PERSISTENCE OF INDONESIAN LOCAL GOVERNMENT PERFORMANCES:
EVALUATION OF EKPPD

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Abstract
This study focuses on the consistency of current performance of local governments (EKPPD) in Indonesia. It analyzes whether current performance has been consistent throughout the years. The consistency is assessed on the EKPPD scores, EKPPD rankings, and EKPPD component scores. This study also examines whether current year’s performance affects local government performance in the following year. This research uses data for five years (2009-2013) and applies both of qualitative and quantitative analysis. The results show that there are inconsistencies of current EKPPD scores, EKPPD rank, as well as its components. It also finds that there is no correlation between EKPPD main components showing that the components might be appropriate to measure performance. However, further studies need to further elaborate and analyze all EKPPD components to assess whether it has reflected the actual performance of Indonesian local governments.

The results also suggest current year’s performance positively affect the performance in the following year and indicates that Indonesian local governments tend to improve their performance according to the evaluation provided by the central government.

Keywords: EKPPD, persistence, consistency, performance measurement, local government
INTRODUCTION

Indonesian government implements regional autonomy which local governments set up and manage their own affairs in accordance with the principle of autonomy and duty of assistance. The autonomy obliges local governments to be accountable and to account for what the central government has provided to them. Accountability of local government is a consequence of implementing regional autonomy which was stipulated in Law Number 22 of 1999, which was last amended by Law Number 32 of 2004. Autonomy is the way of central government to give authority for local governments to manage their own regions.

Accountability is not only executed in terms of financial accountability but also accountability of information about government performance as a whole. This is in accordance with Government Regulation Number 3 of 2007 which requires local governments to prepare Local Government Performance Report (LPPD) annually. Accountability of local government performance is not only manifested in financial accountability and through reporting, but also the accountability through providing outputs and outcomes which are perceived by the society. State Budgets (APBN) and Regional Budgets (APBD) are arranged based on the performance therefore government expenditure should also result in performance.

Performance measurement is not an easy task to do in the public sector organization because a good performance of the government is to provide better services, better infrastructures, as well as to improve people's welfare. Performance is not unique, but rather multidimensional. Some performances are not easy to measure because of its abstract forms.

In Indonesia, the performance of local governments in implementing good governance is evaluated annually. Local governments are evaluated based on their LPPDs and other information. Government Regulation Number 6 of 2008 explains that the evaluation of local government performance is carried out in the form of Local Government Performance Evaluation Report (EKPPD). This evaluation provides EKPPD scores and ranking of local
government performance which is grouped by type of local government, i.e. the provincial 
government, the city government, and the regency government. In regard to this ranking, the 
central government gives awards to 3 provincial governments, 10 city governments, and 10 
regency governments with the highest scores of local government performance (EKPPD 
scores).

Since the local government performance (EKPPD scores) will be ranked annually, the 
central government needs to have a performance measurement instrument which 
consistently provides a comparable evaluation result over the years. Therefore, this study 
aims to evaluate the consistency of recent EKPPD scores and ranking. It is expected to see 
whether the recent EKPPD scores and ranking are consistent in which it reflects that the 
instrument for measuring local government performance is appropriate. The current 
instrument to calculate EKPPD scores still consists of many components of performance 
measurement. Therefore, it is required to evaluate whether current instrument has been 
effective and efficient in assessing EKKPD or they can be simplified.

In addition to evaluating the consistency of EKPPD scores and ranking, this study also 
examines the consistency of scores of EKPPD components as well the correlation between 
individual components. Evaluation of components is conducted to deeply examine the 
consistency of EKPPD scores. The correlation between components will also be evaluated 
to see whether EKPPD components are related to each other and whether they can be 
simplified. This could be an initial step to preparing the more concise, effective, and efficient 
of EKPPD instrument.

Further, this research will examine whether the current year's performance provide 
significant impact to local government performance in the following year. Therefore, this 
study provides analysis of these three research questions: (1) how is the consistency of 
EKPPD scores and ranking during the years of 2009-2013; (2) how are the consistency and 
correlation of EKPPD individual components during the years of 2009-2013; and (3) does 
the current year's performance affect local government performance in the following year.
Previous studies related to the local government performance in Indonesia are more focused on the determinant factors that affect the performance of local governments as measured by EKPPD, such as Mustikasari (2012), Sudarsana (2013), and Pranataningrum (2012). In contrast to these three studies, Puspasari (2012) examined the effectiveness of EKPPD implementation using a case study on two municipalities which the effectiveness was viewed by three indicators, namely indicators of human resources, finance, and facilities. However, there is no research related to the consistency of EKPPD scores. Hence, this study will be one of the early studies focusing on EKPPD scores, which includes consistency of EKPPD scores and ranking as well as the consistency and correlation of each component in EKPPD.

This study is expected to be the initial step in evaluating and improving EKPPD assessment in Indonesia. Thus, this research could provide significant contribution not only for other researchers to conduct research in this area, but also to provide inputs to the local government and the central government regarding the currently used performance measurement instrument.

LITERATURE REVIEW

Performance measurement is generally used to measure the achievement of public institutions which is determined by the use of resources, innovation, quality of services, and flexibility (Ghobadian and Ashworth, 1993). The purposes of performance measurement for the provision of public services are: (1) to identify the mechanisms that have been running optimally; (2) to determine the functional competence; and (3) to support public accountability (Breitbarth et al., 2010).

Ghobadian and Ashworth (1993) also describes the purpose of performance measurement that includes: (1) improving the quality of resource allocation and other decisions; (2) supporting the implementation of evidence-based management by providing a concrete basis for planning, monitoring, and controlling; (3) improving accountability by
clarifying responsibilities and providing evidence of success or failure; and (4) providing a systematic basis for assessment and motivation of staffs.

Accountability of local government in Indonesia is a consequence of regional autonomy implemented by the central government, which is regulated in Law Number 22 of 2009, which was last amended by Law Number 32 of 2004. The granting of autonomy is to give authority for local governments to set up their own regions. Accountability is not only executed in terms of financial accountability, but also accountability of information about government performance as a whole. This is in accordance with Government Regulation Number 3 of 2007 which requires local governments to prepare Local Government Performance Report (LPPD) annually.

Government Regulation Number 6 of 2008 on Guidelines for Evaluation of Local Government Performance mentions that one of the evaluations is the Local Government Performance Evaluation Report (EKPPD). To supplement this regulation, the Ministry of Home Affairs (Kemendagri) issued Regulation (Permendagri) Number 73 of 2009 on the Guidelines of Implementation of Local Government Performance Evaluation. This regulation states that one of the performance evaluations conducted by the central government is EKPPD which uses LPPD as the primary source of information. EKPPD is the process of collecting and analyzing data systematically on the performance of local government by using the performance measurement system. Performance measurement system is a system used to systematically and continuously measure, assess and compare the performance of the local government.

The result of this evaluation is EKPPD evaluation reports of local government performance ranking which is issued by the Ministry of Home Affairs. Ranking of local government performance of provinces, cities, and regencies is nationally compiled based on ratings, scores, and status. Therefore, performance scores will be obtained for each local government, including provincial governments, city governments and regency governments, throughout Indonesia.
Previous research related to the local government performance in Indonesia are more focused on the determinant factors that affect the local government performance as measured by EKPPD, such as Mustikasari (2012), Sudarsana (2013), and Pranataningrum (2012). In contrast to these three studies, Puspasari (2012) examined the effectiveness of EKPPD implementation using a case study on two municipalities, where the effectiveness was viewed by three indicators, namely indicators of human resources, finance, and facilities. However, there is no prior studies related to the consistency of EKPPD scores. Therefore, this study will be one of the early research focusing on EKPPD assessment which includes the study of consistency of EKPPD scores and ranking as well as the consistency and correlation of each component in EKPPD.

RESEARCH METHODS

This study provides three analysis: (1) the consistency of EKPPD scores and ranking; (2) the consistency and correlation of each component of EKPPD; and (3) the correlation between current year’s performance and the performance in the following year. This research mostly uses descriptive analysis based on the descriptive statistics and EKPPD assessment results. However, quantitative analysis will also be conducted to support the analysis by modelling whether current year’s EKPPD score is related to previous year’s EKPPD scores.

Analysis of the consistency of EKPPD scores is conducted for EKPPD evaluation reports of 2009-2013. This is conducted by analyzing the descriptive statistics as well as examining 10 regency or city governments with the highest EKPPD scores and 10 regency or city governments with the lowest EKPPD scores. In addition to the descriptive analysis, the assessment of consistency is supported by statistical tests using a statistical software STATA, i.e. Kruskal Wallis test, Mann-Whitney test, and linear regression. Kruskal Wallis test is used to see whether there is a significant difference between the annual EKPPD scores, both on the overall EKPPD scores and the scores of each component. This test is
used to determine whether EKPPD scores resulted from the current performance measurement instrument are consistent over the years. Mann-Whitney test is conducted to prove identification if there is inconsistency of the EKPPD scores and EKPPD components score. Meanwhile, the assessment of correlation between EKPPD components is tested by Pairwise Pearson Correlation test. This is to consider whether there is a significant correlation between each component which might be simplified to create a more concise instrument.

Linear regression is conducted to support the analysis by examining whether the current year's EKPPD score is related to the score in previous year. This regression is performed not only for overall EKPPD scores but also for EKPPD components. Model (1) is used for performing analysis for overall EKPPD scores while Model (2) is for the EKPPD components. These models use type of local government as the control variable to control whether there is difference of performance between regency governments and city governments.

\[
\begin{align*}
\text{EKPPD}_{t+1} & = \text{EKPPD}_t + \text{TYPE} + \epsilon \quad \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldot
\end{align*}
\]

\[
\begin{align*}
\text{EKPPDC}_{t+1} & = \text{EKPPDC}_t + \text{TYPE} + \epsilon \quad \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldot
\end{align*}
\]

Notes:

\[
\begin{align*}
\text{EKPPD}_{t+1} & = \text{overall EKPPD score for current year} \\
\text{EKPPD}_t & = \text{overall EKPPD score for previous year} \\
\text{EKPPDC}_{t+1} & = \text{EKPPD components score for current year} \\
\text{EKPPDC}_t & = \text{EKPPD components score for previous year} \\
\text{TYPE} & = \text{type of local government, 1 for city government and 0 for regency}
\end{align*}
\]

Analysis is performed on the EKPPD for regency and city governments during the years of 2009-2013 and do not include the EKPPD for the provincial governments. Data used in this research consists of EKPPD scores, EKPPD ranking, and the scores of each
EKPPD component. The data is obtained from the Ministry of Home Affairs Regulation on the National Ratings and Status of Local Government Performance which is published annually. EKPPD components that will be evaluated in this study includes only the major components of EKPPD so that the more detail components or sub-components are not assessed. EKPPD major components include:

1. Compliance of content
2. Achievement of performance
   a. Level of policy makers
      • Regional public peace and order
      • Alignment and effectiveness of the relationship between central government and local government, as well as relationship with other local governments for regional autonomy development purposes
      • Alignment between local government policy and central government policy
      • Effectiveness of the relationship between local government and regional parliament
      • Effectiveness of the decision making process by regional parliament
      • Effectiveness of the decision making process by KDH and their follow-up on the implementation of decision
      • Compliance with laws and regulations of local government
      • Intensity and effectiveness of public consultation process between local government and the society on the establishment of strategic and relevant regional public policy
      • Transparency in the disbursement and absorption of DAU, DAK and DBH
      • Intensity, effectiveness and transparency regarding sources of collecting PAD and loan/municipal bonds
      • Effectiveness of planning, preparation, implementation of administration, accountability and oversight of the budget
      • Management of regional potential
      • Breakthrough innovation
b. Level of policy manager

- Generic aspects
  1. Technical policy of the implementation of government affairs
  2. Compliance to regulations and laws
  3. Institutional arrangements
  4. Personnel management
  5. Planning of development
  6. Financial management
  7. Property management
  8. Provision of facilitating the community participation

- Aspects of SPM
  1. Mandatory affairs
  2. Optional affairs

RESULTS AND ANALYSIS

Descriptive Statistics of EKPPD Scores

Descriptive statistics in Table 1 and Table 2, as well as data of EKPPD scores during 2009-2013, show that city governments generally have higher average EKPPD score than regency governments. This indicates that the city governments are likely to have better performance than regency governments. Characteristics of city governments which are generally more developed than regency governments can be the reason of this difference. The characteristics encourage city governments to produce better performance.

This condition is also supported by difference of standard deviation between city governments’ and regency governments’ EKPPD scores. Standard deviations of city governments’ EKPPD scores are lower than the standard deviation of the regency government’s EKPPD scores. These results indicate that the regency governments have a more diverse data. These results can also be an indication that there is still higher diversity
in the government performance of regency governments than the city governments that tend to be more similar between each city government.

Table 1. Descriptive Statistics of EKPPD Scores for Regency Governments

<table>
<thead>
<tr>
<th>Year</th>
<th>Maximum</th>
<th>Regency</th>
<th>Minimum</th>
<th>Regency</th>
<th>Mean</th>
<th>Dev. Std.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>2,8711</td>
<td>Kab. Jombang</td>
<td>0,3764</td>
<td>Kab. Seram Bagian Timur</td>
<td>2,2327</td>
<td>0,4008</td>
</tr>
<tr>
<td>2010</td>
<td>3,1969</td>
<td>Kab. Sleman</td>
<td>0,2811</td>
<td>Kab. Konawe Selatan</td>
<td>2,4228</td>
<td>0,4645</td>
</tr>
<tr>
<td>2011</td>
<td>3,4787</td>
<td>Kab. Tuban</td>
<td>1,0356</td>
<td>Kab. Kepulauan Mentawai</td>
<td>2,4392</td>
<td>0,3722</td>
</tr>
<tr>
<td>2012</td>
<td>3,3465</td>
<td>Kab. Kulon Progo</td>
<td>0,1556</td>
<td>Kab. Konawe Utara</td>
<td>2,1889</td>
<td>0,6884</td>
</tr>
<tr>
<td>2013</td>
<td>3,3879</td>
<td>Kab. Tuban</td>
<td>0,5502</td>
<td>Kab. Deiyai</td>
<td>2,2977</td>
<td>0,5634</td>
</tr>
</tbody>
</table>

Table 2. Descriptive Statistics of EKPPD Scores for City Governments

<table>
<thead>
<tr>
<th>Year</th>
<th>Maximum</th>
<th>City</th>
<th>Minimum</th>
<th>City</th>
<th>Mean</th>
<th>Dev. Std.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>2,9346</td>
<td>Kota Surakarta</td>
<td>1,3947</td>
<td>Kota Kupang</td>
<td>2,5386</td>
<td>0,2622</td>
</tr>
<tr>
<td>2010</td>
<td>3,2397</td>
<td>Kota Yogyakarta</td>
<td>1,0537</td>
<td>Kota Kendari</td>
<td>2,4630</td>
<td>0,3596</td>
</tr>
<tr>
<td>2011</td>
<td>3,2320</td>
<td>Kota Tangerang</td>
<td>1,7767</td>
<td>Kota Kotamobagu</td>
<td>2,5479</td>
<td>0,3022</td>
</tr>
<tr>
<td>2012</td>
<td>3,2950</td>
<td>Kota Semarang</td>
<td>0,9733</td>
<td>Kota Metro</td>
<td>2,5688</td>
<td>0,5703</td>
</tr>
<tr>
<td>2013</td>
<td>3,3702</td>
<td>Kota Madiun</td>
<td>0,8310</td>
<td>Kota Baubau</td>
<td>2,4696</td>
<td>0,5668</td>
</tr>
</tbody>
</table>

Inequality of local government performance in Indonesia is also more visible in the regency governments. EKPPD scores of 2009, for example, shows the range of scores and performance status of the regency governments is from 2.8711 (high) up to 0.3764 (low), while the range of scores and performance status for the city governments is from 2.9346 (high) up to 1.3947 (moderate). For EKPPD scores of 2009, there is no city government who obtained a score of performance with low status. This reflects that city governments generally provide better performance due to their capability and their characteristics which is more developed that the regency governments. The higher inequality in the regency governments than the city governments can also be seen in the data of EKPPD scores for the years of 2010 to 2013.

Consistency of EKPPD Rankings

Data of 10 highest and 10 lowest EKPPD scores over the years, from 2009 to 2013, were used to analyze whether there is a consistency of EKPPD scores during the period of this study. Regency governments and city governments with the 10 highest EKPPD scores
and the 10 lowest EKPPD scores being the samples of this assessment. During the years of 2009-2013, there were changes in the composition of the regency governments and the city governments which occupy the top 10 highest ranking and the 10 lowest ranking. Table 3 shows the regency governments and the city governments that successfully managed to occupy top 10 highest ranking for at least 3 times during the period of study (2009-2013). Meanwhile, Table 4 shows the regency governments and the city governments that are in the 10 lowest ranking for at least 3 times during the study period.

Table 3. Local Governments with 10 Highest EKPPD Score

<table>
<thead>
<tr>
<th>No.</th>
<th>Regency/City</th>
<th>Frequency</th>
<th>Years</th>
</tr>
</thead>
</table>

Table 4. Local Governments with 10 Lowest EKPPD Score

<table>
<thead>
<tr>
<th>No.</th>
<th>Regency/City</th>
<th>Frequency</th>
<th>Years</th>
</tr>
</thead>
</table>

Data of EKPPD scores, which is summarized in Table 3 and Table 4, shows that the 10 highest EKPPD scores is still filled mostly by the regency and city governments located in the island of Java and Sumatra (western part of Indonesia). Conversely, the lowest 10 EKPPD scores is still filled mostly by the regency and city governments located in the island of Sulawesi, Maluku, Nusa Tenggara and Papua (eastern part of Indonesia). This indicates
that the local governments in the western part of Indonesia are able to produce a better performance compared with the local governments in the eastern part of Indonesia. Characteristics of the western part of Indonesia which tends to be more developed and closer to the central government than the eastern part of Indonesia can be a factor that affects this difference. Further, this condition is more visible in the regency governments. This can be due to the government performance of the regency governments that is more diverse than the city governments.

The data in Table 3 and Table 4 also shows that some of the regency governments and city governments are capable to have consistent performance in generating good local governance. Conversely, some regency governments and city governments also looks 'consistent' to remain in the lowest ranking of EKPPD scores. However, most of the regency and city governments' EKPPD score rankings change over the years so that they are only at the 10 highest ranking or 10 lowest ranking for one or two times in a five-year period.

Some examples of regency governments that are consistently at the highest position are Kabupaten Jombang, Kabupaten Sleman, Kabupaten Kulon Progo, and Kabupaten Pacitan, where each of them is in the top 10 highest ranking for 4 times. All of these local governments are located in the island of Java. It can support the earlier statement that the regency governments in Java tend to have better performance. It is also supported by the consistency data of city government which are consistently at the 10 highest ranking during the period of study. Kota Semarang, Kota Yogyakarta, Kota Cimahi, Kota Mojokerto, and Kota Depok, which are all located on the island of Java, managed to consistently be in the top 10 rankings for 4 times during the period of study.

On the other hand, regency governments and city governments that are consistently at the lowest position is less than the regency governments and city governments that are able to consistently be in the highest position. For regency governments, only Kabupaten Kepulauan Mentawai and Kabupaten Konawe Utara who are in the lowest position for 3 times during the period, while the rests are only for one or two times. This result is also
shown by the data of the city governments, which only Kota Pematang Siantar, Kota Tomohon, and Kota Kotamobagu who are in the lowest position for 3 times.

Another indication that can be seen from the data of EKPPD scores for 5 years is that some of the regency governments or city governments which are recently constituted (e.g. due to expansion) tend to have a low score. This shows that the new regency or city governments have not been able to demonstrate good performance which could be due to the need to adapt to meet the requirements of local government performance which have been established by the central government.

Changes in the composition of the 10 highest and lowest ranking may indicate the need to do an evaluation of the assessment criteria of EKPPD. The possibility of subjectivity in conducting assessment, the less precise performance measurement instruments, as well as the inappropriate components of the performance measurement can be identified to generate better performance measurement instrument, which then provide better consistency of EKPPD scores. However, changes in composition can also be an indication that regency or city governments are motivated to improve their performance. If a regency or city government obtained the highest score, they will seek to at least maintain their rankings. On the other hand, significant improvement of performance will happen if the regency or city government is at its lowest position. They will try to improve their performance so that they will be ranked higher and not be at the lowest position. It is visible from the less number of regency or city governments that are consistent in the lowest position.

Consistency of EKPPD Scores

According to the observation on EKPPD scores, there are inconsistencies of EKPPD scores in 2009. In 2009, the highest status achieved is only "high" status, both for the regency government (2.8711) as well as the city government (2.9346). This is different to the data in 2010-2013 which shows that the highest status achieved by the local governments is "very high", even there are some local governments which obtained the status of "very high". This condition needs to be further identified with the Kruskal Wallis test and continued with
Mann-Whitney test to see whether there is a significant difference in EKPPD scores of 2009 compared to 2010-2013. In addition, the EKPPD components scores also need to be tested, which will be performed at a later stage.

Table 5. Results of Kruskal Wallis and Mann-Whitney Tests for EKPPD Scores and EKPPD Components

| Components       | Kruskal Wallis (Prob) |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
|------------------|-----------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
Score6 = Effectiveness of the decision making process by KDH and their follow-up on the implementation of decision
Score7 = Compliance with laws and regulations of local government
Score8 = Intensity and effectiveness of public consultation process between local government and the society on the establishment of strategic and relevant regional public policy
Score9 = Transparency in the disbursement and absorption of DAU, DAK and DBH
Score10 = Intensity, effectiveness and transparency regarding sources of collecting PAD and loan/municipal bonds
Score11 = Effectiveness of planning, preparation, implementation of administration, accountability and oversight of the budget
Score12 = Management of regional potential
Score13 = Breakthrough innovation
Score14 = Technical policy of the implementation of government affairs
Score15 = Compliance to regulations and laws
Score16 = Institutional arrangements
Score17 = Personnel management
Score18 = Planning of development
Score19 = Financial management
Score20 = Property management
Score21 = Provision of facilitating the community participation
Score22 = Mandatory affairs
Score23 = Optional affairs

Kruskal Wallis test performed on the EKPPD scores during the years of 2009-2013 show that there are differences between EKPPD scores over the years. This result is shown on Table 5. The results supports previous statements related inconsistencies score results, but it happens not only for EKPPD scores in 2009 but also to other years (2010, 2011, 2012, and 2013). These results can occur because EKPPD assessment process still need to be evaluated. Assessment of EKPPD was first performed in 2009. The EKPPD was firstly conducted in 2009 in accordance with Government Regulation Number 6 of 2008. It is possible that the central government (the Ministry of Home Affairs) still make adjustments to the assessment criteria whether the assessment process has been appropriate, which lead to significant difference throughout the years. Therefore, it should be further identified by evaluating the consistency of EKPPD component scores.

In addition, the difference in these results may also occur because the local governments are still making adjustments in the process of drafting LPPD, which became the basis evaluation of EKPPD. The obligation for local governments to draft new LPPD started in 2007, by the issuance of Government Regulation Number 3 of 2007. In this short time difference, it is possible that local governments still need to carry out adaptation in
developing LPPD in accordance with the prescribed rules. It may also happen because there are many components to achieve for gaining high EKPPD scores.

Correlation of EKPPD Component Scores

To be able to identify whether the current EKPPD is appropriate in assessing the performance of local governments, it is necessary to identify relevant components of EKPPD. Pearson Pairwise Correlation test is conducted to identify whether there are EKPPD components that are highly correlated to each other so that it will provide inputs to the central government to evaluate EKPPD components in the future. This study only evaluates EKPPD major components, while sub-components or detailed components have not yet been examined.

Pearson Pairwise Correlation test indicates that there is no high correlation (more than 0.8) between EKPPD components. However, there are some correlations between EKPPD components that have values approaching to 0.8. This shows that, in terms of the main components, these components are good enough to be used in the assessment of EKPPD. However, since this study only looks at the main components, sub-components need to be further identified in future studies. The study of sub-components of EKPPD might result the possibility that there are sub-components that are related to each other.

Consistency of EKPPD Component Scores

Consistency of EKPPD components is also assessed by performing the Kruskal Wallis test and continued by the Mann-Whitney test. These two tests are conducted to assess whether there is a significant difference between EKPPD components over the years. This study only evaluates EKPPD major components, while sub-components or detailed components have not yet been examined.

Kruskal Wallis test performed on EKPPD component scores provide results that there are significant differences of all EKPPD components score over the years. This result is shown in Table 5. To be able to identify the more detailed differences, Mann-Whitney test is
performed. The results of Mann-Whitney test, provided in Table 5, show that the significant differences happen in most of the years. However, some components have no significant differences, which means it is consistent, in the latest two years (2012 and 2013).

The absence of significant differences between EKPPD components in the latest two years happen in the following components: (1) Alignment between local government policy and central government policy; (2) Effectiveness of the relationship between local government and regional parliament; (3) Compliance with laws and regulations of local government; (4) Intensity and effectiveness of public consultation process between local government and the society on the establishment of strategic and relevant regional public policy; (5) Intensity, effectiveness and transparency regarding sources of collecting PAD and loan/municipal bonds; (6) Technical policy of the implementation of government affairs; (7) Institutional arrangements; (8) Personnel management; (9) Provision of facilitating the community participation; and (10) Optional affairs.

Nevertheless, the consistency in these components for the latest two years still cannot be used to generate opinion that EKPPD components scores have been consistent throughout the years. There are too many components in EKPPD and it can one of the reasons why the results are not consistent over the years. Both of local government and central government will face difficulty because of this. Local governments will find it difficult to meet all the performance criteria, while central government as the assessor will find it difficult in assessing all components. It will increase the subjectivity of assessing local government performance that can cause the inconsistency of results.

**Correlation between Current Year’s and Following Year’s Performances**

Table 6 provides results of regression for Model 1 and Model 2. These two models are used to analyze whether current year’s performance (EKPPD scores) affects EKPPD scores in the following year. Model 1 is performed for overall EKPPD scores, while Model 2 is performed for EKPPD components. In these two models, type of government (regency government or city government) is used as control variable to control whether there is
difference between EKPPD scores or EKPPD components scores in regency government and in city government.

Table 6. Regression Results of Model (1) and Model (2)

<table>
<thead>
<tr>
<th>Components (Year t+1)</th>
<th>Scores (Year t)</th>
<th>Type of Government</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Coefficient</td>
<td>Significance</td>
</tr>
<tr>
<td>Score1</td>
<td>0.5187471</td>
<td>**</td>
</tr>
<tr>
<td>Score2</td>
<td>0.5183266</td>
<td>**</td>
</tr>
<tr>
<td>Score3</td>
<td>0.2904199</td>
<td>**</td>
</tr>
<tr>
<td>Score4</td>
<td>0.1556459</td>
<td>**</td>
</tr>
<tr>
<td>Score5</td>
<td>0.2444620</td>
<td>**</td>
</tr>
<tr>
<td>Score6</td>
<td>0.1184441</td>
<td>**</td>
</tr>
<tr>
<td>Score7</td>
<td>0.1880552</td>
<td>**</td>
</tr>
<tr>
<td>Score8</td>
<td>0.2935543</td>
<td>**</td>
</tr>
<tr>
<td>Score9</td>
<td>0.2362326</td>
<td>**</td>
</tr>
<tr>
<td>Score10</td>
<td>0.6584753</td>
<td>**</td>
</tr>
<tr>
<td>Score11</td>
<td>0.5698894</td>
<td>**</td>
</tr>
<tr>
<td>Score12</td>
<td>0.0194714</td>
<td></td>
</tr>
<tr>
<td>Score13</td>
<td>0.4239997</td>
<td>**</td>
</tr>
<tr>
<td>Score14</td>
<td>0.4716134</td>
<td>**</td>
</tr>
<tr>
<td>Score15</td>
<td>0.3507052</td>
<td>**</td>
</tr>
<tr>
<td>Score16</td>
<td>0.4370409</td>
<td>**</td>
</tr>
<tr>
<td>Score17</td>
<td>0.4006911</td>
<td>**</td>
</tr>
<tr>
<td>Score18</td>
<td>0.384496</td>
<td>**</td>
</tr>
<tr>
<td>Score19</td>
<td>0.0946331</td>
<td>**</td>
</tr>
<tr>
<td>Score20</td>
<td>0.3329141</td>
<td>**</td>
</tr>
<tr>
<td>Score21</td>
<td>0.5416196</td>
<td>**</td>
</tr>
<tr>
<td>Score22</td>
<td>0.5356174</td>
<td>**</td>
</tr>
<tr>
<td>Score23</td>
<td>0.3844719</td>
<td>**</td>
</tr>
<tr>
<td>Overall EKPPD Score</td>
<td>0.6372180</td>
<td>**</td>
</tr>
</tbody>
</table>

* Significant in the confidence level of 95%
** Significant in the confidence level of 98%

Notes:
Score1 = Regional public peace and order
Score2 = Alignment and effectiveness of the relationship between central government and local government, as well as relationship with other local governments for regional autonomy development purposes
Score3 = Alignment between local government policy and central government policy
Score4 = Effectiveness of the relationship between local government and regional parliament
Score5 = Effectiveness of the decision making process by regional parliament
Score6 = Effectiveness of the decision making process by KDH and their follow-up on the implementation of decision
Score7 = Compliance with laws and regulations of local government
Score8 = Intensity and effectiveness of public consultation process between local government and the society on the establishment of strategic and relevant regional public policy
Score9 = Transparency in the disbursement and absorption of DAU, DAK and DBH
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Score12 = Management of regional potential
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Score16 = Institutional arrangements
Score17 = Personnel management
Score18 = Planning of development
Score19 = Financial management
Score20 = Property management
Score21 = Provision of facilitating the community participation
Score22 = Mandatory affairs
Score23 = Optional affairs

According to Table 6, overall EKPPD scores in current year give positive impact to EKPD scores in the following year. This indicates that local governments wants to improve their EKPPD scores in the following year according to what has been assessed in the current year. Further, type of local government also positively affects overall EKPPD scores. It means that the city governments tend to have higher EKPPD scores and to have better performance than regency governments. It supports the result on the previous explanation.

However, the results for EKPPD components are quite different. Some of the components have different result to the result of overall EKPPD scores. The positive correlation between current year's performance and the following year's performance also happen to most of all EKPPD components, except for the management of regional potential. There is no significant correlation between current year's performance and the following year's performance in this component. This means that it may not be different between regency and city governments in terms of managing their potential.

Meanwhile, for type of government, there are more insignificant impact of government type on the EKPPD components score. These components have insignificant correlation with type of government: (1) Effectiveness of the decision making process by regional parliament; (2) Intensity, effectiveness and transparency regarding sources of collecting PAD and loan/municipal bonds; (3) Breakthrough innovation; (4) Technical policy of the implementation of government affairs; 5) Compliance to regulations and laws; (6)
Institutional arrangements; (7) Personnel management; and (8) Mandatory affairs. This indicates that there is no differences between regency and city government in achieving these performance criteria.

CONCLUSION

This research analyzes three research questions, namely: (1) the consistency of the EKPPD scores and EKPPD rankings; (2) the consistency and correlation of EKPPD components scores; and (3) the correlation between current year’s performance and the following year’s performance. According to the analysis, there are still inconsistencies of EKPPD scores, EKPPD rankings, as well as the inconsistencies of EKPPD components during the period of 2009 to 2013. This result reveals that the current performance measurement instruments are generally less able to demonstrate the performance of local governments in Indonesia. However, the result also finds that there is no significant correlations between EKPPD components which may indicate that the components used are generally appropriate. However, it needs to be further examined especially to the sub-components, therefore the results can clearly see whether all detailed EKPPD components are indeed appropriate.

In addition, the results also suggest that overall EKPPD scores in current year have positive impact to EKPD scores in the following year. This indicates that local governments tend to improve their EKPPD scores in the following year according to what they have achieved in the current year. It also occurs for EKPPD components. Further, type of local government also positively affects overall EKPPD scores. It means that the city governments tend to have higher EKPPD scores and to perform better than regency governments. However, this is not proven for some of EKPPD components that have no significant correlation with type of local government.

In this study, we also analyzed that the inconsistency in overall EKPPD scores and EKPPD components may happen because there are too many components in EKPPD. This
will create difficulties for both of local government and central government. Local governments will find it difficult to meet all the performance criteria, while central government as the assessor will find it difficult in assessing all components. It will increase the subjectivity of assessing local government performance that can cause the inconsistency of results. Therefore, it is suggested that current EKPPD components can be rearranged into a more concise and efficient performance measurement instrument.

Future studies are expected to be able to analyze all EKPPD components including detailed components or sub-components. It will take much effort since there are many components of EKPPD. However, it is expected that the study could produce a comprehensive appraisal of current performance measurement instrument (EKPPD). In addition, further research can also perform a descriptive analysis on the consistency of the EKPPD scores not only for 10 regency governments and 10 city governments with the highest and lowest EKPPD scores. Future studies are expected to conduct analysis for more local governments so that the analysis can be done more thoroughly.

Nevertheless, despite of having some limitations, this study is expected to be a reference for further research focusing on the consistency of EKPPD scores, EKPDD rankings, as well as EKPPD components scores. The results also can be an input for local government and the central government (Ministry of Home Affairs) to evaluate current EKPPD that measures local government performance. Therefore, the central government can arrange better performance measurement instrument in the future.

REFERENCES


CONFEREECE
PROGRAM

Asian Academic Accounting Association

16th Annual Conference

BANDUNG, JAWA BARAT, INDONESIA. NOVEMBER, 15-17, 2015

With conference topics on:
ACCOUNTING, FRAUD,
corruption, and
EARNINGS DECEPTION
Asian Academic Accounting Association

16th Annual Conference

BANDUNG, JAWA BARAT, INDONESIA. NOVEMBER, 15-17, 2015
Selamat Datang!

Welcome to the 16th Annual Conference of the Asian Academic Accounting Association (4A). We are delighted to be holding a 4A conference in Indonesia for the third time. Indonesia joins Malaysia as the only countries with the distinction of hosting the conference three times.

The 4A was launched in 1998 to serve as the professional organization for accounting academics in Asia and beyond. It brings together colleagues from many countries to share their research as well as to discuss pedagogical and other issues of mutual interest. Our mission is to facilitate collaborations and programs to enhance accounting education and research. We are an organization of our members and for our members. I urge you to participate in the current activities of the 4A as well as to suggest additional programs and activities that are of interest to you.

On behalf of the 4A Executive Committee and all 4A members, I thank our colleagues at the University of Indonesia for hosting this year’s conference. I particularly thank Dr. Ancella A. Hermawan and her dedicated team of Organizing Committee members for their planning and dedication in putting together a superb conference. I also take this opportunity to thank our sponsors, our keynote speakers and our honored guests.

I hope that you will take advantage of the wonderful program that they have arranged and take the opportunity to renew acquaintances with old friends, to make new friends, and to grow your professional networks during the conference. I wish all participants a productive and enjoyable conference and visit to Indonesia.

Shahrokh M. Saudagar

Secretary General, Asian Academic Accounting Association
Selamat Datang!

All praise and glory be to God for all His blessings upon us. We would like to thank the Asian Academic Accounting Association for letting us organize the event.

The 16th Asian Academic Accounting Association (AAAA) Annual Conference is held in Bandung, West Java, Indonesia hosted by Universitas Indonesia. This year Annual Conference addresses the latest issues in accounting covering wide research areas such as Corporate Social Responsibility and Corporate Governance, Financial Accounting and Reporting, International Accounting, Auditing and Internal Controls, Management Accounting, Taxation, Accounting Education, Corporate Finance and Capital Markets, Social and Environmental Accounting, Public Sector Accounting, Forensic Accounting, Islamic Accounting, Accounting Information Systems, and Case Studies and Issues in Accounting. The conference brings together a diverse group of accounting and finance educators and professionals from throughout Asia and the rest of the world.

The Committee received 136 paper submissions and 88 papers will be presented during the conference. We hope that this conference will bring positive and shared discussions to enhance the optimal outcome towards your research publications.

We hope that all of the participants could enrich their knowledge as well as enjoy the beauty atmosphere of Bandung during the conference.

Dr. Ancella A. Hermawan

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16th ANNUAL CONFERENCE
ASIAN ACADEMIC
ACCOUNTING ASSOCIATION

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16th ANNUAL CONFERENCE
ASIAN ACADEMIC ACCOUNTING ASSOCIATION

PROGRAM

SUNDAY, NOVEMBER 15, 2015
19.00 – 21.00 Welcome Dinner

MONDAY, NOVEMBER 16, 2015
08.00 – 09.00 Registration
09.00 – 09.15 UI Corporate Video Presentation
09.15 – 09.30 Welcoming Address by the President of Asian Academic Accounting Association (AAAA)
09.30 – 10.00 Opening speech by Dr. Muliaman D. Hadad, Chairman of Board of Commissioners of the Indonesian Financial Services Authority (Otoritas Jasa Keuangan/OJK)
10.00 – 10.30 Keynote Speech by Prof. Dr. Normah Omar, Director of Accounting Research Institute, Universiti Teknologi MARA
10.30 – 10.45 Coffee Break
10.45 – 12.15 Panel Session 1: Fraud and Deception in the Financial Reporting
Speakers:
• Dr. Etty Retno Wulandari, Indonesian Financial Services Authority (Otoritas Jasa Keuangan / OJK)
• Mr. Sulistyow Nibowo, Directorate General of Taxation (DGT)
• Prof. Kamran Ahmed, PhD., FCPA, Professor of Accounting and Accounting Graduate Research Coordinator, La Trobe Business School, Australia
Moderator: Dr. Elvia Shauki, Universitas Indonesia/University of South Australia
12.15 – 13.30 Lunch
13.30 – 15.00 Concurrent Session 1

1-A Financial Reporting Issues

Moderator: Dr. Sylvia Veronica, Universitas Indonesia

- Preparers’ Perceived Costs and Benefits of IFRS: What Factors Determine Preparers’ Attitude Towards IFRS?
  
  Miho Nakamura, Oita University
  Kyoko Nagata, Tokyo Institute of Technology
  Chikako Ozu, Kyushu University

- IFRS Convergence and the Comparability of Reported Earnings and Book Value per Share: Evidence from Indonesian and Singapore Listed Bank and Financial Institutions
  
  Aloysia Yanti Ardianti, Atma Jaya Yogyakarta University
  Jeni Jang Lestari, Atma Jaya Yogyakarta University

- IFRS Implementation through Option versus Convergence Approach: Determinants and Effects on Earnings Quality and the Impact of the Characteristics of Corporate Governance and Internal Control Structure
  
  Ancella Anitawati Hermawan, Universitas Indonesia
  Nurul Husnah, Universitas Indonesia
  Kurnia Irawan, Universitas Indonesia
  Irenius Dwinanto Bimo, Universitas Indonesia

- Economic Consequences of IFRS Adoption in Indonesia
  
  Fitriany Abdul Masholih, Universitas Indonesia
  Sidharta Utama, Universitas Indonesia
  Aria Farahmniha, Universitas Indonesia
  Viska Anggraen, Universitas Indonesia

1-B Corporate Governance Issues

Moderator: Prof. Romlah Jaffar, Universiti Kebangsaan Malaysia

- The Impact of Family Ownership and Political Connections on Earnings Management
  
  Adiarti Apriliani, Universitas Indonesia
  Vera Diyanty, Universitas Indonesia

- Analysis on Effect of Audit Committee’s Relative Status toward Risk of Firm Fraud Using the Audit Quality as Moderating Variable
  
  Dianis Nurmalia Mayanda, Universitas Indonesia
  Ratna Wardhani, Universitas Indonesia

- The Effects of Adopting the Japanese ESOP Model
  
  Hiduki Kureshi, Atchi Gakuin University
  Michimasa Satoh, Nagoya University/Aichi Gakuin University

- The Effect of Pyramid Ownership Mechanism and Accounting Conservatism to The Cost of Debt
  
  Palti Karina Amorita, Universitas Indonesia
  Vera Diyanty, Universitas Indonesia
I-C Accounting Education Issues
Moderator: Prof. Dr. Normah Omar, Universiti Teknologi MARA

- The Impact of Ethics Education on Earnings Management Judgment: A Quasi-Experimental Approach
  Mahfud Sholihin, Gadjah Mada University
  Ahmad Zaki, Gadjah Mada University
  Eko Suwardi, Gadjah Mada University

- Assessing Graduate Employability: Perception of Employers, Junior Auditors, Lecturers and Students
  Dyah Setyaningrum, Universitas Indonesia
  Dian Nastiti, Universitas Indonesia
  Ancella Hermawan, Universitas Indonesia

- Accounting Students’ Perception of the Benefits of Student Centered Learning Methods to Soft Skills Development
  Rahmi Septiani Putri, Universitas Indonesia
  Dyah Setyaningrum, Universitas Indonesia

- Legitimizing Higher Degree Actions in Enhancing Graduate Employability
  Elvia Sharia, Universitas Indonesia/University of South Australia
  Sharon Yam, University of South Australia
  Ancella Hermawan, Universitas Indonesia

J-D Auditing Issues
Moderator: Dr. Ancella A. Hermawan, Universitas Indonesia

- The Determinants of the Auditor Comments of the Audit Board of Indonesia
  Agung Nur Probobudono, Sebelas Maret University
  Raisa Nanda Barlian, Sebelas Maret University

- Government Auditors Ethical Decision-Making: Evidence from Indonesia
  Ari Kuncara Widodo, Sebelas Maret University
  Dini Meiyantri, Sebelas Maret University

- Determinants of Settlement Audit Recommendation of the Audit Board of the Republic of Indonesia
  Rudy Hartanto, Sebelas Maret University
  Agung Nur Probobudono, Sebelas Maret University

- Review of Money Laundering Cases under AMLATFA 2001 by Bank Negara Malaysia
  Zuraidah Mohd Samusi, Universiti Teknologi MARA
  Norazida Mohamed, Universiti Teknologi MARA
  Noor Syafiqah Mohd Noor Azman, Universiti Teknologi MARA
1-E. Earnings Management Issues

Moderator: Prof. P.K. Sen, University of Washington Bothell

- The Effect of CEO Succession on the Value Relevance of Accounting Numbers: An Early Finding
  Sharifah Zartina Syed Ahmad, Universiti Kebangsaan Malaysia
  Mohamad Sabri Hassan, Universiti Kebangsaan Malaysia
  Romlah Jaffar, Universiti Kebangsaan Malaysia

- Post-Earnings-Announcement Drift and Management Earnings Forecasts: Evidence from Japan
  Toyotaka Nakagawa, Okayama University
  Yuki Yamanishi, Prefectural University of Kumamoto

- Are There Any Interactions Between Real Earnings Management and Accrual-Based Earnings Management?
  Vogy Gautama Buamaputra, Universitas Gadjah Mada

- Real Earnings Management Practices: Evidence Concerning Malaysian Shariah-Compliant Companies
  Asmatul Waanah Ghazali, Kingston University London
  Mohamed Nurullah, Kingston University London
  Salma Ibrahim, Kingston University London
  Nor Balkish Zakaria, UniversitiTeknologiMARA Cawangan Johor

15.00 – 15.15 Coffee Break

15.15 – 16.25 Concurrent Session 2

2-A Corporate Governance Issues

Moderator: Prof. Kamran Ahmed, PhD., La Trobe Business School, Australia

- Behavioral Factors Influencing the Perceived Effectiveness of Enterprise Risk Management (ERM) In Managing Risks
  Salinah Togok, University of Malaya
  Che Ruhana Isk, University of Malaya
  Suria Zaimeddin, University of Malaya

- Corporate Governance Disclosure in Indonesia
  Chaerul Djusman Djakman, Universitas Indonesia
  Sylvia Veronica Stregar, Universitas Indonesia
  Siti Nurwahyuningstih Harahap, Universitas Indonesia

- The Effect of Internal Control Systems & Budgetary Participations on the Financial Performance of Non-Profit Organizations: Evidence from Malaysia
  Rafiqah Irahayu Rosman, UniversitiTeknologiMARA
  Nur Aima Shafie, Universiti Teknologi MARA
  Zuraidah Mohd Sanusi, Universiti Teknologi MARA
  Razana Juahaida Johari, Universiti Teknologi MARA
2-B Taxation Issues

Moderator: Dr. Elvia Shauki, Universitas Indonesia/University of South Australia

- Corporate Profiling Based On Tax Malfeasance Attributes (Empirical Studies on Non-Financial Companies Listed On Indonesia Stock Exchange during 2010-2013)
  I Dewa Ayu Diastri Putri, Universitas Indonesia
  Christine Tjen, Universitas Indonesia

- The Influence of Corporate Tax Avoidance on Cost of Bank Loan: Study of Public Companies’ Loan in Indonesia Year 2011-2015
  Margareta Megalsi Sebayang, Universitas Indonesia
  Christine Tjen, Universitas Indonesia

- International Tax Avoidance Activities in Asia Developing Countries
  Dahlia Sari, Universitas Indonesia
  Sidiarta Utama, Universitas Indonesia
  Fitriany, Universitas Indonesia
  Ning Rahayu, Universitas Indonesia

2-C Capital Market Issues

Moderator: Assoc. Professor Chikako Ozu, Kyushu University

- Impact of US Quantitative Easing Policy on Emerging Asia Stock Market
  Ardi Sugiyarto, Universitas Indonesia

- Jokowi Effect: A Study on the Market Reaction to the Presidential Election in Indonesia
  Susi Sarumpoet, University of Lampung
  Ayu Riani Mareta, University of Lampung
  Agnyanty Komalasari, University of Lampung

- The Effect of Price Earnings Ratio (PER) and Institutional Ownership on Stock Returns of LQ45 Stocks in Indonesia Stock Exchange
  Salsa Andiani, Universitas Indonesia
  Budi Frensidy, Universitas Indonesia

2-D Accounting Information System Issues

Moderator: Dr. Dyah Setyaningrum, Universitas Indonesia

- Effect of Top Management Support and User Participation of E-Performance toward User Satisfaction of E-Performance on Pilot Project SKPD (Satuan Kerja Perangkat Daerah) of E-Performance in Banda Aceh
  Evayani, Syiah Kuala University
  Hikmatul Yani, Syiah Kuala University

- The Role of Internet Financial Reporting On the Effect of the Family Controlling Ownership to the Asymmetry Information
  I Putu Yogi Virgiawan, Universitas Indonesia
  Vera Diyanti, Universitas Indonesia

- Measuring Internet Financial Reporting (IFR) Disclosure Strategy
  Kamarul Baratni Kalivon, National University of Malaysia
  Zaleha Abdul Shukor, National University of Malaysia
  Mohamat Sabri Hassan, National University of Malaysia
  Zakiah Muhamadun Mohamed, National University of Malaysia
2-E Disclosure Issues

Moderator: Dr. Aidil Ahmi, Universiti Utara Malaysia

- The Analysis of Impact of Financial Performance to Carbon Emission Disclosure with Country Level of Environmental Performance and Governance as Moderating Variable
  
  Diny Sulistyowati, Universitas Indonesia
  Ratna Wardhani, Universitas Indonesia

- Disclosure and Implementation of Corporate Social Responsibility Practices: Case of an Islamic Bank
  
  Neyshia Amalina, Universitas Gadjah Mada
  Mahfud Sholihin, Universitas Gadjah Mada
  Ahmad Zaki, Universitas Gadjah Mada

- The Role of Intellectual Capital Disclosure in Relation between Underwriter Reputation and Underpricing: Empirical Evidences from Indonesia
  
  Wahyu Widarjo, Tunas Pembangunan University
  Rahmawati, Sebelas Maret University
  Bandi Sardjono, Sebelas Maret University
  Ari Kuncara Widagdo, Sebelas Maret University

19.00 – 22.00 Gala Dinner and Cultural Performances

TUESDAY NOVEMBER 17, 2015

08.00 – 08.30 Registration

08.30 – 10.00 Concurrent Session 3

3-A Earnings Management Issues

Moderator: Dr. Budi Frensidy, Universitas Indonesia

- The Effect of Bali Bombing I, Bali Bombing II, And Mega Kuningan Bombing on Earnings Management Practices in Transportation Sector and Hotel, Restaurant, and Tourism Sector Companies in Indonesia
  
  Jauza Azaria, Universitas Indonesia
  Dest Adhariani, Universitas Indonesia

- Earnings Breaks and Earnings Management
  
  Kevin Ow Yong, Singapore Management University

- Beating Earnings Threshold Targets with Earnings Management
  
  Pradyot (P.K.) Sen, University of Washington Bothell
  Mary Mindak, DePaul University
  Jens Stephan, University of Eastern Michigan

- The Association between National Culture and the Earnings Management: The Study in ASEAN Five
  
  Aryana Satrya, Universitas Indonesia
  Ancella A. Hermawan, Universitas Indonesia
  Rafika Yuniasih, Universitas Indonesia
  Dahyang Ika Leni, Universitas Indonesia
3-B Contemporary Accounting Issues
Moderator: Hilda Rosietta, PhD., Universitas Indonesia

- Exposing Income Hospital Concept in Tjoet Njaq Dhiem Frame
  Diana Nurindrasari, Universitas Brawijaya
  Nisrina Habibaty, Universitas Brawijaya

- Inequality and the Proprietary Accounting Model: A Proposal for Change
  Michimasa Satoh, Nagoya University / Aichi Gakuin University
  Jeanne Yamamura, University of Nevada Reno

- Behind The Scene: An Institutional Theory Analysis of the Legitimacy of the Birth of Islamic Bank in Indonesia
  Noval Adib, Brawijaya University
  Siti-Nabiha Abdul Khalid, Universiti Sains Malaysia

3-C Environmental Issues
Moderator: Prof. Qingquan Tang, Sun Yat-sen University

- An Engagement Based Study of Corporate Social Responsibility in Developing Country
  Fathilatul Zakimi Abdul Hamid, Universiti Utara Malaysia
  Norasita Marina Abdul Aziz, Universiti Utara Malaysia
  Ruhaya Atan, Universiti Teknologi MARA

- Inverted U-Shape Relationship between Firm Size and Corporate Social Responsibility: Case of Indonesia
  Katon Angesty
  Golrida Karyawati P, Sampoerna University
  Nuruzzaman Arsyad, Sampoerna University

- Corporate Social Responsibility: What Are Plantation Companies in Malaysia Reporting?
  Puan Yatim, Universiti Kebangsaan Malaysia
  Mohamat Sabri Hassan, Universiti Kebangsaan Malaysia
  Shamshudaridah Ramlee, Universiti Kebangsaan Malaysia

- The Impact of Sustainability Report Disclosure on Cost of Debt of Indonesia Listed Companies
  Rizki Syariff, Universitas Indonesia
  Sylvia Siregar, Universitas Indonesia
3-D Auditing Issues

Moderator: Ira Geraldina, Universitas Indonesia

- The Effects of Personal Skepticism and Situational Skepticism (Client-Specific Experiences) on Auditors' Judgment
  Dewi Faimawati, Universitas Gadjah Mada
  Arizona Mustikarini, Universitas Gadjah Mada
  Inneke Puspita Fransiska, Universitas Gadjah Mada

- Effect of Fair Value Accounting, Auditor Professional Skepticism and Audit Firm Size to Auditor-Client Negotiation Results
  Fitria Husnatarina, Universitas Palangka Raya
  Zaki Baridwan, Universitas Gadjah Mada
  Gudono Gudono, Universitas Gadjah Mada
  Bambang Riyanto L. S., Universitas Gadjah Mada

- Auditors' Professional Skepticism in Fraud Detection in Malaysia: The Social Learning Perspective
  Takiah Mohd Iskandar, Universiti Kebangsaan Malaysia
  Zakiah Muhammadun Mohamed, Universiti Kebangsaan Malaysia
  Romlah Jaffar, Universiti Kebangsaan Malaysia
  Sayed Alwee Hussnie Sayed Hussin, National Audit Department of Malaysia

3-E Taxation and Other Accounting Issues

Moderator: Dr. Dwi Martani, Universitas Indonesia

- The Market Value of Tax Avoidance and the Role of Ownership Structure: Evidence of Indonesian Market
  Anies Lastiati, Universitas Indonesia
  Sylvia Veronica N. P. Siregar, Universitas Indonesia
  Vera Diyanty, Universitas Indonesia

- The Start-Up Compliance Costs of GST among SMEs in Malaysia
  Mohd Adha Ibrahim, Universiti Kuala Lumpur
  Rosati Ramli, Universiti Kebangsaan Malaysia

- Persistence of Indonesian Local Government Performances: Evaluation of EKPPD Scores, Rankings, and Component Scores
  Dwi Martani, Universitas Indonesia
  Panggah Tri Wicaksono, Universitas Indonesia

- The Impact of Conflict of Competing Accountability on NGO Work Performance in Indonesia
  M. Budhika Elrif, Sekolah Tinggi Ilmu Ekonomi Bisnis & Perbankan
  Ari Kuncara Widagdo, Sebelas Maret University

10.00 – 10.45 Refreshment
10.45 – 12.15  Panel Session 2: **Fraud, Bribery and Corruption in the Asia Pacific Business Practices**

Speaker:
- Mrs. Natalia Subagyo, Chairwoman of Transparency International Indonesia
- Mr. Junino Jahja, Lecturer at Universitas Indonesia
- Mr. Owen Hawkes, Partner of KPMG Forensic, KPMG Singapore

Moderator: Mr. Agung Nugroho Soedibyo, KPMG Indonesia/Universitas Indonesia

12.15 – 14.00  Lunch
Presentation by the Delegation of Turkey

14.00 – 15.30  Concurrent Session 4

**4-A Governmental Accounting Issues**

Berlian 1 Room

Moderator: Rama Pratama, Universitas Indonesia

- Performance Objectives of Public Private Partnership Implementation in Malaysia: Perception of Key Players
  
  - Rosnani Mohamad, Jabatan Akaunant Negara Malaysia
  
  - Suheiwa Ismail, International Islamic University Malaysia
  
  - Julia Mohd Said, International Islamic University Malaysia

- Determinants of Local Government Performance in Indonesia
  
  - Dwi Martani, Universitas Indonesia
  
  - Dyah Setyaningrum, Universitas Indonesia

- Potential Budgetary Slack: Determinants and Its Impact on Indonesian Local Government Performance
  
  - Daissy Erdianthy, Universitas Indonesia
  
  - Akhmad Syakhoza, Universitas Indonesia
  
  - Ancella Hermawan, Universitas Indonesia
  
  - Herbert Siagian, Ministry of Home Affairs

- The Effect of Audit Opinion and Corruption on Performance of Local Government
  
  - Khaliful Azhar, Universitas Indonesia
  
  - Dyah Setyaningrum, Universitas Indonesia
4-B Capital Market Issues  

Moderator: Dr. Mohamat Sabri Hassan, Universiti Kebangsaan Malaysia

- Value Relevance of Risk Disclosure Quality Index in Indonesia  
  Ira Geraldina, Universitas Indonesia  
  Hilda Rossieta, Universitas Indonesia  
  Ratna Wardhani, Universitas Indonesia  
  Fitriani Amarullah, Universitas Indonesia

- The Impact of Order Effect, Information Presentation Pattern and Framing Effect on Investment Decision Making  
  Luciana Spica Almilla, STIE Perbanas Surabaya  
  Putri Wulanditya, STIE Perbanas Surabaya  
  Riski Aprilia Nita, STIE Perbanas Surabaya

- Can Short Selling Improve Internal Control in China’s Listed Firms? An Empirical Study Based on the Difference-In-Differences Model  
  Ying Chen, Sun Yat-sen Business School  
  Huili Chen, South China University of Technology  
  Bin Lin, Sun Yat-sen Business School

- The Effect of Corporate Social Responsibility Disclosure on Stock Return and Earnings Response Coefficient: Evidence from Public Banks in Indonesia  
  Idrianita Anis, Trisakti University  
  Ratna Wardhani, Universitas Indonesia  
  Hilda Rosieta, Universitas Indonesia

4-C Auditing Issues  

Moderator: Sigit Wahyu Kartiko, Universitas Indonesia

- Auditors’ Perceptions towards Their Role in Assessing, Preventing and Detecting the Business Fraud  
  Hafiza Aishah Hashim, Universiti Malaysia Terengganu  
  Zalaliah Salleh, Universiti Malaysia Terengganu  
  Nor Raithan Mohamad, Universiti Malaysia Terengganu  
  Fatin Syafiqi Anuar, Universiti Malaysia Terengganu

- Auditors’ and Clients’ Perspectives toward Audit Quality Factors in Indonesia: Do They Differ?  
  Samirah Dunakhr, Universitas Negeri Makassar

- Internal Auditors’ Perception on Risk and Audit of Company’s’ Social Media  
  Avalo, Universitas Indonesia  
  Siti Nurwahyu Harahap, Universitas Indonesia
4-D Financial Reporting Issues

Moderator: Prof. Kamran Ahmed, PhD., La Trobe Business School, Australia

- Predictive Ability of Earnings and Components of Cash Flow against Future of Cash Flows
  Enyiita Yuniarti, Sriwijaya University
  Inten Meutia, Sriwijaya University
  Yessi Agustina, Sriwijaya University

- Financial Reporting Quality in Politically and Militarily Connected Firms
  Iman Harymawan, Airlangga University

- Discrete Accounting Method and Earnings Deviation between Cumulative Quarterly Accounts and Audited Annual Accounts
  Saidatunur Fauzi Saidin, Universiti Putra Malaysia
  Mazrah Malek, Universiti Utara Malaysia
  Dong Nasir Ibrahim, Universiti Malaysia Pahang
  Liang Kee Phua, Universiti Sains Malaysia

4-E Corporate Governance Issues

Moderator: Rafika Yuniasih, Universitas Indonesia

- The Relationship between Board of Commissioners and Audit Committee Characteristics on Audit Fee
  Abraham Zulfiqar, Universitas Indonesia
  Desi Adhariani, Universitas Indonesia

- The Effect of Enterprise Resource Planning (ERP) System, Effectiveness of Internal Control, And Quality of Audit Committee on Earnings Quality
  Nadjhira Prabowo, Universitas Indonesia
  Viska Anggrailta, Universitas Indonesia

- Audit Committee and Audit Fees in Malaysia: The Moderating Role of Regulatory Oversight
  Norziatun Ismail Khan, Universiti Teknologi MARA
  S. Susela Devi K. Suppiah, UNITAR International
  Wai Meng Chan, University of Malaya

- Negative Entrenchment Effect of the Business Group Conglomerates On the Selling and Purchasing Related Party Transactions
  Dayinta Ayninngtyas, Universitas Indonesia
  Vera Divayanti, Universitas Indonesia

15.30 – 15.45 Coffee Break
Concurrent Session 5

5-A Environmental Issues
Moderator: Idrianita Anis, Trisakti University
- Relationship among Aspects of Triple Bottom Line: Empirical Study in Indonesia
  Ika Prayanthi, Klabal University
  Elfiya Sambuaga, Bunda Mula University
- Environmental Performance and Disclosure: Impression Management Theory
  Romlah Jaffar, Universiti Kebangsaan Malaysia
  Razieh Adinehadeh, Universiti Kebangsaan Malaysia
  Mara Ridhuan Che Abdul Rahmain, Universiti Kebangsaan Malaysia
- Evaluating Dialogic Engagement of a Mining Company via Communication in Facebook
  Ahmad Zaki, Gadjah Mada University
  Mahfud Shohifin, Gadjah Mada University

5-B Governmental Accounting Issues
Moderator: Dr. Suhaiwa Ismail, International Islamic University Malaysia
- The Effect of Internal Audit Intensity, External Audit, and Legislative Oversight Structure on Performance of Local Government Budget Implementation in Indonesia
  Sigit Wahyu Kartiko, Universitas Indonesia
  Ancella A. Hermawan, Universitas Indonesia
  Jaka Winarna, Universitas Sebelas Maret
  Ari Kuncoro Widagdo, Universitas Sebelas Maret
- Correlation between Performance Measures and Development Output: Relationship Analysis of BKPPD and HDI
  Dwi Martani, Universitas Indonesia
  Jayu Pramudya, Universitas Indonesia
- E-Government, Accountability and Performance of Local Government in Indonesia
  Rama Pratama, Universitas Indonesia
  Ancella A. Hermawan, Universitas Indonesia
5-C Financial Reporting Issues

Moderator: Anies Lastiati, Universitas Indonesia

- How Do Firms Report Non-IFRS Earnings During Financial Crisis? Longitudinal Analysis of Australian Listed Firms
  Elisabeth Sinnewe, Queensland University of Technology
  Jennifer L. Harrison, Southern Cross University
  Albert Wijeweera, Southern Cross University

  Hetika, Politeknik Harapan Bersama Tegal
  Sunandar, Politeknik Harapan Bersama Tegal
  Ida Farida, Politeknik Harapan Bersama Tegal

- The Impact of PSAK No. 50 and 55 (Revised 2006) on Forward Earnings Response Coefficient and Value-Relevance of Derivative Financial Instruments: Evidence from Financial Firms in Indonesia
  Oktavia, Krida Wacana Christian University
  Sylvia Veronica N. P. Siregar, Universitas Indonesia
  Chaeril D. Djaikman, Universitas Indonesia

- Financial Information Quality and Investment Efficiency: Role of Audit and IFRS
  Zaini Embong, Universiti Kebangsaan Malaysia
  Seyed Sajad Ebrahim Rad, Universiti Kebangsaan Malaysia

5-D Management Accounting Issues

Moderator: Prof. Che Ruhana Isa, University of Malaya

- The Role of Financial and Non-Financial Information and Organization Learning for Dealing with Competitive Environment
  Dyna Rachmawati, Widya Mandala Catholic University
  Lindawati Gani, Universitas Indonesia
  Hilda Rossiea, Universitas Indonesia
  Chaerul Djaikman, Universitas Indonesia

- Effects of Budgetary Control Effectiveness, Ethical Work Climate and Procedural Justice Perception on Propensity to Create Budgetary Slack at Hospitals in Banten
  Helmi Yasti, Universitas Sultan Ageng Tirtayasa
  Roni Budianto, Universitas Sultan Ageng Tirtayasa
  Lestari Handayani, Universitas Sultan Ageng Tirtayasa

- ASEAN Economic Community and Management Accountant Profession: Indonesian Experts' Perspectives
  Desi Adhariani, Universitas Indonesia
  Sylvia Veronica, Universitas Indonesia
  Rini Yulius, Universitas Indonesia
S-E Corporate Governance Issues

Moderator: Dr. Siti Nurwaluyu Harahap, Universitas Indonesia

- Analysis on Quality of Risks Disclosure: Evidence from Infrastructure Industry in Indonesia
  Ira Geraldina, STIE Indonesia Banking School

- The Role of Group Cohesion on External Auditors’ Whistle-Blowing Intentions
  Roszaini Haniffa, Heriot-Watt University
  Philmore Alleyne, University of the West Indies
  Mohammad Hudaib, University of Glasgow

- The Adoption of Internal Control Framework in China’s Listed Firms
  Ying Chen, Sun Yat-sen Business / City University of Hong Kong
  Sidney Leung, City University of Hong Kong

- Internal Control and Innovation Strategy: Evidence from China
  Ping Li, Sun Yat-sen University
  Wei Shu, Xi’an University of Finance and Economics / Sun Yat-sen University
  Qingquan Tang, Sun Yat-sen University
  Ying Zheng, Sun Yat-sen University

17.15 – 18.30  Closing Ceremony and AAAA Annual General Meeting

WEDNESDAY, NOVEMBER 13, 2013

08.00 – end  Optional Tour
16th ANNUAL CONFERENCE
ASIAN ACADEMIC ACCOUNTING ASSOCIATION

November 16-17, 2015
Bandung, INDONESIA

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CONCURRENT SESSION 1-A
PERSISTENCE OF INDONESIAN LOCAL GOVERNMENT PERFORMANCES: EVALUATION OF EKPPD SCORES, RANKINGS, AND COMPONENT SCORES

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ABSTRACT

This study focuses on the consistency of current performance of local governments (EKPPD) in Indonesia. It analyzes whether current performance has been consistent throughout the years. The consistency is assessed on the EKPPD scores, EKPPD rankings, and EKPPD component scores. This study also examines whether current year's performance affects local government performance in the following year. This research uses data for five years (2009-2013) and applies both of qualitative and quantitative analysis. The results show that there are inconsistencies of current EKPPD scores, EKPPD rank, as well as its components. It also finds that there is no correlation between EKPPD main components showing that the components might be appropriate to measure performance. However, further studies need to further elaborate and analyze all EKPPD components to assess whether it has reflected the actual performance of Indonesian local governments. The results also suggest current year's performance positively affect the performance in the following year and indicates that Indonesian local governments tend to improve their performance according to the evaluation provided by the central government.

Keywords: EKPPD, persistence, consistency, performance measurement, local government
DETERMINANTS OF LOCAL GOVERNMENT PERFORMANCE IN INDONESIA

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ABSTRACT

The purpose of this study is to analyze the determinants of local government performance in Indonesia. We hypothesize that organizational commitment, management incentives, monitoring, legitimacy and institutional incentives would affect local government performance. Local government performance is measured by Local Government Performance Evaluation (EKPPD) score. Organizational commitment is measured by follow-up of audit recommendation and number of audit findings. The level of dependency to central government and the portion of non-routine expenditures are used to measure management incentives. Monitoring is measured by the level of political competition and the number of legislative members. Number of voters is used to measure legitimacy, while size of government institutions and the level of wealth are used to measure institutional incentives. Unit of analysis of this study is local governments that consist of municipalities/cities in Indonesia from 2009-2012. The test results show that five determinants have positive effect on local government performance. Specifically, follow-up of audit recommendation, level of dependency to the central government, portion of non-routine expenditures, number of legislative member, number of voters and local government wealth shows positive effect on local government performance. An important implication of this study is that local governments should increase commitment to follow-up all audit recommendations given by The Audit Board of the Republic of Indonesia (BPK); as well as increasing portion of non-routine expenditure in order to have better performance. In formulating the EKPPD score, central government should put more weight in activities directly related to the improvement of public welfare and public services on measuring performance. Legislative board can support local government to increase performance by doing their monitoring role effectively.

Keywords: institutional incentives, legitimacy, local government performance, management incentive, monitoring, organizational commitment.
CERTIFICATE
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