APMAA
Asia-Pacific Management Accounting Association (APMAA)

2023

Asia-Pacific Management Accounting Association
2023 Annual Conference

(Fully online)

October 25 - 26, 2023

Book of Abstracts

(Conference Sessions)

Contents

Asia-Pacific Management Accounting Association

Co-Hosted by Universitas Trisakti and University of Merdeka Malang

Guidelines for Presenters, Moderators, and Discussants

Currently, we are working to develop the session schedule.

Each of the 2023 Academic Paper Session slots will be allocated with two-three papers. Accordingly, each paper is given 20 mins for presentation, 10 mins for discussion, and 5 mins. for Q & A. Each session is facilitated by 2-3 discussants and 1 moderator.

We recommend **presenters** to prepare 10-20 PPT slides for their 20 min. presentation. When there is any update in their camera-ready paper, presenters are expected to send the updated version directly to both the moderator and discussant in a timely manner.

Each **discussant** will be given a 10 min slot for his/her discussion. We recommend them prepare between 7-10 PPT slides to convey the discussion points.

A **moderator** coordinates an assigned session and should ask the session presenter and discussants to send their discussion slides and keep them at hand before the Conference Day. If for some reason, the discussant is not available (e.g., no show-up), the moderator assumes the discussant role and discusses the papers, based on the slides at hand.

Instructions for preparing the APMAA proceedings (camera-ready) paper

What is your proceedings (camera-ready) paper?

In your acceptance notification, we asked you to submit the proceedings (camera-ready) paper by September 15. Please refer to the reviewer's comments, then revise or rewrite your accepted article when developing the proceedings (camera-ready) paper. Suppose you register for APMAA 2023 conference and submit the proceedings (camera-ready) paper by September 15. In that case, your manuscript is included in the **APMAA 2023 Proceedings** and the **Book of Abstracts** (Proceedings contain full-length papers while the Book of Abstracts has only abstracts). Note that we use the file you submitted to the "camera-ready column of the CMT" when editing the Proceedings and the Book of Abstracts without editing.

Your proceedings (camera-ready) paper's length and format have to follow the submission guideline (Guideline for Authors), as you have initially submitted your paper. Please edit your camera-ready paper by following the requested format described on Guideline for Authors at Official Guide to APMAA 2023 (Annual Conference of the Asia-Pacific Management Accounting Association) (sakura.ne.jp). (Excerpts from the Guideline for Authors)

4. **Authors' names** should be placed with two-line space below the title. Authors' affiliations should be placed below each author's name.

5. An abstract* should be around 200-300 words.

6. **Text** should be 5,000-10,000 words. The paper must be written in the best possible technical and grammatical English.

8. **All manuscripts** should be formatted using 12-point font (Times New Roman). The text should be single-spaced.

The abstract is a summary or synopsis of the entire research paper and also needs to have similar characteristics to the title. Your abstract should contain at least your research topic, research questions, participants, methods, results, data analysis, and conclusions. You may also include possible implications of your research and future work you see connected with your findings. Your abstract should be a single paragraph. It needs to be simple, direct, specific, functional, clear, unbiased, honest, concise, precise, self-sufficient, complete, comprehensive, scholarly, balanced, and should not be misleading (Writing the title and abstract for a research paper: Being concise, precise, and meticulous is the key (nih.gov).

Why do you need to write an abstract for a research paper?

- an abstract lets readers get the gist or essence of your paper or article quickly, to decide whether to read the full paper.
- an abstract prepares
- readers to follow the detailed information, analyses, and arguments in your entire paper;
- and, later, an abstract helps readers remember key points from your paper.

About APMAA

Founded in 2004, the Asia-Pacific Management Accounting Association has provided a platform for management accounting academics and practitioners in the Asia Pacific region to improve their contribution to global scholarship and the lives of the region's people. The gender and geographic diversity of our membership and board create a rich environment for collaboration and innovation. We shape management accounting's future through teaching, research, and a robust network, ensuring our association a thought leader in the field.

Have a question about APMAA? The web pages below will give you answers.
Asa-Pacific Management Accounting Association Homepage
APMAA 2023 Annual Conference (Asia-Pacific Management Accounting Association (sakura.ne.jp)

Table of Abstracts (Conference Sessions)

Edited by Arinda Deswanti Pertiwi (maksi@trisakti.ac.id)

Contents

A. Academic Paper Sessions

Paper ID 5

A Case Study Analysis of Management Accounting with the Dissociation between Rule and Routine

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ABSTRACT

This study aims to explore how management accounting is practiced with the dissociation of rules and routines. Consistent rules and routines are commonly desired in existing research. The dissociation between rules and routines may cause management issues. Simultaneously, several researchers argued that in the short term, management accounting may practice with the dissociation between rules and routines. However, it remains unclear whether management accounting could be practiced without regard for the dissociation between rules and routines as a problem. There is a need to show how the dissociation is harmless to management accounting. Through a case study, this study confirmed the importance of the founder's (the founder of the enterprise is Kitaguchi) thoughts, the knowledgeable actions of employees, and the limited importance of rules, even if dissociation exists. Furthermore, the harmlessness of dissociation may be tolerated by human resource problems in small and medium-sized enterprises in Japan. In this case, a dissociation about product quality management between rules and performative routines has existed for a long time, and no one considers it a problem. Moreover, the case maintains good sales and profit growth. This study suggests that management accounting can be practiced with a dissociation between rules and routines, even if the dissociation has been in place for a long time. On that occasion, the top management should clarify the founder's thoughts (management philosophy) using a method such as a value or mission statement and form well-done ostensive routines. Simultaneously, the top management should educate employees and design a management accounting system that allows employees to form performative routines based on management philosophy. Rules can be dissociated from performative routines, but they must be based on management philosophy.

Keywords: *Rules, Ostensive Routines, Performative Routines, Dissociation, Case Study*

Paper ID 7

Uniting Accounting with Marketing in a Japanese Electrical Part Supplier

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ABSTRACT

Accounting scholars have been interested in the notion of customer accounting as a tool for customer asset management, but research on customer accounting has not made remarkable progress in accounting journals. Can further integration of accounting and marketing contribute to customer asset management? To address this question, this study analyzes a 17-years case study of marketing-based budgeting (MBB) at a Japanese semiconductor distributor (hereinafter JSD). JSD is a small- and medium-sized enterprise (SME) with over 30 employees and consolidated sales of approximately 5,000 million yen. Since 2006, JSD has been shaping and reshaping MBB as a management control system to implement its marketing strategies.

This research contributes to literature by expanding the concept of customer accounting, because MBB is a budgeting that utilizes customer data as inputs. A seminal work asserted that the most important change in the marketing environment that affected management accounting was that acquiring and retaining profitable customers became marketing's pivotal goal. They also noted that management accounting emphasizes costs, whereas marketing emphasizes revenues. This study alleviates the neutrality loss issue in two ways, using an interventionist approach.

The present study addresses MBB as a form of customer accounting. JSD's case study shows that organizations must design and redesign MBB to achieve goal congruence by taking considerable time.

Keywords: *Marketing based Budgeting, Customer Asset Management, Customer Accounting, Accounting journals*

Paper ID 9

Frequency and Timing of Japanese Firms' Management Forecast Revisions: A Literature Review

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ABSTRACT

This paper presents a comprehensive literature review of studies on the frequency and timing of management forecast revisions (MFRs) within the context of Japanese institutional settings. Unlike the United States' voluntary disclosure system for management forecasts, all listed Japanese firms are required to provide management forecasts. This allows researchers to exclude endogeneity issues and focus on other aspects of manager discretion in relation to MFRs. Previous studies on MFRs in Japan have primarily focused on the accuracy of revisions by comparing them with firms' actual performance. However, scarce attention has been paid to how forecast errors decrease, specifically regarding the frequency and timing of MFRs. This literature review categorized previous studies on MFRs into two groups, based on their emphasis on the frequency or timing of these disclosures. Furthermore, the studies were classified based on whether they treated MFR as a dependent or independent variable. Additionally, the present review provides an in-depth overview of MFR's possible determinants and consequences. It also highlights the need for future research to examine the mechanisms by which MFR information is assimilated and processed by capital markets. As this review focuses on the Japanese context, it provides valuable insights on this topic outside the Western context.

Keywords: *Management Forecast, Forecast Revision, Timing, Frequency, Voluntary Disclosure*

Paper ID 10

Has the COVID-19 Pandemic Impacted on Tone of Textual Disclosure and Earnings Management?: Evidence from the Japanese Firms Applying IFRS

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ABSTRACT

This study examines whether the COVID-19 pandemic has impacted the textual characteristics of disclosures and whether the pandemic has influenced the association between tone and abnormal accruals in the disclosures by implementing multivariate analysis for Japanese firms applying IFRS. The findings are the following: First, Japanese firms applying IFRS have more particular terms during the pandemic, and the pandemic has made the disclosures longer in length and more negative in tone. This suggests that although the IFRS applying Japanese firms are forced to experience a decline in performance due to the pandemic, since they can blame the environment for the poor performance, they attempt to disclose their information honestly. Also, managers attempt to explain the details, the length becomes longer. Second, since managers blame the environment for such poor performance, thus reducing the amount of earnings management. Before and during the pandemic, Japanese firms implemented earnings and tone management simultaneously. This indicates that the firms are likely to implement tone management to conceal their earnings management. This action can be regarded as in line with the IFRS principles-based approach. In other words, the action is likely due to institutional investors' comparison of Japanese firms applying IFRS to U.K. firms. Thus, Japanese firms have been forced to adopt an investor perspective.

Keywords: *COVID-19 Pandemic, IFRS, Tone, Abnormal Accruals, Earnings Management*

Paper ID 11

Empirical Study on the Voting Results Recommended by Proxy Advisory Companies: Evidence from Japan

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ABSTRACT

This study examines the relationship between proxy advisory firms' recommendations and investors' voting behavior in Japan. Corporate governance in Japan has transformed under the Stewardship Code, which designates institutional investors' responsible for enhancing the corporate value and sustainable growth of investee companies through dialogue and engagement. Based on 1,025 shareholder meeting proposals recommended by proxy advisory firms in Japan between March 2010 and March 2022, multivariate regression analyses reveal that the dissenting recommendations of the two main proxy advisory firms are negatively correlated with the approval rate of proposals, as well as the percentage of affirmative votes cast by institutional investors. Institutional investors' voting behavior is more consistent with the recommendations of proxy advisory firms than that of other investors. This study provides scarce empirical evidence from Japan, where proxy advisory firms' recommendations are estimated to influence institutional investors' voting behavior. We confirm a trend similar to previous studies in the U.S. In both countries, to some extent, institutional investors depend on proxy advisory firms' recommendations. This study provides important insights into the policy implications of proxy advisory firm regulation for Japanese institutional investors to enhance the corporate value and sustainable growth of investee companies through dialogue and engagement.

Keywords: *Corporate Governance, Proxy Advisory Firms, Shareholder Voting, Institutional Investors, Voting Results*

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Paper ID 13

Financial Processes Automations' Impact on the Work of Management Accountants

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ABSTRACT

A small number of studies on financial processes automation impact on the work of management accountants is a research gap. The aim of the study was to examine the prevalence of financial processes automation in organizations in Poland and to analyze the advantages and disadvantages of automation perceived by management accountants and the impact of automation on their work. In order to achieve the objectives of the study, the quantitative research method was used. The questionnaires were distributed among management accountants participating in postgraduate studies and courses of management accounting. The choice of this particular group was dictated by the belief that these respondents would have appropriate knowledge of the researched subject. 133 properly filled questionnaires were obtained. The research showed that most of the surveyed organizations use tools that automate financial processes. The use of such tools is actively supported by employers from the moment of recruiting new employees through training in the field of automation as well as motivating employees to increasingly use such tools. Management accountants positively perceive financial processes automation and argue that having skills in this area facilitates their work and allows professional promotion and self-development. The study showed that management accountants are aware of the advantages of financial processes automation, pointing out two key, in their opinion, potential benefits, i.e. time savings and a reduction of errors. The use of tools that automate financial processes currently has an undoubted impact on the work of management accountants and in the future this impact may be even stronger. The results of this study indicate that management accountants are not afraid of losing their jobs, but rather expect that it's nature will change, allowing them to perform their routine tasks more efficiently and focus more on their role as business partners.

Keywords: *Advantages of Automation, Disadvantages of Automation, Management Accountants' approach to Automation, Impact of Automation on Management Accountants' Work*

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Paper ID 14

Integrated Capital Investments Appraisal in the Swedish Forest Industry

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ABSTRACT

The purpose of this research was to gain understanding of how companies in the Swedish forest industry make decisions regarding capital investments in tangible assets. The research is qualitative in nature and based on interviews with managers in ten forest industry companies in Sweden. On the basis of the research, it can be stated that in the Swedish forest industry companies investment assessment seems to be much more complex than the research conducted so far suggest. Financial considerations are taken into account (payback is used by all studied companies, NPV by 60%, IRR by 30% and sensitivity analysis by 80%) but they are not the only measures used in investment appraisal. Non-financial aspects of the investment assessment are equally important of which three crucial areas have to be taken into account: strategic (competitiveness, customer value and technical development), environmental (both obligatory and voluntary) and social (both obligatory and voluntary). It is noticeable that the managers pointed out that all the dimensions are somehow interlinked. Investment should be profitable and it should be embedded into company's strategy and what is more environmental and social dimensions are also quite often linked clearly to strategy (majority of the managers interviewed stated that). Also, the environmental impact of the investment is linked to its consequences for employee's safety and comfort. Altogether the research suggests that Swedish forest companies use much more complex and integrated approach to investment assessment then the previous research suggested. The integrated model identified in the studied companies balances financial and non-financial aspects in the investment assessment.

Keywords: *Integrated Capital Investment Appraisal, Financial Considerations, Non-Financial Considerations, Forest Industry, Sweden*

Paper ID 16

Can CEO Letters Explain Fraudulent Financial Statements?: Evidence from Information and Communication Industry in Japan

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ABSTRACT

This study examines the existence of fraudulent firms in the information and telecommunications industry by investigating whether three financial fundamentals—namely the factors of motivation, opportunity, and rationalization—are significantly associated with tone (i.e., textual characteristics as narrative information) based on the fraud triangle theory through the two-step approach. First, we find a significant association between accruals and Chief Executive Officer (CEO) letter tone for managers who are confident in their firm's growth, a significant negative association between abnormal accruals and CEO letter tone for firms with stronger governance, a significant association between discretionary behaviour and textual characteristics through. Second, in the co-occurrence network results, the suspected fraud firm is characterized by a lack of connection between words such as earnings and sales and the word "business," while firms not suspected of fraud did not exhibit such characteristics. The results of the correspondence analysis for the same firms as the co-occurrence network shows that the terms in the group of firms suspected of fraud are far apart from the origin. This indicates that many of them are characteristic and weakly related. The textual analysis results provide results similar to those of Nakashima (2022). From above, this study can present the possibility of fraud detection.

Keywords: *CEO Letter; Fraud Triangle Theory; Textual Analysis; Cooccurrence Net Work, Fraudulent Financial Statements*

Paper ID 18

The Effect of Artificial Intelligence Target Setting and Performance Evaluation on Employee Job Behavior and Performance

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ABSTRACT

This study conducted an experiment by employing an electrodermal activity (EDA) method, a physiological measure, to investigate the impact of AI-based target setting and performance evaluation on employee job behavior and performance compared to human-based approaches. Results revealed that targets generated by AI, as opposed to humans, led to greater employee effort intensity while concurrently eliciting lower levels of positive emotional arousal, as evidenced by the results analysis of EDA. The study demonstrated that a pre-determined fixed formula for performance evaluation resulted in employees exhibiting greater effort intensity when evaluated by AI compared to humans, while discretionary performance evaluation by AI yielded lower employee effort intensity in comparison to similar evaluations conducted by humans. Interestingly, regardless of the evaluation method, employees consistently displayed lower levels of positive emotional arousal when evaluated by AI compared to human evaluators. This study also examines the combined effect for the purpose of understanding how AI and humans may collaborate in management control systems. The results showed that when the target was set by AI, and a pre-determined fixed formula was used for performance evaluation, AI evaluations led to greater employee performance compared to human evaluations. However, when the target was set by AI, and a discretionary performance evaluation was used, AI evaluation led to lower employee performance compared to human evaluations. Conversely, employee performance across various evaluation approaches showed no significant difference when the target was set by humans instead of AI. Overall, this study contributes to the management accounting literature by generating useful insights into the impact of AI adoption in management control systems on employee job behavior and performance, and shedding light on the implications of AI-human collaboration in such systems.

Keywords: *Artificial Intelligence; Effort Intensity; Emotional Arousal; Management Control Systems*

Paper ID 19

The Effect of Remote Management Controls on Task Performance of Employees

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ABSTRACT

In recent years, the rise of remote work has presented a significant challenge for managers in maintaining employee productivity outside of the traditional workplace. This study aims to explore the impact of different types of remote management controls, namely behavior-based monitoring and outcome-based monitoring, on task performance among employees engaged in various types of tasks while working remotely. Furthermore, the study seeks to uncover the underlying mechanisms driving these effects. To investigate this, a mixed-design experiment was conducted. The results revealed that behavior-based monitoring had a positive influence on task performance in the remote work environment compared to on-site work. On the other hand, outcome-based monitoring was found to be associated with decreased task performance. Notably, this effect was more pronounced among employees involved in creative tasks. However, for employees engaged in dull tasks, both remote management controls led to improved task performance without significant differences between them. Moreover, the study identified challenge stress as a mediating factor in the relationship between remote management controls and task performance. This suggests that the level of stress experienced by employees in response to remote management controls plays a role in shaping their performance outcomes. These findings hold valuable implications for organizations implementing remote work policies. By understanding the differential impacts of behavior-based and outcome-based monitoring, managers can make informed decisions when selecting appropriate remote management controls to effectively monitor employees and optimize their task performance in remote work settings.

Keywords: *Remote Work, Management Control, Task Type, Task Performance, Challenge Stress*

Paper ID 21

An Empirical Analysis of the Impact of ESG on Financial Performance: The Moderating Role of Digital Transformation

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ABSTRACT

Environmental, social, and governance (ESG) considerations have become increasingly important in the financial market and serve as concrete manifestations of sustainable development within a sector. Most corporate leaders have adopted ESG concerns as an important strategy to enhance their financial performance. Therefore, this study investigated whether ESG affects corporate financial performance, and if this relationship is moderated by digital transformation. We used A-share listed companies in China from 2015 to 2021 as samples to test this mechanism. Regression analysis showed that ESG positively and significantly affects corporate financial performance, and digital transformation drives this promoting effect. Furthermore, we found that the positive effect of current ESG on financial performance in the lag period will gradually weaken. Specifically, the heterogeneity test results show that the enhancement effect of ESG on financial performance is significant for non-state-owned companies but insignificant for state-owned companies; the same is true for companies located in the eastern region compared with those in the midwestern region. Finally, the enhancement effect of ESG on the financial performance of polluting firms is stronger than that on non-polluting firms. These findings will be useful for firms and government departments in formulating relevant policies.

Keywords: *ESG, Firm Performance, Digital Transformation, Moderating Effect, Sustainable Development*

Paper ID 22

The Effect of Artificial Intelligence Performance Target Negotiation on Employee Behavior and Performance: An Experimental Study Based on Electrodermal Activity

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ABSTRACT

Companies are increasingly applying artificial intelligence (AI) technology to employee performance management, including automated negotiation and performance target setting. To compare the effect of AI supervisors and human supervisors on the behavior and performance of employees in target setting negotiations, we conducted a 2 x 2 experiment using an electrodermal activity device to measure the emotional arousal of participants. The results indicate that compared to AI supervisors, human supervisors lead to higher levels of employees' emotional arousal during the negotiation of performance targets, resulting in increased employee engagement in bargaining and improved employee task performance. Adopting a more comprehensive automation-augmentation paradox perspective, we argue that negotiation tactics moderate the relationship between supervisor type and employee emotional arousal. Specifically, when supervisors make concessions later in the negotiation process, employees negotiating with a human supervisor exhibit higher levels of emotional arousal, resulting in greater concessions and higher task performance compared to those negotiating with an AI supervisor. However, when supervisors' concessions occur earlier, there is no significant difference observed regarding their impact on employee negotiation behavior and task performance between the human supervisor groups and AI supervisor groups. In summary, our findings enrich the literature on applying AI in management accounting while also providing important implications for optimizing organizational management controls and improving employee performance in the era of artificial intelligence.

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Keywords: *Performance Target Negotiation, Artificial Intelligence, Emotional Arousal, Task Performance, Experimental Research*

Paper ID 25

Fiscal Policy Uncertainty and Firms' Production Efficiency: Evidence from China

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ABSTRACT

Fiscal policy uncertainty (FPU) often leads to more significant efficiency losses result of increasing uncertainty about demand expectations and misallocating resources. However, limited empirical evidence exists regarding the micro-level effects of FPU. This study empirically examines the relationship between FPU and firms' total factor productivity (TFP) by measuring FPU at the provincial level using government work reports from various provinces in China. Using Chinese A-share market data from 2003 to 2020, we find that FPU significantly reduces the TFP of local firms. To address potential concerns about endogeneity, we perform 2SLS regression using two instrumental variables and conduct PSM analysis. We also conduct several robustness checks by using alternative measures of the main variables, adding samples from municipalities directly under the control of the central government, and controlling for additional factors at the macro-regional level. Our main conclusion still holds after conducting the above tests. We also find that the negative effect of FPU on firms' TFP is more significant for firms from regions with lower levels of marketization and government fiscal transparency and those with higher managerial myopia than for other firms. The channel tests show that FPU reduces local firms' TFP by inhibiting corporate expansionary and research and development investments, and intensified financing constraints support this effect. Overall, our results suggest that policymakers should mitigate the negative impact of FPU on market entities by improving the sustainability of policies, pushing for more balanced regional development, increasing the pace of market-oriented reforms, optimizing resource allocation, and promoting fiscal transparency. Firms also should prioritize improving their governance practices regarding their long-term interests.

Keywords: *Fiscal Policy Uncertainty; Total Factor Productivity; Corporate Investment; Financing Constraints; Production Efficiency*

Paper ID 30

Empirical Analysis of the Impact of the Cost Stickiness on the Corporate Performance as a result of R&D Investment

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ABSTRACT

This study examines the impact of cost stickiness as a result of Research and Development (R&D) investment on corporate performance in Japan over a five-year period from 2014 to 2018. Earlier studies about the cost stickiness concentrate on the cause of its influencing without touching on the economic consequences, meanwhile the cost stickiness is considered as a negative factor. However, this study focuses on R&D investment as a point of view and considers if cost stickiness plays a role of resource adjustment for R&D investment as slack resources support, which means a positive impact on R&D investment, based on the Resource-Based-View (RBV) strategy. Specifically, the verifications are divided into two phases: "if cost stickiness has a positive effect on R&D" and "if the characteristics of ownership structure and managers have a regulating effect on the relationship between cost stickiness and R&D investment". Though the Pooled Ordinary Least Squares (OLS) regression analysis, this study shows that cost stickiness and cash-rich promote firms' R&D investment. Besides, cash-rich firms tend not to restrain R&D investment when cost stickiness existed. Furthermore, this study finds that intangible fixed assets have a significant positive impact on corporate performance, but cost stickiness do not directly affect corporate performance.

Keywords: *Cost Stickiness, R&D Investment, Corporate Performance, Retained Earnings, Cash-Rich*

Paper ID 32

Impact of Management Accounting Practices and Digital Transformation on Financial and Non-Financial Performance

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ABSTRACT

This research investigates the Impact of Management Accounting Practices and Digital Transformation on Financial and Non-Financial Performance within the context of Indonesian Small and Medium Enterprises (SMEs). To gather primary data, a structured questionnaire was administered to management accountants working in various SMEs. The study achieved a robust response rate of 104, which allowed for an in-depth analysis of the research objectives. The primary aim of this study is to examine the relationship between management accounting practices, digital transformation, and the financial and non-financial performance of SMEs. In recent years, SMEs have increasingly recognized the significance of adopting effective management accounting practices to enhance decision-making, control costs, and improve overall financial performance. Additionally, the rapid advancement of digital technologies has prompted SMEs to embark on digital transformation initiatives to streamline processes, increase efficiency, and gain a competitive edge. The findings of this research highlight the positive and statistically significant impact of management accounting practices on financial performance indicators, such as profitability, liquidity, and financial stability. Furthermore, the study reveals that digital transformation initiatives have a positive influence on SMEs' financial performance, as digitalization helps optimize resource allocation, reduce operational inefficiencies, and foster innovation.
Interestingly, this research also uncovers an interplay between financial and non-financial performance. The study identifies that improved financial performance leads to enhanced non-financial performance outcomes, including customer satisfaction, employee engagement, and corporate reputation. In conclusion, this research contributes valuable insights into the role of management accounting practices and digital transformation in enhancing financial and non-financial performance among Indonesian SMEs. The findings underscore the importance of adopting modern management accounting techniques and embracing digitalization to achieve sustainable growth and competitiveness in today's dynamic business landscape.

Keywords: *Management Accounting Practices, Digital Transformation, Financial Performance, Non-Financial Performance, Small and Medium Enterprises (SMEs), Indonesia.*

Paper ID 34

Internal Control as A Mediator of Audit Quality

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ABSTRACT

The aim of this research is to analyze the influence of internal control on audit quality, examine the impact of integrity on internal control, investigate the effect of time budget pressure on internal control, assess the influence of integrity on audit quality through internal control, and explore the impact of time budget pressure on audit quality through internal control. This study adopts an explanatory research approach, which aims to explain the relationships between the variables under investigation. The research sample consists of 72 auditors working in Public Accounting Firms in Surabaya, selected through purposive sampling based on predefined criteria. Primary data was collected using questionnaires distributed through the Google Form platform. After data collection, the analysis was conducted using the Smart PLS method, a statistical analysis approach used to test the structural model and relationships between research variables. The results of this study confirm that internal control has a significant impact on audit quality. Integrity significantly influences internal control, and time budget pressure also has a significant impact on internal control. Internal control acts as a mediator, explaining the influence of integrity on audit quality, as well as the effect of time budget pressure on audit quality.

Keywords: *Internal Control, Audit Quality, Integrity, Time Budget Pressure*

Paper ID 35

Fraud and Audit Needs: Indonesia Case Study

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ABSTRACT

Public accountants are key to helping maintain reliable financial systems. Having a public accountant assists companies in preparing and reporting financial statements that meet standards and regulations. In contrary conditions, in Indonesia, the number of auditors grows slowly, compared with other countries. There is a perception that the decreasing number of auditors is because firms no longer need the public accountant's services. This research aimed to obtain empirical evidence on the effects of fraudulent financial statements, management, and external interests of the company on the need for public accountant services using financial ability as a moderating variable. The research was conducted by distributing questionnaires to 529 respondents from non-listed companies. Most respondents are middle to top management, while the hypotheses were tested using the Structural Equation Model–PLS. The results showed that fraudulent financial statements and external interests did not influence public accountant services, while internal interest can influence the need for a public accountant. Furthermore, the company's financial ability can moderate the influence of fraudulent financial statements, internal and external interest on audit needs. The study implies that the auditor has a main role in improving the quality of the financial report and, more than that, in upholding the implementation of good corporate governance.

Keywords: *Fraudulent Financial Statement, Management Interests, Audit Demand, Financial Ability*

Paper ID 41

Can Tone Explain Future Performance? Evidence from Textual Disclosures of Manufacturers in Japan

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ABSTRACT

This study investigates the relationship between abnormal tone and the current and future performance of Japanese firms as a sample of fraudulent and nonfraudulent firms to clarify the actual state of tone and earnings management in Japanese firms. First, this study examines the determinants of the current earnings of fraudulent firms and investigates the determinants of these firms' future performance. Second, this study elucidates whether abnormal tone can predict future performance. This study analyzes a group of Japanese manufacturing firms that are fraudulent and a paired sample of nonfraudulent firms to achieve the two objectives. This study reveals the following two findings. First, there is a positive and significant relationship in fraudulent firms between current year earnings and abnormal tone, which indicates that the determinant of earnings is the amount of abnormal tone, i.e., the amounts of abnormal tone can explain current year earnings. Second, this study observes a positive and significant association between one-period-ahead earnings and abnormal tone and a negative and significant association between one-period-ahead Return on Equity (ROE) and abnormal tone for fraudulent firms. This indicates that fraudulent firm managers with negative future fundamentals use tone to mislead investors about future fundamentals by using abnormal positive tone. In other words, I believe that managers engage in tone management to cover up the fact that it manages earnings by targeting one-period-ahead ROE.

Key words: Fraud, Abnormal Tone, Earnings Management, Tone Management, ROE

Paper ID 42

Does Any Impact of Managerial Decision Making of Corporate Capital Structure on Financial Performance in the Banking Sector? The Case of Conventional Private Commercial Banks of Bangladesh

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ABSTRACT

This study investigates how Managerial decisions influence the capital structure on the performance of some selected private commercial banks working in Bangladesh as samples for the period of 2017 to 2022, employing panel data, structured from available secondary sources. This study used the debt-equity ratio, debt-asset ratio, asset growth, and firm size to measure capital structure. Also used three indicators of profitability such as return on asset, return on equity, and earnings per share. Applying multiple regression analysis find that TDTE negatively influences both ROA and ROE, LTDTE negatively influences the ROE, Total debt to total asset positively affect the ROE, the Size of the banks negatively affect the ROA and EPS and finally asset growth of the banks positively affect ROA, ROE, and EPS. Also used multiple regression analysis considering the profitability factor (ROA/ROE/EPS) as the dependent variable and capital structure as the independent variable. The models are also found satisfactory with sufficient explanatory power. The results of the study confirm that TDTE negatively influences both ROA and ROE which indicates that the higher the TDTE, the lower the ROA and ROE and vice versa. LTDTE is found negatively influence the ROE which indicated that higher LTDTE reduces the ROE and vice versa. Size is found negatively affecting the ROA and EPS. Finally, it is found in all regression results that the asset growth of the banks positively affects ROA, ROE, and EPS which indicates that the positive growth in the assets will increase the profitability of the banks. The banks can also be recommended to keep the banks' size as small as possible with expected positive growth in assets.

Keywords: *Managerial Decision Making, Capital Structure, Profitability, Private Commercial Bank, Bangladesh.*

Paper ID 45

The Impact of Tax Disputes and Political Connections on Firm Value: A Case Study in Indonesia

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ABSTRACT

Tax disputes filed by taxpayers have tended to increase with a relatively high potential risk of taxpayers losing their cases in Indonesia. On the other hand, shareholders pay close attention to the information on tax disputes. This research aims to empirically examine the impact of tax disputes on firm value, with political connections as a moderating variable. The population of this study consists of non-financial sector companies listed on the Indonesia Stock Exchange that disclosed tax disputes during the period from 2014 to 2019. Purposive sampling technique was applied to obtain a sample size of 292 observations. In this study, panel data regression analysis was conducted using e-views 12 software. The results of this research verify the negative influence of tax disputes on firm value, and political connections were found to be unable to moderate this negative influence. The findings of this study provide insights into tax disputes, firm value, and political connections within the framework of signaling theory and resource-based view (RBV) theory. There are some practical benefits of this research. First, management that want to use company's tax right to file tax dispute, has to consider the negative impact of it to firm value. Second, management should consider that connection politic is not an internal resource that has competitive advantage regarding tax dispute. Third, providing information to investors as a basis for investment decision-making regarding companies with tax disputes. There are some limitations of this study. The internal firm's resources associated with tax consultants and the type of tax dispute not be discussed due to data limitations. Further research could incorporate engagement with tax consultants as a moderating variable and could use juridical tax disputes and material tax disputes as two different independent variables.

Keywords: *Tax Disputes, Firm Value, Political Connections, Signaling Theory, Resource-Based View (RBV) Theory.*

Paper ID 46

An Analysis of the Causes of Accounting Fraud in Social Welfare Organizations-Focused on a Case of Fraud in Social Welfare Organization

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ABSTRACT

This study focuses on the fraud in non-profit organizations in Japan, especially, fraud in social welfare organizations in Japan (Article 22 of the Social Welfare Act (Act No. 45 of 1951)), because the research on the fraud of social welfare organizations is not so accumulated. First, this study shows the Research Report of Committee on Non-Profit Corporation at the Japanese Institute of Certified Public Accountants for the fraud in social welfare organizations in Japan and fraud cases in social welfare organizations. According to the report, fraud is divided into (1) fraudulent financial reporting and (2) misappropriation of assets. Regarding the fraud cases, this study found thirteen fraud cases and seven organizations provide services for persons with disabilities. It also indicates that the number of cases of fraudulent financial reporting (seven organizations) is larger than the number of cases of misappropriation of assets (four organizations) and the number of cases that include both fraudulent financial reporting and misappropriation of assets (two organizations). Second, this study conducted a case study of the fraud in a social welfare organization. This study analyses the causes of the fraud from the viewpoint of Fraud Triangle Theory by Cressey (1953), and "motivation or pressure", "opportunity" and "behavior or rationalization" are found in the investigation report of the third-party investigation committee.

Keywords: *Fraud, Non-Profit Organization, Social Welfare Organization, Case Study, Fraud Triangle Theory*

Paper ID 48

Calculating Commercial Damages: A Management Accounting Perspective

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ABSTRACT

Currently, there is no established concept for calculating commercial damages in Japanese court practice. Although many studies discuss the calculation methods for commercial damages, most are based on studies of past court cases; no attempt has been made to establish a general-purpose method for calculating specific damages. Using management accounting concepts, this study attempts to develop a general method for specifically calculating commercial damages based on the amount difference theory, referred to as "balance theory," and that of reasonable causation, referred to as "adequate causation theory," which represent the prevailing theories and precedents in Japanese damages-related jurisprudence. This study contributes to future research by discussing how to calculate commercial damages using management accounting concepts. By distinguishing between cases in which a business is temporarily disabled due to infringement and ones where a business is permanently disabled, I show that commercial damages in the former case can be approximated to the contribution margin, and in the latter case to operating income. The difference between the two stems from whether the incapacity to operate due to infringement would ordinarily render the burden of fixed costs unnecessary. Regarding a temporary inability to operate, it is necessary to focus on costs other than those that should ordinarily decrease due to infringement, in addition to variable costs, as costs to be deducted from net sales should ordinarily decrease due to infringement. Regarding a permanent inability to operate, the issue is how to define the period for which commercial damages are to be calculated and how to modify the operating income multiplied by this period.

Keywords: commercial damages, management accounting, contribution income, reasonable causation, Japan

Paper ID 49

Exploring The Synergy Effect Between The Project Diversity And The Company's Mission Permeation

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ABSTRACT

Despite the increasing concern about the sustainability of new product development projects, few empirical works have been conducted to explore the relationship between project diversity and performance. Under such circumstances, the following questions arise: How could the diversity of NPDPJ members drive high performance? The permeated firm mission would moderate the relationship between the diversity of NPDPJ and project performance. To these questions, as an exploratory study, this study aims to explore the synergy effect between the diversity and firms' mission of the NPDPJ teams on project performance, drawing on status characteristics theory and the approaches to recognizing and utilizing members' heterogeneous expertise. To test research hypotheses, we used hierarchical regression analysis based on survey data from 46 manufacturing industry companies of the TSEM (Tokyo Stock Exchange Market) First Section presentation in Japan. Despite the small number of collected data used for analysis, the results show that the level of diversity increases project performance only when the firm's mission is well-permeated. Our exploratory finding makes the following theoretical contribution to the mission field and NPDPJ diversity. By examining the synergy effect between the level of permeated firm's mission in the NPDPJ group and diversity, and their effects, we confirmed that permeated firm's mission is a core factor stimulating a positive effect of diversity among members.

Keywords: *New Product Development Project, Diversity, Mission, Moderate Effect, Project Performance*

B. Talks

Paper ID 24

Algorithmic Management Accounting

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ABSTRACT

Algorithmic management is a management approach that utilizes artificial intelligence and algorithms to supervise, evaluate, and control employees. The increasing use of algorithmic management not only replaces human managers with algorithms but also affects managed employees' emotions, behavior, and job performance. Is artificial intelligence, driven by objective data and algorithm optimization, better suited to be a corporate leader than humans, who are subject to fatigue and subjective biases? Has the algorithmic glass ceiling hindered human employees in their promotion opportunities? In the eyes of capital, who is the master and the servant between artificial intelligence and humans? Through recent research in management accounting, glimpses of answers to these questions have emerged. An update to the management accounting theory is needed to guide the practice in the era of algorithmic management.

Keywords: *Algorithmic Management, Algorithmic Management Accounting, Design Research, Behavioral Research*

Paper ID 38

The Application of New Technology in Management Accounting Research

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ABSTRACT

The rapid development of new technology in AI, blockchain, cloud computing, and big data (ABCD) has opened many promising areas in management accounting. Our research seeks to contribute to these areas in the following ways: First, we employ a topic modeling approach to identify new technology adoption by firms. We find large-sample empirical evidence on the adoption decision and operational consequences of these technologies. Second, we use textual analysis to develop measures of corporate strategy and show the impact of strategy on firms' resource commitment decisions. Third, we apply facial-recognition, voice-detection, and textual analysis tools to exact managerial features and document the effect of these features on firms' expenditure decisions and future performance. Overall, the application of new technology can help us tackle many unresolved questions in the management accounting field.

Keywords: *New Technology Adoption, Operational Consequence, Resource Commitment Decisions, Facial Recognition, Voice-Detection, Textual Analysis.*

Paper ID 39

Exploring the Frontier of Management Accounting Research: The Reshaping Influence of NLP and Large Language Models

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ABSTRACT

Management accounting plays a pivotal role in facilitating managerial decision-making and guiding overall business strategies within organizations. The effective assessment of an organization's adoption of management accounting practices (MAPs) necessitates the utilization of appropriate measures by both academics and practitioners. However, the scarcity of large-scale empirical research and generalizable results can be attributed to the inherent challenges associated with accessing management accounting data. To address this significant research gap, we propose and validate novel and comprehensive measures of firm-level MAPs with the employment of the word embedding model Word2Vec. Drawing upon the contingency theory, we further introduce the concept of contingent fit in management accounting (referred to as "Fit"), which encapsulates the degree of alignment between the utilization of MAPs and the requirements emanating from the organization's internal and external environments. Subsequently, we conduct an in-depth analysis of the economic consequences arising from Fit, discovering that the appropriate utilization of MAPs can yield substantial benefits for firms, including enhanced earnings persistence, improved inventory efficiency, increased long-term stock returns, and reduced cost of equity. In summary, our innovative measures of MAPs not only provide a robust foundation for large-scale sample empirical analyses in the realm of management accounting research but also offer valuable insights into the potential outcomes associated with the proper deployment of MAPs.

In addition, we will also explore the research opportunity introduced by large language models on management accounting research

Keywords: *Management Accounting Practices, Contingency theory, Large Language Model, Word2Vec*