

**104 presentation papers**

The Information Content of Stock Market Factors

Author: Mohammed Elgammal

Show Abstract

This paper examines the information content within several popular stock market factors, asking whether they contain independent explanatory power for stock returns and whether their movements relate to economic variables. Given, the explosion in the number of such factors, it is important to consider whether each factor adds to our understanding of markets and the wider economy. We undertake three related exercises, whether a set of common factors contain independent predictive ability for stock return portfolios, what economic and market variables can explain movements in the factors and whether stock market factors have predictive power for future output growth. The results support the view that several of the considered factors do not contain independent information for stock returns. Further, most of these factors do not provide any predictive power for future output growth and thus appear not to contain any economic content or information regarding economic behaviour. Evidence suggests that some movement in the factors is driven by considerations of current economic and market risk, although evidence is limited. Overall, the results indicate that stock market factors are more likely to reflect existing economic conditions rather than act as a window on future behaviour.

Keywords: Stock Market Factors, GDP Growth, Predictability, Asset Pricing

JEL Codes: C22, G12

The Extent of Applying Activity Based Budgeting in Educational Institutions: Evidence from Middle Eastern Universities

Author: Ghassan H. Mardini

Show Abstract

This research focuses on the application of Activity Based Budgeting (ABB) in Educational Institutions. It explores the views of the managers about activity based models in some middle east academic institutions. This research conducts interviews with twenty nine respondents in 4 universities across some middle east countries. Further analysis for the guidelines and budget documents were also conducted to triangulate the results. The results show that none of these institutions uses the available cost data to apply ABB in their operations. They show that they consider the cost centers and

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employ budgeting system in their operations. The respondents in these universities managers believe that ABB would enhance the university performance but there is a concern that the cost of ABB systems is more than the expected benefits. They believe that applying ABB in their operation is possible and should enhance the quality of information. Thus, the current study suggests that there should be an application for ABC principles in order to classify the indirect and direct costs and to reallocate the indirect costs into the operational department. As a practical implication of the current study, the university is recommended to search for the best cost driver for each activity in order to allocate properly the indirect costs into the operational department.

#### Management Decision Making Through Market Orientation, Aiming to Be Accountable in Sustainability

Author: Soheil Kazemian

Show Abstract

Each and every decision that management of each organization make, have direct and indirect impacts on the overall goals of the organization. Nowadays, being accountable in sustainability (socially and financially) is considered as one of the most pivotal targets which the management should lead the organization there. This study examines influences of dimensions of market orientation, constituting three major constructs namely, customer orientation, competitor orientation, and inter-function coordination on accountability in two aspects of sustainability (financial sustainability and social sustainability) among tourism operators in large touristic cities. To achieve this goal, the current research was carried out based on data collected from top management of hotels in the four and five stars class, in the most touristic city of Iran, namely Mashhad. Using partial least squares (PLS) statistics, results confirm the influences of customer orientation and inter-function coordination on both aspects of sustainability of tourism sectors, whilst competitor orientation has no significant relationship with social sustainability. Furthermore, the findings also indicate the compatibility of the partial least squares in various forms of statistical analysis, also contribute to a clearer comprehending of tourism networks in a mega-city economy, which previously has not been examined. Importantly, the outcome of the research proves that market orientation is an reliable tool for the management of tourism sectors to make strategic decisions. The results are useful for policy makers, tourism associations, and practitioners in enhancing accountability and sustainability of tourism industry within the mega-cities. The paper also presents recommendations for future studies and limitations, as well.

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#### Executive Committee, Related Party Transactions, and Audit Specialization: Preliminary evidence from the GCC countries

Author: Abdulsamad Alazzani

Show Abstract

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This study aims to investigate a) the impact of executive committee on related party transactions (RPTs) and b) moderating effect of audit specialization on the two. Using a dataset from six Gulf Cooperation Council (GCC) this study finds positive relationship between executive committee and RPTs sale transactions and negative relationship with RPTs purchase. The moderating effect of audit specialization on the executive committee and RPTs. These results imply that executive committee increase RPTS. However, existing audit specialization will limit the executive committee power.

#### Factors Affecting The Quality Of The Financial Statements Of Local Government

Author: asnita asnita

Show Abstract

The purpose of this study is to determine what factors affect the quality of local government financial statements. This research uses primary data with data collection method using questionnaire. Research respondents were structural officials and apparatus performing accounting and financial administration functions in 11 Dinas Kabupaten Takalar. The variables of this research include regional financial accounting system, human resource competence and internal control system as independent variable, and quality of local government financial report as dependent variable. The results showed that the financial accounting system has significant negative effect on the quality of local government financial statements while for the competence of human resources and internal control system showed significant positive results on the quality of local government financial statements.

Keywords: Quality of Local Government Financial Report, Regional Financial Accounting System, Human Resource Competence, Internal Control System

#### ETHICS INTO SUSTAINABILITY STRATEGY: MALAYSIAN SCENARIO

Author: suzana sulaiman

Show Abstract

The study aimed to gain insights on the significance of ethical and sustainability initiatives in the Malaysian organisations strategic management. Business sustainability is about organisations implementing strategies that contribute to long-term success. While ethics and business success has become important, corporate interests must be aligned with the broader concerns of the society. A series of semi-structured interviews were conducted on one of the major conglomerates Malaysian organization with diversified multinational core sectors: Plantation; Industrial Equipment; Motors; Property and Logistics.

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The results provide a solid understanding on the importance of sustainability efforts and how the organisations prioritised their strategies. Further, it was found that top management perceived the inclusion of ethics in organisations' strategies as important.

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#### How Does Top management Affect Firm Performance: An Exploratory Study

Author: Mohamed Z Elbashir

Show Abstract

Recent research and policy reports indicate that many organizations struggle to leverage IT-based performance measurement systems and are failing to effectively evaluate performance beyond financial metrics. This study focuses on the organizational factors that influence the assimilation of business intelligence (BI) systems into integrated management control systems (MCS) and the corollary impact on improving business process performance. Data are collected via a survey with responses from 226 individuals representing 160 public sector organizations in Australia that use the same BI software.

13 We examine the underlying institutional factors that enable organizations to leverage BI systems to enhance business  
Note process performance. Our findings indicate that the effect of the top management team's support for BI on the assimilation of BI systems is mediated by the level of knowledge importation links, shared knowledge between IT and line managers, and the sophistication of BI infrastructure to support such systems. These results provide three key insights to understanding how public sector organizations effectively leverage BI to enhance management control. First, the knowledge and infrastructure capabilities that have been found to be critical to assimilation in the private sector are shown to also hold in the public sector. Second, the limitations often faced by public sector organizations in retaining staff with expertise in new technologies and attracting new innovative staff that can leverage smart systems can be overcome in large part through knowledge importation from outside the organization. Third, effective BI assimilation leads to performance improvements when measured at the process level.

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#### The Impacts of Miles and Snow's Reactor Characteristics on Earnings Management

Author: Nobumasa Shimizu

Show Abstract

14 This paper investigates how Reactor firm characteristics, which are based on the typology of Miles and Snow (1978), impact

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on earnings management. Many empirical studies have shown that distressed firms engage in accounting fraud, profit manipulation, or earnings management. The main reason that firms go bankrupt or become distressed is that they cannot earn well and are not able to carry out their plans prior to their bankruptcy; that is, their strategy does not work. Miles and Snow refer to firms experiencing such conditions as Reactor firms. Thus, we predict that Reactor firms, which become distressed firms, often engage in earnings management. We examine the hypothesis that “firms tend to develop earnings management when their strategies become dysfunctional, that is, when they possess Reactor characteristics” using data from a mail survey of Japanese companies. Our mail surveys were sent in late 2015 to 2440 Japanese firms listed on the First and Second Sections of the Tokyo Stock Exchange; the survey response rate was 11% (270 of 2440 companies). Using factor analysis and partial least squares regression, the empirical results show that, of all the strategy characteristics, only the Reactor characteristics had a statistically significant positive effect on each factor for earnings management.

#### MANAGEMENT ACCOUNTANTS AS CHANGE AGENTS IN BSC IMPLEMENTATION

Author: NORLAILA MD ZIn

Show Abstract

#### ABSTRACT

The paper discusses on the roles of management accountants as change agents in the implementation of Balanced Scorecard (BSC) within a Malaysian Government-linked Company (GLC). The management accountants' role have evolved from the task involving transaction and compliance duties to being a more strategic business partner. Despite the evidence in the literature, studies on the active involvement of accountants are still lacking (Gibbs, 2017; Byrne, 2009; Chenhall, 2008).

15 Note Therefore, this study intends to bridge the gap in this area by exploring the role of management accountants in organisations that have adopted management accounting innovations such as the BSC.

An in-depth case study method was adopted with the co-operation of the staff of the company. Data were collected mainly through interview sessions and company documentary evidence. The interview evidence was fully transcribed and analysed using a multi-step coding process which consist of data reduction, data display, and conclusion drawing and verification in arriving at key roles of the accountants in the BSC implementation.

The study discovered that management accountants played a very significant role in facilitating BSC implementation, especially after they were given new responsibilities. In BSC implementation, accountants' expertise can be leveraged in practice as they could easily assume the roles of Strategic Planner, Strategic Partner, Controller, or Custodians. This is in contrast to the findings of Rajamanoharan (2007) and Kasim (2014) that accountant are actively involve at the operational

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level, this study illustrates the multiple visible functions undertaken by accountants from both the Strategic aspect (as Strategic Planners or Strategic Partners) and Operational aspect (as custodians or controllers) at the later stages of BSC implementation.

Is IFRS conditionally or unconditionally more conservative than local GAAP? Evidence from Japan

Author: Fumiko Takeda

Show Abstract

This study examines whether there is a difference in the degree of conditional and unconditional conservatism between firms that adopt IFRS and those that use Japanese Generally Accepted Accounting Principles (J-GAAP). Although several differences in accounting standards and accounting treatments related to conservatism exist between J-GAAP and IFRS, whether IFRS is more or less conservative is a priori unclear. Our estimated proxies of conditional conservatism are larger for IFRS adopters than for J-GAAP users that have similar corporate governance structures, while those of unconditional conservatism are not significantly different between the two parties.

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Keywords: Voluntary IFRS adoption; Conservatism; M&A; corporate governance

A Study on the Effect of Amalgamation on the Cost Behavior of Local Public Enterprises

Author: Shohei Nagasawa

Show Abstract

In this study, we focused on the amalgamations of local public enterprises and analyzed the cost behavior before and after the amalgamations.

From the perspective of cost management, it is possible that the amalgamations not only increase the burden of resource adjustment cost, but also make it more inefficient. For this reason, we classified management resources into tangible fixed assets, intangible fixed assets, and human resources to examine how each one affects the cost behavior of local public enterprises.

As a result of our analysis, in local public enterprises, the sticky costs after the amalgamation are stronger than before. It suggests that the larger management resources that resulted from the amalgamation increased the burden of resource adjustment cost, which in turn strengthened the sticky costs.

Next, tangible fixed assets, which is the proxy index of material resources, has the effect of strengthening the sticky costs after the amalgamation. Therefore, it is possible that the committed capacity cost increased even further with the

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amalgamation instead of improving the efficiency of the management.

However, with respect to the hypothesis regarding intangible assets, we were unable to obtain significant results.

Although various factors can be considered, since the types and nature of intangible fixed assets are diverse, it can be said that future studies such as analysis by each industry and ingenuity of analysis methods are necessary.

On the other hand, we thought that human resources would act to strengthen the sticky costs after the amalgamation, but this hypothesis was not supported. It is possible that, regarding human resources, the resource adjustment cost even decreases with amalgamations, weakening the influence of the sticky costs.

Keywords : Amalgamation、 Local public enterprises, Sticky costs、 Resource adjustment costs、 Tangible fixed assets、 Intangible fixed assets、 Human resources

Survey Research on Earnings Quality: Evidence from Japan

Author: masumi nakashima

Show Abstract

This study focuses on the survey of CFOs in the public firms in Japan about the following six points: the importance of earnings quality, higher quality earnings, the determinants of earnings quality, prevalence, magnitude and motivation of earnings management, accounting that influences earnings quality, and misrepresenting of earnings. The results are following: First, the Japanese CFOs rate earnings quality as accurately reflecting economic reality, accurately reflecting the results of operations, earnings that are backed by cash flows, and earnings that are sustainable, repeatable, recurring, and consistent, and earnings that are reflecting long-term trend importance. Second, for higher earnings quality, Japanese firms consider earnings that reflect consistent reporting choices over time as having a higher quality. They do not consider that earnings have accruals that are eventually realized as cash flow as higher earnings quality.

Level 3 Fair Values, Earnings Management, and the Expertise of a Management Team

Yan-Ting Lin (Fu Jen Catholic University)

Show Abstract

IFRS 13 distinguishes the inputs, which are used to derive fair values, into three levels based on whether those inputs are reliable or observable from markets. Among the three levels of fair values, managers are afforded the highest discretion in the estimations of Level 3 fair values. The main purpose of this study is to investigate whether managers, since 2013 when IFRS 13 came into effect in Taiwan, would use the inherent discretion in the estimations of Level 3 fair values to manage earnings. The empirical results show that the

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estimations of Level 3 fair values are used as an earnings managing tool. Moreover, the Level 3 fair values of financial instruments held for trading (FVPL) and hedge are more likely to be used to manage earnings than the Level 3 fair values of instruments available for sales (AFS). Nevertheless, the expertise of a management team in accounting would enhance managerial ability of using the Level 3 fair values of AFS to manage earnings. This result might be attributable to the reason that, compared to FVPL and hedge instruments, the valuation adjustments of AFS provide fewer, but hard to be detected, opportunities to manipulate earnings to managers. However, managers have to be familiar with the accounting standards related to AFS if they intend to use the estimations of Level 3 fair values of AFS to manage earnings. As a result, the managers who have expertise in accounting are able to take advantage of their familiarity with accounting standards to manipulate earnings through the estimations of Level 3 fair values of AFS.

#### Outside Directors' Equity Incentive and Strategic Alliance Decisions

Author: Vincent Chen

Show Abstract

This study examines whether the proportion of equity-based compensation in outside director compensation is positively associated with corporate strategic alliances. Strategic alliance activities require a significant amount of time and efforts committed by allied firms; the outcome of alliances, yet, is uncertain. We hypothesize that equity incentive provided to outside directors in outside director compensation mitigates potential agency conflicts between outside directors and shareholders that arise from decision-making process of strategic alliance, thus resulting in more alliance activities. Our empirical evidence indicates that the percentage of equity component in outside director compensation is positively associated with the incidence and the number of strategic alliance activities. Further, we decompose strategic alliance into three types: manufacturing-, marketing-, and research-oriented alliances. We find that the effect of equity incentive is more pronounced in inducing marketing- and research-based strategic alliances, but not manufacturing-based strategic alliances. Additionally, our analyses show that, when the proportion of outside directors' equity component in total compensation is higher, the relationship between strategic alliances and future firm value is more positive. Overall, our findings suggest that equity incentive provided in outside director compensation mitigates agency problem inherent in corporate strategic alliance decisions and enhances the quality of alliance activities.

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Jia-Wen Liang (National Chengchi University)

#### ANALYSIS OF THE INFLUENCE OF FINANCIAL PERFORMANCE AND MACROECONOMICS ON DIVIDEND POLICIES AND IMPLICATIONS ON STOCK PRICES PUBLIC COMPANY IN JAKARTA ISLAMIC INDEX

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Show Abstract

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## ABSTRACT

The capital market has important position in the development of the Indonesian economy. Jakarta Islamic Index is one of the stock indices in Indonesia that calculates the average stock price index for the type of stocks that meet the criteria of Islamic. This study aim is to know how far the relationship and influence of exogenous variables Financial Performance in the form of financial ratios and Macro Economy to endogenous variable Dividend Policy and Stock Price. Population and sample in this research are all companies listed in Jakarta Islamic Index as many as 30 companies for 5 years between years 2012 - 2016. By using purposive sampling technique from 150 data collected, 111 sample data of company do dividend policy. Financial performance has a significant effect on Dividend Policy, so there is a relationship between profit, dividend and stock price. Financial Performance has significant effect on Stock Price. Macro economy has no significant effect on stock prices through Dividend Policy. Dividend policy has a significant effect on stock prices. Financial performance has an indirect effect on stock prices through dividend policy. This shows that the company's financial performance is one factor seen by potential investors to determine the stock investment.

Keywords: Financial Performance, Macroeconomic, Dividend Policy, Stock Price

## IDENTIFYING BARRIERS TO ADOPTING ABC IN POLISH COMPANIES

Author: Tomasz Wnuk-Pel

Show Abstract

The main objective of this paper was to determine the extent of activity-based costing (ABC) diffusion and to identify barriers to its adoption in Polish companies. To achieve study objectives a survey of 143 Polish companies was conducted which enabled to verify research hypotheses.

26 Study showed that the diffusion of ABC in Polish companies is low. Familiarity with the concept was on a relatively high  
Note level in relation to the diffusion of ABC, which is growing, yet remains at a low level. The implementation of ABC is positively influenced by such factors as: company size, degree of competition, diversity of manufactured products, percentage of indirect costs in total costs, and manufacturing type of business. According to this study, a share of foreign capital did not have any impact on the implementation of ABC. The lack of interest in ABC or abandoning the implementation mainly resulted from: difficulties with the model's construction, staff resistance, the high costs of implementation and maintenance, as well as satisfaction with the already existing system of cost accounting. The difficulties related to the implementation of ABC expected by companies which were considering implementing included: staff

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reluctance to change and the high expenses related to the implementation and maintenance of the system. Conclusions from the study may be helpful in assessing the suitability of implementing ABC for companies that do not use the system yet, or which use only certain elements of the system. Identifying problems that may occur during implementation, as well as identifying possible benefits resulting from ABC, may be useful for companies which intend to implement ABC in the future. In terms of theoretical significance, the study shows the changes that have taken place in Polish companies in terms of the application of ABC and changes in business conditions which should force companies to use more effective tools of management accounting.

#### WHICH FIRMS CAN BENEFIT MORE FROM THE COMPENSATION COMMITTEE MANDATE?

Author: Chao-Jung Pan

Show Abstract

Regulatory authorities claim that the compensation committee mandate can enhance the transparency of executive compensation, mitigate the “fat cat” phenomenon, and pay executives in line with firm performance and shareholder interests. From another angle, this expectation implies that this mandate can improve pay-for-performance sensitivity more in firms that overpaid executives or that were less likely to punish executives for poor performance before this mandate (generically called focal firms). The aim of this article examines the extent to which focal firms benefit from this mandate and how compensation committee composition plays a role in this benefit.

To address the research questions, this study compares the change in the pay-for-performance sensitivity of executive compensation between focal firms and benchmark firms. Benchmark firms were less likely to overpay or to underpay or which had good performance before the mandate. The empirical results show that, compared to benchmark firms, the positive effect of this mandate on the pay-for-performance sensitivity is larger for overpaying firms and is smaller for poor-performing firms. This study also finds that compensation committee members with more human and social capital and incumbent independent directors perform diverse functions in different firms. When they serve on overpaying firms that receive public scrutiny, they are more effective at increasing pay-for-performance sensitivity. Conversely, once they serve on poor-performing firms, this function vanishes.

Keywords: executive compensation; corporate governance; compensation committee; independent directors; board experience.

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Executive Compensation for Non-Contractible Innovation Performance  
Author: Yu-Fang Huang

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Show Abstract

We examine the relation between CEO compensation and non-contractible innovation performance for high-technology firms. We find that CEO compensation is positively associated with future realized innovation output, measured by patent count and citation-weighted patents for the next two years. We also find that CEO equity compensation, particularly option compensation, is more sensitive to future innovation output than is cash compensation. In addition, the likelihood of the CEO receiving discretionary cash bonus is positively related to future realized innovation output. Overall, our evidence suggests that because innovation performance is important but long-deferred and difficult to measure, boards of directors make subjective assessments of innovation effort (or performance) and incorporate this information when determining CEO compensation. We also document that the pay-innovation performance sensitivity varies cross-sectionally with firm characteristics (noise in financial performance and R&D intensity) and CEO characteristics (CEO horizon and CEO power).

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Chengchi University)

What Motivates Firms to Form Strategic Alliances? An Agency Perspective

Author: Yu-Fang Huang

Show Abstract

Business has been experiencing a worldwide trend towards greater integration and consolidation during the past decades. Prior studies on organizational boundary decisions (make or buy or ally) mostly are based on the transaction cost theory or the resource-based view. Our study investigates this issue from the agency perspective and examines whether equity-based compensation provides managers incentives to form corporate strategic alliances. Strategic alliances are expected to generate net benefits for the firm and its shareholders; however, in the presence of moral hazard and information asymmetry, managers must be incentivized to engage in strategic alliance activities that involve significant uncertainty and require a tremendous amount of managerial efforts. In this study, we predict and provide evidence that equity-based compensation is positively associated with the likelihood and the frequency of forming inter-firm strategic alliances. In addition, the empirical evidence shows that firms rewarding managers with a greater proportion of equity-based compensation are more likely to form strategic alliances in R&D activities and to form strategic alliances with other firms in the same industry. Overall, the empirical results are consistent with the incentive alignment perspective and the risk-sharing perspective of equity-based compensation under the agency framework and highlight the importance of equity-based compensation on organizational boundary decisions.

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31 AMOEBAS MANAGEMENT AND POWER-RESPONSIBILITY INTERPLAY: A QUALITATIVE INSIGHT OF A

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Note

## MALAYSIAN ICT COMPANY

Author: Zubir Azhar

Show Abstract

Japanese management control systems have been extensively used by large Japanese multinational companies in managing their day-to-day business operations to achieve desired performance objectives. However, there appears to be little evidence written on how these systems are applied in, and what are the short-term and long-term implications of such application on, Japanese companies having foreign business operations. In view of its rising popularity in many parts of the world, a particular management control system that this study attempts to unravel is amoeba management. Using a qualitative case study approach and structuration theory as a theoretical lens, this paper analyses a Japanese company operating its ICT business in Malaysia in terms of the relationship between power and responsibility within the 'social system' of amoeba management practiced outside Japan. Data is analysed based on a series of semi-structured interviews, documentary reviews, and observations conducted across the network of this company operating in Malaysia. The findings suggest that amoeba management seems to have been implemented at every level of the production and managerial divisions (called amoebas) in line with its Japanese parent company's practice or philosophy which advocates decentralised organisational structure. While this has resulted in much emphasis on formalisation of planning to achieve desired performance targets, the interplay between power and responsibility appears to be dominated by amoeba managers and leaders, which diverts from amoeba management's original philosophy that is rooted in Japanese parent company's practice. Overall, this study provides useful insights on the implementation of amoeba management which has important implications on organisational structure of foreign business operations.

What's next? -Strategy disclosure in German management reports

Author: Sophie Winter

Show Abstract

The underlying empirical research aims to focus on strategy disclosure in management reports of German capital market-oriented companies and to analyze if and at what level of quality those companies disclose strategic related information. The research was conducted to fulfil three main purposes: to build a model for measuring strategy disclosure, to describe the quality of strategy disclosure of the analyzed companies and to understand about which strategies and strategic objectives companies report. Therefore I developed a scoring model to measure the quality of strategy disclosure. I analyzed a sample of 110 German listed firms from 2014 to 2017, measuring a strategy disclosure level score by using hand-collected

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strategy disclosure scores. Management reports were reviewed on information about strategy analysis, strategy formulation, strategy implementation as well as strategy control. The results showed that the quality level of strategy disclosure of the largest publicly listed German companies in all three years is mediocre. In general there is a high level of information about the business environment and opportunities/risks in the strategic context. In contrast to this, low disclosure can be found for changes in strategy and strategic objectives as well as for the statement of the achievement of strategic objectives. Furthermore the results demonstrate that the most companies pursue a growth strategy. This paper contributes to the research field of voluntary strategy disclosure in management reports and can be considered as a relevant source of information for investors. Even so, several avenues for future research exist.

Does Cash Bonus Work? A Study on the Contingency Fit with Firm Strategy

Author: Yee-Ching L Chan

Show Abstract

Using Miles and Snow's (1978, 2003) typology of business strategy, this study examines the performance impact of the contingency fit between cash bonus awarded to executives (executive cash bonus) and their firm's strategic orientation (prospector versus defender). Applying polynomial regression analysis, a more robust statistical tool, the results reveal an inverted U-shaped relationship between executive cash bonus and firm performance, and the matching form of contingency fit applies to both prospector and defender firms. Our results also show that the performance impact of the strategic fit of executive cash bonus is significant, above and beyond that of stock-based incentives. This suggests that when considering the contingency fit of executive incentive compensation and firm strategic orientation, cash bonus is an important driver of firm performance more so than stock and options awards.

Despite the popularity of stock-based incentives, the empirical evidence shows that cash bonus remains an effective tool to incentivize executives of both prospector and defender firms to work hard to improve firm performance up to a certain level at which firm performance is optimized. Moreover, when compared with defender firms, we find that performance of prospector firms is more responsive to changes in executive cash bonus up to the optimal cash bonus ratio. However, due to the sizeable stock-based incentives given to executives of prospector firms, substantial cash bonus must be awarded to executives of prospector firms to attain the optimal cash bonus ratio. Thus, cash bonus may not be an efficient tool to incentivize executives of prospector firms when compared with their counterparts at defender firms.

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The effect of delegation, rationalization and ethical climate on misreporting: A moderated mediation study of financial services firms

Vincent K Chong (The  
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Author: Vincent K Chong

Show Abstract

Our study examines the mediating effect of responsibility rationalization and moderating effect of ethical climate in the relation between delegation of decision rights and managers' misreporting. An online survey method was employed to collect data. One hundred and thirty six middle-level managers from various United States (U.S.) financial services firms completed the online survey. Our study contributes to a better understanding of how and when delegation of decision rights increases misreporting intentions. Our results demonstrate the mediating effect of responsibility rationalization and the moderating effect of ethical climate in the relationship between delegation of decision rights and managers' misreporting. Specifically, our results reveal that the indirect effect of delegation of decision rights on misreporting through responsibility rationalization will be stronger when there is a higher (lower) rather lower (higher) level of instrumental (principle) climate. The theoretical and practical implications of our findings are discussed.

Management Control in Circular Economy: Exploring and theorizing how organizations work with and adapt their management control to circular business models

Author: Elin K Funck

Show Abstract

A growing body of literature argues that an organizations management control needs to adapt as an organization changes business model or strategy in order for the management control to be consistent with the organizations objectives and strategies. Nevertheless, skepticism has been raised about the role of management controls in practice to promote sustainability or circular economy within organizations. Based on the management control framework of Malmi and Brown (2008), this paper explores empirically how organizations work with circular economy and how management control adapts to the business model. The results show that circular economy can be practiced in different ways and that adaptation and the application of circular economy affect the whole management control package. The paper identify the importance of cultural control and long range planning for communicating circular values and spreading a culture based on circular principles. However, irrespectively of what circular strategies that are used, circular work tends to steer the attention to the early phases of the product life cycle. For management controls this means that action plans, cost accounting, and investment appraisals must reflect a higher level of detail and a longer time horizon. The paper highlights how this is associated with challenges for traditional management controls.

Australia)\*; Isabel Wang (The University of Western Australia); Gary Monroe (The University of New South Wales)

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37 Integration of the Activity-Based Costing and Multi-Criteria Decision-Making Programming Decision Model into the

Chih-Hao Yang

Note	<p data-bbox="226 108 824 134">Smart Healthcare Information Portfolio Strategy</p> <p data-bbox="226 156 524 181">Author: Chih-Hao Yang</p> <p data-bbox="226 204 409 229">Show Abstract</p> <p data-bbox="226 252 1727 957">Smart city and smart hospital development comprise a mainstream strategy worldwide to enhance the achievement of Sustainable Development Goals (SDGs). The smart healthcare industry needs to optimize its smart healthcare information strategies, creating the process-activity value and reducing the cost of healthcare without sacrificing the quality of patient care. This study proposes an decision model of Activity-Based Costing (ABC) concept and Multi-Criteria Decision-Making (MCDM) techniques that integrates the Decision-Making Trial and Evaluation Laboratory (DEMATEL), Analytic Network Processes (ANP), the VlseKriterijumska Optimizacija I Kompromisno Resenje (VIKOR) and Zero-One Goal Programming (ZOGP) to achieve optimal smart healthcare information system portfolio strategy decisions. The resulting data shows that the perspective of government policy support and the criterion of Minimize Equipment Maintenance Costs are the most significant evaluation factors, and that the Medical Data Informational System and Medical Device and Drug Management System comprise by far the optimal portfolio of smart healthcare information system which strengthen the connection between ABC and MCDM techniques in evaluation process. The major contributions of this study are as follows: (1) the proposed model contributes to the management accounting innovation development of a sustainable city and Operation Research (OR) application; (2) the integrated model can promote the smart healthcare industry development and help decision makers to more accurately understand how to allocate resources and planning for intelligent-related activities to each smart healthcare information system through appropriate cost drivers.</p>	<p data-bbox="1776 108 2085 134">(National Defense</p> <p data-bbox="1776 156 1928 181">University)*</p>
	<p data-bbox="226 979 1727 1053">The importance of the symbiosis - Working Environment Conditions in Manufacturing Lean Enterprises, The effects and implications.</p> <p data-bbox="226 1075 510 1101">Author: Jan Alpenberg</p> <p data-bbox="226 1123 409 1149">Show Abstract</p>	
39	<p data-bbox="226 1171 1727 1444">Lean production (LP) has been the dominant production rhetoric for the last couple of decades but there is limited and ambiguous knowledge concerning the impacts of how LP practices influences the working conditions. Drawing from prior research (i.e. Håkansson, et al., 2017; Saurin and Ferreira, 2009; Conti, et al. 2006) we add granularity through in-depth empirical studies to the field and provide evidence for both short and long term impact of the use of LP on the perceived working conditions among employees in the manufacturing sector. The purpose of this paper is to investigate how the use of LP is having positive and negative effects on the working conditions and why that is the case?</p>	<p data-bbox="1776 1123 2085 1197">Jan Alpenberg (Linnaeus University)*; Fredrik Karlsson (Linnaeus University)</p>
Note		

The results confirm existing literature in the field of working conditions and we find that workers in more mature LP-organizations consider their working conditions to be generally good and challenging and that workers feel empowered and motivated when working in a LP context. On the other hand, in less mature LP-organizations, the effects on the working conditions seems more questionable and we find support for less positive working conditions which is seen primarily through high level of stress and weak communication patterns. We conclude that improvement work gradually strengthen the working conditions, and the need for worker empowerment in the improvement work is crucial. Furthermore, when LP is perceived to be top-down from the managers, the overall perception is rather negative from a worker perspective and several of the advertised benefits from LP are never experienced among members of the organization.

Our study contributes to further connecting the Operations Management and Human Resource Management areas additionally through insight concerning the practice of LP and the impact it has on the perceived working conditions.

#### THE IMPACT OF CORPORATE GOVERNANCE ON BANKS' STABILITY: AN EMPIRICAL EVIDENCE FROM EGYPT

Author: Hany Kamel

Show Abstract

This paper investigates the impact of corporate governance on the financial stability of the Egyptian conventional banks over the period 2010-2016. The findings indicate that there were statistically significant positive relationships between board size, board independence, institutional ownership, and size of audit committee from one side and the accounting measure of financial stability from the other side. On the contrary, the dual role of CEO and the number of board meetings were negatively associated with this measure. As for the market measure of banks' stability, the findings demonstrate that dual role of CEO and the number of audit committee meetings were positively associated with the VSP model. In contrast, the size of board of directors, banks and audit committee were all negatively associated with the VSP model. This paper contributes to the extant literature on corporate governance in the banking sector from three different perspectives. First, to the best of our knowledge, it is the first study to be undertaken with regard to the impact of internal corporate governance mechanisms on the level of financial stability of the commercial banks operating in Egypt. Second, the use of panel GMM regression models in the empirical analysis. Third, the use of accounting and market-based measures of banks' stability will help examine the impact of various corporate governance mechanisms on the level of this stability and, therefore, the outcomes of this paper might help in preventing future financial failure in the banking sector.

Hany Kamel (Qatar University)\*

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Note

41 Management Control and Lean Production

Jan Alpenberg (Linnaeus



Note Author: Jan Alpenberg  
Show Abstract  
In this case study we examine two organizations and compare them in terms of how the implementation of LP has been provocative to the control system. Changes in the MCS have been shown to follow from changes in operations. We use a case comparison method to examine the Management Control System (MCS) in two organizations that have started a decisive move into a comprehensive Lean Production (LP) operating practice. Both organizations were very strong performers in competitive industries prior to this change. Neither organization had previously self-identified as Lean. However their actual operating and MCS practices contained a mixture of traditional and LP practices.

University)\*; D Paul  
Scarborough (Brock  
University)

#### ANALYSIS OF RISK PROFILE, GOOD CORPORATE GOVERNANCE, EARNINGS, AND CAPITAL (RGEC) IN SYARIAH COMMERCIAL BANKS AND CONVENTIONAL COMMERCIAL BANKS

Author: Oyong ol lisa

Show Abstract

42 Note Abstract: Banks play a role in collecting public funds because banks are institutions that are trusted by the community from various parties in placing funds safely. This study aims to analyze the differences in financial performance by using RGEC consisting of risk profile, good corporate governance, earnings, and capitals between syariah commercial banks and conventional commercial banks. The analytical technique uses independent sample t-test. The result of the analysis shows that there is a difference of NPL between syariah bank and conventional bank. This shows that conventional commercial banks are better at covering the risk of default of credit repayment by debtors than syariah commercial banks. There is an LDR difference between syariah commercial banks and conventional commercial banks. This shows that conventional commercial banks have a slightly better liquidity level compared to syariah commercial banks. The LDR ratio is too large to indicate the lower ability of the bank's liquidity. There is no GCG difference between syariah commercial banks and conventional commercial banks. This shows that both groups of banks have implemented good corporate governance so that internal management goes according to what is planned. There is a difference of ROA between syariah commercial banks and conventional commercial banks. This shows that the ability of conventional commercial banks has better ability in obtaining net profit with the use of all assets owned by the bank compared to syariah commercial banks. There is no CAR difference between syariah commercial banks and conventional commercial banks. This shows that both groups of banks have met Bank Indonesia's requirements as a sound bank.

Oyong ol lisa (Gajayana  
Univercity)\*; Bambang  
Hermanto (APMAA)

Keywords:NPL, LDR, Good Corporate Governance, ROA, CAR

How Do Equity-Based Executive Compensations Affect Firm Performance: An exploratory study

Author: Mashael Thaar Al-Mutairi

Show Abstract

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Note

A key proposition of the agency theory is that the conflict of interest between the agents of the company and the shareholders is reduced when the agent's salaries and other benefits are linked to the performance of the company. Compensating executives with shares and options of the company has implications on the corporate performance. This paper analyses the effect of equity-based executive compensation on firm performance through research and development and intangible assets. Data for the study was obtained from five hundred companies trading on the Standard and Poor's 500 in the United States. The study found that the direct effect of equity-based executive compensation on research and development is negative and statistically significant. The direct effect of equity-based executive compensation on intangible assets was also found to be negative but statistically insignificant. The study also found that the effect of firm resources (R&D and intangible assets) on the performance was positive and statistically significant. The indirect effect of equity-based executive compensation on the performance through the firm resources (R&D and intangible assets) was negative and statistically significant. The study concluded that giving equity-based compensation to the top managers does not encourage them to undertake value-maximizing ventures. The research findings offer valuable contributions to the theory and practice on how equity-based executive compensation affects organizational performance.

Mashael Thaar Al-Mutairi (Institute of Banking Studies - Kuwait)\*

The Effects of the Incentive Systems and Organizational Culture on Strategy Surrogation

Author: Kazeem Akinyele

Show Abstract

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Note

Prior research indicates that incentive compensation tied to the achievement of performance targets increases managers' propensity to use compensated measures as surrogates for strategic constructs. This study draws upon the theory of inattentional blindness (Simons 2000) to investigate whether different types of organizational culture, control-dominant or flexibility-dominant, impact strategy surrogation. This study hypothesizes that a control-dominant culture that values stability and accountability will result in more strategy surrogation than a flexibility-dominant culture that values invention and innovation, and that employees compensated under a pay-for-performance scheme will exhibit more surrogation than those compensated under a fixed pay scheme. Furthermore, this study examines whether a flexibility-dominant culture will reduce strategy surrogation more under a fixed pay scheme than a pay-for-performance scheme compared to a control-dominant culture. The results of this study suggest that employees operating under a control-dominant culture do not

Kazeem Akinyele (University of Wisconsin-Oshkosh)\*

surrogate more than employees operating under a flexibility-dominant culture. Additionally, the type of organizational culture does not moderate the relationship between incentive systems and strategy surrogation. However, employees operating under a pay-for-performance compensation scheme significantly surrogate more than employees operating under a fixed pay compensation scheme. The study contributes to the incentives and organizational culture literature as well as strategy surrogation research by examining institutional factors that may inhibit or exacerbate surrogation. Additionally, the study contributes to the judgment and decision-making literature by highlighting employees' decision-making outcomes under different compensation schemes.

Keywords: Incentive Systems; Organizational Culture; Strategy Surrogation; Informal Management Control Systems.

Hybrid management culture: An examination of its characteristics and influence on the governance control paradigm of Australian public universities

Author: Joe Christopher

Show Abstract

This study draws on Foucault's concept of governmentality and critical discourse analysis to provide insights on the rise, characteristics and influence of the hybrid management culture on the governance control paradigm. The findings reveal that the hybrid management culture is an unintended consequence of the tensions between the three management cultures that have generated hybrid control processes with distinct characteristics of their own. These hybrid control processes exist at the stakeholder, board and operational levels of governance and are an accepted form of practice. They differ considerably from the characteristics of control processes aligned with the corporate culture that universities theoretically are required to adopt. These findings are significant as they show that public universities that consider themselves operating effectively in this hybrid environment do not need only the strong agency-oriented monitoring, extrinsic type of controls aligned with the NPM-influenced corporate culture to operate effectively. Instead, the hybrid culture in which they operate suggests that they can operate effectively through a balance of the strong monitoring and extrinsic type of controls associated with the corporate approach and the minimal monitoring and intrinsic type of controls associated with both old public sector and collegial managerialism. The practical implications flowing from these findings suggest current governance guidelines for the public university sector oriented towards a corporate culture should be refined to formally recognise the hybrid management culture and the hybrid governance control paradigm. In addition to providing university management with a

Joe Christopher (RMIT University)\*; Jean Mutiganda (Åbo Akademi University)

framework to operate effectively, such a platform could generate savings through elimination or refinement of unnecessary control mechanisms only aligned with the corporate culture. The study provides

#### A COMPARISON BETWEEN JAPANESE AND FRENCH COST MANAGEMENT - CONTINGENCY AND INSTITUTIONAL PERSPECTIVES

Author: Gregory Wegmann

Show Abstract

From an historical perspective, management accounting is a very recent phenomenon (see Johnson & Kaplan, 1987) and is culturally grounded in a few old-industrialized countries, in Europe: Germany, United-Kingdom, France, but also in Japan and in the United-States. Notwithstanding the cultural dominance of English-speaking countries on management, non-English speaking countries keep strong institutional and cultural roots that still influence their ways of managing companies. This is the case when looking at management accounting and more especially at cost accounting and cost management practices (now cost accounting/management).

This paper, based on contingency and institutional frameworks, explores what are the similarities and differences of Japanese and French cost accounting/management.

The first part describes the theoretical background, the second part presents the Japanese context, the third part the French one and the fourth part discusses the question. The historical, institutional and cultural backgrounds of the two countries are reviewed, focusing on cost accounting / management with a view on target costing.

Through a comparative approach, specific French and Japanese ways of managing the costs are put in evidence. Both countries are also influenced by the Anglo-Saxon practices, and evidences of convergence become apparent.

Board Networks and Accounting Conservatism

Author: Chih-Liang Liu

Show Abstract

Motivated by prior research revealing that firms with more connected board members benefit from information exchanged and transmitted through board networks, this study examines a role played by board connectedness in shaping accounting conservatism. Utilizing multiple dimensions of board connectedness, we find that firms with well-connected boards are more conditionally conservative. This positive relation is concentrated among high growth opportunity firms and firms facing higher information asymmetry, where the potential governance benefits of conservatism are greater. We find consistent evidence on unconditional conservatism. Our results are robust to a battery of sensitivity tests, including the

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OSHITA (Faculty of  
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University)

In-Mu Haw (Texas  
Christian University);  
Shu-Miao Lai (Kainan  
University); Chih-Liang  
Liu (Xiamen  
University)\*

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exogenous changes in board networks and a difference-in-differences (DID) research design. Overall, our evidence is consistent with causal interpretations of well-connected boards' oversight demanding more conservative accounting.

The effect of delegation and management incentives on misreporting: The role of motivated forgetting

Author: Isabel Wang

Show Abstract

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Note This study examines how the delegation of decision rights influences managers' misreporting by examining the influence of management incentives to misreport and the presence of motivated forgetting. The results from an online experiment with 99 middle-level managers suggest a positive relationship between managerial misreporting and the level of delegation of decision rights. Our results on the three-way interaction of the delegation, management incentives and motivated forgetting further suggest that managers who recalled fewer moral rules misreported more as the level of delegation increases when their incentives to misreport are low to medium. When incentives to misreport is high, both groups of managers misreported, and the managers with no motivated forgetting misreported more as the level of delegation increases.

Do at Home as Romans Do? The Effect of CEOs' Overseas Backgrounds on Financial Reporting Quality

Author: Junjian Gu

Show Abstract

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Note Motivated by the accounting, auditing, and taxation literature that investigates the relationships between CEO characteristics and accounting proxies, I examine whether and how CEOs' overseas backgrounds affect financial reporting quality, represented as performance-matched discretionary accruals, using data from listed Chinese firms. I expect that a CEO who has an overseas background receives various influences from the host country's administrative, economic, and cultural environments, which changes the CEO's thinking and behavior and restrains the incentive for financial reporting manipulation. I show that firms hiring CEOs who have worked or received education in a foreign country display major differences from firms with CEOs based in the home country; in particular, the former have lower levels of discretionary accruals, compared with their domestic counterparts. In addition, CEO age has a negative moderating effect on the relationship between a CEO's overseas background and financial reporting quality. I further employ a propensity score matching model to mitigate the potential sample selection bias and our findings remain robust. The results contribute to the literature by exploring how a CEO's overseas background affects management behaviors.

Isabel Wang (The University of Western Australia)\*; Vincent K Chong (The University of Western Australia); Gary Monroe (The University of New South Wales); Janne Chung (York University)

Junjian Gu (University of Tsukuba)\*

## THE INSTITUTION OF JAPANESE COMPANIES IN ENVIRONMENTAL REPORTING PRACTICE

Author: Afdal Madein

Show Abstract

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Note

Most of the Japanese companies annually publish an environmental report containing information about environmental performance, environmental management system, and environmental (management) accounting. The environmental reporting practice in this country is one of the most advanced in the world. The experiences of Japan could enrich the existing references to understand factors promoting the development of this practice. This paper tries to explore the advancement of this practice based on the institutional theory which explains the role of an organizational field in affecting organizational changes. Specifically, the purpose of this research is to explore the role of the institution of Japanese companies in the development of environmental reporting practice. Data were collected from documents provided by the Government of Japan, Japanese companies, and other organizations. Document analysis has shown how related laws, initiatives from the Government of Japan and independent organizations, environmental award programs, overseas markets, leading companies, environmental management system, and Japanese business association as the elements of the institution affect this practice. This study provides a basic understanding of the role of institutional factors in environmental reporting practice of Japanese companies for future researches. In addition, it could contribute as a reference to support the development of this practice in Japan and other countries.

Afdal Madein  
(Hasanuddin  
University)\*

## THE ROLE OF MANAGEMENT ACCOUNTING IN A TURNAROUND STRATEGY

Author: Adibah Jamaluddin

Show Abstract

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Note

This paper investigates how management accounting (MA) was applied in a turnaround strategy to recover from a company's fragile to a stable business position. A case study at a Malaysian company, Care, that undergo a turnaround process is conducted to understand how the use of MA contributes in their turnaround process. While economic downturn is claimed to be the major causes for organizational poor performance, Care was in a financial distress situation prior to the economic crisis. More importantly, Care successfully recover their poor condition during the economic downturn with the use of MA techniques. This paper describes the way MA was utilized before, during and after the turnaround process. Prior to the economic crisis, MA was used merely to provide reports with no strategic focus. Failure to manage the cost and understand the change in the market has compromised their performance. It is during the turnaround phase that MA information was used to understand the company's current performance to devise a turnaround strategy, i.e. cost reduction

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MARA)

and revenue generation. Concurrently, MA techniques which focused on quality was introduced. As a result, better quality product at lower production cost contributes towards improving their financial performance. Realizing the vital role of MA in turning around the company's position, more sophisticated MA techniques were introduced post turnaround period to sustain their performance. This paper contributes toward demonstrating how MA facilitates the turnaround process while undergoing the economic crises. Concurrently, it helps to minimise the gap between MA theory and practice by describing how MA is applied in a turnaround strategy.

#### THE ADVANCEMENT OF MANAGEMENT ACCOUNTING PRACTICES OF THE LARGE THAI MANUFACTURING COMPANIES

Author: Kanitsorn Terdpaopong

Show Abstract

This exploratory research focuses on management accounting practices (MAPs) in Thailand. Although extensively studied in the last two decades after the announcement of IFAC 1998 (1998, p.84) concerned with management accounting stages of evolution, MAPs and the important factors that impacts on the diffusion of MAPs, and the compatibility of the application for the advancement of technology used in businesses have been given relatively little consideration. A postal questionnaire survey was delivered to each of the 1,500 companies which elicited 205 useable complete survey responses or 13.67 % of response rate. The result demonstrates that 'Budgeting for product cost controlling' was mostly utilized by the respondents which indicate that firms wanting to compete with better products and services focused on important budgetary issues by controlling the cost of raw materials, and other costs that accounted to product pricing, and which would then provide improved competitive product profitability by cost controlling exercise. We discovered that the new and advanced MAPs are largely and increasingly welcome among many Thai large companies. However, it is still far behind compared to the increasing rate of new and advanced technological development in business, the pace of changes in the production process and competitiveness on the global level.

Keywords: management accounting practices, MAPs, IFAC, evolution, diffusion

Empirical Research on the Function of Compensation Committees- the Influence of Family Control

Author: Yen-Chi Chen

Show Abstract

In 2010, the Financial Supervisory Commission (FSC) in Taiwan required all publicly traded companies to set up

Kanitsorn Terdpaopong (Rangsit University)\*; Nimmual Visedsun (Rangsit University); Kanibhatti Nitirojntanad (Chulalongkorn University); Kamaljeet Sandhy (University of New England)

Hsuan-Lien Chu (National Taipei University); Yen-Chi Chen (National Taipei

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compensation committees before the end of 2011. The purpose of this was to improve compensation practices and to promote transparency and accountability in the process of setting compensation. The objective of this study is to investigate the effect of compensation committee governance quality on top manager compensation and ability. For this study, a sample of publicly traded companies in Taiwan for the fiscal years 2011 to 2016 is used.

The results indicate that compensation committee governance quality strengthens the relationship between top manager compensation and ability. The results also indicate the alignment between compensation for top managers and ability to be more pronounced following improvements in compensation committee governance quality in family firms, but this relationship not existence in nonfamily firms. This implies that compensation committees play a central role in moderating family member power and in making executive compensation fair. Furthermore, the relationship between top managers' compensation and ability is much stronger in family firms who hire professional CEO, but this relationship not existence in family firms who appoint family member as the firm's CEO. This result provides insight that may assist regulators and investors with understanding that compensation committees are not panaceas when family member CEO are self-interested who weaken monitoring from compensation committees related to managerial remuneration.

The impacts of bonus and penalty on creativity: insights from an eye-tracking study

Author: Yasheng Chen

Show Abstract

This study explores the impacts of incentive contracts on the creative process and the resulting creativity of a design job. Using an eye-tracking device to track the designers' eye movements during an artwork design task, we found that designers working under a piece-rate plus competitive bonus plan allocated more effort to the idea generating process than designers under a piece-rate minus penalty for defectives plan. We also found that the effort allocated to idea generating and the intensity of the effort devoted to design improvement are critical for producing creative designs. In contrast, the effort allocated to the design evaluating process contributes to product quantity, but cripples design output creativity. The findings of this study suggest that properly-designed incentive contracts can increase employees' creativity by directing their efforts towards the idea-generating process in a creative task.

Fiscal Revenue, Land Policy and Corporate Tax ——A Study of Nonlinear “Rent Tax Substitute” Effect Based on the Listed Companies

Author: Yiming Hu

Show Abstract

University)\*

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Yasheng Chen (Xiamen University)\*; Bingyi Huang (Xiamen University)

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Yiming Hu (Shanghai Jiao Tong University)\*; Xueting Wang (Shanghai Jiao Tong University)



The theory of “rent tax substitute” predicts that the corporate tax will go down when the local government tries to increase the land revenue. However, we predict that the “rent tax substitute” effect might be nonlinear. We testify this hypothesis using the listed companies during 1999-2015, and find the house price and the corporate tax have a U-shape relation. We also find the “rent tax substitute” effect is stronger for the manufacturing companies. This effect could be explained partly by the profit of the company since the house price and the direct profit of the company also have a U-shape relation. But we can’t find the evidence for the before-tax profit and the net profit of the company. We guess that some adverse effect caused by the high house price on the direct profit could be offset by some below-the-line items like government subsidy. Our conclusion suggests that the regional development with high land price and high house price is not sustainable since it might cause an unreasonable structure of the industries in the region.

Key words: rent tax substitute; fiscal revenue; land policy; corporate tax

The influence of information quality on the quality of operational budgeting in companies in Poland – a survey research

Author: Żaneta Pietrzak

Show Abstract

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Note

The article aims to determine the influence of the quality of information generated by operational budgeting on the quality of the system itself. The author conducted a survey based on standardized questionnaires to characterize operational budgeting systems, measure the quality of budgeting systems and the quality of information, and to establish links between them. The first part of the article presents a short theoretical introduction in terms of methods of defining the quality of the system and the quality of information based on a literature review. Next, the results of conducted questionnaires are presented. The study ends with a short summary of results.

Żaneta Pietrzak  
(University of Lodz)\*

The Factors of Fraud Trends in Public Sector In Makassar City

Author: arman kamal

Show Abstract

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Note

This study aims to obtain empirical evidence about the factors causing fraud trends in public sector organizations in the city of Makassar. The variables tested were distributive justice, procedural fairness, internal control system, leadership style and organizational ethical culture. The sample used in this research is 83 samples working in public sector in Makassar city. The sample is selected from several public sector agencies with convenience sample technique. Hypothesis testing using SEM (Structural equations model) analysis tool using Smart PLS application. 03 to test the indicators that make up the construct and test the influence of variables that influence foul tendencies. The result of the research shows the influence of procedural

arman kamal (STIE tri dharma nusantara)\*; diah ayu gustiningsih (STIE tri dharma nusantara); Mediaty Mediaty (Hasanuddin University); abdul hamid habbe (Hasanuddin University); arrifuddin .

justice, internal control system and leadership style to the tendency of fraud.

(Hasanuddin University)

Corporate Innovation, R&D Expenditure Disclosures and Product Market Competition

Author: Chao Chen

Show Abstract

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Existing literature on China's R&D usually focuses on analyzing information about the R&D expenditures and innovation output of publicly listed companies. However, this study investigates innovation output through patent applications of listed companies in China, with or without R&D expenditure disclosures, based on information transmission theories and product market competition theories. Meanwhile, the role of product market competition in making R&D expenditure disclosure choices is also discussed. This study has two major findings: First, there is no significant difference in the quantity and quality of patent applications between firms with and without R&D expenditure disclosures. Second, there is no significant difference in patent applications between firms with and without R&D disclosures. The findings indicate that, compared with listed companies in the U.S., those in China are less likely to disclose their R&D expenditures even if they have carried out a considerable amount of innovative activities. Therefore, judging the level of R&D in Chinese firms based on disclosed information about their R&D expenditures could be misleading, because firms that have spent much in R&D but refuse to disclose are not taken into consideration. Furthermore, this study analyzes the influence of production market competition on R&D expenditure disclosures, and finds that as product market competition becomes more intense, firms will be less likely to disclose R&D expenditures.

Chao Chen (Fudan University)\*; Rongxi Luo (Fudan University)

WHAT ARE THE CAUSES OF FRAUD IN NON-PROFIT ORGANIZATIONS IN JAPAN?

Author: Yoshihito Enomoto

Show Abstract

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Note

This study clarifies the actual situation of fraud in non-profit organizations in Japan and develops two hypotheses: H1: The cause of fraud in cases of the involvement of staff other than top management and high-level managers is the inadequacy of internal controls; H2: The cause of fraud in cases of the involvement of top management or high-level managers is a defect in governance. It tests the hypotheses by reviewing the existing literature, including prior studies pertaining to fraud in Japanese non-profit organizations or the investigative reports detailing several frauds in such organizations, ultimately concluding that the two hypotheses are supported. In addition, it proposes to establish an internal control reporting system and internal control audit for all non-profit organizations as soon as possible. This measure should help to avoid fraud in Japanese non-profit organizations.

Yoshihito Enomoto (Hokkaido University)\*

Moreover, the study insists that forensic accounting should be introduced in Japan as soon as possible because it, too, can contribute a few elements in the fight against fraud in non-profit organizations. First, forensic accountants can detect fraud in non-profit organizations by using forensic accounting methods. Second, they can serve as consultants for non-profit organizations and help them establish internal controls and ameliorate the firm's governance. Third, they may act as instructors for the staff of non-profit organizations.

Possibility of Using Integrated Report within Organization: A Study Focused on Information Sharing Function at Japanese Mega Banks

Author: Mitsuru Akiyama

Show Abstract

An integrated report, which enables outside stakeholders to know the company outlook in a bird's-eye view, makes it possible for information to be shared within the company, and it becomes gradually clear that it will play a role in disseminating the top management perspectives to the bottom employees. In this paper, I focus on the roles of the integrated report as information sharing support tools in gigantic organization established through merging where in-house reconciliation does not proceed, based on actual examples from Mega Banks. I analyze whether the integrated report of Mega Banks holds the role of information sharing support tool from the following four viewpoints; having an explicit statement of an easy-to-understand corporate philosophy, posting of top message, posting of corporate history, and introducing each division. Comparing the contents of the conventional disclosure magazines with the contents of the integrated reports, only the integrated reports have the above four viewpoints. Then I found out that the integrated reports of Mega Banks have the roles of information sharing support tools. Because integrated reports have the roles of information sharing support tool, I assume that the report can be greatly expected to be utilized in gigantic organizations where in-house convergences have not progressed after a large merging.

Mitsuru Akiyama  
(Waseda University)\*

The Role of CFO Organizations and Operating Profit Margins ~ Research with Japanese CFOs ~

Author: Chie Ikegawa

Show Abstract

Clear differences are observed in the roles of CFOs (Chief Operating Officers) and their CFO (Finance) Organizations between Japanese companies and American/European companies. CFO Organizations in Japanese companies primarily operate accounting and treasury functions. There are another non-finance departments in charge of financial planning. Another uniqueness of Japanese companies is that each business units have people who manage profit forecast and budget

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Gakuin University,  
Graduate School of  
Professional  
Accountancy)\*

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management, and those people are not from CFO organizations. On the other hand, many of American/European companies have CFO organizations which have finance and accounting skilled people in corporate organization and also in business units and support business unit leaders as business partners. Is there any relationship between low profit margins and the roles of CFO Organizations in Japanese companies? This paper aims to clarify such question based on the data obtained from a questionnaire survey carried out in 2017, for the members of Japan CFO Association. As a result of analyzing those data, we identified 3 specific functions of CFO organizations which contribute to improve profitability of the businesses. 3 functions are 1) to observe specific profitability of each unit of product/service/store, and use such information to improve profitability of certain unit or terminate unprofitable one to improve overall profitability of the business units and the companies, 2) to plan prices and costs of new products/services appropriately to achieve target profit margin, and 3) analyze returns on investments for advertising, promotion, and sales discount activities and implement those only if the returns exceeds investments. Based on the survey, CFO organizations where the company's profit margins increased in the last 3 years have been playing those 1)2)3) functions, and thus there is strong relationship between the roles of CFO organizations and profitability of the companies.

#### THE ROLE OF LEADERSHIP STYLES ON MANAGING INTELLECTUAL CAPITAL AS PERCEIVED BY HOSPITALS MANAGERS

Author: Hazlina Hassan

Show Abstract

Healthcare services have become one of the most important services that contribute towards economic growth of a country. The hospitals as the main health services provider are not only expected to deliver a good quality of care and services to stakeholders but also expected to help organisation to implement a good strategy in order to be sustainable in the market. In healthcare industry, intellectual capital such as human resources, knowledge in IT, databases, innovative activities, successful experiments, networking and skills of specialists are pertinent to enhance the performance and to guarantee quality services to the stakeholders. Thus, in order to ensure effectiveness in managing these intellectual capital, it is essential to improve the styles of decision maker in the respective organisation. This study attempts to empirically investigate the roles of leadership styles on managing intellectual capital focusing on human capital element. The population sample of this research is Malaysian Private Hospitals. This is consistent in the context of Malaysia Vision aiming to achieve the status of developed nation by 2020, the Malaysian Government has identified healthcare industry among the 12 National Key Economic Areas in its Economic Transformation Program(ETP). The survey questionnaires are distributed to top

Hazlina Hassan  
(Universiti Teknologi  
MARA)\*; Norman  
Mohd. Saleh (Universiti  
Kebangsaan Malaysia);  
AMRIZAH  
KAMALUDDIN  
(UNIVERSITI  
TEKNOLOGI MARA);  
Noradiva Hamzah  
(Universiti Kebangsaan  
Malaysia)

management team in 151 Malaysian Private Hospitals. Four regression models were developed and estimated using multiple regression analysis. The results from this study indicated an increase likelihood of positive relationship between Leadership Styles and human capital with application of transformational and transactional characteristics. This paper offers practical helps to policy makers and hospitals to formulate strategies in enhancing management of intellectual capital in private hospitals.

KEYWORDS: Leadership Styles, Human Capital, Private Hospitals, Hospital Performance, Strategy

THE ROLE OF PERFORMANCE MANAGEMENT SYSTEM IN ACCOMMODATING ACCOUNTABILITY COMMITMENTS: A CASE OF A MALAYSIAN NGO

Author: suraiya binti ibrahim

Show Abstract

This study aims to investigate the roles of PMS in accommodating accountability commitment in NGO sector. A deep understanding of the institutional forces that faced by NGO through the adoption of New Institutional Sociology (NIS) theory is anticipated in this research. Through this study, an in-depth exploration of emerging accountabilities commitment in the humanitarian and medical relief NGO also being researched. PMS framework established by Ferreira and Otley (2009) provides related organizational components of PMS that connect to one another (Conrad & Guven Uslu, 2012) mainly in NGO setting. As the focus of this research is to concentrate on the qualitative case study, the philosophical paradigm focuses on the interpretive philosophical stance since the informants are among the multiple stakeholders in NGOs. The research findings were analysed and interpreted through the aspect of institutional theory, particularly NIS. The study suggested that the emerging normative isomorphic forces were dominant over coercive and mimetic isomorphism. The study has found new key aspect area that focusing on disclosure reporting statement which crucially needed by NGOs. The function of NGO is to ensure the efficient optimisation of resources and accountable to its multiple stakeholders namely upward, downward and inward accountabilities.

suraiya binti ibrahim (UniMAP)\*; suraiya binti ibrahim (UniMAP)

The Moderating Effect of Managerial Overconfidence on the Relationship between Competitive Strategy and Cost Stickiness.

Author: Shu-Ling Yeh

Show Abstract

This paper investigates how managerial overconfidence affects the association between firms' competitive strategies and

Shu-Ling Yeh (National Taipei University)\*; Hsuan-Lien Chu (National Taipei University); Ting-Wen

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their cost behavior. Specifically, I would like to examine if the relationship between firms' strategies and cost behavior will be moderated by the characteristics of managers. For this study, I will select the publicly listed companies in the Taiwan Economic Journal's (TEJ) database for the fiscal years 2009 to 2016 and use and the regression model in Banker, Flasher and Zhang (2013). While prior studies have investigated a variety of factors, such as managers' incentives and expectations, governance, and firms' competitive strategies, can either intensify or mitigate asymmetric cost behavior, it doesn't consider that managers' characteristic such as overconfidence will affect the impact of those factors on cost behavior. I hope the result of the study can build a bridge between the cost behavior and managers' characteristics literature.

Yang (National Taipei University)

#### Exploring Management Accounting Research in the Japanese Content Industry

Author: Aki Yoshimi

Show Abstract

This paper aims to establish the recognition that management accounting research for the Japanese content industry. It means that this research might be able to expand research subjects of management accounting. The content industry has penetrated people's everyday life. Therefore, the paper also analyzes the relationship between accounting and everyday life, and accounting and popular culture. Comparing the situation of Japan and the other countries, this paper identifies the differences in perceptions of culture related industries and show the difference of research characteristics.

This paper tries to draw out the reaching point of management accounting research of the content industry mainly through previous research review. It means the paper reveal the unexplored part of this research area.

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Note This paper also discusses research issues of new important area. Particularly, it introduces many management accounting studies on Japanese contents and related surrounding industries. From the ideas of preceding research, it will be possible to see the "hole" of current management accounting studies in content industry. It will distinguish the needs for case studies of the content industry.

Aki Yoshimi (Hokkaido University)\*

In recent years, content industry has been the research subject of, mainly, business and management, but not of accounting including management accounting. In this circumstance, accounting researchers interested in the content industry which has close relation to pop culture, to understand our society or social phenomena from their academic viewpoint. Whereas their effort has been pursued, unfortunately, the accounting structure of the content industry itself was not revealed and it suggests the further research for the content industry should be needed particularly from management accounting viewpoint.

69 FRAMING EFFECT AND LOCUS OF CONTROL ON COMMITMENT ESCALATION IN INVESTMENT

Linda Arisanty Razak

Note DECISIONS  
Author: Linda Arisanty Razak  
Show Abstract  
In this research aims to examine whether framing and locus of control affect the escalation of commitment in making investment decisions. This research is a type of experimental study with a factorial 2x2 between subject design with a sample of 84 Student Participants at the University of Muhammadiyah Makassar. Test Analysis in this study uses Two Way ANOVA.  
The results of this study prove that framing affects the escalation of commitment in decision making. This means that managers tend to escalate commitments when the information in the frame with negative framing and tend not to continue the escalation of commitment when the information is framed with positive framing. Locus of control variables have no effect on the escalation of commitment in decision making. Individuals only pay attention to the outcome distribution made by the company, that is, it is fair to be perceived in accordance with the sacrifices incurred by individuals. This will affect the level of escalation of commitments held by individuals towards the company.

(Muhammadiyah University Makassar)\*; Mediaty Mediaty (Hasanuddin University); abdul hamid habbe (Hasanuddin University); arifuddin mannan (Hasanuddin University)

Keywords: framing, locus of control, escalation of commitment

#### THE IMPACT OF NEGOTIATION POWER ON THE AUDIT FEES: EMPIRICAL FINDINGS FROM CHINA

Author: Ousama A. Anam

Show Abstract

70 Note This paper aims to test the impact of the negotiation power, i.e. bargaining power, between auditors and audited companies on the audit fees in the Chinese context. The sample of the study consists of 462 listed companies. The study found that there is a significant positive relationship between negotiation power of accounting firms and the audit fees. In addition, it found that there is a significant negative relationship between the size of the audited companies and their negotiation power and the audit fees. These findings indicate that when companies negotiate with big 4 accounting firms, their bargaining power does not have significant effect on the amount of audit fees. Nevertheless, if the accounting firm is not one of the big 4, there is a significantly negative relationship between the company's bargaining power and audit fees. Therefore, for those companies who are audited by non-big 4 accounting firms, the relationship changes according to the size of a company. If a company has a big scale (large size), there will be a negative relationship between the audit fees as its bargaining power is strong. However, if it is a small company, the relationship is not significant. The findings of the paper are considered

Jingyan Wang (Rennes School of Business); Helmi Hamammi (Rennes School of Business); Ousama A. Anam (Qatar University)\*

important for accounting firms, companies and regulators.

#### WHAT AFFECT PERFORMANCE EVALUATION? ANALYSES OF ARCHIVAL DATA IN A RETAIL BAKERY CHAIN

Author: Tomohiro Sakuma

Show Abstract

I empirically investigate the effect of managers' human resource and their business units' idiosyncratic effect on units' performance on managers' performance ratings. Performance evaluation systems are an important dimension of management control that direct employees' behavior to the company's benefit. Performance evaluation can be divided into objective and subjective performance evaluation. Objective evaluation is rating employees using objective performance measures (hereafter, OPM) like sales, costs, or profit. OPM can be verified by third parties, can be measured for low cost and are consistent with firm's objective. However, OPM often inadequately account for some dimensions of the employee's job. Moreover, using OPM for evaluation does not necessary bring out right effort from managers. Subjective performance evaluation is rating employee using the subjective performance measures (hereafter, SPM) like evaluation of employee's attitude for work conducted by supervisor. SPM reflects some aspects of employee's effort for firms benefit that OPM cannot grasp. Also, SPM can mitigate various problems that is caused by using OPM. However, SPM can be affected rater's favoritism and biases. Since each evaluation has different strength and weakness, two evaluations are used in combination. As above, although features of each performance measure are discussed and predicted, few studies empirically investigate what is actually affect OPM and SPM. Using financial and personnel data of a retail bakery chain, I empirically show that whether manager's human resource and shop idiosyncratic effect are reflected manager's OPM and SPM or not. Additionally, I compare the factor that affect OPM or SPM and show that SPM works with OPM complimentary.

Tomohiro Sakuma  
(Matsuyama University)\*

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#### New Research Findings from a University Web-based Information Systems

Author: Kamaljeet Sandhu

Show Abstract

This study reports about the information quality from a university web-based information system. Web-based information system (WIS) is a computerized record keeping systems for collecting, storing, & processing of data that are used by decision makers at the university on a website. The department at the university aims to provide high quality information to staff and students using the web-based information systems. The case findings show that there are many problems facing the staff and students which has an impact on their experience, motivation, usefulness and ease of use and usage of the web-based information system. The qualitative data reveals a difference not matching user requirements and the web-based

Kamaljeet Sandhu  
(University of New England)\*; Kanitsorn Terdpaopong (Rangsit University)

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information system characteristics that are available in the department. The evidence suggests that as a result poor information quality is delivered to the user which has an impact on their work.

Labour practices and human rights in two MNCs in a developing country: a case study

Author: Sriyalatha Kumarasinghe

Show Abstract

This article examines the corporate social responsibility (CSR) practices of two Chinese companies with a globalization strategy, namely Qingdao Haier and Alibaba Group. Using content analysis, CSR reports were investigated in relation to labour practices and human rights disclosures over six years from 2011 to 2016. The findings examine the changes in the disclosed information in their reports during the period of analysis. This paper highlights a gap between disclosures in their reports and the requirements based on both international standards and Chinese laws. Although the two companies are large multinationals with substantial global expansion, their labour practices and human rights raise concerns. In order to diminish the gap between the enterprises and the expectations of public stakeholders, this study recommends that both Qingdao Haier and Alibaba Group should be more transparent about their labour practices and human rights compliance.

Ownership Structure and Corporate Performance Evidence from Japanese Firms

Author: Shaif Jarallah

Show Abstract

This study investigates the impact of ownership structure and control transfers in Japanese corporate market. The results indicate that change in control is followed by restructuring activities, improvement in efficiency, and performance. It appears that change in ultimate ownership leads to major organizational and assets restructuring in the following years. We observe that unwinding the cross-shareholding between banks and corporations allows for efficiency gain and mutual transfers among non-financial institutions do not have a significant negative impact on the performance. Furthermore, the foreign institutional and domestic individuals' holdings have a positive impact on the firm performance. The ownership transfer to foreign and domestic private individuals is consistently associated with high performance, which implies that individuals transfers leads to an increase in efficiency.

Keywords: Corporate Governance, Corporate Performance and Efficiency, Organizational Restructuring.

JEL Code: G30, G34, G38.

Auditor Sanctions and the Management of Riskiness of Audit Client Portfolios

Sriyalatha Kumarasinghe  
(University of Otago)\*

Shaif Jarallah (Qatar  
University)\*; Wali Ullah  
(Institute of Business  
Administration (IBA))

Hsiao-Lun Lin (National

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Note	<p>Author: Hsiao-Lun Lin</p> <p>Show Abstract</p> <p>In this study, we examine the effect of auditor sanctions imposed by the China Securities Regulatory Commission (CSRC) on the riskiness of auditors' client portfolios. Based on the enforcement releases issued by the CSRC, we identify auditors and audit firms that were subject to disciplinary actions and examine the change in the riskiness of their client portfolios after the sanctions were imposed. The empirical results suggest a decrease in the overall clientele financial risk after enforcement releases were issued. Both the aggregate bankruptcy measures and individual financial risk measures consistently indicate a decrease in the riskiness of client portfolios in the post-sanction period. Moreover, we find that the decrease in client portfolios risk is greater when a disciplinary action is imposed in the period of higher legal liability than when it is imposed in the period of lower legal liability. The evidence from this study suggests that an enforcement of stricter legal liability on auditors would improve the effectiveness of disciplinary actions.</p>	Taipei University)*
79	<p>AN ECONOMIC CONSEQUENCE OF ASYMMETRIC COST BEHAVIOR: DOES COST REDUCTION DURING SALES DECREASES HAVE AN IMPACT ON LOWERING COSTS IN THE FUTURE?</p> <p>Author: Kenji Yasukata</p> <p>Show Abstract</p> <p>Does cost reduction during sales decreases have an impact on lowering costs in the future? This question is essential if cost stickiness is a consequence of managerial deliberate decisions on retaining resources during sales decreases. However, even if this is the case, and costs become sticky as a result, the validity of this decision on retaining resources during sales decreases has not been verified in prior research. The main purpose of this study is to verify the validity of this managerial decision by examining how costs behave after the period of costs stickiness observed. Analyzing Japanese companies' data, I find that costs for the current period become more sticky for firms forecasting an increase in sales than a decreasing sales in the subsequent period, suggesting that managerial expectations of future sales affect cost behavior. I then find that a lower rate of cost reduction in the period of sales decreases leads to a lower rate of increase in costs in the subsequent period of sales rebound, suggesting that the degree of cost reduction in the current period of sales decreases contribute to lowering costs. These findings imply that cost stickiness is a consequence of managerial behavior aiming at enhancing long-term economic performance by avoiding excessive resource adjustment costs.</p>	Kenji Yasukata (Kindai University)*
Note	<p>THE ROLE OF ACCOUNTANTS IN COMBATING CORRUPTION : PRELIMINARY INSIGHT INTO WHISTLEBLOWING PRACTICES IN MALAYSIA</p>	AKMALIA MOHAMAD ARIFF (Universiti

Author: AKMALIA MOHAMAD ARIFF

Show Abstract

This study aims to identify the level of understanding of the regulatory requirement regarding whistleblowing in Malaysia, including the preferred method, and the expected role that whistleblowing plays. More specifically, this study examines how professional accountants employ whistleblowing in their working profession. Accordingly, this study provides valuable input towards the development of an effective internal whistleblowing framework. While whistleblowing can contribute to the strengthening of ethical corporate conduct, as evidenced in the success of the 'Enron' whistleblower, the efficacy of legislative approaches to support whistleblowing practices in Malaysia are still in their early stage of development. In performing this study, data were collected through semi-structured face-to-face interviews with professional accountants in the financial accounting, management accounting, and internal auditing functions. Preliminary findings indicated that professional accountants; i) are aware of whistleblowing, ii) have limited knowledge on the regulations related to whistleblowing, iii) prefer internal whistleblowing, iv) have mixed opinions on the importance of whistleblowing in their profession, and iv) agree that whistleblowing is important in deterring unethical conduct. However, the respondents also raised some concerns regarding the effectiveness of whistleblowing in Malaysia such as; the outcome of the reporting process and protection of the whistleblower. In the context of practical implications, these suggestions are relevant to support the need for further awareness and education to promote whistleblowing practices, and especially to understand the correct procedures to follow in reporting unethical misconduct.

#### MATERIAL FLOW COST ACCOUNTING (MFCA) IN SMALL AND MEDIUM ENTERPRISES (SMEs) IN MALAYSIA: SOME EMPIRICAL EVIDENCE

Author: Norsyahida Mokhtar

Show Abstract

81 Note This study examines the benefits of MFCA implementation in SMEs in Malaysia. This study also looks at the challenges faced by SMEs in MFCA implementation. Data was gathered using a questionnaire survey and subsequently an in-depth interview with officers of three SMEs that have implemented MFCA. The findings reveal that SMEs do not find implementing MFCA to be expensive. Surprisingly, none of the SMEs implemented MFCA because of the need to be environmentally responsible. Instead, the implementation is largely due to coercive pressures and the fact that MFCA will lead to cost savings and improved profits.

83 Project & Program Driven Budgeting for New Product Development - A Case Study on "Pbudgeting" for Car Navigation

Malaysia Terengganu)\*;  
Hafiza Aishah Hashim  
(Universiti Malaysia  
Terengganu); Roshaliza  
Taha (Universiti  
Malaysia Terengganu)

Norsyahida Mokhtar  
(International Islamic  
University Malaysia)\*;  
Maliah Sulaiman  
(International Islamic  
University Malaysia);  
Farizah Sulong  
(Universiti Malaysia  
Terengganu)

Masanobu Nakamura

Note System Development-  
Author: Masanobu Nakamura  
Show Abstract

(Kagawa University)\*

Effective product development requires the integration of specialized capabilities. One such typical organization is a cross-functional project team. In budgetary control system for new product development, flexible control based on development project is indispensable.

But, in many Japanese companies, budget is controlled by head of functional department with budgetary control authority. Budget is not controlled based on development project. As the result, in some Japanese companies, budgetary control loses flexibility from the view point of product. To solve that problem, Suzuki and Matsuoka (2004) suggest Pbudgeting. Pbudgeting is a project based budgetary control framework. Pbudegting is a design based on P2M. P2M is a program and project management framework of Japanese origin. In P2M, program is defined as an enterprise in which projects are connected organically to achieve strategic goal of organization. Project is defined as an execution plan for program. In Pbudg-eting, budgetary control is managed with a focus on program and project prior to functional department.

To verify the effectiveness by participant observation, Pbudegting was implemented to a research site. At that site (car-navigation system division in car manufacturer company), cost overrun occurred frequently in new product development.

By project based budgetary control using Pbudgeting, regarding project budget and activi-ty, negotiation and adjustment between division head, functional departmental heads and project managers were promoted. As the result, budget was controlled flexibly and cost over-run in new product development was improved dramatically.

DIFFERENCES OF AUDITORS 'EQUIVALENT BEHAVIOR AND AUDIT QUALITY IN PROFESSIONAL ETHICS (STUDY ON THE ROLE OF INDIVIDUAL FACTORS: OLD EXPERIENCED EXPERIENCE, GENDER, TYPE OF ACCOUNTING PROFESSIONS)

Author: st ramlah

84 Show Abstract

Note The purpose of this study is to know empirically whether there are differences in ethical behavior and audit quality of individual factors ie ethical behavior between senior auditors and junior auditors, between male auditors with female auditors and between public accountants, accountants educators and government accountants. The problems in this study are Is there a significant difference in ethical behavior and audit quality between senior auditor and junior auditor? between a male auditor with a female auditor? between government accountants, accountants educators and government

st ramlah (stie tri dharma nusantara)\*; ishak . (stiem bongaya); Mediaty Mediaty (Hasanuddin University); abdul hamid habbe (Hasanuddin University); arrifuddin . (Hasanuddin University)

accountants ?. This research is a quantitative research in which the approach used in this study refers to comparative study with comparative hypothesis formulation between two independent samples, that is related to differences in ethical behavior and differences in audit quality from length of work, gender and profession. This study uses auditor respondents in Makassar City as much as 30 auditors. The results showed that ethical behavioral variables conclude on the experience aspect that there is no difference of ethical behavior between junior auditor and senior auditor, as seen from gender perspective there is no difference of ethical behavior between man and woman, and seen from accountant profession aspect, there is no difference ethical behavior between public accountants, accountants educators and government accountants. Similarly, the quality of audit variables in terms of experience shows that there is no difference in audit quality between junior and senior, from a gender perspective there is also no difference in audit quality between men and women, as well as seen from the aspect of the accounting profession there is also no difference in quality audits between public accountants, accountants educators and government accountants

#### VALUE RELEVANCE OF COMPREHENSIVE INCOME AND ITS CONTEXT

Author: Chutinuch Indraprasit

Show Abstract

The Implementation of Thai Accounting Standard (TAS) No.1 (Revised 2009) Presentation of Financial Statement effectively applied for annual reporting periods beginning on or after 1 January 2011 required company to present comprehensive income statement as a part of financial statement. Therefore, this study empirically examines the value relevance of comprehensive income both in aggregate and individual components. Moreover, the study examines the factors affecting its value relevance. There are two groups of factor which are firm specific factors: size, industry type and growth rate and comprehensive income property factors: volatility, materiality, and level of subjectivity. The sample consists of listed companies in the Stock Exchange of Thailand, including 28 business sectors from 8 industry groups during the year 2011 to 2017. Two types of regression models which are the price model and the return model are applied to this study. The expectation of this study is to provide empirical evidence whether investor apply comprehensive income information in decision making process. And this result will assist standard setter to develop suitable accounting standard in order to fulfill fundamental qualitative characteristics of useful financial information which are relevance and faithful representation.

Chutinuch Indraprasit  
(Dhurakij Pundit  
University)\*

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Informative Dashboard: Continuous Auditing Risk Assessment

Author: shuhaida Mohamed Shuhidan

Show Abstract

shuhaida Mohamed  
Shuhidan (uitm)\*

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Current manual auditing system may be difficult to the auditors, due to the enormous amount of data. Some auditors probably overlooked some illegal business processes that can cause money loss or embezzlement by the workers. Research study conducted to identify the problem by using the current manual financial auditing system found that the current system is not really helpful in continuous auditing for business process. It is known that vast amount of financial data being processed during auditing may slow down the process during auditing. It can also be complex to handle which sometimes can be beyond auditors' capability to audit business processes. Our research proposes an informative dashboard to assist auditors to assess risk. The informative dashboard is a category of operational dashboard. We apply big data management concept and implement the dashboard using the web development life cycle approach. The dashboard is implemented using R language and Shiny package.

The impact of digitalisation on management control in a manufacturing company the case of "YEWU"

Author: Cindy Zawadzki

Show Abstract

The effect of digitalisation on society are a key area of concern for management science researchers (Meier, 2017; Roth et al. 2017) and more broadly for contemporary society. Little academic research has genuinely investigated the topic. "It is crucial for the development of research fields such as digital enterprises and management control to deepen the search for additional knowledge into what the digital initiative brings" (Bredmar, 2017). To fill this gap, our article investigates the following question: what is the impact of digitalisation on management control? To explore this impact, we conducted a detailed case study in high-tech manufacturing firm "YEWU" in which digitalisation is in progress. Our qualitative methodology is based on regular contacts with the director of management control, annual visit to the factory, tutoring students on internships over 4 years. We also conducted four semi-structured interviews, collected secondary data from internal and external documents and debriefed with he director of management control and the factory management accountant.

Our findings show that digitalisation directly affects management control, in terms of tools, the profession and relations with other departments. In addition, we point out a number of indirect impacts: attaining productivity objectives, safeguarding existing jobs, improvising and challenging management control processes.

This study contributes to research by emphasising several elements. The management's initial objectives for digitalisation have been sidetracked by managers in the field. Moreover, we reveal the presence of slack, which appears as a factor that encourages the digitalisation process.

A Taxonomy of Management Controls in Management Control Systems Research

Author: ZHE SHANG

Show Abstract

There has long been recognized that multiple management controls operate together in business practices. Also, a lot of frameworks combing various management controls together has been developed to capture business practices. However, there is still little work dealing with the combination of management controls gives an explicit explanation for each control concept and the way how they are combined. In this paper, a review for several frameworks developed in the recent year will be done to see the shortcomings of existing work. They are (1) a lack in consideration of comprehensive management controls in a framework; and (2) an ambiguous relationship among management controls; (3) an unclear explanation for the conceptions of management controls. Also, considering that there are various definitions for management controls, management control systems, a definition for them will be made as the premise of this paper. Then, a list including 40 number of controls that has been developed will be made. After that, based on existing work's way of capturing business practices, a taxonomy for management controls will be made. These listed controls will be classified into six variables: environment, technology, organizational structure, use of management control systems, culture, and MAS. Then, the relationships between components and management controls, the relationships among management controls will be discussed. Also, there are several special management controls, treatment for them will be discussed. At last, how this paper overcomes the shortcomings of existing work, how this paper do contributions to existing research will be mentioned.

ZHE SHANG  
(HITOTSUBASHI  
UNIVERSITY)\*

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SHORT SELLING AND TUNNELING THROUGH INTERCORPORATE TRANSFERS: EVIDENCE FROM CHINA

Author: Xing Li

Show Abstract

This study examines the effect of short selling on tunneling or resource diversion by controlling shareholders. Using the staggered introduction of margin purchase and short selling pilot program in China since 2010, we find that pilot firms reduce their tunneling activities through intercorporate transfers compared to non-pilot firms after they are selected into the pilot program. This effect is more pronounced when controlling shareholders hold tradable shares, and when there is no foreign institutional ownership. Analyses using actual shorting behavior confirm that short sellers do target firms with severe tunneling activities. We also find pilot firms have lower related party transactions, better operating performance and higher market valuation in the post-selection years.

Jeong-Bon Kim (City  
University of Hong  
Kong); Xing Li (Xi'an  
Jiaotong University; City  
University of Hong  
Kong)\*; Gaoliang Tian  
(Xi'an Jiaotong  
University); Haibin Wu  
(City University of Hong  
Kong)

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THE EFFECT OF CHARACTERISTICS COMPANY AND CORPORATE GOVERNANCE ON SUSTAINABILITY

Sihwahjoeni Sihwahjoeni

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Note	<p>REPORT AND FINANCIAL PERFORMANCE LISTED LQ45 COMPANY          Author: Sihwahjoeni Sihwahjoeni</p>	<p>(University of Merdeka Malang)*; Dwi Ermayanti (STIE PGRI Dewantara Jombang)</p>
	<p>Show Abstract</p> <p>Financial performance is a description of the condition and circumstances of a company that is analyzed with the tools of financial analysis, so it can know both the financial condition and financial performance of the company within a certain time. The sustainability report is needed for stakeholders including the community, to know all forms of corporate responsibility to the community and the environment. This study aims to analyze the influence of Characteristics Company and corporate governance towards sustainability report and financial performance, analyze the influence of sustainability report on financial performance, and analyze the influence of Characteristics Company and corporate governance on financial performance through sustainability report. The number of samples in the study of 22 companies. The results of the analysis show that the characteristics of the company affect the sustainability report, also affects the financial performance, corporate governance affect sustainability report and financial performance. Sustainability report affects the financial performance. Sustainability mediates the influence of Characteristics Company and corporate governance on financial performance</p>	
	<p>PERFORMANCE EVALUATION OF NATURAL FARMING IN RICE FIELDS          Author: Shuko Naito</p>	
92	<p>Show Abstract</p> <p>This study introduces an outstanding factor analysis method that can evaluate the performance of natural farming in rice fields. The findings revealed four performance dimensions, namely operational efficiency, human relationships, ingenuity, and open-mindedness. Given a weak theoretical basis, including hypotheses and constraints on the relation between factors and observations in preceding studies, we conduct an exploratory factor analysis to identify latent variables. Even natural farming by contract cultivation proved to be risky. This is understood more by profitable full-time farmers.</p>	<p>Shuko Naito (Hirosaki University)*; Victor Carpenter (Hirosaki University)</p>
Note	<p>This study is limited to the analysis of natural farming, as natural farmers are considered to be more enthusiastic in their undertaking. However, there are implications for further samples and time-series research, which could be of value when conducting trend analyses of management accounting practices. This study's original contribution lies in developing a performance evaluation metric using exploratory factor analysis based on direct inputs from farmers. By observing the characteristics of farmers inclined toward raising profits, we develop performance evaluation indicators. There has been no research on management accounting which directly grasps farmers who devise measures to improve competitiveness. In</p>	



general, as survey data of farmers are used narratively rather than quantitatively because of the challenges involved in the latter, this research has methodological significance.

#### FIXED SALARY OR INCENTIVE CONTRACT? -THE EFFECT OF STICKINESS OF THE COMPENSATION CONTRACT-

Author: toshiaki wakabayashi

Show Abstract

This study adopts behavioral contract theory in mathematical model and clarifies a situation in which the fixed salary contract is preferable to the incentive contract for the principal. Theoretically, the expected utility for the principal is higher by the incentive contract, but in reality, there are companies that employ the fixed salary contract. This study applies behavioral contract theory to accounting and incorporates two types of psychological elements into the model: first, the agent bears the cost of taking action that deviates from specific targets for behavior (input targets); and second, the agent is reluctant to agree compensation contract which is different from traditional customs.

The conclusions of this study are summarized as follows. In the multitasking case, even if the agent is reluctant to agree only one incentive coefficient, a case exists in which the principal should set all tasks' incentive coefficients to zero (fixed salary contract). Due to behavioral elements, compensation contract become inefficient, but we can reduce inefficiency through using appropriate performance measure.

Keywords: Stickiness of compensation contract, Contract theory, Fixed salary contract, Performance evaluation

#### STUDY ON ACCOUNTING TREATMENTS OF CORPORATE SOCIAL RESPONSIBILITY (CSR) FUND AND ITS IMPLICATIONS TO MEASURE GOVERNMENT'S FINANCIAL PERFORMANCE

Author: Elfiatur Roikhah

Show Abstract

Corporate Social Responsibility (CSR) is one of types of corporate concerns to its environment. In implementing CSR, company can choose to directly excute community or establish a cooperation with region/ local government. Some CSRs are in the form of grants to the local government, such as buildings or operational vehicles. This forms need to be reported to both company side and government side. So far, in Indonesia Accounting Standard just regulates reporting standard for company, not for government. This condition causes the government disclosure the CSR fund with some difference methods. Accounting method used in accounting treatment for CSR fund causes government's performance based on financial statement cannot be measured properly. This study explores the accounting method applied by some local

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toshiaki wakabayashi  
(Sophia university)\*

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Grahita Chandrarini  
(University of Merdeka  
Malang); Elfiatur  
Roikhah (Malang  
Municipality)\*; Yasmin  
Farani (Univeristy of  
Merdeka Malang)

governments and analyzes the implication of them to financial performance. The researchers also treat the transactions in accordance with the related standard, such as standard for financial statement, Balance Sheet, Budget Realization Report, Operational Report, Income and Fix Asset. The objective of this study is to analyze the implication of government report with or without disclosure of CSR fund to their financial performance measurement. The finding is financial statement with disclosure of CSR fund has better performance in some indicators compared to the one without disclosure.

Keywords: Corporate Social Responsibility, accounting treatment for CSR fund, financial statement, accounting standard for government, financial performance measurement for government

An Inter-Industry Comparison of Inventory Management against Disaster Risk: Evidence from Japan

Author: Shinnosuke Hara

Show Abstract

Measures against disasters such as earthquakes are one of the most important tasks of companies all over the world. Especially in cases of the Tohoku Earthquake and Tsunami of 2011 and the Kumamoto Earthquake of 2016, the factory producing high specificity parts suffered severe damage, so that they could no longer supply final products. The occurrence of natural disasters is an interruption in the supply chain. Some studies on accidental or exceptional events such as natural disasters have finally come about after the Tohoku Earthquake. Recently, the effectiveness and necessity of management accounting have been pointed out from the perspective of providing information for formulating and updating business continuity plans in the context of reconstruction after disaster and returning to normalcy. While accounting research is relatively lacking, research on handling the risks of disasters from a similar problem consciousness can be seen in different fields. In this paper we review not only accounting but interdisciplinary research, and focuses on topics of inventory management and lean production methods that have similarities with management accounting research. Low inventory level associated with lean production can lead to increased vulnerability to disasters. To investigate company consciousness, we quantitatively analyze the time series trends of inventory and identify the industry in which features of increase or decrease are seen.

Shinnosuke Hara  
(Nagoya University of  
Foreign Studies)\*

MANAGEMENT CONTROLS FOR INTRA-ORGANIZATIONAL COLLABORATION: THE CASE OF A TRAVEL AGENCY GROUP

Author: Keita Inoue

Show Abstract

Keita Inoue (Seikei  
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This research aims to clarify the roles of management control systems (hereafter, MCS) in enabling collaboration at lower levels of a highly decentralized organization. Congruent with the importance of collaboration, there are a growing number of studies on MCS arguing for encouraging employees' cooperative actions. Although existing research has argued a supportive function of MCS for collaboration at lower levels of organizations, it has only focused on routinized activities. To date, however, few studies have clarified how MCS are used to encourage lower-level employees' cooperative actions for strategic issues (e.g., launching a co-promotion project). To answer the open question, this study examines the case of service collaboration between a sales company and a procurement company within a travel agency group in Japan.

Based on the case discussion, this research provides two main contributions. First, it shows how MCS play an important role for building consensus between sub-units. In organizations where each sub-unit conducts tasks with different perspectives to meet external party (e.g., customer or supplier) needs, senior managers cannot easily control their subordinates toward company-wide objectives. To overcome the limitations of the top-down approach, as previous research has assumed, MCS are carefully used depending on the collaborative situation to increase lower-level employees' mutual understanding of collaborative activities toward the group development.

Second, this study shows how the control process enables lower-level employees to link performance information collected from MCS to their day-to-day tasks. This enabling use of MCS leads to increased understanding of their efforts for collaborative objectives. In particular, the case evidence suggests that lower-level employees regard performance information as informative in completing their collaborative tasks, which encourages their engagement in cooperative actions.

Interactive Influence between Budgetary Control and Hoshin Kanri

Author: Misa Kikyo

Show Abstract

Inspired by Kikyo (2018) that verified the synergy between budgetary control and "hoshin kanri" based on questionnaire survey at the largest hotel company A in Japan, this paper aims to clarify in detail how to get the synergy from the interaction of budgetary control and hoshin kanri by interpreting the synergy-generating mechanism according to two case studies and conducting qualitative survey based on interview to a president, managers, and employees at "gemba" at the hotel company A. Hoshin kanri developed in Japan helps every employee at all levels aligned with the goals to respond quickly to environmental changes and keep continuous improvement with all-out efforts (Akao, 2004).

As the result, it is conceivable that the two systems can be influential interactively and beneficial for each other. However,

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Misa Kikyo (Meiji University)\*

in order to link the two systems, arrangements in budgetary control is needed. Budgetary control must be designed to generate accounting information reflecting and emphasizing higher level hoshins, and it draw forth employees challenging spirits to break the status quo. When budgetary control succeeds to have linkage with hoshin kanri, it can get benefit from hoshin kanri such as budget execution consistent with strategies, information gathering from gemba, clarification of roles and increase commitments at gemba and then, the feasibility of achieving budget along the strategies will be increased.

The significance of this paper are as follows. Firstly, it shows that budgetary control is fused with hoshin kanri possibly to become a new hybrid management control system (Malmi & Brown, 2008). It is highly likely to become a Japanese style hybrid control system containing not only result control but also process control. Secondly, it suggests a possibility that participative budgeting (Parker & Kyi, 2006) can become an employee at gemba participative budgeting.

Significance of Hoshin Kanri in Management Accounting - the linkage between Balanced Scorecard and Hoshin Kanri -

Author: Tomoyuki Onishi

Show Abstract

Some insist that the origin of BSC is Hoshin Kanri (HK) because BSC and HK have similarities. We need to discuss deeply whether BSC is a kind of HK or completely different approach. However, there are many prior researches on BSC, but limited previous research on HK in the management accounting. For example, management control systems (MCSs) is an important concept of management accounting; and HK is closely related with HK. Despite this, it cannot be said that HK has been analyzed in recognition that it is part of MCSs or the management accounting system. Therefore, I would like to consider HK from the viewpoint of management accounting in this paper. I discuss the relationships the linkage of BSC and HK. BSC is the same process as HK in terms of executing strategies efficiently and is a very useful HK method. To evaluate many points of companies. BSC is one of the methods of HK. In the evaluating process, the same concept of Total Quality Management (TQM), many companies have introduced them as an evaluation method. Through improving management quality, HK can be a driving factor for BSC. The resources of the organization are limited. If they try to effective use of limited resources, it must be differentiated in function of the BSC. This differentiation aspect is sparse in HK. This is probably because the main objective of the TQM as the basis is to improve the efficiency of eliminating waste. I considered linking BSC with HK. This paper is only a consideration from the literature, and it is necessary to observe actual practice. Perhaps the HK practices of Japanese companies are diverse. The balance HK with BSC is also likely to be diverse.

Tomoyuki Onishi  
(Waseda University)\*

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Market response to segment income and corporate/ other expenses

Author: Katsuyuki Takahashi

Katsuyuki Takahashi  
(Waseda University)\*

101  
Note

Show Abstract

In this paper, we investigate the relation between the segment income and the stock market reaction. Managers can allocate corporate expenses to each segment. This problem has discussed in Japan since segment accounting standards was introduced. Even if there is no change in operating income, segment income of the firm can increase if corporate/ other expenses were increased. If stock markets cannot distinguish and recognize corporate/ other expenses, the stock market may show a positive reaction after the profitability of each segment was improved. The results consistent with hypotheses that the stock market temporarily falsely responded with the amount of change in corporate/ other expenses and the estimated discretionary corporate/ other expenses. When we also estimate discretionary changes in corporate/ other expenses identified by the model, it shows that there is positive influence on stock market, as well as changes of the operating income. While the stock market returns for change in corporate/ other expenses was stopped in one year, market reaction had continued until two years, corresponding to the changes in the discretionary corporate/ other expenses.

However, there were differences between changes in corporate/ other expenses and changes in discretionary corporate/ other expenses, and future returns on the stock market.

As a future challenge, there are few studies that estimated discretionary corporate/ other expenses, and it is necessary to consider the model that estimates discretionary unallocated costs. Particularly, firms may discretionally manage transactions between segments, so it is necessary to examine how to control internal sales in the future. Also, management may allocate transactions and costs between segments from a segment with poor performance to a segment with good performance.

Implications of Cloud Computing on Cost Management

Author: Michael S. C. Tse

Show Abstract

This paper discusses changes in cost management system requirements in the context of the adoption of cloud computing in organisations and the suitability of two emerging costing models, Time-Driven Activity-Based Costing (TDABC) and Resource Consumption Accounting (RCA), to those organisations. The adoption of cloud computing in organisations can be a powerful trigger of changes to the ways in which organisational ICT resources are managed. For cloud computing adopters, economic factors would play a more important role in decisions on local ICT infrastructure, and the focus of ICT expense control would shift from ICT capital expenses to ICT operating expenses. TDABC and RCA models represent two different directions in the evolution of costing models. Suitability of the two models to organisations would depend on the variety of ICT capacity sources employed and the nature of products or services produced. Implications of the cost

Michael S. C. Tse  
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Maleen Gong (Monash  
University)

	management requirement changes for cloud computing adopters on future research are also discussed.	
	The Importance of Business Unit and Bargaining Power Choice	
	Author: Shin'ya Okuda	
	Show Abstract	
103 Note	<p>We present a model addressing the transfer of bargaining power from headquarters to business unit of a company. When incomplete contracts, because of the holdup problem, severely restricts business unit's incentive to invest, it is necessary for headquarters to provide business unit with some degree of its bargaining power. Our model shows that the equilibrium bargaining power selected by headquarters is negatively correlated with the importance attached to operations of business unit. This result is consistent with the fact that independence of business unit (e.g., spin-offs) becomes a commonly observable practice. In addition, some numerical examples with varied parameters confirm our idea.</p> <p>THE INFLUENCE OF INFORMATION PROVISION PATTERNS ON REVISION OF INVESTOR BELIEF IN INVESTMENT (AN EXPERIMENT OF DECISION MAKING)</p> <p>Author: ramly .</p> <p>Show Abstract</p> <p>The purpose of this research is to know (1) whether there is investor effect to investor confidence in investing, (2) whether investment investment decisions influence investor confidence revision, (3) is there any difference of confidence revision based on sequence of information received by investor in good news information scenario (++) followed by bad news (-) and bad news information scenario (-) followed by good news (++) in making investment decision. This research uses laboratory experiment. The result of hypothesis 1 (H1) shows a significant influence between reviewer effect on revision of belief. Hypothesis 2 (H2) shows between the confidence and decision revisions in buying shares have a significant relationship. Hypothesis 3 (H3) shows that there are differences between investors who get good news information (++) followed by bad news (-) compared to investors who get bad news (-) followed by good news (++) .</p> <p>Challenges and Opportunities for Market-oriented Target Costing : focusing on research progress of service target costing</p> <p>Author: Risa Asaishi</p> <p>Show Abstract</p> <p>Target costing has been considered to be a market-oriented management system. However recent research shows the possibility that target costing does not necessarily work as a market-oriented management system. In particular, several companies that have had mature target costing system and processes more probable to fail to realize product concepts that</p>	<p>Shin'ya Okuda (Nagoya City University)*; Takaya Kubota (Nagoya University); Yoshimi Chujo (Hannan University)</p> <p>ramly . (Muhammadiyah University of Makassar)*</p> <p>Risa Asaishi (Hitotsubashi University)*</p>
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105 Note		

have been set for meeting customer needs. Little is known about the mechanism regarding this situation so far. The purpose of this study is to discuss potential causes of failure to realize product concepts and propose a possible solution for that. For this aim, in this paper, the author highlights “learning from service industry practice and applying it to manufacturing industries” perspective. In details, the author focuses on the progress of research within target costing for service industry i.e. service target costing. Research of service target costing shows that a different type of target costing has been conducted in service industries and it contributes to their performance. This study proposes to apply this service target costing idea to traditional target costing. It is possible to overcome challenges for market-oriented target costing in manufacturing industries. The contributions of this study are that it provides new insights indicating future research avenues and integrating extant insights effectively to advance the theory of target costing.

The Effect of Auditor Characteristics, Corporate Governance, Earnings Quality, Litigation Risk on Cost Of Equity Capital an Empirical Study of Manufacturing Companies Listed in Indonesia

Author: sumiadji adji sumiadji

Show Abstract

This study examines the effect of the auditor characteristics, corporate governance, earning quality and litigation risk on the cost of equity capital. In this research, the earnings quality are formed from attributes of accrual quality, persistence, predictability and income smoothing. While the litigation risks are formed from the attributes of stock volatility, financial risk and the risk of political costs. Both of these variables are also used as intervening variables.

The sample of 112 manufacturing companies listed on the Indonesia Stock Exchange during 2011-2014, determined by purposive sampling according to the criteria. Confirmatory factor analysis is used to form the composite variable of earnings quality and litigation risk. Regression analysis is used to test the effect of independent variables on the dependent variables. The results of direct effect test show that audit firm size, audit tenure, and audit industry specialization affect on the earning quality, and the others have no effect. Audit firm size, institutional ownership, managerial ownership and audit committee effect on litigation risk, and others have no effect. Independent board of directors and litigation risk effects on the cost of equity capital. The litigation risk mediates the effect of institutional ownership and managerial ownership on the cost of equity capital. This proves that external auditors play a role in creating the earning quality. The practice of corporate governance has an important role in minimizing the various risks of the stakeholder’s claim. The cost of equity capital is not effected by the ownership structure but rather the existence of the independent board of directors and the level of risk of the stakeholder’s claim.

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Keywords:

auditor characteristics, corporate governance, earning quality, litigation risk, cost of equity capital, confirmatory factor analysis

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

Author: Diana Zuhroh

Show Abstract

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Note

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

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

Relationship between Carbon emission, Carbon Tax and Carbon Right

Author: Wen-Hsien Tsai

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Note

Show Abstract

This study developed the Green Production Decision Model with Carbon Emission (GPDMCE) which used the technique of managerial accounting in TOC to control related costs and achieve profit maximization. The first model only considered the effect of imposed Carbon tax (CT). There are government restrictions on the quantity of carbon emissions (CE) to

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Shi-Yin Jhong  
(Department of Business



prevent corporations from generating excessive CE in process. Model 2 and Model 3 discussed situations in which corporations can purchase Carbon rights (CR) in the market by different functions of the carbon rights cost. This study tested the three models and found that the main factor affecting production is not the CT imposed by the government but rather the restricted quantity of the CE permits allocated by the government. Therefore, policy makers can set up regulations on CE quotas to control CE well instead of imposing carbon taxes on CE. governmental policy makers should know that controlling CE through Total Quantity Control is a better policy to control carbon emissions and protect the natural environment.

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Central University)

#### DETERMINANTS AND EVALUATOR BIAS IN PERFORMANCE EVALUATION OF ONLINE TRANSPORTATION DRIVER: EMPIRICAL STUDY IN INDONESIA

Author: Lufi Yuwana Mursita

Show Abstract

Online transportation is a developing industry in Indonesia these days which applies bonus and terminate incentive based on both objective and subjective performance evaluation. The subjective weighted incentive is determined by the rating provided by online transportation users who are not the part of the company insider. Regarding the bias problems often found in the subjective evaluation, this paper aims to examine factors influence bias in performance evaluation of the online transportation drivers. The data was collected purposively by online questionnaire. Multiple regression analysis was utilized to analyze 258 data from all areas in Indonesia. The result shows that the users of online transportation services tend to generate biased rating, that is leniency bias. The external factors of the users – i.e. frequency of usage, evaluation timing, and distance and travel time – do not significantly affect the biased performance evaluation. In other hand, altruism and knowledge of incentive scheme as the users' internal factors significantly affect the biased evaluation. This paper concludes that the inherent characteristic of individual and collectivist national culture may lead to the generation of biased performance evaluation by evaluator with the intention to help evaluated party avoiding penalty/termination in this competitive working environment.

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Keywords: evaluation bias, online transportation, leniency bias, performance evaluation, altruism

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How to Achieve Internal Control Objectives by Improving IS Performance and Information Quality of IFRS Consolidated Financial Statements

Wen-Hsien Tsai  
(Department of Business

Author: Wen-Hsien Tsai

Show Abstract

Few studies have examined the impact of the conversions in practice and their influence on firm internal control objectives and consolidated financial statements. This paper defines IS implementation performance, Information quality of IFRS consolidated financial statement and firm internal controls using a literature review and a systematic questionnaire survey of Taiwanese corporations listed in SEC, OTC and ESM in 2015; these companies are used as our research subjects. After applying a structural equation model (SEM) and combining the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) internal control frameworks and the IS performance concept, our results indicate that IS implementation performance can also influence the procedures and ability required to prepare consolidated financial statements with information quality of IFRS consolidated financial statements and achieve firms' internal control objectives. Research on IT Governance, IS Performance, IFRS Consolidated Financial Statement Preparation, and IFRS Information Quality

Author: Wen-Hsien Tsai

Show Abstract

This paper first identifies IT governance, IS implementation performance, IFRS consolidated financial statement preparation, and IFRS information quality through a literature review and then conducts a systematic questionnaire survey among Taiwan corporations listed in TSE, OTC, and ESM as the research subjects in 2015. Using the structural equation model (SEM) and combining the COBIT5 frameworks and IT governance concept, our results indicate that COBIT5 management and IT governance in IS implementation influence IS performance, procedures, and ability in preparing consolidated financial statements through IFRS information quality.

Administration, National Central University)\*; Chu-Lun Hsieh (Department of Business Administration, National Central University); Ya-Zhi Lin (Department of Business Administration, National Central University) Wen-Hsien Tsai (Department of Business Administration, National Central University)\*; Chu-Lun Hsieh (Department of Business Administration, National Central University); Po-Yuan Chu (Department of Business Administration, National Central University ); Elliott Hwang (Department of Information Management, Chung Yuan Christian University)

112 Note	<p>Influence on XBRL Use Efficiency of Enterprise Group's Ability of Preparing IFRS Consolidated Financial Statements</p> <p>Author: Wen-Hsien Tsai</p> <p>Show Abstract</p> <p>Taiwan started to implement IFRS in 2013, in an effort to keep up with international practice. To prepare for this transition, it was required to report financials in the XBRL format beginning in 2010. This paper uses the PLS software to analyze the implementation effectiveness and the results suggest that the IFRS consolidations alone do not enhance the benefit of XBRL. Whilst the deployment of XBRL facilitates the compilation and verification of financial consolidation according to IFRS on a timely basis, it is the improvement in the conversion quality that translates the benefit of XBRL into the reporting quality. The research findings can serve as an illustration for the government to promote XBRL in the use of financial supervision, business registrations and tax filing, as well as a template for the completion of accurate and secure exchange of financial data for consolidation.</p>	<p>Wen-Hsien Tsai (Department of Business Administration, National Central University)*; Hsiu-Li Lee (Department of Accounting Information, Chihlee University of Technology)</p>
113 Note	<p>ACCOUNTING INFORMATION AND SUPPLY CHAIN MANAGEMENT: A CASE OF JAPANESE SUBSIDIARY IN MALAYSIA</p> <p>Author: Zubir Azhar</p> <p>Show Abstract</p> <p>This study explores how accounting systems influence the supply chain management (SCM) of a Malaysian company that emerges as a subsidiary of a Japanese parent company. The role of accounting systems and practices in managing the supply chains is critically examined in this study. In managing the integration of supply chain, accounting and controls have been practised in various ways under different relationships. Using a case study approach, this study has analysed the findings by leveraging on 11 semi-structured interviews which are supported by documentary review and observation. The findings suggest that as much as accounting influences SCM practices in the case organisation, SCM also influences the unfolding accounting practices to a great extent. This study offers practical contributions that have important implications in SCM practices.</p>	<p>Zubir Azhar (Universiti Sains Malaysia)*; Anwar Allah Pitchay (Universiti Sains Malaysia); Peck YS Cheang (Universiti Sains Malaysia); Maryam Bijami (Universiti Sains Malaysia)</p>
114 Note	<p>Green Product-Mix Decision Analysis under ABC and Industry 4.0 for the Tire Industry</p> <p>Author: Wen-Hsien Tsai</p> <p>Show Abstract</p> <p>This study uses the Activity-Based Costing(ABC) and Theory of Constraint(TOC) methods to apply the sensitivity analysis to the planned mathematical model, in order to explore the maximum profit of tire products. As Industry 4.0 evolves, with</p>	<p>Wen-Hsien Tsai (Department of Business Administration, National Central University)*; Yin-Hwa Lu</p>

the rapid growth in the demand for high quality tires, testing and quality control will be important node controls in the production cycle. The tire industry can use Industry 4.0 to achieve the goal of intelligent manufacturing. In this paper, we propose a direction for future research to discuss the future development of tire testing and quality control in tire factories and related technologies. Besides, the introduction of Manufacturing Execution Systems(MESs) and Enterprise Resource Planning(ERP) systems will lead to the emergence of smart factories. The ABC system of the green manufacturing mathematical programming model can be used to identify the green products for achieving high performance, low cost, and high profit.

(Department of Business Administration, National Central University)

Establishing effective internal control system in small business for fraud prevention: A structured literature review

Author: Nor Hafizah Abdul Rahman

Show Abstract

This study presents a structure literature review of effective internal control system. The purpose of this study to explore and review the field of internal control effectiveness using Guthrie, Ricceri and Dumay (2012) framework. The literature indicate that effective internal control can reasonable reduce business risk and prevent fraud occurrence. This paper reports findings, based on publications year 2000 to present study on internal control effectiveness. The review process was conducted in five different stages which are (1) formulation of research objectives where several classification, boundaries and definition were determined; (2) the selection of journal; (3) examine the title and abstract of all published article; (4) pilot tested and adapted classification; and (5) the classification to establish a range of descriptive statistics in order to understand the patterns emerging from the reviewed articles. The finding provides a basis for several aspects of future research of internal control effectiveness in assessing business risk and fraud prevention in small business.

Nor Hafizah Abdul Rahman (Universiti Teknologi Mara)\*; Adibah Jamaluddin (Universiti Teknologi MARA (UiTM)); Noradiva Hamzah (Universiti Kebangsaan Malaysia); Khairul Azman Aziz (University Kebangsaan Malaysia)

THE FRAUD DIAMOND FACTORS: FRAUDULENT FINANCIAL STATEMENTS BEFORE AND AFTER CIRCULAR LETTER (SURAT EDARAN) OF BANK INDONESIA (SE BI) NO. 13/28 / DPNP/2011.

Author: ERLIANA BANJARNAHOR

Show Abstract

This research is designed to find empirical evidence of fraud diamond (pressure, opportunity, rationalization and capability) with proxied by: financial stability (total asset change), external pressure (leverage), personal financial need (ownership), financial target (Return on Assets), nature of industry (receivables), ineffective monitoring (independent commissioners or audit committee), rationalization (auditor change), and capability (directors changes) to financial statement fraud and also to examine the difference of financial statement fraud in before and after circular letter (Surat Edaran) Bank Indonesia SE

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BI No.13/28/DPNP 2011. The population are public banking companies in 2009-2016. Its about 16 samples were taken by purposive sampling. This research used logistic regression model to examine the effect of independent variables to the dependent variable.

The result are: First, there is a difference of fraudulent financial statement fraud in before and after SE BI No.13/28/DPNP 2011. Secondly, financial stability proxied by ACHANGE, personal financial need proxied by OSHIP, financial target proxied by ROA, nature of industry proxied by REC, and ineffective monitoring proxied by IND doesn't have an effect to financial statement fraud. Third, external pressure proxied by LEV and rationalization proxied by AUDCHANGE have an effect to fraudulent financial statement.

Keywords: fraudulent financial statement, fraud triangle, fraud diamond, circular letter (Surat Edaran Bank Indonesia/SE BI) No.13/28/DPNP 2011, pressure, opportunity, rationalization and capability.

### **An Empirical Analysis of “Superior” Management Earnings Forecast**

Author: Tina Wang

Show Abstract

This paper examines whether capital markets reward the controversial practice of issuing short-term management earnings forecasts. Using a sample of quarterly earnings forecasts issued over 2001-2009, we find that firms may temporarily reduce stock price volatility by providing quarterly earnings forecasts. Further, our analysis shows that not all guidance issuers are equally rewarded by capital markets. The benefits of reduced stock price volatility and favorable market valuation primarily accrue to firms with a track record of supplying accurate and timely short-term earnings forecasts. Our findings suggest that superior short-term earnings guidance, which fosters transparent financial information environments and reduces investor information uncertainty, is indeed rewarded by capital markets.

Keywords: short-term earnings guidance; attributes of management earnings forecast; capital market rewards

Tina Wang (University of Texas)\*

Product Market Competition and Efficiency of Corporate Tax Management

Author: Tina Wang

Show Abstract

Abstract:

Economic theory suggests that product market competition should enhance firm performance. However, relatively little empirical evidence supports this long-held belief. We use the U.S. corporate tax management setting to test the relationship between product market competition and firm performance. We find that firms in competitive industries are more efficient in managing taxes. Specifically, we document that firms in competitive industries exhibit lower effective tax rates than their non-competitive counterparts. Furthermore, we find that the positive link between competition and the efficiency of tax management is much stronger for firms with lower cash flow volatility and for firms with fewer industry investment opportunities. Finally, we find that increased regulation and tax enforcement do not weaken the effect of competition on efficiency of tax management. Further analysis reveals that firms in competitive industries mainly resort to tax strategies other than abusive tax sheltering to manage taxes.

Keywords: Product market competition; efficiency of tax management; effective tax rate; tax planning; firm performance

The International Diversification Benefit of Islamic Banks Index on Portfolio: Evidence from the GCC region

Author: Rami Zeitun

Show Abstract

This study examines the characteristics of the returns of Islamic Banks in the GCC region from 2010 – 2013 using monthly and daily return data. Single and Multi-factor models are used to investigate the difference between the returns of Islamic banks and those of conventional banks. Mean-standard variance strategy and Mean-GARCH variance strategy are selected to show the diversification effect of portfolio including Islamic banks Index. Coefficient of Variance is applied as the risk-based adjusted performance measure. This study shows that the risk-based adjusted performance for Islamic banks is better

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Tina Wang (University  
of Texas)\*

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Rami Zeitun (Qatar  
Univeristy)\*; Jaesang Ko  
(Qatar Univeristy)

than that of conventional banks, although the average return of Islamic banks presents mixed results country by country. The various investment strategies provides evidence that the performance of portfolio with Islamic banks Index is substantially superior compared to that of Global portfolio in terms of average return or risk-based adjusted performance measure.

Keywords: Islamic bank, Islamic banks Index, Diversification Effect, Coefficient of Variance, GCC

#### DEALING WITH IFRS 15: ANY IMPACT ON EARNING MANAGEMENT? FIRST EVIDENCES FROM ITALIAN LISTED COMPANIES

Author: Giorgia Mattei

Show Abstract

A lot of studies show that the adoption of the IFRS reduces the level of earnings management (Rudra & Bhattacharjee, 2011; Cai et al., 2008;) and, consequently, decreases the use of discretionary accruals (Guenther et al., 2010). Nowadays, the major change in the IAS/IFRS' panorama is represented by the adoption of IFRS 15 "Revenue from contracts with customers", mandatory from 1st January 2018. From analysis done by the "Big-Four", rise that this new principle will have a dissimilar impact, in view of the industries which each entity belongs, because the sectors are characterized by the different types of revenues.

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Conscious of that, to provide empirical evidence that earnings management is more frequent in some industries and low frequent in others, adopting a statistical analysis, it was observed a sample of Italian listed companies in the period 2001-2017. Specifically, it was chosen companies that belong two sectors: "Telecommunications" and "Utilities". The Jones Model (1991) was applied.

From the statistical analysis come to light that earnings management practices is "commonly adopted" in "Telecommunications" industry which is highly impacted by the introduction of IFRS 15. That said, the lesson learned from this study is that the implementation of the new principle, wrote to discipline the accountancy of revenues, and its consequences, must be carefully analyzed and monitored by the regulators, as well as correctly adopted by managers, as the determined revenues could have an impact on the pre-existing earning management practices.

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Note

The Role of Ultimate Ownership on Firm's Value with Future Performance as Intervening Variable: Evidence From Indonesia  
Author: Sekar Mayangsari

Marco Tutino  
(University of Roma Tre  
- Department of  
Business Studies); Carlo  
Regoliosi (University of  
Roma Tre - Department  
of Business Studies);  
Giorgia Mattei  
(University of Roma Tre  
- Department of  
Business Studies)\*;  
Niccolo' Paoloni  
(University of Roma Tre  
- Department of  
Business Studies);  
Marco Pompili  
(University of Roma Tre  
- Department of  
Business Studies)

Sekar Mayangsari  
(Universitas Trisakti)\*

Show Abstract

The purpose of this study was to examine the influence of the ultimate ownership of the firm's value, the financial performance as an intervening variable. Data were obtained from the annual report and financial companies listed in Indonesia Stock Exchange 2011-2016. Using cash flow rights and control rights as proxy of ultimate ownership, this study shows that the cash flow rights positively Influence the financial performance and firm's value. While the control rights did not affect the financial performance or value of the company

#### THE EFFECT OF MOTIVATION AND OPPORTUNITIES TO EARNINGS MANAGEMENT

Author: Prihat Assih

Show Abstract

This study aims to examine the effect of earnings management motivation and earnings management opportunities on real earnings management. Earnings management is an action performed by the management that can affect the level of reported earnings. The level of earnings management is not only influenced by the motivation of management for self-interest or for the benefit of the company and also influenced by the opportunities available for management to be able to practice earnings management.

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

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

The result of analysis shows that the cost of debt covenant, asset structure, and quality of corporate governance influence to earnings management, on the contrary political cost and quality of auditor have no effect to real earnings management.

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

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Note Strategic Management Practice and Organizational Outcomes

Author: Said Elbanna

Prihat Assih (University of Merdeka Malang)\*; Neny Indrianasari (University of Merdeka Malang); Dwiarto Utomo (University of Dian Nuswantoro)

Said Elbanna (Qatar University)\*; Bakheet Al



Show Abstract

This study aims to understand the role of strategic management practice on firm performance; and to also explore the relationship between firm performance and firm competitiveness. Data were collected from semi-government organizations of Abu Dhabi in the United Arab Emirates (UAE). Our findings suggest that intensity of strategic planning (a dimension of strategy formulation), extensiveness and alignment of strategic plan implementation (two dimensions of strategic plan implementation), and accountability and strategic control (two dimensions of strategic plan evaluation) are positively related to firm performance. We found also that firm performance significantly influences firm competitiveness. The theoretical and managerial implications of these findings for both scholars and practitioners are discussed.

Katheeri (Mubadala Petroleum); Mustafa Colak (Social Sciences University of Ankara)

#### STAKEHOLDERS' VALUE BASED CONCERN ON CORPORATE SOCIAL REPORTING IN SRI LANKA: VALUE-BELIEF-NORMS (VBN) THEORY PERSPECTIVES

Author: Rathnalal Bandara Rajapakse

Show Abstract

Growing trend of social and environmental concern in modern society and CSR reporting in worldwide reflect the increased awareness of both stakeholders and corporate community about impact of human activities on the environment. Stakeholders' environment responsible behavior depends on personal values, norms and awareness of consequences. In Sri Lanka, during the last few years corporate involvement in social responsibility activities and CSR reporting practices has improved along with the stakeholders' concern on CSR issues. However, a recent study revealed that even major stakeholder categories do not incorporate CSR information for their economic decisions. This paper aims to explore reasons for why Sri Lankan stakeholders do not consider CSR information when making their economic decisions and whether there is an impact from their value systems. Almost all stakeholder categories were selected as sample of this study. It found that different stakeholders have different value orientations in different levels and majority of them do not used CSR reports as sources of information.

Rathnalal Bandara Rajapakse (University of Colombo)\*

Key words: Corporate social responsibility, Corporate social reporting, Value orientations

The difference of different PMSs. Empirical typology of PMS

Author: Tarmo Kadak

Show Abstract

The objective of this research was to analyse the relations between different characteristics of firm and PMS and between PMS and organizational performances. What are outside factors (size, certainty), inside factors (generic and market

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strategies), expectations to PMS and actual formality level and aspects of PMSs forming each PMS. And how this way formed PMSs influence the firm`s performances. Therefore, TwoStep cluster analysis was used and four clusters created.

The highest performances achieved firms from Strategy-focused Multi-level cluster. They have also the highest values of all four aspects of PMS. For that they used own created and structured PMSs. For creating PMSs, they had highest expectations to improve internally and financially. These firms are large size and their perceived environment certainty level is highest. In these circumstances, they have chosen most often differentiation generic strategy and mostly analyzer marketing strategy. The lowest performances and aspects of PMS were in Not-Strategy-focused one-level cluster.

Findings show clearly PMSs, aspects of PMS by size or firms, by certainty, by strategies, by expectations to PMSs, by formality levels of PMS.

Asymmetric Inventory Management and Sales Direction

Author: Iny Hwang

Show Abstract

In this paper, we examine manufacturing firms' inventory investment decision in response to activity changes by estimating Lovell's (1961) error-correction inventory equation augmented with an indicator for sales decline. Using a large panel of manufacturers in the U.S., we find that inventory investment is "sticky" with inventory investment falling less for a sales decrease than rising for an equivalent sales increase. We also find that the asymmetric behavior of inventory investment depends on the manager's optimism and the firm's operating characteristics—demand uncertainty and financial constraint. Furthermore, consistent with the forward-looking inventory management theory, asymmetric inventory investment predicts subsequent sales growth up to two years. Collectively, our results suggest that the manufacturing firms make their inventory investment decisions in an asymmetric manner between demand increasing and decreasing periods.

Does Conservative accounting affect the Investment behavior of a company ?

Author: shinya hanamura

Show Abstract

This paper analyzed how conservatism accounting affects investment execution and management 's efforts. Conservative accounting discloses accounting information by biasing downwards information. Therefore, intuitively, the investment will decrease, and it is considered that management will not make an effort. However, the analysis of this paper, on the contrary, strengthens the degree of conservatism accounting, so that managers look for more investment opportunities, execute investment, make more efforts, and as a result, corporate value increases.

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National University)\*

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Why do Japanese firms voluntarily adopt IFRS?

Author: Eriko Kameoka

Show Abstract

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Japanese listed firms have an option regarding which accounting standards they adopt. Since IFRS was permitted to adopt in 2010, the number of firms voluntarily adopting IFRS has been rapidly increasing. The purpose of the research is to examine the determinants of firms' accounting standards choice. In particular, we use Japanese setting and empirically examine why Japanese listed firms chose IFRS. Prior studies examine the determinants of firms' or countries' IFRS adoption and find various factors. Based on them, we develop three hypotheses regarding network effects, corporate governance, and differences between accounting standards. The most important hypothesis in this study is network effects, which Ramanna and Sletten (2014) have tested in the context of country-level decision of IFRS adoption. We extend their work to firm-level decision of voluntary IFRS adoption and measure the size or type of network using four proxies. Also, we form hypotheses regarding corporate governance and differences between accounting standards to retest previous studies using Japanese setting (Inoue and Ishikawa 2014; Sato and Takeda 2017).

The evidence in this study supports the existence of network effects, as well as the effects of corporate governance and differences between accounting standards. In addition, by using advisory data, we get a new insight of firms' incentives to adopt IFRS, which is different between earlier adopters and potential adopters. While corporate governance becomes a weak factor for potential adopters, network effects remain a significant factor for both earlier and potential adopters. This suggests that network effects give firms stronger incentive to adopt IFRS.

PROPOSITION OF AN ENHANCED MODEL ON INSTITUTIONALIZATION OF MANAGEMENT ACCOUNTING PRACTICES

Author: Padmasiri J.K.

Show Abstract

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Abstract

New institutional sociology (NIS) theory that is popularly and increasingly being used for conducting researches in accounting discipline by scholars spells out that three isomorphic macro environmental pressures positively influence for the institutionalization rules, norms and practices etc. in organizations. Yet, puzzlement is that, despite invaluable advantages provided by this discipline, literature on empirical evidence proves that there is a gap between the theory and the practice of management accounting (MA) in public institutions (PIs). Based on literature findings, this theoretical paper postulates that

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the presumed relationship between three isomorphic pressures and institutionalization of management accounting practices (MAPs) is moderated by four conformity factors which are proved to be dependent on the economic advancement of the country concerned. Accordingly, the very purpose of this paper is to showcase an enhanced model by extending NIS theory as a means of addressing unexplained as noted above by the NIS. While this study is providing a useful framework for further studies, it will help expanding the existing body of knowledge of NIS theory as; providing an expanded perspective regarding the application of institutional isomorphism mechanism with moderating effects exerted by four conformity methods. The new future direction recommended is to test this enhanced model empirically that would lead to seeing new vistas both, in theoretical and empirical domains.

Keywords: management accounting, public institutions, institutional theory, isomorphism, conformity methods.

The Needs for Sustainability Based Accounting Curriculum in Indonesian Higher Education

Author: Ni Putu Sri Harta MIMBA

Show Abstract

Implementing appropriate concepts and principles of sustainable development is a mandatory to guide sustainability accounting policies and practices. To achieve a sufficient understanding of such concepts and principles, a higher education institution has a pivotal role in providing education that supports the sustainable development. Accordingly, the education has a significant impact on sustainability development process, which is known as Education for Sustainability Development (ESD). ESD is closely related to social management, in which accounting plays a central role. The importance of sustainability based accounting curriculum is increasing due to the needs for sustainability reporting.

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Note

This study aims to investigate the needs for sustainability based accounting curriculum in Indonesian Higher Education, especially in Udayana University, Bali. Given there is relatively a limited number of studies in Indonesia that discussing this topic, this study is trying to fill this gap. This study was conducted in Udayana University. A survey study was conducted using bachelor students as respondents. The results of this study imply that sustainability based accounting curriculum particularly in Udayana University, is a must towards a better understanding of graduated accounting students. This complies with the needs of companies that require more graduated accounting students as their staff who can produce a better quality of sustainability reporting. Hence this better quality can bring a positive impact on their companies values.

Keywords: sustainability based accounting curriculum, sustainable development, sustainability reporting, higher education institution

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Distressed and Non-Distressed Company's Financial Performance After Merger and Acquisition

Author: Ni Ketut Rasmini

Show Abstract

Achieving the synergy is the goal of companies performing mergers and acquisitions as well as improving the company's financial performance. This study aims to determine whether there is an increase in financial performance in companies experienced financial distress and who did not experience financial distress for five years before and two years after mergers and acquisitions. The companies were selected using purposive sampling method to obtain 33 samples. The company's financial performance is measured by five ratios: Current Ratio (CR), Return on Asset (ROA), Return on Equity (ROE), Debt to Equity (DER) and Total Asset Turnover (TATO). Analytical techniques used in this study are Altman z-score, descriptive statistical test, normality test and paired sample t test. The test results show that the financial performance of companies experiencing financial distress and companies that do not experience financial distress do not increase after mergers and acquisitions

Keywords: financial performance, financial distress, mergers and acquisitions

The Influence of Intellectual Capital Disclosure on Market Capitalization Growth

Author: I Nyoman W.A. Putra

Show Abstract

Disclosure of Intellectual Capital (IC) is a presentation of corporate information assets that are not recorded in the financial statements. This disclosure is very helpful because it provides important information company intangibles. In the new economic era, the company's intangible assets will determine company's competitive advantage. This study aimed to examine the effect of IC disclosure on market capitalization growth.

Observational studies conducted over ten years in 2002-2011. The purpose of this study was to determine the effect for ten years. One hundred samples of the company's largest market capitalization in 2011 traced back to ten years. Years of data are used, in 2011, 2008, 2005, and 2002 Pene Method used for acquiring the data is content analysis. The analytical method used is Ordinary Least Square (OLS) and analysis tools are e views 7. This software using Pooled Least Square estimation parameters are specifically designed for panel data.

The results of testing analysis showed inconsistent expression levels affect the growth of the market capitalization in each year of observation. The results of this study are expected to motivate the public company in Indonesia to do more voluntary IC disclosure and encourage regulators to make regulations in a comprehensive manner so that all categories of the IC must

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be disclosed by the company.

Keywords: Intellectual Capital (IC), IC disclosure, market capitalization growth

The Study of Environmental Effects and Corporate Governance on Firm Value

Author: CHIUNGFENG KO

Show Abstract

The purpose of this paper is to examine the correlation between corporate environmental penalties, corporate governance and share prices. It also further analyzes the differences between industries in this regard in order to understand whether investors' concerns with regard to environmental protection and corporate governance affect their investment decision making.

This study uses the Ohlson share price evaluation model to explore the interrelationship between environmental protection, corporate governance and corporate value, and to further investigate whether there is a variance between different industries in regard to this relationship.

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The findings are: (1) Three key aspects of corporate governance (composition of the board of directors, shareholding structures, and stakeholders) and losses resulting from environmental penalties have an impact on the share price; (2) The larger the board of directors, the greater its ability to control corporate governance mechanisms and to decrease the probability of incurring environmental penalties; (3) The higher the ratio of independent directors and supervisors in the enterprise, the more they can improve the robustness of internal controls, and the more they can mitigate the incurrence of environmental penalties. In addition, high rates of share-holdings by managers can also decrease the impact of environmental penalties, supporting the convergence of interests hypothesis; (4) creditors are somewhat concerned about the environmental behavior of enterprises, and investors will take corporate governance mechanisms and environmental pollution records into consideration when evaluating a company.

Keywords- Environmental penalty, Corporate governance, Firms value, Ohlson's valuation model

Does Corporate Social Responsibility and Corporate Governance Drive the Business Performance in Developing Country: Stakeholders Approach

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Note

Author: Yvonne Augustine Sudibyo

Show Abstract

Most of CSR Research in Indonesia was discussed CSR disclosures using secondary data. Also research on Corporate Governance explained using GCG Index and data from financial statements. This study aims to explore the relationship

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between Corporate Social Responsibility and Corporate Governance to Business Performance, which is using financial and non-financial performance as a primary data. This study distributed questionnaires to senior staff that has experience of at least 3 years. The instruments of CSR dimension considers stakeholders, while GCG consider the process of the implementation of governance. The findings explained that both Corporate Social Responsibility (CSR) Practices and Corporate Governance (CG) have positive & significant relationship with Business Performance as an integrated variable. While from each specific dimension of CSR, only Non-profit Government Organization (NGO) dimension has positive relationship with business performance, while the discipline, one of the dimensions from Corporate Governance has positive significant relationship with business Performance either as financial performance or non-financial performance. Implication of this research is the information for government to take action for law enforcement. Future research need to consider environmental consciousness and environmental awareness variables for influencing the behavior and attitudes of people. Mixed research is also recommended by interview manager to confirm the primary data.

Private Management and Governance Styles in a Japanese Public Hospital: A story from West meets East

Author: yuji mori

Show Abstract

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Note This paper examines a case of health care governance reforms in Japanese hospitals. The paper demonstrates how cultural values interact with governance reforms. We find governance reforms departed from the idealized form significantly. Symbolic compliance of ministerial conditions was found. The intended structure of decentralized governance was captured by the CEO with unanticipated consequences. The power of medical profession was played out in hospitals. Cost management remain the at the back burner. The degree of power distance was noticeable between the physicians and patients and administrators. This paper contributes to the debate on the role of healthcare professionals and reforms in the broader socio-cultural, historical and institutional contexts.

yuji mori (university of shizuoka)\*

**The Earning Management in Indonesia: The Effect of Firm's Size, Structure of Managerial Ownership's Structure and Profitability on Earning Management with Asymmetry Information and Green Intellectual Capital as Moderating Variables .**

Author: Agustine Dwianika

Show Abstract

The purpose of this study is to prove empirically the influence of firm size, managerial ownership structure, and profitability

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on earnings management with information asymmetry and green intellectual capital as a moderating variables. This research is a quantitative research using secondary data obtained from company's annual report. The research population is a manufacturing company listed on the Indonesia Stock Exchange in 2015-2016 as many as 137 companies. Sampling technique in this research uses purposive sampling. Samples that meet the criteria in this study used 20 companies. Data analysis techniques used are simple linear regression analysis and multiple linear regression .The results of this study indicate that firm size and managerial ownership structure have no effect on earnings management, while profitability affects earnings management. In addition, firm size, managerial ownership structure and profitability simultaneously affect earnings management. Asymmetry Information and Green Intellectual Capital moderate the relationship between company size, managerial ownership structure and profitability to earnings management.

Keywords: Company Size, Managerial Ownership Structure, Profitability, Earning Management, Information Asymmetry, Green Intellectual Capital

The Current Adoption of Management Accounting Practices in Vietnamese Manufacturing and Commercial Enterprises

Author: Kanitsorn Terdpaopong

Show Abstract

The aim of this study is to examine the current evolutionary stages of management accounting practices (MAPs) in Vietnamese manufacturing and commercial enterprises with reference to the management accounting evolution model proposed by IFAC (1998). In this paper, the questionnaire survey was employed as a means to collect information. 500 questionnaires were sent to the manufacturing and commercial enterprises throughout Vietnam. We received 173 questionnaires back, after checking the reliability and the completion of the questionnaires, all of them were used in the study, equivalent to 34.6% response rate. In this study, the respondents were asked the frequency of their usage on the 40 management accounting practices, all of which were classified into four different stages based on IFAC evolution. The hierarchical cluster analysis was used in this study as an exploratory analysis to identify structures within groups and their homogenous groups. We found that Vietnamese manufacturing enterprises and commercial enterprises adopted management accounting widely. With the pressing speed of the country development, many advanced MAPs were greatly embraced. Our findings illustrated empirical evidence of evolutionary stages and management accounting practices which are widely adopted in the Vietnam manufacturing and commercial enterprises.

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MANAGEMENT ACCOUNTING REORIENTATION AND CORPORATE RESTRUCTURING STRATEGY OF  
FINANCIAL DISTRESSED COMPANIES IN EMERGING ECONOMIES

Normah B Omar  
(Universiti Teknologi



Author: Normah B Omar

Show Abstract

Naturally, a firm will undergo a typical business lifecycle of birth, growth, maturity and decline. This paper examines the strategies that firms choose when facing financial distress and present evidence that these choices are influenced by the corporate lifecycle. This influence is most pronounced in the choice of financial restructuring strategies used by the firms. For this study, we used the International Federation of Accountants' (IFAC) management accounting evolution model which covers five important stages namely (i) Cost Determination & Financial Control, (ii) Information for Management Planning & Control, (iii) Reduction of Waste of Resources in Business Processes, (iv) Creation of Value through Effective Resources Use and (v) Strategic Focus and Risk Management to identify which management accounting techniques were used for corporate restructuring. Data collection for the study was through questionnaire survey of firms experiencing business decline. The findings of the study revealed that internal organizational factors such as weak financial control, inconsistent implementation of top management policy and poor management of organisational resources are the main causes of business decline. External factors, such as competition and economic upheaval were the other causes found by the study, which may lead organizations to slump towards the decline stage. The study also found that three broad strategies categorized namely as management strategy, cutback strategy and restructuring for re-growth strategy were adopted by the sample companies to get themselves out of the business decline. Interestingly, the study also found that the surveyed companies used twenty four (24) - management accounting techniques as corporate restructuring strategy during the business decline stage and another two additional management accounting techniques during post recovery stage.

Target-costing Practice of Japanese manufacturers inMalaysia and their relationship to intangibles: A consideration of readiness for building human capital, information capital, organizational capital

Author: Ko Tasaka

Show Abstract

149 Note The purpose of this study is to elucidate the context of information capital related to cost information, by identifying the context of localization of target costing based on a field study of Japanese firms that have entered the Malaysia. Specifically, we will elucidate as well the degree to which human capital has been built up in localization of target costing, the types of systems used to manage cost tables, and the kinds of information systems to which these are linked.

We confirmed that the degree of freedom on information systems was high, as pointed out by Mizoguchi (2012), and a materials OEM supplier had transferred its own independent target costing system. Also, it also confirmed that suppliers

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were quicker to carry out localization, as pointed out by Ota (2014). Further, we confirmed that accumulation of IT-related human capital was weak, and in many cases spreadsheet software was used. It could be pointed that overall, even if target costing has been localized, building of information capital tends to be delayed.