proved that profitability, company's growth, firm age, and market listing status significantly affected the timeliness. Other variables, on the other hand, did not affect the timeliness.

Al Daoud, Ku Ismail, and Lode (2014) conducted a study entitled "Timeliness Of Financial Reporting Among Jordanian Companies: Do Company and Board Characteristics, And Audit Opinion Matter?". One hundred and fourteen companies listed in Amman Stock Exchange in 2012 were used as sample. The independent variables used in their study were board characteristics (board size and board independence), audit opinion, and profitability. The study also used type of industries or sectors as control variable. The average of ARL was 69 days, while the minimum and maximum of ARL were 14 and 271 days respectively. Approximately 47% of Jordania companies finished the audit of their financial report within 61-90 days after the year ended (the deadline date of the financial reports). Meanwhile, 14% companies required 90 days to disclose their financial reports.

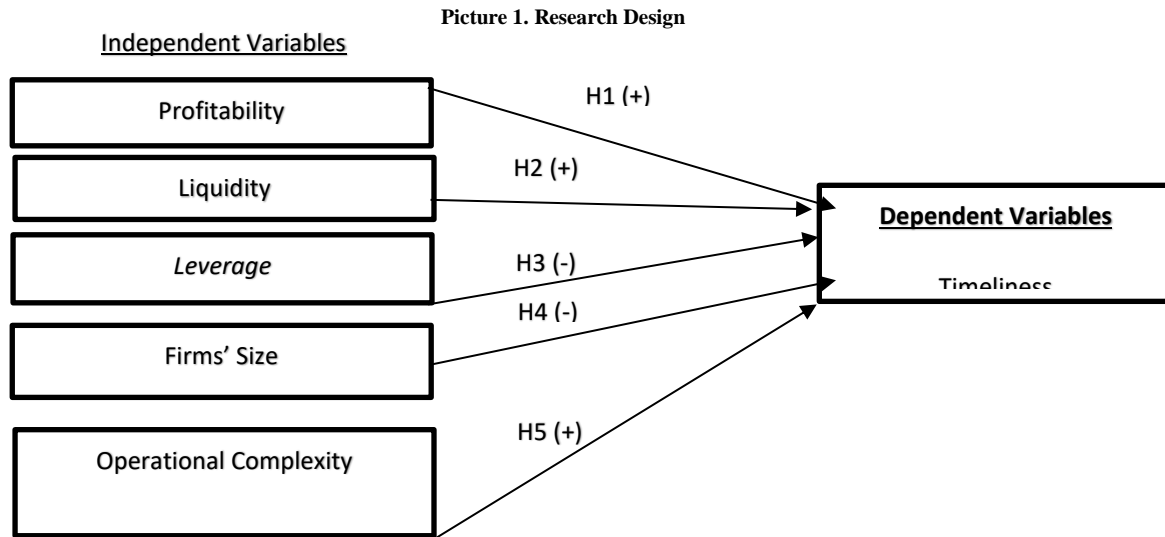
Uchenna and Peace (2013) "Timeliness of Financial Reporting in Nigeria". The sample included 18 companies listed in Nigeria Stock Exchange during 2005-2008. This study confirmed that the average of financial companies to publish their financial reports was 4 months (122 days). Meanwhile, banking and assurance sectors took 3 months (94 days) and 5 months (153 days) respectively. Firm size, company's age, and corporate governance variables had significant effect on timeliness, whereas leverage and audit type did not significantly affect timeliness.

Dewi and Jusia (2013) conducted a study on "Faktor-Faktor Yang Mempengaruhi Ketepatan Waktu Penyampaian Laporan Keuangan Pada Perusahaan Real Estate dan Property Yang Terdaftar Di BEI" (Factors that Affected the Timeliness on Financial Report of Real Estate and Property Companies). ROA, DER, firm size, auditor's opinion, and KAP size were used as the independent variables while the dependent variable was timeliness. Forty-five real estate and property companies were involved during 2008-2010. The result shows ROA

and DER significantly affected timeliness, whereas the rest of the variables did not affect timeliness of the financial report.

2.4. Research Design

The research design for this study is:



2.4.1. Profitability and Timeliness

Profitability is the firms' capability of making profit measured by the company's sources, such as assets, equity, or sales (Sudana, 2015). Profitability can be measured by ROA, ROE, profit margin and basic earning power. The high company's profitability shows the low asset used to generate the high profit. This makes the companies gain profit in order to increase its value in front of the investor, which will therefore encourage them to be on time. Based on the description above, the first hypothesis for this study is:

H₁: Profitability has a positive impact on the timeliness of financial reporting

2.4.2. Liquidity and Timeliness

Liquidity evaluates the company's short-term capability to paying its obligation that is due date and to fulfill its unexpected cash (Jusup, 2014). It can be measured by comparing the current asset with current liability. High liquidity level shows that a company does not have problems with its short-term debt, which is good news so that it can be submit its financial report punctually. Based on the description above, the first hypothesis for this study is:

H₂: Liquidity has a positive impact on the timeliness of financial reporting

2.4.3. Leverage and Timeliness

Leverage is a ratio that shows how far the firms funded by debt (Van Horne and Wachowicz Jr, 2012). Moreover, leverage is measured by comparing the total debts and total assets. The higher leverage indicates more debt is used for operational. The bad news, which is the high amount of debt and the firms' incapacity to pay, can affect the timeliness of financial reporting. Based on the above description, the third hypothesis as follows:

H₃: Leverage has a negative impact on the timeliness of financial reporting

2.4.4. Firms' Size and Timeliness

Firms' size refers to the company's size, big or small, by the income, total assets, and total equity (Brigham and Houston, 2006). In this research, natural logarithm is used to measure the variables. If the company has more assets, the company should disclose more to the public. It may affect the preparation process of the financial report and the audit itself, which may subsequently influence the punctuality in publishing the financial report. Hence, the fourth hypothesis for this study is:

H₄: Firms' Size has a negative impact on the timeliness of financial reporting

2.4.5. Operational Complexity and Timeliness

Operational complexity is caused by the establishment or merger and work allocation which focus on a variety of industries. It can be measured by the subsidiary. The more subsidiary a company has, the more time is required for auditing process, which may influence the publication time of financial reports. The following hypothesis is based on the interpretation above:

H₅: Operational complexity has a positive impact on the timeliness of financial reporting

3. Research Methods

The population of this study was mining companies listed in Indonesia Stock Exchange (BEI) from 2012 to 2015. The criteria for the firms to be included in this study were as follows:

1. The firm was the mining sector company listed in Indonesia stock Exchange for at least four years in a row.
2. The firm published the complete financial statement from 2012 to 2015 in sequence.
3. The firm had to have complete data for the study, which comprised financial reporting and independent auditor's report.
4. The firm used Rupiah in its financial reporting.

This study used the secondary data which were indirectly collected from the media. The data were also obtained from Bursa Efek Indonesia (IDX) from 2012 until 2015 and from IDX website, www.idx.com. The indicator for each variable in this study:

Table 1. Indicator Variables.

Variables	Reference	Indicator
Timeliness	Ahmad, Mohamed, and Nelson (2016)	ARL (audit report lag)
Profitability	Sudana (2015)	ROA (Return on Assets)
Liquidity	Jusup (2014)	current ratio (CR).
Leverage	Van Horne and Wachowicz Jr (2012)	debt to assets ratio (DAR)
Firms' Size	Dewi and Jusia (2013)	natural logarithms of total assets
Operational Complexity		The number of subsidiaries directly or indirectly owned by a company.

4. Results

The descriptive statistic result is presented in table 2 below:

Table 2. Statistic Descriptive Test Result

	N	Minimum	Maximum	Mean	Std. Deviation
Profitability	52	-.721	.332	.025	.138
Operational Complexity	52	0	23	7.10	5.778
Leverage	52	.041	.798	.430	.186
Liquidity	52	.754	20.167	3.222	3.855
Firm Size	52	25.724	31.044	28.180	1.473
Timeliness	52	17	148	74.080	23.998
Valid N (listwise)	52				

Source: Data Processing, 2017

The descriptive test result for timeliness, which was measured by audit report lag (ARL), has the minimum of 17 days for and maximum of 148 days. The descriptive test for lag distribution can be seen in table 3.

Table 3. Lag Distribution of Financial Report

	Frequency	Percentage
≤ 30 days	2	3,86
31 – 60 days	15	28,5
61 – 90 days	29	55,8
> 90 days	6	11,5
Total	52	100

Source: Data Processing, 2017

Table 3 above shows that the mining company tends to collect the financial report close to the due date. The average of ARL is 74 days, which means it is consistent with the Bapepam's regulations regarding timeliness. The standard deviation is lower than the average with 23,998. It shows that the distribution level of ARL has low variation. Based on the multiple linier regression, the equation for this study is:

$$\text{TIMELINESS} = 270,051 - 0.167 \text{ ROA} + 0,128 \text{ KOP} - 0.160 \text{ DAR} - 0.365 \text{ CR} - 0.382 \text{ SIZE} + e$$

The hypothesis test results result is presented in table 4 below:

Table 4. Hypothesis Test Results

Hypothesis	β	Sig.	Conclusions
H_{a1} : Profitability has a positive impact on the timeliness of financial reporting	-0,167	0,224 > 0,05	H_{a1} : Not Supported
H_{a2} : Liquidity has a positive impact on the timeliness of financial reporting	-0,365	0,020 < 0,05	H_{a2} : Not Supported
H_{a3} : Leverage has a negative impact on the timeliness of financial reporting	-0,160	0,312 > 0,05	H_{a3} : Not Supported
H_{a4} : Firms' Size has a negative impact on the timeliness of financial reporting	-0,382	0,045 < 0,05	H_{a4} : Supported
H_{a5} : Operational complexity has a positive impact on the timeliness of financial reporting	0,128	0,465 > 0,05	H_{a5} : Not Supported

The table 4 shows that Firms' Size has a negative impact on the timeliness of financial reporting, but profitability, liquidity, and leverage did not affect timeliness of financial reporting.

5. Conclusion

The results of the study that firm size has a negative impact to the timelines significantly. Meanwhile, profitability, liquidity, and leverage did not affect timeliness of financial reporting.

The limitations of this study are:

1. Profitability, leverage, firm size, and operational complexity affected timeliness 26,3% only.
2. The sample of this study were taken from the mining sector only. So it did not generally represent timeliness of the companies that listed in Bursa Efek Indonesia (IDX).

The future researchers may use other variables in addition to those in this study which theoretically affect the timeliness of financial report, such as type of industry, institutional ownership, auditor's opinion, and KAP reputation. Moreover, other sectors or all of the sectors in Bursa Efek Indonesia (IDX) may be used in the future study to have better analysis and gain the consistency of the research's results

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ANALISIS PENGARUH PERTUMBUHAN KREDIT, UKURAN BANK, TINGKAT LIKUIDITAS, DAN RASIO MODAL TERHADAP RISIKO KREDIT PADA BANK UMUM KONVENSIONAL YANG TERDAFTAR DI BURSA EFEK INDONESIA

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Abstract

Credit risk is the risk of loss caused by the debtor failing to fulfill his obligations when they are due or in other words when the borrower fails to repay the loan. When a debtor fails to pay his obligations, there is a problematic credit or often called Credit Risk. This study was used to examine the effect of variable credit growth, bank size, liquidity and capital ratio on credit risk in Conventional Commercial Banks that went public and listed on the Indonesia Stock Exchange for the period 2013 - 2017. Samples were selected by purposive sampling method. Data analysis was carried out by descriptive analysis, multiple linear regression analysis, and hypothesis testing. The results of the analysis show that credit growth has a negative and not significant effect on credit risk. Bank size has a positive and significant effect on credit risk. While liquidity has a positive and not significant effect and the capital ratio has a negative and significant effect on credit risk.

Keywords: credit growth, bank size, liquidity, capital ratio, Non Performing Loan

1. PENDAHULUAN

Bank merupakan suatu lembaga atau bentuk usaha, sedangkan perbankan adalah kegiatan atau segala aktivitas yang ada di dalamnya. Beberapa kegiatan perbankan tersebut dilakukan untuk membantu meningkatkan perekonomian masyarakat dan meningkatkan taraf hidup mereka sesuai dengan fungsi perbankan sebagai agen pengembangan. Kegiatan dalam perbankan akan selalu terkait dengan risiko kredit.

Hardanto (2006) menyatakan bahwa risiko kredit merupakan risiko kerugian yang berhubungan dengan peluang *counterparty* (pihak lain dalam transaksi bisnis kita) gagal memenuhi kewajibannya pada saat jatuh tempo atau dengan kata lain, risiko kredit merupakan risiko karena peminjam tidak membayar pinjamannya. Saat debitur gagal membayar kewajibannya, disanalah terjadi kredit bermasalah atau sering disebut dengan NPL (*Non Performing Loan*). NPL merupakan alat ukur yang sering digunakan untuk mengukur, memperkirakan, dan mengetahui gambaran risiko kredit yang mungkin terjadi.

Pertumbuhan kredit merupakan seberapa besar tingkat pertumbuhan permintaan kredit dalam bank, semakin besar pertumbuhan kredit maka akan semakin besar pula risiko kredit yang mungkin terjadi. Pernyataan tersebut didukung oleh penelitian dari Sari (2017) yang menyatakan bahwa pertumbuhan kredit akan berpengaruh positif terhadap risiko kredit (Sari, 2017).

Ukuran bank merupakan rasio besar kecilnya bank yang ditentukan oleh beberapa hal, antara lain total *asset* dan kepemilikan modal sendiri, semakin besar ukuran bank maka akan semakin kecil risiko kredit yang mungkin terjadi. Pernyataan tersebut didukung oleh penelitian terdahulu yang menyatakan bahwa ukuran bank berpengaruh signifikan negatif terhadap risiko kredit (Fanani dan Alvaribi, 2013).

Tingkat likuiditas merupakan kemampuan bank untuk melunasi kewajiban jangka pendek, semakin besar tingkat likuiditas akan menambah risiko kredit bank. Pernyataan tersebut didukung oleh penelitian dari Suliastri, Suwarna, dan Suwendra (2014) yang menyatakan bahwa LDR berpengaruh positif dan signifikan terhadap terjadinya NPL

Rasio modal merupakan rasio kecukupan modal yang harus dimiliki atau dipersiapkan bank untuk mengantisipasi kemungkinan terjadinya kerugian bank, semakin tinggi rasio modal bank maka akan semakin kecil risiko kredit yang dimiliki bank, karena tingginya cadangan modal bank dapat meng-*cover* kemungkinan terjadinya risiko kerugian bank. Pernyataan tersebut didukung oleh penelitian dari Prasetya

dan Khairani (2014) yang menyatakan bahwa rasio modal berpengaruh signifikan negatif terhadap tingkat risiko kredit.

Penelitian ini menarik karena akan kembali mereplikasi penelitian – penelitian terdahulu dengan alasan masih terdapat beberapa pertentangan dan perbedaan hasil penelitian tersebut. Oleh karena itu, perlu dilakukannya penelitian ulang dengan data terbaru yang ditinjau dari beberapa aspek yang mempengaruhi risiko kredit terkait bagaimana pengaruh pertumbuhan kredit, ukuran bank, tingkat likuiditas, dan rasio modal terhadap risiko yang mungkin terjadi pada bank umum *go public* tahun 2013 – 2017 sehingga nantinya dapat dijadikan kesimpulan yang lebih akurat.

2. KAJIAN PUSTAKA

2.1. Bank

Menurut Undang - Undang Perbankan Nomor 10 Tahun 1998, perbankan merupakan segala sesuatu yang menyangkut tentang bank, mencakup kelembagaan, kegiatan usaha, serta cara dan proses dalam melaksanakan kegiatan usahanya.

Menurut Undang - Undang Perbankan Nomor 10 Tahun 1998, bank merupakan badan yang mempunyai sekumpulan kegiatan berupa menghimpun dana masyarakat dalam bentuk simpanan dan menyalurkan dana tersebut dalam bentuk kredit dan atau bentuk-bentuk lainnya dalam rangka meningkatkan taraf hidup masyarakat.

Jenis – Jenis Bank

Dilihat dari segi fungsinya, menurut Undang-Undang Perbankan No 10 tahun 1998, jenis bank antara lain:

1. Bank Sentral
Sebuah badan keuangan milik negara yang diberikan tanggung jawab untuk mengatur dan mengawasi kegiatan-kegiatan lembaga-lembaga keuangan dan menjamin agar kegiatan badan-badan keuangan tersebut akan menciptakan tingkat kegiatan ekonomi yang stabil.
2. Bank Umum
Bank yang melaksanakan kegiatan usaha perbankan secara konvensional dan/atau berdasarkan pada prinsip syariah Islam yang dalam kegiatannya memberikan jasa dalam lalu lintas pembayaran.
3. Bank Perkreditan Rakyat (BPR)
Bank yang melaksanakan kegiatan perbankan secara konvensional maupun prinsip syariah Islam dimana dalam kegiatannya tidak memberikan jasa dalam lalu lintas pembayaran. Kegiatan BPR lebih sempit daripada bank umum, dimana BPR hanya melayani penghimpunan dana dan penyaluran dana saja.

Fungsi – Fungsi Perbankan

Susilo (2000) menyatakan bahwa secara spesifikasi fungsi bank adalah sebagai berikut:

1. *Agen of Trust*
Bank mempunyai sekumpulan kegiatan berupa menghimpun dana masyarakat dalam bentuk simpanan dan menyalurkan dana tersebut dalam bentuk kredit yang didasarkan kepada kepercayaan, baik dalam hal penghimpunan dana maupun penyaluran dana. Bank harus mampu memberikan kepercayaan kepada nasabah dalam menghimpun dan menyalurkan dana mereka, sehingga mereka yakin terutama saat menyimpan *asset* mereka di bank.
2. *Agen of Service*
Bank melakukan kegiatan penghimpunan serta penyaluran dana melalui jasa- jasa yang ditawarkannya seperti membantu menyimpan barang berharga, surat berharga, investasi dan lain sebagainya.
3. *Agen of Development*
Sebagai agen pengembangan, fungsi bank adalah memperlancar kegiatan investasi, produksi, distribusi serta konsumsi barang dan jasa. Pada fungsi ini, bank berperan sebagai lembaga yang memobilisasi dana untuk pembangunan ekonomi.

Kegiatan – Kegiatan Bank

Menurut Kasmir (2003), sama seperti halnya dengan pedagang atau perusahaan lainnya, kegiatan perbankan secara sederhana adalah menghimpun dana (membeli uang) dan menjual uang (menyalurkan dana) pada masyarakat umum.

Adapun kegiatan – kegiatan bank umum adalah sebagai berikut:

1. Menghimpun dana dari masyarakat dalam bentuk simpanan giro, tabungan, dan deposito.

2. Menyalurkan dana kepada masyarakat dalam bentuk kredit investasi, kredit modal kerja, dan kredit perdagangan.
3. Memberikan jasa – jasa bank lainnya seperti transfer, inkaso, menerima setoran – setoran pembayaran, melayani pembayaran – pembayaran, dan lain sebagainya.

2.1 Kredit

Kredit merupakan pembiayaan berupa tagihan yang nilainya diukur dengan uang dan berdasar pada kesepakatan atau perjanjian terkait jangka waktu pengembalian dan bunga yang sudah ditetapkan antara kreditur dan debitur. Kredit akan mewajibkan debitur untuk membayarkan kewajiban atau pinjamannya kepada kreditur sesuai dengan jangka waktu dan bunga yang sudah ditetapkan pada saat kesepakatan dicapai.

Faktor – Faktor Pemberian Kredit

Menurut IB Indonesia (2014), faktor – faktor pemberian kredit adalah sebagai berikut:

1. Penyediaan uang atau tagihan yang dapat dipersamakandengan hal itu. Uang disini ditafsirkan sebagai sejumlah dana (tunai dan saldo rekening giro), baik dalam mata uang rupiah maupun valuta asing. \
2. Persetujuan atau kesepakatan antara bank dan debitur. Sesuai dengan pasal 1320 KUHPdata, agar suatu perjanjian menjadi sah diperlukan empat syarat, yaitu kesepakatan para pihak, kecakapan untuk membuat perjanjian, terdapat objek tertentu, dan ada suatu kausa (cause) yang halal.
3. Adanya kewajiban debitur untuk mengembalikan jumlah keseluruhan kredit yang dipinjam kepada kreditur dalam jangka waktu tertentu *vide* pasal 1 angka 11 UU No.7 Tahun 192 tentang perbankan sebagaimana telah diubah dengan UU NO.10 Tahun 1998. Hal ini merupakan konsekuensi logis dari adanya hubungan pinjam – meminjam antara debitur dan kreditur.
4. Adanya pengenaan bunga terhadap kredit yang dipinjamkan. Bunga merupakan nilai tambah yang diterima kreditur dari debitur atas sejumlah uang yang dipinjamkan kepada debitur dimaksud.

Tujuan dan Fungsi Kredit

Menurut Kasmir (2013), tujuan pemberian suatu kredit sebagai berikut:

1. Mencari Keuntungan
Hasil keuntungan ini diperoleh dalam bentuk bunga yang diterima oleh bank sebagai balas jasa dan biaya administrasi kredit yang dibebankan kepada debitur. Bunga sebagai balas jasa adalah seperti diperoleh dari nasabah yang menyimpan dananya pada bank atau sering disebut bunga simpanan serta melakukan kredit bank atau yang sering disebut bunga pinjaman.
2. Membantu Usaha Nasabah
Kredit dapat membantu pengembangan usaha dari nasabah. Di mana dilakukan dengan membantu usaha nasabah yang memerlukan dana, baik dana untuk investasi maupun dana untuk modal kerja.
3. Membantu Pemerintah
Bagi pemerintah semakin banyak kredit yang disalurkan oleh pihak perbankan, maka akan semakin baik. Semakin banyak kredit berarti adanya kucuran dana dalam rangka peningkatan pembangunan di berbagai sektor, terutama sektor rill.

Risiko Kredit

Risiko kredit merupakan risiko yang terjadi karena debitur mengalami gagal bayar. Di mana debitur gagal membayarkan kewajibannya kepada kreditur sesuai jangka waktu yang telah disepakati sebelumnya, yang disebabkan karena berbagai faktor. Risiko kredit diukur dengan menggunakan *Non Performance Loan* (NPL). Menurut Hardanto (2006), risiko kredit dapat timbul karena beberapa hal seperti:

1. Debitur tidak dapat melunasi utangnya
2. Obligasi yang dibeli bank, tidak membayar kupon dan/ atau pokok utang
3. Terjadinya *non-performance* (gagal bayar) dari semua kewajiban antara bank dengan pihak lain. Misalnya, kegagalan untuk membayar kontrak derivative dan lain sebagainya.

Faktor – Faktor yang Mempengaruhi Risiko Kredit

Menurut Alvaribi dan Fanani (2016), Anggraeni (2016), dan Yulita (2014), terdapat beberapa faktor yang mempengaruhi risiko kredit antara lain:

1. Pertumbuhan Kredit
Pertumbuhan kredit merupakan peningkatan jumlah kredit atau pinjaman yang diminta oleh debitur. Banyaknya debitur yang mengalami gagal bayar akan meningkatkan risiko kredit pada bank.
2. Ukuran Bank

Ukuran bank akan mencerminkan besar kecilnya bank jika dilihat dari total asset yang dimilikinya. Jika suatu bank memiliki asset yang besar, maka asset tersebut dapat dikelola untuk meringankan risiko kredit bank yang mungkin terjadi.

3. Tingkat Likuiditas

Dalam penelitian ini, tingkat likuiditas diukur dengan LDR. Menurut Dendawijaya (2009) dalam Retnosari (2016) menyatakan bahwa LDR merupakan perbandingan antara seluruh jumlah kredit yang diberikan bank dengan dana yang diterima bank. Apabila semakin banyak jumlah dana kredit yang dikeluarkan, maka LDR akan meningkat sehingga kemungkinan terjadi risiko kredit juga dapat meningkat.

4. Rasio Modal

Rasio modal merupakan rasio kecukupan modal yang menunjukkan kemampuan perbankan dalam menyediakan dana yang digunakan untuk mengatasi kemungkinan risiko kerugian (Macroeconomic Dashboard FEB UGM, 2018). Menurut teori Basel II, bank harus menjaga dan memperhitungkan rasio permodalan sehingga modal tersebut nantinya dapat digunakan untuk mengelola risiko yang ada dan mungkin terjadi.

2.2 Formulasi Hipotesis

1. Pengaruh Tingkat Pertumbuhan Kredit terhadap Risiko Kredit Bank

Pertumbuhan kredit merupakan besarnya tingkat permintaan kredit oleh debitur terhadap bank. Peningkatan kredit yang diminta akan menunjukkan fungsi intermediasi perbankan yang berjalan lebih baik (Nordiansyah, 2018). Semakin tinggi permintaan kredit oleh nasabah, maka akan meningkatkan kemungkinan tidak tertgihnya kredit tersebut sehingga dapat meningkatkan risiko kredit pada bank dengan demikian dapat dikatakan bahwa pertumbuhan kredit akan berpengaruh positif terhadap risiko kredit bank.

Pernyataan tersebut didukung oleh beberapa penelitian terdahulu, antara lain penelitian dari Fanani dan Alvaribi (2013) dan Yulita (2014) menyatakan bahwa pertumbuhan total kredit berpengaruh signifikan positif terhadap risiko kredit.

H₁: Tingkat pertumbuhan kredit berpengaruh positif terhadap risiko kredit.

2. Pengaruh Ukuran Bank terhadap Risiko Kredit Bank

Ukuran bank merupakan rasio besar kecilnya bank yang ditentukan oleh beberapa hal, antara lain total *asset* dan kepemilikan modal sendiri. Semakin besar ukuran bank akan berbanding lurus dengan total *asset* yang dimiliki bank dan semakin besar total *asset* yang dimiliki bank maka kemampuan bank akan semakin tinggi dalam memberikan penyaluran kredit. Semakin besar volume kredit yang diberikan bank akan menciptakan kesempatan bagi bank untuk menekan tingkat *spread*. *Spread* merupakan selisih antara biaya dana dengan bunga kredit. *Spread* ini akan menurunkan bunga kredit yang dapat menyebabkan bank menjadi lebih baik dalam memberikan pelayanan kredit kepada nasabah. Hal tersebut akan memperlancar pembayaran kredit dan menurunkan kredit bermasalah. Sehingga ukuran bank berpengaruh negatif terhadap risiko kredit. Selain itu, berdasarkan teori intermediasi keuangan yang dikembangkan oleh Allen dan Santomero (1998), menyatakan bahwa bank yang besar akan dapat mengelola asset yang dimiliki sehingga dapat menurunkan jumlah risiko kredit yang akan di dapat oleh bank tersebut.

Pernyataan tersebut didukung oleh beberapa penelitian terdahulu, menurut Fanani dan Alvaribi (2013), ukuran bank berpengaruh signifikan negatif terhadap risiko kredit. Hal yang sama dinyatakan oleh Anggreini (2016) bahwa ukuran bank secara signifikan berpengaruh negatif terhadap risiko kredit.

H₂: Ukuran bank berpengaruh negatif terhadap risiko kredit.

3. Pengaruh Tingkat Likuiditas terhadap Risiko Kredit Bank

LDR merupakan salah satu aspek keuangan dalam perbankan yang berhubungan dengan aspek likuiditas. Menurut Dendawijaya (2009) dalam Retnosari (2016) menyatakan bahwa LDR merupakan perbandingan antara seluruh jumlah kredit yang diberikan bank dengan total dana yang diterima bank atau total dana pihak ketiga. Semakin besar total dana pihak ketiga yang diterima bank maka akan meningkatkan kemampuan bank dalam memberikan kredit.

Bank yang memiliki LDR yang tinggi akan memiliki risiko gagal bayar oleh debitur yang tinggi, hal tersebut akan menimbulkan kredit bermasalah pada bank. Tingginya jumlah penyaluran kredit oleh bank dapat memungkinkan terjadinya kemungkinan gagal bayar oleh debitur yang

mengakibatkan terjadinya risiko kredit. Sehingga tingkat likuiditas berpengaruh positif terhadap risiko kredit.

Pernyataan tersebut didukung oleh beberapa penelitian terdahulu seperti penelitian dari Suliastri, Suwarna, dan Suwendra (2014) yang menyatakan bahwa LDR berpengaruh positif dan signifikan terhadap terjadinya NPL.

H₃: Tingkat likuiditas berpengaruh positif terhadap risiko kredit.

4. Pengaruh Rasio Modal terhadap Risiko Kredit Bank

Rasio modal merupakan rasio kecukupan modal yang digunakan bank untuk melakukan pengembangan bank dan harus dimiliki atau dipersiapkan bank untuk mengantisipasi kemungkinan terjadinya kerugian pada bank. Pada penelitian ini, rasio modal diukur dengan CAR. CAR akan menjaga batas aman (minimal 8% dari aset tertimbang menurut risiko) untuk melindungi nasabah dan seluruh sistem keuangan pada bank.

Semakin besar nilai CAR menunjukkan bahwa kecukupan modal yang dimiliki bank akan semakin baik dalam menghadapi kemungkinan risiko kerugian akibat kredit bermasalah. Bank yang memiliki kecukupan modal yang tinggi berarti memiliki kemampuan untuk menutupi atau mengatasi kemungkinan terjadinya kerugian akibat kredit bermasalah. Sehingga rasio modal berpengaruh negatif terhadap risiko kredit. Pernyataan tersebut didukung oleh beberapa penelitian terdahulu diantaranya penelitian dari Prasetya dan Khairani (2014) yang mengatakan bahwa rasio modal berpengaruh signifikan negatif terhadap tingkat risiko kredit. Semakin tinggi rasio modal, maka semakin besar pula sumber daya finansial yang dapat digunakan untuk keperluan pengembangan usaha dan mengantisipasi potensi kerugian yang diakibatkan (Sania dan Wahyuni, 2016).

H₄: Rasio modal berpengaruh negatif terhadap risiko kredit.

3 METODE PENELITIAN

3.1 Populasi dan Sampel Penelitian

Populasi yang digunakan dalam penelitian ini adalah seluruh Bank Umum Konvensional *Go Public* yang ada di Indonesia dan terdaftar di Bursa Efek Indonesia (BEI) periode 2013 sampai 2017 sebanyak 43 bank. Sementara sampel yang digunakan dalam penelitian ini adalah beberapa Bank Umum Konvensional *Go Public* yang telah memenuhi beberapa kriteria tertentu, antara lain:

1. Bank Umum Konvensional yang sudah *go public* minimal selama dalam kurun waktu dari tahun 2013 sampai dengan tahun 2017.
2. Bank Umum Konvensional yang telah menerbitkan laporan keuangan tahunan minimal selama dalam kurun waktu dari tahun 2013 sampai dengan tahun 2017.
3. Bank Umum Konvensional yang masih beroperasi minimal selama dalam kurun waktu dari tahun 2013 sampai dengan tahun 2017.

Berdasarkan kriteria tersebut, sampel yang digunakan dalam penelitian ini adalah sebanyak 16 bank.

3.1 Definisi Operasional Variabel Penelitian

Variabel yang digunakan dalam penelitian ini adalah:

1. Risiko Kredit (NPL)

Risiko kredit diukur dengan NPL. NPL merupakan perbandingan antara rasio total kredit yang bermasalah dengan total kredit keseluruhan. Rumus NPL secara sistematis dinyatakan dengan:

$$NPL = \frac{\text{Kredit Bermasalah}}{\text{Total Kredit}} \times 100\%$$

2. Pertumbuhan Kredit (LGR)

Pertumbuhan kredit merupakan perbandingan antara selisih total pinjaman periode saat ini dengan total pinjaman periode sebelumnya. Pertumbuhan kredit secara sistematis dirumuskan dengan:

$$LGR = \frac{\text{Total Pinjaman } it - \text{Total Pinjaman } it - 1}{\text{Total Pinjaman } it - 1} \times 100\%$$

3. Ukuran Bank (SIZE)

Ukuran bank merupakan rasio besar kecilnya bank yang ditentukan oleh beberapa hal, antara lain total aset dan kepemilikan modal sendiri. *Bank Size* dalam penelitian ini diukur dengan melihat total aktiva yang dimiliki bank, yakni dengan menghitung total aktiva dengan menggunakan *Log Natural*. Rumus *size* secara sistematis dinyatakan dengan:

$$\text{Size} = \text{Ln}(\text{Total Aktiva})$$

4. Tingkat Likuiditas (LDR)

Tingkat likuiditas diukur dengan LDR. LDR merupakan perbandingan antara total dana yang diberikan atau kredit dengan total Dana Pihak Ketiga atau DPK. Rumus LDR secara sistematis dinyatakan dengan:

$$LDR = \frac{Kredit}{DPK} \times 100\%$$

5. Rasio Modal (CAR)

Rasio modal diukur dengan CAR. CAR merupakan perbandingan antara jumlah modal yang dimiliki bank sendiri dengan Aktiva Tertimbang Menurut Risiko atau ATMR. Rumus CAR secara sistematis dinyatakan dengan:

$$CAR = \frac{Modal\ Bank}{ATMR} \times 100\%$$

3.3. Metode Analisis Data

Untuk mengukur besarnya pengaruh variable independen terhadap variable dependen digunakan analisis regresi linear berganda dan untuk menguji apakah pengaruh tersebut signifikan atau tidak digunakan uji hipotesis yaitu dengan menggunakan uji t.

Formula regresinya adalah : $NPL = \beta_0 + \beta_1LGR + \beta_2SIZE + \beta_3LDR + \beta_4CAR + e$

4 ANALISIS DATA DAN PEMBAHASAN

4.1 Analisis Regresi

Hasil pengolahan data penelitian disajikan dalam tabel berikut:

Tabel 4.1
Nilai koefisien dan signifikansi

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	9,967	1,972		5,055	,000
LGR	-,012	,010	-,122	-1,161	,249
SIZE	-,328	,107	-,341	-3,068	,003
LDR	,003	,017	,019	,179	,858
CAR	-,094	,040	-,255	-2,324	,023

Dari table 4.1 persamaan regresinya: $NPL = 9,967 - 0,012LGR - 0,328SIZE + 0,003LDR - 0,094CAR + e$
Dari persamaan tersebut terlihat bahwa besarnya pengaruh masing-masing variable independen terhadap risiko kredit adalah sebagai berikut : pengaruh pertumbuhan kredit sebesar -0,12 ; pengaruh ukuran perusahaan sebesar -0,328 ; pengaruh likuiditas sebesar 0,003 dan pengaruh rasio modal sebesar -0,094. Untuk mengetahui apakah pengaruh tersebut signifikan atau tidak terhadap risiko kredit maka perlu dilakukan pengujian hipotesis.

4.2 Pengujian Hipotesis

Pengujian hipotesis dilakukan untuk menguji apakah pengaruh variable independen signifikan atau tidak terhadap variable dependen. Dalam penelitian ini, pengujian hipotesis dilakukan dengan menggunakan uji t.

Uji t dilakukan untuk mengetahui apakah pengaruh variabel independen yang terdiri dari pertumbuhan kredit, ukuran bank, tingkat likuiditas dan rasio modal signifikan atau tidak terhadap variabel dependen yaitu risiko kredit. Tingkat signifikansi yang digunakan sebesar 5%.

1. Pengaruh Pertumbuhan Kredit (LGR) terhadap Risiko Kredit (NPL)

H₁: Tingkat pertumbuhan kredit berpengaruh positif terhadap risiko kredit

Pada tabel 4.1 dapat dilihat bahwa dari pengujian analisis regresi linear berganda didapat hasil koefisien regresi bagi variabel LGR adalah sebesar -0,012, arah yang diberikan oleh variabel LGR

adalah negatif sehingga dapat diartikan bahwa pengaruh yang diberikan variabel LGR terhadap *Non Performing Loan* adalah negatif. Kemudian nilai signifikansi dari variabel LGR adalah sebesar 0,249 yang berarti lebih besar dari 0,05. Hal tersebut menunjukkan bahwa hasil pengujian ini adalah tidak signifikan. Hasil yang didapat dari pengujian ini adalah bahwa tidak terdapat pengaruh variabel LGR secara parsial terhadap *Non Performing Loan*.

Berdasarkan penjabaran di atas, maka dapat diartikan bahwa penelitian ini menolak H_1 yang mengatakan bahwa pertumbuhan kredit akan berpengaruh positif terhadap tingkat *Non Performing Loan* karena tidak didukung dengan adanya data empiris. Hal ini disebabkan karena pada beberapa data yang dikumpulkan terdapat anomali data atau penyimpangan data sehingga data yang ditemukan adalah tidak seperti data pada umumnya. Pada rekapitulasi data dapat dilihat bahwa terdapat beberapa data yang menyatakan bahwa tidak setiap bank yang memiliki pertumbuhan kredit yang tinggi selalu diikuti oleh *Non Performing Loan* yang tinggi, dan begitu juga sebaliknya. Data pada beberapa bank menyatakan pertumbuhan kredit yang rendah namun memiliki *Non Performing Loan* yang tinggi. Hal tersebut terjadi karena jumlah kredit yang diberikan bank memang sedikit namun, karena mungkin terjadi ketidakmampuan sebagian besar nasabah dalam membayar kewajibannya pada bank sehingga risiko kredit menjadi tinggi. Oleh karena itu, bank harus lebih selektif dalam memberikan kredit pada nasabah.

Selain itu, juga terdapat data yang menyatakan pertumbuhan kredit yang tinggi namun memiliki *Non Performing Loan* yang rendah. Hal tersebut terjadi karena melihat pertumbuhan kredit di Indonesia merupakan pertumbuhan kredit yang terjadi karena adanya *demand shift* dan *productivity shift* (Keeton, 1999). *Demand shift* merupakan peningkatan penyaluran kredit karena debitur. Di mana dalam melakukan pemberian kredit, bank akan lebih selektif dalam memilih calon debiturnya dengan menetapkan standar kredit dalam penyaluran kredit. Standar kredit akan diperketat sehingga akan memperkecil kemungkinan pemberian kredit kepada debitur yang tidak layak, hal tersebut akan menurunkan kemungkinan terjadinya kredit bermasalah pada bank di masa yang akan datang sehingga risiko kredit menjadi rendah.

Dari penjabaran tersebut, diketahui bahwa pertumbuhan kredit tidak dapat dijadikan sebagai tolok ukur tinggi/ rendahnya nilai *Non Performing Loan* sehingga pertumbuhan kredit tidak berpengaruh terhadap *Non Performing Loan*. Hasil penelitian ini sesuai dengan penelitian yang dilakukan oleh Louzis dkk (2010) dan Andres dan Bonilla (2012) yang menyatakan bahwa pertumbuhan kredit tidak berpengaruh terhadap *Non Performing Loan*.

Hasil penelitian ini menolak penelitian dari Fanani dan Alvaribi (2013) dan Yulita (2014) yang menyatakan bahwa pertumbuhan total kredit berpengaruh signifikan positif terhadap risiko kredit.

2. PENGARUH UKURAN BANK (SIZE) TERHADAP RISIKO KREDIT (NPL)

H₂: Ukuran bank berpengaruh negatif terhadap risiko kredit

Pada tabel 4.1 dapat dilihat bahwa dari pengujian analisis regresi linear berganda didapat hasil koefisien regresi bagi variabel SIZE adalah sebesar -0,328 arah yang diberikan oleh variabel SIZE adalah negatif sehingga dapat diartikan bahwa pengaruh yang diberikan variabel SIZE terhadap *Non Performing Loan* adalah negatif. Kemudian nilai signifikansi dari variabel SIZE adalah sebesar 0,003 yang berarti lebih kecil dari 0,05. Hal tersebut menunjukkan bahwa hasil pengujian ini adalah signifikan. Hasil yang didapat dari pengujian ini adalah terdapat pengaruh negatif variabel SIZE secara parsial terhadap *Non Performing Loan*.

Berdasarkan penjabaran di atas, penelitian ini menerima H_2 yang menyatakan bahwa SIZE akan berpengaruh positif terhadap tingkat *Non Performing Loan* yang didukung dengan adanya data empiris. Hal tersebut terjadi karena terdapat beberapa hal yang menentukan ukuran bank, antara ditentukan oleh total *asset* dan kepemilikan modal sendiri. Dalam penelitian ini, variabel SIZE diukur dengan melihat total aset bank. Semakin besar ukuran bank akan berbanding lurus dengan total *asset* yang dimiliki bank dan semakin besar total *asset* yang dimiliki bank maka kemampuan bank akan semakin tinggi dalam memberikan penyaluran kredit. Semakin besar volume kredit yang diberikan bank akan menciptakan kesempatan bagi bank untuk menekan tingkat *spread*. *Spread* merupakan selisih antara biaya dana dengan bunga kredit. *Spread* ini akan menurunkan bunga kredit yang dapat menyebabkan bank menjadi lebih baik dalam memberikan pelayanan kredit kepada nasabah. Hal tersebut akan memperlancar pembayaran kredit dan menurunkan kredit bermasalah. Sehingga ukuran bank berpengaruh negatif terhadap risiko kredit. Selain itu, berdasarkan teori intermediasi keuangan yang dikembangkan oleh Allen dan Santomero (1998), menyatakan bahwa bank yang besar dapat mengelola

asset yang dimiliki sehingga dapat menurunkan jumlah risiko kredit yang akan didapat oleh bank tersebut.

Hasil penelitian tersebut sesuai dengan penelitian dari Fanani dan Alvaribi (2013), ukuran bank berpengaruh signifikan negatif terhadap risiko kredit. Hal yang sama dinyatakan oleh Anggreini (2016) bahwa ukuran bank secara signifikan berpengaruh negatif terhadap *Non Performing Loan*.

Hasil penelitian ini menolak penelitian dari Misra dan Sarat Dhal (2010) yang menunjukkan tidak adanya pengaruh antara Bank Size dengan NPL. Selain itu, penelitian lain juga menunjukkan hasil yang berbeda yakni bahwa ukuran bank berpengaruh signifikan positif terhadap *Non Performing Loan* (Indrawan, 2013).

3. PENGARUH LIKUIDITAS (LDR) TERHADAP RISIKO KREDIT (NPL)

H₃: Tingkat likuiditas berpengaruh positif terhadap risiko kredit.

Pada tabel 4.1 dapat dilihat bahwa dari pengujian analisis regresi linear berganda didapat hasil koefisien regresi bagi variabel LDR adalah sebesar 0,003, arah yang diberikan oleh variabel LDR adalah positif sehingga dapat diartikan bahwa pengaruh yang diberikan variabel LDR terhadap *Non Performing Loan* adalah positif. Kemudian nilai signifikansi dari variabel LDR adalah sebesar 0,858 yang berarti lebih besar dari 0,05. Hal tersebut menunjukkan bahwa hasil pengujian ini adalah tidak signifikan. Hasil yang didapat dari pengujian ini adalah bahwa tidak terdapat pengaruh variabel LDR secara parsial terhadap *Non Performing Loan*.

Berdasarkan penjabaran di atas, maka dapat diartikan bahwa hasil penelitian ini menolak H₃ yang menyatakan bahwa LDR berpengaruh positif terhadap tingkat *Non Performing Loan*, karena tidak didukung dengan adanya data empiris. Hal tersebut disebabkan karena data yang dikumpulkan masih berada dalam batas aman. Batas aman LDR suatu bank adalah sekitar 85% dengan toleransi sampai 100%. Menurut Kasmir (2003), batas aman untuk LDR menurut peraturan pemerintah adalah maksimum 110%. Dalam penelitian ini, sebagian besar data yang dikumpulkan adalah berada dalam ketentuan batas aman tersebut.

Selain itu, pada beberapa data yang dikumpulkan terdapat anomali data atau penyimpangan data. Pada rekapitulasi data dapat dilihat bahwa terdapat beberapa data yang menyatakan bahwa tidak setiap bank yang memiliki likuiditas yang tinggi selalu diikuti oleh *Non Performing Loan* yang tinggi, dan begitu juga sebaliknya. Data pada beberapa bank menyatakan likuiditas yang rendah namun memiliki nilai *Non Performing Loan* yang tinggi. Hal tersebut mungkin terjadi karena total kredit yang disalurkan bank memang sedikit namun, karena mungkin terjadi ketidakmampuan sebagian besar nasabah dalam membayar kewajibannya pada bank sehingga risiko kredit akan tinggi. Selain itu, terdapat juga beberapa data yang menyatakan likuiditas yang tinggi namun memiliki nilai *Non Performing Loan* yang rendah. Hal tersebut terjadi karena mungkin bank lebih selektif dalam menyalurkan kredit, dilakukan dengan memperketat persyaratan dan seleksi untuk memilih nasabah yang memang berkompeten untuk mampu membayarkan kewajibannya pada waktu yang telah ditetapkan. Sehingga, hal tersebut akan mengurangi risiko kredit yang mungkin terjadi pada bank.

Oleh karenanya, tidak hanya LDR terlalu tinggi yang dapat menyebabkan bank mempunyai risiko tidak tertagih yang tinggi, namun LDR yang terlalu rendah juga dapat menyebabkan bank akan mengalami kesulitan dalam menutup simpanan nasabah dengan jumlah kredit yang ada, sehingga bank akan dibebani dengan bunga simpanan yang besar sementara bunga pinjamannya akan terlalu sedikit. Hal tersebut menyebabkan bank kesulitan untuk meningkatkan laba dalam pengelolaan kredit (Kasmir, 2008). Dari beberapa penjabaran tersebut, diketahui bahwa likuiditas tidak dapat dijadikan sebagai tolok ukur tinggi/rendahnya nilai *Non Performing Loan* sehingga likuiditas tidak berpengaruh terhadap *Non Performing Loan*. Hasil penelitian ini sesuai dengan penelitian yang dilakukan oleh Prasetya dan Khairani (2014) dan Purnomo (2010) yang menyatakan bahwa LDR tidak berpengaruh signifikan secara parsial terhadap *Non Performing Loan*.

Hasil penelitian ini menolak penelitian dari Suliastri, Suwarna, dan Suwendra (2014) dan Adisaputra (2012) yang menyatakan bahwa LDR berpengaruh positif dan signifikan terhadap terjadinya NPL.

4. PENGARUH CAPITAL ADEQUACY RATIO TERHADAP RISIKO KREDIT

H₄: Rasio modal berpengaruh negatif terhadap risiko kredit.

Pada tabel 4.1 dapat dilihat bahwa dari pengujian analisis regresi linear berganda didapat hasil koefisien regresi bagi variabel CAR adalah sebesar $-0,094$, arah yang diberikan oleh variabel CAR adalah negatif sehingga dapat diartikan bahwa pengaruh yang diberikan variabel CAR terhadap *Non Performing Loan* adalah negatif. Kemudian nilai signifikansi dari variabel CAR adalah sebesar $0,023$ yang berarti lebih kecil dari $0,05$. Hal tersebut menunjukkan bahwa hasil pengujian ini adalah signifikan. Hasil yang didapat dari pengujian ini adalah bahwa terdapat pengaruh negatif variabel CAR secara parsial terhadap risiko kredit.

Berdasarkan penjabaran di atas, maka dapat diartikan bahwa hasil penelitian ini menerima H_4 yang menyatakan bahwa CAR akan berpengaruh negatif terhadap tingkat *Non Performing Loan*, yang didukung dengan adanya data empiris. Hal ini disebabkan karena rasio modal harus dimiliki bank untuk mengantisipasi kemungkinan terjadinya kerugian pada bank. Pada penelitian ini, rasio modal diukur dengan CAR. CAR akan menjaga batas aman (minimal 8% dari aset tertimbang enurut risiko) untuk melindungi nasabah dan seluruh sistem keuangan pada bank. Semakin besar nilai CAR menunjukkan bahwa kecukupan modal yang dimiliki bank akan semakin baik dalam menghadapi kemungkinan risiko kerugian seperti kerugian akibat kredit bermasalah. Seperti saat debitur gagal membayarkan kewajibannya maka akan menyebabkan modal bank juga akan berkurang. Bank yang memiliki kecukupan modal yang tinggi berarti memiliki kemampuan untuk menutupi atau mengatasi kemungkinan terjadinya kerugian akibat kredit bermasalah. Sehingga rasio modal berpengaruh negatif terhadap risiko kredit.

Penjabaran tersebut sesuai dengan penelitian Prasetya dan Khairani (2014) yang menyatakan bahwa rasio modal berpengaruh signifikan negatif terhadap tingkat risiko kredit. Semakin tinggi rasio modal, maka semakin besar pula sumber daya finansial yang dapat digunakan untuk keperluan pengembangan usaha dan mengantisipasi potensi kerugian yang diakibatkan (Sania dan Wahyuni, 2016).

Hasil penelitian ini menolak penelitian dari Alvaribi dan Fanani (2016) dan Erick dan Barus (2016) yang menyatakan bahwa rasio modal tidak berpengaruh terhadap risiko kredit.

5. KESIMPULAN DAN SARAN

5.1 Kesimpulan

Berdasarkan hasil analisis data, diperoleh kesimpulan sebagai berikut:

1. Pertumbuhan kredit tidak berpengaruh terhadap risiko kredit. Hal ini disebabkan karena tidak setiap bank yang memiliki pertumbuhan kredit yang tinggi selalu diikuti oleh *Non Performing Loan* (risiko kredit) yang tinggi dan sebaliknya..
2. Ukuran bank berpengaruh signifikan positif terhadap risiko kredit. Artinya, semakin besar volume kredit yang diberikan bank akan menciptakan kesempatan bagi bank untuk menekan tingkat *spread* yang dapat menurunkan bunga kredit dan meningkatkan pelayanan bank, sehingga hal tersebut akan memperlancar pembayaran kredit dan menurunkan kredit bermasalah.
3. Likuiditas tidak berpengaruh terhadap risiko kredit. Artinya, tidak setiap bank yang memiliki likuiditas yang tinggi selalu diikuti oleh *Non Performing Loan* yang tinggi dan sebaliknya.
4. Rasio modal berpengaruh signifikan negatif terhadap risiko kredit. Artinya, bank yang memiliki kecukupan modal yang tinggi berarti memiliki kemampuan untuk mengatasi kemungkinan terjadinya kerugian bank akibat kredit bermasalah, sehingga risiko kredit akan menurun.

5.2 Saran

Terdapat beberapa saran diberikan oleh peneliti agar dapat memberikan penelitian yang lebih baik bagi penelitian selanjutnya, beberapa saran yang diberikan adalah sebagai berikut:

1. Bagi bank, untuk lebih memperhatikan tingkat *Non Performing Loan* sehingga tetap berada di bawah standar yang ditetapkan oleh Bank Indonesia.
2. Untuk penelitian selanjutnya, lebih baik menambah sampel dan periode penelitian tidak hanya 5 tahun. Sehingga akan diperoleh hasil yang lebih baik dan akurasi juga akan meningkat terkait pengaruh terhadap tingkat risiko kredit.
3. Pada penelitian yang sama sebaiknya menambah variabel lain pada variabel independen yang dapat mempengaruhi risiko kredit.

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EFEKTIFITAS ERPSIM GAMES TERHADAP IMPLEMENTASI SISTEM ERP

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Abstract

This study was conducted to measure the effectiveness of ERP Simulation (ERPsim) Games toward enterprise resource planning system (ERP) implementation, by comparing ERPsim Distribution with ERPsim Manufacturing Games. The differences between the two games are single product, one distribution channel, logistic for Distribution Game and multi product, three distribution channel, production process for Manufacturing Game. The object of this research is the students of Accounting Faculty of Economics, Islamic University of Indonesia. Research data was obtained 4 times after pre distribution games, post distribution games and pre manufacturing games, post manufacturing games through questionnaire of 50 respondents. The results of this study indicate that the application of ERPsim distribution games and manufacturing games are effective comparing pre and post ERPsim. The result has found no significant differences between the two games in understanding ERP system, business process, system operational expertise, attitude, and user acceptance of information technology.

Keywords: ERP Learning, ERP Simulation, Distribution Games, Manufacturing Games, Sistem Enterprise

PENDAHULUAN

Enterprise Resource Planning (ERP), yang merupakan software solusi standar yang mengotomatisasi dan mengintegrasikan proses bisnis dengan menggabungkan fungsionalitas inti seperti manajemen material, produksi, pemasaran dan distribusi, akuntansi serta manajemen sumber daya manusia dengan menggunakan satu database tunggal untuk menangkap data (Klaus, Rosemann, and Gable 2000). ERP adalah istilah generik untuk setiap paket *software* yang mendukung *enterprise system*. Beberapa top vendor yang mengembangkan sistem ERP adalah Oracle, SAP, Lawson, Infor, Microsoft Dynamics, dan Saga Group.

Namun semakin canggihnya teknologi pada perusahaan seperti penggunaan *software* ERP dalam membantu kinerja manajemen suatu perusahaan belum diimbangi dengan sumber daya manusia yang terampil dalam mengoperasikan ERP. Berdasarkan data dari SAP Global terdapat *gap* yang cukup besar antara kebutuhan konsultan SAP dengan ketersediaan sumber daya manusia yang memiliki kualifikasi dan sertifikasi SAP. Tercatat adanya kekurangan sedikitnya 30.000 kebutuhan akan konsultan SAP di dunia, namun jumlah tenaga ahli yang ada sangat minim (Monsoon Academy, 2017). Untuk menghadapi situasi tersebut SAP sebagai salah satu top vendor yang mengembangkan sistem ERP, menciptakan SAP *University Alliance* (SAP-UA). Berdasarkan informasi yang tercantum pada website resmi SAP, SAP-UA merupakan program global yang diadakan oleh 3.200 lembaga pendidikan di lebih dari 111 negara untuk mengintegrasikan teknologi terbaru SAP. Yang diadakan untuk mempersiapkan generasi penerus bangsa dengan memberikan pengetahuan serta keterampilan untuk menghadapi masa depan digital (SAP, 2017).

Manfaat Universitas Islam Indonesia (UII) sebagai salah satu universitas yang bekerjasama dengan SAP melalui program SAP-UA adalah pembelajaran baik secara praktik maupun teori mengenai ERP-SAP kepada mahasiswa UII, beberapa metode yang diterapkan dalam proses pembelajaran ERP, salah satunya adalah ERP *Simulation Game* (ERPsim). Menurut Leger, ERPsim merupakan sebuah permainan simulasi yang diciptakan oleh HEC Montreal di Canada dengan memanfaatkan konsep *learning-by-doing* agar pengguna *game* tersebut diharapkan mampu menjalankan serta memahami proses bisnis secara *real* (Leger, 2006). Pendapat lain menurut Alouah & Smith, ERPsim dapat meningkatkan *knowledge* dan *skill* user secara efektif dan juga dapat berkontribusi secara potensial selama masa implementasi dengan mengurangi problem yang mungkin timbul selama training dan mengurangi perlawanan dari *agent* (karyawan) untuk berubah (Alouah & Smith, 2010).

2. KERANGKA TEORI DAN PENGEMBANGAN HIPOTESIS

2.1 Pentingnya Pelatihan Implementasi ERP

Implementasi ERP tidak hanya mengenai software, sebab mudah menerapkan sistem baru, namun yang paling sulit adalah merubah proses bisnis oleh orang yang akan menggunakan sistem tersebut (Motiwalla & Thompson, 2008). Alouah & Smith dalam Influence of ERPSIM (2010) menerangkan penelitian Motiwalla & Thompson bahwa butuh perencanaan yang baik untuk memastikan kesuksesan implementasi sistem ERP. Kemudian Alouah & Smith juga menjelaskan penelitian Bradley & Lee (2007) bahwa pelatihan sangat penting bagi perusahaan yang akan mengimplementasi sistem ERP namun perusahaan cenderung tidak memberikan perhatian penuh pada masalah ini, dapat dilihat dari minimnya anggaran yang disediakan untuk pelatihan (Alouah & Smith, 2010).

2.2 ERP Simulation (ERPsim)

Menurut Leger (2006), *ERPSIM* adalah metode pembelajaran & pengajaran pengoperasian piranti lunak ERP yang dikembangkan oleh HEC Montreal, Canada, mensimulasikan manajemen perusahaan virtual untuk dapat melakukan semua proses bisnis dengan menggunakan *software* SAP. Menurut Seethamraju (2011), penerapan *ERPSIM* dalam pembelajaran SAP memberikan dampak yang cukup signifikan berupa meningkatnya tingkat pemahaman mahasiswa dalam mengoperasikan *software* SAP yang dapat dilihat dari pemahaman konsep dasar serta menjalankan simulasi hingga pengambilan keputusan dalam proses bisnis tersebut.

Tujuan dari ERPsim adalah untuk meningkatkan pemahaman konsep *enterprise system*, agar terbiasa terintegrasi, serta untuk memperoleh atau meningkatkan keahlian dalam menggunakan *software* ERP (Leger, 2006). ERPsim dirancang sedemikian rupa dengan menjadikan partisipan dihadapkan dengan situasi bisnis seperti dunia nyata. Partisipan harus menjalankan proses bisnis menggunakan sistem yang terintegrasi dengan ERP. Sasaran utama ERPsim adalah memungkinkan seluruh partisipan untuk mengolahgerakkan seluruh siklus bisnis (siklus ini termasuk *planning*, *procurement*, *production*, dan *sales*). Selain itu, ERPsim menunjukkan kepada para peserta apa yang sangat diperlukan dalam mengoperasikan sebuah perusahaan secara efisien di sistem yang sudah terintegrasi (Léger et al., 2008). Partisipan juga harus melakukan analisa terhadap data transaksi yang dilakukan untuk membuat keputusan bisnis yang paling tepat, dan untuk memenangkan *game* dibutuhkan profit tertinggi. HEC Montreal sudah mengembangkan 4 jenis *game* – dimana terdapat beberapa *versi* untuk 1 jenis *game*, yaitu *distribution*, *logistic manufacturing*, dan *retail*.

2.2.1 Distribution Games

Dalam *distribution game*, mahasiswa akan ditempatkan pada posisi sebagai distributor grosir dari minuman botol di Jerman. Setiap perusahaan bersaing untuk memberi kepuasan kepada pelanggan dan memaksimalkan laba (ERPsim Lab, 2017). Setiap tim terdiri dari empat partisipan yang akan menggunakan laporan penjualan untuk membuat keputusan bisnis guna memaksimalkan profit.

2.2.2 Manufacturing Games

Pada *manufacturing game*, partisipan bertanggung jawab untuk memproduksi barang untuk dijual dan seluruh siklus bisnis perusahaan cereal. Modul *manufacturing* dipecah menjadi tiga level, yaitu *introduction*, *extended*, dan *advanced*. Tujuan *Manufacturing Introduction Game* adalah untuk memberikan dasar pemahaman tentang SAP kepada pemula dan untuk membantu partisipan menguasai *proses order-to-cash* (ERPsim Lab, 2017). Dalam *Manufacturing Extended Game*, tim harus memutuskan seperangkat strategi: desain produk (resep dan ukuran *box*), kapasitas produksi, investasi untuk mengurangi waktu *setup* mesin, dan membayar pinjaman. Mereka harus membuat keputusan taktis mengenai harga, iklan, produksi, dan jadwal pemesanan. Parameter diberikan sehingga sebuah perusahaan tidak dapat menjalankan seluruh strategi dalam satu waktu. Mereka harus memilih fokus utama dan menempatkan investasi mereka sesuai dengan parameter yang telah diberikan (ERPsim Lab, 2017). Pada *Manufacturing Advanced Game*, partisipan bertanggung jawab mengoperasikan seluruh siklus bisnis seperti pada *Manufacturing Extended Game*, namun pada *game* ini, partisipan harus mengelola pengiriman logistik ke gudang region (ERPsim Lab, 2017).

2.3 Pemahaman Enterprise System

Enterprise system merupakan sistem yang dibangun oleh organisasi untuk membantu dalam menyelesaikan proses bisnis yang ada pada perusahaan secara umum dalam suatu entitas korporat sehingga *enterprise system* dapat mendukung dari tujuan yang dilakukan oleh berbagai pihak yang ada pada organisasi untuk dapat mencapai tujuan yang dicapai. Hal mendasar dari *enterprise system* adalah platform teknologi yang bisa menyatukan semua informasi dari berbagai bagian menjadi satu informasi secara logikal, sehingga perusahaan bisa mendapatkan informasi yang dibutuhkan dengan mudah.

2.4 Pemahaman Proses Bisnis

Menurut Davenport (1993) proses bisnis merupakan aktivitas yang terukur dan terstruktur untuk memproduksi output tertentu untuk kalangan pelanggan tertentu. Terdapat di dalamnya penekanan yang kuat pada bagaimana pekerjaan itu dijalankan di suatu organisasi. Suatu proses merupakan urutan spesifik dari aktivitas kerja lintas waktu dan ruang, dengan suatu awalan dan akhiran, dan secara jelas mendefinisikan input dan output.

Di dalam system SAP penting untuk memahami sebuah bisnis dan mengetahui proses yang ada di dalamnya, karena di dalamnya semua bagian akan otomatis teintegrasikan dan tidak dapat dipisahkan.

Suatu proses bisnis yang baik harus memiliki tujuan-tujuan seperti mengefektifkan, mengefisienkan dan membuat mudah untuk beradaptasi pada proses-proses didalamnya. Maka dari itu, proses bisnis tersebut harus merupakan proses bisnis yang berorientasikan pada jumlah dan kualitas produk output, minimal dalam menggunakan sumber daya dan dapat beradaptasi sesuai dengan kebutuhan bisnis dan pasar.

2.4 Keahlian Mengkonfigurasi Sistem

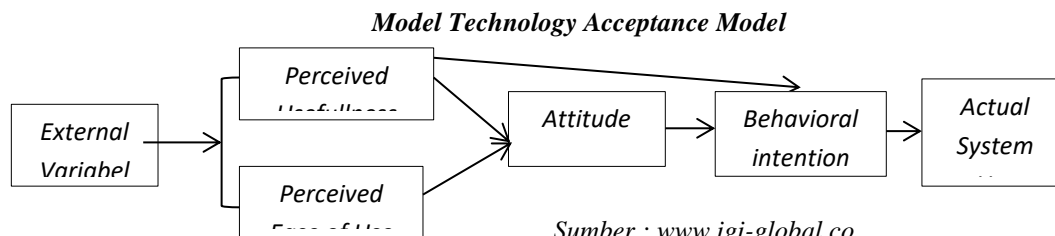
Tahap pengembangan dalam ERP melibatkan serangkaian proses untuk mengintegrasikan proses bisnis. Untuk menghasilkan program ERP yang berjalan dengan sempurna dibutuhkan kemampuan yang baik dalam mengkonfigurasi sistem. Hal ini tidak terlepas dari kemampuan seseorang dalam membahasakan proses bisnis ke dalam sistem. Seorang individu harus memiliki keterampilan dalam mengelola informasi agar dapat memanfaatkan aplikasi SAP secara optimal, menjalankan proses bisnis, serta mengatur dan memahami master data terkait. Simulasi game dapat mempengaruhi persepsi peserta pada pengetahuan mengenai konsep bisnis dan integrasi proses bisnis yang diperoleh (Cronan & Douglas, 2012).

Modul matakuliah BPI menjadi panduan untuk para mahasiswa agar lebih terarah dalam melakukan konfigurasi sistem. Setelah konfigurasi selesai dilaksanakan, sistem ERP siap untuk di-implementasikan. Keahlian tersebut dapat mempermudah kegunaan sebuah software dalam menunjang pekerjaan. Dalam ERPsim mahasiswa perlu mengetahui lebih jauh bagaimana cara mengolah data-data transaksi agar dapat memahami proses bisnis dan pengaruhnya pada strategi permainan.

2.5 Sikap (Attitude)

Tahap pengembangan dalam ERP melibatkan serangkaian proses untuk mengintegrasikan proses bisnis. Untuk menghasilkan program ERP yang berjalan dengan sempurna dibutuhkan kemampuan yang baik dalam mengkonfigurasi sistem. Hal ini tidak terlepas dari kemampuan seseorang dalam membahasakan proses bisnis ke dalam sistem. Seorang individu harus memiliki keterampilan dalam mengelola informasi agar dapat memanfaatkan aplikasi SAP secara optimal, menjalankan proses bisnis, serta mengatur dan memahami master data terkait. Simulasi game dapat mempengaruhi persepsi peserta pada pengetahuan mengenai konsep bisnis dan integrasi proses bisnis yang diperoleh (Cronan & Douglas, 2012).

2.6 Penerimaan Pengguna atas Teknologi Informasi (User Acceptance)



Penelitian ini membandingkan mengenai ERPsim manakah yang paling efektif mempengaruhi implemtasi system ERP. Variabel-variabel yang digunakan sebagai faktor yang mempengaruhi efektivitas ERPsim yaitu, *user acceptance*, keahlian mengoperasikan SAP, pemahaman proses bisnis, pemahaman *enterprise system*, dan *attitude*.

2.12 Pengembangan Hipotesis

Hipotesis merupakan pernyataan singkat yang disimpulkan dari kajian pustaka, serta merupakan jawaban terhadap masalah yang diteliti.

Pengaruh pemahaman *enterprise system* terhadap implementasi sistem ERP

Menurut Cronan & Douglas (2012) ERPsim merupakan *experimental learning* sebagai bentuk evaluasi hasil pembelajaran yang sudah dilakukan terhadap *cognitive outcomes* (dalam hal ini merupakan knowledge mengenai pondasi dasar ERPsim) yaitu *enterprise system*. Mereka berpendapat bahwa terdapat peningkatan yang signifikan pada peserta mengenai pemahaman *enterprise system* setelah peserta mendapatkan materi ERP dan bermain ERPsim.

H1a :Pemahaman *enterprise system* sesudah ERPsim distribution games lebih tinggi dibanding sebelum ERPsim distribution games

H1b :Pemahaman *enterprise system* sesudah ERPsim manufacturing games lebih tinggi dibanding sebelum ERPsim manufacturing games

H1c :Pemahaman *enterprise system* pada ERPsim manufacturing games lebih tinggi dibanding ERPsim

distribution games

Pengaruh pemahaman proses bisnis terhadap implementasi sistem ERP

Menurut Davenport (1993) proses bisnis merupakan aktivitas yang terukur dan terstruktur untuk memproduksi produk tertentu dan ditujukan untuk kalangan pelanggan tertentu. Menurut Magal & Word (2011) dalam *Integrated Business Processes with ERP Systems*, proses bisnis adalah seperangkat tugas atau aktivitas yang menghasilkan hasil yang diinginkan. Di dalam SAP penting untuk memahami sebuah proses bisnis, sebab seluruh departemen secara otomatis terintegrasi dan tidak dapat dipisahkan (Magal & Word, 2011).

H2a :Pemahaman Proses Bisnis sesudah ERPsim distribution games lebih tinggi dibanding sebelum ERPsim distribution games

H2b :Pemahaman Proses Bisnis sesudah ERPsim manufacturing games lebih tinggi dibanding sebelum ERPsim manufacturing games

H2c :Pemahaman Proses Bisnis pada ERPsim manufacturing games lebih tinggi dibanding ERPsim distribution games

Pengaruh keahlian mengkonfigurasi sistem terhadap implementasi sistem ERP

Menurut Cronan, Léger, Robert, & Babin (2012) dalam mempelajari sebuah sistem informasi maka diperlukan pembelajaran terus-menerus hingga dapat memunculkan sebuah keahlian tersendiri bagi seorang user di dalam software SAP (Cronan et al., 2012). Keahlian tersebut dapat mempermudah kegunaan sebuah software dalam menunjang pekerjaan.

H3a :Keahlian mengkonfigurasi sistem sesudah ERPsim distribution games lebih tinggi dibanding sebelum ERPsim distribution games

H3b :Keahlian mengkonfigurasi sistem sesudah ERPsim manufacturing games lebih tinggi dibanding sebelum ERPsim manufacturing games

H3c :Keahlian mengkonfigurasi sistem pada ERPsim manufacturing games lebih tinggi dibanding ERPsim distribution games

Pengaruh sikap (*attitude*) terhadap implementasi sistem ERP

Triandis dalam Hussein (2017) mendefinisikan *attitude* sebagai karakteristik individual yang menggambarkan kebiasaan positif atau negatif dan merefleksikan pengertian dan pengetahuan terhadap subjek tertentu (Hussein, 2017). Bruess (2003) menerangkan bahwa *attitude* memiliki peran signifikan dalam penerimaan pembelajaran siswa di kelas (Bruess, 2003). Penelitian lain yang dilakukan oleh Wangpipatwong dalam Hussein (2017) setuju bahwa niat dan persepsi penggunaan *e-learning* oleh mahasiswa dipengaruhi oleh sikap terhadap computer (Hussein, 2017).

H4a :Sikap sesudah ERPsim distribution games lebih baik dibanding sebelum ERPsim distribution games

H4b :Sikap sesudah ERPsim manufacturing games lebih baik dibanding sebelum ERPsim manufacturing games

H4c :Sikap pada ERPsim manufacturing games lebih baik dibanding ERPsim distribution games

Pengaruh penerimaan pengguna dalam teknologi informasi (*user acceptance*) terhadap pemahaman mahasiswa dalam pembelajaran ERP

Davis (1986) mengusulkan TAM menjadi salah satu model untuk menilai penerimaan dan penggunaan dari teknologi (Davis, 1986). TAM menjelaskan bagaimana user menerima dan menggunakan teknologi (Teo & Noyes, 2011). Jones, McCarthy, Halawi, & Mujtaba (2010) dalam penelitiannya menunjukkan bahwa dasar pemikiran dari TAM adalah semakin baik penerimaan user pada sistem baru, maka semakin besar juga keinginan user dalam membuat perubahan dan dalam menggunakan waktu, serta tenaga mereka untuk benar-benar menggunakan sistem (Jones et al., 2010).

H5 :Penerimaan pengguna dalam teknologi informasi (*user acceptance*) pada ERPsim manufacturing games lebih tinggi dibanding ERPsim distribution.

3. METODE PENELITIAN

3.1 Populasi dan Sampel

Populasi dalam penelitian ini adalah mahasiswa aktif strata satu (S1) program studi akuntansi Fakultas Ekonomi Universitas Islam Indonesia, yang pernah mengikuti ERPsim baik *Distribution Game* maupun *Manufacturing Game*. Sample yang dipilih pada penelitian ini adalah mahasiswa aktif yang pernah mengikuti ERPsim baik *Distribution Game* maupun *Manufacturing Game* serta sedang mengambil mata kuliah IPB-SAP.

3.2 Metode Pengumpulan data

Data yang akan digunakan dalam penelitian ini merupakan data primer.

3.3 Definisi dan Pengukuran Variabel Penelitian

3.3.1 Variabel Dependen

1. ERP Simulation

Menurut Seethamraju (2008), ERP Simulation Game dapat membantu meningkatkan pembelajaran mahasiswa terhadap bisnis proses dengan sistem yang terintegrasi (Seethamraju, 2008). Dalam penelitian ini, variabel ERP Simulation akan diukur dengan 5 pertanyaan. Pertanyaan yang akan diajukan, diadopsi dari Alouah & Smith (2010).

3.3.2 Variabel Independen

Dalam penelitian ini terdapat 5 variabel yaitu pemahaman *enterprise system*, pemahaman proses bisnis, keahlian mengoperasikan, *SAP user acceptance*, dan *attitude*. Dalam penelitian ini penulis menggunakan skala likert. Definisi operasional variabel dalam penelitian ini adalah:

1. Pemahaman Enterprise System

Cronan & Douglas (2012) menyatakan “pemahaman enterprise system merupakan sesuatu yang tidak boleh lepas dari pemahaman seseorang, karena pada saat ERPsim dari seluruh informasi terintegrasi hampir keseluruhan organisasi, dimulai dari struktur organisasi, pusat pertanggungjawaban, proses bisnis, pelaporan, pengendalian hingga pengambilan keputusan.” Variabel pemahaman enterprise system diukur dengan 3 pertanyaan yang diadopsi dari Alouah dan Smith (2010) yang terdiri dari 4 skala likert.

2. Pemahaman Proses Bisnis

Menurut Alouah dan Smith (2010) “dalam ERP-SIM seseorang harus dapat memahami dan mendalami pengetahuan dan proses bisnis di dalam perusahaan. Pemahaman proses bisnis ditunjukkan dari dapat memahami proses bisnis secara terminologinya, dapat mengerti siklus dan proses bisnis yang terjadi dan hubunganhubungan lain yang berhubungan dengan kedua hal tersebut dalam pengolahan data di dalam pembelajaran ERP.” Dalam penelitian ini, variabel pemahaman proses bisnis diukur dengan 5 pertanyaan yang diadopsi dari Alouah dan Smith (2010) yang terdiri dari 4 skala likert.

3. Keahlian Mengkonfigurasi Sistem

Alouah dan Smith (2010) menyatakan “keahlian dalam mengolah transaksi SAP akan menjadi sebuah ‘jalan pintas’ untuk mempermudah *user* terhadap penggunaan sebuah *software* dalam menunjang pekerjaan. Oleh karenanya, keahlian dalam mengolah transaksi SAP pada *ERPSIM* dapat meningkatkan pemahaman mahasiswa dalam pembelajaran *ERP*.” Dalam penelitian ini, variabel pemahaman proses bisnis diukur dengan 4 pertanyaan yang diadopsi dari Alouah dan Smith (2010) yang terdiri dari 4 skala likert.

4. Sikap (Attitude)

Alouah dan Smith (2010) menyatakan “*attitude* merupakan indikator untuk mengukur seberapa *ERP-SIM* menjadi respon positif bagi responden dengan persepsi bahwa *ERP-SAP* merupakan proses bisnis terintegrasi yang sudah baik.” Dalam penelitian ini, variabel pemahaman proses bisnis diukur dengan 4 pertanyaan yang diadopsi dari Alouah dan Smith (2010) yang terdiri dari 4 skala likert.

5. Penerimaan Pengguna atas Teknologi Informasi (User Acceptance)

Menurut Davis (1989) “persepsi kemudahan pada *ERP-SIM* menunjukkan proses bisnis yang mudah dioperasikan. Persepsi kegunaan dalam *ERPSIM* menggambarkan manfaat sebuah sistem yang berkaitan dengan produktivitas, kinerja tugas, efektivitas, pentingnya suatu tugas dan *overall usefulness*.” *User acceptance* terhadap teknologi informasi diukur dengan 12 pertanyaan berdasarkan teori yang dikembangkan oleh Alouah dan Smith (2010) menggunakan 4 skala likert.

3.4. Metode Analisis Data

Analisis *Mann Whitney Test* digunakan untuk melihat perbandingan efektivitas ERPsim distribution dengan manufacturing terhadap pemahaman mahasiswa dalam pembelajaran ERP.

4. HASIL DAN DISKUSI

4.1. Hasil Pengumpulan Data

Responden dalam penelitian ini adalah mahasiswa Fakultas Ekonomi program studi Akuntansi, Universitas Islam Indonesia yang sedang mengikuti matakuliah Integrasi Proses Bisnis dan pernah mengikuti ERPsim *distribution games* dan *manufacturing games*. Teknik pengumpulan data dilakukan melalui 2 kali pemberian kuisioner kepada 50 responden, masing-masing untuk sebelum dan sesudah *distribution games* dan sebelum dan sesudah *manufacturing games*.

4.2 Uji Instrumen

4.2.1 Uji Validitas

Uji validitas menunjukkan bahwa semua indikator yang digunakan untuk mengukur variabel-variabel yang digunakan dalam penelitian ini mempunyai nilai signifikansi koefisien $< 0,05$ sehingga semua indikator tersebut adalah valid.

4.3.2 Uji Reliabilitas

Reliabilitas adalah alat untuk mengukur suatu kuesioner yang merupakan indikator dari variabel atau konstruk. Suatu kuesioner dikatakan reliabel atau handal jika jawaban seseorang terhadap pernyataan adalah konsisten atau stabil dari waktu ke waktu (Ghozali, 2011). Pengukuran reliabilitas menunjukkan bahwa item-item pada masing-masing konsep variabel tersebut layak digunakan sebagai alat ukur.

4.4. Statistik Deskriptif

Hasil analisis deskriptif variabel penelitian adalah sebagai berikut :

Tabel 4.1 Analisis Statistik Deskriptif *Distribution Games*

Pre-Distribution Games

	N	Minimum	Maximum	Mean	Std. Deviation
PES	25	1	4	2.92	.59518
PPB	25	1.86	3.86	2.93	.47550
KMS	25	1	3.50	2.83	.45484
A1	25	2	4	3.16	.68799
A2	25	2	4	3.04	.73485
A3	25	2	4	3.08	.64031
A4	25	2	4	2.92	.57155

Post- Distribution Games

	N	Minimum	Maximum	Mean	Std. Deviation
PES	25	2.67	4	3.22	.45866
PPB	25	2.60	4	3.14	.35833
KMS	25	2	4	3.24	.52281
A1	25	2	4	3.40	.57735
A2	25	3	4	3.60	.50000
A3	25	3	4	3.56	.50662
A4	25	3	4	3.52	.50990
PS1	25	3	4	3.76	.43589
PS2	25	2	4	3.44	.58310
PS3	25	3	4	3.40	.50000
PS4	25	2	4	3.56	.58310
PS5	25	3	4	3.52	.50990
UAK	25	3	4	3.51	.37137
UAH	25	3	4	3.51	.31024
UAP	25	3	4	3.51	.34970

SUMBER : HASIL OLAH DATA PRIMER, 2018

Tabel 4.2 Analisis Statistik Deskriptif *Manufacturing Games*

Pre-Manufacturing Games

	N	Minimum	Maximum	Mean	Std. Deviation
PES	25	2	3,67	2.77	.36918
PPB	25	2	4	2.97	.57827
KMS	25	2	3.25	2.67	.48798
A1	25	2	4	3.04	.61101
A2	25	2	4	3.16	.62450
A3	25	2	4	3.24	.52281
A4	25	2	4	3.16	.55377

Post- Manufacturing Games

	N	Minimum	Maximum	Mean	Std. Deviation
PES	25	3	4	3.44	.40506
PPB	25	3	4	3.25	.31369
KMS	25	2.25	4	3.25	.51539
A1	25	3	4	3.60	.50000
A2	25	2	4	3.52	.65320
A3	25	2	4	3.44	.58310
A4	25	2	4	3.48	.58595
PS1	25	3	4	3.72	.45826
PS2	25	3	4	3.64	.48990
PS3	25	3	4	3.52	.50990
PS4	25	3	4	3.44	.50662
PS5	25	3	4	3.52	.50990
UAK	25	3	4	3.56	.37694
UAH	25	3	4	3.50	.39528
UAP	25	2.75	4	3.58	.41282

SUMBER : HASIL OLAH DATA PRIMER, 2018

Dari hasil analisis data di atas, maka dapat disimpulkan :

1. Pemahaman Enterprise System

a) Hasil Statistik Deskriptif Pemahaman ERP pada Distribution Games

Berdasarkan perbandingan variabel pemahaman *enterprise system* dengan alat uji analisis statistik deskriptif menunjukkan bahwa dengan diadakannya ERPsim distribution games dapat meningkatkan tingkat pemahaman enterprise system sebesar 10.4%.

b) Hasil Statistik Deskriptif Pemahaman ERP pada Manufacturing Games

Berdasarkan perbandingan variabel pemahaman *enterprise system* dengan alat uji analisis statistik deskriptif menunjukkan bahwa dengan diadakannya ERPsim distribution games dapat meningkatkan tingkat pemahaman enterprise system sebesar 12.4%.

2. Pemahaman Proses Bisnis

a) Hasil Statistik Deskriptif Pemahaman Proses Bisnis pada Distribution Games

Berdasarkan perbandingan variabel pemahaman proses bisnis dengan alat uji analisis statistik deskriptif menunjukkan bahwa post distribution games meningkatkan pemahaman proses bisnis sebesar 7%

b) Hasil Statistik Deskriptif Pemahaman Proses Bisnis pada Manufacturing Games

Berdasarkan perbandingan variabel pemahaman proses bisnis dengan alat uji analisis statistik deskriptif menunjukkan bahwa post manufacturing games meningkatkan pemahaman proses bisnis sebesar 9.4%.

3. Keahlian Mengoperasikan Sistem

a) Hasil Statistik Deskriptif Keahlian Mengoperasikan Sistem pada Distribution Games

Berdasarkan perbandingan variabel pemahaman proses bisnis dengan alat uji analisis statistik deskriptif menunjukkan bahwa post manufacturing games meningkatkan keahlian mengoperasikan sistem sebesar 14.4%.

b) Hasil Statistik Deskriptif Keahlian Mengoperasikan Sistem pada Manufacturing Games

Berdasarkan perbandingan variabel pemahaman proses bisnis dengan alat uji analisis statistik deskriptif menunjukkan bahwa post manufacturing games meningkatkan keahlian mengoperasikan sistem sebesar 12.1%

4. Sikap (Attitude)

a) Hasil Statistik Deskriptif Sikap (*Attitude*) pada Distribution Games

Berdasarkan perbandingan variabel sikap (*attitude*) dengan alat uji analisis statistik deskriptif menunjukkan bahwa semua nilai rata-rata indikator variabel sikap (*attitude*) post distribution games lebih besar dibanding nilai rata-rata indikator variabel sikap (*attitude*) pre distribution games.

b) Hasil Statistik Deskriptif Sikap (*Attitude*) pada Manufacturing Games

Berdasarkan perbandingan variabel sikap (*attitude*) dengan alat uji analisis statistik deskriptif menunjukkan bahwa semua nilai rata-rata indikator variabel sikap (*attitude*) post manufacturing games lebih besar dibanding nilai rata-rata indikator variabel sikap (*attitude*) pre manufacturing games.

5. Penerimaan Pengguna terhadap Teknologi Informasi (User Acceptance)

a) Hasil Statistik Deskriptif Penerimaan Pengguna terhadap Teknologi Informasi pada Distribution Games

Dengan alat uji analisis statistik deskriptif menunjukkan indikator variabel kinerja yang diharapkan (UAK) memiliki rata-rata sebesar 3.5100 dengan minimum 3 dan nilai maksimum 4, serta standar deviasi sebesar .37137. sementara indikator harapan atas usaha (UAH) memiliki rata-rata sebesar 3.5100 dengan nilai mimum 3 dan nilai maksimum 4, serta standar deviasi sebesar .31024, dan indikator perilaku atas penggunaan teknologi (UAP) memiliki rata-rata sebesar 3.5100 dengan nilai minimum 3 dan nilai maksimum 4, serta standar deviasi sebesar .34970.

b) Hasil Statistik Deskriptif Penerimaan Pengguna terhadap Teknologi Informasi pada Manufacturing Games Dengan alat uji analisis statistik deskriptif menunjukkan variabel penerimaan user atas teknologi informasi (user acceptance) pada post manufacturing games menunjukkan indikator variabel kinerja yang diharapkan (UAK) memiliki rata-rata sebesar 3.5600 dengan minimum 3 dan nilai maksimum 4, serta standar deviasi sebesar .37694. sementara indikator harapan atas usaha (UAH) memiliki rata-rata sebesar 3.5000 dengan nilai mimum 3 dan nilai maksimum 4, serta standar deviasi sebesar .39628, dan indikator perilaku atas penggunaan teknologi (UAP) memiliki rata-rata sebesar 3.5800 dengan nilai minimum 2.75 dan nilai maksimum 4, serta standar deviasi sebesar .41282.

6. Pengalaman ERP Simulasi

a) Hasil Statistik Deskriptif Pengalaman Simulasi pada Distribution Games

Dengan alat uji analisis statistik deskriptif menunjukkan indikator variabel pengalaman ERPsim pada post distribution games mulai dari permainan ERPsim memberikan pengalaman belajar yang berharga (PS1) yang memiliki nilai rata-rata 3.7600 dengan nilai minimum 3 dan nilai maksimum 4 serta memiliki standar deviasi sebesar .43589, kemudian pembelajaran tentang ERP sebagai hasil dari bermain ERPsim (PS2) yang memiliki nilai rata-rata 3.4400 dengan nilai minimum 2 dan nilai maksimum 4 serta memiliki standar deviasi sebesar .58310, kemudian pembelajaran tentang SAP untuk menyelesaikan proses bisnis sebagai hasil dari bermain ERPsim (PS3) yang memiliki nilai rata-rata 3.4000 dengan nilai minimum 3 dan nilai maksimum 4 serta memiliki standar deviasi sebesar .50000, kemudian pembelajaran menggunakan SAP untuk menyelesaikan proses bisnis sebagai hasil dari bermain ERPsim (PS4) yang memiliki nilai rata-rata 3.5600 dengan nilai minimum 2 dan nilai maksimum 4 serta memiliki standar deviasi sebesar .58310, kemudian indikator terakhir, SAP adalah sistem yang bagus untuk menyelesaikan proses bisnis terintegrasi (PS5) yang memiliki nilai rata-rata 3.5200 dengan nilai minimum 3 dan nilai maksimum 4 serta memiliki standar deviasi sebesar .50990.

b) Hasil Statistik Deskriptif Pengalaman Simulasi pada Manufacturing Games

Dengan alat uji analisis statistik deskriptif menunjukkan indikator variabel pengalaman ERPsim pada post manufacturing games mulai dari permainan ERPsim memberikan pengalaman belajar yang berharga (PS1) yang memiliki nilai rata-rata 3.7200 dengan nilai minimum 3 dan nilai maksimum 4 serta memiliki standar deviasi sebesar .45826, kemudian pembelajaran tentang ERP sebagai hasil dari bermain ERPsim (PS2) yang memiliki nilai rata-rata 3.6400 dengan nilai minimum 3 dan nilai maksimum 4 serta memiliki standar deviasi sebesar .48990, kemudian pembelajaran tentang SAP untuk menyelesaikan proses bisnis sebagai hasil dari bermain ERPsim (PS3) yang memiliki nilai rata-rata 3.5200 dengan nilai minimum 3 dan nilai maksimum 4 serta memiliki standar deviasi sebesar .50990, kemudian pembelajaran menggunakan SAP untuk menyelesaikan proses bisnis sebagai hasil dari bermain ERPsim (PS4) yang memiliki nilai rata-rata 2.4400 dengan nilai minimum 3 dan nilai maksimum 4 serta memiliki standar deviasi sebesar .50662, kemudian indikator terakhir, SAP adalah sistem yang bagus untuk menyelesaikan proses bisnis terintegrasi (PS5) yang memiliki nilai rata-rata 2.5400 dengan nilai minimum 3 dan nilai maksimum 4 serta memiliki standar deviasi sebesar .50990

4.5. Pengujian Hipotesis

4.5.1. Uji Mann Whitney U

**Tabel 4.3 Hasil Uji Mann Whitney U
Pada Pre & Post Distribution Games**

	PES	PPB	KMS	A1	A2	A3	A4
Z	-1.534	-1.526	-2.974	-1.234	-2.772	-2.655	-3.424
Significane	.127	.129	.002	.258	.006	.010	.001

SUMBER: HASIL OLAH DATA PRIMER, 2018

Berdasarkan tabel 4.3 diatas, maka persamaan mann whitney u yang diperoleh adalah sebagai berikut :

1. H1a ditolak, karena nilai signifikansinya 0.127 sehingga lebih dari 5% atau 0.05.

2. H2a ditolak, karena nilai signifikansinya 0.129 sehingga lebih dari 5% atau 0.05.
3. H3a diterima, karena nilai signifikansinya 0.002 sehingga kurang dari 5% atau 0.05.
4. H4a diterima oleh sebagian indikator

**Tabel 4.4 Hasil Uji Mann Whitney U
Pada Pre & Post Manufacturing Games**

	PES	PPB	KMS	A1	A2	A3	A4
Z	-4.976	-1.830	-3.562	-3.155	-2.082	-1.344	-1.991
Significane	.000	.068	.000	.002	.044	.216	.059

SUMBER: HASIL OLAH DATA PRIMER, 2018

Berdasarkan tabel 4.4 diatas, maka persamaan mann whitney u yang diperoleh adalah sebagai berikut :

1. H1b diterima, karena nilai signifikansinya 0.000 sehingga kurang dari 5% atau 0.05.
2. H2b ditolak, karena nilai signifikansinya 0.068 sehingga lebih dari 5% atau 0.05.
3. H3b diterima, karena nilai signifikansinya 0.000 sehingga kurang dari 5% atau 0.05.
4. H4b diterima oleh sebagian indikator

**Tabel 4.5 Hasil Uji Mann Whitney U
Pada Distribution & Manufacturing Games**

	PES	PPB	KMS	A1	A2	A3	A4	UAK	UAH	UAP
Z	-1.833	-1.811	-.402	-1.222	-.226	-.678	-.133	-.487	-.159	-.737
Significane	.068	.071	.694	.296	.881	.603	1.000	.625	.859	.473

SUMBER: HASIL OLAH DATA PRIMER, 2018

Berdasarkan tabel 4.5 diatas, maka persamaan mann whitney u yang diperoleh adalah sebagai berikut :

1. H1c ditolak, karena nilai signifikansinya 0.068 sehingga lebih dari 5% atau 0.05.
2. H2c ditolak, karena nilai signifikansinya 0.071 sehingga lebih dari 5% atau 0.05.
3. H3c ditolak, karena nilai signifikansinya 0.694 sehingga lebih dari 5% atau 0.05.
4. H4c ditolak oleh semua indikator
5. H5 ditolak oleh semua indikator

5. SIMPULAN, KETERBATASAN dan SARAN

5.1. Simpulan

Setelah melakukan penelitian maka dapat ditarik kesimpulan:

1. ERPsim Distribution Games membantu *key-user* dalam memahami sistem ERP. Hasil penelitian menunjukkan bahwa sesudah ERPsim Distribution Games memiliki dampak yang baik dalam meningkatkan keahlian konfigurasi sistem, namun tidak memiliki dampak yang baik pada pemahaman sistem enterprise dan pemahaman proses bisnis.
2. ERPsim Manufacturing Games dapat membantu *key-user* dalam memahami sistem ERP. Hasil penelitian menunjukkan bahwa sesudah ERPsim Manufacturing Games memiliki dampak yang baik dalam meningkatkan pemahaman sistem enterprise dan keahlian mengoperasikan sistem, namun tidak memiliki dampak yang baik dalam pemahaman proses bisnis.
3. Kedua ERPsim baik Distribution Games dan Manufacturing Games sama-sama memiliki pengaruh yang baik terhadap implementasi sistem ERP.
4. Hasil penelitian yang dilakukan oleh peneliti menunjukkan bahwa nilai rata-rata untuk masing-masing indikator pengalaman simulasi cukup tinggi, artinya kedua ERPsim dapat digunakan sebagai pendukung dalam pelatihan yang efektif untuk implementasi sistem ERP. Sementara, hasil penelitian yang dilakukan peneliti menunjukkan dampak potensial ERPsim terhadap keengganan untuk berubah (*resistance to change*), menunjukkan bahwa sikap (*attitude*) setelah ERPsim Distribution Games lebih tinggi dibanding sebelum ERPsim Distribution Games, yaitu pada indikator (Kemudahan Penggunaan SAP) yang memperlihatkan bahwa ERP Simulation berperan dalam memudahkan user dalam

menggunakan sistem ERP berbasis SAP. Kemudian (Sikap terhadap Integrasi Proses Bisnis) dan (Sikap terhadap ERP) yang menunjukkan bahwa ERPsim meningkatkan penerimaan dari user. Begitu juga dengan hasil penelitian sikap (*attitude*) setelah ERPsim manufacturing games lebih tinggi dibanding sebelum ERPsim manufacturing games yaitu pada indikator (Sikap terhadap SAP) dan (Kemudahan Penggunaan SAP). Meskipun indikator lain pada variabel sikap (*attitude*) tidak menunjukkan pengaruh yang lebih baik dibanding sebelum ERPsim. Terdapat peningkatan nilai mean dari sebelum mengikuti ERPsim dan sesudah ERPsim. Pada variabel penerimaan user terhadap teknologi informasi (*user acceptance*) menunjukkan bahwa nilai mean pada masing-masing indikator variabel penerimaan pengguna terhadap teknologi informasi (*user acceptance*), UAK (Kinerja yang diharapkan), UAH (Harapan atas Usaha), UAP (Perilaku atas penggunaan teknologi) sesudah ERPsim distribution games cukup tinggi. Sehingga dapat dikatakan ERPsim dapat meminimalisir keengganan untuk berubah (*resistance to change*) pada pengguna (*key-user*) dalam implementasi sistem ERP.

5.2. Keterbatasan dan Saran

Dalam penelitian ini terdapat beberapa keterbatasan yang mungkin dapat mempengaruhi hasil dari penelitian ini. Keterbatasan tersebut antara lain :

1. Variabel independen dalam penelitian ini hanya 5 variabel independen
2. Responden dalam penelitian ini terbatas hanya mahasiswa.

Berdasarkan keterbatasan-keterbatasan penelitian-penelitian di atas, maka saran yang diberikan penulis untuk penelitian di masa yang akan datang, yaitu perlunya diadakan penelitian dengan sampel penelitian yang berbeda calon *key-user* dari perusahaan

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PENGGAMBARAN TINDAK KECURANGAN PADA SEKTOR PUBLIK MELALUI PEMBERITAAN MEDIA DI INDONESIA TAHUN 2017

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Abstract

Tindak kecurangan (*fraud*) dalam pemerintahan yang sudah tidak asing lagi seperti korupsi, penyalahgunaan kekuasaan, dan penyelewengan asset sudah banyak menodai citra pemerintahan Indonesia sejak bertahun-tahun lalu. Tindak kecurangan tersebut merupakan pelanggaran terhadap hak-hak sosial dan hak-hak ekonomi masyarakat. Sehingga korupsi digolongkan sebagai kejahatan yang luar biasa. Berbagai catatan tentang korupsi dan tindak kecurangan lainnya yang setiap hari diberitakan oleh media massa baik cetak maupun elektronik. Berdasarkan data yang dirilis CNN Indonesia, Mahkamah Agung memaparkan jumlah penanganan kasus korupsi tahun 2016 yaitu mencapai 453 perkara, menempati urutan kedua setelah kasus narkotik. Sementara kasus narkotik mencapai 800 perkara. Lebih dari 497,6 miliar rupiah telah dimasukkan ke kas negara dalam bentuk PNBP dari penanganan perkara tindak pidana korupsi. Penelitian ini memiliki tujuan untuk mendeskripsikan penggambaran pola dan frekuensi pemberitaan mengenai tindak kecurangan pada pemerintahan Indonesia melalui media surat kabar *online* terbaik di Indonesia selama tahun 2017. Penelitian ini merupakan penelitian kualitatif deskriptif dengan menggunakan metode analisa isi (*content analysis*) atas tindak kecurangan yang diberitakan oleh media surat kabar secara online pada situs berita Kompas.Com sebagai media terbesar di Indonesia. Berita – berita mengenai korupsi dalam Pemerintahan Indonesia selama tahun 2017 dikumpulkan dan di kelompokkan sesuai dengan jenis kecurangan yang terjadi yaitu: penyimpangan atas asset, pernyataan palsu, dan korupsi. Hasil penelitian ini menunjukkan bahwa total 3.254 kasus kecurangan dalam pemerintahan di beritakan selama tahun 2017. Sebanyak 3.181 kecurangan yang terjadi berupa penyimpangan aset dan 73 kasus korupsi lain. Sebanyak 2.775 kasus kecurangan terjadi di Pemerintah Pusat Jakarta sedangkan sisanya 479 kasus terjadi di daerah – daerah. Kasus korupsi e-KTP merupakan kasus terbesar yang sering diberitakan sepanjang tahun 2017, melibatkan banyak tokoh besar dalam pemerintahan terutama dalam Kementerian Dalam Negeri Republik Indonesia (Kemendagri).

Keywords: Tindak Kecurangan, Korupsi, Pemerintahan, Media

1. PENDAHULUAN

Korupsi di Indonesia sudah sangat merajalela dan menjadi fenomena sosial yang terjadi pada tatanan pemerintahan. Fenomena korupsi dalam administrasi publik sering kali menjadi persoalan utama pada pemerintahan, karena korupsi telah masuk pada praktik administrasi publik dalam tata pelayanan pemerintahan kepada masyarakat. Penyalahgunaan kekuasaan dari pelaksanaan fungsi pemerintahan menjadi bagian dalam melakukan tindak pidana korupsi. Bagi banyak orang korupsi bukan lagi merupakan suatu pelanggaran hukum, akan tetapi sudah menjadi sebuah kejahatan. Dalam perkembangannya korupsi sering kali menjadi faktor penghambat dalam proses pembangunan maupun pelaksanaan pemerintahan suatu negara. Kegiatan korupsi dijadikan sebagai jalan pemulus tujuan seseorang maupun institusi dalam mencapai tujuan yang diinginkan terutama dikalangan pejabat publik (pemerintahan). Pola kegiatan yang dilakukan dalam melakukan korupsi sangat beraneka ragam dan memakai modus tertentu untuk dapat mencuri uang negara. Kegiatan korupsi yang dilakukan dalam pemerintahan meliputi penggelembungan harga, penyimpangan anggaran, penggelapan, manipulasi, *mark up*, penyuapan, proyek/kegiatan fiktif, pungutan liar, kredit macet, dan penyalahgunaan wewenang (Napitupulu, 2010).

Berdasarkan data yang dirilis CNN Indonesia, Mahkamah Agung memaparkan jumlah penanganan kasus korupsi tahun 2016 yaitu mencapai 453 perkara, menempati urutan kedua setelah kasus narkotik. Sementara kasus narkotik mencapai 800 perkara. Lebih dari 497,6 miliar rupiah telah dimasukkan ke kas negara dalam bentuk

PNBP dari penanganan perkara tindak pidana korupsi. Sementara data penanganan perkara berdasarkan tingkat jabatan, mengungkapkan ada 26 perkara yang melibatkan swasta dan 23 perkara melibatkan anggota DPR/DPRD. Selain itu, terdapat 10 perkara, melibatkan pejabat eselon I, II dan III; serta 8 perkara yang melibatkan bupati/walikota dan wakilnya. Korupsi di Indonesia telah membawa disharmonisasi politik-ekonomi-sosial. Bahkan bisa jadi sebuah budaya baru di negeri tercinta ini, grafik pertumbuhan jumlah rakyat miskin terus naik karena korupsi. Dalam kehidupan demokrasi di Indonesia, praktek korupsi makin mudah ditemukan diberbagai bidang kehidupan. Pertama, karena melemahnya nilai-nilai sosial, kepentingan pribadi menjadi pilihan lebih utama dibandingkan kepentingan umum, serta kepemilikan benda secara individual menjadi etika pribadi yang melandasi perilaku sosial sebagian besar orang. Kedua, tidak ada transparansi dan tanggung gugat sistem integritas public. Biro pelayanan publik justru digunakan oleh pejabat publik untuk mengejar ambisi politik pribadi, semata-mata demi promosi jabatan dan kenaikan pangkat. Sementara kualitas dan kuantitas pelayanan publik semakin terabaikan, bukan prioritas dan orientasi yang utama. Dan dua alasan ini menyeruak di Indonesia, pelayanan publik tidak pernah maksimal karena praktik korupsi dan demokratis justru memfasilitasi korupsi (Ermansjah, 2010). IAI (2001) dalam Wilopo (2008) menjelaskan kecurangan akuntansi sebagai salah saji yang timbul dari kecurangan dalam pelaporan keuangan yaitu salah saji atau penghilangan secara sengaja jumlah atau pengungkapan dalam laporan keuangan untuk mengelabui pemakai laporan keuangan, salah saji yang timbul dari perlakuan tidak semestinya terhadap aktiva berkaitan dengan pencurian aktiva entitas yang berakibat laporan keuangan tidak disajikan sesuai dengan prinsip akuntansi yang berlaku umum di Indonesia.

Kasus - kasus kecurangan atau korupsi sering diberitakan di Indonesia. Tidak sedikit pula nominal yang dilahap para koruptor yang sangat merugikan negara. Kasus korupsi sangat menodai citra institusi sektor pemerintahan yang harusnya menjunjung tinggi integritas dan akuntabilitas kepada masyarakat luas. Platform utama yang umum untuk menyoroti kasus korupsi di kalangan pegawai di sektor pemerintahan ini adalah media. Sudah menjadi hak publik untuk diberi tahu mengenai bagaimana pihak berwenang mengelola aset publik dan apakah pegawainya telah menyalahgunakan tanggung jawab mereka. Paparan semacam itu dapat memaksa badan-badan yang terlibat untuk memantau aktivitas pegawai mereka secara ketat dan menggunakan tindakan pencegahan yang efektif untuk mencegah kejadian tersebut berulang.

Pada penelitian ini mengacu pada penelitian yang dilakukan Aishah dkk (2017) tentang pemberitaan kasus-kasus korupsi di Malaysia melalui empat surat kabar umum disana dalam dua Bahasa yaitu Bahasa Melayu dan Bahasa Inggris. Dalam penelitiannya, Aishah dkk (2017) menyimpulkan bahwa surat kabar Bahasa Inggris melaporkan kasus korupsi lebih tinggi yang melibatkan pegawai sektor publik dari pada surat kabar Malaysia itu sendiri selama tahun 2016 dan berhasil mengumpulkan sebanyak 603 berita dari empat surat kabar. Media tertinggi yang melaporkan kecurangan adalah kasus penipuan yang melibatkan Departemen Air Sabah (SWD), sementara kasus kecurangan tertinggi dilaporkan di antara pemerintah negara bagian, diikuti oleh pemerintah federal dan pemerintah daerah. Sedangkan pada penelitian ini melakukan penelitian tentang pemberitaan kasus-kasus korupsi di Indonesia dan menggunakan satu situs surat kabar terbesar di Indonesia yaitu Kompas. Com selama tahun 2017.

2.LANDASAN TEORI

2.1 Definisi *Fraud* atau Kecurangan

Romney dan Steinbart (2015) mendeskripsikan *fraud* sebagai cara - cara yang digunakan oleh pelaku kecurangan untuk mendapatkan keuntungan dari orang lain secara tidak jujur. *Lebih lanjut* Black's Law Dictionary menguraikan pengertian *fraud* mencakup segala macam yang dapat dipikirkan manusia, dan yang diupayakan oleh seseorang, untuk mendapatkan keuntungan dari orang lain dengan saran yang salah atau pemaksaan kebenaran, dan mencakup semua cara yang tidak terduga, penuh siasat. Licik, tersembunyi, dan setiap cara yang tidak jujur yang menyebabkan orang lain tertipu.

Keller dan Owens (2015) dalam Aishah dkk (2016) mengkategorikan kecurangan menjadi dua kategori yaitu kecurangan internal dan eksternal. Sementara kecurangan internal dilakukan oleh orang-orang di dalam entitas, seperti petugas, karyawan, dan direktur, penipuan eksternal dilakukan oleh orang-orang di luar entitas, seperti vendor. Kecurangan internal, di sisi lain, dapat dibagi lagi menjadi dua kategori, yaitu penyalahgunaan aset dan pelaporan keuangan yang tidak benar atau kecurangan laporan keuangan. Contoh penyalahgunaan aset adalah skema pendapatan dan penerimaan kas, skema pengadaan dan pencairan uang tunai, skema pelaporan gaji dan biaya karyawan, dan penyalahgunaan aset non-kas, sedangkan kecurangan laporan keuangan melibatkan entri

jurnal yang tidak benar atau penggantian manajerial yang telah memanfaatkan entri jurnal dalam sistem informasi akuntansi (Debreceeny dan Gray, 2010)

2.2 Teori – Teori Tentang *Fraud*

The Institute of Internal Auditors (IIA) menjelaskan bahwa *fraud* merupakan tindakan ilegal apa pun yang ditandai dengan penipuan, menyembunyian, atau pelanggaran kepercayaan. Tindakan-tindakan ini tidak tergantung pada ancaman kekerasan atau kekuatan fisik. Penipuan dilakukan oleh pihak dan organisasi untuk mendapatkan uang, properti, atau layanan; untuk menghindari pembayaran atau kehilangan layanan; atau untuk mengamankan keuntungan pribadi atau bisnis.

Dari sisi pemerintah, pelaku bisnis, dan masyarakat awam sekalipun, *fraud* telah dipahami dapat merugikan keuangan negara, keuangan perusahaan, dan merusak sendi-sendi budaya masyarakat. Namun umumnya, pimpinan suatu organisasi/instansi seringkali merasa bahwa organisasinya termasuk lingkungan yang terbebas dari risiko *fraud* (Sudarmo et.al, 2008). Dan jika *fraud* terjadi di sektor pemerintahan, maka hal ini merupakan sesuatu yang serius sebab sumber daya yang terbatas tidak digunakan untuk pelayanan bagi masyarakat atau konstituen dan yang lebih parahnya lagi, masyarakat atau konstituen akan kehilangan kepercayaan pada kemampuan kepemimpinan instansi pemerintahan dalam memerintah.

2.2.1. *Fraud Triangle*

Fraud triangle adalah teori yang memaparkan faktor-faktor yang mempengaruhi seseorang melakukan kecurangan. Terdapat tiga faktor yang menyebabkan seseorang melakukannya yaitu tekanan, kesempatan dan rasionalisasi (Romney dan Steinbart, 2015).

2.2.2. *Fraud Diamond*

Fraud diamond merupakan sebuah pandangan baru tentang fenomena *Fraud* yang dikemukakan oleh Wolfe dan Hermanson (2004). *Fraud diamond* merupakan suatu bentuk penyempurnaan dari teori *Fraud triangle* oleh Cressey (1950). *Fraud diamond* menambahkan satu elemen kualitatif yang diyakini memiliki pengaruh signifikan terhadap *Fraud* yakni kemampuan (*Capability*).

2.3 Jenis-Jenis *Fraud*

Menurut *The Association of Certified Fraud Examiners* (ACFE), mencari atau menemukan penyimpangan dalam suatu perusahaan itu sulit sebab penyimpangan memiliki sifat dasar yang tertutup. Oleh karena itu, ACFE membuat suatu klasifikasi yang disebut “*Fraud Tree*”, yaitu sistem klasifikasi mengenai kemungkinan kecurangan yang dilakukan oleh karyawan di dalam suatu perusahaan.

Secara umum, klasifikasi *fraud* terbagi menjadi tiga yaitu, (1) Penyimpangan atas aset (*asset misappropriation*), (2) Pernyataan palsu (*fraudulent statement*), dan (3) Korupsi (*corruption*).

2.4 Sistem Pemerintahan Indonesia

Secara teori, berdasarkan UUD 1945, Indonesia menganut sistem pemerintahan presidensiil. Namun dalam prakteknya banyak bagian-bagian dari sistem pemerintahan parlementer yang masuk ke dalam sistem pemerintahan di Indonesia. Sehingga secara singkat bisa dikatakan bahwa sistem pemerintahan yang berjalan di Indonesia adalah sistem pemerintahan yang merupakan gabungan atau perpaduan antara sistem pemerintahan presidensiil dengan sistem pemerintahan parlemen. Apalagi bila dirunut dari sejarahnya, Indonesia mengalami beberapa kali perubahan sistem pemerintahan. Indonesia pernah menganut sistem kabinet parlementer pada tahun 1945 - 1949. kemudian pada rentang waktu tahun 1949 - 1950, Indonesia menganut sistem pemerintahan parlementer yang semu.

Pada tahun 1950 - 1959, Indonesia masih menganut sistem pemerintahan parlementer dengan demokrasi liberal yang masih bersifat semu. Sedangkan pada tahun 1959 - 1966, Indonesia menganut sistem pemerintahan secara demokrasi terpimpin. Perubahan dalam sistem pemerintahan tidak hanya berhenti sampai disitu saja. Karena terjadi perbedaan pelaksanaan sistem pemerintahan menurut UUD 1945 sebelum UUD 1945 diamandemen dan setelah terjadi amandemen UUD 1945 pada tahun 1999 - 2002.

2.5 Kecurangan Pada Sektor Pemerintahan

Mardiasmo (2009) menyatakan dari sudut pandang ilmu ekonomi, sektor publik dapat dipahami sebagai suatu entitas yang aktivitasnya berhubungan dengan usaha untuk menghasilkan barang dan pelayanan publik dalam rangka memenuhi kebutuhan dan hak publik. Beberapa tugas dan fungsi sektor publik sebenarnya dapat juga dilakukan oleh sektor swasta, misalnya tugas untuk menghasilkan beberapa jenis pelayanan publik, seperti layanan komunikasi, penarikan pajak, pendidikan, transportasi publik, dan sebagainya. Akan tetapi, untuk tugas tertentu keberadaan sektor publik tidak dapat digantikan oleh sektor swasta, misalnya fungsi birokrasi pemerintahan. Tujuan dari sektor publik adalah bukan untuk memaksimalkan laba seperti tujuan sektor swasta tetapi sektor publik bertujuan untuk memberikan pelayanan publik seperti, pendidikan, kesehatan masyarakat, keamanan, penegakan hukum, transportasi publik, dan penyediaan barang kebutuhan publik. Korupsi merupakan jenis kecurangan atau *fraud* yang sering terjadi di sektor pemerintahan. Korupsi merupakan perbuatan penyalahgunaan kekuasaan publik, demi keuntungan pribadi, penyalahgunaan terhadap sumber-sumber kekayaan negara dengan menggunakan wewenang dan kekuatan-kekuatan formal untuk memperkaya diri sendiri. Korupsi dapat membuat pelayanan pemerintah menjadi tidak maksimal dikarenakan adanya penyaluran anggaran yang kurang sempurna sehingga masyarakat dirugikan karena tindakan korupsi yang dilakukan oleh aparat yang berkaitan.

Penelitian oleh Levi et al. (2007) dan Levi and Burrows (2008) secara konservatif memperkirakan tingkat kecurangan berada di wilayah Inggris 14 miliar poundsterling per tahun di Inggris saja. Hampir setengah (6 Miliar Poundsterling) dari perkiraan ini 14 Miliar Poundsterling hilang dari kecurangan di sektor publik. Mengingat skala masalah di sektor publik, langkah-langkah untuk mengatasi masalah ini seharusnya penting dalam prioritas politik, mengingat iklim fiskal yang semakin ketat di sektor publik. Penipuan, bagaimanapun, relatif terbengkalai oleh akademisi dan pembuat kebijakan jika dibandingkan dengan kejahatan lainnya (Levi, 2007).

Aishah dkk (2017) melakukan penelitian tentang pemberitaan kasus-kasus korupsi di Malaysia melalui empat surat kabar umum dalam dua bahasa yaitu bahasa Inggris dan Melayu. Dimana hasilnya menunjukkan bahwa surat kabar Inggris melaporkan kasus yang sedikit lebih tinggi daripada surat kabar Malaysia. Aishah (2017) berpendapat bahwa kurangnya integritas suatu lembaga terlepas dari sektor pemerintah ketika kepala departemen terlibat dalam kecurangan dengan menyalahgunakan kekuasaan yang diberikan kepadanya. Pemerintah perlu memikirkan langkah-langkah efektif untuk melawan kegiatan penipuan ini untuk memastikan sektor publik Malaysia diperintah kepercayaan etis dan publik dijunjung tinggi.

Sementara penelitian sebelumnya cenderung berfokus pada faktor atau alasan bagi individu yang melakukan kecurangan, belum banyak penelitian yang berfokus pada pelaporan kecurangan oleh media. Dengan demikian, penelitian ini dimaksudkan untuk mengeksplorasi peran yang dimainkan oleh media dalam melaporkan kasus kecurangan yang melibatkan sektor publik atau dalam pemerintahan.

3. METODOLOGI PENELITIAN

3.1. Pendekatan Penelitian

Penelitian ini menggunakan metode kualitatif dengan pendekatan deskriptif dan menggunakan *content analysis technique* (teknik analisa isi) untuk menyaring data dari media surat kabar. Perreault dan McCarthy (2006) mendefinisikan penelitian kualitatif adalah jenis penelitian yang berusaha menggali informasi secara mendalam guna melakukan analisis sehingga didapat hasil yang sesuai dengan kondisi sebenarnya. Menurut Neuman (2014) langkah-langkah kerja metode analisis isi meliputi :

- a. Merumuskan topik dan rumusan masalah.
- b. Menentukan unit analisis (misal menentukan jumlah teks yang dijadikan sebuah kode) lalu melakukan sampling dan mengembangkan sampling terhadap sumber data.
- c. Menyusun kategori pengkodean dan membuat kertas kerja (*worksheet*) untuk penyimpanan data.
- d. Pendataan suatu sampel dokumen yang telah dipilih dan melakukan pengkodean.
- e. Pembuatan skala dan item berdasarkan kriteria tertentu untuk pengumpulan data.
- f. Penafsiran data yang di peroleh dan menarik simpulan.

3.2. Objek Penelitian

Pada penelitian ini yang menjadi objek penelitian adalah media surat kabar di Indonesia yang memberitakan kasus-kasus korupsi yang terjadi pada sektor publik selama tahun 2017.

3.3. Teknik Pengumpulan Data

Data – data di dapat dengan mengumpulkan berita tentang kasus-kasus korupsi yang terjadi di sektor pemerintahan Indonesia didalam situs Kompas.com. Berita – berita tentang korupsi dikumpulkan dari bulan Januari sampai dengan Desember 2017. Data kemudian di kelompokkan sesuai tujuan penulisan menggunakan teknik analisa isi (*content analysis*).

3.4. Teknik Analisis Data

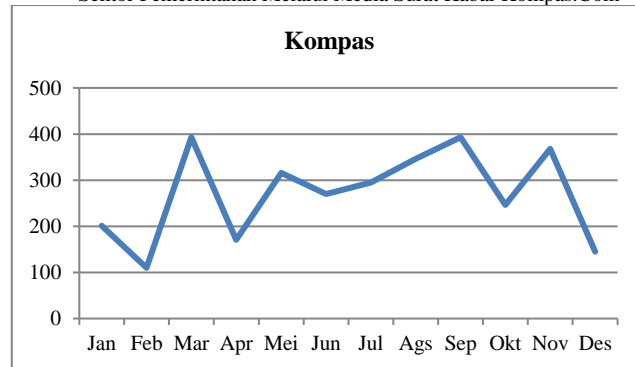
Teknik analisis data yang digunakan dalam penelitian ini adalah teknik analisis data kualitatif, karena data yang dikumpulkan berupa data dalam bentuk kata-kata (Sekaran & Bougie, 2017). Terdapat tiga langkah dalam analisis data kualitatif yaitu reduksi data, penyajian data, dan penarikan kesimpulan. Reduksi data mengacu pada proses memilih, mengodekan, dan mengategorikan data. Penyajian data merujuk pada cara menunjukkan/menyajikan data, yaitu dengan cara terorganisasi dan singkat. Langkah yang terakhir adalah penarikan kesimpulan, yaitu menjawab pertanyaan penelitian dengan menentukan apa yang diwakili oleh tema yang teridentifikasi dengan mempertimbangkan penjelasan untuk pola dan hubungan yang diteliti atau dengan membuat kontras dan perbandingan (Sekaran & Bougie, 2017).

4. PEMBAHASAN

4.1. Hasil Pengumpulan Data

Data yang dikumpulkan pada penelitian ini adalah berita selama tahun 2017 berdasarkan jenis-jenis kecurangan yang sudah dipilih. Pendistribusian tiap kecurangan atau disini lebih mengacu pada kasus korupsi pada sektor pemerintahan Indonesia ditunjukkan pada lima tabel yang masing-masing memperlihatkan hasil dari pengumpulan dan pengkelompokan data. Gambar 1 di bawah ini menunjukkan naik turunnya jumlah pemberitaan selama kurun waktu Januari – Desember 2017. Frekuensi terbanyak munculnya berita korupsi adalah pada bulan Maret dan September 2017.

Gambar 1. Grafik Berita Tindak Kecurangan pada Sektor Pemerintahan Melalui Media Surat Kabar Kompas.Com



Sumber: Data Primer, 2018

4.1.1 Distribusi dan Frekuensi Berita Kecurangan pada Pemerintahan Indonesia Berdasarkan Bulan

Pada tabel 4.1 menyajikan distribusi berita kasus korupsi di surat kabar Kompas.com berdasarkan bulan beredarnya berita tersebut. Berita dikumpulkan setiap hari dalam satu tahun dengan dikelompokkan perbulannya. Kemudian semua berita yang terkumpul di kelompokkan lagi ke beberapa bagian. Pada tabel pertama ini menunjukkan bahwa berita korupsi tertinggi diberitakan pada bulan Maret dan September yaitu ada 393 berita dibandingkan dengan pemberitaan kasus korupsi terendah pada bulan Februari ada 110 berita. Dari total pemberitaan mengenai tindak kecurangan yang terjadi pada sektor pemerintahan Indonesia ada sebanyak 3.254 berita.

Ternyata tidak sedikit pemberitaan mengenai tindak kecurangan ini. Dimana sebagian berita korupsi yang diberitakan banyak yang menyita perhatian publik karena yang terlibat mayoritas tokoh-tokoh atau nama-nama besar di Indonesia. Berita yang paling tinggi frekuensi pemberitaannya pada bulan Maret dan September adalah kasus e-KTP yang sangat ramai di perbincangkan dimana pada bulan Maret itu sendiri terdapat sebanyak 278

berita dan untuk bulan September ada sebanyak 195 berita yang memberitakan kasus e-KTP karena ternyata melibatkan sejumlah nama besar dan pejabat tinggi di pemerintahan Indonesia.

Tabel 4.1 Distribusi dan Frekuensi isi berita kecurangan pada sektor pemerintahan berdasarkan bulan

Bulan	Frekuensi Berita
Januari	201
Februari	110
Maret	393
April	171
Mei	316
Juni	270
Juli	295
Agustus	346
September	393
Oktober	246
November	368
Desember	145
Total	3.254

Sumber: Data Primer, 2018

4.1.2 Distribusi Kasus Kecurangan Berdasarkan Jenis-Jenis Kecurangan

Adapun jenis kasus kecurangan atau penipuan yang melibatkan layanan publik yang diberitakan oleh surat kabar, telah dikategorikan ke dalam tiga bentuk kecurangan yaitu korupsi dalam bentuk penyalahgunaan aset dan lain-lain. Korupsi disini adalah perilaku tidak jujur oleh mereka yang memiliki kekuasaan dan sering kali melibatkan tindakan yang tidak terlegitimasi, tidak bermoral, atau tidak sesuai dengan standar etika yang berlaku di masyarakat. Ada beberapa jenis korupsi contohnya adalah penyuapan dan persekongkolan tender. Penyalahgunaan aset disini adalah pencurian aset negara atau perusahaan atau lembaga oleh pegawainya dengan berbagai cara seperti penggelapan dana perusahaan. Untuk penelitian sebagian besar kasus yang diberitakan merupakan jenis kecurangan tindak pidana korupsi diikuti kasus yang dengan jenis *fraud* Lain-Lain kemudian jenis *fraud* penyalahgunaan aset.

Pada tabel 4.2 menyajikan hasil dari pengumpulan data yang telah dilakukan, terdapat sebanyak 3.012 atau 97,7 % berita yang masuk dalam jenis *fraud* korupsi. Untuk jenis penyalahgunaan aset ada sebanyak 25 atau 0,76% berita dan terakhir untuk berita yang di kategorikan lain-lain ada sebanyak 48 atau 1,47% berita sepanjang tahun 2017. Bisa dilihat mayoritas pemberitaan kasus korupsi di Indonesia adalah penyalahgunaan aset.

Tabel 4.2
Distribusi kasus kecurangan berdasarkan jenis-jenis kecurangan

Jenis <i>Fraud</i>	Frekuensi Berita
1	3.181
2	25
3	48
Total	3.254

Sumber: Data Primer, 2018

4.1.3 Distribusi Surat Kabar untuk Kecurangan Berdasarkan Daerah di Indonesia

Pada tabel 4.3. ini memperlihatkan bagaimana kasus-kasus korupsi yang terjadi di Indonesia berdasarkan daerah atau kota yang tersangkut kasus korupsi. Sebagaimana dari hasil pengumpulan berita sepanjang tahun 2017 ini yang paling banyak diberitakan adalah kasus e-KTP yang terjadi di pemerintahan pusat yaitu Jakarta. Dari tabel bisa dilihat untuk kota Jakarta sebagai pusat pemerintahan Indonesia yaitu ada 2.775 berita karena kebanyakan berita kasus korupsi bertingkat pemerintahan pusat sehingga berita-berita tersebut dimasukkan ke kota Jakarta. Tabel 4.3. juga menyajikan 20 daerah terbanyak yang terlibat kasus korupsi.

Tabel 4.3. Distribusi Berita kecurangan
Berdasarkan daerah di Indonesia

No	Kota	Jenis-jenis <i>Fraud</i>			Total
		1	2	3	
1	Jakarta	2.712	18	45	2.775
2	Bengkulu	50			50
3	Malang	45			45
4	Maluku	41			41
5	Mojokerto	39			39
6	Pamekasan	38			38
7	Kutai Kartanegara	25			25
8	Tegal	24			24
9	Cilegon	23			23
10	Nganjuk	20			20
11	Sumatera Utara	20			20
12	Banten	16			16
13	Manado	15			15
14	Klaten	13			13
15	Jambi	13			13
16	Buton	11			11
17	Madiun	11			11
18	Banjarmasin	9			9
19	Sulawesi Tenggara	9			9
20	Sumatera Barat	8			8

Sumber: Data Primer, 2018

4.1.4 Distribusi Surat Kabar untuk Kecurangan Berdasarkan Tingkat Pemerintahan

Tabel 4.4
Distribusi surat kabar untuk kecurangan
berdasarkan tingkat pemerintahan

Tingkat Yuridiksi	Jenis-Jenis <i>Fraud</i>			Total
	1	2	3	
Pusat	2,712	18	45	2.775
Daerah	476	3		479
Total	3,188	21	45	3.254

Sumber: Data Primer, 2018

Pada tabel 4.4 dapat dilihat untuk tingkat pemerintahan pusat ada 2.712 atau 83,3 % dari total berita dengan jenis fraud korupsi, untuk jenis fraud penyalahgunaan aset sebanyak 18 berita dan untuk jenis lain-lain sebanyak 45 berita. Untuk tingkat pemerintahan daerah ada sebanyak 476 atau 14,6 % berita dengan jenis kecurangan penyalahgunaan aset. Hanya ada 3 berita untuk kasus kecurangan lain. Jadi bisa dikatakan mayoritas kasus-kasus korupsi yang terjadi sepanjang tahun 2017 ini adalah pemerintahan pusat yang banyak terlibat dalam kasus korupsi. Dan tidak sedikit tokoh pemerintahan yang terlibat korupsi. Hal ini jadi gambaran seperti apa sebenarnya kinerja para pejabat negara yang sudah di beri amanah oleh masyarakat untuk mengurus negara kita. Walaupun tidak semua pejabat atau tokoh pemerintahan yang terlibat kasus korupsi tetapi tidak sedikit pula yang ikut serta dalam melakukan tindak kecurangan korupsi ini. Mayoritas kasus-kasus korupsi yang ada dilakukan berkelompok sehingga tidak sedikit yang terlibat dalam satu kasus korupsi contohnya kasus e-KTP yang ternyata banyak sekali pejabat dan oknum-oknum yang terlibat didalamnya.

4.1.5 Distribusi Surat Kabar untuk Kecurangan berdasarkan Departemen-Departemen

Tabel 4.5
Distribusi berita kecurangan
berdasarkan Departemen – Departemen dalam Pemerintahan

No.	Nama Departemen/Unit	Frekuensi
1	Kasus E-KTP (Kemendagri)	1.673

2	Mahkamah Konstitusi	213
3	Ditjen Pajak	71
4	Menteri Kesehatan	71
5	BPK	68
6	Kejaksaan Tinggi Bengkulu	60
7	Badan Keamanan Laut	57
8	Kementerian PUPR	57
9	Lain- Lain	54
10	Ditjen Binmas Islam Kementerian Agama	50
11	Lain - Lain	880
TOTAL		3.254

Sumber: Data Primer, 2018

Berita yang dikumpulkan juga kemudian dikelompokkan berdasarkan departemen yang terlibat dalam pemberitaan kasus-kasus yang ada. Setelah pengumpulan data dilakukan, terkumpul sebanyak 69 departemen di pemerintahan Indonesia. Pada tabel 4.5 ini memperlihatkan 10 departemen atau pihak-pihak yang terlibat dalam kasus-kasus korupsi di Indonesia. Peringkat pertama yang paling banyak diberitakan yaitu Kementerian Dalam Negeri untuk kasus e-KTP. Karena proyek e-KTP itu sendiri merupakan proyek yang diselenggarakan oleh Kemendagri dan dipercayakan ke beberapa departemen lainnya. Tetapi sayangnya disalahgunakan oleh beberapa departemen yang terlibat dalam proyek e-KTP ini.

5. Kesimpulan, Keterbatasan dan Saran

5.1. Kesimpulan

Berdasarkan hasil pengumpulan data dan di analisis seperti yang telah diuraikan, maka dapat ditarik kesimpulan bahwa didapatkan lima kasus terbesar yang paling banyak diberitakan sepanjang tahun 2017 sebagai berikut:

1. Kasus e-KTP menjadi kasus yang paling diperhatikan karena menarik perhatian semua kalangan masyarakat Indonesia. Banyaknya oknum yang terlibat seperti pejabat negara yang seharusnya melindungi dan membantu memfasilitasi rakyatnya justru melakukan tindak kecurangan yang sangat merugikan negara dan masyarakat langsung merasakan dampaknya. Kasus ini sudah ada sejak tahun 2012 hingga saat ini masih berjalan dan masyarakat masih mengikuti perkembangan kasus ini.
2. Kasus hakim Mahkamah Konstitusi Patrialis Akbar juga cukup menyita perhatian Indonesia karena lembaga pemerintahan ini seharusnya menjadi alat keadilan negara kita tetapi justru tercoreng karena kecurangan yang dilakukan seorang hakim. Diduga menerima suap dari pengusaha impor daging, Basuki Hariman. Patrialis Akbar dinyatakan bersalah dan di vonis 8 tahun penjara dan denda sebesar Rp 300 juta.
3. Pengadaan alat kesehatan tahun 2005 yang diselenggarakan oleh Menteri Kesehatan juga terlibat kasus korupsi. Siti Fadilah selaku mantan Menteri Kesehatan pada saat itu diduga melakukan penyalahgunaan wewenang dan menerima suap. Setelah terbukti bersalah oleh majelis hakim beliau di pidana 4 tahun penjara dan denda Rp 200 juta dengan subsider 2 bulan kurungan.
4. Ditjen Pajak tersangkut kasus penanganan pajak PT Eka Prima Ekspor. Adanya persoalan pencabutan pengukuhan pengusaha kena pajak (PKP) PT EKP oleh Kantor Pelayanan Pajak Penanaman Modal Asing (KPP PMA) Enam Kalibata. Selain direktur pajak, adik ipar Presiden Joko Widodo, Arif Budi Sulistyio juga ikut terlibat dalam kasus pajak ini. Ada tindak penyuapan juga disini dimana PT EKP memberi imbalan sebesar Rp 6 Milyar kepada Kasubdit Bukti Permulaan Direktorat Penegakan Hukum Ditjen Pajak. Hal itu dilakukan untuk membuat tagihan pajak PT EKP sebesar Rp 52,3 Milyar tahun 2014 dan Rp 26,4 Milyar tahun 2015 menjadi nihil.
5. Lembaga Badan Pemeriksa Keuangan Indonesia juga ikut terlibat kasus suap dimana auditor BPK diduga menerima suap dari manager Jasa Marga Purbaleunyi terkait temuan PDTT yaitu ditemukan kelebihan pembayaran terkait pekerjaan pemeliharaan periodik, rekontruksi jalan, dan pengecatan marka jalan yang tidak sesuai.

Hasil dari studi terbatas ini menunjukkan bahwa integritas yang longgar di sektor pemerintah ketika kepala departemen terlibat dalam tindak korupsi dengan menyalahgunakan kekuasaan yang diberikan kepada mereka. Pemerintah perlu memikirkan langkah-langkah efektif untuk melawan tindak kecurangan ini untuk memastikan sektor pemerintahan Indonesia diatur secara etis dan kepercayaan publik ditegakkan. Namun, hasil penelitian ini mungkin tidak digeneralisasikan karena keterbatasan jumlah sampel yang dipilih yang terbatas hanya satu tahun.

5.2 Keterbatasan dan Saran

Dalam proses penelitian yang dilakukan terdapat keterbatasan dan saran untuk penelitian selanjutnya, yaitu:

1. Sumber data yang digunakan hanya satu surat kabar online. Bagi peneliti selanjutnya, diharapkan bisa menambahkan beberapa media pemberitaan sebagai sumber datanya agar ada variasi sumber data sehingga ada perbandingan pada analisis hasil pengumpulan data yang dilakukan nantinya.
2. Data yang dikumpulkan hanya terbatas dalam satu tahun pemberitaan. Bagi peneliti selanjutnya bisa meregenalisasi penelitian dengan menambah periode tahun pengambilan data berita tidak hanya satu tahun. Agar kasus-kasus yang panjang bisa dianalisis sampai kasus tersebut selesai.

3.

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GOOD CORPORATE GOVERNANCE'S EFFECT ON COMPANY PERFORMANCE: A QUALITATIVE STUDY ON LIFE INSURANCE COMPANIES IN INDONESIA

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Abstract

This study aim to determine the implementation of Good Corporate Governance in life insurance companies in Indonesia and shareholders oversight in the implementation of good corporate governance to the performance of the company. Participants of this study were life insurance companies in Yogyakarta, Indonesia, consisting of local insurance companies, state-owned insurance company, and foreign insurance company. The companies were selected because the Financial Services Authority in 2016 issued a regulation on good corporate governance for insurance companies. Another reason is the number of individuals who choose life insurance based on awareness of the importance of health and the future. This research uses qualitative method by using thematic analysis tool. Data collection techniques were conducted by interview. The selection of participants was done by purposive sampling method. The results of this study indicate that the application of the concept of good corporate governance affects the performance of the company, and shareholders have a larger portion in the supervision of corporate performance.

Keywords: good corporate governance, life insurance companies, Indonesia

INTRODUCTION

Currently many companies in Indonesia have implemented Good Corporate Governance or GCG. According to Rofina and Priyadi (2013) there are benefits for Indonesian companies that implement GCG, namely: 1) improving company performance through the creation of better decision-making processes, increasing company efficiency; 2) restoring investors' confidence to invest in Indonesia; 3) shareholders will be satisfied with the company's performance. Despite the benefits, there are obstacles for the implementation of GCG. One of the obstacles is lack of commitment from leaders and employees, low levels of understanding from leaders and employees about the principles of GCG, lack of role models or examples given by the leadership, lack of corporate culture that supports the realization of the principles GCG, as well as an ineffective internal control system (Wibowo, 2010).

Company performance is a measurement of company performance arising from management decision-making processes, effectiveness of capital utilization, efficiency and profitability of performance activities (Fidhayatin & Dewi, 2012). Performance appraisal is a periodic determination of the operational effectiveness of an organization, part of an organization and employees based on a predetermined target, standard and performance.

GCG also appears to be a problem for life insurance companies in Indonesia. One life insurance company in Indonesia, Buana Putra, was filed for bankruptcy by one of its own customers due to negligence in fulfilling its obligations (Kabar24.bisnis.com, 2013). The second case befell Bumi Asih Jaya which did not pay claims that had been due (Kompas.com, 2015). The next case is from Manulife Indonesia found in an online newspaper (TribunNews.com, 2017). The Indonesian Consumer Institution Foundation suspected an insurance dispute involving PT. Manulife Indonesia Life Insurance with its costumers. The dispute occurred due to the customers who actually do not understand the contents of the insurance policy because it contains both legal and insurance language that is difficult to understand. Another case of GCG problem occurred in Bumiputera Joint Life Insurance. The case occurred because the insurance company was already wrapped up in various problems, ranging from the implementation of corporate governance to mismanagement, which affected the Bumiputera's financial balance. To sum up, the problems between life insurance companies and their customers indicate that GCG has not been implemented maximally in the insurance sector in Indonesia.

To maintain public trust in the insurance sector and improve corporate governance, the Financial Services Authority (OJK) in 2016 issued a new regulation No. 73/POJK.05/2016 concerning GCG for insurance companies. Article 1 point 25 POJK 73/2016 states that GCG for insurance companies is the structure and process used and applied by insurance companies' to improve the achievement of business objectives and optimize the value of the company for all stakeholders.

Previous studies in Indonesia have discussed the relationship between GCG and corporate performance. Nuryasti (2015) examines the influence of GCG on company performance. The results indicate that an increase in GCG has a significant effect on improving corporate performance. Also, good implementation of GCG can add to the company's compliance thus reduce its agency conflicts between management and company owners (Nuryasti, 2015). Veno (2015) examined the effect of GCG on company performance on manufacturing companies that have listed publicly. The results showed that the size of the board of directors, audit committee, the size of the board of directors had an effect on the company's performance while the independence of the board of directors, the total board of commissioners did not affect the company's performance. Furthermore, a study by Adhiyan (2012) shows that companies are still far from the principles of GCG due to several factors such as: (1) the ineffectiveness of the existing organizational structure; (2) poor company management owned by the company; (3) lack of competence of human resources owned by the company; (4) lack of standard pre-facility facilities and equipment.

Previous study conducted by Irwondy (2016) concluded that the implementation of GCG at PT Asuransi Jasa Indonesia is that the principles of accountability and fairness have been implemented properly. The application of the principles of transparency, responsibility and independency shows that the results have not been good enough because each work unit promotes GCG by delivering a letter to the external, which contains the company adhering to the concept of GCG. The company's compliance with the concept of GCG can also be shown from the reading of commitments that are always read by the appointed officials and the prohibition of receiving and giving gifts (gratuities) to PT Asuransi Jasa Indonesia employees. In addition, Tadjuddin, Anwar, and Hadijah (2014) study results show that PT Asuransi Jiwasraya (Persero) is committed to consistently implementing GCG and making the principles of GCG an operational basis. The motivation that drives companies to conduct GCG is as an effort to increase the value of the company and maintain sustainable growth.

Based on the aforementioned problems, the research question in this study is: how does the influence of GCG affect company performance? The reason for this study to choose a life insurance company due to there has not been much study on life insurance companies in Indonesia.

The study focuses on life insurance companies in Yogyakarta, Indonesia. The aspects of this study are the application of GCG guidelines, assessment of company performance, and supervision of shareholders in the implementation of GCG in life insurance companies in Yogyakarta, Indonesia. This study is expected to provide benefits for interested parties. The expected benefits of this study are as follows:

1. This study is expected to contribute to life insurance companies as an input regarding the benefits of implementing GCG in order to generate public trust
2. This study is expected to add insight and knowledge about the influence of GCG and company size on company performance to the body of knowledge, especially accounting knowledge on GCG.

LITERATURE REVIEW

According to Chinn (2000) and Shaw (2003) one of the main theories related to GCG is the agency theory. Agency theory explains agency relations between a principal and an agent in providing a service and how the principal delegates decision-making authority to the agent (Jensen & Meckling, 1976). Conflicts in companies according to the agency theory are caused by the separation of interests between company owners and company managers. The conflicts occur because the agent and principal try to maximize their respective utilities; have different desires and motivations; and the agent does not always act according to the principal's desire (Jensen & Meckling, 1976). Moreover, actions that do not have importance to the interests of the company made by managers could lead to conflicts between managers and shareholders, conflict with minority shareholders with majority shareholders, and conflict between investors and lenders (Zakiah, 2017).

According to Hamdani (2016) corporate governance is defined as the process and structure applied in running a company whose main goal is to increase shareholder value in the long run while taking into account the interests of other stakeholders. According to Pratama, Amboningtyas and Yulianeu (2017) corporate governance is a set of

rules that govern between shareholders, creditors, government, employees and other internal and external stakeholders related to rights and their obligation to regulate and control the company. According to the National Committee on Governance Policy (2006) and also Sastra and Erawati (2017) five principles of GCG are as follows: 1) transparency; 2) accountability; 3) responsibility; 4) independency; 5) equality and fairness.

As of 31 August 2017 according to the Financial Services Authority (OJK), the number of insurance companies in Indonesia officially registered is 140 insurance companies consisting of 75 general insurance companies, 54 life insurance companies, six reinsurance companies, three insurance companies mandatory, and two social insurance companies.

Life insurance in article 302 of the Indonesia Trade Law of 1876 is described as a type of insurance agreement that insures the soul of an interested person, both for a certain period of time and for the rest of his life. According to Law No. 40 of 2014 life insurance is a business that carries out risk management services that provide payments to policyholders, the insured, or other parties who are entitled at certain times as stipulated in the agreement whose amount has been determined and is based on the results of fund management.

Although not discussing insurance companies, previous studies regarding GCG have been conducted quite extensively in Indonesia. The first study was from Tertius and Chirstiawan (2015) who found that simultaneously board of commissioners, independent commissioners, managerial ownership, and firm size affect ROA. Tertius and Chirstiawan (2015) also found that partially the board of commissioners and managerial ownership had no effect on ROA. Meanwhile the results of the study also showed that independent commissioners and company size had a negative and significant effect on ROA. The second study was from Veno (2015) who found that the size of the board of directors had a significant effect on company performance, independent commissioners did not have a significant effect on company performance, the number of board of commissioners had no significant effect on company performance, audit committee had a significant effect on company performance. The third study is from Adebayo, Ibrahim, Yusuf, and Omah (2014) who explains that organizations are encouraged to implement GCG practices to improve their performance and also to protect the interests of shareholders. The fourth study was from Todorovic (2013) who conducted study in Austria. Todorovic (2013) found that there were clear correlations and impacts from the application of corporate governance principles to company performance. This indicates that companies with higher levels of implementation of corporate governance principles and better corporate governance practices are more profitable and have better performance. The fifth study was from Irma, Yeni, Noorina, and Ali Muktiyanto (2015) found that the higher the supervisory role performed by the commissioners, the better the company's performance. As for corporate governance indicators, the audit committee also has a positive effect on company performance. This means that the higher the supervisory role carried out by the audit committee on the company, the better the company's performance. Meanwhile, Irma, et al. (2015) also found that corporate governance indicators, namely audit quality, have a positive relationship with the company's performance but are not significant, which means that the quality of the company's audit does not affect the company's performance. The sixth study was from Esther and Miring'u (2011) who found that the board size for samples was found to be ten while at least three directors were needed by the board. The study revealed that there was a positive relationship between the composition of Return On Equity (ROE) and board size as well as the composition of the board of all State Corporations.

METHODS

This study uses a qualitative approach because the particular topic of this study still needs to be explored and similar studies in Indonesia are still rare. The method used for data collection is interview method. The interview was conducted from 21 February 2018 to 23 March 2018. The participants in this study work in various life insurance companies in Yogyakarta. For confidentiality, the life insurance companies are simply called Company A, Company B, Company C, and Company D. Table 1 below provides the companies' profile.

Table 1. Company Profiles

Company	Profiles
A	Small local life insurance company
B	Medium local life insurance company
C	State-owned life insurance company

D

Foreign life insurance company

Source: Data compiled in this study

Laksmi (2015) explained that the selection of study participants in a qualitative study must be justified. This is because it is better to be careful and conduct longer interviews with a few people and get rich information rather than to interview many people but only get limited information. The number of participants in this study amounted to ten participants and this number is sufficient since according to McCracken (1988) eight people were sufficient for qualitative interviews. Table 2 below explains participants' profile. For confidentiality reason, the participants of this study are labeled as Participant 1 to Participant 10.

Participant Number	Position	Company
1	Finance Staff	A
2	Claim Division Staff	A
3	Accounting Staff	A
4	Accounting Staff	B
5	Accounting Staff	B
6	Accounting Staff	B
7	General & Finance Staff	C
8	Supervisor	C
9	Compliance & Risk	D
10	Compliance & Risk	D

The interview questions employed in this study were adapted from Adhayan's (2012). The following are the research interview questions after the modification:

1. Does your company implement the concept of GCG?
2. Since when your company implement the concept of GCG?
3. What government regulations used by this company as guidelines in implementing the GCG concept?
4. Are there obstacles to the implementation of GCG?
5. What is the condition of your company after implementing the GCG concept?
6. What is the positive influence of GCG implementation on company performance?
7. Do shareholders play an important role in overseeing the company's performance?

According to Ghony and Almanshur (2016), interviews are a data collection technique to understand people's perceptions, feelings, and knowledge. The interview conducted in this study is semi-structured interviews. According to Bryman and Bell (2015) the purpose of semi-structured interview is to find problems more openly, where the parties invited to interview are asked for their opinions and ideas. In conducting interviews, researcher used interview guidelines to facilitate and focus on the questions to be addressed and also used a voice recorder to facilitate data processing.

In testing the trustworthiness of the interview data requires validity and reliability testing. Kvale and Brinkmann (2009) explained that one way to answer the reliability question of interview transcription is to ask two people to independently transcribe an interview and then compare the two transcripts of the same interview and then consider it. In this study, both the researcher transcribe and compare the transcript and coding of the same interview in order to accomplish the inter rater reliability. The validity of this study refers to Laksmi (2015) where validity is achieved through ensuring the quality of the interview process for material validity, interviewing a number of participants to be able to verify answers to each other and also communicate the results of this study to a wide audience.

For data analysis, thematic analysis was chosen as the data analysis method in this study. According to Jones and Forshaw (2012) thematic analysis involves coding texts, reading and reading them again, and paying attention to various seemingly repetitive words or concepts. Words or concepts then become code and after further analysis these codes are adjusted and modified, either by combining several codes together under a new theme or separating them into two different themes. Saldana (2013) explains that coding is a method that allows the organization and grouping of the similar code data into categories because they have several characteristics, which mark the beginning of a pattern and thus help identify themes that appear repeatedly in the data. This study uses the first cycle coding and; (2) second cycle coding according to Saldana's (2013) guideline. The first cycle coding used in-vivo coding and second cycle coding used focused coding in order to identify themes and sub-themes from the interview data

RESULTS AND DISCUSSION

In order to investigate the implementation of GCG concept, it will be very helpful to investigate the following themes: 1) GCG implementation; 2) year of GCG implementation; 3) GCG regulations; 4) obstacles to the implementation of GCG; 5) the condition of the company after GCG implementation; 5) the positive impact of the implementation of GCG; and; (6) shareholders' role in implementing GCG on company performance. The explanation of each theme is as follows:

GCG Implementation

All of the participants mentioned that their companies have already implemented the concept of GCG.

Year of GCG Implementation

To find out more about when the companies implement GCG, the sub-themes related to the year of implementing GCG need to be examined further. The results show that most participants did not know when the GCG was implemented in their company.

GCG Regulations

Regulations concerning GCG are used as companies' guidelines in implementing the concept of GCG. Hence, it is important to know the participants' understanding of GCG regulations. In GCG implementation in Indonesia there are several regulations that require insurance companies to implement GCG. The interview shows that only three participants were aware of the rules of the Financial Services Authority (OJK) with Number 2/POJK.05/2014, Regulation Number 39 of 2008, and Regulation Number 73 of 2016. Participant 1 explained as follows:

"All regulations issued by the government regarding GCG are used as guidelines by this company to implement the concept. I remember the latest in 2016 Rule Number 73 issued by the Financial Services Authority. The point is that the regulation is said to be GCG if the company implements it and uses structures and processes to improve the achievement of the target of operating results."

Similar to Participant 1, Participant 9 also knew the rules that were used as guidelines by the company. Participant 9 stated below:

"If the regulations we make guidelines in implementing the concept are, the rules set by the Financial Services Authority with Number 2/POJK.05/2014, which we have fulfilled all the regulations mandated in the rule, and we believe in implementing the concept of GCG consistently and firmly can provide positive values. "

Obstacles in GCG Implementation

Some life insurance companies experience problems in implementing the concept of GCG and others did not have similar problems. Companies face many obstacles due to the application of the concept of GCG that is not optimal. Participant 7 from Company C stated that their company did not experience problems in implementing the concept of GCG:

"For the constraints, it has been anticipated from the central (office), so the central provides training for every employee who works in this company. The training gave material about the concept of GCG. However, before the training is conducted for each employee a team is formed first. This team was formed aimed at providing an environment that supports them to be adaptable. Then the team was told to deliver and implement GCG. The team consists of leaders and employees. And the results of the trainings are the expectation that both leaders and employees can overcome the obstacles that occur, and are able to improve personal performance and performance of the company every year."

Meanwhile, obstacles in implementing the concept of GCG is explained by Participant 4 from the B Company as follows:

"So far, we still have the problem, there are many reports from agents who find it difficult to explain the procedure to customers who don't really understand technology, because the company is already online in accessing the database, not using the manual anymore. For employees at the beginning of implementation, they don't have enough understanding the contents of the GCG concept. But now the leaders are here helping a lot of employees to understand the concept of GCG. The leadership here

provides the training by providing materials about the concept, providing role models that can be copied by all employees here."

From the results of the above analysis it can be concluded that some companies do not have any obstacles in implementing the GCG concept because they have anticipated by doing training, providing material on the GCG concept, and preparing at the beginning of the implementation of GCG. However, one company still has obstacles at the beginning of GCG implementation due to the lack of commitment from the leadership and employees, the low level of understanding of the leaders and employees about the principles of GCG.

Conditions after implementing GCG

Company experiences differences before and after implementing GCG. Discussing the condition of the company after implementing GCG is considered important because as a benchmark for the success of a company in carrying out its business activities to maintain business growth in a sustainable manner. The following are conditions of companies investigated in this study after the implementation of GCG.

1) Company A

After the implementation of GCG the health level of employee has improved, rewards which are given to the employees are getting better, employee performance has been better both in team or individual performance, reward and punishment system are getting better, performance transparency the company is getting better, and level of customer trust has increased.

2) Company B

After implementing the concept of GCG, employees and managers are more prosperous, commission and bonus system are clearer, performance bonus for the employee has increased and performance delivery is more transparent.

3) Company C

After implementing GCG, the company is getting helped from the service department since now all service is computerized including sales and billing, level of health employee is better, company performance is more transparent, reward is better.

4) Company D

Company governance is better and regulations are clearer for the employees, leader and agent.

Positive Impacts on Company Performance

GCG implementation has many positive impacts to the life insurance companies. Participant 8 explained this as follows:

"The positive influence that is obtained is the more customers, the better the productivity, the target issued by shareholders can be achieved because the shareholders also have a target. In terms of service, our service is online throughout Indonesia, we facilitate services wherever customers are, for example customers are in Yogyakarta but they purchase the insurance in Surabaya, we still serve them. Our product sales are very good for customers. "

The abovementioned comment from Participant 8 shows that there are positive impacts due to GCG implementation. GCG gives more customer satisfaction in terms of online services, varied product sales, and better company productivity and also achieving the targets set. Another positive impact of GCG implementation also explained by Participant 6 as follows:

"If you talk about positive influences, it must be a lot because with the government issuing regulations regarding the GCG concept, it will definitely have a positive impact on companies that implement it. The most common impact is the increase in the performance of employees, which has an impact on improving the performance of this company, as well as increasing the trust of customers and prospective customers to this company because of its increasing performance. There are also many developments carried out by this company in line with the provisions of the concept of GCG, namely, Governance Structure such as (General Meeting of Holders of Share, Board of Commissioners, Directors, Sharia Supervisory Board) and Adequacy of Policies and Procedures (Code of Ethics, Investment Policy, Conflict of Interest, Anti

Bribery and Corruption). Yes, that's the positive influence that the company and we feel while implementing the concept of GCG. "

From the above analysis it can be concluded that the positive impact received by the company is the increasing quality of services provided, customers are increasingly trusting in the company, product sales are varied, company performance is getting better, and corporate governance is getting better. In terms of company performance, the dominant sub-theme emerged from the interview is performance appraisal. Company performance is the actual result produced by the company, which is then measured and compared with the expected results. Companies that are able to compete and have good performance must assess the performance of their employees. The participants answered that the performance appraisal system carried out by the leaders in their company was useful to motivate employees to achieve success by implementing a system of punishment, bonuses and rewards. Participant 4 stated as follows:

"For the performance appraisal of employees, all companies do it. With this assessment the leaders use it to make decisions about employees who have good or bad performance. So with this system, they will know how employees motivate themselves and competing to provide the best performance that has a positive impact on company performance."

Similar to Participant 4, Participant 1 explained the performance appraisal as follows:

"Performance appraisal is used to evaluate employee performance. It must be done. With this assessment, it is useful to measure success. It can also be done by the performance appraisal of employees and can be used by the leaders in helping to make decisions related to the employee itself. For example, regarding the employees who will be promoted or dismissed for any reasons."

In contrast to Participant 1 and 4, Participant 10 answered that the appraisal system provided by the company is unknown; hence the employees are only given a target from the company to be achieved. From the above results it can be concluded that the company has a performance appraisal with a different system but has the same goal to measure the performance of employees in order to achieve a success.

Shareholders' Role in GCG Implementation

In this study there are companies that do not have shareholders and some do have shareholders. However, there are some participants who are less aware of the performance of supervision carried out by shareholders. All of the participants of this study know whether or not they have shareholders in their respective companies. However, five participants answered that they did not really understand the role carried out by shareholders. Participant 6 of the company B stating that:

"This company has a shareholder and for the company must be supervised by the shareholders because company's profits will definitely benefit its shareholders, but for more details I don't really understand."

From the results of the above analysis it can be concluded that the company B has shareholders, but the employees are less aware of the details of the supervision of the company's performance carried out by the shareholders. Meanwhile, Participant 7 explained that shareholders carried out supervisory performance and they also understood how the supervisory performance system carried out by the shareholders:

"Yes, because overseeing the company's performance will benefit shareholders financially, otherwise if the shareholders do not monitor the company's performance if it experiences a loss, the shareholders will suffer losses."

From the results of the analysis above, overall it can be analyzed that there are companies that do not have shareholders because the company does not go public. The company is not in the form of a Limited Liability Company but a mutual company in which policyholders have the right to monitor the performance of the company starting from the implementation of GCG, financial statements, and company performance. Other companies have shareholders and the shareholders have a role in overseeing activities ranging from the implementation of GCG, reporting of financial statements, and company performance.

CONCLUSION

The application of GCG has an influence on the company's performance, namely a positive impact on improving employee performance, the condition of the company is getting better in terms of customer service, sales and productivity are getting better, financial reports and performance reports are increasingly transparent, customer confidence is increasing, and employee health is getting better.

LIMITATIONS

This study has various limitations as follows: 1) There are time constraints in determining study participants so that they can influence the results of data and information obtained; 2) There is a distance constraint in conducting study so that it affects the length of time of the study.

FUTURE RESEARCH

Based on the results of this study some suggestions can be made for future research. Subsequent study can examine industries other than life insurance companies in order to obtain a comparison of the application of the concept of GCG in different industries. Furthermore, subsequent study can add data sources and use different study approaches.

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KONTROL KORPORASI: APAKAH *MUTIPLE LARGE SHAREHOLDERS* (MLS) PENTING?

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Abstrak

Kepemilikan perusahaan yang terkonsentrasi dapat menimbulkan terjadi konflik keagenan tipe 2 diantara pemegang saham mayoritas dan minoritas. Konflik keagenan tipe 2 kedua terjadi karena pemegang saham mayoritas yang memiliki kontrol besar atas perusahaan sehingga melakukan ekspropriasi terhadap pemegang saham minoritas. Hal itu lebih sering terjadi di negara berkembang yang memiliki proteksi hukum yang lemah. Pemegang saham mayoritas mencoba untuk melakukan *tunnelling*. *Tunnelling* adalah transfer sumber daya perusahaan ke luar perusahaan untuk kepentingan pemegang saham mayoritas dengan cara mengorbankan kepentingan pemegang saham minoritas. Ekspropriasi yang dilakukan oleh pemegang saham minoritas dapat menurunkan nilai perusahaan. Salah satu cara yang dapat dilakukan adalah dengan menghadirkan pemegang saham besar lainnya. Dalam struktur kepemilikan perusahaan, kehadiran pemegang saham lainya disebut dengan *Multiple Large Shareholders*. Penelitian ini bertujuan untuk memberikan pandangan mengenai pencegahan *tunnelling* dengan cara menghadirkan pemegang saham besar lainnya di dalam perusahaan, dimana pemegang saham besar lainnya berfungsi sebagai pengawas pemegang saham besar utama agar dapat bertindak sebagaimana mestinya dan mengambil keputusan yang tidak merugikan pemegang saham lainnya. Dengan adanya struktur *Multiple Large Shareholders* bisa mencegah terjadinya *tunnelling*, bahkan jika perusahaan sedang dalam kondisi yang tidak baik maka para pemegang saham besar bisa bekerjasama untuk mengalihkan sumber daya yang dimiliki demi menyelamatkan perusahaan, hal ini disebut dengan *propping up*.

Kata kunci: Kepemilikan, *Multiple Large Shareholders* (MLS), Nilai Perusahaan

PENDAHULUAN

Tata kelola korporasi menjadi salah satu topik di yang menjadi perbincangan di bidang keuangan. Zingales (1998) memiliki pandangan bahwa tata kelola korporasi adalah bahwa alokasi kepemilikan, struktur modal, skema insentif manajerial, pengambilalihan, dewan direksi, tekanan dari investor institusi, persaingan pasar produk, persaingan pasar tenaga kerja, struktur organisasi, dan lain sebagainya dapat dianggap sebagai institusi yang mempengaruhi proses di mana *quasi-rents* (*surplus earnings*) didistribusikan. Maka, Zingales (1998) mendefinisikan tata kelola korporasi sebagai sekumpulan kendala yang kompleks yang dibentuk dari penawaran masa lalu diatas *quasi-rents* (*surplus earnings*) yang dihasilkan oleh sebuah perusahaan. Abdullah dan Valentine (2009) mendefinisikan tata kelola korporasi sebagai sekumpulan proses dan struktur untuk mengontrol dan mengarahkan suatu organisasi. Ching, dkk (2006) mendefinisikan tata kelola korporasi sebagai seperangkat aturan yang mengatur hubungan antara manajemen, pemegang saham dan pemangku kepentingan. Hubungan antara manajemen, pemegang saham, dan pemangku kepentingan sering kali dikaitkan dengan struktur kepemilikan yang ada di dalam perusahaan.

Penelitian tentang tata kelola korporasi terutama mengenai struktur kepemilikan perusahaan telah diawali oleh La Porta, dkk (1999), mereka menunjukkan bahwa perusahaan publik di luar Amerika Serikat dan Kerajaan Inggris memiliki kepemilikan yang terkonsentrasi pada beberapa pemegang saham mayor. La Porta, dkk (1999) juga menemukan bahwa kepemilikan terkonsentrasi tinggi di dunia. Selain itu, Barca dan Berch (2001) dalam Guiterez dan Pombo (2009) juga mengatakan bahwa hampir semua negara Eropa yang representatif ditemukan adanya level yang tinggi untuk kepemilikan langsung (*direct ownership*) di dalam perusahaan. Gutierrez dan Pombo (2009) juga menemukan bahwa di negara dengan pasar berkembang seperti Kolombia, level konsentrasi kepemilikan serta pemisahan antara kontrol dan kepemilikan menyerupai dengan yang ditemukan di Eropa dan Asia.

Dengan adanya struktur kepemilikan yang terkonsentrasi, konflik kepentingan antara pemilik atau pemegang saham dan manajemen tidak terjadi karena pemegang saham memiliki kemampuan dan insentif

yang cukup untuk mengawasi manajemen agar mengelola perusahaan dengan baik. Kepemilikan yang terkonsentrasi bisa mengatasi masalah pemantauan manajemen yang dihubungkan dengan kepemilikan yang tersebar (*dispersed ownership*). Hal ini terjadi karena ketika *cash flow right* dan *control right* sejalan, pemegang saham mayoritas memiliki insentif dan kekuasaan untuk mengawasi manajemen. Dengan *voting power* terkonsentrasi, pemegang saham pengendali (*controlling blockholder*) yang memiliki sebuah insentif untuk bisa sejalan dalam hal pemantauan aktif. Kepemilikan yang terkonsentrasi menyebabkan pemegang saham pengendali dan pemegang saham mayoritas memperoleh sebuah manfaat pengawasan. Selain itu *voting right* yang terkonsentrasi memberikan mereka kekuatan untuk mempengaruhi proses pembuatan keputusan.

Level kepemilikan yang terkonsentrasi berhubungan dengan konflik kepentingan yaitu konflik keagenan tipe 2 yang terjadi antara pemegang saham mayoritas dan pemegang saham minoritas. Tidak adanya konflik antara manajemen dan pemilik yang merupakan konflik keagenan tipe 1 karena manajer sudah sejalan dengan pemegang saham pengendali atau mayoritas dalam hal pengelolaan perusahaan. Dengan keadaan demikian, maka terdapat potensi konflik antara pemegang saham pengendali dan pemegang saham bukan pengendali yang minoritas seperti hal yang dikemukakan oleh Maher dan Anderson (2000).

Johnson, dkk (2005) dalam Perez dan Colli (2015) mengatakan bahwa konflik antara pemegang saham minoritas dan mayoritas terjadi karena pemegang saham pengendali melakukan aktivitas di dalam perusahaan untuk mendapatkan keuntungan pribadi dengan mengorbankan pemegang saham minoritas yang biasa disebut dengan *tunneling*. *Tunneling* dapat juga diartikan sebagai transfer sumber daya keluar dari perusahaan untuk kepentingan pemegang saham pengendali.

Pemegang saham pengendali atau pemegang saham besar sering kali memiliki kontrol yang kuat sehingga hal tersebut bisa dimanfaatkan oleh mereka untuk mengambil keuntungan pribadi dan mengabaikan kepentingan pemegang saham minoritas. Pengambilan manfaat atau keuntungan pribadi tersebut sangat merugikan pemegang saham minoritas. Pengambilan keuntungan pribadi diperkirakan akan meningkat di negara dengan institusi formal khususnya proteksi hukum yang lemah (Burkart, dkk, 2003 dalam Perez dan Colli, 2015).

Dalam hal kepemilikan dan kontrol,

Makna mengenai pemisahan antara kontrol dan kepemilikan berkaitan dengan *ownership right* dan *control right*. *Ownership right* sama dengan *cash flow right* karena pemegang saham mendapatkan hak aliran kas dalam bentuk dividen atas kepemilikan sahamnya. Sedangkan *control right* berarti kekuatan perusahaan dalam rapat umum pemegang saham dengan nama lain *voting right*. Perusahaan dengan kepemilikan yang terkonsentrasi sangat rentan terhadap hal ini, bahkan di negara berkembang sudah sering terjadi seperti yang disebutkan oleh Maury dan Pajuste (2005).

Seharusnya *ownership right* dan *control right* memiliki porsi yang sama, namun dalam kenyataannya sering kali pemegang saham yang memiliki porsi *control right* yang lebih besar dibandingkan *ownership right*. Hal itu terjadi karena adanya struktur piramida di dalam perusahaan, dimana pemegang saham pengendali walau mempunyai porsi kepemilikan yang kecil namun dapat mengontrol perusahaan secara luas. Struktur piramida dapat ditemukan di perusahaan keluarga seperti di negara Indonesia (oleh siapa) Struktur piramida ini, mengizinkan sebuah pemegang saham untuk mengeksekusi kontrolnya di atas sebuah perusahaan dengan kepemilikan dan persentase investasi yang rendah, maka hak kontrol dari pemegang saham pengendali melampaui hak aliran kasnya. (Claessens, dkk, 2000)

Mekanisme tata kelola korporasi untuk menurunkan pengambilan keuntungan pribadi yang dilakukan oleh pemegang saham besar khususnya pemegang saham pengendali adalah dengan hadirnya pemegang saham besar lainnya di dalam struktur kepemilikan perusahaan. Hal itu ditegaskan oleh Gutierrez dan Tribo (2004) yang mengatakan kehadiran pemegang saham besar yang lebih dari satu menurunkan pengambilan keuntungan pribadi. Lehman dan Weigand (2000) dalam Gutierrez dan Tribo (2004) menunjukkan bahwa kehadiran sebuah pemegang saham besar kedua meningkatkan kinerja perusahaan yang terdaftar di Jerman. Cheng, dkk (2013) mengatakan bahwa di dalam teori, pemegang saham besar yang bukan pengendali dapat meningkatkan nilai perusahaan karena mereka memiliki insentif yang lebih besar dan kesempatan yang lebih untuk mengawasi pemegang saham pengendali dan mencegah mereka untuk melakukan *tunneling*.

MULTIPLE LARGE SHAREHOLDERS

Menurut Maury dan Pajuste (2005), distribusi *voting right* yang lebih merata diantara pemegang saham blok memiliki pengaruh positif pada nilai perusahaan. Perusahaan keluarga yang memiliki representasi di dalam perusahaan cenderung untuk mengekstraksi manfaat jika tidak diawasi oleh pemegang saham blok

yang kuat lainnya. Disamping itu, identitas dari para pemegang saham blok tersebut juga secara signifikan mempengaruhi kinerja perusahaan (Benjamin dan Maury, 2005). Berdasarkan paparan tersebut keseimbangan porsi kepemilikan di perusahaan memberikan dampak positif bagi perusahaan khususnya nilai perusahaan.

Teori tradisional berargumen bahwa pengelolaan menjadi paling kuat dibawah pengawasan sebuah pemegang saham blok yang besar, karena ia mempunyai insentif yang besar untuk mengambil alih intervensi meningkatkan nilai, dalam hal ini disebut dengan suara. (Manso, 2005)

Penelitian terdahulu berargumen bahwa pemegang saham besar yang tidak mengontrol perusahaan dapat meningkatkan nilai perusahaan karena mereka mencegah ekspropriasi oleh pemegang saham pengendali. Pemegang saham besar yang tidak mengontrol perusahaan mempunyai potensi untuk memainkan 2 peran. Yang pertama adalah mereka memiliki insentif dan kekuatan voting untuk memaksakan tujuan dari pemegang saham pengendali (Gomes and Navaes, 2006). Di sisi lain, mereka juga bisa bergabung dengan pemegang saham lain untuk melakukan ekspropriasi kekayaan dari pemegang saham yang lebih kecil (Cai, dkk, 2015).

Leaven dan Levine (2005) menemukan bahwa pemegang saham diluar pemegang saham yang terbesar, bisa meningkatkan nilai perusahaan namun terdapat hal ini menjadi kondisional tergantung pada karakteristik dari pemegang saham besar lainnya. Distribusi dari voting right dan cashflow right diantara pemegang saham di perusahaan bisa menjadi persoalan.

Kehadiran pemegang saham besar lain di dalam struktur kepemilikan perusahaan menjadi sebuah mekanisme tata kelola korporasi. Berikut ini adalah beberapa alasan eksistensi atau kehadiran pemegang saham besar dari struktur kepemilikan *Multiple Large Shareholder* (MLS).

1. Model Berdasarkan Pengawasan

Dalam model ini, Gutierrez dan Tribo (2004) mempertimbangkan sebuah situasi dimana manajer yang berada dalam kendali pemegang saham diawasi oleh pemegang saham itu sendiri. Meskipun pengawasan meningkatkan nilai perusahaan, namun hanya pemegang saham besar yang mampu membayar biaya pemantauan dan membayar biaya penurunan likuiditas sahamnya. Hal itu juga ditegaskan oleh Gutierrez dan Pombo (2009) yang mengatakan bahwa pemilik yang besar (*large owner*) mungkin memiliki insentif untuk memantau manajemen yang disebut dengan efek insentif (*incentive effect*). Dengan demikian, tidak terjadi konflik antara pemilik dan manajemen.

Dalam situasi tersebut, memperkenalkan lebih dari satu pemegang saham besar akan memiliki dua dampak. Pertama, hal tersebut bisa meningkatkan *free-riding* dalam hal pemantauan. Berdasarkan alasan ini Winton (1993) dalam Gutierrez dan Tribo (2004) membuktikan bahwa struktur dengan *Multiple Large Shareholder* (MLS) hanya akan efisien jika biaya pemantauan (*monitoring cost*) lebih cembung. Kedua, Bolton dan Thadden (1998) dalam Gutierrez dan Tribo (2004) menunjukkan bahwa meskipun tidak ada dampak pada efisiensi pemantauan, biaya likuiditas akan meningkat. Oleh karena itu, jika biaya pemantauan tidak terlalu cembung, peneliti tidak akan berekspektasi untuk menemukan lebih dari satu pemegang saham di perusahaan.

Di sisi lain, Pagano and Roel (1998) dalam Gutierrez dan Tribo (2004) mempertimbangkan situasi alternatif dimana manajer yang berada dalam kendali adalah seorang pemegang saham besar (*large shareholder*) yang diawasi oleh pemegang saham besar lainnya. Dalam kasus ini, memiliki dua atau lebih pemegang saham besar yang memantau manajer menghasilkan *free riding monitoring* tapi *free riding* bisa meningkatkan nilai perusahaan karena hal tersebut menurunkan pemantauan yang berlebihan yang dilakukan oleh seorang pemegang saham yang sangat besar. Pada tahap akhir, pemilihan untuk menawarkan saham kepada masyarakat (*go public*) bisa dilihat sebagai hasil ekstrim yang mungkin bisa muncul di situasi dimana pemantauan yang berlebihan menimbulkan biaya mahal. Oleh karena itu, berdasarkan Pagano and Roel (1998) dalam Gutierrez dan Tribo (2004) sebuah struktur kepemilikan dengan beberapa pemegang saham besar adalah alat komitmen yang memungkinkan pemegang saham untuk berkomitmen pada intensitas pengawasan yang optimal. Jika jumlah pemegang saham besar meningkat maka pemantauan akan berkurang. Maka, untuk mempertahankan inisiatif manajerial, perusahaan dimana masalah keagenan cenderung menjadi sesuatu yang penting seharusnya memiliki lebih banyak jumlah pemegang saham. Jika jumlah pemegang saham yang optimal telah dipilih, perbedaan dalam jumlah pemegang saham belum tentu memiliki perbedaan kinerja (Pagano dan Roel, 1998 dalam Gutierrez dan Tribo, 2004).

2. Model Berdasarkan pada Pembagian Keuntungan Pribadi (*Private Benefit Sharing*)

Dalam model ini Barclay dan Holderness, (1989), Zingales (1994) dalam Gutierrez dan Tribo (2004) mempertimbangkan sebuah situasi dimana perusahaan dikontrol oleh sebuah pemegang saham besar yang memiliki *voting right* mayoritas. Dalam situasi ini, masalah keagenan menghilang karena pemegang

saham yang mengontrol perusahaan juga memegang mayoritas saham. Jika ada keuntungan pribadi dari kontrol yang mereka lakukan, pemegang saham besar mungkin mencairkan dana perusahaan untuk keuntungan pribadi, dan akan menurunkan nilai perusahaan meskipun keuntungan pribadi susah diukur. Maka, keuntungan pribadi terlihat menjadi cukup besar untuk mengkompensasi biaya pemantauan dan menurunkan likuiditas dari saham yang dihubungkan dengan pemegang saham besar. Lebih jauh, penelitian menyarankan bahwa pembayar *extra premium* oleh pengakuisisi untuk mengambil kontrol dari sebuah perusahaan dalam hampir banyak kasus hanya bisa dijustifikasi dalam hal eksistensi dari keuntungan pribadi yang potensial. Hal tersebut juga ditegaskan oleh Gutierrez dan Pombo (2009) yang mengatakan bahwa sebuah pemegang saham besar mengambil keuntungan pribadi yang merugikan pemegang saham minoritas yang disebut dengan *tunneling effect*.

Gomes dan Novaes (2001), Bennedsen dan Wolfenzon (2000), dan Zwiebel (1995) dalam Gutierrez dan Tribo (2004) menganalisis sebuah situasi dimana perusahaan dikontrol oleh sebuah grup yang terdiri dari beberapa pemegang saham yang secara bersama-sama memegang mayoritas dari *voting right* (kontrol). Gomes dan Novaes (2001) dalam Gutierrez dan Tribo (2004) menyatakan bahwa grup pengendali (*controlling group*) yang dibentuk dari semua pemegang saham besar hanya akan menerima suatu proyek jika semua anggota dari grup tersebut mendapatkan manfaat dari proyek tersebut. Kepemilikan dari grup pengendali yang meningkatkan jumlah dari pemegang saham besar memiliki dua dampak yaitu efek tawar-menawar (*bargaining effect*) dan efek ketidaksetujuan (*disagreement effect*). *Bargaining effect* menyatakan bahwa pengambilan keuntungan pribadi akan berkurang karena semua anggota dari *controlling group* setuju pada proyek yang dipilih. *Disagreement effect* menyatakan bahwa persetujuan dari proyek yang memiliki *Net Present Value* (NPV) positif juga menjadi lebih sulit karena ada kepentingan dari semua anggota *controlling group*. *Bargaining effect* mendominasi ketika terdapat sedikit *shareholder*, sedangkan *disagreement effect* mendominasi ketika jumlah dari *shareholder* meningkat.

Hal tersebut sejalan dengan pernyataan Gomes dan Novaes (2001) dalam Cheng, dkk (2013) yang menyatakan bahwa peningkatan jumlah pemegang saham memiliki dua dampak pada porsi dari kepemilikan dari pemegang saham pengendali yaitu pemerasan manfaat menjadi lebih sedikit tapi persetujuan mengenai NPV sebuah proyek semakin sulit.

3. Model Campuran (*Mixed Model*)

Bloch dan Hege (2001) dalam Gutierrez dan Tribo (2004) menyampaikan sebuah model yang mempertimbangkan pemantauan (*monitoring*) dan masalah pembagian keuntungan pribadi (*private benefit sharing*) yang muncul dari struktur kepemilikan dengan kelipatan pemegang saham besar atau *Multiple Large Shareholder* (MLS). Dalam konsep tersebut, terdapat 2 pemegang saham yang berkompetisi untuk mendapat kontrol perusahaan. Para pemegang saham yang memperebutkan kontrol berusaha untuk mendefinisikan strategi yang akan dilakukan perusahaan serta menunjukkan kemampuan untuk mengawasi manajer. Dalam memperebutkan kontrol, pemegang saham mempresentasikan dirinya di hadapan pemegang saham minoritas dan berkomitmen untuk menurunkan ekstraksi keuntungan pribadi. Pemegang saham yang memenangkan kontrol bisa memberikan strategi kepada perusahaan, namun pemegang saham yang kalah dalam memperebutkan kontrol tetap bisa mengawasi manajer. Bloch dan Hegde (2001) dalam Gutierrez dan Tribo (2004) berkesimpulan bahwa ekspropriasi terhadap pemegang saham minoritas dapat berkurang jika kontrol lebih merata khususnya jika perbedaan porsi kepemilikan dan kemampuan diantara pemegang saham besar di perusahaan lebih kecil. Tidak mencoloknya perbedaan porsi kepemilikan dapat mengindikasikan bahwa pemegang saham di dalam perusahaan mempunyai kedudukannya sama untuk berdiskusi dalam pengambilan keputusan.

MULTIPLE LARGE SHAREHOLDERS DAN NILAI PERUSAHAAN

Cheng, dkk (2013) mengatakan bahwa di dalam teori, pemegang saham besar non pengendali atau *Non Controlling Large Shareholder* (NCLS) mungkin meningkatkan nilai perusahaan karena mereka memiliki insentif yang lebih besar dan kesempatan yang lebih untuk mengawasi pemegang saham pengendali dan mencegah mereka untuk melakukan *tunneling*. Andre dan Schiell (2004) dalam Yen dan Andre (2007) mengatakan bahwa pemegang saham besar lainnya dikenali sebagai faktor pemitigasi. Pemegang saham besar lain seperti investor institusi memiliki arti pengawasan dan mempengaruhi pemegang saham pengendali. Maury dan Pajuste (2005) menunjukkan bahwa tidak hanya kehadiran tapi distribusi yang sama dari saham diantara pemegang saham blok berpengaruh positif terhadap nilai perusahaan. Selain itu, Luo (2013) menemukan bahwa kehadiran MLS berpengaruh positif terhadap nilai perusahaan. Bloch dan Hege (2001)

dalam Gutierrez dan Pombo (2009) menemukan bahwa dengan mengesampingkan derajat dari perlindungan hukum, kehadiran dari MLS bisa meningkatkan kinerja perusahaan.

Perusahaan keluarga yang memiliki struktur kepemilikan piramida rentan terjadi ekspropriasi terhadap pemegang saham minoritas. Menurut Wolfenzon (2006), bentuk piramida memungkinkan sebuah keluarga untuk mengakses semua laba ditahan perusahaan yang telah dikendalikan untuk mempersiapkan sebuah perusahaan serta untuk membagikan hasil yang tidak dapat dialihkan dengan pemegang saham dari perusahaan asli (lama).

KESIMPULAN

Kepemilikan perusahaan yang terkonsentrasi dapat menimbulkan terjadi konflik keagenan tipe 2 diantara pemegang saham mayoritas dan minoritas. Konflik keagenan tipe 2 kedua terjadi karena pemegang saham mayoritas yang memiliki control besar atas perusahaan melakukan ekspropriasi terhadap pemegang saham minoritas. Hal itu lebih sering terjadi di negara berkembang yang memiliki proteksi hukum yang lemah. Pemegang saham mayoritas mencoba untuk melakukan *tunnelling*. *Tunnelling* adalah transfer sumber daya perusahaan ke luar perusahaan untuk kepentingan pemegang saham mayoritas dengan cara mengorbankan kepentingan pemegang saham minoritas. Ekspropriasi yang dilakukan oleh pemegang saham minoritas dapat menurunkan nilai perusahaan.

Pemegang saham minoritas dipandang sebagai sesuatu yang tidak penting dan tidak diperhitungkan oleh pemegang saham mayoritas karena pemegang saham mayoritas merasa bahwa dirinya memegang kontrol lebih besar dan menggunakan kontrol atau kekuasaannya secara tidak proporsional. Salah satu cara yang dapat dilakukan adalah dengan menghadirkan pemegang saham besar lainnya. Dalam struktur kepemilikan perusahaan, kehadiran pemegang saham lainya disebut dengan *Multiple Large Shareholders*.

Beberapa model yang menjelaskan alasan eksistensi struktur kepemilikan Multiple Large Shareholder adalah model berdasarkan pengawasan, model berdasarkan pembagian keuntungan pribadi, dan model campuran. Model berdasarkan pengawasan menjelaskan pemegang saham besar lain hadir untuk mengawasi manajemen sehingga tidak terjadi konflik antara manajer dan pemilik serta pemegang saham besar mampu membayar biaya pengawasan dibandingkan dengan pemegang saham yang lebih kecil atau pemegang saham minoritas (Gutierrez dan Tribo, 2004). Menurut Gomes dan Novaes (2001) dalam Gutierrez dan Tribo (2004), model berdasarkan pembagian keuntungan pribadi adalah para pemegang saham yang besar akan membuat kesepakatan untuk menerima sebuah proyek jika proyek tersebut menguntungkan para pemegang saham. Menurut Bloch dan Hege (2001) dalam Gutierrez dan Tribo (2004), model campuran adalah model yang mempertimbangkan model pengawasan dan model pembagian keuntungan pribadi, dimana para pemegang saham besar berusaha untuk memperebutkan kontrol atau voting right dihadapan para pemegang saham minoritas dengan cara menyampaikan strategi yang akan dilakukan dan akan membuat keputusan yang tidak merugikan pemegang saham minoritas.

Dengan adanya struktur *Multiple Large Shareholders* bisa mencegah terjadinya *tunnelling*, bahkan jika perusahaan sedang dalam kondisi yang tidak baik maka para pemegang saham besar bisa bekerjasama untuk mengalihkan sumber daya yang dimiliki demi menyelamatkan perusahaan, hal ini disebut dengan *propping up*. Lebih lanjut, tidak adanya ekspropriasi serta *propping up* yang dilakukan oleh pemegang saham besar dapat meningkatkan nilai perusahaan.

KETERBATASAN PENELITIAN

Dalam menulis penelitian ini, terdapat banyak keterbatasan. Hal ini disebabkan karena keterbatasan waktu serta kurangnya perspektif mengenai kajian Multiple Large Shareholders dari berbagai negara berkembang. Identifikasi dari setiap pemegang saham juga perlu dilakukan karena perbedaan identitas pemegang saham dapat berpengaruh berbeda pula terhadap nilai perusahaan seperti penelitian yang dilakukan oleh Alipour dan Setiap negara berkembang memiliki praktek tata kelola korporasi dan bisnis tersendiri sehingga dimungkinkan terdapat hasil penelitian yang berbeda dengan penelitian-penelitian terdahulu di bidang tata kelola korporasi terutama mengenai struktur Multiple Large Shareholders. Penelitian selanjutnya diharapkan bisa memasukkan data yang ada di dalam bisnis perusahaan sehingga dapat hasil penelitian menjadi lebih komprehensif.

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LABOUR UNIONIZED INDUSTRIES AND EMPLOYEE-BASED CSR

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Abstract

Corporate social responsibility (CSR) brings an important dimension to the global economy. CSR can enhance human rights, labour rights, and labour standards in the workplace by joining consumer power and socially responsible business leadership. CSR is presently defined by the World Business Council of Sustainable Development as persistent commitment by businesses to behave ethically and contribute to economic development while also increasing the quality of life of employees, their families, and the community. In the light of Stakeholders Theory, this study therefore sought to investigate the relationship between unionized companies and the practice of CSR towards employees. Banking companies were selected as high unionized companies owing to its high union membership as reported by MTUC. A total of 100 annual reports for the financial year ended 2017 and 2018 gathered from 50 companies were content analyzed. Control variables such as size, profit and leverage were also associated in the relationship. This study found that high unionized companies in this case the banking and financial institutions companies demonstrate significant positive relationship with the practice of CSR towards employees.

Keywords: corporate social responsibilities, employees, unionized industry, stakeholders theory.

1.0 INTRODUCTION

Corporate Social Responsibility (CSR) has progressively gain prestige over the years (Rexhepi, et al., 2013) and lately it has become a dominant factor to be considered by both businesses and academics (Lee, et al., 2013). CSR is widely known as globalization demands it. This can be proven by the increasing numbers of CSR report being issued under Global Reporting Initiative (GRI) (Global Reporting Initiative, n.d.). GRI is known as an international nonprofit organization that encourages organizations to involve in sustainability reporting in order to be sustainable and contribute to sustainable development. It has been recorded that from 2010 to 2013, 2679 CSR reports were issued under GRI compared to 1072 CSR reports issued from 2006 to 2009.

CSR were defined differently according to different perspectives of researchers (Sweeney & Coughlan, 2008). According to Bowen (1953), as cited in Albdour and Altarawneh (2012), Lee, et al. (2013), and Lee, et al. (2012) CSR refers to the obligation of a company to make decisions, comply with policies or perform actions that conform to the objectives and values of the society. CSR can also defined as persistent commitment by businesses to behave ethically and contribute to economic development while also increasing the quality of life of employees and their families, as well as the local community and society that they live in (Branco & Rodrigues, 2007; World Business Council for Sustainable Development [WBCSD], n.d.).

Many western countries has been practicing CSR and now followed by developing countries including Malaysia. CSR is not an obligation to companies. However, it is a voluntary common practice in corporations to practice CSR (Mohd Suhaimi, 2014). The potential role of corporations through their CSR activities in sustainable development is significant not only for external surrounding stakeholders but it is also good for workers and their representative like trade unions because sustainable development is widely considered to include recognition of the need and relevance of labour (Villiers, 2011).

The sustainability of a company greatly depends on the acceptance or approval of its employees. Disapproval may result in employee demoralization, picketing, less productivity, brain drain and so on. Those impacts of disapproval would likely be greater when employees associate with their union (Rahman, et al., 2016). Mohd Suhaimi (2014) stated, it has been found that Malaysia is one of the nation that falls behind when regards to trade unions compare to developed countries. Therefore, Malaysia companies is argued to be lack of CSR

activities towards their employees in the absence of labour unions. However, in certain industries the strength of labour unions is prevalent which in turn will likely affect the CSR activities towards employees. To develop sound relationships with employees, organizations are using corporation social responsibility (CSR) as a strategic tool. Corporate social responsibility is being utilized by leading organization to establish good association not only with external stakeholders but also internal stakeholders as well for example employees (Ali, et al., 2010).

In the era of new knowledge economy, the role that employees play in service industry is more valuable than before (Chen, et al, 2010). However, AlBattat and Som (2013) stated that the critical issue in Malaysian service industry is job dissatisfaction among employees which is mainly caused by low salaries and uncomfortable working environment. According to Turker (2009), both of the factors are internal CSR because they are directly related to the psychological and physical working environment of employees. Malaysian service industry also experiences a talent crisis and high employee turnover rates due to deficiencies and shortage of workforce (Ho, et al., 2010). Another study stated that Malaysian service industry has faced difficulties in retaining top talent in the companies (Downe, et al., 2012).

Nonetheless, empirical findings regarding the impact of labour union presence that might influence the practice of CSR towards employees is still unknown in Malaysia. In prior studies, the focus on CSR activities examination have been focus predominantly on social and customers as well as on employee directly. None of the CSR studies have contextualized the external strength of employees in form of labour unions. Thus, based on Stakeholder theory, this study is aiming to obtain preliminary insight on the extent to which the presence of labour unions can be related to the practice of CSR towards employees.

This study addresses this gap by analyzing the influence of labour unionized industries on CSR towards employees. The following research questions are central to this study:

1. What are the activities of CSR towards employees in high unionized and poor unionized industries in Malaysia?
2. Does high unionized industry influence the activity of CSR toward employees?

The next sections discusses the literature review, theoretical background, development of hypotheses, research framework, research methods, results and discussions and finally study concludes with important findings and practical implications for researchers and decisions makers.

2.0 CORPORATE SOCIAL RESPONSIBILITY (CSR) TOWARDS EMPLOYEES

Concept of corporate social responsibility (CSR) according to Ullmann (1985) is how a company responds to social demands of stakeholders (Boaventura et al., 2012). Recent studies have found that CSR by companies has the influence to increase the motivation of employees, the compliance of company code of ethics by employees, employees' commitment and employees' satisfaction (Valentine, et al., 2008; Azim, et al., 2014; Mory, et al., 2015; Skudine & Auruskeviciene, 2012). CSR is an effort undertaken by the company to improve social well-being and to build positive and good relationships with stakeholders (Chiang, 2010). In the past, CSR practices have been complementary in the business world, as an efficient new tool to cope with the ever-tight competition in the business world (Tuzchu, 2014). CSR practices are not only used to increase the value of companies in order to face the competition in the market but also a way to get support from stakeholders (Tuzchu, 2014). According to Freeman (1984), stakeholders include shareholders, suppliers, customers, governments, local communities and most importantly are company employees (Tamm, et al., 2010). Therefore, it is important for companies to implement CSR toward employees (Tamm, et al., 2010; Cavazote & Chang, 2016; Hernandez, et al., 2016).

Previous studies have used some items in studying CSR toward employees which included providing training and development for employees, health and safety of employees, fair treatment, appropriate rewards, comfortable and safe workplace and others (Cavazote & Chang, 2016; Mohammad, et al., 2014; Hernandez, et al., 2016). Previous study on CSR towards employees by Cavazote and Chang (2016) used only four items, meanwhile a study by Mohammad, et al. (2014) used only three items. This makes the understanding of CSR towards employees is limited. To increase this understanding, this study will add more items into four CSR towards employees categories that to be studied in this study, namely problems in education and training for employees, health and safety, wages and benefits of well-being as well as gender, race and religion equality.

3.0 LABOUR UNION

A trade union is an organization which consists wholly or mainly of workers and whose principal purpose is to regulate the relationship between workers and employers or employer's associations. It is defined as an organization consisting predominantly of employees with the objective to negotiate the pay and conditions of employment for its members (Australian Bureau of Statistics, 2008). There are two primary means by which unions achieve their goals. First, and most importantly, unions act on behalf of employees in collective bargaining with employers. Under collective bargaining, representatives of the union and employer meet to negotiate a labour contract including wages, working hours, and health benefits. These contracts apply to all employees represented by the union.

Furthermore, a labour union is an entity that is shaped by workers and runs as a democratic state in order to represent the workers in any firm or government organization. Its objective is to safeguard the interest of employees and promote mutual relationships between the organization and its employees (Naphathorn & Chanprateep, 2011; Wilawan, 2007). Labour union have increasingly become a significant player in the labour market and political field in most developed countries. This is due to the fact that labour unions possess significant power over negotiations establishing fair terms of employment contract and ensuring a healthy working environment (Cristiani & Peiró 2015). Trade unions can make a group approach to influence employers to demand fair wages and welfare for workers, to ensure healthy employment, good communication with employees and to create fair employment contracts (Rahman, et al., 2017). In addition, trade unions play a role in promoting, protecting and defending the interests and well-being of the workers and their families and establishing relationships with the management in a harmonious, dynamic and fair manner (The Republic of Indonesia Law on Labour Union, 2000). Trade unions can also help in improving the health and safety of workers, good jobs and social dialogue with the government or with the company's management (Ramasamy, 2008).

Some previous studies have collected and collated reasons to explain the increasing popularity of participation in labour unions. Naphathorn and Chanprateep (2011) demonstrated that what drove employees towards membership of labour unions were that the latter were seen to be enforcing safeguards against dismissal, negotiating improved compensation and offering legal representation. In another words, employees joined labour unions to improve their career prospects (Zientara & Kuczynski, 2009). For example, in the United States, employees joined labour unions to ensure brighter prospects in career, work environments and job satisfaction (Friedman, et al., 2006). Furthermore, a survey conducted in Malaysia by Kumar, et al. (2013), found that employees who joined trade unions in Malaysia received better pay and enjoyed better working conditions. Their voices were also heard and they received free legal advice, training and education.

As for Malaysia, employees, employers and labour unions are interdependent on each other and become key components in the modern socio-economic arrangement of the nation. The formation of labour unions in Malaysia commenced in the 1950s. This was the period when the British government was advancing labour union development. At that time, significant national rules and guidelines that govern labour unions and organizations were orchestrated. This also led to the incorporation of the Malaysian Trades Union Congress (MTUC) in 1958 (Sin Ru O., et al., 2014). MTUC is well recognized as a national trade union centre by the Malaysian government. It consists of two main parties, the In-House Union and the National Union. In 2018, the In-House Union consisted of 613 unions, while the National Union had 138 unions. Table 1 shows the number of Malaysian trade unions in 2018 by sector, each with its number of members. In total, the private sector has the highest number of unions, followed by the government or public sector and then statutory body. However, the government or public sector has the highest number of members, followed by the private sector and then statutory bod

TABLE 1: Malaysian unions by sector

Source: Malaysian Trade Union Affairs Department (JHEKS)

The statistic above demonstrate that Malaysia has a significant number of unions and union members. The numbers have surged over time. Almost one million employees are now members of 706 labour unions in this country. It indicates the increasing trend in the awareness of employees to protect their rights under the umbrella of unions. It also indicates the collective strength of Malaysian employees to counter employers over various welfare and equity issues, challenges and opportunities of employment (Rahman, et al., 2017).

4.0 THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

There are a number of theories to illustrate the practice of CSR towards employees. However, this study believes that the stakeholder theory is the most relevant theoretical reference to predict the effect of unionization on CSR towards employees practices. Stakeholder Theory first used by Ansoff in 1965 stating that a company had the ultimate goal of achieving the ability to offset the demands of various stakeholders against the company (Roberts, 1992). It also been claimed that a company is not perceived accountable only for accumulating capital for its shareholders, but also accountable to broader stakeholders like its employees. Gray, et al. (1995) explains that there is a direct relationship between organizational sustainability and the people surrounding the organizations. By practicing CSRs toward employees, a company is likely to meet stakeholder needs and more likely to improve its reputation for credibility and good stakeholder relations.

Previous study also have shown the relationship between the trade unions and the CSR activities toward employees. A democratic union can negotiate with the company to create CSR implementation towards employees (Preuss, et al., 2006). One of the role of trade union is to support the improvement of training and education to employees by the company management (Preuss, et al., 2006). Besides, health and safety issues are the problems faced by workers. This issue due to the company's lack of attention to the health and social security problems of employees (Cavazote & Chang, 2016) such as lack of company expenses on employee health care, counseling and training programs and lack of risk prevention and control for employees. This problem is an issue for trade unions and the company, trade unions call on companies to get a guarantee on employees' safety and security at work and also a work life balance (Boodoo, 2016). Boodoo (2016) found that the number of union memberships has a positive influence on CSR on employees such as health and safety and work life balance for employees. Not only that, the high level of unity membership can increase the power of trade unions in negotiating with the company so that companies can raise their wages, workers can work better and employees can work with more competitive wages or outcomes (Checchi & Corneo, 1998). Therefore, Checchi & Corneo (1998) found that the number of trade union members had a positive impact on the employees' salaries.

Therefore, based on the findings of the previous study and based on the stakeholder theory, a framework of the study was formed to examine the influence of trade unions on CSR practices towards employees. Figure 1 shows the framework

Sector	No. of Union	No. of Membership
Government or public	167	471,164
Private	497	389,885
Statutory body	87	69,685
TOTAL	751	930,734

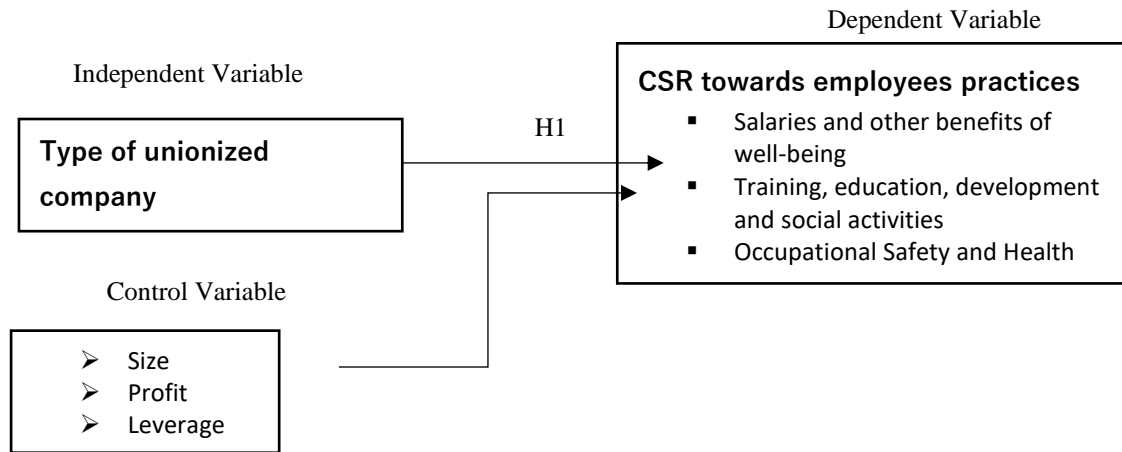


FIGURE 1: Research framework

According to AKAVA (2001), trade unions have the role and ability to support and focus on internal CSRs (towards employees) covering several aspects: the welfare of employees, the ability to negotiate with the company about workplace safety, discrimination at workplace, pensions for employees, promoting training and education for employees and promoting equality and diversity of employees (Preuss, et al., 2006). Previous studies found that the number of trade unions could have an influence to enhance CSR implementation toward employees by the company (Checchi & Corneo, 1998; Boodoo, 2016). Therefore, this study proposes a hypothesis:

H1: Highly unionized companies have a positive relationship with CSR towards employees practices.

5.0 METHODOLOGY

This study conducted as a quantitative research. This study will use annual reports as source of data to examine corporate social responsibilities (CSR) practices. The main reason annual reports are chosen to be the source of data for this study as they are the most broadly dispersed and frequently produced documents to various group of stakeholders (Campbell, 2000). Content analysis was applied in this study to measure CSR towards employees practices. Content analysis of annual reports has been widely used in the corporate social, ethical and environmental reporting fields of accounting research (Rahman, et al., 2017).

Prior to the initiation of content analysis, the categories of CSR towards employees need to be constructed. Literature demonstrate that different studies developed different information categories of CSR towards employees. The first category which is salaries and other benefits of well-being contain 12 items of CSR towards employees practices (Chaisena et al., 2010; Rekker et al., 2014; Mohammad et al., 2014; Cavazote & Chang, 2016; Balabanis, et al., 1998; Cheruiyot & Maru, 2013). Other previous studies by Cavazote & Chang (2016); Aras, et al. (2012); Nejati & Ghasemi (2012); GRI (2005) and GRI (2007) focused more on training, education, development and social activities which consists of 13 items of CSR towards employees activities. The last category which is occupational safety and health which consist of 12 items were also suggested by many further studies such as Cavazote & Chang (2016); Aras, et al. (2012); Weldon, et al. (2013) and GRI (2007). By using the CSR towards employees index, this study used the frequency technique to count information.

Furthermore, in order to measure unionized industries this study has adapted a method from the study by Rahman, et al. (2017) and Zunker (2011). Those researchers measured unionized industries based on industry

union membership percentages over total national union membership. Any industry that has membership percentages in MTUC above average is considered as highly unionized industries. In Rahman And Rebwar (2017), Banking and financial institution was categorised as highly unionized industry whereas estate and real properties was categorised as poor unionized industry.

Table 2: List of sample data analysed

Industry	No. of companies	No. of annual reports
Banking and financial (high unionized)	25	50
Estate and real properties (poor unionized)	25	50
TOTAL	50	100

Based on table above, the banking and financial industry were selected as high unionized industry on the grounds that this industry is services based and depends more on human capability, and thus most likely to practice CSRs toward employees. The MTUC record shows that the number of union membership from this industry is more than 45,000 members. It is likely an indicator to the strength of the labour union within the industry. Oppositely, the real property industry was chosen to represent poor unionized industry because this industry only has 200 memberships registered in MTUC.

The data collected will later then be analysed as descriptive analysis and also statistical analysis where a multiple linear regression will be used to test the relationship between independent variable (unionized industry), control variables (size, profit and leverage) and dependent variables (CSR towards employees activities). The assumptions underlying the regression model were tested for normal distribution, linearity between independent and dependent variables, multi-collinearity and uncorrelated error terms. The regression model based on CSR towards employees is depicted as follows:

$$CSR = \beta_0 + \beta_1UI + \beta_2SIZE + \beta_3PROFIT + \beta_4LEVERAGE + \epsilon_i$$

Where:

CSR = Corporate social responsibilities toward employees

UI = Unionized industry

SIZE= Total assets

PROFIT = Return on equity (ROE)

LEVERAGE = Total debt to total assets

β_0, \dots, β_4 = Coefficients to be estimated

ϵ_i = Error terms

6.0 RESULTS AND DISCUSSIONS

Figure 2 shows descriptive results of total CSR frequency in unionized industries on financial year 2017 and 2018. The results clearly shows that both high and poor unionized industries have an increase trend on the frequency of CSR towards employees across the year. High unionized industry recorded total 629 frequencies in 2017 and increase to 657 frequencies of CSR towards employees in 2018. Same goes to the poor unionized industry where in 2017 recorded 483 and increase to 512 in 2018. Overall, a total of 1086 items related to CSR towards employees have been practiced by 25 companies in high unionized industry compare to the total of 795 items related to CSR towards employees that have been practiced by 25 companies in poor unionized industry.

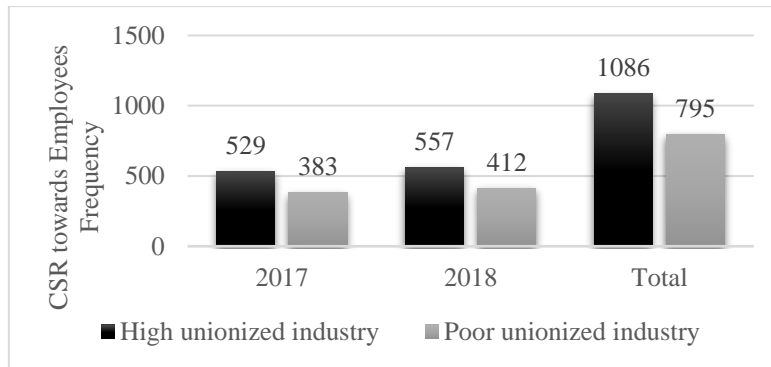


Figure 2: CSR Frequency in Unionized Industries on Financial Years

The descriptive analysis in figure 3 shows the distribution of companies' CSR towards employees activities based on three categories. Those three categories are salaries and other benefits of well-being; training, education, development and social activities and occupational safety and health. There is a significant difference between the high unionized industry and poor unionized industry in the amounts of CSR activities that represent each categories. Example, for salaries and other benefits of well-being, the frequencies of CSR towards employees are higher in the high unionized industry (323 items) compared in poor unionized industry (194 items). This difference also recorded for training, education, development and social activities category also for occupational safety and health category.

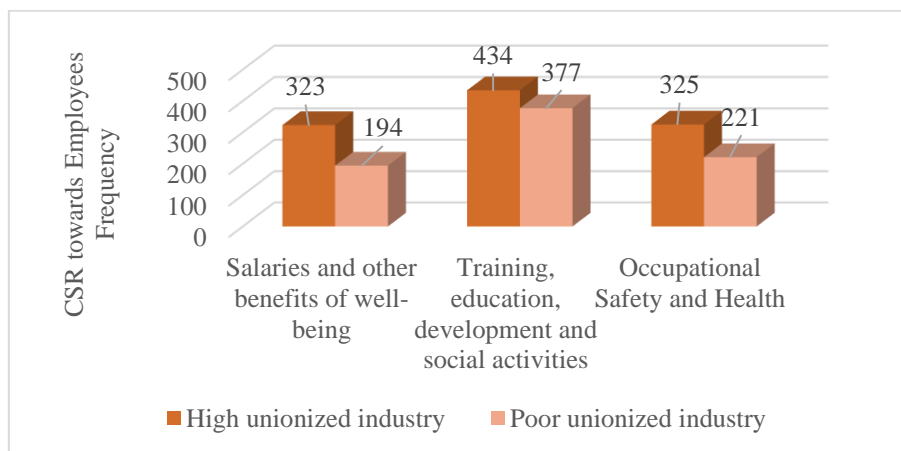


Figure 3: Comparison CSR Frequency in Unionized Industries

HYPOTHESIS TESTING

H1: Highly unionized companies have a positive relationship with CSR toward employees practices.

The result of the regression analysis as illustrated in Table 3 supports the hypothesis that states that there is significant relationship between high unionization and CSR toward employees frequency. The standardized regression weight shows that high unionization industry is a significant predictor of CSR towards employees frequency ($\beta = .475$, $t = 6.270$, $p < .05$), thus the proposed hypothesis is accepted.

Moreover, the regression analysis indicated that company size is also a significant predictor of CSR towards employees practices. The result, as presented in Table 3, indicated that there is a significant relationship

between company size and CSR towards employees frequency ($\beta = .357$, $t = 4.629$, $p < .05$), therefore, the literature reviews that assert that company size significantly contributes to CSR towards employees practices are also consistent with this study (Mohammad, et al., 2014; Horvat, 2015). However, company profit is not a significant predictor of CSR towards employees practices. The regression result, as presented in Table 3, indicated that there was no significant relationship between company profit and CSR towards employees frequency ($\beta = .112$, $t = 1.577$, $p > .05$)

Table 3: Multiple Linear Regression on CSR towards employees

Model		Unstandardized		Standardized	t	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	6.758	2.766		2.443	.016
	Company Profit	.064	.041	.112	1.577	.118
	Unionized industry	4.110	.656	.475	6.270	.000*
	Company Size	1.417	.306	.357	4.629	.000*

a. Dependent Variable: CSR

Note: $R^2 = .579$, adjusted $R^2 = .566$

Note: *significant at $p < 0.05$

In line with the hypothesis, the result found a positive and significant relationship between high unionization and the CSR toward employees practices. A positive relationship means that more CSR towards employees activities are being practices by the banking and financial institution companies. Partly interpreted to say that banking and financial institution companies are considered high unionized industries and thus the strong force of labour unions may influence the companies to practice more activities of CSRs toward employees (Rahman, et al., 2017). Operating within the highly unionized environment, the banking and financial institutions in Malaysia may be more responsive and sensitive to their respective labour unions and thus are more likely to practice more CSR towards employees activities (Achua, 2008; Harikkala, 2010). (Guthrie, et al., 2006). eg: Malayan Banking Bhd, Public Bank Bhd and CIMB Group Bhd number among the great activities of CSRs toward employees.

The findings also support that aspect of the stakeholder theory that cites that higher trade union membership gives the influence to trade unions to put more pressure on companies to promote CSR towards employees by ensuring that the implementation of CSR practices by the company is not just a voluntary initiative (TUAC, 2005) but rather is an initiatives to fulfill claims to one of the stakeholders, which is towards the employees (Boodoo, 2016). This shows that trade unions have a strong influence on the implementation of CSR towards employees. Furthermore, it could be argued that practices of CSR towards employees is more important in service industries like banking because employees are considered as core assets in consulting and serving customers on financed-related matters. Accordingly, by practicing more CSR towards employees activities to be part of a strategy to attract potential employees or to signal that existing employees are being knowledge as assets in the companies; as well as unveiling their highly capable staff before investors in those companies (Abeysekera, 2008).

7.0 CONCLUSION

This study aims to identify the relationship between unionized industry and CSR towards employees based on stakeholder theory. Content analysis method was conducted over the annual reports of companies to capture CSR towards employees practices and determined that the frequency of CSR towards employees activities in annual reports is significantly related with level of companies unionization. That is, highly unionized companies, such as banking and financial companies, practice more CSR towards employees activities compared to the poor unionized companies which is real properties companies. Lastly, it can be concluded that companies appear to be neglect of CSR towards employees when the presence of labour union is weak like in properties industries although the industry record high number of employees. Therefore, the strength of employee in enforcing CSR is functioned by labour union but not by number of employees.

The power of employee can be strengthen by collective form as suggested by Stakeholder Theory. Campbell (2007) also suggests that firms are more likely to act in a socially responsible manner when engaged in institutionalized dialogue with labor unions, employees, community groups, investors and other stakeholders. The limitation of this study is that the medium used to identify the CSR towards employees practices are only from companies' annual reports. Whereby, CSR information also can be available in companies' website (Arzenšek, et al., 2018). In order to expand this area in wider perspectives in the future other researchers might focus on other countries with different legal frameworks, cultures and politics in respect of labour unions would give interesting results. Also, suggested that conduct of in-depth interviews and surveys among managers to understand the real motivation behind the practice of CSR towards employees could also uncover more truth.

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PERAN IKLAN MEDIA SOSIAL DAN KESADARAN MEREK PADA NIAT BELI KONSUMEN

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Abstract

In the globalization era the role of digital marketing and branding is very crucial, one of which is using social media. Branding is also one of the important competitiveness factors in the competitive era. Social media development in Indonesia is very rapid and is one of the developing country that has the most social networks in the world. The purpose of this study was to determine the influence of social media advertising and brand awareness on consumers' purchase intention and the role of brand awareness. Data processing is done by using Multiple Regression Analysis. The results of research that show social media advertising and brand awareness are successful when consumers buy intention, while the mediating role of brand awareness is not proven.

Keywords: social media advertising, brand awareness, consumer purchase intention

1. PENDAHULUAN

Indonesia merupakan salah satu negara yang paling banyak menghabiskan waktu *online* di internet dan juga beberapa negara di wilayah Asia Tenggara yang lain (<http://suryamalang.tribunnews.com/2019/02/05/daftar-negara-paling-sering-akses-internet-di-asia-tenggara-indonesia-nomor-4>). Berdasarkan hasil survey Asosiasi Pengguna Jasa Internet Indonesia (APJII) tiga tahun terakhir, tahun 2018 menunjukkan pertumbuhan pengguna internet yang terus meningkat yaitu tercatat 171,17 juta dibandingkan tahun 2017 tercatat 143,26 juta orang dan tahun 2016 ada 132,7 juta orang. Hasil survey penetrasi pengguna internet Indonesia 2018, dari total populasi penduduk Indonesia 264,16 juta orang yang menggunakan internet adalah 171,17 juta atau sekitar 64,8%. Meningkat 10,12% dibandingkan tahun 2017 yaitu 143,26 juta orang atau sekitar 54,68%, hasil survey APJII tersebut dapat dilihat pada Gambar 1 (<https://www.apjii.or.id/>).



Sumber: (<https://www.apjii.or.id/>)

Gambar 1
Penetrasi Pengguna Internet di Indonesia

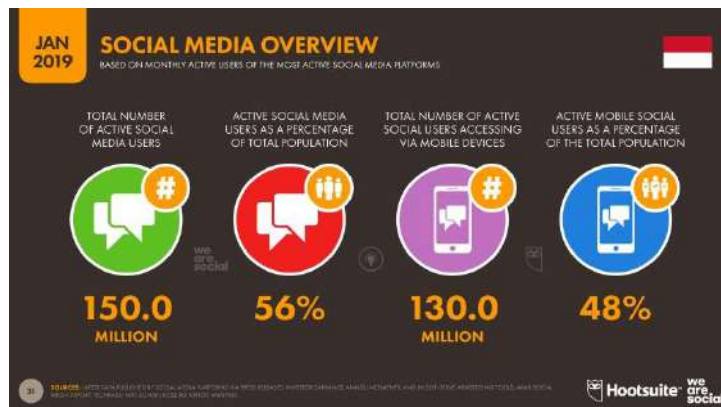
Berdasarkan hasil survei, salah satu alasan menggunakan internet di Indonesia adalah media sosial yaitu 19,1%, hasil survei tersebut dapat dilihat pada Gambar 2.



Sumber: (<https://www.apjii.or.id/>)

Gambar 2
Alasan Penggunaan Internet

Perkembangan penggunaan media sosial ditunjukkan dalam infografis pada Gambar 3, total pengguna mencapai 150 juta pengguna, hal ini artinya bahwa mayoritas penggunaan internet adalah melalui media sosial. Jumlah pengguna media sosial mencapai 56% dari total jumlah penduduk Indonesia.



Sumber: (<https://websindo.com/indonesia-digital-2019-media-sosial/>)

Gambar 3
Penggunaan Media Sosial

Penggunaan internet dan media sosial yang mengalami peningkatan tersebut menjadikan peluang bagi para pemasar untuk menggunakan media sosial sebagai alat untuk pemasaran khususnya melalui iklan. Pemasaran melalui internet khususnya dengan *social media* (jejaring sosial) dapat menjangkau pasar yang lebih luas dengan biaya yang rendah. Konsumen juga akan lebih mudah untuk mencari informasi mengenai produk atau jasa yang ingin dibeli karena tidak perlu tatap muka secara langsung. Konsumen menginginkan kenyamanan dan kemudahan dalam mendapatkan produk atau jasa.

Peningkatan penggunaan teknologi informasi memberikan berbagai alternatif promosi, diantaranya melalui media sosial seperti *Facebook*, *Instagram*, *Twitter*, *LinkedIn* dan *Youtube*. Promosi salah satunya melalui iklan dapat memberikan manfaat mengenai kesadaran konsumen terhadap sebuah merek atau *brand awareness* (Ebeid, 2014). Semakin sering iklan yang muncul di media sosial akan mendukung meningkatnya kesadaran tentang merek dari sebuah produk (Schivinski dan Dabrowski, 2015).

Kesadaran merek merupakan indikasi kekuatan sebuah merek dalam ingatan atau benak konsumen, artinya bahwa sebuah produk sudah dikenal dalam ingatan konsumen atau belum dan pada tingkat kesadaran merek tertentu (Aaker, 1991). Kesadaran merek dapat memengaruhi niat beli konsumen pada suatu produk, artinya bahwa semakin tinggi tingkat kesadaran merek maka niat beli konsumen akan semakin meningkat (Dharamdandas dan Sharma, 2017). Iklan merupakan bagian dari bauran promosi sedangkan promosi adalah bagian dari bauran pemasaran. Promosi tidak hanya berpengaruh pada kesadaran merek tetapi juga dapat

mempengaruhi niat beli konsumen (Akhter *et al.*, 2014). Ketika sebuah produk mempunyai *brand awareness* yang kuat di benak konsumen maka dapat mempengaruhi minat beli konsumen (Keller, 2008).

Terdapat gab hasil penelitian yang menyatakan bahwa iklan media sosial tidak memengaruhi niat beli, salah satunya adalah penelitian yang dilakukan Swisstiani (2014) yang menyatakan bahwa efektifitas iklan internet tidak memiliki pengaruh yang signifikan pada niat beli. Susilo dan Hatane (2015) juga menyatakan bahwa kesadaran merek tidak mempunyai pengaruh yang signifikan pada niat beli.

Penggunaan internet yang mengalami peningkatan sangat pesat di Indonesia khususnya media sosial dan juga adanya gab hasil penelitian sebelumnya, memberikan dorongan untuk melakukan kajian lebih dalam mengenai pengaruh iklan media sosial dan juga kesadaran merek pada niat beli konsumen. Dari rumusan masalah tersebut, maka pertanyaan penelitian ini adalah:

- 1) Apakah iklan media sosial memengaruhi kesadaran merek
- 2) Apakah kesadaran merek memengaruhi niat beli konsumen
- 3) Apakah iklan media sosial memengaruhi niat beli konsumen
- 4) Apakah kesadaran merek memediasi pengaruh iklan media sosial pada niat beli konsumen

2. LANDASAN TEORI

2.1 Iklan Media Sosial (*Social Media Advertising*)

Media sosial adalah suatu grup aplikasi berbasis internet yang menggunakan ideologi dan teknologi Web 2.0, dimana pengguna dapat membuat atau bertukar informasi pada aplikasi tersebut (Kaplan dan Haenlin, 2010). Karakteristik media sosial mengidentifikasi lima karakteristik utama dari media sosial yaitu: 1) *Participation*, suatu tindakan yang berorientasikan pada keterlibatan pengguna dalam menggunakan media sosial, dapat berupa frekuensi kunjungan dan lama penggunaan; 2) *Openness*, kondisi saat media sosial tidak memiliki hambatan untuk mengakses informasi, membagikan konten dan membuat testimoni di website tertentu; 3) *Conversation*, percakapan yang terjadi di dalam media sosial dapat menyebar secara cepat seperti layaknya virus sehingga informasi yang diberikan dapat menyebar secara cepat dan luas; 4) *Community*, media sosial menawarkan sebuah mekanisme bagi individu atau organisasi untuk membentuk komunitas yang memiliki kesamaan minat; 5) *Connectedness*, informasi dalam media sosial berkarakteristik viral, kondisi ini memberikan kemudahan bagi penggunaannya untuk terhubung sosial media marketing (Chan-Olmsted *et al.*, 2013).

Gil *et al.* (2007) menjelaskan iklan adalah alat komunikasi perusahaan untuk menyampaikan informasi sebuah produk atau merek kepada konsumen. Media promosi yang banyak dipilih para pemilik barang dan jasa dalam memasarkan produknya adalah periklanan. Iklan media sosial adalah cara untuk mendapatkan perhatian pengguna media sosial melalui situs. Iklan media sosial merupakan bentuk iklan internet, konsumen dapat mempunyai persepsi dan pengalaman yang berbeda dalam berinteraksi dengan iklan media sosial. Hal ini juga karena sifat iklan media sosial menjadikan konsumen mempunyai keterlibatan, misalnya, menyukai, berbagi, berkomentar, dan juga memposting (Laroche *et al.*, 2013; Tuten dan Solomon, 2017). Menurut Swastha dan Handoko (2012) terdapat fase pencarian informasi konsumen dalam proses pembelian konsumen. Pemasar dapat menginformasikan dan konsumen dapat mencari informasi melalui media sosial. Banyak perusahaan yang memanfaatkan media sosial dalam kegiatan bisnis untuk memasarkan produk dan menjalin hubungan dengan pelanggan.

Kotler dan Keller (2014) menjelaskan iklan melalui media sosial merupakan sisi pemasaran dari *ecommerce*, yang terdiri dari kerja perusahaan untuk mengkomunikasikan sesuatu, mempromosikan, menjual barang dan jasa melalui internet. Kotler dan Keller (2014) juga mengidentifikasi bahwa layanan *online* menjadi populer karena dapat memberikan manfaat bagi pembeli yaitu: 1) Pelanggan mendapatkan kemudahan memesan produk 24 jam; 2) Pelanggan dapat memperoleh informasi tentang perusahaan, produk, dan pesaing tanpa meninggalkan kantor atau rumah mereka; 3) Pelanggan tidak perlu menghadapi atau melayani bujukan dan faktor-faktor emosional; 4) Pesan yang disampaikan tidak hanya untuk satu orang saja namun bisa ke banyak orang; 5) Pesan yang disampaikan bebas, tanpa harus melalui suatu *Gatekeeper*; 6) Pesan yang disampaikan cenderung lebih cepat dibanding media lainnya; 7) Penerima pesan yang menentukan waktu interaksi.

2.2 Kesadaran Merek (*Brand Awareness*)

Aaker (1996) menyatakan bahwa kesadaran merek adalah kemampuan dari konsumen potensial untuk mengenali atau mengingat bahwa suatu merek termasuk dalam kategori produk tertentu. Kesadaran merek memiliki beberapa tingkatan, yaitu (Aaker, 1996):

- 1) *Top of Mind* (puncak pikiran), pada tingkatan ini merek yang pertama kali muncul dan diingat dalam benak atau pikiran konsumen saat ditanya tentang nama merek produk

- 2) *Brand Recall* (pengingatan kembali merek), pada tingkatan ini merek yang diingat konsumen tanpa harus dilakukan pengingatan kembali atau merek-merek yang disebut setelah top of mind.
- 3) *Brand Recognition* (pengenalan merek), pada tingkatan ini merek dikenal konsumen setelah dilakukan pengingatan kembali, atau saat orang menyebut merek tersebut.
- 4) *Brand unaware* (tidak menyadari merek), pada tingkatan ini konsumen tidak tahu tentang adanya suatu merek produk walaupun sudah dilakukan pengingatan kembali.

Keller (2008) menjelaskan bahwa kesadaran merek terdiri dari beberapa indikator, yaitu: 1) Konsumen memahami seperti apa merek tersebut; 2) Konsumen dapat mengenali merek di antara merek pesaing; 3) Konsumen menyadari akan keberadaan suatu merek; 4) Konsumen dapat membayangkan ciri sebuah merek dengan cepat; 5) Konsumen dengan cepat dapat mengenali logo atau simbol merek.

2.3 Niat beli (*Purchase Intention*)

Purchase intention adalah kecenderungan untuk membeli sebuah merek, umumnya berdasarkan kesesuaian antara motif pembelian dengan atribut atau karakteristik dari merek yang dapat dipertimbangkan (Belch, 2004). Busler (2000) menyatakan *purchase intention* dapat diukur melalui dimensi *likely* yakni rencana pembelian konsumen terhadap suatu produk; *definitely would* mengacu kepada kepastian konsumen dalam suatu produk; dan *probable* mengacu pada kemungkinan konsumen dalam membeli suatu produk. *Purchase intention* terkait dengan 2 (dua) kategori yaitu kategori pertama *purchase intention* terhadap produk dan merek atau biasa disebut *fullyplanned purchase*, kemudian kategori kedua yakni *purchase intention* terhadap kategori produk saja atau biasa disebut *planned purchase* meskipun pilihan terhadap merek dibuat pada saat pembelian (*point of sales*) (Engel, 2002).

Minat beli konsumen pada suatu produk dipengaruhi oleh sikap terhadap perilaku dan norma subyektif. Faktor-faktor yang mempengaruhi minat beli model Fisbein's yaitu: 1) Sikap konsumen terhadap suatu produk. 2) Norma subyektif, merupakan komponen yang berisikan keputusan yang dibuat oleh individu setelah mempertimbangkan pandangan orang-orang yang mempengaruhi norma-norma subyektif tentang perilaku tertentu. 3) Kontrol perilaku, merupakan salah satu variabel yang memberikan kontribusi pada minat beli konsumen (Fishbein dan Ajzen, 2010).

2.4 Penelitian Terdahulu

Penelitian terdahulu yang meneliti variabel-variabel *social media advertising*, *brand awareness*, dan niat beli diantaranya adalah Alalwan (2018) yang meneliti pengaruh *social media advertising* yang diidentifikasi dari enam faktor utama yaitu ekspektasi kinerja, motivasi hedonis, kebiasaan, interaktivitas, keinformatifan, dan relevansi yang dirasakan sebagai prediktor utama niat beli. Penelitiannya mengenai pelanggan yang memiliki media sosial di empat kota besar di Yordania yaitu Amman, Irbid, Zarqa, dan Balqa hasilnya adalah *social media advertising* memengaruhi niat beli. Penelitian yang lain dilakukan oleh MacDonlad & Sharp (2000) adalah penelitian replikasi dengan menggunakan metode yang sama hasilnya bahwa kesadaran merek mempunyai efek yang penting dan mempunyai pengaruh pada keputusan pembelian konsumen. Produk dalam penelitiannya berbeda tetapi serupa menggunakan sampel besar dan membedakan konsumen yang berpengalaman maupun belum berpengalaman.

ElAydi (2018) melakukan penelitian pengaruh media sosial khususnya facebook pada kesadaran merek penyedia layanan seluler di Mesir, hasilnya adalah memberikan bukti hubungan antara media sosial facebook pada kesadaran merek. Penelitian mengenai pengaruh media sosial pada kesadaran merek juga dilakukan oleh Akbar dan Ozgul (2018), penelitiannya yaitu pengaruh penggunaan media sosial pada kesadaran merek, yang mana penggunaan media sosial dibagi menjadi dua dimensi yaitu *Social Integration and Emotional Connection (SIEC)* dan *Integration into Social Routines (ISR)*. Hasil tes statistik menunjukkan penggunaan media sosial mempunyai pengaruh positif terhadap kesadaran merek konsumen. Kedua dimensinya yaitu SIEC dan ISR menunjukkan pengaruh yang positif juga.

Chi *et al.* (2009) juga melakukan penelitian pengaruh kesadaran merek pada niat beli konsumen yang dimediasi oleh kualitas yang dipersepsikan dan loyalitas merek. Hasil penelitiannya menunjukkan bahwa kesadaran merek berpengaruh positif signifikan pada niat beli konsumen. Penelitian yang lainnya adalah hasil penelitian dari Yassen *et al.* (2011) yaitu meneliti pengaruh kesadaran merek, kualitas yang dipersepsikan dan loyalitas pelanggan pada *brand profitability* dan niat beli. Hasilnya kesadaran merek berpengaruh signifikan pada niat beli. Shahid *et al.* (2017) melakukan review pada beberapa artikel dari tahun 2000 sampai dengan tahun 2016 terkait pengaruh kesadaran merek pada niat beli konsumen, kesimpulannya adalah bahwa konsumen akan lebih suka membeli merek yang dikenal dengan baik dan konsumen selalu ragu dengan produk baru.

Akkaya *et al.* (2017) melakukan penelitian tentang pengaruh media sosial terhadap kesadaran merek dan niat beli melalui pembagian informasi pada industri kosmetik, hasilnya adalah terdapat pengaruh yang signifikan pada pengaruh media sosial melalui pembagian informasi terhadap kesadaran merek dan niat beli.

2.5 Hipotesis Penelitian

Berdasarkan paparan di atas, maka hipotesis penelitian ini adalah sebagai berikut.

H1: Iklan media sosial berpengaruh pada kesadaran merek

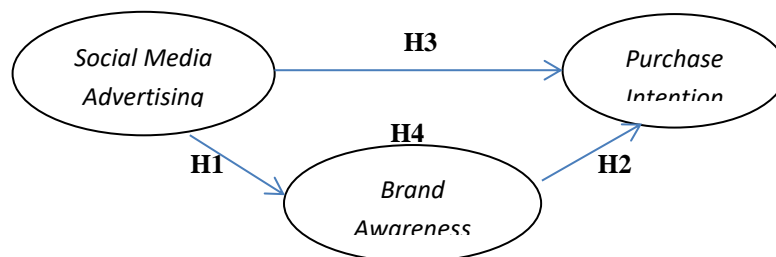
H2: Kesadaran merek berpengaruh pada niat beli konsumen

H3: Iklan media sosial berpengaruh pada niat beli konsumen

H4: Kesadaran merek memediasi pengaruh iklan sosial media pada niat beli konsumen

2.6 Model Penelitian

Model penelitian ini dimodifikasi dari model penelitian Yaseen *et al.* (2011) dan Akkaya *et al.* (2017). Peneliti melakukan modifikasi model seperti pada Gambar 4.



Gambar 4
Model Penelitian

3. METODE PENELITIAN

3.1 Data

Data digunakan dalam penelitian adalah data primer. Pengumpulan data primer dilakukan dengan cara melakukan survey melalui penyebaran kuesioner kepada responden yang sudah pernah menggunakan sosial media terkait produk sepatu casual, penelitian ini dilakukan di Yogyakarta.

3.2 Populasi dan Sampel

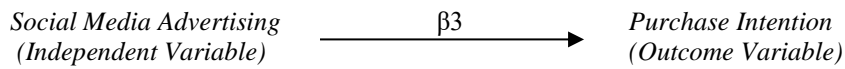
Metode pengambilan sampel dilakukan secara *nonprobability sampling* karena tidak ada data mengenai total populasi dan *sampling frame*, sehingga probabilitas untuk memilih elemen dari populasi tidak diketahui (Cooper dan Schindler, 2011: 384). Metode *nonprobability sampling* yang digunakan adalah *purposive sampling* yaitu pengambilan sampel yang didasarkan pada pertimbangan untuk menyesuaikan diri dengan beberapa kriteria penelitian agar dapat meningkatkan ketepatan sampel (Cooper dan Schindler, 2011: 385).

Instrumen dalam penelitian ini adalah kuesioner. Sumber dari item pertanyaan dari variabel yang digunakan adalah untuk variabel iklan media sosial ada 8 (delapan) item pertanyaan yang diadopsi dari Logan *et al.* (2012) dan Zhu and Chang (2016). Variabel kesadaran merek ada 4 (empat) item pertanyaan yang diadopsi dari Aaker (1996). Sedangkan variabel niat beli ada 4 (empat) item pertanyaan diadopsi dari Duffett (2015). Jumlah sampel penelitian ini adalah 123 responden.

3.3 Teknik Analisis

Pengujian hipotesis dalam penelitian ini diuji dengan *hierarchical regression analysis*. Proses perhitungan analisis dalam penelitian ini dilakukan dengan bantuan Program *SPSS for Windows Release 16*. Analisis yang dilakukan adalah dengan menggunakan *hierarchical regression analysis*, analisis regresi sederhana untuk hipotesis 1 (H1), hipotesis 2 (H2) dan Hipotesis 3 (H3) sedangkan hipotesis 4 (H4) menggunakan analisis mediasi. Analisis ini bertujuan untuk menguji pengaruh kesadaran merek sebagai variabel mediasi pada hubungan iklan media sosial dan niat beli. Pengujian dilakukan dengan mengacu pada model yang dikembangkan oleh Baron dan Kenny (1986) Menurut Baron dan Kenny (1986) variabel mediasi memiliki hubungan kausal dengan variabel independen dan variabel dependen yang ditunjukkan dalam Gambar 5.





Sumber: Baron and Kenny (1986)

Gambar 5
Model Analisis Mediasi

4. HASIL

4.1 Hasil Uji Validitas dan Reliabilitas

Pengujian terhadap konstruk social media advertising, brand awareness, dan niat beli konsumen terbukti mempunyai validitas isi (*content validity*) karena butir-butir tersebut merupakan alat ukur yang telah mencukupi, representatif dan sesuai dengan konsep teoritis. Validitas konvergen menunjukkan bahwa nilai-nilai yang diperoleh dari butir-butir instrumen yang mengukur konsep yang sama akan memiliki korelasi yang tinggi (Sekaran dan Bougie, 2010: 160). Pengukuran *convergent validity* suatu instrumen riset dikatakan memenuhi *convergent validity* jika nilai *loading* setiap item atau indikator terhadap konstruk yang diukurnya adalah 0.40. Matrik data memiliki korelasi yang cukup agar dapat dilakukan analisis faktor (Hair *et al*, 2006; 114). Hal tersebut ditunjukkan dengan nilai KMO adalah 0,788, semua item mempunyai nilai korelasi item-total yang lebih besar dari 0.30 dan *Barlett's test of sphericity* signifikan pada 0,000, dengan demikian dapat dinyatakan bahwa semua item pertanyaan dalam kuesioner penelitian adalah valid.

Pengujian reliabilitas konstruk diukur dengan *item to total correlation* dan *Cronbach's alpha*, yang mencerminkan konsistensi internal alat. *Cronbach's alpha* dihitung dalam bentuk rata-rata interkorelasi antar item yang mengukur konstruk. Semakin dekat nilai *Conbrach's alpha* dengan satu semakin tinggi konsistensi internal reliabilitas. *Rules of thumb* untuk *Cronbach's alpha* yang digunakan harus lebih besar dari nilai 0.70, meskipun nilai 0.60 masih dapat diterima (Hair *et al.*, 2006: 137). Uji reliabilitas yang dilakukan hasilnya adalah bahwa *social media advertising Cronbach's alpha* 0,962, variabel *brand awareness Cronbach's alpha* 0,872, variabel niat beli konsumen *Cronbach's alpha* 0,907, sehingga ketiga variabel tersebut memenuhi uji reliabilitas.

4.2 Hasil Pengujian Hipotesis

Bab ini menjelaskan analisis hasil penelitian mengenai pengaruh *social media advertising* dan *brand awareness* pada niat beli konsumen di Yogyakarta. Analisis ini dimulai dengan pengumpulan data karakteristik responden, uji validitas dan uji reliabilitas, statistik deskriptif data, uji hipotesis dan pembahasan.

1) Hasil Pengumpulan Data

Data diperoleh dari 123 responden yang dikelompokkan berdasarkan usia, jenis kelamin atau gender, pekerjaan, pendidikan terakhir, biaya hidup, media sosial yang digunakan, merek sepatu casual yang digunakan. Karakteristik responden yang paling banyak berdasarkan usia 20-30 tahun ada 46 responden, jenis kelamin atau gender wanita ada 64 responden, pekerjaan pelajar/mahasiswa ada 86 responden, pendidikan terakhir diploma ada 54 responden, biaya hidup 1-2 juta ada 86 responden, media sosial yang digunakan Instagram ada 92 responden, merek sepatu casual yang digunakan Adidas ada 19 responden.

2) Pengujian Hipotesis

Hipotesis 1 menyatakan bahwa iklan media sosial berpengaruh positif padakesadaran merek, kesadaran merek berpengaruh positif pada niat beli, iklan media sosial berpengaruh positif pada niat beli. Hasil pengujian hipotesis 1, 2, dan 3 terbukti, dapat dilihat pada Tabel 2.

Tabel 2 Hasil Pengujian Hipotesis

Variabel Independen	Variabel Dependen	Beta	T hitung	Sig	Keterangan
Social Media Advertising	Brand Awareness	0.279	3.192	0.002	Signifikan
Brand Awareness	Purchase Intention	0.223	2.520	0.013	Signifikan
Social Media Advertising	Purchase Intention	0.566	7.551	0.000	Signifikan

Hipotesis 4 menyatakan bahwa kesadaran merek memediasi pengaruh iklan media sosial pada niat beli. Hasil pengujian hipotesis 4 tidak terbukti, dapat dilihat pada Tabel 3.

Tabel 3 Hasil Analisis Mediasi

Tahap 1				Keterangan
Pengaruh social media advertising pada niat beli				
	Beta	Nilai t	Nilai Signifikansi	
SMA → NB	0,566	7,551	0,000	Signifikan
Tahap 2				
Pengaruh social media advertising pada brand awareness				
SMA → KM	0,223	3,192	0,002	Signifikan
Tahap 3				
Pengaruh brand awareness pada niat beli				
KM → NB	0,223	2,520	0,013	Signifikan
Hasil:				
Pengaruh social media advertising dan brand awareness pada niat beli				
SMA → NB	0,546	6,993	0,000	Signifikan (syarat tidak terpenuhi)
KM → NB	0,071	0,910	0,365	Tidak Signifikan

4.3 Pembahasan

Penelitian ini membahas tentang peran iklan media sosial dan kesadaran merek pada niat beli. Hasil pengujian mendukung hipotesis bahwa iklan media sosial berpengaruh positif pada kesadaran merek (H1), sehingga dapat disimpulkan bahwa Hipotesis 1 terbukti dan mendukung hasil penelitian yang dilakukan oleh Akkaya *et al.* (2017) yang meneliti pengaruh media sosial melalui informasi pada kesadaran merek pada industri kosmetik. ElAydi (2018) juga menunjukkan bahwa kesadaran merek dipengaruhi secara positif oleh media sosial khususnya *facebook* pada penyedia layanan seluler di Mesir. Merek yang sering muncul di media sosial membuat konsumen sadar akan suatu merek.

Hasil pengujian pengaruh kesadaran merek pada niat beli mendukung hipotesis 2, sehingga dapat dikatakan bahwa hipotesis 2 terbukti dan mendukung hasil penelitian Akkaya *et al.* (2017) yang meneliti tentang dampak media sosial terhadap kesadaran merek dan niat beli melalui pembagian informasi industri kosmetik. Hasil penelitiannya menunjukkan bahwa kesadaran merek berpengaruh secara positif dan signifikan pada niat beli. Penelitian ini juga mendukung penelitian Chi *et al.* (2009) juga melakukan penelitian pengaruh kesadaran merek pada niat beli konsumen yang dimediasi oleh kualitas yang dipersepsikan dan loyalitas merek. Hasil penelitiannya menunjukkan bahwa kesadaran merek berpengaruh positif signifikan pada niat beli konsumen. Penelitian Yassen *et al.* (2011) terkait pengaruh kesadaran merek, kualitas yang dipersepsikan dan loyalitas pelanggan pada *brand profitability* dan niat beli. Hasilnya penelitiannya juga terbukti kesadaran merek berpengaruh signifikan pada niat beli. Konsumen akan cenderung membeli suatu produk dengan merek yang sudah dikenalnya dengan pertimbangan kenyamanan dan keamanan. Membangun kesadaran merek yang kuat penting untuk menarik konsumen dan memengaruhi keputusan pembelian.

Hasil pengujian hipotesis 3 juga terbukti yaitu *social media advertising* berpengaruh secara positif dan signifikan pada niat beli. Hal ini sesuai dengan penelitian yang dilakukan oleh Alalwan (2018); McDonald & Sharp (2000) hasil penelitiannya terdapat pengaruh positif media sosial pada niat beli. Penelitian Akkaya *et al.* (2017) hasilnya juga terbukti ada pengaruh media sosial terhadap niat beli melalui pembagian informasi pada industri kosmetik. Iklan media sosial khususnya di *facebook* juga mempunyai pengaruh yang positif pada niat pembelian, keunikan iklan dan juga kemudahan dalam mengakses informasi produk melalui iklan di media sosial menguntungkan bagi pelaku bisnis (Duffet, 2015).

Peran mediasi kesadaran merek dalam pengaruh sosial media advertising pada niat beli sesuai dengan hipotesis 4 tidak terbukti secara positif. Hasil penelitian ini tidak sesuai dengan penelitian Shabbir *et al.* (2010) bahwa kesadaran merek memediasi pengaruh kampanye *Cause Related Marketing* (CRM) pada niat beli konsumen. Hasil penelitiannya menunjukkan bahwa niat beli konsumen itu dipengaruhi oleh kampanye pemasaran dan juga adanya kesadaran merek. Penelitian Khan *et al.* (2016) juga menyatakan bahwa kesadaran merek terbukti memediasi pengaruh iklan terhadap komitmen merek dan kualitas merek pada industri pakaian wanita, sehingga hasil penelitian ini tidak terdukung. Penelitian ini juga tidak mendukung penelitian Pranata dan Pramudana (2018) bahwa kesadaran merek secara positif dan signifikan memediasi hubungan iklan dengan niat beli konsumen yang menunjukkan bahwa semakin menarik iklan serta semakin tinggi kesadaran merek dalam benak konsumen maka akan meningkatkan niat beli konsumen.

5. KESIMPULAN

Berdasarkan hasil analisis yang sudah dilakukan dapat disimpulkan bahwa iklan media sosial dan kesadaran merek mempunyai peran yang penting pada niat beli. *Social media advertising* merupakan suatu paradigma pemasaran baru di era teknologi internet dengan pemasaran digital. Peran iklan media sosial tersebut dibuktikan dengan adanya pengaruh secara positif iklan media sosial pada kesadaran merek. Media sosial dapat membentuk membentuk citra positif suatu merek dan membuat konsumen sadar akan suatu merek. Kesadaran merek mempunyai pengaruh positif pada niat beli, konsumen yang sadar akan suatu merek akan memiliki komitmen dan cenderung membeli suatu merek tersebut. Iklan media sosial juga berpengaruh positif pada niat beli, walaupun hasil penelitian ini menunjukkan kesadaran merek tidak terbukti memediasi pengaruh tersebut.

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INDUSTRIAL REVOLUTION 4.0 AND FINANCIAL REPORTING: BENEFITS AND CHALLENGES TO ACCOUNTING PROFESSION

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Abstract

In the new economy, businesses in Malaysia need to replace their product and services concepts with more creative, innovative ways and digital technology. This industrial revolution 4.0 which is a popular term to describe the imminent changes of the industry landscape could bring benefits and challenges to accounting profession given that information derived from a sensor may provide better decisions making and financial reporting for users. Investors, creditors, government agencies and regulators have opportunities to consume more data which are accessible, transparent, and reliable in order to make decisions. For example, profitability and return-on investment analysis could be easily predicted among listed companies. In a similar vein, industrial revolution 4.0 could enhance the ability of accountants in analysing and interpreting accounting data efficiently and effectively. However, accountants and auditors seem to feel threatened of losing job which could be displaced by arising automation in future. Hence, they need to improve and tune their skills appropriately by acquiring new technology knowledge, increasing proficiency in the English language as well as developing an attitude of an entrepreneur. Another challenge includes the tendency for accountants and auditors to be reactive rather than proactive to the current technology improvements. Lastly, the challenge may involve with Malaysian Accounting Standard Board 'MASB' in issuing Malaysian financial reporting standards 'MFRS' which will guide the accountants in producing quality digital financial reporting in an era of borderless business. The current accounting standards which have provided less information about a company's intellectual assets or its sustainability need to evolve the needs of investors in the new digital world.

Keywords: Financial Reporting, Industrial Revolution 4.0, Accountants, Technology

INTRODUCTION

In the new economy, businesses in Malaysia need to replace their product and services concepts with more creative, innovative ways and digital technology. This industrial revolution 4.0 'IR 4.0' "is the next evolution of automating processes, making them smarter and better," said Brian Heckler, CPA, U.S. leader of KPMG's Industrial Manufacturing Sector. Furthermore, "Industry 4.0 began in Germany several years ago as a strategic initiative to provide advanced manufacturing solutions, said C.J Skender, professor of accounting at the University of North Carolina's Kenan-Flagler Business School.

As a result, this IR 4.0 could bring benefits and challenges to accounting profession given that the technology is seen as the key driver of change in the financial reporting function. Investors, creditors, government agencies and regulators have opportunities to consume more data which are accessible, transparent, and reliable in order to make decisions. For example, profitability and return-on investment analysis could be easily predicted among listed companies. In a similar vein, IR 4.0 could enhance the ability of accountants in analysing and interpreting accounting data efficiently and effectively.

However, accountants and auditors seem to feel threatened of losing job which could be displaced by arising automation in future. They need to improve and tune their skills appropriately by acquiring new technology knowledge, increasing proficiency in the English language as well as developing an attitude of an entrepreneur. Another challenge includes the tendency for accountants and auditors to be reactive rather than proactive to the current technology improvements. Lastly, the challenge may involve with Malaysian Accounting Standard Board 'MASB' in issuing Malaysian financial reporting standards 'MFRS' which will guide the accountants in producing

quality digital financial reporting in an era of borderless business. The current accounting standards which have provided less information about a company's intellectual assets or its sustainability need to evolve to meet the needs of investors in the new digital world.

Therefore, issues of IR 4.0 and financial reporting that associate to accounting profession are further discussed this paper based in the following research questions (1) what are the benefits of IR 4.0 to accountants and auditors, accounting educators and accounting researchers?, and (2) what are the challenges of IR 4.0 to accountants and auditors, accounting educators and accounting researchers?. Specifically, the second section reviews IR 4.0 and financial reporting. Section 3 discusses benefits and challenges of IR 4.0 for members in accounting profession. Recommendations and conclusions for the study are respectively discussed in Section 4 and 5.

IR 4.0 AND FINANCIAL REPORTING

In January 2016, the Founder and Executive Chairman of the World Economic Forum, Professor Klaus Schwab, said that "entering a fourth industrial revolution characterised by a range of new technologies that will fundamentally alter the way we live, work, and relate to one another". He notes that we are witnessing technological advances in areas such as artificial intelligence, robotics, the Internet of Things, autonomous vehicles, 3D printing, nanotechnology, biotechnology, and quantum computing just to name a few that could transform every industry in every country.

Hence, the accountant function moves from working in isolation to working with others in an organisation, the people driver of change will have a greater impact. Also in the organization, change is the new norm in the financial reporting because this is rapid evolution. As for the financial reporting also have the changes like in auditing. For a fast forward a few thousand years, and auditing would earn its modern stripes with the rise of the industrial revolution as for the very first time private individual investors became part of the business process. The premise this time round was to verify that information provided by management was accurate and that the individual's hard-earned money was spent wisely and with transparency.

BENEFITS AND CHALLENGES

IR 4.0 creates benefits and challenges for members of accounting profession given that technology is seen as the key driver of change in the financial reporting function which involves accountants and auditors, accounting educators and accounting researchers.

Accountants and Auditors

The benefits and challenges for accountants and auditors are related to (1) accounting data - input, processing and output; (2) cloud computing; and (3) technology in audit.

Accounting data

Technology has had influence on the work of a public accountant for input, processing and output. Due to technology's influence, the accountant has evolved from a simple compiler of entries and postings to a specialist capable of offering professional services that go beyond the simple preparation and analysis of financial statements (Betancourt, 2016). He further said that the accountants have become more efficient professionals with capacity to understand technology in order to continue providing more worth information and wealth to their clients and related parties. In other words, accountants work with systems programmers to develop a digital process that will organize their clients' history and all their documents. When the clients' data is input into the computer program the processing cycle gives the computer instructions on how to process the clients' data. This enables it to change the data into useful information. Output, transfers the processed information to the accountant. The accountant can analyse the data and interpret the clients' financial statements so as to increase the client's success. All the clients' records can be stored and organized on an accountant's computer system. Rather than bringing a suitcase full of file folders to a client's place of business for review, the documents can be carried on an encrypted laptop or organized on an encrypted portable storage device. The accountants have the client's

sensitive information protected but yet at his/her fingertips, ready to perform statistical, accounting or forecasting analysis. The program is stored on the computer hard drive and the data is used to prepare the clients' taxes. The need for a file storage room has been eliminated (Torgerson, 2007). Drivers such as Blockchain, Making Tax Digital and Open Banking are changing work for accountants, and they need to get ahead of the game and ensure they are not left behind. Artificial Intelligence and machine learning do form part of the future for accountancy (Skoulding, 2018).

However, accountants are challenged towards acquiring new skills due to the advancements that information technology has made on the accounting industry. Accountants need to have a high level of computer, technical skills, communication skills (i.e. English proficiency) and entrepreneur skills. These skills have become part of the knowledge, and abilities of the accounting professionals. In a report of the American Institute of Certified Public Accounts (AICPA) cited that, "the knowledge, skills and abilities necessary for the entry-level accountant now include the application and integration of information technology into the accounting process, as well as financial and managerial accounting principles" (Dillon & Kruck, 2004). From their research, not only does an accountant need to have a broad range of accounting knowledge and a strong ability to apply accounting principles, government regulations and interpret tax laws, they must also have strong skills in information technology, to be able to merge accounting with information systems. These accountants will be in greater demand by the profession.

Before making an investment in technology, accountants must understand how it ties in strategically with their business. They should look at the value proposition and apply this to both their staff and clients. Cost does not bear as much weight as it once did, but it is still a consideration. Resources and time needed for implementation should also come into the mix. Training is another challenge. People have a key part to play in technology and they must be taught how to make the most out of it. Time is vital. Not everyone will grasp using new technology overnight and businesses must allow accountants to try it out and eliminate any fears of failure. However, the challenge will be the tendency for accountants and auditors to be reactive rather than proactive to the current technology improvements.

Cloud Computing

Cloud computing which becomes popular today is called cloud computing because the name represents the cloud symbol used in flow charts, representing the Internet (Omankwu et. al, 2016). It is a service that is being provided over the internet to permanently store data and use business applications over a remote server. Cloud technology is also secure and allows seamless updates to be performed. The level of insight which can be obtained from it far surpasses anything that is possible on an on-premise system and any changes, such as adding new companies, can be almost instantaneous (Omankwu et. al, 2016). The data is permanently stored in huge data centres shared by many other users.

The accountant would not have to purchase anything. It would free up space on the accounting firm's hard drive while the firm rents space from giant computer centres (Laudon et. al, 2006). In other words, accountants can make use of software as a service (SAAS) technology, which allows access to individual applications and is hosted on the cloud. As well as lowering infrastructure costs, set-up costs are cheaper and the speed of implementation is greatly improved. Furthermore, the tangible benefit of cloud technology specifically is mobile working. People can access their data anytime, anywhere, which has fundamentally changed the way businesses operate. The ability to perform real-time reporting has also transformed organisations. More information can be pushed directly into the hands of business leaders in the format they want it. Traditional technology tells who and what, but not why. Cloud ERP technology works in a totally different way, for example recording people's names against revenue transactions. The linking of non-financial information into general ledgers means accountants can offer richer services now.

However, the accountant should be aware of the security issues involved when making a decision to use this technology. Accountants need to protect software, hardware, and data. Cloud service providers are obliged to provide a safe environment to store the organizations sensitive information as accountants are obliged to understand the risks.

Technology in Audits

Technology in audits has been embraced by the leadership of the major accounting firms as it relates to the use of technology in the conduct of an audit. Thirty per cent of corporate audits will be performed by artificial intelligence (Harris, 2017). He further said that new technological tools have the potential to enable the auditor to mine and analyse large volumes of structured and unstructured data related to a company's financial information and this capability may allow auditors to test 100 percent of a company's transactions instead of only a sample of the population.

The major accounting firms have asserted that the use of these tools will enhance the audit by automating time-consuming tasks which are more manual and rote in nature. For example, through the use of artificial intelligence, robotic systems could interface with a client's systems to transfer and compile data automatically, something previously done manually by a junior auditor (Harris, 2017). Other areas where such technologies may introduce efficiencies include processing of confirmation responses or using drones for physical inventory observations.

As a result, the auditor should have more time to carefully examine the more complex and higher risk areas that require increased auditor judgment and contain high levels of estimation uncertainty. Such tools will also enable auditors to perform advanced analytics which will provide them with greater awareness and deeper insights into the company's operations. Data analytics may also allow auditors to better track and analyse their client's trends and risks against industry or geographical datasets, allowing them to make more informed decisions and assessments throughout the audit process (Harris, 2017).

He continues said "firms assert that through the power of big data, auditors will be able to correlate disparate data information to develop predictive indicators to better identify areas of higher risk, which in turn could lead to early identification of fraud and operational risks". For example, firms we are told have the ability to develop predictive models to forecast financial distress in order to better assess the future financial viability of a company or improve fraud detection by helping auditors assess the risk of fraud as part of their risk assessment.

The use of these technological tools and methods raise certain challenges. For example, it is important that the data being used is reliable, complete and accurate. That is true for general ledger data, other financial and operating data, and data from outside the company. Data security and quality control over these tools, whether developed in-house or by vendors, are also factors for firms to consider, and ensuring consistency of approaches across group audits may become difficult if such tools are not readily available to or used by affiliate offices (Harris, 2017).

Lastly, auditors should take care that they are not over relying on data analytics. As powerful as these tools are or are expected to become, they nonetheless are not substitutes for the auditor's knowledge, judgment, and exercise of professional skepticism (Harris, 2017). The auditors will use these tools to provide additional insight to management about their operations and processes rather than to improve audit quality and investor protection. This is not surprising as a majority of articles note that through new tools for extracting, compiling, and analysing big data, the auditor is able to provide meaningful value-added services to management.

An increase is foreseen in the capacity to perform audits in a more efficient and effective manner, for example, being able to carry out several audits at the same time. The more sophisticated financial products are released, the more virtually impossible it will become to perform an audit without technology. Accounting in the cloud will allow performing an audit regardless of the location of same. The increase in Enterprise Resource Planning shall allow access to entire data bases for auditing purposes and shall help to modify the approach of the auditors towards a more analytical one instead of an approach of narrow mechanical procedures (Attolini, 2014). It will be necessary that auditors increase their understanding of the new accounting software programs and other business and finance applications if they want to be effective in their audit work.

Accounting Educators

Future accountants will increasingly need education in digital technology (including cloud computing and use of big data), globalization (outsourcing of accounting services), and evolving regulations (tax regulation, new forms of corporate reporting, integrated reporting regulation)(Islam, 2017). The ACCA report revealed that knowledge of digital technologies is the key competency area where professional accountants have skill gaps. At present,

accountants lack knowledge in transformation of new disclosure regulations, new forms of disclosures, and awareness of the interconnectedness of financial and non-financial reporting. Professional accountants will need the skills to provide more all-inclusive corporate reporting, which tells less about the numbers and more about the narrative of the organization.

Unfortunately, at the moment, few universities have developed curriculums for accounting students in line with their future needs. Universities will need to develop or incorporate new units, such as cloud computing, big data, digital technology, integrated reporting, carbon emission accounting, and so on for accounting students (Islam, 2017). He further said that professional accounting organizations should consult with universities to collate experts/lecturers in the new areas and run new courses. At the same time, universities should either invest in existing faculty members for training and learning or recruit experts to coordinate and lecture new units. To achieve this, the gap between the problem and the solution must be bridged. Information technology professionals learning accounting and auditing would help bridge the gap. Accountants learning a bit about how the technology works in order to have effective conversations with technologists who can bridge the gap conclusions.

Accounting Researchers

Big accounting firms are conducting surveys on cloud computing, big data, technological change, new forms of fraud and corruption, and corporate sustainability in order to address the ongoing and future opportunities and challenges facing the profession (Islam, 2017). Accounting academics and PhD students are now looking at social and environmental sustainability issues and the associated global frameworks, such as Global Reporting Initiative Standards, Integrated Reporting, the UN Global Compact, Social Accountability, while accounting researchers are organizing some national and international conferences, such as CSEAR and APIRA in order to disseminate their findings to the wider community (Islam, 2017).

In addition, professional accounting organizations, including Chartered Accountants Australia and New Zealand, CPA Australia, and the ACCA (UK) are providing seed funding to academic researchers to investigate issues in line with future economic, technological, social, and environmental changes. Despite ongoing efforts by professional accounting organizations and academic researchers, there is a surprising gap in research that deals with the changes that will impact accountants and professional accounting organizations. Future research should drive industry collaborations and collaborations between interdisciplinary academic researchers in order to reveal strategic responses to and proactive strategies on changes in digital technology, the continued globalization of standards, and new forms of regulation and associated stakeholder expectations (Islam 2017).

3. RECOMMENDATIONS

The accounting industry is now speaking a brand-new language of business. It is the language of future generations of accounting professionals. The evolution of accounting technology has been tremendous with strong growth potential for the future. Hence, accountants, auditors, educators and researchers need to address the challenges or take benefits of the IR 4.0. It demands heavy investments and significant shift on technology and people. In other words, the supplement of the accounting expertise should be technological capabilities for those involve in the accounting profession. Given that current education system may not agile enough to train the next generation of accountant and audit professionals, the responsibility seems to fall on firms to reinvent themselves and train future business professionals accordingly.

More importantly, accountants and auditors should learn to use technology as a tool of providing them with insights on a number of financial and operational matters and to leverage those same tools to automate the time-consuming routine tasks. The matter that commonly referred to as IR 4.0 is changing how businesses operate and professional accountants and auditors will need to adapt to remain relevant and thrive. Training and education provided by universities and colleges also need to adjust to new advanced technologies and innovation in preparing better new graduates and enable retraining of current professional accountants to gain substantial productivity advantages.

4. CONCLUSIONS

The IR 4.0 is moving accountants away from bookkeeping and stewardship personnel to become strategic business partners. As a result, they need to change their way of thinking, not only in regard to book-keeping but also their attitude towards it as professionals and entrepreneurs. Professional accountants will be expected to look beyond the numbers, which will, in turn, enhance collaborations among members of multiple professions, such as doctors, lawyers, environmental scientist and sociologists. It is transforming what accountant do and revolutionise how the financial reporting function in the future.

Consequently, investors, creditors, government agencies and regulators have opportunities to consume more data which are accessible, transparent, and reliable data in order to make decisions. For example, profitability and return-on investment analysis could be easily predicted among listed companies. However, IR 4.0 could bring challenges to accounting profession given that technology is seen as the key driver of change in the financial reporting function. The significant challenge may affect the role of Malaysian Accounting Standard Board 'MASB' in issuing Malaysian financial reporting standards 'MFRS' which will guide the accountants in producing quality digital financial reporting in an era of borderless business. The current accounting standards which have provided less information about a company's intellectual assets or its sustainability necessity to meet the needs of investors in the new digital world.

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THE SOCIAL COMMERCE SCAM: ARE THE VICTIMS IDENTIFIABLE?

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Abstract

Online purchasing via social media (social commerce) scam is a relatively emerging and under-reported type of online scams. To date, it has affected hundreds of thousands of people worldwide, financially and non-financially. However, little is known about the demographic and personality characteristics of the victims and potential victims. Social media shoppers recruited from various social media platforms (N=487) completed a series of online questionnaires. Findings indicate that there were no demographic differences between victims and non-victims of social commerce scam, except for race and income level. We found that victims exhibit lower levels of agreeableness and conscientiousness, and higher levels of openness, extroversion and neuroticism, but these differences were not significant. That is, victims and non-victims did not differ in reported levels of personality traits. At the very least, other variables such as prior scam victim experience, trust, and competent could better explain victimization in social commerce scam.

Keywords: Social commerce, scam, victimization, personality traits

INTRODUCTION

Diverse range of scams perpetrated online including romance scams, fake online auctions, malware attacks, and online shopping or e-commerce scams (Buchanan & Whitty, 2014; Button, Mcnaughton Nicholls, Kerr, & Owen, 2015). The online scams happen when internet is used to deceive other party to give money with a promise of goods or services that do not exist nor intended to be provided, or were misrepresented (Button et al., 2015; Cross, Richards, & Smith, 2016). These scams are serious crime and led to financial and non-financial loss. The proliferation of the Internet has created opportunity for scammers to shop for victims. One of the known scams is online shopping or e-commerce. In online shopping scam, scammers create fake online retail websites and pretend to be a legitimate seller. Normally, the scammers offer items at a very cheap price as compared to the market price to lure potential victims (NCCC, 2018). Some of these scams are very well organized and convincing so that very difficult for the potential victims to detect whether the offer is real or otherwise. Once the victims make payment through the fake online retail websites, the scammers will send a faulty, fake or inferior quality product, or nothing at all. In other words, victims give money via the Internet to the scammers but never get what they paid for. Of course, once the scammer has obtained certain amount of payments from their victims, the fake retail stores disappear.

Nowadays, with the proliferation usage of social media, a newer version of online shopping scams emerged. Scammers use social media platforms such as Facebook, Instagram and Twitter to set up fake online stores. The Australian Competition and Consumer Commission (ACCC) reported that on April 2019 alone, they received 749 reports on online shopping scams with financial loss of \$585,803. Of these reports, 26.3% were conducted via social media. The scammers open up fake online stores in social media platforms for a short period of time. After making numbers of deals and received payments, they close down the stores without consumers realise they have been duped. Similarly, a recent report by National Consumer Complaints Centre (NCCC) in Malaysia discovered that very often the complaints in relation to online shopping scams is associated with social media. Obviously, social media has become the vehicle for scammers to connect with victims. The amount of cases and losses are expected to be higher as many online fraud cases go unreported due to many reasons, such as embarrassment, self-blamed, and do not know what to do (Button et al., 2015).

Despite a substantial increase of social commerce scams, little is known about the typology of victims. Of relevant studies are conducted by (Buchanan & Whitty, 2014) in Australia, (Button et al., 2015) in the UK and Wales, and

(Cross et al., 2016) in Australia. However, these studies focused on all aspects of online fraud, including employment scams, investment scams, romance frauds, malicious attacks and purchasing of goods scams. A lot of studies have examined the demographic characteristics that may make someone vulnerable to be victim of online scams; however, the findings were inconclusive (Judges, Gallant, Yang, & Lee, 2017; van de Weijer & Leukfeldt, 2017). Similarly, studies related to psychological characteristics of victims were with distinctive results (Holtfreter, Reisig, & Pratt, 2008; van de Weijer & Leukfeldt, 2017; Van Wilsem, 2013). The current study aimed to bridge this significant gap in the literature by focusing on a specific type of online scam (i.e. social commerce scam) and the role of demographics and personality variables in relation to this specific scam. A study by Shadel, Pak, & Shadel (2007) revealed that con criminals used psychological profile of victims to customize their pitch to persuade the victims. Hence, learning about the demographic and personality characteristics of victims of social commerce scam could assist in designing scam preventing programs.

LITERATURE

Demographic Characteristics of Victims

The influence of gender on online victim has been investigated in several studies with contradictory conclusions. The differences in reported studies are due to varying context such as the research settings and type of scams. Research has shown that women tend to be victims than men in certain settings while men outperform women in other settings. For example, a study by van de Weijer and Leukfeldt (2017) in Dutch on cybercrime victims discovered that men were more likely to become victims than women. In Australia, there was clear evidence of a gender bias towards males group as victims of money mule incidents (Aston, McCombie, Reardon, & Watters, 2009). Van Wilsem (2013) and Reisig & Holtfreter (2013), on the other hand, found no evidence of victims of Internet consumer fraud being influenced by gender.

Older people were often related to various scams victimization such as in online romance scam (Whitty, 2017) and investment fund (Lokanan, 2014). On the other hand, (Copes, Kerley, Huff, & Kane, 2010) discovered that young people were disproportionately victimized in identity theft fraud. Similarly, van de Weijer and Leukfeldt (2017) on cybercrime victims discovered that young people were more likely to become victims than older people. (Junger, Montoya, Hartel, & Heydari, 2017) found that younger people were more at risk of online purchase fraud, but older people more of online banking fraud.

These prior studies provided solid evidence that demographic characteristics, such as gender and age, of victims and non-victims were varied. The current study predicts that other demographic characteristics including ethnicity, income level, education and marital status could also describe the profiles of social commerce scam victims.

Personality Traits of Victims

Individuals' personality has been used to study individuals' differences behaviour across fields. One of the prominent personality models that could explain individuals' personality differences is the Big Five framework. The framework, which is based on the personality traits theory proposed five distinctive traits of individuals that could shape and predict individuals' feelings, behaviours and reactions. These traits consist of extraversion, agreeableness, conscientiousness, neuroticism, and openness to experience (Albladi & George, 2018; Costa & McCrea, 1992; Gosling, Rentfrow, & Swann, 2003). Previous studies found mixed findings on the relationships between the five personality traits and falling prey for cybercrimes. Until to date, although personality traits are used to predict human behaviour in research, the direct effects of these traits on individuals' behaviour, including cyber risky behaviours are still inconclusive and controversial.

Extravert individuals generally have a strong energy with characteristics of positive and high excitement when socializing (Gosling et al., 2003). They tend to be centre of attention among crowd and sometimes seen as attention seekers by others. In the context of social networking, previous studies found that there is higher tendency for extraverts to be trapped as cyber victim, largely because extraverts are keen to respond to social network requests, causing them more exposed to cybercrime attacks (Albladi & George, 2018). Therefore, they have high potential of becoming cyber-attack victimization; thus, it is hypothesized that, victims of social commerce scam will be more extraverted than those social media shoppers who do not fall victim.

Agreeableness is a trait that can be assessed based on an individual's interactions with others. Agreeableness individuals are described as kind, helpful, and cooperative in a relationship (Gosling et al., 2003). As asserted by (Reisig & Holtfreter, 2013), financial crime of consumer fraud begins with interactions between perpetrators and potential victims. Since high agreeableness personality tend to trust others with less suspicious and inclined to cooperate, there is a higher tendency the individual is more likely to expose to the risk of security exploitation (Albladi & George, 2018). This could make individuals with high agreeableness more vulnerable to become online shopper victims. Therefore, it is hypothesized that, victims of social commerce scam will be more agreeable than those social media shoppers who do not fall victim.

Conscientiousness is defined as a trait that focuses on self-discipline, dutiful action, and a respect for standards and procedures. Conscience individuals are organized and prudent with high self-control and concentration. Also, conscience individuals are inclined to stand with their principles, rely on strong common sense and rules in making decision (Albladi & George, 2018). These characteristics could prevent individuals with conscientious trait from involving in potential cyber threats. Similarly, (van de Weijer & Leukfeldt, 2017) found that individuals with higher consciences level were less exposed to the probability of becoming a victim of cybercriminal incidents. Therefore, it is hypothesized that, victims of social commerce scam will be less conscience than those social media shoppers who do not fall victims.

Neurotics individuals are commonly characterized as anxious, worries, and experience unstable feelings. They can be emotional, prone to be panicked and hot tempered in stressful situations, which could cause them to be more vulnerable towards cyber threats (Gosling et al., 2003). While (Albladi & George, 2018) asserted that higher level of anxiety cause neurotics individuals to be over concerned, avoid risk taking behavior hence lowering the probability of becoming cyber threats victimization, (Reisig & Holtfreter, 2013)) and (van de Weijer & Leukfeldt, 2017) claimed otherwise. (Reisig & Holtfreter, 2013) suggests that lower level of self-control, as commonly characterized by neurotic's individuals, has positive relations and direct effect on the online fraud victimization. Although (Reisig & Holtfreter, 2013)'s study was done only among elderly individuals, their findings show that probability of becoming fraud victimization does not vary by age, hence indicating the potential same effect of low self-control i.e neurotics, on online shopping fraud victimization in general. More recently, (van de Weijer & Leukfeldt, 2017) also found that individuals with greater stable emotions (low neurotics) have lower tendency to become victims of cybercrimes. Therefore, it is hypothesized that, victims of social commerce scam will be more neurotic (low self-control) than those social media shoppers who do not fall victim.

Openness reflects individuals' tendency to be appreciative of different ideas and thinking, with high desire to explore different, even risky experience, with less anxious (Gosling et al., 2003). They are commonly imaginative individuals with high interest in arts and natures, indicating low sceptical towards new exposures and relationships. For instance, previous study suggests that their openness trait make these individuals highly motivated to engage in social network environment, which could cause them to be more vulnerable towards cybercrime attacks (van de Weijer & Leukfeldt, 2017). On the other hands, (Albladi & George, 2018) found that there is no effect of openness on individuals' potential of becoming cybercrime victimization. Despite of these mixed findings, this study proposed that in risky dealings such as online shopping, high openness with less risk concerns could expose individuals to cyber fraud. Therefore, it is hypothesized that, victims of social commerce scam will be more open than those social media shoppers who do not fall victim.

METHODOLOGY

Sample and Data Collection

The population of this study was defined as social media sites users. A battery of online questionnaires was shared via emails, social media platforms such as Facebook and Instagram and instant messaging applications such as Whatsapps, WeChat and Telegram from a period of March 1, 2017 to May 31, 2017. The questionnaire was related to online shopping via social media in general and experiences related to online purchasing scams. In addition, data on demographics and personality traits characteristics were also gathered. To control for multiple responses, respondents were asked to provide their email or social media account name (informed them for prize drawing reason). No email addresses or social media accounts were associated with multiple submissions. Therefore, there is a high confidence that all responses are unique.

Overall, a total of 721 respondents in Malaysia responded to the questionnaires. After removal of cases below 18 years old, not social media users, outliers and missing value, remaining usable cases were 706. 219 individuals who did not indicate that they had use social media to shop were excluded from analyses. This was because this study focuses on those targeted as social commerce shoppers, not other platforms (such as websites and marketplaces) that might associate with different victimization risk factors. Thus, only 487 consenting participants were retained.

The sample comprised of 432 women and 55 men. Ages ranges from 18 to above 55, with a majority was within 26 – 35 years age group. Most was well-educated, with 72.6% being qualified to diploma level or beyond. A great majority were employed and earned on average of RM2,000 a month.

Measurement

Social Commerce Scam Victims

This study contrasted two groups: Victims and non-victims of social commerce scam. In order to classify the respondents as victims, the respondents answered 'Yes' to these questions: "In the past 12 months, have you bought products or services on social media networks but never receive them?" and "In the past 12 months, have you bought products or services on social media networks but found them to be fake or faulty?"; otherwise, they were classified as non-victims.

Demographics

The respondents were asked several demographic questions such as age, gender, ethnicity, marital status, education level and income level. The response categories for age were "18-25", "26-35", "36-45" and "46 and above". Six categories for education level ranging from SPM to PhD level. The income level categories ranging from "below RM2,000" to "more than RM10,000" per month. Ethnicity was classified as Malay, Chinese, Indian and others.

Personality Traits

In this study, personality traits were selected based on their potential to differentiate victims and non-victims of social commerce scam. The selected variables are extraversion, neuroticism, openness, agreeableness and conscientiousness. Each of the variables was measured through several statements. Responses were made on five-point scale ranging from 1 (strongly disagree) to 5 (strongly agree).

Statistical Analysis

For testing the hypotheses, the Chi-square statistics (X^2) and T-test statistics were used to test the statistical significance of the association between demographic characteristics and social media shopping, social media usage and social media shopping, and personality traits and social media shopping. Chi-square (X^2) test was used to examine differences in categorical variables, while the T-test was used to compare the means of continuous variable for these two groups, victims and non-victims of social commerce scam.

RESULTS AND ANALYSIS

Demographic Characteristics of Victims and Non-victims

From the sample of 487 participants, 115 individuals (23.6%) indicated that they had been victimized by purchasing scams in social media. Table 1 displays the demographic characteristics of the victims and non-victims groups. Chi-square tests were conducted for each demographic variable to compare between victims and non-victims. All statistical analyses were conducted using IBM SPSS version 24 and utilized an alpha level of 0.05. Although there were trivial differences between the groups in term of gender, age, education level and marital status (i.e., there were more female participants and participants who owned college degree in the non-victim group), these differences were not significant ($p < 0.05$). However, ethnicity and level of income characteristics were significantly different between the victims and non-victims groups. The results indicated that more Chinese participants, participants with an income level between RM2,000 to RM4,000, and participants with an income level of more than RM10,000 in the victims group as compared to the non-victims group.

To further investigate type of victims, the participants are broken down by whether they had been victims of two types of purchasing scams and whether they had lost money due to the scams (*see* Table 2). Of the different categories of victims, the great majority in the sample were victims of type 2 scam and had actually lost money. Type 2 scam victim was classified as those who bought on social media, receive the goods, but not as described /promised. Type 1 scam victim was the one who bought on social media, but never receive the goods.

Table 2: Demographic Characteristics of Participants

Characteristics	Total (N =487)	Victims (n = 115)	Non-victims (n = 372)
<i>Gender</i>			
Male	55 (11.3%)	10 (8.7%)	45 (12.1%)
Female	432 (88.7%)	105 (91.1%)	327 (87.9%)
<i>Age</i>			
16 – 25	97 (19.9%)	24(20.9%)	73 (19.6%)
26 – 35	270 (55.4%)	54 (47%)	216 (58.1%)
36 – 45	102 (20.9%)	33 (28.7%)	69 (18.5%)
46 – 55	16 (3.3%)	3 (2.6%)	13 (3.5%)
Above 55	2 (0.4%)	1 (0.2%)	1 (0.2%)
<i>Ethnicity*</i>			
Malay	461 (94.7%)	105 (91.3%)	356 (95.7%)
Chinese	6 (1.2%)	5 (4.3%)	1 (0.3%)
Indian	4 (0.8%)	3 (2.6%)	1 (0.3%)
Others	15 (3.1%)	2 (1.7%)	13 (3.5%)
<i>Education Level</i>			
Certificate and below	133 (27.5%)	33 (28.7%)	100 (27.1%)
College (Diploma & Degree)	220 (45.5%)	51 (44.3%)	169 (45.8%)
Postgrad	131 (27.1%)	31 (27.0%)	100 (27.1%)
<i>Marital Status</i>			
Single	158 (32.4%)	34 (29.6%)	124 (33.3%)
Married	323 (66.3%)	79 (68.7%)	244 (65.6%)
Widow/Divorce	6 (1.2%)	2 (1.7%)	4 (1.1%)
<i>Income Level*</i>			
Below RM2,000	243 (49.9%)	46 (40%)	197 (53%)
RM2,000- RM4,000	130 (26.7%)	40 (34.8%)	90 24.2%)
RM4, 000- RM6,000	65 (13.3%)	16 (13.9%)	49 (13.2%)
RM6,000-RM8,000	30 (6.2%)	7 (6.1%)	23 (6.2%)
RM8,000 - RM10,000	10 (2.1%)	1 (0.9%)	9 (2.4%)
More than RM10,000	9 (1.8%)	5 (4.3%)	4 (1.1%)

* Significance at $p < .05$

Table 3: Respondents who had purchased on social media platforms segmented by monetary impact

	No Monetary Loss	Monetary Loss	Total
Not scammed	372	0	372
Scam Type 1	7	37	44
Scam Type 2	14	77	91
Total	394	114	507

Note: Scam Type 1 = not receive product/service; Scam Type 2 = received but fake or not similar as described. 20 victims were counted in both scam categories, so Ns are higher.

As displayed in table 3, of 44 victims of type 1 scam, 84 percent (37 shoppers) had lost some money. Of those

who had lost money, majority had lost between RM100 to RM399 (40.5 percent). Similarly, 85 percent of the victims of type 2 scam had lost some money and a great majority (69 shoppers) had lost below RM399. Some shoppers (8.1 percent) had lost huge amount of money (i.e., RM1000 and above) to the scammers. However, 21 respondents who said they had been scammed had not actually lost any money as they asked for refund or replacement from the scammers. In other words, a great majority of the victims did not take further action (i.e. ask for refund or replacement) even they realized they have been scammed.

Table 4: Monetary loss of purchasing scams

	Scam Type 1	Scam Type 2	Total
No loss	7	14	21
<RM100	11	40	51
RM100-RM399	15	29	44
RM400-RM699	4	3	7
RM700-RM999	0	1	1
>RM999	7	4	11
Total	44	91	135

Note: Scam Type 1 = not receive product/service; Scam Type 2 = received but fake or not similar as described.

Personality Traits of Victims and Non-victims

Independent sample t-tests were used to determine the differences between victims and non-victims of social commerce scam on the personality traits. The differences between the two groups in personality traits are shown in table 4 and 5. There were five measures for personality traits. Participants from victims group score more on openness, extroversion and neuroticism than the non-victims group. The non-victims group were more agreeableness and conscientiousness as compared to the victims. However, all these differences were not significant (*see* Table 5), not supporting out hypotheses. The results suggest that personality of individuals was similar regardless whether they were victims or not victims of social commerce scam. Hence, this study cannot really define the typology of the victims of social commerce scam.

Table 5: Group Statistics

	Group	Mean	Std. Deviation
OPENNESS	Non-Victim	3.7282	.55202
	Victim	3.7696	.54550
AGREEABLE	Non-Victim	4.1207	.46312
	Victim	4.0821	.45411
CONSCIENCE	Non-Victim	4.0003	.48163
	Victim	3.9787	.41701
EXTROVERT	Non-Victim	3.7829	.45660
	Victim	3.8293	.43971
NEUROTIC	Non-Victim	3.0531	.55890
	Victim	3.1163	.55328

Table 6: Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	T	df	Sig. (2-tailed)
OPENNESS	Equal variances assumed	.000	.991	-.704	485	.482
	Equal variances not assumed			-.708	191.699	.480

AGREEABLE	Equal variances assumed	.028	.868	.784	485	.434
	Equal variances not assumed			.792	192.964	.429
CONSCIENCE	Equal variances assumed	4.718	.030	.432	485	.666
	Equal variances not assumed			.466	216.115	.641
EXTROVERT	Equal variances assumed	.110	.740	-.961	485	.337
	Equal variances not assumed			-.980	195.977	.328
NEUROTIC	Equal variances assumed	.248	.619	-1.063	485	.289
	Equal variances not assumed			-1.068	191.414	.287

DISCUSSION, LIMITATIONS AND FUTURE DIRECTIONS

Based on the findings above, there are two types of social commerce scam (1) bought goods but never receive the goods and (2) receive the goods but not as described /promised. Our data suggests that most of the victims were in the latter category and this is a serious cybercrime because people are losing money to these criminals. Not only they lose money, but most of the victims were unwilling to proceed with action such as asking for refund or replacement. It may well be that they think the effort (i.e., time, money, energy, emotion) to act is not worth it. Another plausible reason is maybe the hassle to track the scammer is not possible because, often time the scammers disappear from the cyber space. As compared to offline, the existence of seller is genuine and traceable. We thus believe the need for new mechanisms to prevent the existence of anonymous sellers on social media platforms. Additionally, shoppers on social media platforms should increase their awareness on their right and should act against dishonest sellers.

The present results further suggest that the personality traits of victims were not much differ from non-victims, against our expectation. This indicate that buyers' attitude in the cyberspace could not solely be defined by personality traits. Other factors, such as buyers' purchasing behavior (impulsive versus compulsive) could also contribute towards cyber victimization. Additionally, scammers' strategy and manipulation of technology could also result in anyone with different personality traits to have potentials being the victims on the cyberspace.

The limitations of this study are two-folds. First, the representativeness of the data is questionable because the respondents were limited to friends, families, friends of friends and friends of families of the researchers. Although snow-balling technique was used to distribute the questionnaire, it was still within the researchers' circle. For example, all researchers are Malays, and this can be related to great majority (94.7%) of Malay respondents. They might have similarity in personality (or culture, religion) and some similar traits will be more obvious. As a result, it does not provide good foundation for generalization. Second, the questionnaire, that was adapted from prior studies, were translated into Malay language. While two steps of translation process were applied, we believe some of the questions were not interpreted and understood precisely. This could be a plausible reason why the results of the current study were not as predicted. In the future, the research sample can be expended to a wider and diverse audiences in term of gender and ethnicity, that would allow for better research results. Additionally, other variables such as experience with social commerce scams, competent with social commerce features and trust could serves as moderator or mediator to better explain the typology of social commerce scam victims.

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TINJAUAN NIAT KEUSAHAWANAN DIKALANGAN PELAJAR SEMESTER AKHIR FAKULTI SENILUKIS DAN SENIREKA UITM PERAK

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ABSTRAK

Tidak dapat dinafikan keusahawanan memainkan peranan yang amat penting dalam ekonomi dunia masa kini di mana bidang keusahawanan menjadi daya penggerak kepada pertumbuhan ekonomi dan mencipta peluang kerjaya. Malah, kadar pengangguran yang tinggi di Malaysia telah menyebabkan pihak kerajaan mengambil langkah yang bijaksana dengan memperkasakan pendidikan keusahawanan dengan tujuan bagi menggalakan para pelajar untuk cenderung kearah bidang keusahawanan apabila mereka tamat belajar kelak. Kajian ini membincangkan faktor yang mempengaruhi niat keusahawanan dikalangan para pelajar semester akhir Fakulti Senilukis dan Senireka UiTM Perak dengan berdasarkan model niat keusahawanan. Tujuan utama kajian ini adalah untuk menentukan hubungan diantara faktor silap personal, norma subjektif serta kawalan tingkahlaku terhadap niat keusahawanan dikalangan para pelajar tersebut. Kajian telah dijalankan secara kuantitatif dimana soal selidik telah dijalankan terhadap 108 orang pelajar semester akhir di fakulti tersebut. Malah, hasil kajian telah mendapati bahawa ketiga-tiga faktor di dalam model tersebut mempunyai hubungan dengan niat keusahawanan dikalangan para pelajar semester akhir Fakulti Senilukis dan Senireka UiTM Perak. Hasil kajian ini diharap dapat dijadikan sebagai input dalam menambahbaik serta mempertingkatkan lagi strategi serta aktiviti bagi meningkatkan niat keusahawanan di kalangan para pelajar semester akhir Fakulti Senilukis dan Senireka UiTM Perak.

Kata Kunci – Model Niat Keusahawanan, Sikap personal, Norma Subjektif, Kawalan Tingkah Laku, Niat Keusahawanan

PENGENALAN

Bidang keusahawanan dilihat sebagai pemangkin kepada ekonomi dan bina upaya kepada usaha meningkatkan inovasi, kreatif serta daya saing sesebuah negara. Bidang keusahawanan pada masa kini telah diberi penekanan yang kuat memandangkan ianya memberikan kepentingan dan menyumbang terhadap pembangunan ekonomi, pembentukan perkerajaan, serta sebagai sumber bagi inovasi dan produktiviti. (Urbano & Aparicio, 2015). Malah, kerjaya dalam bidang keusahawanan juga dilihat sebagai salah satu domain kerjaya yang semakin pesat dan terus berkembang (Katz, 2003). Selain itu, perkembangan bidang keusahawanan telah menjadi faktor penyumbang kepada pertumbuhan ekonomi sesebuah negara (Norasmah dan Salmah 2011; Armanurah et.al 2014).

Selaras dalam usaha menjadikan bidang keusahawanan sebagai salah satu bidang kerjaya yang diminati, bidang ini turut diperkembangkan lagi melalui system pendidikan Malaysia dan salah satunya adalah melalui pengenalan program keusahawanan di institusi-institusi pengajian tinggi. Kepentingan ini dibuktikan melalui Pelan Pembangunan Pendidikan Malaysia 2015-2025 (Pendidikan Tinggi) atau PPPM (PT) di bawah Lonjakan 1, di mana IPT perlulah lebih proaktif dalam mentransformasikan sistem penyampaian mereka dengan menepati kehendak lokal yang bersifat global supaya ia mampu melahirkan modal insan yang holistik, seimbang dan mempunyai minda keusahawanan yang berupaya bertindak sebagai penjana pekerjaan. Pelan strategik ini dilihat

dapat melahirkan graduan bercirikan keusahawanan serta seimbang disamping penambahbaikan melalui pengalaman dan pembelajaran dengan berasaskan perkhidmatan untuk membangunkan kemahiran yang sesuai untuk abad yang ke-21 (Pelan Pembangunan Pendidikan Malaysia, 2013).

Oleh sebab itu, kerjaya sebagai seorang usahawan haruslah diberi pendekatan yang menyeluruh dan dilihat sebagai salah satu alternatif kepada para graduan dalam menghadapi pasaran kerja yang terhad serta kadar pengurangan pekerja yang tinggi (Mazdan, 2015). Jesteru, objektif kajian ini adalah untuk membincangkan faktor-faktor yang mendorong kepada niat keusahawanan dikalangan pelajar Institut Pengajian Tinggi Awam di Malaysia. Hal ini disebabkan kerana bidang keusahawanan dapat dilihat sebagai sumber alternatif kepada pendapatan para graduan dimana kedudukan ekonomi tidak lagi mampu untuk menawarkan peluang pekerjaan yang mencukupi kepada mereka kelak.

PENYATAAN MASALAH

Penglibatan golongan muda dalam kerjaya sebagai usahawan merupakan penyumbang kepada kejayaan dalam bidang keusahawanan. Walaubagaimana pun, peratusan yang melibatkan graduan dari Institusi Pengajian Tinggi Awam yang menjadikan bidang keusahawanan sebagai kerjaya mereka masih di tahap yang rendah (Sitti Nor Azizah, 2014).

Menurut Jabatan Perangkaan Negara, berasaskan banci penduduk dan perumahan 2018, kadar peratus pengangguran rakyat Malaysia sehingga bulan Julai 2018 adalah sebanyak 3.4 peratus bagi dua bulan berturut-turut, namun turun 0.1 mata peratus berbanding bulan yang sama pada tahun 2017. Bilangan penganggur yang direkodkan adalah seramai 518.6 ribu orang, turun 0.1 peratus berbanding Julai 2017. Meskipun kadar pengangguran Malaysia kekal baik berbanding negara serantau, namun kebimbangan utama adalah kadar pengangguran golongan belia. Malah, menurut perangkaan tersebut juga, penglibatan yang rendah dikalangan penduduk yang memilih kerjaya sebagai usahawan turut menggambarkan bahawa penduduk di Malaysia kurang cenderung untuk menceburi bidang keusahawanan dan lebih memilih kerjaya di sektor kerajaan mahupun swasta (Wan Mohd Zaifurin et.al 2016). Pemasalahan ini adalah disebabkan kurangnya pendedahan terhadap ilmu berkaitan keusahawanan di kalangan pelajar (Sarebah et.al.2010). Malah, kegagalan pelajar dalam mendalami ilmu mengenai sesuatu pekerjaan juga boleh mendorong mereka ke arah pemilihan kerjaya yang kurang bersesuaian dan tidak tepat (Faraliyana dan Aishah, 2017).

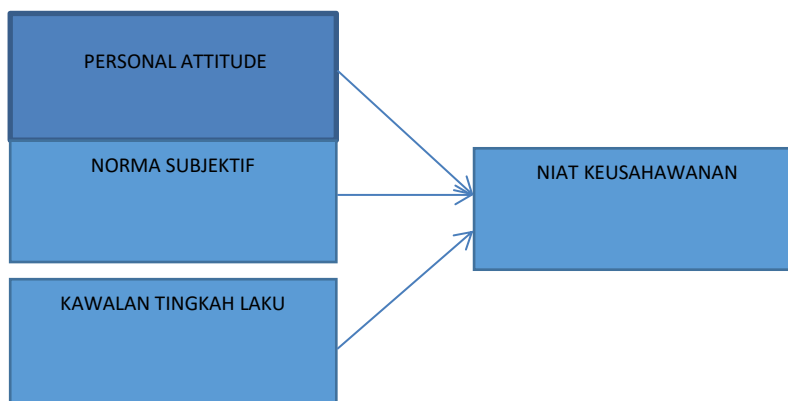
Bilangan graduan yang memilih kerjaya dalam bidang keusahawanan masih dilihat kurang memberangsangkan (Norasmah dan Salmah, 2011). Hal ini disebabkan kebanyakan siwazah melihat kerjaya dalam bidang keusahawanan ini sebagai pilihan kedua atau bukan sebagai pilihan utama (Norasmah,2005) kerana mereka tidak melihat bidang keusahawanan ini sebagai satu alternative kerjaya yang wajar diceburi (Zaidatol Akmaliah et.al. 2002) serta sebagai profesion yang dapat menjamin masa depan yang baik dimasa akan datang (Borasmah dan Salmah, 2011).

Meskipun institusi pendidikan tinggi dianggap sebagai batu loncatan kepada belia untuk menjamin masa depan yang lebih baik, satu laporan menunjukkan bahawa graduan bumiputera menghadapi kesukaran untuk mendapat pekerjaan. Sebaliknya, graduan-graduan tersebut mempunyai kadar pengangguran yang lebih tinggi daripada rakan sebaya yang tidak mempunyai pendidikan tinggi. Berdasarkan kepada statistik kajian pengesanan graduan 2017 yang dikeluarkan oleh Kementerian Pengajian Tinggi Malaysia, kadar pengangguran bagi lepasan graduan yang paling tinggi diantara bidang yang ditawarkan adalah dalam bidang sastera & sains sosial iaitu sebanyak 28,043 orang daripada jumlah keseluruhan 53,373 orang graduan yang masih menganggur. Kadar pengangguran yang lebih 50% daripada jumlah keseluruhan yang menganggur ini membuktikan bahawa bidang sastera & sains sosial merupakan bidang yang tertinggi menyumbang kepada gejala pengangguran dikalangan lepasan graduan. Oleh yang demikian, lepasan graduan dalam bidang ini mempunyai tahap niat kecenderungan yang rendah untuk menjadi bakal usahawan.

Justeru, kajian ini bertujuan untuk mengkaji faktor-faktor yang mempengaruhi niat keusahawanan dalam kalangan pelajar semester akhir Fakulti Senilukis dan Senireka UiTM Perak.. Semua inisiatif yang dijalankan dianggap berjaya sekiranya pelajar dapat mengubah sikap tingkah laku yang positif terhadap keusahawanan, mempunyai ciri-ciri keusahawanan yang tinggi serta mempunyai niat keusahawanan yang positif.

MODEL NIAT KEUSAHAWANAN

Model ini dibentuk berdasarkan kerangka teori awal yang dibentuk oleh Ajzen (1991). Model ini digunakan sebagai memberi penekanan kepada faktor personal dan sosial dalam menerangkan niat tingkah laku (Beck dan Ajzen, 1991; Harland et al., 1999; Tkachev dan Kolvereid, 1999). Objektif kajian ini cuba meneliti hubungan faktor yang berpotensi mempengaruhi niat keusahawanan seseorang individu. Model Niat Keusahawanan (Linan & Chen, 2009) seperti Rajah 1 dibawah yang mempunyai tiga komponen utama yang diasaskan daripada teori tingkahlaku terancang (Theory Planned Behaviour) iaitu sikap personal (personal attitude), norma subjektif (subjective norm) dan tanggapan kawalan tingkah laku (perceived behavioral control) digunakan dalam kajian ini.



Rajah 1: Model Niat Keusahawanan
Sumber: Linan & Chen (2009)

Berdasarkan kerangka model diatas, sikap personal merujuk pada sikap seseorang individu sama ada positif atau negatif dalam membuat keputusan terhadap sesuatu bidang yang ingin diceburinya (Ajzen 1991, 2002). Selain daripada itu, Kalafatis et al., (1999) menegaskan bahawa tarikan personal terhadap jumlah hasil yang dijangkakan diambil kira memungkinkan niat atau hasrat seterusnya ke arah kecenderungan keusahawanan. Kenyataan ini juga disokong oleh Linan et al., 2007. Ini menunjukkan bahawa tarikan personal bergantung kepada individu itu sendiri. Kajian-kajian terdahulu secara konsisten menyokong hubungan positif antara sikap personal dengan niat keusahawanan (misalnya, Ajzen, 1991; Krueger & Carsrud, 1993; Linan et al., 2007; Tsogas, 1999). Bagi maksud kajian ini, hipotesis kajian yang pertama adalah seperti berikut:

H1: Terdapat pengaruh positif di antara sikap personal dengan niat keusahawanan

Selain itu, menurut Ajzen (1991, 2002), norma subjektif adalah merupakan pengaruh persekitaran yang mempengaruhi tindakan seseorang individu untuk bertindak balas secara positif atau sebaliknya. Pengaruh persekitaran ini antara lain adalah terdiri daripada rakan sebaya, keluarga, parti politik, organisasi agama dan lain-lain. Ini bermakna jika seseorang individu itu terpengaruh dengan individu dalam persekitarannya atau individu dalam persekitarannya menyokong penglibatannya maka mereka akan cenderung untuk mewarisi normanorma persekitaran tersebut. Kajian lampau menyokong hubungan positif yang kuat antara norma subjektif dengan niat

keusahawanan (misalnya, Ajzen, 1991; Krueger & Carsrud, 1993; Linan et al., 2007; Tsogas, 1999). Berdasarkan huraian di atas, hipotesis kedua kajian adalah seperti berikut:

H2: Terdapat pengaruh yang positif di antara norma subjektif dengan niat keusahawanan

Selain itu, kawalan tingkah laku merujuk pada tahap kesukaran melaksanakan sesuatu perlakuan yang memberi kesan kepada keyakinan seseorang individu tersebut melakukan apa yang dikehendakinya (Ajzen, 1991, 2002; Kalafatis et al., 1999). Konsep yang sama dibahaskan oleh Bandura, (1977) melalui Teori Pembelajaran Sosial dan Teori Efikasi Kendiri Terkawal oleh Shapero dan Sokol, (1982). Hujah oleh Krueger dan Carsrud, (1993) melalui teori kawalan tingkah laku menegaskan bahawa elemen kecenderungan boleh digunakan untuk mengukur kawalan tingkah laku. Sikap boleh mempengaruhi tingkah laku dan ini membawa kepada kecenderungan tersebut. Kolveroid (1996) dalam kajian untuk meramal niat keusahawanan menggunakan teori kawalan tingkah laku. Penjelasan di atas membawa kepada pembentukan hipotesis ketiga kajian seperti berikut:

H3: Terdapat pengaruh yang positif di antara kawalan tingkah laku dengan niat keusahawanan

Huraian dan penjelasan di atas membawa kepada pembentukan model kerangka kajian seperti yang ditunjukkan dalam Rajah 1 di atas.

KAJIAN LITERATUR

Takrifan usahawan dalam kajian ini adalah berdasarkan takrifan yang dicadangkan oleh Hisrich et al., (1995) iaitu usahawan adalah seorang individu yang sanggup mengambil risiko untuk memulakan bisnes. Perkataan 'entrepreneur' atau usahawan berasal daripada perkataan Perancis iaitu 'enterprendre' yang bermaksud memikul tugas, tanggungjawab atau mencuba (Hisrich dan Peter, 1998). Malah, usahawan juga boleh didefinisikan sebagai penciptaan usahaniaga baru melalui empat dimensi iaitu individu, organisasi, persekitaran dan proses yang diabantu oleh rangkaian kerjasama antara kerajaan, pendidikan dan institusi (Hidggets, 1996).

Keusahawanan merupakan salah satu istilah yang digunakan untuk menerangkan proses dimana seseorang itu berupaya mengenalpasti peluang untuk memenuhi keperluan serta mengumpulkan segala sumber yang diperlukan untuk mencapai matlamat tersebut (Kinzer, 1973). Konsep keusahawanan juga merupakan satu titik yang menerangkan bahawa sumber yang banyak itu bukannya melalui cara mengawal kekayaan tetapi lebih cenderung mengenai cara bagaimana sumber tersebut diuruskan dalam mengawal kekayaan (Casson, 1985).

Selain itu, keusahawanan turut menyumbang kepada peningkatan pendapatan perkapita, selain sebagai pemangkin dalam perubahan struktur sosial dan masyarakat (Hisrich & Peter, 2002). Dalam erti kata lain, perkembangan keusahawanan dan peningkatan bilangan usahawan di Malaysia akan membantu perkembangan yang positif terhadap ekonomi negara. Malah, bidang keusahawanan juga dapat menyumbang serta menjana peluang pekerjaan dan dalam masa yang sama menangani pengangguran serta membasmi kemiskinan.

Kebanyakan manusia termasuk seseorang usahawan itu tidak pernah terfikir untuk menjadikan bidang keusahawanan sebagai kerjaya mereka (Ronstadt, 1985). Hanya sebilangan kecil daripada usahawan yang menyedari apabila mereka menyambung pelajaran di institut pengajian tinggi dan menjadikan bidang keusahawanan sebagai matlamat utama kehidupan mereka. Malah, ada juga segelintir dari kalangan mereka yang terus memulakan perniagaan sebaik sahaja mereka tamat pengajian. Bahkan, hanya segelintir sahaja dikalangan minoriti lain yang akan menunggu dan bekerja dengan seseorang terlebih dahulu sebelum memulakan perniagaan sendiri dengan tujuan mempersiapkan diri mereka dalam menghadapi masa hadapan sebagai seorang usahawan. Malah, menurut Rostard, beliau melihat bidang keusahawanan sebagai suatu prospek kerjaya yang sesuai dipilih dan diceburi oleh para pelajar setelah tamat pengajian mereka.

Melalui kajian keusahawanan, terdapat pelbagai konsep yang dikaitkan seperti sikap (Doughlas & Shepherd, 2002), kecenderungan atau niat (Bird & Jelinek, 1988; Auken & Stephens, 2006) dan sebagainya. Antara sebab utama niat terhadap keusahawanan dikaji kerana ianya mempunyai impak yang tinggi dalam mempengaruhi keputusan seseorang itu untuk menjadi seorang usahawan yang berjaya. Malah, pembentukan kecenderungan terhadap niat keusahawanan bergantung kepada sikap terhadap perlakuan yang disasarkan kerana ia mencerminkan kepercayaan serta persepsi seseorang itu (Krueger & Carsrud, 1993). Dalam erti kata lain, tahap kepercayaan seseorang itu terhadap bidang keusahawanan adalah sangat penting dalam mempengaruhi sikap mereka terhadap niat keusahawanan. Malah, niat keusahawanan adalah pemboleh ubah yang terbaik bagi mengukur sikap terancang terutamanya apabila sikap itu dianggap sebagai yang luar biasa, sukar dinyatakan serta melibatkan tempoh masa yang agak lama (Reilly & Carsrud, 2000).

METODOLOGI KAJIAN

Kajian ini menggunakan kaedah kuantitatif dimana borang soal selidik telah digunakan sebagai instrument pengumpulan data. Malah, soalan yang dikemukakan dalam soal selidik kajian ini turut diadaptasikan melalui soalan yang telah dibangunkan oleh Linan et al., (2007). Kajian rintis turut dijalankan ke atas 30 orang pelajar bukan bidang keusahawanan UiTM Perak bagi tujuan kesahan serta kebolehpercayaan soal selidik. Keputusan menunjukkan kebolehpercayaan, dimana nilai alpha bagi keseluruhan item yang dibina adalah 0.762. Menurut Sekaran (2000), secara dasarnya, kebolehpercayaan yang kurang daripada 0.6 dianggap lemah, manakala yang berada dalam juat 0.7-0.8 boleh diterima serta yang melebihi 0.8 dianggap baik. Oleh yang demikian, ini bermakna kebolehpercayaan instrumen adalah boleh diterima dan sesuai digunakan untuk kajian ini. Populasi kajian ini terdiri daripada 150 pelajar semester akhir Fakulti Seni Lukis dan Seni Reka UiTM Perak. Penentuan saiz sampel dibuat berdasarkan jadual penentuan saiz sample yang diadaptasikan dari Krejcie dan Morgan (1970) dimana 108 orang pelajar mewakili ciri-ciri yang mempunyai persamaan dengan populasi yang dipilih. Kaedah ini turut membantu penkaji untuk memilih jumlah sample yang sesuai dari populasi serta memberi peluang kepada setiap orang untuk dipilih dalam menjawab soal selidik ini.

ANALISIS DATA

Tujuan analisis data dilakukan adalah bagi mendapatkan hasil-hasil serta keputusan kajian untuk dijadikan maklumat yang boleh digunakan serta bermakna. Data analisis yang diperolehi melalui soal selidik dalam kajian ini menggunakan perisian Statistical Package For Social Sciences (SPSS) dimana data yang diperolehi adalah dalam bentuk kuantitatif. SPSS digunakan bagi bagi mengenalpasti faktor-faktor yang mempengaruhi pemboleh ubah bersandar iaitu niat keusahawanan.

DAPATAN

Dapatan kajian menunjukkan bahawa sikap personal yang mewakili hipotesis 1 telah mempengaruhi niat keusahawanan dikalangan pelajar semester akhir Fakulti Seni Lukis dan Seni Reka UiTM Perak dengan nilai Koefisien (β) 0.33. Bagi hipotesis 2 pula, norma subjektif akan mempengaruhi niat keusahawanan melalui nilai koefisien (β) 0.25 manakala hipotesis 3 memberi tanggapan bahawa kawalan tingkah laku akan mempengaruhi niat keusahawanan dan mempunyai niat koefisien (β) 0.28. Berdasarkan dapatan diatas, jelas menunjukkan bahawa sikap personal merupakan faktor yang paling mempengaruhi niat keusahawanan dikalangan pelajar semester akhir Fakulti Seni Lukis dan Seni Reka UiTM Perak diikuti dengan faktor kawalan tingkahlaku dan seterusnya faktor norma subjektif. Selain itu, model juga menunjukkan bahawa nilai R^2 yang terhasil adalah 0.609 dan ini turut menyokong bahawa model kajian ini merupakan model yang baik untuk kajian dalam bidang sains sosial. Ini jelas menunjukkan bahawa sebanyak 60.9% pemboleh ubah tidak bersandar yang dikaji dapat meramal perubahan dalam varian niat keusahawanan. Manakala hanya 39.1% dipengaruhi oleh faktor-faktor lain yang tidak dikaji melalui kajian ini. Jadual 1 di bawah menunjukkan hasil dapatan pengujian hipotesis bagi model niat keusahawanan.

Pembolehubah Tidak Bersandar	Pembolehubah Bersandar:	Keputusan Pengujian Hipotesis
	Niat Keusahawanan	
H1: Sikap Personal	.338	Disokong
H2: Norma Subjektif	.255	Disokong
H3: Kawalan Tingkahlaku	.289	Disokong

$R^2 = 0.627$; R^2 Terlaras = 0.609; Nilai $F = 33.805^{**}$, Durbin Watson = 1.720

Jadual 1 : Pengujian Hipotesis Bagi Model Niat Keusahawanan

PERBINCANGAN

Berdasarkan hasil kajian di atas, jelas menunjukkan bahawa faktor sikap personal merupakan faktor utama yang mempengaruhi niat keusahawanan dikalangan pelajar semester akhir Fakulti Senilukis dan Senireka UiTM Perak. Malah, nilai R^2 bagi niat keusahawanan sebanyak 0.61 menunjukkan bahawa sebanyak 61% varian niat keusahawanan dapat dijelaskan oleh kesemua pembolehubah tidak bersandar yang dipertimbangkan dalam model penyelidikan ini. Oleh yang demikian, model ini amat sesuai digunakan dalam mengkaji niat keusahawanan dikalangan pelajar memandangkan kesemua pembolehubah tersebut boleh diramal secara statistik.

KESIMPULAN

Berdasarkan perbincangan diatas, ianya jelas menunjukkan model tingkahlaku terancang yang dinyatakan dalam kajian ini adalah sangat relevan dalam menentukan hala tuju niat keusahawanan dikalangan pelajar Institusi Pengajian Tinggi sama ada dapat dicapai atau tidak pada masa akan datang. Justeru, konsep serta model ini diharap dapat diguna pakai dalam mengenal pasti kesediaan serta niat seseorang khususnya para pelajar dalam menceburkan diri serta menjadikan aktiviti keusahawanan sebagai kerjaya mereka

CADANGAN DAN LIMITASI

Hasil dapatan kajian ini telah menegaskan bahawa model tingkahlaku terancang sesuai untuk digunakan terhadap kajian kecenderungan keusahawanan dikalangan pelajar. Malah, sebagai kajian kuantitatif yang sudah banyak dikaji dalam literatur, kajian ini hanya menyelidik pembolehubah tidak bersandar berkaitan faktor individu yang telah dibincangkan dalam literatur. Oleh yang demikian, kajian yang melibatkan pembolehubah lain seperti faktor persekitaran berkemungkinan wajar dikaji serta berpotensi dalam mempengaruhi niat keusahawanan dikalangan para pelajar semester akhir Fakulti Senilukis dan Senireka UiTM Perak kelak. Walaupun bilangan sampel yang dianalisis dalam kajian adalah memadai dari segi keperluan statistik, bilangan sampel yang lebih banyak dapat memberi keputusan yang lebih menyakinkan. Justeru kajian pada masa hadapan wajar mempertimbangkan untuk menjalankan kajian pada skala lebih besar.

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IFRS ADOPTION AND EARNINGS QUALITY IN FAMILY AND MANAGERIAL FIRMS: EVIDENCE FROM AN EMERGING ECONOMY

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Abstract

This study investigates the changes in earnings quality (EQ) among family and managerial firms pre and post International Financial Reporting Standards (IFRS). It also examines the effect of IFRS adoption on EQ among the mentioned companies. Using a sample of non-financial firms listed in Bursa Malaysia from 2007 to 2016, this paper employs the paired t-test and Generalized Method of Moments (GMM) to attain the objectives of the study. The results provide evidence of EQ improvement by means of accrual-based earnings management in both family and managerial firms after IFRS adoption. However, the trend of real earnings management fluctuates in both types of companies pre- and post-IFRS. This suggests that other factors might influence this phenomenon and improve EQ as well. The findings indicate that managerial firms strengthen the proficiency of IFRS more (to improve EQ) compared to family firms. It is hoped that the results of this study will provide the regulators and investors' the awareness on the importance of improving other governance mechanisms, in addition to IFRS, to monitor real earnings management.

Keywords: Earnings quality, Family and Managerial firms, IFRS, GMM, Malaysia

INTRODUCTION

IFRS adoption has been among the most significant regulatory change in financial reporting worldwide¹. The International Accounting Standards Board (IASB) developed guidelines with the aim of harmonizing accounting standards across countries (Crawford, Lont, & Scott, 2013). Since 2005, most nations have adopted IFRS beginning with the EU. Since 2012, it is mandatory for all listed companies in Bursa Malaysia to prepare their consolidated financial reports in accordance with IFRS. Such a change could be empirically tested from two angles. First, the potential ramifications of IFRS adoption regarding the improvement of the EQ locally and globally. Secondly, the benefits of IFRS adoption towards international companies and global capital market players (da Silva & Nardi, 2017).

IFRS has several superior features compared to national accounting standards. These include more disclosure requirements and fewer alternatives for accounting methods (Doukakis, 2014). Two foremost objectives of IFRS are to (i) improve reporting quality and (ii) enhance the comparability of financial statements across nations (De George, Li, & Shivakumar, 2016). The broad adoption of such standards is expected to increase the ability of monitoring mechanisms in ensuring transparency. Such rules are debated, in the context of enhancing firms' EQ and accounting disclosure strategies, among decision-makers in developed and emerging countries (Marra, Mazzola, & Prencipe, 2011; Oz & Yelkenci, 2018).

EQ has become a significant issue as a result of a series of global financial crises and accounting scandals in big corporations (Eng, Fang, Yu, & Zhang, 2019). Several contractual agreements and financial decisions depend on corporate earnings. These include executive compensation contracts, growth possibilities, operational performance, business and political decisions (Kamarudin & Wan Ismail, 2014). EQ also leads to investment efficiency, ensures investors' confidence, market efficiency, and economic growth (Chen, Hope, Li, & Wang, 2011).

¹ For a full list of IFRS mandate by nation, please visit <http://www.iasplus.com/country/useias.htm>.

Nevertheless, earnings might not be an informative source if it is a result of earnings management. Corporate managers attempt to manipulate earnings to obtain individual goals at the cost of shareholders. These include maintaining executive bonuses, long-term existence, and self-reputation (Feng, Ge, Luo, & Shevlin, 2011). Such manipulations lead to an unclear view of company's financial performance which could mislead firms' investment decisions. Kamarudin & Wan Ismail (2014) define EQ as "*The information with a low occurrence of earnings management manipulations*" (p.227)². Haga, Ittonen, Tronnes, & Wong (2018) also indicate that when managers manage earnings for an opportunistic purpose, accounting profits became a less reliable measure of firms' financial performance³.

Several studies have investigated the effects of these mandatory IFRS standards on its adopters. The IFRS adopters consider IFRS as significantly beneficial for firms and even countries due to (i) increased in the transparency and comparability of financial reports (García, Alejandro, Sáenz, & Sánchez, 2017), (ii) lower costs of financing (Persakis & Iatridis, 2017), (iii) better cross-country investments (Joshi, Yapa, & Kraal, 2016), and (v) increased following by foreign analysts (De George et al., 2016). Although these studies include the cost-benefit trade-off of applying IFRS, they typically do not clarify whether the IFRS mandate can be efficiently applied in family and managerial firms in developing nations.

Firm-level incentives play a massive role in accounting quality changes around IFRS adoption (Christensen, Lee, Walker, & Zeng, 2015; Trimble, 2018). Ownership structure is one of the relevant firm-level governance mechanisms that enhances firm's EQ and protects their investments and business (Alzoubi, 2016). In emerging nations, the purposes behind managing corporate profits might differ from developed countries. In emerging economies (e.g. Malaysia), major listed firms are in hand of a small number of shareholders, permitting the expropriation of minority shareholders. After the IFRS era, there is a global debate of firm's EQ improvement (Doukakis, 2014; Marra et al., 2011). This paper highlights the potential effect of ownership firms on the effectiveness of IFRS adoption.

The main two questions in this study are; 1) Does EQ improve after the adoption of IFRS in managerial and family firms⁴? 2) Is there any relationship between IFRS and EQ in family and managerial firms? Therefore, the main aim of this paper is to 1) investigate the changes in EQ before and after IFRS adoption through two hypotheses (H₁ and H₃) and 2) examine the effect of mandatory IFRS adoption on EQ in managerial and family firms through H₂ and H₄. It provides empirical evidence for decision-makers on the role of IFRS in enhancing firm's EQ through monitoring both accrual and real earning earnings manipulations in managerial and family firms.

Malaysia displayed rapid displayed quick reforms in upgrading the CG regime to improve its financial reporting, namely, Malaysian Code of Corporate Governance (MCCG)⁵. The mandatory IFRS in January 2012 also motivates the need to examine this association i.e. EQ and IFRS adoption (De George et al., 2016). Malaysia is also among the fastest developing economies and is looking towards enhancing its investors' protection requirements (Randhawa, 2011). Additionally, Malaysia has been selected for this research due to its plans to be a developed country by 2020. However, there is evidence of earnings management in Malaysia relative to the other countries in the region (Shayan-Nia, Sinnadurai, Mohd-Sanusi, & Hermawan, 2017; Wan-Hussin, 2009). Malaysia also seeks to enhance a number of developing country-related features on market efficiency, law enforcement, and information quality (Young, Peng, Ahlstrom, Bruton, & Jiang, 2008)⁶.

The results of this study provide evidence of EQ improvement vis-à-vis accrual-based earnings management in family and managerial firms post IFRS adoption. However, the trend of real earnings management shifts downwards in both types of company ownership (pre- and post-IFRS period), suggesting that other factors, such as, investor protection and accounting standards' enforcement might influence this phenomenon and improve EQ. The findings also suggest that managerial firms provide an appropriate environment and strengthen the proficiency of IFRS in reducing both accrual-based and real earnings management practices compared to family firms that reduce accrual manipulations.

² There are severe definitions of EQ, but we have chosen this meaning for our study purpose.

³ This paper uses accrual and real earnings management as EQ indicators. They are appropriate measures and draw a clear picture of corporate earnings (Chi et al., 2016).

⁴ Concentrated ownership is measured as the percentage of shares of 5% or above to total number of share issued (Chahine & Tohmé 2009).

⁵ Malaysian regulators focused on reforming CG system after the Asian financial crisis by issuing several versions (MCCG, 2000, 2007, 2012, and 2016).

⁶ These characteristics are weak in emerging economies compared to developed nations.

This paper adds to the knowledge and practice in three ways. First, this study contributes to the literature by shedding new light on EQ improvement around IFRS adoption in family and managerial firms. Although prior studies investigate the economic consequences of IFRS adoption globally, there is a lack of studies examining such relationship in developing countries. Second, our review is of interest to the international accounting community, national regulators, and practitioners. This study provides evidence of country- and firm-level determinants of effective IFRS adoption to assist higher authority in fulfilling their tasks of market efficiency and economic stability. Third, GMM model used may provide some merit to distinguish this paper from prior ones. The next section reviews prior literature and is followed by the methodology used in the study. Section four highlights and discusses the outcomes, and the final section concludes the paper.

RELATED STUDIES AND HYPOTHESES DEVELOPMENT

IFRS and EQ in Family business

Prior literature indicates that mandatory IFRS contributes towards economic benefits (Dayanandan, Donker, Ivanof, & Karahan, 2016; Joshi et al., 2016) and improves firm-level monitoring mechanisms in different environments (Pope & McLeay, 2011). These standards also lead to better transparency in financial reporting (Yurisandi & Puspitasari, 2015). Furthermore, international standards assist analysts, shareholders, and regulators in evaluating the quality of earnings and comparing accounting policies among firms in different settings (Doukakis, 2014). Therefore, corporate earnings, during IFRS, reflect firm financial performance to a great degree.

According to the Agency theory, family companies can efficiently reduce managers' opportunistic behaviors and agency problems (Achleitner, Günther, Kaserer, & Siciliano, 2014; Fama & Jensen, 1983). It suggests that shareholders should incur monitoring expenses to reduce agency costs and earnings manipulations that influence the firm's value. These monitoring expenditures include applying high-quality accounting standards, such as IFRS, and hiring effective boards of directors (Samaha & Khelif, 2016). According to this theory, family investors have several reasons to monitor corporate managers carefully. First, family firms do not face severe type I agency conflicts compared to non-family business (Villalonga & Amit, 2006). Second, the long-term survival of a family and its relationship to the possession of a company contribute to the protection of its name and business (Duréndez & Madrid-Guijarro, 2018). Third, the leadership knowledge and skills inherited in family members help them enhance financial reporting quality and performance (Al-Hadi, Taylor, & Al-Yahyaee, 2016). Finally, as family companies have unique bonds, their communication becomes efficient and this leads to better and rapid decision-making.

In accordance with the viewpoint above, several research studies (Achleitner et al., 2014; Ferramosca & Allegrini, 2018) suggest that family ownership leads to effective monitoring mechanisms and aligns the firms' interests with minority shareholders. This paper is related to Christensen et al., (2015) who find that firm-level factors have a massive role in accounting quality changes around IFRS adoption. Family firms are expected to enhance the effectiveness of IFRS to improve a firm's EQ.

Conversely, family investors might follow policies that fulfill their interests at the expense of minority shareholders (the entrenchment effect) (Chau & Gray, 2010). Gonzalez & Garcia-Meca (2014) find that family investors reduce the firm's EQ. They can expropriate minorities by influencing the transparency of financial reporting (Ruiz-Mallorqui & Santana-Martin, 2009). They also replace audit committees and independent members, leading to lower monitoring effectiveness (Adıgüzel, 2013). However, such private benefits can be alleviated by adopting IFRS (Hong, 2013). Prior studies provide evidence that earnings management behaviors reduce under IFRS (Dayanandan et al., 2016; Zéghal, Chtourou, & Sellami, 2011). If this is true, the family firms' EQ should improve post-IFRS adoption.

In conclusion, the family firm's earnings management is expected to decline after IFRS adoption. This is because of the supervisory and leadership experience of family members due to long-term existence in business. A large number of studies investigate the effect of IFRS on firm's EQ around the world and provide essential results (i.e., Ferentinou & Anagnostopoulou 2016; da Silva & Nardi 2017; Marra et al. 2011; Zéghal et al. 2011). However, this study is among the few that sheds light on the effect of IFRS adoption on family firms' EQ. Since they have skills and ability to monitor corporate managers, family members can improve the efficiency of IFRS to enhance a firm's EQ. We propose the following hypotheses:

H₁: *EQ is higher in family firms post-IFRS adoption compared to pre-IFRS adoption.*

H₂: *Mandatory IFRS adoption is significantly associated with change in EQ in family business*

IFRS and EQ in Managerial Ownership Firms

Agency theory suggests that directors holding voting shares increase their monitoring efficiency and this reduces agency problems (Jensen & Meckling 1976). Managerial investors aim to improve financial activities for several reasons. First, managers who own a portion of firm stocks help align their interests with other shareholders' (convergence-of-interest hypothesis) (García-Meca & Sánchez-Ballesta 2009). Second, managerial investors have more ability to monitor firm performance (Jensen & Meckling 1976; Jermias & Gani 2013). Third, auditors can efficiently decline the risk levels inherited in earnings management with a high percentage of managerial ownership (Alzoubi, 2016). Based on these views, several studies have suggested that concentrated administrative firms play a significant role in reducing discretionary accruals and improving EQ (Alzoubi, 2016; Di Meo, Lara, & Surroca, 2017).

However, there are several drawbacks in managerial firms. As they are closely related to the financial reporting process, administrative owners may conceal certain important information for window dressing purposes. They can also take advantage of their authority to review issues of significance subject to their interests. Gonzalez & Garcia-Meca (2014) and Shayan-Nia *et al.* (2017) suggest that higher managerial ownership negatively affects monitoring capability, which leads to the decrease in EQ and firm value.

IFRS is expected to help managerial investors mitigate the undesirable impacts of earnings management practices among concentrated and minority partners (Hong, 2013). Chen & Rezaee (2012) find that effective board helps firms to be more aligned with IFRS and provide high-quality earnings. Doukakis (2014) suggests that IFRS help investors and leaders evaluate and analyze firm's EQ, accounting policies, and reports. Such stringent standards also help increase firms' financial performances (Kouaib & Jarboui, 2017). According to Christensen *et al.* (2015), corporate managers with incentives to adopt IFRS will exhibit EQ improvements.

In sum, managerial investors possess the monitoring experience and skills to reduce earnings management practices and help align their interests with other shareholders'. Accordingly, managerial firms are more likely to improve the efficiency of IFRS adoption in monitoring earnings management and ensure high EQ. There is a considerable body of documentation examining the effect of IFRS on EQ across the world. This study combines ideas from different studies that have not been examined simultaneously before. Firms with controlling managerial ownership are expected to enhance the efficiency of IFRS in monitoring opportunistic earnings practices and ensure high EQ. Therefore, the following hypotheses are formulated:

H3: EQ of managerial firms is higher post-IFRS compared to the pre-IFRS.

H4: Mandatory IFRS adoption is significantly related to changes in EQ of managerial firms

METHODOLOGY

Sample selection

The study sample included family and managerial firms in Bursa Malaysia with complete information on ownership structure and accounting variables during the period of 2007-2016. The sample included only companies reporting under the national accounting standards before the mandatory era and applying IFRS after the compulsory period. We excluded financial firms because they have different features and regularity regimes compared to non-financial companies. The study also excluded companies that changed fiscal year during the data collection period. Further exclusions were companies with a fiscal year ending other than 31st December⁷. The final subsamples comprised of 710 and 1070 firm-year observations for family and managerial firms, respectively. This sample comprises of companies from six industries, namely, Consumer Products, Energy, Industrial Products, Properties, Technology, and Trading and Services.

Measures of Earnings Quality

We used two EQ indicators, namely, a) accrual-based and b) real earnings management. The following subsections further discuss the selection of the EQ indicators.

Accrual-based Earnings Management

This study applied Kothari, Leone, & Wasley, (2005)'s model to compute discretionary accruals (DSC). There are several reasons for selecting Kothari's method. First, relative to the Jones (1991) model, the Kothari approach includes an intercept. The addition of a new intercept maintains all the three individual explanatory variables⁸. Second, Kothari *et al.*, (2005) argue that the approach of Dechow, Sloan, & Sweeney, (1995) generates massive

⁷ We selected firms with a similar financial year-ended of December 31 to ensure that the data collected is consistent across the year.

⁸ The first three explanatory variables in the Kothari model (equation 1).

estimated earnings manipulations whenever a firm achieves growth in the stated period. Third, the return on assets (ROA) is included in the Kothari model to avoid biased estimators in Jones and modified Jones estimates and to control for variations in accruals resulting from changes in business terms⁹.

Additionally, the absolute value of discretionary accruals is applied in this study¹⁰. According to Doukakis (2014), the absolute value is the best measure of accrual reversals due to the absence of a specific directional prediction¹¹.

Three steps were used to compute this value:

First, the following model was estimated for each year and industry cluster:

$$TACC_{it}/TS_{it-1} = \alpha_0 + \beta_1[1/TS_{it-1}] + \beta_2[(\Delta S_{it} - \Delta REC_{it})/TS_{it-1}] + \beta_3[PPE_{it}/TS_{it-1}] + \beta_4ROA_{it} + \mu_{it} \quad (1)$$

Second, the coefficients calculated from equation (1) were applied to determine the non-discretionary accruals (NDSC). Third, abnormal accruals (DSC) were defined as:

$$DSC_{it} = TACC_{it}/TS_{it-1} - NDSC_{it} \quad (2)$$

Where $TACC_{it}$: total accruals; TS_{it-1} : lagged total assets; ΔS : change in sales; ΔREC : change in net receivables; PPE : property, plant, and equipment; and μ_{it} : error term.

Real Earnings Manipulations

Following Roychowdhury (2006), this study computed the average levels of the real earnings management measures. These include production costs ($PRDC$), cash flows from operating activities (CF), and discretionary expenses ($DISXP$). $PRDC$ is the summation of the cost of sales and the change in inventories for the pre- and current periods. The CF is obtained from the statement of cash flows. $DISXP$ is the total of selling, general, and administrative expenses for the current period. The following steps were used to determine real earnings management:

First, the following models were estimated for each year and industry cluster:

$$CF_{it}/TS_{it-1} = \alpha_0 + \beta_1 (1/TS_{it-1}) + \beta_2 (S_{it}/TS_{it-1}) + \beta_3 (\Delta S_{it}/TS_{it-1}) + \mu_{it} \quad (3)$$

$$PRDC_{it}/TS_{it-1} = \alpha_0 + \beta_1 (1/TS_{it-1}) + \beta_2 (S_{it}/TS_{it-1}) + \beta_3 (\Delta S_{it}/TS_{it-1}) + \beta_4 (\Delta S_{it-1}/TS_{it-1}) + \mu_{it} \quad (4)$$

$$DISXP_{it}/TS_{it-1} = \alpha_0 + \beta_1 (1/TS_{it-1}) + \beta_2 (S_{it-1}/TS_{it-1}) + \mu_{it} \quad (5)$$

Second, the coefficients estimated from the equations (3, 4 & 5) were used to calculate the normal levels of (CF_{it} , $PRDC_{it}$, and $DISXP_{it}$) for the sample.

Third, the abnormal production costs ($ABPRDC$), cash flows from operations ($ABCF$), and discretionary expenditures ($ABDISXP$) were calculated to obtain total real manipulations. They were computed as the difference between the actual and estimated values.

Following Chi, Liao, & Chen (2016), an aggregate proxy of REM was created by summing the real earnings manipulation indicators to obtain the total effects. A higher REM level refers to a higher level of such a breach¹²:

$$REM = (-ABCF) + ABPRDC + (-ABDISXP) \quad (6)$$

Model Specification

The following regression models were employed to explore the relationship between IFRS adoption and EQ indicators, namely, DSC and REM .

$$DSC_{it} = \beta_0 + \beta_1 DSC_{it-1} + \beta_2 IFRS + \beta_3 LnSIZE_{it} + \beta_4 GRWTH_{it} + \beta_5 LEVE_{it} + \beta_6 ROA_{it} + \beta_7 BIG4_{it} + \lambda_i + \varepsilon_{it} \quad (7)$$

$$REM_{it} = \beta_0 + \beta_1 REM_{it-1} + \beta_2 IFRS + \beta_3 LnSIZE_{it} + \beta_4 GRWTH_{it} + \beta_5 LEVE_{it} + \beta_6 ROA_{it} + \beta_7 BIG4_{it} + \lambda_i + \varepsilon_{it} \quad (8)$$

Where subscripts i and t denote firm and year, respectively; $IFRS$: a dummy variable; $LnSIZE$: firm size; $GRWTH$: firm growth; $LEVE$: firm leverage; ROA : Profitability; $BIG4$: audit quality; λ_i : firm-specific effect; ε_{it} : the composite error term.

Prior studies imply that EQ levels are influenced by factors such as Big4, firm size, and growth as well as financial leverage and profitability (Alzoubi, 2016; Doukakis, 2014). Such variables are hence considered as control variables in this study.

⁹ The Jones and modified Jones equations might result significant errors, since they disregard profitability (Kothari *et al.* 2005).

¹⁰ It was chosen because the absolute value can capture accrual manipulations following the event (Doukakis, 2014).

¹¹ We focus on the magnitude of discretionary accruals.

¹² We focus on the direction (+/-) of real earnings management.

Dynamic Panel GMM¹³

The GMM method considers the effect of previous earnings management on the present events (Wintoki, Linck, & Netter, 2012). It is appropriate with a large sample and short time series. The GMM approach includes necessary improvements in dealing with several econometric problems, including heteroscedasticity, autocorrelation, and endogeneity issues (Bond, Hoeffler, & Temple, 2001). It also depends on the use of the appropriate instruments to produce unbiased, consistent, and efficient results¹⁴. Furthermore, static models, namely, OLS and Fixed-effect estimators, provide biased and inconsistent parameters, due to the inclusion of lagged-dependent variables or the presence of endogeneity problem caused by predictor variables. A lagged-dependent coefficient estimated by OLS regression creates an upward bias. This is due to its positive relationship with the results of a dynamic regression (Hsiao, 2014). On the other hand, the fixed-effect model generates a downward bias, because of the unseen firm-specific effects (Nickell, 1981). Therefore, the GMM method efficiently eliminates biases resulted from such approaches. As the research data is a balanced panel, the Two-Step Difference GMM approach is appropriate (Roodman, 2009). Consistent with previous literature, we used two diagnostic tests, namely, the Hansen and AR (2) tests (Chi et al., 2016).

First, the Hansen test of over-identifying restrictions evaluates the overall validity of the instruments, which should be uncorrelated with the disturbance. Failure to reject this test's null hypothesis suggests that the tools are valid. Second, AR (2) examines the presence of the second-order serial correlation. The null hypothesis of this test should not be rejected. Hence, the failure to reject these tests means that the regression model is correctly specified.

RESULTS AND DISCUSSION

Descriptive statistics

Tables 4.1 presents statistics for all study variables during 2007-2016. It includes EQ measures, namely, discretionary accruals (*DSC*) and total real earnings management (*REM*) and its individuals, namely, *ABCF*, *ABPRD*, and *ABDISXP*. The statistics also report the control variables. The mean values of *DSC* and *REM* are 0.065 and -0.101, respectively (Ferentinou & Anagnostopoulou, 2016). The (minimum) maximum amount of *DSC* is (0.000) 0.56, while for *REM* is (-0.66) and 0.72.

Table Error! No text of specified style in document..7 Descriptive Statistics on Continuous and Dichotomous Variables

Variable	2007-2016			
	Me an	S. D	Min.	Max.
Continuous Variables				
Discretionary accruals (<i>DSC</i>) (%)	0.065	0.068	0.000	0.561
Abnormal CFO (<i>ABCF</i>) (%)	-0.007	0.114	-0.563	0.523
Abnormal production costs (<i>ABPRD</i>) (%)	-0.096	0.142	-0.738	0.747
Abnormal discretionary expenses (<i>ABDISXP</i>) (%)	-0.001	0.152	-0.443	0.753
Total real earnings management (<i>REM</i>) (%)	-0.101	0.152	-0.660	0.716

¹³ The characteristics of companies might influence the explanatory variables causing the endogeneity problem. Dynamic models are hence appropriate to solve this issue by using instrumentation.

¹⁴ Short panel data suffers from panel bias or endogeneity problem, which can be solved by using instrumental variables (IV), Difference GMM, or System GMM. The former offers outside instruments which are difficult to be identified. However, both GMM regression methods offer internal tools which can be readily determined (Antonakis et al., 2014).

Firm size (<i>LnSIZE</i>)	4.8 48	0.5 36	0.60 2	6.283
Firm growth (<i>GRWTH</i>)	0.0 61	0.4 57	-1	1.66
Firm leverage (<i>LEVE</i>)	0.3 74	0.1 85	0.00 7	0.928
Profitability (<i>ROA</i>)	0.0 56	0.1 12	- 0.50	0.590
Dichotomous Variables				
BIG-4 (<i>BIG4</i>)	40.45 %			

These results imply that accrual-based and real earnings management are large in magnitude and trends in some Malaysian companies, as some managers have motivations to manage corporate earnings upward and downward for purposes, such as, executive bonuses and long-term existence. However, the mean value of *ABCF* and *ABDISXP* are almost zero, which is consistent with previous studies (Shayan-Nia et al., 2017), while *ABPRD* has a high mean of (-0.096) (Ferentinou & Anagnostopoulou, 2016).

Correlation matrix

Table 4.2 presents the pair-wise Pearson correlation parameters with the t-statistic values among study variables. As can be seen in the table, the correlation estimates between IFRS and discretionary accruals is significant and negative, while its correlation with *REM* is insignificant. This means that such standards can affect accrual-based earnings management.

Table Error! No text of specified style in document..8 Pair-wise Pearson correlation parameters

	<i>DSC</i>	<i>REM</i>	<i>IFRS</i>	<i>LnSIZE</i>	<i>GRWT</i> <i>H</i>	<i>LEVE</i>	<i>ROA</i>	<i>BIG4</i>
<i>DSC_{it}</i>	1							
<i>REM_{it}</i>	0.081*	1						
<i>IFRS_{it}</i>	-0.061*	-0.048	1					
<i>LnSIZE_{it}</i>	-0.058	-	0.071 *	1				
<i>GRWTH_{it}</i>	0.176*	-0.004	-	0.08 7*	1			
<i>LEVE_{it}</i>	0.081*	0.061*	0.049	-	-0.056	1		
<i>ROA_{it}</i>	-0.045	-0.370	-0.04	0.23 2*	0.08*	-	1	
<i>BIG4_{it}</i>	-0.055	0.014	-	0.27 8*	-0.001	-	0.03 3	1

Notes: * refers to the significance at 5% level.

EQ Changes before and after IFRS Adoption: Univariate Analysis

As shown in Table 4.3, the mean value of *DSC* decreases significantly from (0.063) to (0.055) at 5% post-IFRS period. This result is in line with agency theory, suggesting that shareholders should incur monitoring expenses to reduce agency costs and earnings manipulations through implementing high-quality accounting standards, *i.e.* IFRS (Samaha & Khelif, 2016). It is also consistent with the view that IFRS adoption has more effect on earnings

manipulations in family firms (Christensen *et al.*, 2015) and becomes the root of high-quality financial reporting and transparency (De George *et al.*, 2016). This result is consistent with agency theory and our expectations and hence the first hypothesis (**H₁**) is supported regarding *DSC*.

However, *REM* significantly shifts downward from (-0.088) to (-0.105), implying lower firm's EQ after IFRS period. These findings suggest that family firms are engaged in real manipulations. However, it is still lower compared to managerial companies. There are at least three reasons that could explain this result. First, the entrenchment effect appears because adherence to procedures satisfies the interests of large shareholders at the expense of minorities, leading to low-quality information and performance (Chau & Gray, 2010). Second, family members can expropriate minority shareholders by reducing transparency (Duréndez & Madrid-Guijarro, 2018). Third, family firms replace audit committees and independent members, leading to lower monitoring effectiveness (Adigüzel, 2013). Therefore, the first hypothesis (**H₁**) is not supported about *REM*.

Table Error! No text of specified style in document..9 Descriptive statistics- Paired t-test

Family Business	Obs.	Mean		Differences
		Pre-2012	Post-2012	
<i>DSC_{it}</i>	355	0.063	0.055	-0.008 (-2.067) **
<i>REM_{it}</i>	355	-0.088	-0.105	0.017 (2.498) **

Notes: ***, **, * indicate 1%, 5%, and 10% significant levels, respectively.

As seen in figure 4.1, the trend of *DSC* decreases across the ten years, indicating that IFRS can effectively reduce this problem. However, *REM* tendency fluctuates and shifts downward after 2012, suggesting that IFRS cannot influence such a phenomenon in family firms.

Figure Error! No text of specified style in document.-1 EQ Trend in Family Firms

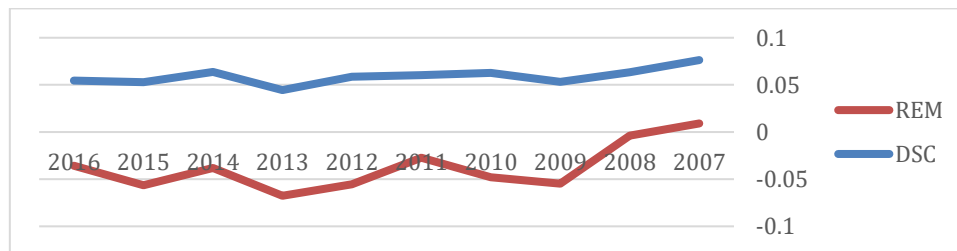


Table 4.4 presents the mean values of *DSC* and *REM* across the pre- and post-IFRS period in managerial firms (**H₃**). As seen in Table 4.4, the mean of *DSC* decreases significantly from (0.069) to (0.061) at 5% post-IFRS adoption. This result provides empirical evidence that managerial firms offer a vital environment for IFRS to improve firm's EQ. However, *REM* trend changes downwards from (-0.092) to (-0.108) at 5% in the post-IFRS period, implying lower firm's EQ after IFRS period. These results indicate that IFRS adoption has no effect on real earnings management on managerial firms. This is consistent with prior literature (Chi *et al.*, 2016). Therefore, the third hypothesis (**H₃**) is supported for *DSC*.

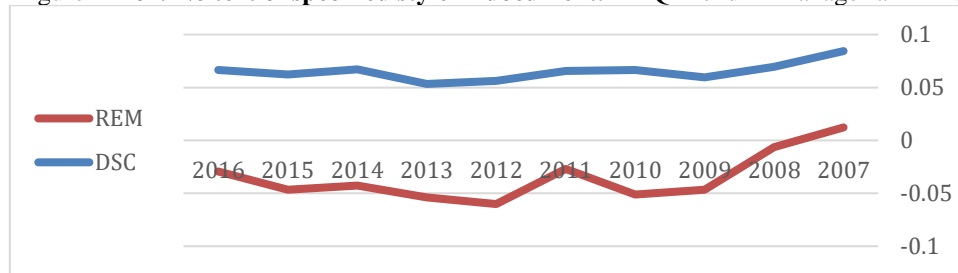
Table Error! No text of specified style in document..10 Descriptive statistics- Paired t-test

Managerial Firms	Obs.	Mean		Differences
		Pre-2012	Post-2012	
<i>DSC_{it}</i>	535	0.069	0.061	-0.008 (-2.123) **
<i>REM_{it}</i>	535	-0.092	-0.108	0.016 (2.399) **

Notes: ***, **, * indicate 1%, 5%, and 10% significant levels, respectively.

Figure 4.2 shows that the trend of *DSC* decreases across the ten years period and reaches the lowest level in 2013. During 2009-2011 the trend increases. This is mainly due to 2008 global financial crisis which affects firms' EQ and performance (Eng et al., 2019). On the other hand, *REM* has the tendency to fluctuate during the ten-year period. It decreases dramatically after 2008. This pattern can be attributed to the global financial crisis in 2008. The curve again shifts downwards and reaches the worst point in 2012 then changes upwards. This finding indicates that other factors might influence and monitor *REM* besides IFRS. The above results also suggest applying multivariate analysis to control for correlated variables that could possibly influence earnings management behaviors.

Figure Error! No text of specified style in document.-2 EQ Trend in Managerial Firms



Multiple regression analysis

In Table 4.5, we have divided the sample into family and managerial firms to achieve the second objective and its corresponding hypotheses. Table 4.5 shows that the AR (2) specification test is insignificant, indicating that no second-order serial correlations exist among the error terms. The Hansen test is also insignificant, suggesting that the instruments are valid and uncorrelated with the error terms. Hence, the empirical models applied are correctly specified. The findings demonstrate that both EQ measures have a trend over time by which lagged *DSC* and *REM* significantly affect the current ones. Such results confirm the implication of dynamic modeling and support the GMM method. They also support two-step difference GMM as the lagged *DSC* and *REM* coefficients and not near the unit.

The second objective of this study is to examine the effect of mandatory IFRS adoption on both *DSC* and *REM* in family and managerial firms during 2007-2016. The results in columns (1) and (2) of Table 4.5 present that family firms ensure an environment in which IFRS decreases accruals behaviors. The findings suggest that IFRS adoption significantly decreases *DSC* at the 1% significant level. However, it has no significant impact on *REM*. These empirical findings indicate that family business leads to lower accruals earnings management post-IFRS adoption. This finding is in line with agency theory, previous literature (e.g. Dayanandan *et al.* 2016), and our predictions (**H₂**). However, IFRS adoption cannot reduce *REM* as it is hidden and difficult to detect (Chi *et al.*, 2016). This result is in line with Yurisandi and Puspitasari (2015). Therefore, the hypothesis (**H₂**) is supported for *DSC*.

Concerning managerial firms, Table 4.5 (columns 5 and 6) presents that IFRS significantly decreases both *DSC* and *REM* at 5% and 10% significance levels, respectively. These empirical findings suggest that firms with sizeable managerial ownership provide necessary circumstances for international standards to enhance the firm's EQ in Malaysia. These results are consistent with theoretical stand, previous studies (Dayanandan *et al.* 2016; Zéghal *et al.* 2011), and our anticipations. Therefore, the fourth hypothesis (**H₄**) is supported.

Additionally, we test five control variables, namely, firm size, growth, leverage, *ROA*, and *Big4*. The findings present that firm size (*LnSIZE*) is significantly and positively related to both *DSC* and *REM*, while *ROA* has an adverse effect among both types of companies, leading to high firm's EQ (Doukakis, 2014). Additionally, *Big4* is essential in reducing *REM* in family firms. This result is more likely because the monitoring ability and knowledge that such investors have to protect their investments (Al-Hadi *et al.*, 2016). Furthermore, firm leverage enhances EQ in family companies. Overall, firms with less growth feature, high profitability, and *Big4* auditors have mainly high EQ.

In sum, IFRS adoption plays a vital role in improving EQ in firms with substantial managerial ownership. However, such accounting standards cannot reduce the entire earnings management problem in family firms.

Table Error! No text of specified style in document..11 The impact of IFRS adoption on EQ indicators in family and managerial firms, Two-Step Difference GMM

Family Firms		Managerial Firms	
(1)	(2)	(3)	(4)

	<i>DSC</i>	<i>REM</i>	<i>DSC</i>	<i>REM</i>
<i>DSC</i> _{<i>t-1</i>}	-0.425(-18.3)***		-0.078 (3.46)***	
<i>REM</i> _{<i>t-1</i>}		0.272 (2.15) **		-0.139 (-2.01)**
<i>IFRS</i> _{<i>it</i>}	-0.019(-3.04)***	-0.01(-0.85)	-0.006 (-2.01)**	-0.022(-1.7)*
<i>LnSIZE</i> _{<i>it</i>}	0.212(3.1)***	0.023 (0.47)	0.064 (2.2)**	0.221 (4.1)***
<i>GRWTH</i> _{<i>it</i>}	0.028 (1.5)	0.153(3.37) ***	0.015 (2.9)***	-0.001 (-0.06)
<i>LEVE</i> _{<i>it</i>}	-0.24 (6.02)***	0.124(1.81) **	0.001 (2.92)***	0.001 (4.4)***
<i>ROA</i> _{<i>it</i>}	-0.811(-5.37)***	-0.456(-3.5) ***	-0.132(-148)***	-0.51(-125)***
<i>Big4</i>	0.062 (1.83)*	-0.1(-1.96) **	0.002 (0.28)	0.005 (0.24)
Time-fixed effects	No	No	No	No
Firm-fixed effects	Yes	Yes	Yes	Yes
<i>Diagnostic tests</i>				
No of instruments	43	22	49	21
No. of groups	71	71	107	107
No. of obs.	564	564	848	848
AR (2)P-value	0.324	0.708	0.276	0.285
Hansen test	0.810	0.092	0.235	0.458

Notes: ***, **, * indicate 1%, 5%, and 10% significant levels, respectively.

Robustness tests

This study conducts additional examinations for robustness purposes. We apply another methodology, namely, Two-Step System GMM regression method, as well as sensitivity tests.

4.5.1 Two-Step System GMM

As seen in Table 4.6, the results reveal that the associations between IFRS adoption and EQ indicators, namely, DSC and REM are largely similar to the results in Table 4.5 and hence support them.

4.5.2 Sensitivity Tests

We conduct more tests for additional robustness checks¹⁵. In both regression models, we change the measurements of both firm's leveraged and profitability. The firms' leverage, estimated by *total debts to total assets*, is substituted by *total debts to total equity*. Return on equity (ROE) replaced by return on assets (ROA) (Akhtaruddin & Haron, 2010). We run both models, and the relationship between IFRS and EQ indicators remains mostly unchanged. Therefore, the results are robust and conclusive.

Table **Error! No text of specified style in document..12** Table 4 The impact of IFRS adoption on EQ indicators: Two-Step System GMM (Robustness Check)

	<u>Managerial Firms</u>		<u>Family Business</u>	
	(1)	(2)	(3)	(4)
	<i>DSC</i>	<i>REM</i>	<i>DSC</i>	<i>REM</i>
Constant	0.014 (0.12)	-0.194(-2.9)***	0.172 (2.86)***	0.003 (0.11)

¹⁵ The sensitivity tests have not been reported to save space but are available from the authors upon request.

DSC_{t-1}	0.017 (5.23)***		0.059 (1.8)*	
REM_{t-1}		0.334 (11)***		0.513 (25)***
$IFRS_{it}$	-0.013(-2.47)**	-0.007 (-1.88)*	-0.004 (-0.6)	0.001 (0.22)
$SIZE_{it}$	0.01 (0.38)	0.03 (2.09)**	0.012 (0.84)	0.001 (0.16)
$GRWTH_{it}$	0.015 (2.28)**	0.023 (2.16)**	0.193 (11)***	0.166 (6.7)***
$LEVE_{it}$	0.000 (1.51)	0.000 (4.6)***	-0.27 (-12)***	-0.09 (-3.8)***
ROA_{it}	-0.133 (-187)***	-0.50 (-166)***	-0.87(-11.8)***	-0.53(-10)***
$Big4$	0.026 (1.60)	0.006 (0.65)	0.023 (2.13)**	-0.016 (-1.26)
Time-fixed effects	No	No	No	No
Firm-fixed effects	Yes	Yes	Yes	Yes
<i>Diagnostic tests</i>				
No of instruments	22	52	39	53
No. of groups	107	107	71	71
No. of obs.	955	955	635	635
AR (2)P-value	0.845	0.068	0.159	0.326
Hansen test	0.983	0.130	0.423	0.299

Notes: ***, **, * indicate 1%, 5%, and 10% significant levels, respectively.

CONCLUSION

This paper contributes to the relevant academic literature and provides new inferences beyond those already drawn from existing research. Our novelty is in investigating the EQ changes among family and managerial firms before and after IFRS implementation and examining the effect of mandatory IFRS adoption on EQ in both types of company ownerships in Malaysia between the years 2007 to 2016. The study highlights the potential effect that firm-level ownership firms have on effectiveness of IFRS adoption on EQ.

The univariate analysis shows that IFRS adoption curtails accrual-based earnings management, while no strong effects on real earnings management have been found. The likely reason for this is that the latter is not easy to detect, as it happens during the fiscal year.

In addition, the results suggest that managerial firms provide a fitting environment and strengthen the proficiency of IFRS to reduce both accrual-based and real earnings management practices, which improve the quality of reported earnings. Family firms also provide a good monitoring position for international standards to reduce accrual manipulations, where real earnings management behaviors remain stifled.

Policymakers should realize that developing accounting standards alone will not entirely improve firm's EQ. There might be other important factors, such as, accounting and law enforcements which have yet to be researched in corporate misbehaviors monitoring. The results provide the regulators and investors' the awareness on improving governance mechanisms to monitor real earnings management. It also highlights the importance of managerial ownership in improving the firm's EQ post-IFRS period. About real manipulations, the auditors should carry out thorough examinations on financial reports to ensure high-quality financial statements. As ownership concentration can substitute monitoring mechanisms, which may fail, an alternative mechanism of good governance, such as, strong investor protection is required.

As there are too many measures of EQ, this study developed the hypotheses by focusing on accrual and real earnings management only. Future studies should focus on other legal, cultural, and institutional factors that help increase the financial reporting. Studying this relationship in international settings, in emerging or developed nations or both, could be beneficial. It could also be tested in countries with weak and strong investor protection.

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Appendix

Variables	Acron ym	Description
Family and managerial ownership firms		Firms that have percentage of shares of 5% or above to total number of shares issued.
Total accruals	<i>TACC</i>	The difference between net income and cash flow from operation
Discretionary accruals	<i>DSC</i>	The difference between total accruals and non-discretionary accruals (the absolute value)
Total real earnings management	<i>REM</i>	The grouping of the individual measures of ABPRDC, ABCF and ABDISXP.
IFRS	<i>IFRS</i>	Dummy variable that equals 1 if the year is post-IFRS adoption, 0 otherwise
Big Four auditing	<i>Big4</i>	Dummy variable that equals 1 if a firm is audited by one of the Big Four auditing businesses and zero if otherwise
Firm Growth	<i>GRWT H</i>	The change in total assets scaled by lagged total assets.
Firm Leverage	<i>LEVE</i>	Total debt divided by total assets
Profitability	<i>ROA</i>	Net income before tax divided by the average total assets
Firm size	<i>Ln(SIZ E)</i>	The natural logarithm of total assets

FACTORS IN INVESTMENT DECISION MAKING FROM DIRECTORS' PERSPECTIVES

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Abstract

An informed investment decision is by clarifying a better understanding of the financial risks and returns along with the financial analysis. Naturally, most of the investors anticipate the investment portfolio that promises a high return. Through investment strategy, an individual should be equipped with better information about the investee company to protect themselves from the risk of wrong financial decisions. This paper aims to explore the factors in investment decision making in Malaysian Public Listed Companies (PLCs) based on the directors' perspectives. There is dearth of studies focusing on the perspective of directors of the company who act as agents to the individual shareholders in managing the management of the company. These are some of the aspects that are less emphasized by previous studies. This paper applied a qualitative approach by interviewing four directors of Malaysian PLCs from trading services sector, industrial product sector and consumer product sector in the Klang Valley area, data was then managed through Nvivo software. The findings revealed that there are four contributing factors that influence individual shareholders' investment decision making, these are; (i) type of company; (ii) the growth of the investee company; (iii) size of the company; and (iv) the sustainability of the company. Based on the directors' perspective, it can be concluded that the four factors in investment decision making shall be regarded as the characteristics of the company. These findings meaningfully indicate the criteria of the company which can be helpful to investors and other stakeholders. It is noteworthy that, this study acknowledges that there is a number of additional areas that requires further research, such as, exploring the perspectives of the directors from large group sectors in Malaysia.

Keywords: investment decision making, directors, individual shareholders, type of company, size of company, sustainability of company, growth of company.

1. INTRODUCTION

Investment decision making is a complex process because of the uncertainty conditions associated with the investment risks. Naturally, people go for the investment that provides a fast-track profitable to them, such as investment in stocks. This is because investment in stocks just requires a simple process as an individual can have a small capital, like RM10 and able to open up the Central Depository Service (CDS) account for the stocks trading and transactions. Investment decision making phases becomes complex when an individual have to select the best company as they contribute the capital for the company's business operations through buying the company's stocks. However, the decision-making process is attributed to the individual demographics, financial needs, investment objectives and the level of risk taking. Notwithstanding, the decision-making process becomes critical when it is affected by external factors, such as economic conditions, political upheaval and global business environment.

In addition to CDS account, the individual has to be familiar with the stock market environment in Malaysia. Stock market is a platform where financial instruments, such as stocks are traded on a day-to-day basis. Bursa Malaysia is the only stock exchange in Malaysia that gives the shareholders and stakeholders platform to sell and buy securities by offering a range of exchange-related services and products. These include trading, clearing, settlement and depository services, which are not limited to the stocks only. However, the central roles and responsibilities of Bursa Malaysia is to ensure that any information pertaining to the securities trading on the exchange is disseminated effectively and efficiently. As one of the frontline regulatory authorities in Malaysia, Bursa Malaysia has authority over the rules and listing requirements. Among the functions include imposing fines and reprimands for those who contravene the laws, supervise the company and stock broking, regulating listed companies and controlling admissions of the managements of the company.

Bursa Malaysia's platform acts as a way to ensure easy financial transaction can be done by the public. However, there are still loopholes in the investment environment in Malaysia, such as the less participation among public especially Malays. The less numbers of investors are likely due to the lack of exposure on the stock investment, misperception of the investment, to keep up with debt payments, rising income inequality and less income available for the investment. Furthermore, the chances of incurring losses from the investment is due to the wrong decision making. It might be affected by the behavioral finance as a result of irrational thinking. Naturally, behavioral finance from the field of psychology, influences limits of self-control, own biases and greed in financial dealings. Hence, most of the regulatory authorities in Malaysia play active roles in encouraging high level of investment participation among the public through proper channel. Among them are Bursa Malaysia, which promotes investment-based campaigns, partnership with the brokers, advice and training. In addition, Securities Commission Malaysia (SC) has launched various frameworks to facilitate the financing of sustainable and responsible investment and collaboration with industry players. The initiatives intended to meet the demand of investors for a better access of investment portfolio and ensure strong rules and regulations enforcement which facilitates greater involvement among the public.

Recently, Malaysia's Prime Minister, Tun Dr Mahathir Mohamad delivered a speech at Invest Malaysia Day 2019, which reiterated the fact that there are a lot of improvements planned for the economic growth in Malaysia, such as in corporate governance, minimize gaps of public' income level and build ties with other potential countries. Moreover, the new amendment of Companies Act 2016 safeguards positive structure that provide benefits to the shareholders, companies and the public. In order to ensure that the management of companies are liable to their roles and responsibilities to the shareholders, the powerful fined and punishment had been implemented. The next section provides an understanding of previous relevant literature reviews on the research topic.

2.0 LITERATURE REVIEW

With the vital growth of the investment in developing the economic expansion, there has been a plethora of works of literature on the factors contributing in the investment decision making. Among them are, Jaiyeoba, Adewale, Haron and Che Ismail (2018), investigating the investment behaviors among fund managers and retail investors in Malaysia. By approaching the respondents through semi-structured interview, the study was able to form different views provided by eight respondents. Based on the analysis, it was discovered that the fund managers and retail investors were influenced by the segmented factors, such as characteristic of the company and investment behaviors. They empirically analyzed fundamental data, technical analysis result, understanding the company, forecast earnings, company management, economic condition, high dividend, company performance and risk, future prospect, competitive manner, company strength, return of the investment and business activities. However, for the investment behavior, it seems that fund managers were tried to mitigate the irrational thinking by making a thorough analysis on the stock selection, in comparing to the retail investors.

A study conducted by Mahalakshmi and Anuradha (2018) in India, to determine the factors of investment decision making among individual investors. Their review of literature revealed that behavioral factors, level of engagement and spouse effect influence the investment decision and investment performance. The study proposed a conceptual framework, moderated by spouse effect and mediated by level of engagement.

Mumtaz, Saeed and Ramzan (2018) explored the factors in investment decision making focusing in the Pakistan Stock Exchange. The study makes a specification on the contributing and through the analysis by ordinary least square, revealed that all the factors, which are heuristic, risk aversion, financial tools and techniques have a significant positive impact to the individual investors' decision making. Furthermore, it was noted that the remaining factors, namely day-to-day experience and corporate governance had major contribution on the respondents' investment decision.

To determine the factors affecting investment decision in portfolio management, Peter, Muli and Muema (2017) conducted a study on the listed companies of Nairobi Securities Exchange. The management of the company is among the largest group in the financial market and make them as a significant contributor to this study. Through quantitative analysis of 62 management and investment advisers, the study found that the risk tolerance level has a significant relationship with the investment decision. The result of the study meets the natural concept of the financial market, there is a positive linearity between the risk and return.

In a broad view, Seetharaman, Niranjana, Patwa and Kejriwal (2017), gained insight information into the factors affecting the choice of investment portfolio among individual investors in Singapore. With the involvement of investment planners, financial advisers and individual, the result of the study was analyzed through Smart PLS software and revealed that among the contributing factors, namely asset familiarity and investment objective, only the risk profile have insignificant relationship to the investment choice of portfolio. The introduction of mediation,

which is investment behavior, the result of the study remained the same as risk profile did not have a direct nor indirect effect on the investment behavior.

In addition, a study conducted by Hunjra and Rehman (2017) in determining the core factors affecting investment decision making among institutional and individual shareholders in Pakistan, added with a mediating variable, risk aversion. The study focused on the respondents that made an investment in the Lahore and Islamabad Stock Exchange, analysis was done using AMOS and structural equation modelling. The findings reveal that Pakistani's investors investigated the factors of information asymmetry and financial literacy on investment decision and also the factors had a significant relationship mediated by the risk aversion. In contrast, personal values showed an insignificant relationship to the investment decision and for the mediating.

Mohamad and Perry (2015) gained an in-depth information by interviewing the fund managers to the issues on investment decision making process in Malaysia. Indirectly, the respondents revealed that the factors contributing in making wise investment decision making are working experience as a financial analysts or brokers, familiarity with the financial specialization and education.

In summary, review of previous studies has shown that even though similar factors were examined on the investment decision, the results were inconsistent. These inconsistencies can be attributed to different investment behavior criteria in different geographical areas. It can be concluded that even though previous studies in Malaysia identified factors in investment decision, there are very limited studies emphasizing the involvement of the directors of the company. This study aims to fill in the gap by identifying the factors in investment decision making conducted by the top-level management in the Malaysian PLCs. The details of the research methodology used to accomplish the research objectives were presented in the next section.

3.0 METHODOLOGY

This study adopts qualitative methods in exploring the directors' perspective regarding the factors of investment decision making in the Malaysian PLCs. The sample size for this study consists of four directors from Malaysian PLCs, located in the Klang Valley area. This location is deemed appropriate because many global businesses are in that area and most of the PLCs are registered in the Klang Valley area. However, the respondents are among the directors from trading services sector, industrial product sector and consumer product sector.

This study adopted a purposive sampling technique, which is synonym with qualitative research, to select the right respondents in determining the objectives of the study. According to Etikan, Musa and Alkassim (2016), purposive sampling technique is a non-random sampling technique that does not need to decide the set number of respondents. The respondents were selected because they are proficient and well-informed on the subject matters. Basically, the researcher decides what the information needed, who can provide the data and identify their willingness to get involve in the study. In contrast to the random technique, the researcher conducted the data collection into a broad respondent regardless of the demographic variables. Purposive sampling technique will enable the respondents to assist the better information needed.

As such, the study determines the Malaysian PLCs that are categorized under the trading services sector, industrial product sector and consumer product sector, located in the Klang Valley area. Although there are more than one hundred Malaysian PLCs in that sector, it was difficult to approach all the directors to be involved in the study. It might be due to their tight schedule and the policy of the company to avoid the information seeking by outsiders in the period of preparing the financial statements. However, there only four directors willingly to cooperate in providing the information for this study. As such, formal invitation letters were sent to the respondents and an appropriate date and convenient time are agreed upon by their secretaries.

Even though there are various method in qualitative data collection, this study decided to have a semi-structured interview with the directors of the company to ask the information needed. Defined by the Mathers, Fox and Hun (1998), semi-structured interview is a process whereby series of open-ended questions are provided by the interviewer. Open-ended questions provide opportunities for both interviewer and interviewee to give an in-depth explanation on the subjects matters. Semi-structured interview is appropriate to be applied when it covers a small number of respondents. It is believed that semi-structured interview provides a clear and reliable information to the interviewee.

As the study seeks the information from the directors of the company's perspectives, as noted they carried dual role, apart from being individual investors, they are also among the top-level management in the company. There are cross roles and responsibility between the investors and management. As known, investors are the ones who act as owners of the company, by providing the capital for the company's business operation through buying the company's shares. Hence, the one given the responsibility to maximize the wealth creation of the owners, is the

management of the company. As such, the directors' perspective of this study involves dual overview, on part of investors and they themselves as part of the management in the company.

Further, the directors of the company are from the trading services sector, industrial product sector and consumer product sector. This is because among several types of sectors in the Malaysian PLCs, those type of sectors have large number of companies in each of the sectors in comparing to the others. The top largest companies are trading services sector, followed by industrial product sector and consumer product sector. As mentioned previously, all the selected companies are located in the Klang Valley area.

Prior to the interview, the draft of the questions had been distributed to the respondents upon demanded by them, as a guided and prepared to the interview questions. Hence, the preparations enable the respondents to discuss the factors of the investment decision making in a more relaxed manner. Then, with the consent of the respondents, the interview session was permitted to be recorded to be used in this study. Approximately there was 30 minutes interview session conducted for each respondent.

The interviews were transcribed from the audiotape to document to make it easier in data analysis. During the transcription, the audiotape was rewinding several times to be familiar with the data and transformed a correct information. That first data analysis procedure is called data condensation or data reduction. For the second qualitative data analysis procedure, thematic analysis was assigned to the themes and organized based on the categories. In this case, the study used the coding in classifying the factors of investment decision making from the directors' perspectives. Last data analysis procedure is making a conclusion to the report findings. This phase required this study to evaluate thoroughly the findings which is intended to explain the investment behavior among the respondents. The data analysis, presentation and interpretation of the data analysis were employed in the next section.

4.0 FINDINGS

This section presents further discussion on the analysis part. As shown in Table 1, there are four (4) directors of the company, which the number of the directors is similar to the Chinese and Malay respondents. Given the result, it is not surprising that all of the respondents are males. It is because there are a smaller number of female involvements in the directorship of companies. Government and regulatory authority in Malaysia tried to ensure at least 30% of directorship positions in Malaysian PLCs to be made up of women by 2020. Additionally, 2 respondents possessed more than 10 years of working experience in the company. Another 2 directors had less than 10 years of working experience. As mentioned before this, trading services sector is the largest sector that had more companies listed in the Bursa Malaysia. Hence, there were two respondents representing that sector and another sector is representing by one director. The illustration demographic profile of the respondent shown in the table below:

Table 1: Profile of Respondents (N=4)

Variable	Respondent
Race	
Chinese	2
Malay	2
Gender	
Male	4
Female	0
Working experience	
0-5 years	1
6-10 years	1
More than 10 years	2
Type of Company	
Trading services sector	2
Industrial product sector	1
Consumer product sector	1

Then, it is followed by the main objectives of this study, to determine the factors of investment decision making from the directors' perspectives. Generally, this study did not specialize any contributing factors that has the influential, and the information provided by the respondents is solely from the directors' perspectives. In truth, four themes emerged during the data analysis, namely, growth of investee company, type of company, size of company and sustainability of company. Each of the contributing factors are explained below together with the verbatim quotations supported by the respondents.

4.1 Growth of Investee Company

Based on the directors' perspective on the factors of investment decision, this study discovered first contributing factor, that is the growth of the company. It is supported by the directors of consumer product sector and trading services sector's justifications. The main drivers to the company's growth are run by the capable management of the company. Even though investors are entitled as the owner of the company, but the managerial decisions are implemented by the management in deciding the pathway of the company.

Directors viewed that individual shareholders referring to the past performance of the company in analyzing the prospect growth in various aspects. It is either in terms of financial, structure of the company, business operations and the involvement by the institutional investors. All the criteria have the potential in influencing the investment decision making. The individual shareholders believe that a well-managed company, is a great chance to ensure a continued based in the industry. Further, the individual shareholders can compare the company's evaluation between past year performance, planning performance and other companies in the same industry. It can be classified as a rapid growth company if they have the ability to perform well in every aspect.

One of the directors from trading services sector analyze the growth of the company indicated by the involvement of the institutional investors. In comparing to the individual shareholders, the institutional investors own a large block of shares and have a tremendous influence on the stock markets' movements. Normally, they will invest in a company that performs better investment performance by contributing a large amount of capital for the company's business operations. Further, the money that is invested by the institutional investors is not owned by them. They generally invest on behalf of other people, which is the beneficiaries. Hence, the supported explanation by the respondents quoted as below:

"They look into the structure of the organization, you must look into the structure of the organization, how strong the organization is, how stable the organization is, this will also reflect into the past year performance, and also, when you invest also you look at your future, so they are also must be able to foresee the company has the ability to grow." (M2, M, Trading services sector).

"There is a pure genuine public investor who just thinks the company's operations, business development, the great one of course who is their institutional investors either from the big companies in GLCs, such as EPF or other funds." (M3, M, Trading services sector).

"Okay, so the other one is the growth of investment. [...] They will look whether this company is good or not." (M4, C, Industrial product sector).

In summary, even though the main objectives of the individual shareholder are to acquire the high return from the investment, but the drivers to the sound investment decision is affected by the criteria of the company. A well-being company is a reflection to the public on how the management operates the managerial process. In return, it provides positive thought about the company.

4.2 Size of Company

The second factor that influences the investment decision making is the size of the company. Both of the directors from consumer product sector and industrial product sector claimed that the size of the company either small and large company provides a significant contribution to the investment decision making. There are many clarifications on the aspect in measuring the size of the company, such as through the number of employees, market capitalization, turnover value and total assets. Generally, the large size company have an exceed number of every aspects that varied from the small size of company.

The goodness investing in a small size of company is depends on the certain circumstances. The respondent from industrial product sector supported that stock movement in a small company is easier than the large size of company. The individual shareholders also did not incur a large cost in buying the shares as the share price is not too expensive. Further, another reason for investing in the small size of company is, the individual has the ultimate power in affecting the share price at the stock market. Generally, it is because there are very few numbers of institutional investors that make an investment in the small companies.

However, the drawbacks for investing in a small size company is, it is not strong enough to face the uncertain investment environment globally. With the limitation of capital and resources, the individual shareholders might get affected with the low returns and share price. Even though the individual shareholders are entitled as the owner of the company, but they are the last group for the asset distributed in a corporate liquidation. If there is no money after the preferred shareholders are paid, then the common shareholders do not receive any money. The illustration mentioned by them has shown below:

“If you invest in a small cap company, it becomes speculative because small-cap companies do not give you confidence that you expect. [...] During a good time, it could be very good, making some money, some good money. But downtime, the operating cost is high, it cannot make money.” (M1, C, Consumer product sector).

“When we talk about the small company, mean their capital is small; it is easier to find out the stock, it is easier to move out the stocks. Moving out the stocks mean I would make money. So, people think about that.” (M4, C, Industrial product sector).

In sum, it is stressed that either invest in a small or large size of the company, the individual should be understanding on what they are doing, have the investment objectives, know how to minimize the risks and challenges. It is because the different size of the company has a different investment scenario. It is advisable that the small size of the company is fit for the young investors as it is generally known to have low risk and needed in just a small capital.

4.3 Type of Company

Throughout the data analysis, this study discovered that the third factor that contribute to the investment decision making is the type of the company. Like the size of company, the type of the company also can be classified into different categories based on their mode of incorporation, the liability of the members, and number of members. The most common types of companies are public company, private company, unlimited company and so on. Based on the directors' perspectives, it is found that all of the directors from consumer product sector, trading services sector and industrial product sector agreed that the type of the company, in classifying Shariah and non-Shariah company, sector of the company and Government-linked companies gives a preferable choice to make a decision making among individual shareholders in Malaysia.

In the first scope, based on the findings from the respondents of consumer product sector and trading services sector, they emphasize on the company's business operations whether based on the Islamic transactions or not. It is because different individuals have different preference on the adaptation of Islamic business transaction. Normally, non-Muslim go to the non-Shariah compliance securities. In classifying the non-Shariah compliance, the companies' business transactions were based on the interest, gambling and gaming, trade in non-halal products, conventional insurance and other activities deemed non-permissible by Shariah.

Therefore, companies engaged in the core activities unlike the non-Shariah are considered as Shariah compliance securities. Investment that is derived from the Shariah principle that Muslims should not partake in an activity that does not comply with the teachings of Islam. Specifically, the core activities that are permissible by Shariah principle are manufacturing in Halal products, share trading in Shariah compliant securities and entertainment activities that are permissible by Shariah.

Hence, it is dependent on the individual shareholders preferences either to follow the Islamic securities or conventional securities. For the non-Muslims individual shareholders, their investment can be diverted into Shariah and non-Shariah securities. However, there is only Shariah compliance securities for the Muslims individual shareholders. It is noted that the performance of the Shariah and non-Shariah companies differ as the company's business transactions are different. The respondents in this study stated that:

“As for the Chinese shareholders, they are more into banking stock, gambling stock, they hold Genting Highlands in Malaysia, they hold Public Bank, they hold CIMB Bank, they hold Malayan Banking, and they die hard to those stocks.” (M1, C, Consumer product sector).

“As a Muslim, there are two. Some there is an Islamic company, some non-shariah. Of course, shariah, it is more stable.” (M3, M, Trading services sector).

Therefore, as mentioned before, the sector of the company is an indicator to the individual shareholders' investment decision. As the perspective from the respondent, the individual shareholders are more prone to the investment in a trending sector. Nowadays, the prospect sector that have the bright company's growth is in technological sector. It is because of the nature of the sector such as not so complicated, able to experience a prolonged growth and can becoming the matured technological stocks. More individual shareholders will be prone to the technological stocks as this is one of the publics basic consumption. It is easier for them to understand the nature of the product and company. The respondents in this study stated that:

“And then it is a trend. For example, the digital that I said. E-wallet and online marketing for example. Those accept people you know. So those people are come to invest, attract people to come.” (M4, C, Industrial product sector).

Based on the qualitative analysis, the study reveals that three out of four respondents agreed that companies that are categorized under government-linked companies (GLCs) are some of the factors for the investment decision making. GLCs are defined as companies that have a primary commercial objective and in which the Malaysian Government has a direct controlling stake. ‘Controlling stake’ refers to the Government's ability to appoint Board members, senior management and make major decisions.

The Government intervention might give both advantages and disadvantages to investment decision among individual shareholders. From the good perspectives, the GLCs have the ability to sustain for a long term in the industry as supported by the Government, either in terms of financials and projects. The individual shareholders will be remunerated with the high return if the company can roll the company's profit in a large amount. Further, as mentioned by the respondents of consumer product sector and trading services sector, most of the GLCs were appointed by the politicians. The political appointees have a powerful influential in easily getting the projects for the company's business operations.

In contrast, investment decision is also affected by the external influences, the change of the Government is unlikely give impact to the investment environment. Malaysia had undergone major changes after the 14th General Elections (GE-14) last May. During that period, some changes were witnessed, in terms of economic, political and social. Not to mention that investment cycle fluctuates due to the changes in government administration. In fact, there are several companies that have a drop of share prices, such as Destini Bhd, Utusan Malaysia Bhd and KUB Malaysia Bhd, due to their top management of the company assembled by the previous government members. The directors mentioned as below:

“Because this is related to the government-linked related company and it's due to the certain reason because of their project being delayed or being shaded or something like that. [...]. Especially the general public at large in the past government-linked company may be politically linked you probably seen many of this equity are hold by political members.” (M1, C, Consumer product sector).

“Some companies have more linked towards the government. So basically, when there is a switch of the government that we had recently, were affected. Because you don't get the support anymore from the government.” (M2, M, Trading services sector).

“If GLC is different. In GLC, it has influenced by government. They are political appointees. So, the decision is not purely on investment. It covered another aspect. [...] GLC is set up by politician and even investment committee also headed by the politician.” (M3, M, Trading services sector).

Plus, the director of trading services sector added that better economic performance in GLCs is influenced by the special investment committee. The committee is only applicable for the GLCs, which specialized in handling the investment matters. The investment committee is selected among outsourced professional in giving a fair and rational investment decision, which is beneficial to the company and investors. The director explained as below:

“It is only for GLCs. If non-GLCs, there are no, especially the smaller company. [...] In GLCs because the investment is large, normally a member of the investment committee does not exist in the board. [...] They are normally professionals from outsiders” (M3, M, Trading services sector).

In summary, the respondents from all sectors have common perspective regarding the type of the company as an influential factor among individual shareholders, but in different justification. The individual shareholders will look into the sectors that they are familiar with and understand the company's products and services.

4.4 Sustainability of Company

Based on the qualitative data analysis, this study revealed that the last factor which contribute to the investment decision making among individual shareholders is the sustainability of the company. In a simple definition, sustainability is the long-term company's existence that meet the needs of the present community, without jeopardize the needs of the future, with the protection of the environment and economically basis.

Based on the definition, the first main pillar in the sustainability is the environment. Even though environment normally act as the secondary stakeholders, but the company have to take into consideration the company's business operations impacts towards the environment. Notably, the concept of the environment involving care about the pollution, biodiversity and resources.

In order to build a strong relationship with the stakeholders, that is especially the individual shareholders, it is a must for a company to incorporate the environmental issue in the business model. Individual shareholders seeking for a company to be transparent in reporting any issues regarding the environmental impacts to the public.

Next, it is an ethical conduct if the company have the social concerns that might give impact to the investments. Normally, the social activities that conducted by the companies are in terms of charitable, donation and build infrastructure to the community. If the individual shareholders accept the company's concern to the society, it will enhance the company's business operations. Directly, social concerns will allow the individual shareholders to achieve the investment objectives and increase the returns.

The last pillar of the sustainability has a linkage between environment and society, which is economically. This is because as the main objective among the individual shareholders is the wealth creation from the investment and they are the one who inject the capital for the company's business operations, the issues arise when the company's profits contribute to the others than individual shareholders. Noted, the economically successful of the company is does not solely depends on the company's products or services, but it is contributing by the company's manner towards the environment and society. The respondent from industrial product sector claimed as below:

"And then the business is sustainability or not. It likes there is no point you are doing something not sustainable." (M4, C, Industrial product sector).

As a conclusion, it is showed that the perspectives from the directors of the company regarding the factors of investment is not only focusing on the financial factors. It is very important for the company to add on other aspects in encouraging the individual shareholders investment. This is due to the incorporation of the company is not only focusing on the owners' satisfaction but it covered a wide area of the stakeholders' interests. Once done with the presentation of findings, this study constructs the discussion on the analysis supported with the previous studies were then explained in the next section.

5.0 DISCUSSION

The findings showed that there are four factors that influence investment decision making among individual shareholders in the Malaysian PLCs. Based on the directors' perspectives, the contributing factors are GLCs, growth of the company, size of the company, type of the company and sustainability of the company. Each of the directors have a different opinion regarding the investment issues and have their own justification in supporting the overview.

The advantage of the qualitative analysis is having an in-depth explanation based on the each of the factor, which is varied from the quantitative analysis. It was found that individual shareholders look into the growth of the company in terms of financial, business performance, and managerial roles, in order to analyze the performance of the company and comparing with the other companies. Based on the statement by Merrill (2018) the growth of the company can be demonstrated as a company that has better than average earnings growth, such as high price, high earnings and high volatility.

In addition, the justification made by the Schlachter (2013), claimed that there is no right or wrong investment either in a small or large size of the company. The investment in a large size of the company required an individual to be prepared with a lot of capital. Hence, there are plenty of individual shareholders were keen to the investment in a small size of company. It might be financial constraints and not well prepared for the high risk taking.

Even though there is a broad definition of the type of the company, but this study discovers that the type of the company that impact individual shareholders are Shariah and non-Shariah compliance companies and sector based of the company. The result of the study is supported by McGowan (2010), in encouraging the Malaysian companies implemented Shariah securities which can keep the investment among Muslim investors and increase the market. However, it is dependent on the investors' religiosity. For the non-Muslim investors who opt for non-Shariah investments because they have the options to go for it. Ross (2018) claimed that technology stocks can sometimes provide a high dividend to the individual shareholders as the sector have a high emphasis on growth. The findings were discovered in the analysis is based on GLCs in attracting investors' investment. Menon (2017) agreed that GLCs in Malaysia have a high number of stock market and assets acquisition. Due to the strong performance in representing the Malaysia's GDP, it becoming quite well-known internationally and great public's influential.

The last finding for the sustainability of the company for the investment decision making is supported by a previous study from Epstein and Roy (2001) and Mackey, Mackey and Barney (2007), emphasizes that there is an increasing number of companies implementing sustainability concepts for the better performance of the company, not only for the shareholders but give benefits to the whole stakeholders. Next section presents the summary of findings, implications of the study, limitation and highlighted the areas for further research.

6.0 CONCLUSIONS

In conclusion, it was found that among the four factors, which are growth of the company, size of company, type of company and sustainability of company, it can be summarized that all the factors are classified under the main scope, which is characteristic of the company. Based on the directors' perspective on the investment decision making, they looked more into the criteria of the company in attracting individual shareholders' investment.

It might be due to their roles and responsibility, as the top-level management run the company's business operations to meet the needs of shareholders and stakeholders. So that, in order to ensure more people, make an investment in the company, they have to strive the action in the managerial companies to be a better performance competing with the others. Plus, the overview from the respondents is because they are the ones who work closely to the company and the shareholders. So that, their views are based on the company's characteristics. It is discovered that all of the respondents from all sectors prone to the type of the company as the main influential factors in the investment decision making.

Accordingly, the implications of the present study are that it provides much needed empirical data on the factors contribute to the investment decision making from the perspectives of directors of the company. This information is important given that the other studies taken the perspectives from the middle-level of management. It is believed that the top level of management is the right key persons to deal with the owners of the company in relating to the companies' business operations. The findings point to a specific set of the directors' perspectives from the trading services sector, consumer product sector and industrial product sector. Further to that, the findings are the uniqueness of the knowledge and information carried out by the directors as part of the individual shareholders' investment decision.

This study might be very useful to be implemented by the management of the company, that is not only focusing by the directors of the companies. They can analyze which part of the companies' criteria that need for a critical review in order to encouraging the individual shareholders' performance. On part of the regulatory authority, they be able to strictly implement the rules and regulations pertaining to the governance areas on part of the company disclosure to the public. In contravene to the rules and regulations, the company will get the punishment and fines as well as the mistakes made by the company.

Importantly, the usefulness to the investors, either existing or prospect investors evaluation the criteria in choosing the right companies and making a wise investment decision making. The analysis from the contributing factors supported by the directors' perspectives able to reduce loss and risk in the investments.

Throughout the analysis, this study discovered that there is some limitation that need further action. This study conducted interview with four directors, from three main sectors in Malaysia, namely, trading services sector, industrial product sector and consumer product sector. Plus, the selected companies are covering the Klang Valley area. As a suggestion for future study, it is advisable to make an analysis among individual shareholders themselves and make comparison to the directors' perspectives. It might be useful to have many respondents with large amount of information, and participation by the directors from a large sector in the Malaysian PLCs that are not only limited in the Klang Valley area.

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THE INFLUENCE OF RELATED PARTY TRANSACTIONS ON FIRM PERFORMANCE: EVIDENCE FROM MALAYSIA

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Abstract

Related Party Transactions are reflected as a common business activity and a large volume of such transactions are restricted in firms without the commitment of accounting and financial fraud. These transactions may be considered as sound business exchanges or could become a potential problem if left unchecked. This study is going to investigate the impact of related party transactions on firm performance in Malaysia for the period of 2012-2017. This selected range of data will enable this study to elucidate the effect of related party transactions on firm performance after the introduction of Malaysian Financial Reporting Standards 124: Related Party Disclosures in Malaysia and the full convergence of MFRS which started to take place on January 1, 2012. According to statistical analysis for 1,436 firm-year observations in a period of 6 years, there is a significant relationship between related party transactions (total amount of transactions) and firm performance; only with return on equity which appear as an activity to influence the firm performance of Malaysian public listed companies.

Keywords: Related party transactions, firm performance, return on equity

INTRODUCTION

Related Party Transactions (RPTs) are reflected as a common business activity and a large volume of such transactions is restricted in firms without the commitment of accounting and financial fraud (E. A. Gordon, Henry, Louwers, & Reed, 2007). The 1997/98 Asian Financial Crisis (AFC) has created a generally accepted view that RPTs in the Asian region are unmannerly in nature (Ariff & Hashim, 2013). There are three reasons behind these allegations. First, significant risks of abusive RPTs exist whenever the controlling shareholder owns private interests that are not related to the listed company, such as in Asia. Second, the controlling shareholders have ample opportunities to take advantage of the company's liquidation matters (Ariff & Hashim, 2013). Finally, the persistent practice of abusive RPTs happens because of unsuitable institutional and law enforcement in many East Asian countries that protect controlling shareholders from the structure of internal governance.

RPTs could become a potential problem if left unchecked when it destroys the performance of the firm through tunneling (Du & He, 2013; Jiang, Rao, & Yue, 2015) and squeeze outs (V. Khanna, 2015). Furthermore, RPTs have been used to manage earnings (Jian & Wong, 2010; Liu & Lu, 2003), for financial reporting and tax purposes (Lo & Wong, 2011). This directly affects the quality of earnings. To add on, the problem emerged from the Asian Financial crisis 1997/98 had somehow revealed the weaknesses in corporate governance and regulatory framework which can protect the minority shareholders in emerging economies (Friedman, Johnson, & Mitton, 2003; Mitton, 2002) such as in Malaysia. All the reasons above have given many researchers and experts to scrutiny on this matter in order to overcome the same problem in the future. This is to ensure that the quality of earnings will be safeguarded by the integrity of those involve in managing the accounts of company; thus, improving the performance of the firm.

The aim of this study is to verify whether there is an association between related party transactions and firm performance among public listed companies in Malaysia. This study provides a better understanding of the relationship between RPTs and firm performance. It can help the regulators, auditors, and academicians, among others; in assessing the performance of the firm accordingly based on the RPTs. They also provide information to the related parties, such as regulators and auditors, regarding the effect of RPTs on firm performance.

LITERATURE REVIEW

2.1 Related Party Transactions

The regulators were forced to strengthen current rules introducing new bans and requirements, which aimed at guaranteeing the substantial and economic fairness of Related Party Transactions (RPTs) (Bava & di Trana, 2016). This is due to the shortcomings in corporate affairs, related to the bursting of the New Economy Bubble and the global financial crisis (Bava & di Trana, 2016); for instance the Asian Financial Crisis (AFC) in 1997. The main concern of RPTs is whether this issue will negatively affect businesses as RPTs have caused substantial wealth loss to shareholders when the transactions may not be conducted in an arm's length manner (Suffian, Sanusi, Ghafar, & Wahab, 2018). RPTs of a company are transactions between the company and a person with interests in the business such as a subsidiary, major shareholders, directors, executives or their relatives (or business organisations under their control).

RPTs may lead to potential problems because they can hypothetically value-destroying transactions such as tunneling and squeeze-outs (V. Khanna, 2015). RPTs can produce benefits for the strong party (insiders) at the expense of the weak (outsider). This is due to the discrepancy and the lack of elements to preserve the minority's rights and the presence of asymmetric information (Baek, Kang, & Lee, 2006). RPTs have been used as a medium for some companies to do earnings management activities (Limanto & Herusetya, 2017). There is an opportunity for the managers to manage earnings upwards and to present more positive operating performance by managing the sales figures to related parties. Furthermore, certain types of RPTs, such as lending to other firms controlled by the same controlling shareholders have been used by companies to divert earnings from operations to their controlling shareholders and to expropriate their minority shareholders' wealth to maximize the wealth of the controlling shareholders (Limanto & Herusetya, 2017).

However, RPTs are not that harmful. Some RPTs can be value enhancing in the sense that such transactions may reflect the best deal that can be struck (Paccos, 2018). Other than that, RPTs can reduce asymmetric information problems between outsider stakeholders (including investors) and corporate management (E. A. Gordon, Henry, & Palia, 2004), partly because of the conflict of interest that can arise between or among shareholders. A study by Gordon, Henry, and Palia (2004) found that RPTs are sound business exchanges that fulfil the economic needs of the firm. This argument is based on the efficient transaction hypothesis. Research can indeed be beneficial in emerging markets in which it can reduce bankruptcy risk faced by some firms and may boost capital raising (T. Khanna & Yafeh, 2007; Lincoln, Gerlach, & Ahmadjian, 1996).

Agency and contracting theories are two unique theories. Some companies may enter into RPTs due to these two theories. Contracting theory proposes that RPTs can be a part of efficient contracting with related parties. RPTs can be a constituent of the overall formal or informal compensation package where RPTs become a substitute for cash-based compensation to officers and directors or offer more liquid compensation to officers and directors when executives have high stock option levels. However, there is a legitimate concern that RPTs may cause managers to over-consume perquisites. This concern has its roots in the agency theory. This over-consumption damages the firm's stakeholders (Holmstrom, 1992; Jensen & Meckling, 1976). RPTs that errand the related party to the firm's detriment represent examples of perquisite consumption. It can also influence the reliability of financial statements which may compromise the effectiveness of contracts that were designed to reduce agency conflicts. The risk that RPTs may harm stakeholders gives rise for a request to monitor such transactions (M. J. Kohlbeck & Mayhew, 2004).

Infamous fraud cases such as Kenmark Industrial Co (M) Bhd, Bumiputra Malaysia Finance Ltd (BMF); and Transmile Group Berhad in Malaysia; Toshiba in Japan, Tianhe Chemicals in Hong Kong; Enron and WorldCom in the United States of America are due to the inefficiency of the managers in managing the company causing the quality of their earnings dropped tremendously based on the aforementioned cases. This directly affected the

performance of the firm. These cases had involved RPTs in one way or another, causing concerns among regulators and other participants about the compatibility of monitoring and auditing of these transactions. Previous research painted mixed pictures regarding RPTs. Theory recommends at least two alternative views of RPTs, each with diverse implications for earnings management. The first view which is consistent with the portrayal of RPTs in the business press is that RPTs incorporate agency issues of the type considered by Berle and Means (1932) and Jensen and Meckling (1976).

Another view of RPTs can reasonably accomplish other economic demands of a company or a mechanism that ties the party to the company (E. Gordon & Henry, 2005). In these circumstances, there will be no incentives to manage the earnings since RPTs would not need to be offset; therefore, there is an absence of expectation in a relationship between earnings management and RPTs. As a bonding mechanism, such transactions would tie the related party to the company. This will decrease the incentives for the related party to take part in risk-taking behaviors such as earnings management that might endanger the company or the related party's relationship with the company. In India, RPTs can be beneficial for the company if the company is an affiliate of a differentiated business group in an emerging market (T. Khanna & Palepu, 2000). Whether RPTs create or destroy the value of firms, especially in an emerging market is an open empirical question (Suffian et al., 2018).

2.2 Related Party Transactions and Firm Performance

RP transactions have the potential for insiders to extract firm wealth at the expense of other stakeholders. In contrast, RP transactions can be value-enhancing by creating strategic partnerships, enhancing risk sharing, and facilitating contracting. The disclosure of RP transactions provides the market with the information necessary for investors to discipline opportunistic behaviour. However, the ability to discipline behaviour is not equivalent to the ability to prevent such behaviour. Investors cannot directly prevent RP transactions. Investors are limited to voting with their feet by selling or refusing to buy the stock of RP firms, or ex post litigation against opportunistic insiders. Jensen and Meckling (1976) suggest an insider who owns less than 100% of the firm does not bear the full cost of his consumption of firm benefits. An insider can therefore engage in RP transactions with the firm that are more beneficial than costly to him, and investors who have taken price protection via lower demand for the stock have little reason to protest the transaction. As a result, equilibrium of RP transaction disclosure and lower firm valuation can exist.

M. Kohlbeck and Mayhew (2010) found 63% of the sample firms disclose RP transactions in their footnotes and/or proxy statements. They also found a negative association between RP firms and their valuations. The market values RP firms approximately 8% lower than non-RP firms. This result suggests differential valuation of firms disclosing RP transactions that is both statistically and economically significant. They also find that the market values residual income less for RP firms than non-RP firms. The residual income finding suggests investors place less reliance on reported income, and/or discount the return to shareholders from future income. Our analysis of subsequent stock returns documents that RP firms experience marginally lower stock returns in 2002. The returns findings imply that investors are not compensated for the lower RP market valuations with higher subsequent returns.

The market appears to value RP transactions based upon the type of RP transaction and the nature of the related party. Market valuations suggest that market views firms that disclose RP loans and other simple RP transactions with DOS negatively (M. Kohlbeck & Mayhew, 2010). In contrast, the disclosure of complex RP transactions and RP transactions with firm investments are not associated with valuations or returns. Overall, the evidence suggests that the market assigns lower values to firms that engage in relatively simple RP transactions including loans. In contrast, complex transactions with investments are not valued negatively. They are agnostic about whether their results suggest regulators are justified in banning these transactions for public companies. But, their results suggest that those involved in the corporate governance of individual firms consider carefully the potential market costs of entering into RP transactions.

Several studies have investigated the consequences of RPTs and found that they are associated with negative firm valuation effects (Cheung, Rau, & Stouraitis, 2006; Djankov, La Porta, Lopez-de-Silanes, & Shleifer, 2008; E. Gordon & Henry, 2005; Johnson, La Porta, Lopez-de-Silanes, & Shleifer, 2000). This means that the value of the firm will be affected by the activities from RPTs. This statement is proven by the collapse of giant companies such as Adelphia, Conrad Black's corporate group, Hollinger and the Riga family's corporate group (Ge, Drury,

Fortin, Liu, & Tsang, 2010). These corporate scandals raise a question of whether RPTs are associated with lower accounting quality for reporting firms; which then affect the valuation of firms.

However, Gordon and Henry (2005) found that RPTs could be more effective than engaging with a related party because it is safer for the company and there would be less incentive for the company to manage earnings. There are several benefits of these transactions, namely, the aptitude to alleviate external market failure from accessing these internal institutions (T. Khanna & Palepu, 2000). It arises as the cost for emerging market firms to acquire the necessary inputs, such as finance, technology and management talent is higher due to the nonappearance of intermediary institutions. This is supported by Chang and Hong (2000) in which they found that the internal capital market of business groups' supplement and inefficient external market and the vertical integration within a group allows it to share technological resources as well as lessen transaction costs.

Therefore, this study has an expectation that firms which undertake RPTs will exhibit subpar accounting quality which is designated by smaller variability of change of net income, smaller variability of change in net income relative to variability of change in cash flows, an increase in negative correlation between accruals and cash flows and finally the reporting of small positive net income that is more frequent than firms that do not practice Related Party Transactions (RPTs). Management opportunism was a key driver in the misappropriation of assets and misleading financial reporting in the recent frauds at Enron, Healthsouth and other firms. In many of these frauds, management allegedly used RP transactions both to enrich themselves and to generate misleading financial statements. For example: Enron engaged in a number of large purchases and sales with related entities that created earnings that would otherwise not have been recognized (Swartz & Watkins, 2003). At the same time, the transactions significantly increased the Chief Finance Officer (CFO) and other officers' wealth. McTague (2004) noted the role loans to related parties played in the demise of the financial sector crisis of the late 1980's and early 1990's. While RP transactions can be opportunistic, they can also potentially fulfil the underlying needs of the company. For instance, some companies make strategic investments in joint ventures to obtain and secure access to supplies or markets (e.g. vertical integration) and to manage risk.

On the other hand, RPTs seem to have a negative relationship with firm performance. According to Aswadi Abdul Wahab et al. (2011), firm performance which was represented by return on asset (ROA) had a significant negative relationship with RPTs. Upon a detailed reading the empirical findings, there was only a little economic impact in that study. Plus, the study covered a sample of data prior the introduction of MFRS 124 (Disclosures of Related Party) and the convergence of Malaysian Financial Reporting Standards (MFRS) which started to take place from January 1, 2012.

Hence, this study hypothesizes that:

H1: Related Party Transactions (RPTs) have a significant relationship with Firm Performance.

This is then specifically being hypothesized with different measurements of firm performance:

H2a: Related Party Transactions (RPTs) have a significant relationship with Firm Performance (Tobin's Q).

H2b: Related Party Transactions (RPTs) have a significant relationship with Firm Performance (Return on Asset).

H2c: Related Party Transactions (RPTs) have a significant relationship with Firm Performance (Return on Equity).

RESEARCH METHODOLOGY

3.1 Sample Selection

The data were sourced from the circulars of the companies taken from Bursa Malaysia (BM), annual reports and DataStream Thomson Reuters. Most of the studies done in the United States of America were focusing on the data taken from the circulars (M. Kohlbeck & Mayhew, 2010; M. J. Kohlbeck & Mayhew, 2004). Besides that, the data were taken from the Bursa Malaysia's website and other reliable sources, especially for dependent and control variables. The hand-collected data for RPTs from the circulars were taken place to identify the companies which have transactions for related party. The interesting about this study is the data taken from circulars were up

against the preceding year. For instance, data of RPTs taken from circulars in 2012 were tested against the data for independent variables in 2013. This means that the data of RPTs were taken from 2012-2016 to test against the financial data of independent variables and control variables from 2013-2017. This is due to the fact that the circulars are the information a year before the annual report being released and also to avoid the heterogeneity in the results.

All industries on the Main Board of BM were taken as the initial sample except those that abide by the Financial Services Act (FSA 2013). These exclusions were consistent with the previous studies by Roychowdhury, 2006; and Suffian et al. (2015). The selected companies were chosen as the sample due to their homogeneous characteristics of the listing requirements by BM which would accurately in comparison as well as their results (Suffian, Sanusi, & Mastuki, 2015). Furthermore, these sectors employed the Companies Act 2016 which superseded the Companies Act 196; while those related with Financial Institutions employed the Financial Services Act (FSA 2013). In his 2011 Budget Speech, the former Malaysian Prime Minister, Datuk Seri Najib Tun Abdul Razak stated that these selected core activities in each sector play a major part in promoting the economic growth of Malaysia (<http://www.nst.com.my>).

Below is the final sample of companies selected for this study:

Table 1: Final Sample of Listed Companies (2012-2017)

	Number of Firms
Initial Sample	804
(-) Insufficient Data	(49)
	755
(-) Financial Services Act 2013	(54)
Initial Sample	701
(-) Unavailability of data + Outliers	2,770
Final Sample (Firm-year Observations)	1,436

For the year financial end of 2017, there were 804 companies being listed in the Main Board of Bursa Malaysia Berhad. Out of 804 companies, the initial sample was only 701 companies which already excluded insufficient data and those companies which were regulated under Financial Services Act 2013. Nevertheless, the final sample in this study is only 1,436 firm-year observations for a period of 6 years from 2012-2017 as this study is only focusing on those companies which have disclosed related party transactions (RPTs).

3.2 Measurement of Variables

3.2.1 Related Party Transactions (RPTs)

Prior research on Related Party Transactions (RPTs) used both number and value of the RPTs to illustrate their significance. The RPTs were measured using the number of RPTs. This methodology mirrors the previous researches of Hasnan, Abdul Rahman and Mahenthiran (2013) and Hasnan, Daie and Mohamed Hussain (2016). This study measured the RPTs by calculating the total number of RPTs; and the total amount of RPTs scaled with total assets (Aswadi Abdul Wahab, Haron, Lee Lok, & Yahya, 2011; Hasnan, Daie, & Hussain, 2016).

3.2.2 Firm Performance

In determining the performance of the company, this study measured the firm performance by using Tobin's Q; Return on Asset (ROA) and Return on Equity (ROE). This measurement is widely been used by previous studies such as Suffian et al. (2015); Rahmat (2013); Aswadi Abdul Wahab et al. (2011); Munir and Gul (2010); Sulong and Mat Nor (2008); and Haniffa and Hudaib (2006).

Below are the calculations for all three types of firm value:

(a) Tobin's Q

$$\text{Tobin Q} = \frac{\text{MVE} + \text{TDEBT}}{\text{TOTASST}} \quad (1)$$

Where, MVE is the market value of equity; TDEBT is a book value of short-term liabilities net of short-term assets, plus book value of long-term debt; and TOTASST is a book value of total assets.

(b) Return on Asset (ROA)

$$\begin{aligned} [3] \quad \text{ROA} &= \frac{\text{Net income}}{\text{Total Assets}} \\ [4] \\ (2) \end{aligned}$$

[5]

(c) Return on Equity (ROE)

$$\text{ROE} = \frac{\text{Net income}}{\text{Shareholder's equity}} \quad (3)$$

3.2.3 Control Variables

There are other factors that may occur when the companies practice RPTs and may have affected the results (Rahmat, 2013). Among the control variables in this study were firm size, leverage, firm growth, and earnings per share. These attributes had been identified as affecting firm valuation and firm involvement (Rahmat, 2013). The firm size (SIZE) was measured by the natural algorithm of the book value of year-end total assets. Leverage (LEV) was measured by total debt over total assets. Growth (GROWTH) was measured based on the market value of a firm at the end of the year divided by book value of the total assets. Earnings per share (EPS) was calculated by dividing the earnings available to common shareholders by the number of outstanding share. EPS is used to measure the firm's profitability.

Therefore the model for the study is:

$$\text{Firm Performance} = \text{RPTs} + \text{Firm Size} + \text{Leverage} + \text{Growth} + \text{Earnings per Share} \quad (4)$$

The specific model for each independent variable are as per below:

$$\text{Firm Performance (Tobin's Q)} = \text{RPTs (No. of Transactions)} + \text{RPTs (Amount of Transactions)} + \text{Leverage} + \text{Growth} + \text{Earnings per share} \quad (5)$$

$$\text{Firm Performance (Return on Asset)} = \text{RPTs (No. of Transactions)} + \text{RPTs (Amount of Transactions)} + \text{Leverage} + \text{Growth} + \text{Earnings per share} \quad (6)$$

$$\text{Firm Performance (Return on Equity)} = \text{RPTs (No. of Transactions)} + \text{RPTs (Amount of Transactions)} + \text{Leverage} + \text{Growth} + \text{Earnings per share} \quad (7)$$

RESULTS AND DISCUSSIONS

4.1 Descriptive Statistics

By using the SPSS Software, this study was derived with the descriptive results for all variables. From the table below, the standardized residual for all models is consistent with those in Gan (2017). Firm size for all models is high given that the level of leverages for all models is on average. Firm size is consistent with those in Altamuro et al. (2003), DeFond and Park (1997), and Subramanyam (1996). It same goes with other control variables where the value obtained is consistent with previous studies done by Suffian et al. (2015); Altamuro et al. (2003), DeFond and Park (1997), and Subramanyam (1996).

For the skewness and kurtosis, the values must be between -2 and 2. All variables are normal except for the RPTs; proxy by total number of transactions and total amount of transactions. This could be due to the large amount obtained from each of the transactions made by the company.

Table 2: Descriptive Statistics

	RPT_NO	RPT_TRANS	TOBIN	ROA	ROE	SIZE	LEV	GROWTH	EPS
Min	1	.0000	.1871	-.1364	-.1286	3.8686	.0000	.0001	-.1770
Max	75	6.5039	2.359	.1866	.4614	7.8732	.9554	.0017	.6920
Mean	11.43	.3048	.9107	.0634	.0806	5.8870	.2417	.0006	.0040
Median	7.00	.0932	.7400	.0569	.0670	5.8301	.2312	.0005	.0720
Std Dev	12.572	.6723	.5441	.0586	.1019	.6317	.1729	.0004	.1499
Skewness	2.417	5.214	1.438	.004	1.550	.433	.897	.842	1.035
Kurtosis	7.242	33.587	1.331	.572	4.104	.113	.1425	-.441	1.145

Note:

This table presents the descriptive statistics of all models for a final sample of 1,436 firm-year observations.

RPT_NO is the total number of related party transactions; RPT_TRANS is the total amount of related party transactions; TOBIN is a Tobin's Q proxy for firm performance calculated by dividing the market value of equity plus total debt with total asset; ROA is a return on asset proxy for firm performance calculated by dividing net income with total assets; ROE is a return on equity proxy for firm performance calculated by dividing the net income with shareholder's equity; SIZE is measured by log total assets; LEV is measured by total debts deflated by total assets; GROWTH is based on the market value of a firm at the end of the year divided by book value of the total assets; Earnings per share (EPS) is calculated by dividing the earnings available to common shareholders by the number of outstanding share.

4.2 Correlation and Regression Analysis

Based on the results obtained from the correlation analysis, only the number of transactions are significant with having a positive relationship on firm performance; proxy by Tobin Q and return on equity. The value for Tobin's Q is at 0.67 and significant at 5%; while for ROE is at 0.77% and significant at 1%. It means that there is a correlation between related party transactions (RPTs) proxy by the total number of transactions on firm performance. For control variables, all variables are correlated with RPTs; except for leverage and growth. For leverage, it was not correlated with RPTs proxy by the total amount of transactions; while, for growth was not correlated with the total number of transactions. The results for correlation is shown in Table 3.

Meanwhile, based on the regression analysis, only amount of RPTs is positively significant with Return on Equity (ROE); with a value of 0.35 and significant at 5%. This is inconsistent with previous studies done by Gan (2017) and Pozzoli and Venuti (2014); where they found no significant relationship with firm performance. According to Gan (2017), he found no impact on firm performance. Firm performance in his study was represented by return on assets (ROA), which is an accounting based measure, and it is possible that the reported effects are concealed. The result in this study is consistent with Gan (2017), where there is no association between RPTs and performance using ROA. Nonetheless, the significance relationship between RPTs (proxy by the total amount of transactions) and firm performance (proxy by ROE) is significance and consistent with Umobong (2017); Aswadi Abdul Wahab et al. (2011); and M. Kohlbeck and Mayhew (2010). However, they found a negative relationship between RPTs and firm performance; instead of positive relationship just like in this study. This could be due to the number of sample firms in this study which covered 6 years firms-observations compared to previous study which only used 3 years firms-observations. Other than that, this study used sample for firms after the adoption of MFRS124 compared to previous study which used sample of firms prior to the adoption.

In the case that the company's financial performance and the RPTs highlighted a direct relation, the RPTs profitability trend could confirm the company's trend. Specifically, if the financial effects of RPTs increase more (or decrease less) than a company's performance, it could be possible to affirm that RPTs permit companies to create adequate efficiencies and synergies, facilitating coordination among involved entities (Pozzoli & Venuti, 2014). Meanwhile, according to Pozzoli and Venuti (2014), in the case that the research found an indirect relation between the variables, RPTs could be addressed as an accounting policy instrument and could be undertaken to have a window dressing effect on financial statements (earnings smoothing). In a nutshell, for this study, there is only one significant relationship between RPTs (total amount of transactions) with firm performance proxy by return on equity (ROE). It implied that RPTs increases the performance of the firm. It can be said that the firm are not using RPTs to bloat earnings, but to enhance its effectiveness in collaboration with efficient transaction hypothesis. Thus, this study is accepting H2c, and rejecting other hypotheses.

All control variables are showing significant positive relationship with firm performance; except for size with ROA. This means that the larger the size of the company, the lower the performance of the firm which is inconsistent with previous study by Gan (2017). For leverage, it had a positive relationship with all three models. The results of board size and leverage on firm performance are consistent with previous studies done by Suffian et al. (2015); Altamuro et al. (2003), DeFond and Park (1997), and Subramanyam (1996). The larger the firm, the greater the performance of the firm; while, the higher the amount of leverage, the greater the firm performance. The positive relationship between leverage and firm performance is consistent with studies done by Suffian et al. (2015); Cheng and Tzeng (2011); and Jelinek (2007). According to Modigliani and Miller's (M&M) Proposition II, one of the factors affecting firm performance is the level of a firm's debt. As the debt level increases, the performance of the firm also increases. The firm growth was found to be positively related with firm performance. This is inconsistent with Paminto, Setyadi and Sinaga (2016), where they found a negative relationship between firm growth and firm performance. Nevertheless, it is consistent with Sriwardany (2006) which proved that the firm growth will be responded positively by investors, thereby the stock prices will increases. In the meantime, there is a positive relationship between earnings per share (EPS) with firm performance. This means that the higher the profitability, the higher the performance of the company. This is not align with Vinayagamoorthi, Murugesan and Kasilingam (2015), where they found negative impacts of profitability on performance.

The adjusted R-squared for three models can be considered high with a maximum at 85.3% under Tobin's Q and the minimum at 39.7% under return on equity (ROE). It proved that the variation in the dependent variables are well explained by the independent variables for a linear regression model. While, under ROA, it is stated at 50.9%.

The results for regression analysis is shown in Table 4. The F-statistics values are very high with 1389.29% under Tobin's Q; 249.35% under ROA; and 158.71% under ROE. The high values of F-statistics means that the alternative hypothesis is compatible with observed data.

	RPT_NO	RPT_AMT	TOBIN	ROA	ROE	SIZE	LEV	GROWTH	EPS
RPT_NO	1								
RPT_AMT	.177**	1							
TOBIN	.067*	.004	1						
ROA	.036	-.016	.532**	1					
ROE	.077**	.027	.565**	.688**	1				
SIZE	.224**	-.130**	.264**	.083**	.198**	1			
LEV	.055*	-.013	.115**	-.082**	-.016	.327**	1		
GROWTH	.037	-.065*	.875**	.533**	.511**	.339**	.386**	1	
EPS	.086**	.009	.371**	.617**	.525**	.139**	-.100**	.386**	1

Table 3: Pearson Correlations

Note:

This table shows the results for correlation analysis for all models for a sample of 1,436 firm-year observations.

RPT_NO is the total number of related party transactions; RPT_TRANS is the total amount of related party transactions; TOBIN is a Tobin's Q proxy for firm performance calculated by dividing the market value of equity plus total debt with total asset; ROA is a return on asset proxy for firm performance calculated by dividing net income with total assets; ROE is a return on equity proxy for firm performance calculated by dividing the net income with shareholder's equity; SIZE is measured by log total assets; LEV is measured by total debts deflated by total assets; GROWTH is based on the market value of a firm at the end of the year divided by book value of the total assets; Earnings per share (EPS) is calculated by dividing the earnings available to common shareholders by the number of outstanding share.

**Correlation is significant at the 0.01 level (2-tailed).

*Correlation is significant at the 0.05 level (2-tailed).

	TOBIN	ROA	ROE
Variables			
(Constant)	-.217***	.104***	-.005
RPT_NO	.482	6.820E-5	.343
RPT_AMT	.686	-.001	.035**
SIZE	.024**	-.018***	.339***
LEV	.908***	.037***	.062***
GROWTH	1185.742***	51.613***	92.479***
EPS	.135**	.216***	.271***
R-square	.854	.511	.400
Adjusted R-square	.853	.509	.397
F-statistics	1389.29***	249.35***	158.71***

Table 4: Regression Results of Each Model

Note:

This table shows the model summary of each RPTs measurement in firm value for a sample of 1,436 firm-year observations.

R-square is the regression coefficient determination.

Adjusted R-square is the adjusted regression coefficient determination.

F-statistics is the indication of how much variation is explained by the regression equation.

RPT_NO is the total number of related party transactions; RPT_TRANS is the total amount of related party transactions; TOBIN is a Tobin's Q proxy for firm performance calculated by dividing the market value of equity plus total debt with total asset; ROA is a return on asset proxy for firm performance calculated by dividing net income with total assets; ROE is a return on equity proxy for firm performance calculated by dividing the net income with shareholder's equity; SIZE is measured by log total assets; LEV is measured by total debts deflated by total assets; GROWTH is based on the market value of a firm at the end of the year divided by book value of the total assets; Earnings per share (EPS) is calculated by dividing the earnings available to common shareholders by the number of outstanding share.

***Significant at the 1% level

**Significant at the 5% level
*Significant at the 10% level

5. CONCLUSIONS

This study aimed to determine the impact of related party transactions on firm performance. Based on the results obtained, only RPTs proxy by the amount of transactions is having a significant positive relationship with firm performance, proxy by return on equity. It implied that RPTs increases the performance of the firm. It can be said that the firm are not using RPTs to bloat earnings, but to enhance its effectiveness in collaboration with efficient transaction hypothesis. Thus, this study is only accepting H2c, and rejecting other hypotheses. Meanwhile, all control variables in this study are significantly related with firm performance, except for board size with performance (return on assets).

There are a few problems faced in this study. First, the time taken on the information of related party transactions was time consuming. The data taken from the circulars of the company was hand collected and time consuming. Second, the circulars of the companies some of it were not available in the website of Bursa Malaysia Berhad. Then, other alternatives have to be taken in order to get those data. Thirdly, some companies disclosed the amount of transactions in other than Malaysian currency. This has to be converted into Malaysian Ringgit based on the time circulars were published.

There are some constraints in this study which given the opportunity for future study. First, this study was only focusing on the sample of those companies get involved in related party transactions. It will be at best to see the impact on firm performance between RPTs and Non-RPTs. Second, this study only restricted in using the number of transactions and amount of transactions. Other measurements of RPTs such as the amount of transactions divided into revenue and expenses; and type of transactions can be tested to see the further effect on firm performance. Third, other mechanisms that may influence the alliances between related party transactions and firm performance such as corporate governance and ownership structure may be taken into consideration to see the impact of those mechanisms in influencing the relationship between those two. Lastly, the causes behind the relationship between RPTs and firm performance can also be scrutinized.

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