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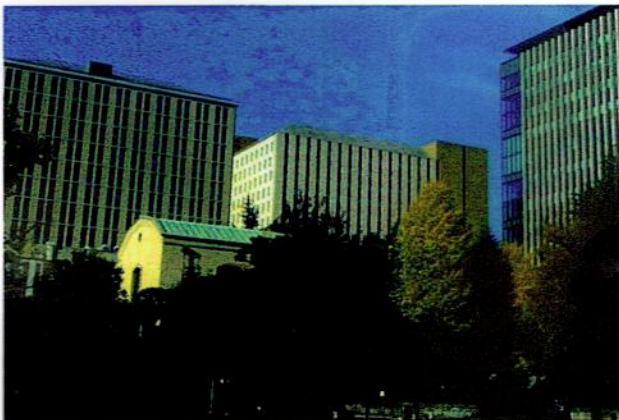
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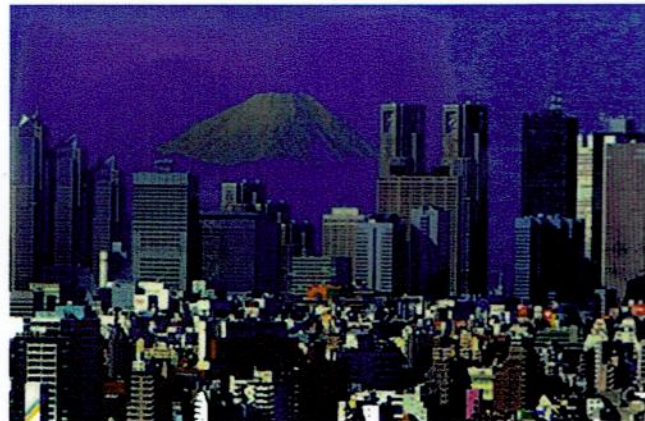
**Abstract Book**

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**THE EFFECT OF CHARACTERISTICS COMPANY AND CORPORATE  
GOVERNANCE ON SUSTAINABILITY REPORT AND FINANCIAL  
PERFORMANCE LISTED LQ45 COMPANY**

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**ABSTRACT**

Financial performance is a description of the condition and circumstances of a company that is analyzed with the tools of financial analysis, so it can know both the financial condition and financial performance of the company within a certain time. The sustainability report is needed for stakeholders including the community, to know all forms of corporate responsibility to the community and the environment. This study aims to analyze the influence of Characteristics Company and corporate governance towards sustainability report and financial performance, analyze the influence of sustainability report on financial performance, and analyze the influence of Characteristics Company and corporate governance on financial performance through sustainability report. The number of samples in the study of 22 companies. The analysis technique using SEM-PLS, the reason for using Partial Least Square (PLS) is that there are several research hypotheses that do not have a solid theoretical foundation. PLS is able to be used to test causal relationships of research variables that have not received much theoretical or research support. The results of the analysis show that the characteristics of the company affect the sustainability report, also affects the financial performance, corporate governance affect sustainability report and financial performance. Sustainability report affects the financial performance. Sustainability mediates the influence of Characteristics Company and corporate governance on financial performance.

**Keywords :** Characteristics Company, Corporate Governance Sustainability  
Report, Financial Performance

# **An Empirical Study on Accounting Treatments of Corporate Social Responsibility Fund to Measure Local Government's Financial Performance**

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## **ABSTRACT**

Corporate Social Responsibility (CSR) is one of types of corporate concerns to its environment. In implementing CSR, company can choose to work together or establish a cooperation with region / local government. Some CSRs are in the form of grants to the local government, such as buildings and operational vehicles. This forms need to be reported to both company's side and the local government's side. So far, Indonesia Accounting Standard only regulates reporting standards for the ompany, not for the local government. This condition causes the local government discloses the CSR fund with some difference methods. The accounting method used in giving accounting treatment to CSR fund makes government disclose based on the financial statement which cannot be measured properly. This study explores the accounting methods applied by some local governments and analyzes the implications of them to financial performance. Furthermore, the researchers also treat the transactions in accordance with the related standards, such as standards for financial statements, Balance Sheet, Budget Realization Report, Operational Report, Income and Fix Asset (Report). The objective of this study is to analyze the implication of local government reports with or without disclosures of CSR fund to their financial performance measurement. The finding shows that the financial statement with disclosures of CSR fund has better performance indicators compared to the one without disclosures.

**Keywords: Corporate Social Responsibility, accounting treatment, financial statement, accounting standard, financial performance measurement**

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**Empirical study on auditor characteristics, corporate governance,  
earning quality, litigation risk and cost of equity capital**

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**ABSTRACT**

This research examines the effect of the auditor characteristics, corporate governance, earning quality and litigation risk on the cost of equity capital. In the research, the earnings quality is formed from four attributes of accrual quality, persistence, predictability and income smoothing, and litigation risks are formed from three attributes of stock volatility risk, financial risk and political costs risk. Both variables, earnings quality and litigation risk, are used as mediating variables. The sample consisted of 112 manufacturing companies listed on the Indonesia Stock Exchange for the period of 2011-2014, determined by purposive sampling according to certain criteria. Confirmatory factor analysis is used to form the composite variable of earnings quality and litigation risk. The effect of independent variables on the dependent variable was tested using path analysis. The results of direct effect test show independent board of directors, earnings quality and litigation risk affect the cost of equity capital. Auditor size, audit tenure, and audit specialization appeared to affect earnings quality, while the others did not. Auditor size, institutional ownership, managerial ownership and audit committee appeared to affect litigation risk, while the others did not. The earnings quality proved to mediate the effect of auditor size, audit tenure and audit specialization on the cost of equity capital. The litigation risk proved to mediate the effect of institutional ownership, managerial ownership and audit committee on the cost of equity capital.

**Keywords:** auditor characteristics, corporate governance, earnings quality, litigation risk, cost of equity capital

## The Intention to Implement Strategic Pricing Model Based on the Perspective of the Theory of Planned Behavior

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### Abstract

This study aimed to obtain empirical evidence about factors influencing the intention in implementing strategic pricing model of SMEs in the fashion sector. The perspective used was the Theory of Planned Behavior. A survey was conducted as the research method, using questionnaires to inquire practitioners of Small and Medium Enterprises (SMEs) in East Java as respondents. In this study there were two variables used; attitude towards behavior, perceived behavioral control, and subjective norm as independent variables, and behavioral intention as the dependent variable. The data analysis method used was Regression. The research result showed that the attitude towards behavior and subjective norms had an influence on the intention to implement strategic pricing model. Meanwhile, Perceived Behavioral Control did not affect the intention to implement the model. In general, the results indicate the strategic pricing model as a useful model because it improves the quality in determining selling price. However, SMEs still perceive accounting as a difficult skill to learn. In terms of practice, the results of this study are useful to determine the SMEs' degree of interest to apply strategic pricing model. This is particularly notable due to the novelty of this model which, based on previous researches, the majority of SMEs have not yet adequately implemented their accounting system.

**Keywords:** Theory of Planned Behavior, strategic pricing model, fashion-based SME sector

# **THE EFFECT OF MOTIVATION AND OPPORTUNITIES ON EARNINGS MANAGEMENT**

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## **ABSTRACT**

This study aims to examine the effect of earnings management motivations and earnings management opportunities on real earnings management. Earnings management is an action performed by the management that can affect the level of reported earnings. The level of earnings management is not only influenced by the motivation of management for self-interest or for the benefit of the company but also influenced by the opportunities available for management to be able to practice earnings management. Previous research generally ignored various factors that could give managers opportunities to practice earnings management, and considered that the ability to practice earnings management was the same between companies

Motivation earnings management consists of the cost of debt covenant breach and political costs. Earnings management opportunities include information asymmetry from asset structure, auditor quality and corporate governance quality. Debt covenant cost is measured by leverage, political cost is measured by firm size, asset structure is measured by investment opportunity set, corporate governance quality is measured by good corporate by governance index and real earnings management is measured by using three activities (abnormal operational cash flow, abnormal production costs and abnormal discretionary costs).

The sample is selected purposively from 136 manufacturing companies listed on the Indonesia Stock Exchange during the period of 2012-2015. The analysis is based on annual financial report data from 67 manufacturing companies listed on the Indonesia Stock Exchange.

The result of analysis shows that financial leverage, asset structure, and quality of corporate governance influence earnings management, on the contrary firm size and quality of auditor have no effect to real earnings management.

**Key words:** corporate governance, earnings management, debt covenant, political cost, audit quality