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"Enhancing Business Stability Through Collaboration"
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Enhancing Business Stability Through Collaboration

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NOTES FROM THE EDITORS


The title of the 2016 conference is “Enhancing Business Stability Through Collaboration”. The conference was opened by the keynote speech by Prof. Dr. Mohamed Ariff under the title of “Money, Bank Liquidity, and Stock Returns”. On the second day of the conference, Prof. Felix Mavondo from Monash University discussed a topic on Marketing Research and Future Studies.

From among 101 papers scheduled in the conference, only 92 papers were presented. ICBMR 2016 has implemented the “no-show policy” in which papers that are not presented at the conference, shall be deemed a “no-show” and removed from post-conference distribution. It was also decided that this conference proceeding is abstract only proceedings as the full version of the papers will be published either as journal articles or book chapter.

Without the dedication of people involved in organizing this year’s ICBMR 2016, it would not be possible for us to make another success of it. Once again, we would like to extend special words of gratitude to all contributors to the conference program, keynote speakers, our sponsors, and especially our conference staff. Thank You!

Viverita, PhD

Sri Rahayu Hijrah Hati, Ph.D

Scientific Committee Organizing Committee
FINANCE
1. THE IMPACT OF LOAN PORTFOLIO CONCENTRATION AND FOREIGN BANK ENTRY ON INDONESIAN BANKS’ RETURN AND RISK

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Abstract

Using data from 47 Indonesian conventional banks over the 2010-2014 period, we examine the impact of loan portfolio concentration based on economic sectors on banks’ return and risk. We also consider the different types of bank ownership and foreign banks’ mode of entry (greenfield and takeover). The results show that in general, loan portfolio concentration does not affect Indonesian conventional banks’ return. Second, when different types of bank ownership and foreign banks’ mode of entry taken into account, we find that private banks generate higher profit by implementing a concentrated loan portfolio based on economic sectors than state- and foreign-owned banks. However, no evidence of mode of foreign entry impacting their return is found. Third, consistent with theory of corporate finance, we find that loan portfolio concentration negatively affects Indonesian conventional banks’ risk. Lastly, loan portfolio concentration based on different types of bank ownership and foreign banks’ mode of entry does not affect bank’s risk. Thus, loan portfolio concentration seems to reduce bank’s risk regardless its type of ownership and mode of entry. In particular, loan portfolio concentration seems to improve the performance of private banks.

Keywords: Loan portfolio, Ownership, Mode of foreign entry, Bank performance, Emerging markets
2. ANALYSIS OF NON-PERFORMING LOAN RATIO EFFECTS TO LENDING BEHAVIOUR RELATED TO MORAL HAZARD ON LISTED CONVENTIONAL BANKS IN INDONESIA IN 2006-2015

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Abstract
This research aims to analyze the effects of non-performing loan ratio to lending behavior on listed conventional banks in Indonesia in the period of 2006-2015. It is also investigating the relation between lending behavior and moral hazard. By applying the Threshold Regression method from Hansen (1999) and using the most recent non-performing loan ratio as the threshold variable, researcher found that the moral hazard problem is exist when the NPLs ratio exceed 5.29 per cent. The determinants of the non-performing loan ratio in Indonesia are loan growth rate (LGR), last period loan growth rate (1.LGR), equity to total asset ratio (ER), bank size (Size) and dummy year.

Keywords: Threshold Regression, Non-Performing Loan, Credit Risk, Moral Hazard, Lending Behaviour, Bank Behaviour
3. RELATIONSHIP ANALYSIS OF CORPORATE GOVERNANCE, CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE, AND ECONOMIC CONSEQUENCES: EMPIRICAL STUDY OF INDONESIA CAPITAL MARKET

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Abstract
The objective of this study is to investigate the correlation between corporate governance (CG), corporate social responsibility (CSR) disclosure and economic consequences (EC). The corporate governance consists of eight variables, i.e. the proportions of managerial ownership; the proportion of domestic institutional ownership; the proportion of foreign institutional ownership; the proportion of public ownership; the proportion of board of directors from the board of commissioners and the audit committee; the proportion of board of directors from the board of commissioners, the board of directors, and the audit committee; the proportion of independent commissioners and audit committee from the board of commissioners and the audit committee; and the proportion of independent commissioners and audit committee from the board of commissioners, the board of directors and the audit committee. The CSR disclosure consists of six variables, which based on GRI guidelines is the economic dimension, the environment dimension, the social dimension, the human rights dimension, the society dimension, and product responsibility dimension. The economic consequences consist of three variables, i.e. the bid-ask spreads, the trading volume, and the share price volatility.

The hypotheses are tested using structural equation modeling analysis with 210 samples of listed firms in Indonesian Stock Exchange in 2014. The result of research are as follows: (1) The proportion of independent commissioner and the audit committee from the board of commissioners, the board of directors and the audit committee have a positive and significant effect on CSR disclosure, (2) CSR disclosure has a positive and significant effect on trading volume.

Keywords: Corporate governance, corporate social responsibility, and economic consequences.
4. DO BORROWERS BEHAVE DIFFERENTLY UNDER WAQF INSTITUTION?

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Abstract
The question why the economies of Muslim nations have been declining compared to the developed Western world has been subject to several academic studies. One of reason is the rigid and poor management of Waqf, the main vehicle for both commercial and public ventures financing as the obstacles in the economic development. This paper try to address both the Islamic legal and theoretical concept relating to Waqf as investment instrument within Islamic finance. Furthermore, discussion of how using of Waqf funds for lending can be better alternative of financing in medieval Muslim world. This paper is proposed to model the concept of integrating the private equity and venture capital concept with Waqf. An experimental study using principal-agent contract which mimic the possible contract in Waqf will be employed to see the effect of the use of social fund in investment and the social value embedded in such contracts. A standard loan contract with social preference will be adopted to see how much the structured contract superior compare to its legalistic Islamic standard contract employed in Islamic Bank. The different behavior of borrowers under both contracts will be analyzed. This is expected to empower the emerging Muslim economies and discharge them from the underdeveloped status.
5. FOREIGN-DEBT BASED HEDGING TO SHAREHOLDER VALUE: A NEW PERSPECTIVE

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Abstract
The purpose of this study is to develop models to analyze the influence of foreign exchange risk towards shareholder value with foreign-debt based hedging as a mediation variable. This study had applied a new concept that was derived from synthesis of the balancing theory and the contracting theory. This study use the population of companies listed on the Indonesia Stock Exchange (BEI) in 2010-2013. Hypotheses were analyzed with Pooled Ordinary Least Square Model, Fixed Effects Model, and Random Effects Model, then tested with the Hausman Test. The research findings proved that the foreign exchange risk had positive effect on shareholder value with the foreign-debt based hedging as mediation. So companies that have had foreign exchange risk should apply foreign-debt based hedging to maximize the shareholder value. The findings of this study have theoretical implication that supported contracting and balancing theory. While practical implications for the government is support the discourse of the Ministry of Finance to implement a hedging policy.

Keywords: Foreign-Debt Based Hedging, Foreign Exchange Risk, Shareholder Value
6. ANALYST FOLLOWING, OWNERSHIP STRUCTURE, AND STOCK LIQUIDITY: INDONESIA STUDY

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Abstract

The study aims to provide empirical evidence about the effect of concentrated ownership and analyst following on the liquidity of the stock, particularly regarding the risk of expropriation of the minority shareholders. In addition, this study also examines the role of firm size as moderating variable on the association between concentrated ownership structure and analyst following on the liquidity of the stock. Ownership is measured using the difference between control right and cash-flow rights of the largest shareholders which can trace the ultimate ownership of the firm. Liquidity is measured by adjusted Amihud Illiquidity, which is believed to be more suitable to applied in developed country like Indonesia. The samples were firms listed on the Indonesia Stock Exchange during the study period 2010-2014. The study found that analyst following positively related to liquidity, as the firm size found deriving positive relationship among them. The larger the size of the firm, the less the positive effect.

Keywords: Analyst Following, Adjusted Amihud Illiquidity, Concentrated Ownership Structure, Firm Size, Liquidity
7. DIVERSIFICATION AND EFFICIENCY IN THE INDONESIAN BANKING INDUSTRY

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Abstract

Global Financial Crisis 2008 caused banks to look for the business models that can increase the level of efficiency. Several previous studies in developed market suggests that the diversification has a positive effect on the efficiency. This study aims to analyze the effect of diversification on Indonesian banking efficiency as one of emerging market. We use the Stochastic Frontier Analysis (SFA) to measure efficiency and the results showed that the majority of Indonesian banking is relatively low efficiency. Using the panel data, this study finds same result, diversification can improve the Indonesian bank efficiency. Diversification can optimize the output without additional input costs that cause the Indonesian bank efficiency has increased. Other factors such as the level of bank capital is also an impact on increased efficiency. In addition, the influence of bank size and global financial crisis are not statistically significant.

Keywords: Diversification, Efficiency, Global Financial Crisis, Banking
8. DETERMINANT OF RISK APPETITE AMONG YOUNG ADULT INVESTOR

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Abstract

One of the element should be considered in making investment is risk. Person have different level of risk acceptance, it can be either risk taker, risk averse or risk avoidance. In general understanding, risk will determine the return. More risk willing to face, more return investor will get. Based on our reading from previous literature on risk appetite, there are three independent variable identified; financial literacy, amount of capital and behavioral belief that relate to dependent variable. Thus, this paper conducted to study on what are the factor contributed to the level of risk acceptance for each individual in investment. This study employed a set of questionnaire which was answered, whereby a total of 100 questionnaires were distributed to the young generation aged between 20 - 28 years old in Shah Alam, Selangor. The questionnaire encompasses personal profile and question related to the study variables. To conduct this study, PLS-SEM was utilized to analyze the data. PLS allows the researcher to examine the relationship among the hard-to-measure latent variables. The results could provide a holistic insight about the nature of new investors, especially in terms of risk appetites.

Keywords: Behavioral belief, capital amount of investment, financial literacy, investment, risk appetite, young generation.
THE INFLUENCE OF BANK SIZE, CAPITAL, AND FUNDING STRUCTURE TO BANKING SYSTEMIC RISK: EVIDENCE ASEAN-5 COUNTRIES

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Abstract

This paper aims to analyze the role of bank size, capital, and funding structure to the systemic risk in ASEAN-5 countries during period 2004-2014. The systemic risk is measured by Marginal Expected Shortfall (MES) and SRISK. Using panel regression, we find that systemic risk measured by MES have a positive relationship with bank size, but is inversely related with capital using both MES and SRISK. The funding structure has a small effect on systemic risk compare to size and capital. This can provide a justification of Basel III whereas tightening bank capital requirements would reduce systemic risk.

Keywords: Systemic risk, bank fragility, financial crisis, bank performance, Southeast Asia
10. THE RELATIONSHIP BETWEEN FINANCIAL SUPPORT, NON-FINANCIAL ATTRIBUTES, AND ENTREPRENEURIAL BUSINESS PERFORMANCE: A CASE STUDY ON MARA SPiM LOAN SCHEME

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Abstract
This paper is aimed at examining the relationship between financial support, non-financial attributes, and entrepreneurial business performance. The paper studied on how advisory services, entrepreneurial skills/knowledge, entrepreneurial mindset, entrepreneurial attitude play a significant role in influencing business performance (profitability, growth, and assets). Using a quantitative approach, this study analyzed data from 96 respondents from the survey of 105 participants. All respondents are entrepreneurs who were loan takers of MARA-SPiM scheme which was approved from 2014 to 2015 from 10 districts in Perak State of Malaysia. The analysis was performed using SPSS and Smart-PLS statistical software. The findings established that financial services play a significant role in influencing entrepreneur’s business performance. On the other hand, it was revealed that entrepreneurial attitude (one of the non-financial attributes) plays a significant role in influencing entrepreneur’s business performance. This study also found that the arrangements of financial services and non-financial services are very important for entrepreneurs’ business success in terms of rising profitability, growing their business and increasing their assets. Besides that, advisory services, entrepreneur skill/knowledge, and entrepreneur mindset were unable to show any influence on entrepreneurs’ business performance.

Keywords: Business Performance, Entrepreneurship, Financial Services, Non-Financial Attributes, Malaysia
11. PREDICTIVE POWER VS EMPIRICAL PERFORMANCE: AN EVIDENCE FROM GARCH VOLATILITY IN FINANCIALIZED COMMODITY MARKETS

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Abstract
This paper investigates whether the Log-likelihood statistical criteria is appropriate for selecting the best GARCH(p,q) model in financialized commodity markets. We use various p and q values in VaR GARCH(p,q) estimation and perform the back testing at different confidence levels and different out-of-sample periods for eight financialized commodities. We find that the GARCH(p,q) model with the highest Log-likelihood value tends not to generate the best empirical performance. Our findings are consistent at different confidence levels and different out-of-sample periods for daily, weekly and monthly series. Therefore, we conclude that we could not rely on Log-likelihood statistical criteria for choosing a GARCH(p,q) model in financialized commodity markets.

Keywords: Commodity, Volatility, GARCH
12. PRODUCTION EFFICIENCY OF INDONESIAN BANKS: INTERMEDIATION APPROACH OF DATA ENVELOPMENT ANALYSIS AND MULTIVARIATE REGRESSION

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Abstract

Using data envelopment analysis (DEA), this paper seeks to measure the relative efficiencies of 84 commercial banks registered in Bank Indonesia throughout a period of 83 months from January 2002 to November 2008. The resulting technical efficiency scores are collected along with the natural logarithm (ln) of asset book value in a second-stage regression to model scale efficiency; included with it are four dummy variables to represent the five Bank Indonesia categories of the banks. We have found that there is a negative effect of asset-change on efficiency in at least two categories and positive ones in another two.

Keywords: Indonesian banks, Technical efficiency, Data envelopment analysis, Second-stage regression
13. THE DETERMINANTS OF REPAYMENT PERFORMANCE IN MICROFINANCE INSTITUTIONS IN INDONESIA

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Abstract
This paper examines the relationship between social capital, loan characteristics, business performance and loan repayment of the borrower with small and medium-scale enterprises in Microfinance Institutions sector. This study used a quantitative data through questionnaire survey and applied structural equation model to analyze the data. Results indicate that social capital and business performance had a direct and positive effect on repayment, whereas business performance had a greater impact on loan repayment. Loan characteristics had a negative effect but did not appear significant influence to repayment. These findings suggest that repayment performance of Microfinance Institutions’ borrowers may be driven by factor social capital and business performance than the characteristics of the loan.

Keywords: Loan Characteristics, Microfinance Institution, Repayment Performance, Small Medium Enterprise, Social Capital
14. WHY STUDY MORE? THE ROLE OF EARNINGS RISK ON EDUCATION AND SAVINGS

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Abstract
This study investigates the impacts of earnings risk on schooling and saving. I borrow Basu and Ghosh’s model (2001) to develop a theoretical framework of a two-period model, which depicts the relation between earnings risk, schooling, and saving. Using the Indonesia Family Life Survey (IFLS) dataset, I confirm that the decision to enter schooling is motivated by earnings risk. The earnings risk is measured by occupational earnings risk and by earnings range, or the variability between the maximum and minimum level of earnings across the IFLS waves. This study finds that education decreases the variability of future income. Given that the pure risk effect is more dominant than the utility smoothing effect, it can be said that saving is to some extent inadequate for anticipating a decline in household income, owing to earnings risk. The results also show that the earnings range is close to Basu and Ghosh’s predictions.

Keywords: Savings Decision, Earnings Risk, Education.
15. ANALYSIS ON THE EFFECT OF THE GLOBAL FINANCIAL CRISIS, DEBT MATURITY, AND FOREIGN OWNERSHIP ON INVESTMENT: EMPIRICAL STUDY ON LISTED COMPANIES IN INDONESIAN STOCK EXCHANGE IN 2005-2014

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Abstract

The objective of this research is to examine the influence of global financial crisis, debt maturity and foreign ownership on investment. The crisis event used in this study is the crisis after the fall of subprime mortgage market in the United States, which started in 2008. Foreign ownership is defined as ownership from foreign institutions. By using the sample of non-financial companies listed in the Indonesian Stock Exchange in 2005-2014, this study shows that investment level of Indonesian firms after the global financial crisis is higher compared to the prior period. Short-term debt maturity has negative significant effect on investment. Foreign ownership has positive significant effect on investment. Other factors that has positive significant effect on investment are firm tangibility and sales volatility.

Keywords: Debt Maturity, Financial Crisis, Foreign Ownership, Global Crisis, Investment, Ownership Structure
16. RATE OF PROFIT AS A PRICING BENCHMARK IN ISLAMIC BANKING TO CREATE FINANCIAL STABILITY

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Abstract

Although much research has been done on the pricing benchmark both in terms of fiqh or Islamic economic perspective, but no substitution in the concept of interest (rate of interest) up to now in the application of Islamic Banking because some of the jurists from the middle east even allow the use of a benchmark rate such as LIBOR (London Interbank Offered Rate) as a measure of Islamic financial asset prices, so in other words, they equate the concept of rate of interest with the concept of rate of profit, which is the core reason (raison detre) for the replacement of usury as instructed in the Quran. This study aims to find the concept of rate of profit on Islamic banking that can create economic justice and stability in Islamic Banking and Capital market. Rate of profit that creates economic justice and stability can be achieved through its role in maintaining the stability of the financial system in which there is an equitable distribution of income and wealth. To determine the role of the rate of profit as the basis of the sharing system implemented in the Islamic financial system, we can see the connection of rate of profit in creating financial stability, especially in the asset-liability management of financial institutions that generate a stable Net Profit Margin or the rate of profit that is not affected by the ups and downs of the market risk factors including indirect effect on interest rates. Furthermore, Islamic financial stability can be seen from the role of the rate of profit on the stability of the Islamic financial assets that are measured from the Islamic financial asset price volatility in Islamic Bond Market in Capital Market.

Keywords: rate of profit, economic justice, stability, equitable distribution of income, equitable distribution of wealth.
17. MACROECONOMIC VARIABLES AND STOCK MARKET INTERACTIONS: INDONESIA EVIDENCE

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Abstract
The existence of semi-strong-form pricing efficiency on the LQ 45 Index in the Indonesia Stock Exchanges from 2004 to 2014 for using monthly closing prices was investigated. This study provides evidence on the Indonesia Stock Exchanges (IDX) using semi-strong-form efficiency test. This paper employs the co-integration test, which is widely used to distinguish the impact of macroeconomic factors (The consumer price index, exchange rate, gross domestic product, and interest rate) to market returns (Lq45 Index). The findings indicate that in Indonesia Stock Exchanges show mixed evidence of Semi-strong form pricing efficiency characteristics for monthly return series. The results implied that the new information have impacted on the Indonesia Stock Exchanges by making exchanges becoming more price efficient.

Keywords: Semi-Strong-Form EMH, the Indonesia Stock Exchanges, the Cointegration Test and Macroeconomic Variables
18. COUNTING CHINESE STAR: DOES IT MATTER TO INDONESIA STOCK EXCHANGE?

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Abstract
The purpose of this research is to determine the effect of Chinese Astrology to the Indonesia Capital Market. This research uses Chinese Astrology variables such as Yin Yang, Wu Xing, and Chinese Zodiac to investigate those effects to the return of Jakarta Composite Index, specifically to the return of Chinese’s company owned in Indonesia Stock Exchange. In addition, foreign exchange and earning per share are used to represent macro economy and accounting variable. This research uses value of Jakarta Composite Index during 1984 – 2015 and 70 company’s stock during 2003 – 2015 as sample based on the criteria. Method of hypothesis testing uses multiple linear regression. The results show that Chinese Astrology variables have no significant effect, but foreign exchange has significant negative effect to the return of Jakarta Composite Index. However, earning per share has positive significant effect to the return of Chinese’s company owned in Indonesia Stock Exchange.

Keyword: Chinese Astrology, Earning per Share, Foreign Exchange
19. LEAD-LAG RELATIONSHIP: DID FINANCIAL CRISIS CHANGE ASEAN-5 STOCK MARKET INTERDEPENDENCE WITH KOREA, JAPAN, HONG KONG, US AND UK?

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Abstract

ASEAN-5 capital market is growing significantly from 1996 to 2014. The global financial crisis in year 2008 that shock US capital market changes ASEAN-5 stock market long-term relationship with other major region such as Korea, Japan, Hong Kong, US, and UK. This study focus on stock market Lead-Lag relationship and long-term interdependencies changes before, during and after financial crisis. We used VECM model to analyze Interdependence between each ASEAN-5 countries. The empirical result shows the Lead-Lag relationship and Interdependence between ASEAN-5, Korea, Japan, Hong Kong, US and UK stock market were increased during financial crisis. US stock market lead the decrease of other countries stock market index. However, after financial crisis, ASEAN-5 stock market Interdependence even more strong to the US and UK stock markets rather than other Asian countries including within ASEAN-5 member. If the pattern of Interdependence between ASEAN-5 is not strong enough, then the ASEAN financial markets integration implementation will be facing great challenges. And global investors can not treat the ASEAN-5 stock market as a single asset that moves together. But there is an opportunity for portfolio diversification within ASEAN-5 countries.

Keywords: Financial crisis, Diversification, Market integration, ASEAN, VECM
Interest margin as the main sources of a bank’s revenue plays an important role in maintaining banking stability. Additionally, increasing market power and the business shift to non-traditional products has been seen as promoting banking stability. Theoretically, Martinez-Miera & Repullo (2008, 2010) suggested non-monotonic correlation between competitions and risk taking in the loan market. However, the studies on relationship between diversification and banking stability reveals mixed results. This study aims to examine the impact of interest margin, market power, and banking diversification strategy on stability in ASEAN-4 (Indonesia, Malaysia, Thailand and the Philippine) banking system. We estimate the long-term equilibrium with random effect panel data regression model. Furthermore, to obtain the short-term dynamic relationship between the variables in the model and to solve endogeneity problems, we estimate the model of dynamic panel data using System of Generalized Method of Moment (GMM). After controlling for foreign bank penetration, bank-specific variables, and macroeconomic variables, we find intermediary activities that generate interest margin remain as the dominating factor that promotes banking stability in the region. In addition, non-traditional products may help banks to reduce risk and promote stability. Additionally, focused-banks which channel special types of loan may charge a higher margin, lowering the bank’s probability of default. Furthermore, an increase in market power as a consequence of banking consolidation will increase banking stability, and it is consistent with “competition-fragility” hypothesis. However, this study could not support the non-linear relationship between competition and banking stability. This study also finds that foreign bank penetration positively and significantly affects banking stability. However, larger banks tend to take excessive risk and therefore reduce stability.

Key Words: ASEAN, Banking, Diversification, Foreign Bank Penetration, Interest Margin, Market Power, Stability
21. INVESTMENT AWARENESS AMONG YOUNG GENERATION

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Abstract
Young generation these days are more creative and technology savvy than the older generation socially and financially. One particular question may arise on whether this generation is concerned and aware about their financial status in future and investment. This research seeks to examine the awareness towards investment among young generation. This study used primary data by questionnaire and the sample chosen are the young generation aged from 18 to 28 years old. Based on our reading in the literature of awareness, there are three independent variables identified; financial literacy, personal interest, and environment that relate to the dependent variable, the awareness on investment. The objective of this is to examine the relationship awareness and the fore-mentioned independent variables. The result revealed that the key driven on investment among young generation significantly based on independent variable selected. Finally, the limitations and recommendations are included to help further researchers to have a better finding of the result.

Keywords: Awareness, Environment, Financial Literacy, Investment, Personal Interest, Young Generation
MARKETING
22. THE INFLUENCE OF RELIGIOSITY TOWARD INTENTION TO USE ISLAMIC BRAND FOR INDONESIAN MUSLIM WOMEN IN HIJAB INDUSTRY

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Abstract

Islamic branding today is becoming a trending topic in various Islamic countries. Academic researchers still make Islamic brand as discussions and research. And many Muslims prefer Islamic brand than any other brand. In addition, religiosity has an important role in determining the decision to use Islamic brand.

The focus of this research is to reveal influence of religiosity toward intention. By using the Theory of Reasoned Action (TRA), this research is directed to answer the following questions: how their knowledge about hijab, and how the relationship between the hijab brand they worn with their religiosity, attitude, and intention.

This study used a self-administrated questionnaire with closed-ended questions to assess the relationship between religiosity, knowledge, attitude and intention.

The results of this study indicate that religiosity and knowledge have the same relationship or a positive influence on attitude. While knowledge and religiosity does not directly influence the intention, but have an influence indirectly through attitude.

Keywords: Muslim women, Islamic brand, Hijab, Religiosity, Knowledge, Attitude, Intention.
23. THE EFFECTS OF RELATIONSHIP QUALITY AND SERVICE QUALITY ON LOYALTY AND WORD-OF-MOUTH IN UMRA AND HAJJ TRAVEL AGENCIES

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Abstract

1.6 billion Muslims make 23 percent world population, and Indonesia makes 12 per cent global Muslim population. In 2015 about 5.9 million Umra visas were issued in 2015. The huge number of pilgrims creates a great demand for Umra and Hajj travel agents. The initial study on Umra and Hajj travel agencies is overlook service quality of travel agencies and relationship quality with salespeople. The purpose of this study is building a comprehensive model on Umra and Hajj travel agencies with main variables of loyalty, word-of-mouth, service quality, and relationship quality. Using structural equation modeling with partial least squares estimation, this study found that word-of-mouth is affected by satisfaction, which is affected by service quality. Loyalty is affected by trust, commitment, and satisfaction. Trust and commitment are affected by relationship quality with salespeople, which in turn is affected by customer orientation and expertise of salespeople.

Keywords: Loyalty, Relationship Quality, Religious Tourism, Salespeople, Travel Agencies, Umra And Hajj Word-Of-Mouth

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Abstract
This study examines the factors which determine a successful B2C e-commerce site in Indonesia, Japan, and South Korea. This research applies the updated DeLone and McLean Information System Success model which has been developed by Chen, Rungruengsamrit, Rajkumar, and Yen in 2013. This research aimed to find the influence of quality factors (information, system, and service quality) towards user satisfaction and attitude toward the site. This research also applies three moderators, namely national identity, uncertainty avoidance, and attitude toward online shopping. The respondents consist of 278 Indonesian, 129 Japanese, and 121 South Korean respondents. The result of this study showed that all B2C e-commerce quality factors influenced both user satisfaction and attitude toward the site on all research groups with different levels. Furthermore, the results also indicate the influence of cultural factors and attitude toward online shopping on the relationship between the three quality factors and the dependent variables.

Keywords: Attitude Toward Online Shopping, Attitude Toward The Site, DeLone and McLean, IS Success Model, National Identity, Uncertainty Avoidance, User Satisfaction
25. DETERMINING THE CORPORATE IMAGE OF ISLAMIC BANKS

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Abstract
The Islamic banking system is fast growing and gaining global customers’ acceptance. This has led many conventional banks to set up branches which operate in accordance to the Shari’ah principles. The Islamic banking system is expected to face strong competition not only from the Islamic banks but also from well-established conventional banks offering Islamic products and services. Therefore, this research aims to determine customers’ perception towards the corporate image of Islamic banks in a dual banking environment. Corporate identity, reputation, services offered, physical environment, contact personnel, and Shari’ah compliance were hypothesized to influence the corporate image of Islamic banks. A self-administrated questionnaire was distributed to 235 customers of Islamic banks around Kota Kinabalu, Sabah by way of a purposive sampling. Findings indicated a positive overall perception towards corporate image of the Islamic banks with corporate identity, reputation and contact personnel having significant and positive relationship with corporate image.

Keywords: Corporate Identity, Corporate Image, Islamic Bank, Malaysia, Reputation.
26. ANTECEDENT ANALYSIS OF COUNTERFEIT APPAREL PRODUCT PURCHASE INTENTION: A MODIFIED MODEL OF THE THEORY OF PLANNED BEHAVIOR

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Abstract
Apparel products are ranked at least the top fifth among the most commonly counterfeited products. This study examined the factors that forced and prohibited customers’ intention to purchase counterfeited apparel products. This research used a Modified Theory of Planned Behavior. The factors in this research included extrinsic cues, intrinsic cues, perceived risk, easy access, subjective norm, attitude toward counterfeited apparel products, perceived behavioral control, perceived financial control and intention to purchase counterfeited apparel products. The data were collected with a Likert-scale questionnaire distributed to 240 students of YKPN School of Business, Yogyakarta, where only non-deceptive customers were tested. The results showed that intrinsic factors, easy access, and subjective norm had positive significant influence on the attitude toward counterfeit apparel products, whereas perceived risk had a negative significant influence on the attitude toward counterfeited apparel products. The attitude toward counterfeited apparel products had positive significant strong correlation with the intention to purchase counterfeited apparel products. It means that only attitude toward counterfeit apparel products can influence customers’ intention to purchase or not to purchase counterfeited apparel products.

Keywords: Counterfeiting, Theory of Planned Behavior, intention to buy counterfeit apparel products.
27. THE EFFECTS OF LUXURY BRANDS SOCIAL MEDIA MARKETING TOWARDS CUSTOMER EQUITY AND PURCHASE INTENTION

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Abstract
The focus of this study is to examine the effect of social media marketing carried out by luxury brands on value equity, brand equity, relationship equity, customer equity and purchase intention. Based on an online survey of 225 respondents, it is found that social media marketing has a positive effect on value equity, brand equity, and relationship equity. The study also found that value equity and relationship equity have a significant influence on customer equity, while brand equity has no significant influence on customer equity. As for value equity, brand equity, and relationship equity, the study found that all three types of equity significantly influence purchase intention of the luxury brand. Lastly, the study found that purchase intention significantly influences customer equity.

Keywords: Luxury brand; customer equity; purchase intention
28. "BREAK THE BOTTLE": HOW SENSORY STIMULATION AFFECTS BEHAVIORAL CHANGE?

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Abstract

Pro-environmental consumer’s lifestyle is increasing all over the world, particularly in Indonesia. Many companies and organizations take advantage of this by applying corporate social marketing (CSM) to change their consumer behavior. As performed by The Coca-Cola Company within its program entitled “Break the Bottle” for Ades. This study was conducted to see how it affects the use of sensory stimulation within a social program related to branding behavior activity applied. Data was obtained by performing experimental research and surveys using questionnaires. The results of this study found that high sensory stimulation will have a significant influence on the acceptance of branding message through the implementation of branding behavior. However, it will only affect the pro-environmental consumer. Therefore, results of this study suggest that companies need to emphasize the implementation of social programs in the delivery of the core of the social message. In addition, the company should also provide information and facilitate the audience to perform the behavior in order to increase the involvement and participation of the audience according by objectives of social programs.

Keywords: branding behavior, break the bottle, corporate social marketing, pro-environmental orientation, sensory stimulation.
29. MARKETING AMBIDEXTERITY AND MARKETING PERFORMANCE: A SYNTHESIS, CONCEPTUAL FRAMEWORK, AND RESEARCH PROPOSITIONS

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Abstract
A number of conceptual and empirical studies on Marketing Ambidexterity show that ambidexterity in the context of marketing can drive superior firm performance or marketing performance. There are two perspectives ambidexterity namely trade-off (structural ambidexterity) and paradoxical thinking (contextual ambidexterity). Some contemporary management theories indicate the phenomenon of organizational ambidexterity into separate categories and contrasts that encourage companies to focus on one of the exploration or exploitation. On the other hand, other researchers suggested that in order to have superior performance and survive in the long term, companies must use two of the adaptation process expertise at a high level simultaneously. This study builds a conceptual framework that identifies antecedent factors that can drive two marketing adaptability, marketing exploration and exploitation and how the consequences towards firm performance. Moreover, moderating variable, perceived task environment is also identified in the model. Several relevant propositions research for the development of marketing theory and practice are presented.

Keyword: Marketing Ambidexterity, Marketing Performance, Perceived Task Environment, Market-Knowledge Development, Cross-Functional Marketing Capability
30. THE EFFECTS OF THE SELF-IMAGE, CELEBRITY ENDORSEMENT, AND SOCIAL EXPECTATION TOWARDS GROOMING PRODUCTS CONSUMPTION AT METROSEXUAL MEN IN JAKARTA

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Abstract

This study aims to investigate metrosexual men phenomenon in Jakarta, Indonesia related with the effect of self-image, celebrity endorsement, and social expectation towards grooming products consumption. The paper discusses self-image, celebrity endorsement, and social expectation, validated influences on its success. Focuses on the construct of men grooming products consumption and develops hypotheses about the effect of self-image, celebrity endorsement, and social expectation towards men grooming products consumption. The hypotheses are then tested through an Internet survey in Jakarta, Indonesia. Based on 120 responses, this study finds support for a significant effect between self-image towards grooming products consumption. However, celebrity endorsement and social expectation seem have no significant effect towards grooming products consumption. The research findings, which contribute to a sparse literature in this metrosexual area, are of significance to marketing practitioners and academician as well. This study investigates the metrosexual phenomenon in Jakarta which capital city of Indonesia.

Keywords: Celebrity Endorsement, Jakarta, Metrosexual, Self-Image, Social Expectation
31. DOES WESTERN CULTURE IMPACT CUSTOMER LOYALTY FOR WESTERN MULTINATIONAL COMPANY IN MALAYSIA? A CASE OF STARBUCKS

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Abstract

This study examines the effect of western culture on Starbucks customer loyalty. Two moderators were introduced in this study to gain more understanding on the loyalty phenomenon. This research conducted a survey to 400 Starbucks customers. A questionnaire method was used to gather data from respondents in Penang, Malaysia using purposive and convenience sampling methods. From the survey, 295 questionnaires were returned and used in the analysis. Statistical tests including Partial Least Square – Structure Equation Modeling and MODPROBE were utilized. The results indicate that western culture does influence customer loyalty. Furthermore, spending moderates the relationship between culture and loyalty while age has no moderation effect. Although there are many studies in the field of customer loyalty, this study provides another perspective on customer’s loyalty which is based on culture as a driving factor. The findings may attract western MNCs investing in Malaysia as western culture could be the source of competitive advantage, at least against local competitors.

Keywords: Customer loyalty, Starbucks, culture, café, Malaysia
32. EXPLORING THE HABLUM MINANNAS IN MUSLIM CONSUMERS’ RELIGIOUS BEHAVIOR

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Abstract

This research is intended to explore the *hablum minannas* (relationship among human beings) in Muslim Consumers’ Religious Behavior (MCRB) model. Different with other previous researches about Muslim religiosity that mostly apply a one-to-one measurement of Christian or western terminologies, this study applies an Islamic concept which derived from the Quran and Hadith. 378 data sets were analyzed by using structural equation modeling. The finding shows that consumers have high levels of *hablum minannas* behavior and the development measurement of the MCRB’s constructs proved to be valid and reached a goodness-of-fit model. By analyzing the MCRB allowing marketers to plan a suitable marketing strategy in Muslim marketplaces. This research is limited to only exploring the *hablum minannas* behavior as the continuity of previous research of *hablum minallah* (relationship with Allah) measurement within the third-order CFA of MCRB model, while the complete measurement will be analyzed in a further research.

Keywords: Hablum minannas, Muslim, religious, consumer behavior
33. ANALYSIS OF THE ROLE DESTINATION IMAGE AND E-WOM AGAINST TO VISIT INTENTION TO BOROBUDUR TEMPLE, INDONESIA

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Abstract
Borobudur Temple located in Central Java (Indonesia), 30 km north of Yogyakarta city, which became a UNESCO recognized world heritage. The purpose of this research is to study the relationship among destination image and e-WOM, and visit Intention to Borobudur temple. A questionnaire given to tourists who visit to Borobudur temple and using sampling through the non-probability approach convenience sampling. Reliability and validity of the measurement scale were established through average variance extracted (AVE), Cronbach’s alpha analyses, and intercorrelation analyses. A structural equation model (SEM) test with WarpPLS 3.0 was used to test the relationship between research variables using the 140 respondents. The empirical results of PLS-SEM showed that; the cognitive image positive affect e-WOM and visit intention; affective image affect e-WOM and visit intention; e-WOM positively influence visit intention to Borobudur temple.

Keywords: Affective Image, Cognitive Image, E-wom, Visit Intention, Borobudur Temple
34. E-PROCUREMENT SERVICE QUALITY IN MALAYSIA

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Abstract
The electronic government in Malaysia has fully adopted and developed the applications and practices of ICTs, in order to provide better online services in enhancing the credibility of government. In order to understand service quality issues within this new delivery channel, this paper investigates E-procurement portal/websites' through the use of E-Service-Quality (E-S-QUAL) and E-Recovery Service-Quality (E-RecS-QUAL) scales by using a questionnaire survey distributed to 400 respondents. The collected data was analyzed using Smart PLS 3.0 to test the relationship between efficiency, system availability, and privacy, responsiveness, and contact. The results show that both E-S-QUAL and E-RecS-QUAL strongly influence perceived service quality and behavioral intentions. In addition, the evidence of perceived service quality on its role as a mediator of was significant. The findings constitute an empirical contribution to the extension of literature in the application of the electronic service quality.

Keyword: Behavioral Intention, E-Procurement, E-Service Quality, Perceived Service Quality.
35. UNDERSTANDING ISLAMIC BRAND IMAGE ATTRIBUTES OF THE ONLINE MATRIMONIAL SERVICES

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Abstract

In the effort of creating differentiation, businesses try to develop unique branding strategy by instilling religious values in the products and services offered. This study aims to understand attributes that shaped the Islamic brand image of online matrimonial services targeted towards Muslims in Malaysia. Using snowball sampling method, a semi-structured interview was conducted. To support the findings, documents related to the online matrimonial services including website, online newspaper and social media site were reviewed. In general, it is found that the Islamic brand image is shaped by two important attitude components which are cognitive associations and affective associations. The cognitive associations are Shari’a compliance, security, members’ characteristics, brand name and web appearance, while the affective associations are built by sincerity, friendliness, and trustworthiness. The finding shows that the brand image of Islamic services consist of several different attributes as compared to the brand image of conventional services.

Keywords: Affective, Brand Image, Cognitive, Online Brand Image, Online Matrimonial Services, Shari’a Compliance
36. THE IMPACT OF DESTINATION EXPOSURE ON REALITY SHOW TO DESTINATION IMAGE, FAMILIARITY, AND TRAVEL INTENTION TO THE DESTINATION

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Abstract

The increasing popularity of reality show renders it as a potential media for tourism promotion. However, there is limited research with regard to the impact of destination exposure in reality show. This study aimed to investigate the impact of destination exposure in reality television show to destination image, familiarity with the destination, and travel intention to the destination. To test the hypotheses, a within-subject experiment was conducted. A worldwide popular reality show, *The Amazing Race* was used as the stimulus for participants. The result revealed that in general both cognitive and affective destination image were rated higher after watching the reality show. Furthermore, familiarity with the destination and travel intention to the destination increased after watching the destination on reality show. The result of this study will be useful for destination marketing organization and the government to explore alternative promotional media and help promoting the tourism destination.

Keywords: Destination Image, Destination Marketing, Familiarity, Reality Show, Travel Intention
37. **DO CSR ACTIVITIES CREATE VALUE TO SOCIETY?: CUSTOMERS’ AND SOCIETY’s PERSPECTIVE**

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**Abstract**

This paper examines whether CSR activities perceived by customers that conducted by companies will be able to promote social performance namely subjective well-being and quality of life of the recipients, and business performance, namely customers’ loyalty. Furthermore, this paper compare these two indicators of social performances from customers vs society perspectives. The survey conducted in five cities in Indonesia: Jakarta, Padang, and Surabaya (representing western part of Indonesia), Makassar and Kupang (representing eastern part of Indonesia). The subjects of this research are the customers of three companies operating in Indonesia, namely Pertamina, Danone-Aqua, and Frisian Flag, and also the people in the communities exposed to CSR activities. These companies are chosen due to their continuous health CSR activities during the past years. The total number of respondents are 600 respondents, consists of 450 customers and 150 community members from each city. The data were analyzed using factor analysis, multiple regressions, and t-independent test. The result shows that different motivations will be generated from different CSR activities by all those three brands, and has different path to influence social and business performance. Furthermore, there are differences in perception between consumers and the public related to the social performance.

**Keywords**: Corporate Social Responsibility, Children Quality of Life, Subjective Well-being, Customer Loyalty.
38. DIFFERENTIATION STRATEGY AND COMPETITIVENESS OF HOTEL: A CASE STUDY IN UBUD-INDONESIA

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Abstract
The research aims to reveal the influence of differentiation strategy using local culture and nature as the indicator of differentiation that differs from the previous research in order to build competitiveness of hotels in Ubud. There are twelve-star hotels as research places. Research population is guests staying at the hotels. The determination of respondents is conducted through accidental method with sampling of 1200 people. Data collection is done through questioner. Data is analyzed using multiple linear regression. Research result finds that product differentiation, service, and image are able to improve sustainable competitiveness. Local culture and nature are determinant indicators in building differentiation so that Ubud is remained in existence until now. The research result is able to develop a competition strategy developed by Barney (1991) related to intangible asset. The research requires the leader of the hotels to maintain the harmonious relationship between culture and nature and human that makes Ubud as a peaceful place.

Keywords: differentiation strategy, Ubud, competitiveness
39. E-TOURISM ADOPTION USING TECHNOLOGICAL, ORGANISATIONAL AND ENVIRONMENTAL (TOE) FRAMEWORK IN WEST SUMATERA, INDONESIA

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Abstract
The emergence of e-commerce has allowed tourism industry to change the traditional way through website utilization. Website utilization is one main reason for the existence of e-tourism adoption. The purpose of this research is to investigate the influence of technology, organizational and environmental (TOE) towards e-tourism adoption. In addition, this paper aimed to identify the level of website adoption in both hotel and travel agencies. Data were gathered using online survey questionnaires from 47 tourism companies in West Sumatera, Indonesia. Partial Least Square (PLS) was conducted to test three hypotheses. The results indicate that tourism industry presence in the level of quite interactive website. The results also suggest that technology, organization and environment have a significant effect towards the adoption of e-tourism. Another fruitful area for further research to the understanding of e-tourism adoption would be insightful.

Keywords: E-tourism adoption, TOE, Online survey, PLS
GENERAL & STRATEGIC MANAGEMENT
Corporate Social Responsibility is an idea based on the fact that companies should take responsibility for their impact on social and ecological environment. Corporation around the globe have begun to adopt CSR and the idea spread around the world, mostly in Western Europe but also in Central and East European countries, to which popularity of CSR came as supplement of system transformation. Despite recognition of CSR as global normative concept, we can identify differences between WE and CEE countries in understanding the idea. The aim of the paper is to analyze the current state of business-society relations in Poland in order to discuss if voluntary, market-driven CSR is a sufficient governance tool in emerging economies. The attempt to outline the whole picture of social and environmental practices in particular institutional environment will contribute to discourse that CSR must be understood within a wider context of normative, institutional and regulatory environments. Furthermore, it defends thesis that if CSR in Poland wants to be effective in causing responsible behavior it has to be supported by regulation and it should be used as a ground for developing soft and hard law and such a solution can be useful in other emerging economies.

Keywords: CSR, integrated reporting, institutions, governance, Poland
41. INNOVATION CAPABILITIES AND FIRM PERFORMANCE: DYNAMIC MANAGERIAL CAPABILITY PERSPECTIVES

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Abstract
Innovation is considered central to firms’ competitive advantage because firm must innovate in order to keep ahead of the competition. Research on innovation has become a cornerstone of recent strategic management inquiry. However, research on the firm's innovation capabilities, through technological and managerial innovations to achieve firm sustainable competitive advantage, using comprehensive empirical evidence are limited. The purpose of this paper is to contribute on the understanding of both technological and managerial innovation using dynamic managerial capabilities perspective to produce organizational innovation capabilities and its impact on the firms’ performance. This proposal discusses the multidimensional causalities of technological innovation and management innovation on state-owned enterprises in Indonesia and identifies dimensions of each constructs through a proposed research model.

Keywords: Dynamic Managerial Capabilities, Technological Innovations, Managerial Innovations, and Firm Performance.
42. INDONESIA E-COMMERCE INDUSTRY: A COMPETITIVE DYNAMICS LANDSCAPE

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Abstract
Indonesia has very huge and attractive prospects on e-Commerce industry, marked with the number of new players coming, share purchase by foreign investor companies, as well as the existing traditional retail firms who transform or extend its business to e-Commerce. Based on e-Commerce typology, this paper attempts to map the companies engaged in this industry and develop the competitive dynamic analysis between these groups as well as the scenario development through the dimensions of capability and competency of the firm in order to achieve the next level of competitive advantage. The discussion is grounded in resource-based view and marketing-based view theories and analyzed through the perspective of dynamic capability. Three propositions developed through the analysis of this e-Commerce industry in Indonesia.

Keywords: e-Commerce, Internet Retailing, RBV, MBV, Dynamic Capability, Competitive Dynamic
43. PRIORITIZATION MODEL FOR PROJECT PORTFOLIO MANAGEMENT CASE STUDY: PT PERTAMINA HULU ENERGI ONWJ

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Abstract
Slowing global economic growth and crude oil incremental supply has driven oil price declining in global market since mid-2014. Oil and gas companies in the world, including PHE ONWJ, had to rationalize their company’s long-term business strategy to maintain positive bottom line of their financial balance sheet. The lower level of budget availability had significant impact to the current balance of project portfolio composition. The critical question at that time was how to prioritize the components of project portfolio in order to establish new portfolio balance which is giving the maximum benefits to the company’s goals. The Analytic Hierarchy Process (AHP) as one of multi-criteria decision-making methods is selected as a tool for dealing with complex decision-making process to develop a prioritization model. To obtain the optimum project portfolio composition, resource allocation methods are explored to find the best combination of alternatives within the available budget.

Keywords: Analytic Hierarchy Process, Decision Making, Project Prioritization Model
44. MARKET PENETRATION CONCEPT: INDONESIAN PRODUCT COMPETITIVE ADVANTAGE TOWARD EXPORT TO TAIWAN

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Abstract

This paper examines the role that competition has played in attracting market penetration to Taiwan. It also explores the possibility strategy facets of the different market penetration from Indonesia in related ASEAN countries. Statistics respectively findings indicate that political status have not been a determinant or influential factor to Taiwan in export or import generation in the ASEAN region. Indonesia has a tremendous opportunity to emerging and developing export business in Taiwan. Major export destinations are expected to establish solid frameworks that would support the business transactions are ongoing, business strategy determining a suitable method to enter the export market. Instead tight competition, the present situations lead equal international standing as a profitable and internationally competitive region.

Keyword: Competitive Strategy, Market Penetration, Export-Import, RFM, CRM
45. MANAGING SUSTAINABILITY GROWTH FOR TOMASELLO PASTA COMPANY (SYSTEM DYNAMIC APPROACH)

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Abstract
In order to survive, every company has to maintain its sustainability growth. By existing for more than one hundred years, Tomasellos Pasta Company starts to encounter with dynamic environments and multiple parties to be involved. Thus, this company becomes the main object for this study of how System Dynamic (SD) approach helps to maintain its sustainability growth. For the last couple years, this company experiences an increase in demand specifically from international market. Yet, the problem exists from the year 2009 when revenue starts to decrease, along with its EBITDA. By using SD methodology, this study seeks to find the main resource that the company lacks to meet the increasing demand. Customer satisfaction, liquidity, quality, production capacity and its international fairs (as a strategy) are found to be its main resource for the company. With the simulation described in this study, it is suggested that the company has to maintain its customer satisfaction through its backlog, as well as that this company has to put more attention to production capacity since it has a dominant effect to the desired end result. These study results are also expected to give insight for the decision-makers in Tomasellos Pasta Company to decide the best source of external funding to manage its growth.

Keyword: Sustainability, Growth, System Dynamics, Production Capacity, Quality, Backlog
46. THE SUSTAINABILITY OF COMPETITIVE ADVANTAGE STRATEGY FOR SMALL AND MEDIUM ENTERPRISES FOR TEXTILE SECTOR TO FACE THE ASEAN ECONOMIC COMMUNITY (AEC)

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Abstract

This research is focusing to the identification of the condition and problems of small and medium enterprises (SMEs) textile sector consist batik, woven and embroidery SME in Medan to face the ASEAN Economics Community (AEC), and is giving solution to the problems that they have to approach AEC. This research use qualitative methods. The sample is selected by purposive sampling and snowball sampling. The numbers of respondents are 10 people. Data Analysis was performed by Miles and Huberman models. The results show that the main causes for the inability of Batik SMEs to compete in Medan are labors, entrepreneurs, raw material, marketing, government support, production and consumers. The main causes for the inability of woven products as SMEs to compete in Medan are labors, government support and consumers. And the main causes for the inability of embroidery products as SMEs to compete in Medan City are labors, entrepreneurs, marketing, government support and consumers.

Keywords: Sustainability, Competitive Advantage Strategy, Small and Medium Enterprises, ASEAN Economic Community
47. DYNAMIC PROCESS OF PARTNER SELECTION: CASE OF COLLABORATIVE TRANSPORTATION IN CARGO TRANSPORT IN INDONESIA

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Abstract

Although some researchers agree that the failure of the alliance strategic search from selected partners (Hagen 2002; Holtbrugge, 2004; Jamali, 2004), and such failures can be minimized by identifying the selection criteria for partners the most appropriate (Mendleson & Polonsky, 1995), but the selection of partners with different criteria used until now could not answer the reality of instability and even the failure of an alliance or collaboration. Studies alliance partner selection previously more focused on the task critical factor, namely the criteria which better reflects the resources and capabilities partner and partner critical factor is more emphasis on criteria that determine the continuity of the relationship between partners during alliance (Geringer, 1988, 1991).

In addition to the criteria used in the selection of partners is very varied as it depends on the context of strategic specific Hitt et al., (2000) and Robson, (2002a) as well as their differences and changes in external environmental factors, this study incorporates institutional context as a critical factor that will improve the electoral process in the context of the logistics industry partners (Williams, Taylor, Cook, 2009). This research will be developed partner selection framework which incorporates partner selection criteria as a collection of input in the formation of collaborative transportation management that generate output collaboration effective and efficient transportation through the transportation capability. This framework will be tested on cargo domestic company in Indonesia.

Keywords: Partner selection, cargo, transportation, alliance
48. EFFECT OF PRODUCT INNOVATION, VALUE CO-CREATION, MARKET SENSING ON FIRM PERFORMANCE
BATIK INDONESIA

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Abstract
The aim of this study is to analyze the effect of product innovation, market sensing capability, value Co-Creation on firms performance. SMEs Bateeq firms in Central Java used as a sample. Sampling was done using purposive sampling technique. Data were collected using a questionnaire given directly to the respondents. The total data that can be further analyzed as much as 211 respondents. Data analyzing using Structural Equation Modelling-SEM with the AMOS program assistance. The result showed that the product innovation has significant effect on value co-creation. In addition, value co-creation to be mediator in relationship product innovation have significant effect on firm performance.

Keywords: product innovation; market sensing capability; value co-creation; firm performance
48. SIGNIFICANT OF CORPORATE SOCIAL RESPONSIBILITY REPORTING TOWARDS ORGANIZATION IMAGE RESTORATION: A TOOL FOR REPUTATION RISK MANAGEMENT

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Abstract

The purpose of this paper is to explore the proposition that corporate social responsibility reporting could be viewed as both an outcome of, and part of reputation risk management processes. It investigates the link between corporate social responsibility reporting and reputation risk management. It depicts heavily on management research by using content analysis in examining the corporate social responsibility reporting towards determining the strategy of image restoration. The content of corporate social responsibility reports from three companies were examined and classified based on Benoit’s typology of image restoration. Findings of this study suggested that corporate social responsibility reporting can be used as an instrument of reputation risk management. Several statements in the report intentionally highlight the positive efforts taken by the respective companies in reducing offensiveness that indirectly enhance their reputation. This qualitative study identifies the possibility of using corporate social responsibility report for reputation risk management.

Keywords: Reputation Risk Management, Image Restoration, Corporate Social Responsibility.
49. OVERVIEW AND THE LEGAL FRAMEWORK FOR INBOUND M&A ACTIVITIES IN VIETNAM

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Abstract
With a robust recent history of reform and opening, joining of the World Trade Organization, and negotiating a myriad of regional and global trade agreements, Vietnam has emerged as a promising destination for foreign direct investment (FDI) and cross-border mergers and acquisitions (M&A). In this paper, we provide an overview of the Vietnam’s inbound mergers and acquisitions), review the recent changes in the FDI, and discuss inbound M&A’s during the past four years (i.e., the most relevant periods of the first phase of M&A in Vietnam as well as the second phase which is currently in-progress. We close by providing directions for future research in the area of cross-border M&As.

Keyword: Merger, acquisition, FDI, Vietnam
50. EXAMINING THE RELATIONSHIP BETWEEN TRANSFORMATIONAL LEADERSHIP AND DYNAMIC CAPABILITY TO THE ADOPTION OF DIGITAL MARKETING IN CONSUMER SHOPPING GOOD FIRMS: AN EMPIRICAL INVESTIGATION IN THE EMERGING MARKET

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Abstract

Digital marketing topic has been studied from various perspectives by scholars in the recent years as an effect of Internet usage advances. The Internet has also fundamentally changed the paradigm of today's business communications, altered the way in which information is shared, and set an enormous influence on marketing strategy. There are prior studies on the relationship between leadership type and new technology adoption, as well as dynamic capability and new technology adoption. Most of these studies confirmed that there is a significance correlation between both transformational and dynamic capabilities to new technology adoption, of which some of them emphasize on the adoption to the Internet or e-commerce. This paper investigates empirically in one cohesive research model on the relationship between mentioned variables to digital marketing adoption, which includes not only the use e-commerce but also digital advertising. The survey was undertaken in Greater Jakarta, Indonesia, to 215 firms in the field of consumer shopping goods. The outcome reveals that there is a direct impact of dynamic capability to the digital marketing adoption, but in contrary, there is indirect impact between transformational leadership to digital marketing adoption. This study also found that the relationship between transformational leadership and digital marketing adoption is fully mediated by the dynamic capability of the firms.

Keywords: Digital Marketing, Dynamic Capability, Internet, Strategy, Transformational Leadership, Technology Acceptance
51. PROPOSED STRATEGY FOR H’s BAKERY TO GROW ITS BUSINESS

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Abstract
The paper provides the formulation of fittest strategy for small medium enterprise to make its business growth in order to keeping up with the growth of bakery business in Indonesia. For the analysis, H’s Bakery as one of SME in bakery business is chosen as the research object. To get the fittest strategy, the internal and external analysis will be done through some help tools which are based on the literature studies. Then, the results will be used on the strategy formulation by using Organic & Inorganic Growth approach and Quantitative Strategic Planning Matrix with ANSOFF Matrix as the base of alternative strategies. From those analyses, it is defined that market development strategy is chosen as the main strategy and will be supported by joint venture strategy to maximizing the implementation of the strategy. Some strategic actions then will be detailed through Diamond Strategy and Marketing Mix so it will be easy to be understood and applied by the owner of the business.

Keywords: Bakery Business, Diamond Strategy, Market Development, Marketing Mix
52. ARCHITECTING THE VALUE CREATION OF CROSS-SECTOR COLLABORATION MODEL

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Abstract
Governments around the world are actively involving private sectors in planning, financing, and executing infrastructure development through Public-Private Partnerships model. The model offers a creative financing breakthrough by leveraging resources, mobilizing technical expertise and industry networks. However, weaknesses and absence of strategic direction, lack of clarity in roles and responsibilities due to issues of shared-value, shared-power, and shared-discretion, lead it to unsatisfactory achievement. Infrastructure development is beyond physical development activities. It is public value creation process that requires a collaborative dynamic capabilities exploration and constructive collaborative governance execution to resolve common issues identified in cross-sector collaboration phenomenon. This paper proposes a conceptual framework to address mentioned issues by introducing the architecture of value creation in cross-sector collaboration model.

Keywords: Public-private partnerships, Cross-sector collaboration, Collaborative dynamic capability, Collaborative governance
53. GOVERNANCE CHARACTERISTICS OF INDONESIAN FAMILY SMALL-MEDIUM ENTERPRISES

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Abstract

This paper discusses the characteristics of Indonesian family firms and is relation on the application governance mechanism. There are two types of governance mechanism namely formal and relational governance has been addressed in this discussion. Formal governance is associated with the application of a formal contract and administrative control. Relational governance believes that people behavior can be controlled by social elements that result from social interaction. The data collection were obtained through survey that involved 360 family firms in Indonesia. This study used compare means to analyses the difference the application of governance mechanism among small and medium enterprises in Indonesia. The results indicates that relational governance is more prevalent than formal governance in the context intra and inter-firms relationship. This study showed that firms’ size affect the application of governance mechanism in intra-firms relationship. The study suggested that the growing of firms’ size stimulate the application of formal governance within family firms.

Keyword: family firms, relational governance, formal governance
54. INSTITUTIONAL GEOPOLITICS: A NEW APPROACH TO BENCHMARK THE EXCESS VALUE OF MULTINATIONAL CORPORATION

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Abstract

This study aims to investigate the effect of geopolitical stakes of G7, BRICS and ASEAN cooperation on firm value of multinational corporations (MNCs), as well as to identify geopolitical factors contributing to global influence in international segmentation decisions. We focus on MNCs in Malaysia that were active from 2009 to 2013. We use factor analysis to capture the underlying geopolitical determinants of G7, BRICS, and ASEAN cooperation and propose a geopolitical benchmark as a new approach to measure the excess value of MNCs. Results reveal that geopolitical stakes of G7, BRICS, and ASEAN cooperation are highly correlated with the value of MNCs in Malaysia. The power of institutional geopolitics, namely, military, material, and social powers, influence firm value negatively. Thus, it is important for top management of MNC’s to understand the changes of host countries’ geopolitical stakes in order to formulate their market value strategies and firm location choice.

Keywords: Firm Value, Diversification; International Market, Geopolitics, Multilateral Institutions
55. THE DEVELOPMENT OF MARINE TOURISM INNOVATION STRATEGY IN EASTERN INDONESIA

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Abstract
Over the last decade there has been rapid tourism growth that brings with it some challenges for marine tourism providers, particularly located on small islands. Due to the intense competition from other resorts, they have realized the need to enhance customer satisfaction and to develop tools that make such satisfaction to be measured and monitored. Although many resort operators have tried to address this problem, a comprehensive framework such as Important-Performance Analysis (IPA) is still needed. IPA measures both the importance and the satisfaction of an attribute to the tourists. An IPA survey and analysis were employed at Ora Beach Resort, Seram Island, Indonesia. The survey results indicate that currently the resort operator can manage well natural aspects of the environment and tourist services. However, results also indicate other aspects that need to get attention as room for improvement. Finally, the results in general can be used as inputs for the improvement of marine tourism sub-sector in Eastern Indonesia.

Keywords: marine tourism, ecotourism, Importance-Performance Analysis, Ora Beach Resort, Eastern Indonesia
56. ANALYSIS OF ANTECEDENTS OF INNOVATION AND ITS EFFECT ON PERFORMANCE OF WOOD AND FURNITURE COMPANIES IN CENTRAL JAVA

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Abstract
The business environment of wood and furniture industry is growing rapidly. In addition to basic functions, many consumers are increasingly considering furniture design that represent personal identity, thus avoiding buying products with the same design as others. Eco-labeling and environmental issues also increasingly making the business environment more complex. Changes in the business environment require the industry to improve quality, design and eco-labeling standards with the right innovation strategy to create sustainable competitiveness. The innovation dilemma, the company should improve efficiency through the optimization of resources, on the other hand, they should also look to invest for new opportunities or new products. Previous research states that successful companies have the innovation ability to optimize resource, as well as seeking ways, markets, opportunities, and new products. This study examines the antecedents of innovation of the wood and furniture companies in Central Java, and whether innovation affects the companies’ performances. The survey result is analyzed using partial least squares structural equation method (PLS-SEM). The results show that the business environment, organizational structure, human resources, and interfirm linkage affect innovation, and innovation affects the performance of wood and furniture companies in Central Java.

Keywords: business environment; human resources; innovation; interfirm linkage; organizational structure; performance; wood and furniture company; Central Java
57. CRITICAL OUTLOOK ON COMPETITIVENESS AND FDI INFLOW IN INDONESIAN OIL AND GAS INDUSTRY

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**Abstract**

The objective of this study is to identify and analyze the determinant factors of Indonesian oil and gas foreign direct investment (FDI) and its impacts on the Indonesian Competitiveness. The flow of FDI in oil and gas has been increased dramatically in the last five years. However, the distribution of FDI is highly unequal and the competition among countries to attract foreign investors is fairly high. This study is based on quantitative survey of 245 samples from employee that worked in foreign oil and gas companies in Indonesia. Descriptive analysis was presented to explore the overall performance of country competitiveness, as well as the relationship among variables. The finding of this study showed that Government, Infrastructure, Location and Human resources have a very strong influence on the Indonesian Competitiveness.

**Keywords:** FDI, Competitiveness, Oil and Gas, Indonesia
58. THE ROLE OF REPUTATION FOR ACHIEVING COMPETITIVE ADVANTAGE

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Abstract
Corporate reputation is an assessment of stakeholder based on existences, leadership, and innovation. This study empirically investigates the effect of corporate social responsibility (CSR), dynamic capabilities, reputation and competitive advantage in manufacturing industries. Active role of manufacturing industries for involvement in CSR is needed by stakeholders in order to sustain the economic, social and environment that ultimately increase the reputation of an objective that can be achieved by manufacturing industries. The development of dynamic capabilities is an internal factor for manufacturing industries into sections to winning competitive advantage. The authors conducted a survey to test the hypotheses and design a SEM to analyze them. The results showed that CSR have positive effect on reputation. Dynamic capabilities have effect on competitive advantage. This study concluded that reputation have effect on competitive advantage. This finding integrates insights in reputation framework into a generalization have direct effect on competitive advantage in manufacturing industries. This research is expected to provide for manufacturing industries have valuable suggestions for management practices to increase reputation and achieved the industrial goals especially to win in the competitive advantage.

Keywords: Competitive Advantage, Reputation, CSR, Dynamic Capability
HUMAN RESOURCE MANAGEMENT
59. MODEL OF EMPLOYEES’ READINESS TO CHANGE: TWO STEPS CB-SEM ANALYSIS

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Abstract

This study investigates model of employees’ readiness to change based on the psychosocial predictors namely; appropriateness of change, management support, change efficacy, individual spirituality and openness to experience. The present study also examined the role of job satisfaction and organizational commitment in mediating the relationship between psychosocial predictor and employee readiness to change. 428 random sampling of a Higher Learning Institution in Malaysia consisting 214 academic staff and 214 non-academic staff were participated in this study. Two steps CB-SEM analysis was used to answer the research questions. CFA result indicated that all measurements used are valid. The structural model in the present study indicates goodness-of-fit with RMSEA less than 0.08 and CFI, AGFI and GFI ranged between 0.063-0.888. The competing model was run to find a better model fitting. Competing model three indicates that management support and individual change efficacy significantly predicted employees’ readiness to change, while openness to experience and appropriateness of change predicted employees’ readiness to change via intervening variables namely job satisfaction and organizational commitment. Individual spirituality indirectly predicted employees’ readiness via openness to experience. Findings in this study can be used to enhance employee readiness as well as a general framework in preparing intervention for enhancing employee readiness to change.

Keywords: Psychosocial Predictors, Readiness to change, Structural Equation Modeling
60. UNDERSTANDING GENDER INEQUALITY TOWARDS THE FIRM: THE CASE OF GARMENT FACTORIES IN VIETNAM 2012-2014

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Abstract
This research aims to explore descriptive study on the working conditions for the garment factories workers in Vietnam based on gender and to find out the causes of gender inequality in the factories during the period of 2012-2014, especially since empirical evidences suggest gender equality in the workplace is beneficial for firm performance when managed properly. The research methodologies used for this study are quantitative research and qualitative research. The quantitative research is using descriptive study to explain the data of the workers’ survey collected by Better Work. The qualitative research is using literature review on barriers in the workplace for women both in Vietnam.

Keywords: garment factories, gender equality, female workers, working condition
61. TIME THEFT IN INDONESIA: THE INFLUENCE OF PERSONALITY AND GROUP FACTORS

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Abstract

Time theft, defined as time that employees waste or spend during scheduled work time, is one of the most pervasive yet understudied phenomena in many organizations. This study aims to clarify the role of both personal (e.g., conscientiousness, agreeableness, self-control) and situational factors (e.g., supervisor’s behavioral integrity, social cohesion) in influencing time theft. Data was collected from 258 Indonesian government employees. To avoid common method bias, we used psychological separation, that is separating instruments to measure independent from dependent variables. Further, dependent variables (attitude toward time theft and the frequency of time theft) were assessed using case scenarios while measuring all independent variables using self-reports. Analysis shows that attitude towards time theft doesn’t necessarily have the same predictors as frequency of time theft. Attitude towards time theft is significantly affected by personal factor, that is conscientiousness, while the frequency of time theft is influenced by both personal and situational factor, namely agreeableness and social cohesion. We discuss about the importance of norm and culture in affecting attitude and the behavior of time theft.

Keywords: agreeableness; conscientiousness; neuroticism; self-control; social cohesion; supervisor’s behavioral integrity; time theft
62. THE MEDIATING ROLE OF LEADER-MEMBER EXCHANGE IN THE RELATIONSHIP BETWEEN BENEVOLENCE VALUE AND LEADER EFFECTIVENESS IN INDONESIA

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Abstract

Benevolence value, which focuses on the welfare of close others in everyday interaction, is a powerful source of leader effectiveness. However, the mechanism of how benevolence value influences leader effectiveness is still unclear. Some studies indicate that benevolence value directly affects leader effectiveness, while other scholars argue for the potential of leader-member exchange (LMX) as a mediator of the relationship between benevolence value and leader effectiveness. This current research aims to investigate whether LMX mediates the relationship between benevolence value and leader effectiveness. Benevolence value is especially important in Indonesia, which characterized by high collectivism, because benevolence value intends to build and maintain a warm relationship with subordinates. To limit common method bias, we used two different sources of data collection (leader and subordinate), from 131 pairs of leader-subordinate. All scales were adapted from previously used scale, and the reliability scores are ranging from .78 to .95, suggesting very good scales. Using the regression analysis with PROCESS, results reveal that the relationship between benevolence value and leader effectiveness is fully mediated by LMX, suggesting that the impact of benevolence value may only occur if subordinate perceive and feel a good relationship with their leaders.

Keywords: Benevolence Value, Indonesia, Leader Effectiveness, Leader-Member Exchange
63. ANALYSIS OF WORK ABILITY AMONG SENIOR CITIZEN WORKERS THROUGH PERCEIVED HEALTH AND PSYCHOLOGICAL WELLBEING: CASE STUDY IN INDONESIA

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Abstract

In about twenty-nine years, Indonesia will encounter demographic bonus which lead into less dependency ratio. It means senior citizen ratio will grow higher than working-age ratio. Shortage in workforce is the most possible effect of demographic bonus. Therefore, senior citizen worker will be precious assets for macro and microeconomics. In addition, work ability of senior citizen worker plays major importance in socio-economics development. This study examines work ability from two most influencing factors, psychological wellbeing and perceived (mental and physical) health. Job security, motivation to work, and psychosocial work environment that affect to psychological wellbeing and perceived health also being prosecuted. This study is using purposive random sampling. The respondents are gathered from region which most populated by senior citizens in Indonesia. And from structural equation modeling, this study reveals that job security has more significant influence to work ability among Indonesia’s senior citizen worker which has low wage. In addition, job security can be most significant predictor to escalate work ability. Meanwhile, motivation to work has negative relationship with psychological well-being and perceived health. The paper also discusses about the implication of the results for policy makers and academicians.

Keywords: Work ability, senior citizen worker, psychological well-being, psychosocial work environment, aging studies
64. TWO PERSPECTIVES OF WORKPLACE BULLYING DEFINITION AND BEHAVIORS IN THE NURSING CONTEXT IN INDONESIA

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Abstract

The definition of workplace bullying depends on the culture of certain countries. Specifically, this research aims to explore bullying definition and behaviors in the nursing context in Indonesia. Using phenomenology and qualitative approach, the methodology of this study is in-depth interview with 10 nurses, then processed with thematic analysis. The results are divided into two perspectives, namely perpetrators and victims. From perpetrators’ perspective, bullying is defined as a common action as a learning process for junior nurses and the responsibility of senior nurses. On the other hand, from victims’ perspective, bullying is defined as an imbalance of power between senior and junior nurses (seniority). Bullying is also viewed as a process that consists of certain levels, and physical abuse is the worst level. In general, bullying behaviors from both perspectives are basically the same, such as work pressure, verbal intimidation, joking, stigmatization, isolation, and predatory bullying.

Keywords: Nursing, Perpetrators’ Perspective, Victims’ Perspective, Workplace Bullying
65. WORK-FAMILY CONFLICT AND JOB SATISFACTION: THE MEDIATING ROLE OF PERSON-ORGANIZATION FIT STUDY ON EMPLOYEE OF BRI ACEH REGIONAL

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Abstract
The objective of this research is to analyze the influence of person-organization fit to work-family conflict and job satisfaction relationship at Bank Rakyat Indonesia, Aceh Regional in Banda Aceh. The sample is the 127 of employees, those who have worked more than 2 years. The data is collected by using questionnaire. The equipment of data analysis is Structural Equation Modeling (SEM) which proceed using program of Analysis of Moment Structure (AMOS). The results of the study shows the variable P-O fit role as a mediator variable in the relationship of WFC and job satisfaction. WFC does not has direct effect to job satisfaction.

Keywords: Work-Family Conflict, Job Satisfaction, Person-organization fit.
66. EMPLOYER BRANDING: AN ISLAMIC PERSPECTIVE

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Abstract
This paper discussed on the employer branding with regards from Islamic perspective. Islam as a way of life and so do the employer and employee relationship which brings to the strength of employer branding in an organization. The definition, importance and process related to employer branding were discussed in lieu with human resource management such as job satisfaction and work environment. In addition to that, related human resource management practices such as recruitment and selection were discussed in accordance to Islamic manner. Related concepts such as employee value proposition (EVP), ethics and Islamic values were discussed with reference from Al-Quran and Hadith. The paper concludes with few suggestions and recommendations on instilling Islamic values for effective Employer Branding.

Keywords: employer branding; Islamic perspective; ethics; Islamic values.
67. CONTEXTUAL IMPACT ON TRANSFORMATIONAL LEADERSHIP
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Abstract
Leadership literatures exhibit that many of the theories and research on leadership appear context-free. That is, the focuses are more on the traits or attributes of the leaders and less are considering how the organizational context influences the process. Since a few decade have researchers begun to examine how contextual factors influence either charismatic or transformational leadership. Since the world is becoming more cooperative, collaborative and complex, the traditional model of leadership based on individual position or power becomes relatively ineffective. Therefore, this study intends to explore the leadership from the broader perspective, which becomes more relevant with the multifaceted scenario. The leadership is no longer viewed as individual roles, instead as a dynamic and interwoven function of the overarching system.
This study employs an in-depth interview and participant observation methods. The respondents were leaders from the Malaysian higher institution. They were selected based on purposive sampling. The interviews were conducted ranging from one to two and half hours for each interview. The interviews were digitally tape-recorded, transcribed and analyzed manually using qualitative procedures. Findings suggested that the internal or organizational factors play significant roles in shaping the leadership in Malaysian higher education system. The organizational structure and culture becomes the two dominant backdrops in developing and nurturing process of the leadership, and provide various challenges for developing transformational leadership. Nonetheless, the organizational factors are closely related to environmental factors which need to be explored by other research.
The findings provide the basis and reflection for developing a training plan in developing transformational leadership. The rigor and richness of the findings will contribute to the development of knowledge in leadership and organizational studies, by providing empirical evidences from the context.

Keywords: Transformational leadership, organizational factors, qualitative, higher education, contextual leadership
AGGRESSION IN THE WORKPLACE: THE ROLE OF INDIVIDUAL CHARACTERISTICS AND SITUATIONAL FACTORS

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Abstract
This research aims to analyze the role of individual characteristics (negative affectivity and self-determination) and situational factors (distributional fairness, procedural fairness, and job satisfaction) in influencing aggression in the workplace. A survey was conducted with eighty-nine (89) respondents in a manufacturing company in Surakarta. Multiple regression was used to analyze the data. The result shows that negative affectivity and procedural justice influence aggression in the workplace significantly. However, self-determination, distributional justice, and job satisfaction do not affect workplace aggression. It probably comes up due to cultural factor of eastern society.

Keywords: Job Satisfaction, Negative Affectivity, Organizational Justice, Self-Determination, Workplace Aggression
69. A PARADOX OF SCHOOL PRINCIPALS’ COMPETENCIES IN PAKISTAN

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Abstract
School principals have a very important role in maintaining the minimum standard quality of education. However, researchers on school principals’ qualifications in Pakistan are rare and mostly use western leadership theories. Therefore, the objective of this study is to explore the school principals’ competencies that offer basic education. Written comments from 230 school teachers were gathered and examined by utilizing content analysis from open questions on the strengths and improvements of their school principals’ leadership. This study reveals that private school principals are perceived as having strong personal characters but lacking the capability to drive results especially in the area of school operational management. It is a paradox situation because each competency to run school excellence is seen as independent from one another, instead of complimenting to one another. To accomplish the goal in providing good quality of education to the children of the nation, private school principals should also acquire the competency to run a professional school because the capability to drive results, especially school operational management skill is as important as personal characters.

Keywords: Basic Education, Competencies, Content Analysis, Pakistan, Schools Principals
70. THE RELATIONSHIP OF THE THREE STYLES OF LEADERSHIPS AND CONFLICT MANAGEMENT STYLE (PUBLIC SECTOR ORGANIZATION CASES IN INDONESIA)

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Abstract

The purpose of this study is to examine whether transformational leadership style, transactional leadership style, and laissez-faire leadership style has an influence on the selection of conflict management style when dealing with interpersonal conflicts in the public sector organizations in Indonesia. Government employees (N=289) from various government agencies in Jabodetabek involved in the search for their responses to the behavior of their leaders through a questionnaire based on instruments for conflict management style and leadership style.

Leaders of public sector organizations that tend to use transformational leadership style using integrating style and obliging style of conflict management. While those using transactional leadership style using compromising style of conflict management and also leaders who use laissez-faire leadership style using dominating style and avoiding style of conflict management.

In previous studies have examined a lot about leadership style and conflict management style on university academic staff (Paul, 2006), healthcare professionals (Saeed, 2008), and manufacturing managers (Saeed et al., 2014). But from the many studies, no one has studies this topic in public sector organizations. And the approach in this study is different because it is not self-report, but the assessment made by subordinates to their leaders.

Keywords: Transformational leadership, Transactional leadership, Laissez-faire leadership, Leadership styles, Conflict management styles.
ENTREPRENEURSHIP
71. THE IMPACT OF SOCIAL CAPITAL ON CROWDFUNDING PERFORMANCE: A CASE STUDY OF KITABISA.COM

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Abstract
This study aims to analyze the effects of social capital namely: structural, relational, and cognitive dimensions, to the crowdfunding performance using Kitabisa.com as a case study for 2013-2015. Using robust ordinary least squares methods, we find two important results. Structural dimension, which is measured by Facebook friends owned by an entrepreneur, affects crowdfunding success. Cognitive dimension, which is measured by the number of a word that is written by entrepreneurs in the platform, also affects crowdfunding opportunities in order to get a successful campaign. Using logistic regression technique, this study finds same result, structural dimension and cognitive dimension have positive relationship to the performance of crowdfunding. From a logistic regression we can conclude that the number of Facebook friends and the amount of words to describe the project significantly positive influence the chances of success of the project, the more the number of friends and the number of words on a project the greater chance of a project to achieve success category. This study concludes Facebook friends owned by entrepreneur and number of words affect positively crowdfunding opportunities in order to get a successful campaign.

Keywords: Crowdfunding, Agency Theory, Social Capital, Social Entrepreneurship
72. START-UP COMPLIANCE COSTS OF SME WITH THE IMPLEMENTATION OF GST IN MALAYSIA

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Abstract

The increasing complexity of the tax systems with the introduction of Goods and Services Tax (GST) increases the compliance obligations of businesses that is generally associated with higher compliance costs. This study examines the start-up GST compliance costs of the businesses in Malaysia by utilizing a survey method on 500 Small and Medium Enterprises (SME). The costs incurred ranging from MYR10,000 to MYR225,000 per SME and between 1.16 per cent and 26.15 per cent of their sales turnover. The costs were approximately MYR43,031 per SME that is five (5) times higher when compared to the findings of a similar Malaysian pre-GST study. The commencement costs increased business costs in the following order of magnitude: software costs (27.0 per cent), internal costs (26.7 percent), external costs (23.2 per cent per cent) and other costs (23.1 percent). The average costs to SMEs of dealing with GST vary depending on each business's characteristics and remarkably higher for construction industries. The introduction of the GST in Malaysia provides an excellent opportunity to study its commencement costs in view of the lack of international evidence in this area.

Keywords: Goods and Services Tax (GST), Tax Compliance Costs, Small and Medium Enterprises (SME)
73. THE AWARENESS OF HALAL CERTIFICATION OF MICRO AND SMALL ENTERPRISES IN JAKARTA

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Abstract
Demand for halal certified products is increasing in Indonesia as the country has high percentage of Muslim residents. Micro and small enterprises (MSEs) play an important role in Indonesia economy and contribute significantly to the country’s gross domestic product. This study investigates the determinants of MSE’s awareness of halal certification which is increasingly applied in products and gets more attention from producers, especially those in food and beverages industry. This research is conducted by using a combination of qualitative and quantitative methods. In-depth interview (IDI) and focus group discussion are conducted to gain insights concerning halal certification process, while a survey to 180 MSE owners/employers are conducted to analyze the determinants of their awareness of halal certification. We apply SEM-PLS to analyze the survey results, and the findings reveal that most of MSEs are aware of the halal certification, and customers and exposures significantly affect MSE’s awareness of halal certification.

Keywords: halal certification, awareness, micro and small enterprises
OPERATION RESEARCH
74. PROJECT PORTFOLIO MANAGEMENT CAPABILITIES OF STRATEGIC INITIATIVES AND PMO PRACTICES IN STRATEGY IMPLEMENTATION: A PERSPECTIVE OF DYNAMIC CAPABILITY IN BANKING INDUSTRIES IN INDONESIA

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Abstract

Current business uncertainties in dynamic environment drive the banking industries to keep on in shape of competitive in the market. The organizations are forced to formulate and implement their strategic initiatives in form of projects. Some of the project initiatives requires prioritization and manage them by utilizing their unique resources capabilities in form of project portfolio management (PPM) capability to deliver the outcome of it as a business performance by the organizations. Previous studies have found that moderating project management office (PMO) practices positively impact the project performances hence they should be affecting the final objective which is the business performance. This paper proposes a conceptual integrated research model of PPM capability as realization of dynamic capability influence business performance perceived by the organization through an application of project management office practices in the organization.

Keywords: dynamic capabilities, project portfolio management (PPM), project management office (PMO), perceived business performance
75. ANALYSIS OF MATERIALS INVENTORY MANAGEMENT TO REDUCE HOLDING COST AND BACKLOG (SYSTEM DYNAMICS APPROACH - CASE STUDY PT XYZ)

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Abstract

This study discusses the material of inventory management to produce automobile in PT XYZ using System Dynamics methodology with case study design. The object of this study is an automobile brand X-Type 1. It is selected as the sample because this type of automobile has a highly competitive segment and has a dynamic demand. Material in this sample object is divided into four groups based on the source of the material. The purpose of this study is to analyze the material inventory management to reduce holding costs and backlog. Reduction in the holding cost can be used for other investments or increase the company's profits. While the backlog reduction can improve the company's competitive advantage. Simulations carried out in two scenarios, the demand fluctuates with the upward trend and downward trend, in order to describe the dynamics of demand. This study found that the holding cost and backlog reduction can be achieved by changing the safety stock coverage and lead time delivery of materials. Safety stock coverage can be changed to the lowest level the company can apply, while lead time delivery of materials depend on the conditions and trends in demand.

Keywords: Backlog, holding cost, materials inventory, system dynamics
76. ANALYSIS OF E-GOVERNMENT IMPLEMENTATION READINESS AT THE MINISTERIAL LEVEL OF THE REPUBLIC OF INDONESIA

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Abstract
Implementation of e-Government is a form of change that is expected from a developing country, due to the growing development of information and the rapid advancement of ICT. This is hoped to be a good government change as it is very desirable within the community. The President as a fiduciary issued Presidential Instruction Number 3 of 2003 concerning the National Policy and Strategy Development of e-Government to all agencies throughout the Indonesian government. These agencies were required to immediately implement e-Government in order to improve their efficiency, effectiveness, transparency and accountability in governance. This study analyses the readiness factors in implementing e-Government at the Ministry level in Indonesia through indicators assessed by experts as persons who knows about e-Government. This study classifies indicators based on the dimensions of Dimension Technology, Organisational Dimension, Dimension Environment, and Dimension People (User or Human Resources (HR)). Tests were conducted by questionnaire using factors agreed by four experts who understand the field of e-Government. Then analysis was performed using Fleiss Kappa i.e. assess and measure the level of expert agreement on the indicators proposed. Having obtained an agreed factor, then the authors examined and measured the factors of four Ministries. A total of 100 respondents completed the questionnaires distributed. Data processing was undertaken for evaluation testing using the Analytical Hierarchy Process (AHP). Finally the value of each indicator was obtained for each Ministry.

Keywords: Factor Readiness, e-Government, Fleiss Kappa, Measurement Agreement, Analytical Hierarchy Process, the Ministry of the Republic of Indonesia
ECONOMICS
77. INTRA-OIC TRADE: THE IMPACT OF IDB TRADE FINANCING

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Abstract
To increase intra-OIC trade, defined as intra-OIC imports as a share of total imports of OIC countries, Islamic Development Bank (IDB) has been implementing trade finance activities. This study tries to shed a light on the determinants of intra-OIC trade and the impact of IDB trade financing on intra-OIC trade. Using gravity model both the intuitive and the theoretical one, this study observes eighteen OIC countries from 2000 until 2014. This study finds that GDP, distance of two capitals, IDB trade financing, common language, common colony, colony, landlocked, contiguous, the Arab Spring events and Asian as PTA are statistically significant factors in determining export. This study focuses on producing an output that can guide OIC member countries and IDB in developing a trade financing scheme that can increase intra-OIC trade.

Keywords: Intra-OIC Trade, IDB Trade Financing, The Gravity Model
78. SKEWED COLLABORATION IN DESTABILIZING THE NATION THROUGH COOPERATIVE MOVEMENT, CASE STUDY OF INDONESIA

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Abstract

Skewed collaboration through cooperative movement has to an extent destabilized Indonesia. Using qualitative analysis, the perfect triadic model of citizenship does not exist in Indonesia, because state is above civil society. Even external financing for cooperatives creates perverse incentive. The guidelines of cooperation between UN and the Business Sector is not able to be respected because “government-sponsored cooperatives” are only “clientelistic vehicles” of the ruling party. Even, in later stage of national maturity when Indonesia is labeled as a free country, the cooperative movement that envisioned as collaborative machine does not work due to “democratic trap” and “economic inequality trap”. Using quantitative analysis, it is found that the management of cooperatives also saturated with principal-agent problem that contributes to the reduction of surplus. Since the primary goal of cooperative movement in Indonesia is politically strategic fit, therefore, the feeble economic performance of the country is considered as the trade-off.

Keywords: External Capital, Collaboration, Cooperative, Citizenship, Perverse Incentive, Principal Agent Problem, Stability, Gini Coefficient
ACCOUNTING
79. DEBIASING MODEL FOR AUDITEE LIKEABILITY BASED OB ACCOUNTABILITY AND ETHIC UNDERSTANDING

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Abstract
This research aims to examine whether the accountability and ethics can reduce the auditee likeability bias. In fact, many empirical studies have shown that the auditee likeability affect the judgment (Cardy and Dobbins, 1986). Asare (1992) states that recency bias going-concern judgment also influence auditor judgments on audit report. Auditor tendency to process information only in accordance with affective impact on the quality of decisions (Kennedy 1995). The hypothesis was examined empirically using factorial experimental design 2 X 2 X 2 with two levels of likeability (high or low), two-level of ethics (high or low), and two levels of accountability process (high or low). Experimental subjects in this study were graduate students who have taken the auditing course. The results of research show that auditee likeability negatively affects the objectivity of audit decision. Besides that, this study has found that accountability can mitigate bias auditee likeability. Subject to ethics conditions, it has effect on of auditee likeability so it will increase decision objectiveness.

Keywords: Fascination, Accountability, Incentives
80. THE ROLE OF SITUATIONAL FACTORS ON EMPLOYEES’ WHISTLEBLOWING INTENTION: A CASE STUDY

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Abstract

This research examined one of Indonesian state-owned company employees’ whistleblowing intentions by presenting several fraud scenarios to assess the impact of fraud and situational factors; such as fraud type, materiality, wrongdoer’s awareness, and others’ awareness on employees’ whistleblowing intention. The motivation comes from the fact that there is still not much evidence on the factors affecting potential whistleblowers intention to report wrongdoing, particularly in the context of situational factors. The data are collected through questionnaire distribution to the employees. The results indicate that employees are more likely to report theft than financial statement fraud; material fraud than immaterial fraud; in condition in which the wrongdoer is aware and when others are aware of the wrongdoing. The findings may become source of information to enhance whistleblowing policies effectiveness.

Keywords: Whistleblowing, Fraud, Materiality, Intention, State-Owned Company
Abstract
This paper examines the economic consequences of IFRS adoptions in the ASEAN countries. Economic consequences were measured with the amount of the asymmetry of information, while reporting incentives to adopt IFRS proxied by the number of analysts following. The study period is 2 years before and after the adoption of IFRS. The regression test using all data of ASEAN countries shows that the implementation of IFRS could reduce levels of information asymmetry. However, reporting incentives (measured by number of analyst following) could not able to reduce the level of information asymmetry. No difference in the impact of IFRS on the level of asymmetry of information of a company with the high or low reporting incentives. Regression test in each countries separately shows that in the Philippines and Singapore the adoption of IFRS is able to reduce the level of information asymmetry. However, for Indonesia and Thailand, adoption of IFRS could not reduce information asymmetry. For Malaysia, adoption of IFRS increase the asymmetry of information. The results of this study indicate that regulators in ASEAN countries should encourage listed companies to have an incentive to become more transparent in presenting its financial statements.

Keyword: IFRS, Economic consequences, information asymmetry, bid-ask spread, analyst following
82. THE EFFECT OF RISK DISCLOSURE QUALITY ON SHARES’ LIQUIDITY

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Abstract
The study aims to examine the effect of risk disclosure quality on shares’ liquidity. Using a samples of 397 firm years of companies listed in the Indonesia Stock Exchange during the 2011-2012 periods, empirical evidence of this study confirms the argument which is stated that mandatory risk disclosure quality has positive effect on shares’ liquidity only for the moderately thin shares’ group of firms. This result has implication that moderately thin shares’ group of firms may be a group of firms that are rarely followed by analysts, so risk information disclosed on annual report is the only information they can access which decrease information asymmetry among investors, motivate investors to trade, thereby increase shares’ liquidity. This study also contributes to the methodology development by using four indicators of the quality of risk disclosure, namely: relative quantity, coverage, the depth, and outlook profile of risk management.

Keywords: mandatory risk disclosure, voluntary risk disclosure, shares’ liquidity.
83. INTERNAL CONTROL OVER FINANCIAL REPORTING, ORGANIZATIONAL COMPLEXITY, AND FINANCIAL REPORTING QUALITY

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Abstract

Internal Control over Financial Reporting (ICOFR) is expected to ensure that financial reporting can be as a reliable source of information for economic decision-making. Diversification will lead to operational and information complexity and will ultimately affect the financial reporting quality. The purpose of this study is to determine the effect of ICOFR and organizational complexity on the financial reporting quality. Most researchers in ICOFR were performed in countries that require companies to disclose internal control deficiencies. Meanwhile, alike researchers in countries which do not require disclosure such as Indonesia are still very rare, because ICOFR is difficult to observe directly by external parties. This study contributes to developing a scoring to assess the effectiveness of ICOFR based on management disclosure regarding ICOFR activities in annual report.

This study provides some empirical evidences that ICOFR have a positive influence on financial reporting quality. These results are consistent with the objective of ICOFR that is to ensure the reliability of financial reporting. The organizational complexity has a negative influence on the predictive and feedback value, the timeliness of reporting as well as representational faithfulness. The negative effect of organizational complexity is consistent with the argument asserting that complexity increases asymmetrical information that can lead to impairing the quality of financial reporting.

Keywords: ICOFR, organizational complexity, predictive and feedback value, timeliness, earnings management, representational of faithfulness
The purpose of this study is to investigate the effectiveness of a field trip in management accounting subject for Accounting bachelor degree at Faculty of Economics Sriwijaya University. This study examine from the answer questionnaires from students who joined Management Accounting. Thus, to consider the differences in the level of knowledge for Accounting Bachelor Students at Sriwijaya University before and after joining a field trip to PT. Semen Baturaja Palembang. Sixty-two (62) were used to analyze. The hypothesis testing use paired sample t-test. The result showed that there are differences in the average number of correct answers to the questionnaires given to students between before and after field trip. This research uses Social Cognitive Theory. This study just focus to students whose taking subject about management accounting at Palembang campus who joined field trip. The sample cannot be generalized to other subjects. The replication from this study could use other type industry or sector for instance banking sector. It is recommended to The replication of this research model with different sample is recommended to increase the generalisability of results.

Keywords: Accounting bachelor, students perception, field trip.
85. DESIGN COST SYSTEM FOR PROFIT MEASUREMENT BY PRODUCT LINE
(A CASE STUDY AT PT. AL)

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Abstract
In current business environment, many manufacturing companies are facing a more tight competition, including PT. AL (“the Company”). The Company is a producer of industrial gases, such as nitrogen, oxygen, hydrogen, etc. To win the competition, the Company realized that it will need to maintain its high quality and reliable product also low cost of products. Product costs and product profitability information is a prerequisite for cost-conscious management. Currently, the Company does not have costing system to measure how much is the cost of its every product. The nature of production itself is quite unique compared to other manufacturing companies, because the raw material cost is very insignificant, the main raw material is air which is free, however the largest part cost of goods sold is power (electricity) cost for running its plant. Profit measurement by Product Line or by Product in the Company is not currently available in a consistent basis in the IT application system. Data derived from financial accounting is available for measuring overall Company level profitability and business unit level profitability only. Recommendation for the Company is to utilize the cost center. The cost center has uniquely represented the plant type, location, and functions. We should be able to mapped the existing Cost center to the relevant Product Line. The benefit of this approach is we have captured 92% of Company cost into relevant Product Line. For the rest of accounts that considered sharing between product line, the value is insignificant compared to total costs which is around 8%. Therefore, it is considered not efficient for the Company should we choose to use ABC costing. The reasonable solution is to use the Sales Value to allocate this indirect costs (overhead costs) to measure Product Profitability.

Keywords: industrial gas, profit measurement, product line, sales value, indirect costs.
86. THE EFFECT OF LEVERAGE ON EARNINGS MANAGEMENT THROUGH REAL ACTIVITIES MANIPULATION BEFORE AND AFTER IFRS CONVERGENCE : EVIDENCE FROM ASIA

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Abstract
This paper investigates the effect of leverage and IFRS (International Financial Reporting Standards) convergence on earnings management through real activities manipulation and the moderation role of the IFRS convergence toward the relationship between leverage and earnings management through real activities manipulation on listed companies in Asian countries that have already fully converged with IFRS. This research covers six sample countries, namely Indonesia, Malaysia, Philippines, Sri Lanka, China and Hong Kong. This research finds that leverage has a negative effect on earnings management through real activities manipulation especially in developed countries. On the other hand IFRS convergence has a positive effect on earnings management through real activities manipulation, especially in developed countries and countries that use the gradual strategy in IFRS convergence process. The result also shows that the IFRS convergence weakens the effect of leverage on earnings management through real activities manipulation, especially in developed countries and countries that use the gradual strategy in IFRS convergence process. Besides that, the IFRS convergence strengthens the leverage effect on earnings management through real activities manipulation in developing countries and countries that use the big bang strategy in IFRS convergence process.

Keywords: Asian; IFRS convergence; leverage; earnings management; real activities manipulation.
87. THE EFFECTS OF FINANCIAL REPORTING QUALITY AND GOVERNMENT INTERVENTION ON INVESTMENT EFFICIENCY

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Abstract
This study aims to determine the effects of financial reporting quality and government intervention on firms’ investment efficiency in Indonesia. This study adopts 876 firm observations that are listed on the Indonesia Stock Exchange between 2012 and 2014. Results of the assessment reveal that financial reporting quality positively affects underinvestment and overall investment efficiency. Government intervention with a proxy of government ownership percentage does not significantly affect the investment efficiency, however, government intervention with a proxy of political connection significantly and negatively affects the investment efficiency instead. This presumably driven by the high cost of capital due to political connection and pressure from politicians who refused to be blamed for the failure of the firm. An indication is also found that the government intervention measured through political connections negatively moderates the effects of financial reporting quality on the investment efficiency.

Keywords: Financial Reporting Quality, Government Intervention, Investment Efficiency, Overinvestment, Underinvestment
88. ANALYSIS OF AUDIT RISK AND AUDIT FEE OF FAMILY FIRMS IN INDONESIA

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Abstract

The study aims to investigate the impact of family ownership on the audit fee and audit risk level. Using non-financial companies listed in Indonesian Stock Exchange (IDX) during 2012-2014, this study found that family ownership is not a significant determinant of audit fees in audit pricing engagement. Moreover, the audit risk level is found to be significant and positively correlated with family entitlement, implying that family firms tend to have a higher audit risk level. This is in line with the initial theoretical framework suggesting different characteristics on family firms in Western and Asian Countries. Through an additional analysis by plotting audit risk in the audit fee model, it is shown that the audit risk level is not a significant determinant of audit fee. This findings support the results that family ownership does not have implication on audit fee despite the fact that family firms have higher audit risk level than non-family firms.

Keywords: Family firm, Audit fee, Audit risk.
89. ENVIRONMENTAL MANAGEMENT ACCOUNTING AND OTHER ENVIRONMENTAL/SUSTAINABILITY RELATED PRACTICES: AN EXPLORATORY CASE STUDY

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Abstract

Based on a single case study conducted in a Malaysian chemical company (denoted as Company X), the study explores whether environmental/sustainability practices, which include environmental management accounting (EMA), are implemented in the case company. Data gathered from the review of documentations and in-depth interviews with 12 personnel comprising 10 top and middle-level managers from Company X one officer each from the Department of Environment (DOE) and Department of Safety and Health (DOSH) of Malaysia. Findings show that Company X has implemented a number of environmental/sustainability practices to some extent. Among the environmental-related practices that Company X has engaged with are: waste management, environmental safety, product stewardship, supply chain and distribution, recycling, cost-reduction programs, carbon-footprint, and life cycle assessment. Findings also reveal that despite having good environmental/sustainability practices, the commitment towards a more systematic measurement and accounting of environmental information (monetary and non-monetary) is still minimal in Company X.

Keywords: Sustainability, Environmental Management Accounting, Environmental Costs
90. THE EFFECT OF FAMILY CONTROLLING OWNERSHIP ON FINANCING POLICY

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Abstract
This research aims to describe an empirical evidence of the influence of family control on the company’s financing policy. Additionally, this research also shows the effect of leadership from family member and the effectiveness of the board of commissioners on companies’ financing policy. The result of this study found that family control through direct and indirect ownership mechanism have a positive impact on the choice of bank loan compared to public debt. Nevertheless, this research also shows that companies’ founders who become CEO and the effectiveness of board of commissioners do not prove to increase the alignment effect nor decrease the negative impact of entrenchment effect on the bank loan preference.

Keywords: Family controlling, Family CEO, board effectiveness and Financing policy
91. PRIVATISATION, GOOD GOVERNANCE MECHANISM AND SOES PERFORMANCE: EMPIRICAL EVIDENCES FROM PARTIALLY PRIVATISED SOES IN INDONESIAN STOCK EXCHANGE (ISX)

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Abstract
This research aims to investigate how key elements of Good Governance (GG) mechanism affects performance level of Indonesian SOEs partially privatized through the Capital Market. The two key elements of GG Mechanism covered in this research are: (i) Internal Rules and Restraints; (ii) Competition (World Development Report, 1997). After controlling for the firms’ size, empirical evidences indicate that some indicators of key elements of Internal Rules and Restraints, namely Corporate Restructuring and Investment Effectiveness are negatively associated with the likelihood of high performance, while Operating Efficiency is positively associated. This research finds no association between CG Rule (i.e., Limited Liability Decree No.40/2007 to strengthen the supervisory function of Board of Commissioner) and the likelihood of high performance. On the other hand, the key elements of Competition such as Government Ownership as well as Market Domination are positively associated with the likelihood of high performance.

Several interesting implications suggested by this research. Firstly, Internal Rules and Restraints as one of GG mechanism need to be improved considering its incapability to motivate SOEs’ manager in utilizing assets effectively to achieve high performance. In addition, Corporate Restructuring which is commonly intended to facilitate achievement of high performance should be conducted with cautions due to its adverse effect on performance. Secondly, Competition as one of the key elements of GG Mechanism appeared to be ineffective as State Ownership as well as Market Domination still hold critical role for Indonesian privatized SOEs to achieve high performance.

Keywords : Privatization ; Good Governance Mechanism, Internal Rules and Restraints, Competition, SOEs’ performance; State Ownership; Corporate Restructuring, Investment Effectiveness, Operating Efficiency, Market Domination; Corporate Governance Regulation
92. DETERMINANT FACTORS OF CARBON DISCLOSURE: AN EMPIRICAL STUDY OF FTSE GLOBAL EQUITY INDEX SERIES

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Abstract
The objective of this research is to investigates the determinant factors of the degree of carbon disclosure using sample from 500 companies of FTSE Global Equity Index Series. The factors are social, financial, economic, regulation/institution, and environmental. The measurement of carbon disclosure is taken from Carbon Disclosure Project Global 500 Climate Change Report. The result of this study shows that social factor, financial factor, economic factor, regulation/institution factor, and environmental factor have significant positive relationship to degree of carbon disclosure. The Environmental Performance Index, a proxy of environmental factor shows significant negative association with carbon disclosure. Therefore, this study also find that social factor is the major factor for describing carbon disclosure.

Keywords: Carbon Disclosure Project; carbon emission; environmental disclosure
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