Bunga Rampai
Tesis/Disertasi

Tema:
Akuntansi dan Bisnis

SPIRIT
Scholarship Program for Strengthening Reforming Institutions

Editor:
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SPIRIT Pusbindiklatren-Bappenas

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Bunga Rampai Tesis/Disertasi

Tema: Akuntansi dan Bisnis

Kelompok Ekonomi dan Bisnis

Program Beasiswa SPIRIT

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KATA PENGANTAR

Prioritas utama target pembangunan nasional seperti yang tertuang dalam Rencana Pembangunan Jangka Menengah Nasional Tahun 2010–2014 (RPJMN 2010–2014) Indonesia adalah reformasi birokrasi dan penguatan tata laksana pemerintahan. Untuk mencapai hal ini, sebelas institusi pemerintah yang memiliki peran penting dalam sektor publik dipilih sebagai Participating Agency (PA) dalam program beasiswa SPIRIT (Scholarship Program for Strengthening Reforming Institutions). SPIRIT dirancang untuk mendukung agenda reformasi birokrasi dengan menyediakan program beasiswa gelar dan nongelar untuk staf kunci di institusi publik pusat selama periode tahun 2011–2017.

Tujuan pelaksanaan program SPIRIT adalah untuk meningkatkan kapasitas Participating Agency melalui 1) peningkatan kapasitas sumber daya manusia (SDM) dengan mengembangkan keterampilan teknis, manajerial, dan kepemimpinan aparat pemerintah yang melaksanakan tugas-tugas pokok dan fungsi institusi; dan 2) peningkatan kapasitas SDM dalam melaksanakan reformasi birokrasi di instansi pusat.

Perancangan program SPIRIT dibedakan dengan program beasiswa lainnya di Indonesia melalui upaya pemenuhan kesenjangan kompetensi dan keahlian di tiap-tiap instansi dengan menanamkan program pendidikan gelar dan nongelar dalam Human Capital Development Plans (HCDP) di tiap-tiap instansi secara eksplisit. Program SPIRIT didukung melalui kerja sama antara pemerintah Indonesia dan Bank Dunia (World Bank) melalui pinjaman IBRD Loan No. 8010-ID.

Buku *Bunga Rampai Tesis/Disertasi Program Beasiswa SPIRIT, Tema: Akuntansi dan Bisnis, Kelompok: Ekonomi dan Bisnis* ini merupakan buku pertama dari sembilan buku yang akan diterbitkan pada tahun 2017, sebagai salah satu upaya mendiseminasikan karya tulis ilmiah yang telah diselesaikan oleh karyasiswa penerima beasiswa SPIRIT. Materi tesis/disertasi dibagi menjadi tiga kelompok, yaitu Ilmu-Ilmu Ekonomi, Ilmu-Ilmu Sosial, dan Ilmu-Ilmu Alam dan Interdisiplin. Dasar pembagiannya adalah disiplin keilmuan (*tree of science*) serta keseimbangan jumlah materi tesis/disertasi yang ada.

Tujuan dari penerbitan serial buku ini, pertama, menyebarluaskan hasil-hasil penelitian tesis/disertasi, agar dapat direplikasi atau diadopsi di tempat kerja karyasiswa; kedua, sebagai *benchmark* pemanfaatannya di instansi pemerintah lain; dan ketiga, merupakan bagian dari upaya mendokumentasikan kegiatan SPIRIT, dalam bentuk terbitan ilmiah

buku ber-ISBN sehingga dapat disebutkan oleh karyasiswa dalam resume masing-masing. Versi cetak serial buku ini dapat di akses secara *online* di www.pusbindiklatren. bappenas.go.id

Serial buku ini diharapkan dapat menggambarkan manfaat dan kontribusi positif Program SPIRIT terhadap peningkatan kapasitas SDM sebagai *participating agencies*, baik dari sisi keterampilan teknis, manajerial, dan kepemimpinan aparat pemerintah, dan dalam melaksanakan reformasi birokrasi di instansi masing-masing. Program SPIRIT juga diharapkan dapat berkontribusi bagi pencapaian sasaran prioritas nasional dalam meningkatkan kinerja instansi pemerintah yang ditandai dengan berkurangnya praktik korupsi, kolusi, dan nepotisme, serta meningkatnya kualitas pelayanan publik.

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Program Beasiswa SPIRIT

Field Study of Indonesian Public Sector Employee's Understanding of Corruption and Willingness to Take Action

Studi Lapangan Pemahaman Karyawan Sektor Publik Indonesia tentang Korupsi dan Kesediaan untuk Mengambil Tindakan

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ABSTRACT

Corruption is a global issue, and has destructive impact in every aspect of human life. It undermines a country's wealth and brings misery to the people. Indonesia who is regarded as one of the most corrupt nation by Transparency International also faced with the same problem. High level of corruption in public sector has bring inefficiency, suppress fairness, and high cost economy in public service.

The study intends to finds out understanding regarding illegal act of corruption from the perspective of public sector employees, and figure out any action taken toward the crime. The main focus of the survey is to determine whether difference of demographic backgrounds influence employees perspective on corruption and willingness to take action against the conduct.

The result of the study reveals that majority of the public employees in Indonesia have a good understanding regarding corruption which potentially occurs in their daily activities. No certain demographic backgrounds such as institution, length of service and educational level significantly influenced employees' perception.

However, only less than half of them would take action by reporting the wrongdoers (whistle-blowing). Furthermore, the study also found that many of them also pessimistic by the way of law enforcement agencies carry out prosecution, and light sentences suffered by the perpetrators.

Key words: Corruption, public sector employee, whistle-blower

ABSTRAK

Korupsi adalah isu global, dan memiliki dampak destruktif dalam setiap aspek kehidupan manusia. Hal ini menggerogoti kekayaan negara dan membawa kesengsaraan bagi masyarakat. Indonesia yang dianggap sebagai salah satu negara paling korup oleh Transparency International juga menghadapi masalah yang sama. Tingkat korupsi yang tinggi di sektor publik telah membawa inefisiensi, menindas keadilan, dan ekonomi biaya tinggi dalam pelayanan publik.

Penelitian ini bertujuan untuk mengetahui pemahaman mengenai tindak pidana korupsi dari perspektif pegawai sektor publik, dan mengetahui tindakan yang diambil terhadap kejahatan tersebut. Fokus utama dari survei ini adalah untuk mengetahui apakah perbedaan latar belakang demografi mempengaruhi perspektif karyawan terhadap korupsi dan kemauan untuk mengambil tindakan terhadap perilaku tersebut.

Hasil penelitian menunjukkan bahwa mayoritas pegawai negeri di Indonesia memiliki pemahaman yang baik mengenai korupsi yang berpotensi terjadi dalam kegiatan sehari-hari. Tidak ada latar belakang demografi tertentu seperti institusi, masa jabatan dan tingkat pendidikan yang secara signifikan mempengaruhi persepsi karyawan.

Namun, hanya kurang dari separuh dari mereka akan mengambil tindakan dengan melaporkan pelaku pelanggaran (*whistle-blowing*). Selanjutnya, studi tersebut juga menemukan bahwa banyak dari mereka juga pesimis dengan cara aparat penegak hukum melakukan penuntutan, dan hukuman ringan diderita oleh pelaku.

Kata kunci: Korupsi, pegawai sektor publik, whistle blower

Introduction

Corruption is one of the most critical problems in many countries, especially those with high level of growth in Asia and Pacific. Therefore, this study intends to explore perspective of corruption from public employees' point of view. Public sector employees are the focus of this study as they are in the best position to identify corrupt activities occurring in their workplaces and are the ones who have to decide whether or not to take action about this conduct. Their attitudes and social definitions of corruption may well be more salient in determining behavior than formally imposed definitions.

This study is trying to explore Indonesia's public sector employees' understanding of corruption and their attitudes to take action about potentially illegal activities which probably occur within their daily activities. The research is intended to figure out social definitions of corruption rather than legal definitions. The research will be focused on whether demographic background such as age, gender, earning, and educational level influence perception of certain behaviours/acts. The study is a replication of a previous survey by Independent Commission Against Corruption of New South Wales in 1994 with several adjustments to fit the actual conditions of the public sector in Indonesia.

The method used for this study by using a survey approach where respondents were selected as a sample, and given a set of standard questions. Furthermore, a descriptive survey approach was applied to explain and record information in order to amplify the actual condition of public employee's perception of corruption. Respondents were chosen from six different institutions with an expected response of 100 respondents per institution totaling 600 respondents.

The study utilizes a survey approach where respondents were selected as a sample, and given a set of standard questions. The purpose of the study is to gather preliminary data in order to enhance research questions, and possibly formulate a hypothesis. An exploratory study also involving information collection, which is subject to criticism may result in correlation, comparisons, and explanations (Hart, 2005).

In this study, public employees from six institutions were chosen which are: Ministry of Religious Affair, Ministry of Education, Ministry of Health, Ministry of Finance, The Audit Board of Republic of Indonesia and Financial & Development Supervisory Board.

The study uses two types of data; primary and secondary. Primary data was collected from public employees as respondents through questionnaire. The questionnaire was distributed in two ways; printed and online survey via survey monkey. Out of 370 printed questionnaires distributed, 268 were returned and completed, while the online survey resulted in 218 responses. However, there were 35 unexpected responses from

online survey which were not part of the sample institutions and will not be included in the analysis. Thus total responses were 451 or 75.17% of expected respondents. Secondary data was collected from books, journals, online information regarding previous research regarding the topic, and discovered different definitions of corruption formulated by various organisations and government bodies around the world.

After the collection of printed questionnaires and online surveys was closed, the questionnaires were checked for completion. Data was analysed using both Microsoft Excel and SPSS for Windows software package. Statistical analysis used was mostly descriptive such as percentage, mean, and median. Quantitative data analysis from the questionnaire was enhanced by qualitative analysis of the additional comments from respondents who received printed questionnaires; there are around 20 respondents who wrote comments in the comment box provided.

The questionnaire was designed to gather information regarding respondent's demographic information and individual attitude toward corruption. It consists of three parts. The first gathers information about background characteristics of the respondents such as age, gender, salary, highest education attained, and ministry/institution. The second part of the questionnaire asks the respondents to consider twelve possible scenarios which might occur in their daily activities and asks to rate them on three scales: desirability, harmfulness and justifiability. The last part of the questionnaire consists of twelve attitude statements regarding the definition of corruption, certain behaviours which may be considered acceptable or justified, and statements concerning whistle blowing.

There are twelve scenarios used in this survey. For every scenario used, there is a potentially undesirable feature in it. However, that does not necessarily mean that all of those scenarios are corrupt. This section of the chapter will discuss how respondents perceived the scenarios given. The respondents were asked to judge whether those behaviours are corrupt or not, and to what extent they consider each of those scenarios desirable, harmful and justified.

The length of service factor did not significantly contributed to difference of scenario perception. Only in scenario of computer tender, public employees who have been working for more than 10 years were having a tendency towards narrower definitions on corruption. Those groups of respondents were indecisive in that scenario where only 55 % of them perceived the scenarios as corrupt, compared to more than two third of respondents from two other groups. In any other scenarios, there were no materially distinct opinions between those groups.

Conclusion

The result from the study shows that there was no uniformity in perception of corruption among public employees surveyed. From twelve scenarios given, three of them were perceived as corrupt by more than 90% of the respondents which are; grease payment, hospital bills and stereo. However, the study could not figure out any certain features or complexities which might influenced respondents' judgement.

Compared to previous research in 1994, the result was generally similar where the study confirms that more than 90 percent respondents said the conducts to be corrupt in scenarios which involved direct financial gain. In the other hand, the study also found that there were two scenarios of job for colleague and 2nd job where respondents of this study were more indecisive.

The difference of demographic backgrounds were also did not materially influenced the perception. There was no concluded uniformity that certain group had wider definition of corrupting compared to other. Demographic backgrounds such as institution, age, gender and length of service did not materially influenced respondents' perception on corruption.

Although not all the respondents judged the scenarios as corrupt, but it does not mean that they were also perceived the conducts as desirable, not harmful and justified. The study found that in scenarios with direct financial gain, respondents perceived the scenarios to be more undesirable, more harmful and less justified.

The difference of responses on group of respondents who perceived the conducts as corrupt and those who did not was not materially significant. Furthermore, in average, no scenario was given more desirable, not harmful and well justified perception by the respondents. It indicates that although respondents were thought the scenarios to be not corrupt, they were still perceived that the conducts were undesirable, harmful and less justified.

When dealing with potentially illegal activities, public employees were reacted in different ways. Public employees in Indonesia were prefer to prefer to settle the problems internally rather than report the conduct to the law enforcement agencies.

There was only average of 8.28% respondents who would report the behaviours to the law enforcers such as Corruption Eradication Commission of Indonesia. The study also found that although employees perceived the behaviours to be corrupt, there was only less than half of respondents would report the conduct.

When employees were divided into two groups, there was only slight difference toward action against corruption. In average, respondents from group B were slightly have more courage to take action against potentially corrupt activities within their organisation. They were having more willingness to step up by reporting it either to person in charge in the office or outside to the law enforcement agencies

This study found that majority of public employees in Indonesia have considerably broad definition of corruption. Approximately two out of three employees agreed that the right reason did not justify a corrupt conduct, and it does not matter if everybody does it, if it is wrong than it is wrong. However, more than half of the public employee in Indonesia still presumed that an act needs to be against the law to be able to be called corrupt.

Furthermore, most of the employees also believed that no reason can justify a corrupt behaviour. More than 90 % of respondents stated that whatever the reason, a corrupt act is still corrupt. They were also argued that there is no corrupt behaviour is too small to be taken concern of and presenting gift to public officers is an unacceptable behaviour.

Study findings regarding whistle-blowing was mixed. Several interesting findings were found. Most respondents argued that no illegal activity is too small to be reported, which conform previous statements regarding minor theft.

However, there was a contradiction when we compare the result to the statement of action as previously discussed. in scenarios of stationery and hospital bills where those were considered as minor theft or insignificant, only less than half of the respondents said they would report the incidents. Finally, more than half employees aware that the application of law to curb corruption is ineffective and did not give deterrent effects. Two third of them were also believe that reporting corruption was unnecessary as there will not be action to take against the crime.

Several recommendations can be made based on the result of the study. Although probably not comprehensive and detailed, these are believed to be useful to improve corruption eradication system in Indonesia.

One of the most crucial problem faced by public employees in Indonesia is that they do not have general consciousness toward regarding corruption. Although the study shows that majority of public employees in Indonesia had sufficient understanding toward the illegal act, there was only limited numbers of them who would took real action to tackle the crime.

Effectiveness of Legal Enforcement

One of the major concern of combatting corruption in Indonesia is lack of independency of the law enforcement agencies. It was reflected by the statements of the respondents that it is worthless to report corruption as there is and there will not be anything substantial done by the authorities. As stated in chapter two, in order to have an effective an efficient application of law, the regulatory body must be free from potential "regulatory capture". It also means that the current officials of several law enforcement agencies were in risk of that conflict since many of them were politicians who attached to their parties.

A heavy penalty should also be imposed to the perpetrators, especially those who are public figures. Learning from history. That most of the perpetrators with large scale of corruption were only sentenced with light sentences, some of them even released after several months. This kind of practice will not give any deterrent effect either for the perpetrators and potential fraudster.

Another substantial improvement can be made to curb corruption is an established reporting system. A clear procedure needs to be built not only to protect the whistle-blower, but also to ensure that what is reported not only grudge. The whistle-blowing system in Indonesia is far from established, in fact not all of institutions have a clear and proper procedure for the employees to express complain or dissatisfaction.

Finally, the study shows that majority of public employees in Indonesia have a good understanding of corruption which might occurred in their office. However, if we consider the high level of corruption in Indonesia, the main reason probably was that most of them were becoming apathetic by the impotence of law enforcement.

Perceptions of Government External Auditors on Red Flags Effectiveness in Detecting Fraud on Procurement of Goods / Services

Persepsi Auditor Eksternal Pemerintah Terhadap Efektivitas *Red Flags* Dalam Mendeteksi *Fraud* Pada Pengadaan Barang / Jasa

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Program Studi   : Program Magister Akuntansi

Negara Studi   : Indonesia

Universitas   : Universitas Gajah Mada

ABSTRACT

This research is for indentifying red flags which is considered effective in fraud detection on procurement and for proving the differentiation of auditor perception, like demography factor in assessing red flags effectiveness. This research uses quantitative method by sending questionnaire to respondent. The respondents are government external auditors which work in The Supreme Audit Instuitution (Badan Pemeriksa Keuangan/ BPK), including headquarters office and representative office. Perception about red flags effectiveness are measuredby Likert scale toward 36 red flags statements which is adopted from Decree of BPK about The Technical Guidelines of Audit on Procurement. Data analyzes use independent sample t-test and ANOVA. The result shows that the most effectiveness red flags for detecting fraud on procurement are "fictional project", "inappropriate volume and quality due to technical specification", and "price mark up in owners's estimate". The result of test also concludes in general that there is not differentiation of perception among auditor which has different demography factor about red flags effectiveness for fraud detection on procurement.

Keywords: perception, auditor, demographic factor, fraud, red flags, procurement, independent sample t-test, ANOVA.

ABSTRAK

Penelitian ini bertujuan untuk mengidentifikasi *red flags* yang dianggap efektif dalam mendeteksi *fraud* pada pemeriksaan pengadaan barang/jasa dan membuktikan adanya perbedaan persepsi auditor yang memiliki perbedaan *factor* demografis dalam menilai efektivitas *red flags*. Penelitian ini menggunakan metode kuantitatif dengan perolehan data melalui pengiriman kuesioner kepada responden. Responden adalah auditor eksternal pemerintah yang bekerja di BPK, baik di kantor pusat maupun kantor perwakilan. Persepsi tentang tingkat efektivitas *red flags* diukur dengan skala *Likert* terhadap 36 pernyataan *red flags* yang diadopsi dari Keputusan BPK RI tentang Petunjuk Teknis Pemeriksaan atas Pengadaan Barang dan Jasa. Analisis data dilakukan dengan menggunakan uji beda *independent sample t-test* dan uji ANOVA.

Hasil analisis data menunjukkan bahwa *red flags* yang dipersepsikan paling efektif untuk mendeteksi *fraud* pada pengadaan barang/jasa adalah "pekerjaan fiktif", "volume dan kualitas barang/jasa tidak sesuai spesifikasi teknis", dan "penggelembungan harga dalam HPS". Hasil pengujian juga menyimpulkan bahwa secara umum tidak terdapat perbedaan persepsi di antara auditor yang memiliki perbedaan faktor demografis mengenai efektivitas *red flags* dalam mendeteksi *fraud* pada pengadaan barang/jasa.

Kata kunci: persepsi, auditor, faktor demografis, *fraud, red flags,* pengadaan barang/jasa, *independent sample t-test,* ANOVA.

Latar Belakang

Masyarakat akhir-akhir ini mempertanyakan makna sesungguhnya dari opini WTP (Wajar Tanpa Pengecualian) pada suatu instansi pemerintah. Instansi pemerintah dengan predikat WTP ternyata tidak serta merta bersih dari permasalahan *fraud*. Kasus dugaan korupsi kitab suci di lingkungan Kementerian Agama (Andi, 2012) dan dugaan kebocoran anggaran fasilitas sosial dan fasilitas umum pada Pemerintah Provinsi DKI Jakarta (Friastuti, 2012) adalah contoh permasalahan *fraud* yang muncul pada instansi pemerintah dengan opini laporan keuangan WTP. Badan Pemeriksa Keuangan (BPK) dalam siaran pers pada tanggal 30 Juni 2011 menyatakan bahwa opini WTP tidak menjamin pada suatu instansi pemerintah tidak ada korupsi karena pemeriksaan laporan keuangan tidak ditujukan secara khusus untuk mendeteksi adanya korupsi. Namun demikian, BPK wajib mengungkapkan apabila menemukan ketidakpatuhan atau ketidakpatutan baik yang berpengaruh atau tidak berpengaruh terhadap opini atas laporan keuangan (BPK, 2011).

Kondisi tersebut menunjukkan adanya kesenjangan harapan (*expectation gap*) antara masyarakat yang berharap agar auditor dapat mengungkapkan semua *fraud,* namun auditor memiliki keterbatasan dalam mendeteksi *fraud* pada saat melaksanakan pemeriksaan. Beberapa penelitian menunjukkan bahwa fenomena *audit expectation gap* muncul baik di sektor publik (Chowdhury *et al.,* 2005), maupun sektor bisnis (Sidani, 2007). Chowdhury *et al.* (2005) melakukan penelitian terhadap fenomena *audit expectation gap* yang berkaitan dengan sector publik dan kemudian menguji kerangka akuntabilitas dalam konteks Negara Bangladesh. Hasil penelitian menunjukkan adanya perbedaan yang signifikan antara persepsi auditor dengan persepsi masing-masing kelompok pengguna laporan keuangan. Temuan ini menunjukkan adanya *audit expectation gap* terkait permasalahan pelaporan, akuntabilitas, independensi auditor, kompetensi auditor, bukti audit, dan audit kinerja.

Sidani (2007) melakukan penilaian atas sikap dan persepsi akuntan dan nonakuntan tentang profesi audit dalam rangka mengungkap kemungkinan adanya *expectation gap* di Lebanon. Hasil penelitian menjelaskan bahwa *expectation gap* ditemukan terutama dalam hal peran dan tanggung jawab auditor, yang mencerminkan kenyataan bahwa banyak pengguna laporan tidak memiliki pemahaman yang tepat tentang profesi audit. Auditor dipekerjakan untuk memenuhi ketentuan hukum semata dan bukan karena adanya pemahaman akan peran auditor dalam rangka mewujudkan transparansi dan pengembangan perusahaan. Dengan demikian, kesenjangan muncul karena adanya perbedaan pandangan antara kewajiban yang harus dilakukan oleh auditor dan harapan yang dinginkan oleh masyarakat untuk dilakukan oleh auditor.

Dalam konteks Indonesia, tindakan *fraud* seolah telah menjadi hal yang lazim terjadi di berbagai bidang kehidupan. Sistem birokrasi pemerintahan yang panjang dan berbelit-belit menjadi salah satu kondisi yang mendukung tindakan *fraud* pada lingkungan pemerintahan. Sistem desentralisasi telah memberikan kesempatan bagi daerah untuk melakukan tata kelola pemerintahan dan pembangunan secara mandiri tanpa campur tangan pemerintah pusat yang terlalu besar. Namun, hal ini tidak didukung dengan mekanisme pengendalian yang kuat sehingga pada akhirnya hanya memindahkan berbagai bentuk tindakan *fraud* dari pemerintah pusat ke pemerintah daerah. Masyarakat sudah terlalu sering disuguhi informasi tentang berbagai kasus *fraud* dan korupsi yang ada pada berbagai instansi pemerintah, sehingga menciptakan ketidakpedulian dari sebagian masyarakat. Hal ini telah melemahkan mekanisme kontrol sosial yang merupakan hal penting pada pengelolaan sektor publik. Belkaoui dan Picur (2000) menyatakan bahwa situasi disorganisasi sosial secara umum dan kegagalan untuk menerapkan kontrol sosial dapat memunculkan tindakan *fraud.*

Bentuk tindakan korupsi, kolusi, dan nepotisme yang dilakukan oleh pejabat pemerintah merupakan salah satu bentuk kejahatan kerah putih (*white-collar crime*). Istilah ini diperkenalkan oleh Edwin H. Sutherland pada Desember 1939. Sutherland menjelaskan istilah kejahatan kerah putih sebagai kejahatan kelas atas, kelas manusia berkerah putih yang terdiri atas orang-orang bisnis dan professional terhormat, atau paling tidak, dihormati (Tuanakotta, 2010).

Semakin banyaknya kasus korupsi, suap, dan gratifikasi yang terungkap menunjukkan bahwa praktik *fraud* seakan telah menjadi budaya yang lazim terjadi di sektor publik. Praktik korupsi dalam pemerintahan telah menjadikan Indonesia sebagai salah satu negara paling korup di kawasan Asia Tenggara.

Jika berbicara pada lingkup sektor publik, praktik *fraud* yang antara lain dalam bentuk korupsi, suap, dan gratifikasi seakan telah membudaya dan berimplikasi kepada penurunan kualitas pelayanan publik yang diberikan kepada masyarakat. Hal ini tercermin pada pelaksanaan pembangunan yang belum mampu menyentuh seluruh lapisan masyarakat Indonesia. Salah satu *outcome* yang dapat dijadikan sebagai indikator kualitas pelayanan publik adalah Indeks Pembangunan Manusia (IPM). Indeks ini merupakan suatu ukuran yang mencerminkan angka harapan hidup, melek huruf (*literacy*), pendidikan, dan standar hidup. Pada laporan *Human Development Report 2013* yang diterbitkan *United Nations Development Programme* (UNDP), Indonesia berada pada posisi ke-121 dari 187 negara yang masuk ke dalam daftar tersebut.

Beberapa penelitian telah menunjukkan bahwa *fraud* merupakan masalah serius yang harus dihadapi baik dalam kerangka sektor bisnis maupun sektor publik. KPMG dalam laporan survei pada tahun 2012 tentang *fraud,* suap, dan korupsi di Australia dan

Selandia Baru menyampaikan bahwa kerugian karena tindakan *fraud* mencapai $372 juta dengan rata-rata kerugian sebesar $3 juta pada setiap organisasi (KPMG, 2012). Sementara itu ACFE (*Association of Certified Fraud Examiner*) dalam *Report to The Nations on Occupational Fraud and Abuse – 2012 Global Fraud Study* mengungkapkan bahwa responden survei menyatakan terdapat kehilangan sebesar 5% dari pendapatan pada organisasi yang disebabkan karena tindakan *fraud*. Lebih lanjut lagi ACFE menyatakan bahwa jika hal ini diperhitungkan terhadap *Gross World Product* (gabungan *Gross National Product* dari seluruh negara di dunia) tahun 2011, maka diproyeksikan pada tahun tersebut terdapat kerugian yang dikarenakan tindakan *fraud* sebesar lebih dari $3,5 miliar (ACFE, 2012).

Dalam konteks pengelolaan keuangan pada sektor publik, terutama di Indonesia, salah satu area yang paling sering mengalami kebocoran adalah proses pengadaan barang/jasa. Hal ini berkaitan dengan permasalahan pelaksanaan pengadaan barang/jasa yang tidak sesuai dengan ketentuan perundang-undangan yang berlaku. Pemerintah telah menyusun berbagai ketentuan perundangundangan untuk mengatur pelaksanaan pengadaan barang/jasa. Peraturan Presiden Nomor 54 tahun 2010 tentang Pengadaan Barang/Jasa Pemerintah sebagaimana telah dua kali diubah terakhir dengan Peraturan Presiden Nomor 70 Tahun 2012 adalah ketentuan perundangan yang saat ini berlaku sebagai panduan bagi pejabat pelaksana pengadaan barang/jasa di lingkungan pemerintah. Namun pada kenyataannya aturan tersebut belum mampu untuk menjadi kontrol yang efektif dalam mencegah terjadinya tindakan *fraud* pada setiap tahapan pelaksanaan pengadaan barang/jasa.

Ikhtisar Hasil Pemeriksaan Semester (IHPS) BPK untuk periode Semester 1 tahun 2013 menyatakan bahwa temuan pemeriksaan terkait dengan pengadaan barang/jasa adalah salah satu jenis temuan pemeriksaan yang sering terjadi dari tahun ke tahun dan memiliki nilai yang relatif besar. Permasalahan tersebut antara lain adalah kasus kerugian daerah akibat kekurangan volume pekerjaan dan/atau barang. Total kekurangan volume yang dilaporkan selama tiga semester (IHPS I Tahun 2012 sampai dengan IHPS I Tahun 2013) mencapai Rp851,90 miliar. Kasus-kasus kekurangan volume pekerjaan dan/atau barang selama periode tersebut lebih banyak terjadi pemerintah daerah dibandingkan dengan pemerintah pusat. Total temuan kekurangan volume di pusat mencapai 265 kasus senilai Rp317,56 miliar sedangkan di daerah sebanyak 1.568 kasus senilai Rp534,34 miliar (BPK, 2013).

Meskipun BPK telah menemukan berbagai kasus pelanggaran ketentuan pada proses pengadaan barang/jasa, namun hal tersebut belum cukup untuk mengurangi hasrat para pejabat nakal untuk melakukan tindakan *fraud*. Banyaknya laporan pengaduan masyarakat terkait tindakan *fraud* pada pejabat publik menunjukkan bahwa praktik

fraud masih merajalela. Di sisi lain, auditor juga memiliki keterbatasan untuk mampu mendeteksi seluruh tindakan *fraud* yang terjadi.

Untuk mengatasi masalah tersebut, Bierstaker *et al.* (2006) menyatakan pentingnya peran keahlian khusus (akuntansi forensik) untuk mampu melakukan deteksi atas tindakan *fraud*. Namun, di sisi lain Hassink *et al.* (2010) mengungkapkan bahwa auditor tidak memiliki kesempatan yang cukup untuk membangun keahlian di bidang *fraud*, pelaporan dan penanganan *fraud*. Oleh karena itu, dibutuhkan suatu cara yang efektif agar auditor mampu melaksanakan tugasnya dengan baik. Matsumura dan Tucker (1992) menyarankan bahwa salah satu cara untuk mengurangi *fraud* adalah dengan meningkatkan kualitas pengujian yang dilakukan oleh auditor. *Rezaee* (2004) menyarankan agar auditor menggunakan prosedur audit yang lebih efektif dan obyektif serta standar terkait untuk meningkatkan efektivitas audit. Moyes dan Hasan (1996) mengungkapkan bahwa kombinasi berbagai teknik audit dengan dukungan adanya *peer review* akan meningkatkan kemungkinan auditor untuk mampu mendeteksi adanya *fraud*. *Statement of Auditing Standard* (SAS) No. 99 (AICPA, 2001) menyatakan bahwa auditor memiliki tanggung jawab untuk merencanakan dan melaksanakan audit dalam rangka memperoleh keyakinan yang memadai bahwa laporan keuangan terbebas dari kesalahan material baik yang disebabkan oleh *error* maupun *fraud*. Dalam rangka memperoleh informasi yang dibutuhkan untuk mengidentifikasi adanya risiko kesalahan yang material, auditor harus mempertimbangkan *risk factor* atau yang dikenal dengan istilah *red flags*. *Red flags* adalah gejala atau keadaan yang memungkinkan terjadinya suatu tindakan *fraud*. Standar ini mengidentifikasi 42 *risk factor* yang dapat digunakan oleh auditor dalam pelaksanaan pemeriksaan pada sektor bisnis. Standar tersebut diadopsi Standar Profesional Akuntan Publik (SPAP) yang tertuang pada Standar Audit (SA) Seksi 316 Pertimbangan atas Kecurangan dalam Audit Laporan Keuangan. Paragraf 16 dan 17 pada SA ini memuat faktor risiko yang berkaitan dengan salah saji yang timbul dari kecurangan dalam pelaporan keuangan (IAI, 2011).

Standar audit telah memuat daftar *red flags* yang dapat digunakan sebagai metode pendeteksian *fraud*. Namun standar audit tersebut tidak memberikan petunjuk yang mengatur secara detail tentang manakah *red flags* yang dapat secara efektif mendeteksi adanya *fraud*, sehingga memungkinkan adanya perbedaan persepsi dari masing-masing auditor dalam menilai tingkat efektivitas *red flags* dalam mendeteksi *fraud*.

Beberapa penelitian menunjukkan hasil yang berbeda tentang *red flags* manakah yang dianggap paling penting untuk mendeteksi tindakan *fraud* (Heiman-Hoffman dan Morgan, 1996; Majid *et al.*, 2001; Weisenborn dan Norris,1997; Smith *et al.*, 2005). Heiman-Hoffman dan Morgan (1996) menemukan bahwa responden menganggap "faktor sikap" seperti jujur, bermusuhan, serta sikap manajemen yang agresif dan tidak

masuk akal merupakan *red flags* yang lebih penting jika dibandingkan dengan "factor situasional". Majid *et al.* (2001) menyimpulkan bahwa faktor-faktor situasional seperti "kesulitan untuk melakukan audit atas transaksi" dan "indikasi kelangsungan usaha" merupakan *red flags* yang penting. Weisenborn dan Norris (1997) menemukan bahwa "tidak jujur" atau "manajemen yang tidak etis" dan "pengendalian internal yang tidak memadai" dianggap sebagai indikator utama untuk sebagian besar kasus *fraud*. Smith *et al.* (2005) menemukan bahwa *red flags* yang berkaitan dengan karakteristik operasi dan finansial dinilai sebagai *red flags* yang paling penting dalam mendeteksi *fraud*.

Penelitian-penelitian mengenai *red flags* ternyata menunjukkan hasil yang berbeda-beda. Hal tersebut disebabkan adanya perbedaan persepsi dalam menilai *red flags*. Perbedaan karakteristik pribadi dapat mengakibatkan perbedaan persepsi (Robbins dan Judge, 2008). Persepsi tersebut dapat mempengaruhi keputusan dan langkah yang diambil oleh auditor dalam proses pelaksanaan audit. Persepsi auditor yang berbeda dapat mengakibatkan perbedaan dalam menilai tingkat efektivitas *red flags* dalam mendeteksi *fraud*.

Beberapa penelitian telah dilakukan untuk mengetahui pengaruh factor demografis terhadap persepsi auditor atas *red flags*. Penelitian-penelitian tersebut menunjukkan hasil yang bervariasi. Smith *et al.* (2005) menyimpulkan bahwa faktor demografis auditor secara umum tidak mempengaruhi persepsi auditor terhadap penggunaan *red flags*. Hasil penelitian Siboro (2006) menunjukkan bahwa tidak ada perbedaan persepsi antara auditor yang bekerja pada KAP yang berafiliasi dengan tidak berafiliasi terhadap efektivitas metode-metode pendeteksian dan pencegahan kecurangan. Di sisi lain Robiyanto (2009) menyimpulkan bahwa persepsi auditor internal lebih baik dari auditor eksternal mengenai efektivitas metode pendeteksian dan pencegahan tindakan kecurangan.

 Berbeda dengan penelitian-penelitian sebelumnya yang dilakukan pada sektor swasta dengan auditor internal perusahaan dan auditor independen yang bekerja pada KAP sebagai responden, penelitian ini dilakukan pada lingkungan sektor publik. Responden pada penelitian ini adalah auditor eksternal yang bekerja pada BPK. Penelitian ini berfokus pada persepsi auditor eksternal pemerintah terhadap *red flags* pada pemeriksaan pengadaan barang dan jasa, karena merupakan salah satu area yang paling sering mengalami kebocoran pengelolaan keuangan. Penelitian pada sektor publik penting untuk dilakukan karena belum ada penelitian empiris yang menguji persepsi auditor terhadap *red flags* pada sektor publik. Sebagian besar penelitian dilakukan pada sektor swasta dengan menggunakan sampel auditor internal perusahaan dan auditor independen yang bekerja pada KAP.

Simpulan

Penelitian ini bertujuan untuk mengidentifikasi *red flags* yang dianggap efektif untuk mendeteksi adanya *fraud* pada pemeriksaan pengadaan barang/jasa dan membuktikan adanya perbedaan persepsi auditor yang memiliki perbedaan faktor demografis dalam menilai efektivitas *red flags.* Penelitian pada sektor publik penting untuk dilakukan karena sebagian besar penelitian empiris yang menguji persepsi auditor terhadap *red flags* dilakukan pada sektor swasta. Penelitian-penelitian sebelumnya yang berkaitan dengan persepsi atas efektivitas *red flags* menunjukkan hasil yang tidak konsisten, sementara yang berkaitan dengan faktor demografis auditor juga menunjukkan hasil yang berbeda-beda, sehingga menjadi penting untuk dilakukan penelitian lebih lanjut, terutama dalam konteks sektor publik khususnya pengadaan barang/jasa pada pemerintah.

Beberapa kesimpulan dapat diambil dari hasil analisis, yaitu:

1. a. *Red flags* yang dipersepsikan paling efektif untuk mendeteksi *fraud* pada pengadaan barang/jasa adalah "pekerjaan fiktif", "volume dan kualitas barang/jasa tidak sesuai spesifikasi teknis", dan "penggelembungan harga dalam HPS". Pengelompokan tingkat efektivitas pendeteksian *fraud* dari 36 item *red flags* menunjukkan bahwa terdapat 12 item *red flags* yang dipersepsikan efektif dalam mendeteksi *fraud,* 13 item *red flags* yang dipersepsikan cukup efektif, dan sisanya 11 item *red flags* dipersepsikan kurang efektif dalam mendeteksi *fraud* pada pengadaan barang/jasa;

   b. Hasil analisis faktor menunjukkan bahwa 36 item *red flags* yang digunakan dalam penelitian ini mengelompok ke dalam lima faktor *red flags* baru, yaitu "barang/jasa hasil pengadaan tidak sesuai dengan spesifikasi", "evaluasi penentuan pemenang tidak sesuai dengan ketentuan", "proses pengadaan yang tidak transparan", "manipulasi ketentuan administrasi" dan "permasalahan pada panitia pengadaan". Dari kelima faktor *red flags* baru tersebut, faktor yang dipersepsikan paling efektif untuk mendeteksi *fraud* adalah "evaluasi penentuan pemenang tidak sesuai dengan ketentuan"

2. a. Hasil uji empiris menunjukkan bahwa terdapat perbedaan persepsi auditor yang memiliki perbedaan jenis kelamin mengenai efektivitas *red flags* pada pengadaan barang/jasa (signifikan pada p *value*<0,05 untuk item *red flags* "proses pengadaan yang tidak transparan", "manipulasi ketentuan administrasi" dan "permasalahan pada panitia pengadaan"). Hasil uji empiris menunjukkan tidak terdapat perbedaan rata-rata persepsi antaraauditor yang memiliki sertifikasi CFE dengan auditor yang tidak memiliki sertifikasi CFE mengenai efektivitas *red flags* dalam mendeteksi *fraud* pada pengadaan barang/jasa (kecuali untuk item

red flag "manipulasi ketentuan administrasi", t=2,055; p *value*=0,042 signifikan pada p *value*<0,05). Hasil pengujian menunjukkan tidak terdapat perbedaan persepsi auditor yang memiliki perbedaan masa kerja mengenai efektivitas *red flags* pada pengadaan barang/jasa (kecuali untuk item *red flag* "permasalahan pada panitia pengadaan", F=3,769; p *value*=0,025 signifikan pada p *value*<0,05). Pengujian empiris juga membuktikan tidak terdapat perbedaan persepsi auditor yang memiliki perbedaan jabatan mengenai efektivitas *red flags* pada pengadaan barang/jasa. Pengujian hipotesis menyimpulkan bahwa tidak terdapat perbedaan rata-rata persepsi antara auditor yang memiliki pengalaman mengungkapkan *fraud* dengan auditor yang tidak memiliki pengalaman terkait *fraud* mengenai efektivitas *red flags* dalam mendeteksi *fraud* pada pengadaan barang/jasa;

b. Berdasarkan hasil uji hipotesis dapat disimpulkan bahwa penelitian ini secara umum tidak mampu memberikan bukti empiris bahwa terdapat perbedaan persepsi di antara auditor yang memiliki perbedaan faktor demografis mengenai efektivitas *red flags* dalam mendeteksi *fraud* pada pengadaan barang/jasa. Hasil ini sejalan dengan penelitian Smith *et al.* (2005) yang menyimpulkan bahwa secara umum perbedaan faktor demografis auditor tidak mengakibatkan perbedaan persepsi auditor dalam menilai *red flags.* Hasil penelitian yang tidak sejalan dengan hipotesis awal ini mungkin dikarenakan adanya faktor lain yang turut mempengaruhi persepsi auditor. Hal tersebut antara lain adalah kompetensi auditor. Spencer dan Spencer (1993) menggambarkan karakteristik kompetensi menjadi lima, yaitu: 1) Motif (*motives*), adalah sesuatu yang mana seseorang secara konsisten berpikir sehingga ia melakukan suatu tindakan; 2) Karakter (*Straits*) adalah watak yang membuat orang untuk berperilaku atau bagaimana seseorang merespons sesuatu dengan cara tertentu; 3) Konsep Diri (*self concept*) adalah sikap atau nilai-nilai yang dimiliki seseorang; 4) Pengetahuan (*knowledge*) adalah informasi yang dimiliki seseorang untuk bidang tertentu dan merupakan kompetensi yang kompleks; dan 5) Keterampilan (*skill*) yaitu kemampuan untuk melaksanakan suatu tugas tertentu baik secara fisik maupun mental. Perbedaan faktor demografis auditor tidak memberikan kepastian adanya perbedaan kompetensi auditor yang dapat turut mempengaruhi persepsi auditor dalam menilai efektivitas *red flags* dalam mendeteksi *fraud;*

c. Penelitian ini menemukan bahwa sebagian besar responden (83,75%) menganggap bahwa penggunaan daftar *red flags* sebagai metode pendeteksian *fraud* merupakan hal yang penting. Selain itu penelitian ini juga menemukan item *red flags* baru yang diungkapkan oleh responden. *Red flags* tersebut adalah "penunjukkan pemenang pengadaan barulang (*repeat order*)" dan "peserta pengadaan yang merupakan perusahaan-perusahaan yang memiliki hubungan afiliasi".

Role of Internal Audit in Company (Case Study on SOE)

Peranan Internal Audit Dalam Perusahaan (Studi Kasus Pada BUMN)

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ABSTRACT

The objective of this research is to determine the effectiveness of the internal audit in State Owned Enterprises (SOE) using mail survey and literature review. Research's sample consists of 40 SOEs from 20 different sectors with CAE, CEO and audit committee member as respondent. Descriptive statistical analysis was performed on all variables, namely role of internal audit, CEO perception and audit committee perception. The analysis was also performed on the elements that comprise the role of internal audit, such as internal audit services, professional practices, human resource management and the role of internal audit in governance, risk management, control and fraud prevention.

Based on the result of this research, statistically, the role of internal audit in SOEs is moderate effective. However, the internal audit service is limited to traditional areas and audit practices are not based on risk assessment. Meanwhile, CEO and audit committee member have a different perception on the role of internal audit. Inequality perception indicates a distinction in understanding and expecting internal audit's role. It also led on less optimized of internal audit's role.

Keywords: internal audit, SOE

ABSTRAK

Penelitian ini bertujuan untuk mengetahui efektifitas peran internal audit pada BUMN. Metode yang digunakan dalam penelitian ini adalah metode survei dan studi literatur yang dilanjutkan dengan analisis statistik deskriptif. Sampel penelitian adalah 40 BUMN yang berasal dari 20 sektor dengan responden kepala SPI, direktur utama dan komite audit. Analisis statistik deskriptif dilakukan pada semua variabel penelitian, yaitu peranan internal audit, penilaian direktur utama dan penilaian komite audit terhadap peranan internal audit. Analisis juga dilakukan pada komponen – komponen peranan internal audit yang terdiri dari layanan internal audit, praktik profesional, manajemen SDM dan peran internal audit dalam proses tata kelola, manajemen risiko, pengendalian dan pencegahan *fraud*.

Penelitian ini menghasilkan kesimpulan bahwa peranan internal audit pada BUMN, secara statistik cukup efektif. Akan tetapi, layanan internal audit masih terbatas pada area tradisional dan praktik internal audit yang dilaksanakan belum mempertimbangkan risiko. Sementara itu, direktur utama dan komite audit memberikan penilaian yang berbeda terhadap peranan internal audit. Ketidaksamaan penilaian ini mengindikasikan perbedaan pemahaman dan ekspektasi terhadap internal audit. Hal ini juga menyebabkan peran internal audit menjadi kurang optimal.

Kata kunci: internal audit, BUMN

Dalam konsep *agency theory*, internal audit sebagai perpanjangan tangan komite audit berperan sangat penting dalam melakukan pengawasan terhadap pelaksanaan mandat pemegang saham oleh Direksi. Internal audit harus memantau pencapaian dan pelaksanaan kontrak manajemen yang telah ditandatangani oleh Direksi. Tentu dalam hal ini internal audit harus bekerja sama dan berkomunikasi secara efektif dengan Komite Audit. Pemegang saham yang diwakili oleh para Menteri, mempunyai kepentingan yang sangat besar dan mendasar terhadap berjalannya fungsi pengawasan oleh internal audit. Mereka sangat bergantung kepada internal audit untuk mengurangi *agency* cost dan memastikan bahwa Direksi melaksanakan kepentingan pemegang saham. Pada akhirnya, investasi negara pada BUMN aman dan memperoleh *return* yang optimal.

Berdasarkan uraian diatas, dalam penulisan karya akhir ini Penulis mengambil permasalahan penelitian tentang bagaimana internal audit melaksanakan perannya kepada pemangku kepentingan (*stakeholder*) dalam mendukung pencapaian tujuan bisnis BUMN, penilaian Direktur Utama terhadap peranan internal audit, penilaian Komite Audit terhadap peranan internal audit, dan apakah ada perbedaan penilaian antara Direktur Utama dan Komite Audit terhadap peranan internal audit.

Hal tersebut dilakukan untuk menjawab tujuan dari penelitian ini, yaitu untuk mengetahui efektifitas peran internal audit pada BUMN, penilaian Direktur Utama terhadap peranan internal audit, penilaian Komite Audit terhadap peranan internal audit, dan perbedaan penilaian antara Direktur Utama dan Komite Audit terhadap dengan peranan internal audit.

Adapun peneliti menyatakan bahwa manfaat dari adanya analisis dari peranan internal audit pada studi kasus BUMN ini adalah penelitian ini dapat merumuskan dan menetapkan kebijakan di bidang pembinaan BUMN, memberikan saran dan masukan terhadap peningkatan peranan internal audit, dan dapat memberikan gambaran mengenai kondisi internal audit bagi asosiasi profesi internal auditor.

Dalam penelitian ini, penulis menggunakan metode penelitian studi pustaka dan metode survey menggunakan kuesioner penelitian yang dikirimkan kepada Direktur Utama, Komite Audit dan Kepala Satuan Pengawasan Intern (SPI) BUMN. Data yang digunakan dalam penelitian ini adalah data primer, yang berasal dari pengisian kuesioner responden. Populasi dalam penelitian ini adalah jumlah BUMN per 31 Desember 2012 sebanyak 141 BUMN. Jumlah tersebut dikelompokkan berdasarkan 31 sektor berdasarkan lampiran LKPP tahun 2012. Teknik penentuan sampel dalam penelitian ini adalah *purposive judgment sampling*, yaitu penentuan sampel berdasarkan kriteria yang ditetapkan. Uji kualitas data dalam penelitian ini merupakan uji lapangan (*field test*). Data yang digunakan adalah data lapangan yang benar – benar digunakan dalam penelitian ini.

Peranan Internal Audit

Secara umum sektor perbankan mendapat skor yang tinggi dalam setiap variabel. Sektor perbankan merupakan industri dengan penerapan internal audit yang paling tua dan lebih *mature* (Sarens et.al., 2011). Sektor perbankan juga merupakan industri yang kegiatan internal auditnya disyaratkan oleh peraturan yaitu dengan proporsi tertinggi dibanding industri lainnya, sebesar 84% (IIARF, 2010).

Fungsi internal audit telah melaksanakan perannya lebih optimal daripada sektor lain. Hal ini merupakan dampak dari dukungan regulasi yang ketat pada sektor ini. Sektor perbankan merupakan industri yang *highly regulated*, sehingga setiap aspek operasinya diatur oleh ketentuan bank sentral. Terkait dengan fungsi internal audit, Bank Indonesia mengeluarkan peraturan BI nomor 1/6/PBI/1999 mengenai Standar Pelaksanaan Fungsi Audit Internal Bank. Seharusnya hal ini dapat dijadikan *benchmarking* bagi sektor lain terutama sektor pembiayaan dan asuransi, karena masih bergerak pada industri yang sama yaitu industri jasa keuangan.

Sementara itu untuk sektor – sektor lain, peranan internal audit telah dilaksanakan lebih baik pada sektor yang merupakan perusahaan publik, yaitu sektor telekomunikasi dan pertambangan. Perusahaan publik mempunyai kewajiban yang lebih tinggi untuk lebih transparan dan mematuhi peraturan dari otoritas pasar modal, serta bertanggung jawab terhadap para pemegang sahamnya. Untuk sektor lain yang masih murni perusahaan negara, umumnya fungsi internal audit masih merupakan bentuk kepatuhan terhadap peraturan. Dalam Undang - Undang BUMN maupun Keputusan Menteri BUMN tidak secara rinci mensyaratkan kondisi – kondisi yang diharapkan terhadap fungsi internal audit. Namun, upaya peningkatan peran internal audit terus lakukan, seperti dikeluarkannya surat keputusan Sekretaris Menteri BUMN nomor SK-16/S.MBU/2012. Surat keputusan tersebut telah mensyaratkan praktik internal audit mengacu pada standar IIA.

Dari keseluruhan responden, penilaian Direktur Utama terhadap peran internal audit adalah: sebanyak 15 responden sesuai harapan, 22 responden cukup sesuai harapan, 1 responden kurang / belum sesuai harapan. Jadi hanya 2,6% responden yang kurang memenuhi harapan Direktur Utama.

Dari 38 responden, 31 responden memberikan saran terkait peningkatan peran internal audit. Dalam pandangan Direktur Utama, hal – hal yang perlu menjadi prioritas perbaikan dalam meningkatkan peran internal audit adalah, kompetensi auditor (34%), Jumlah auditor (9%), Kegiatana konsultasi (8%), Penerapan risk based audit (6%), dukungan manajemen (5%), penerapan manajemen risiko (5%), dukungan teknologi informasi (5%), fokus pengendalian internal (3%), independensi (3%), pemahaman

bisnis perusahaan (3%), pelaksanaan audit yang efektif (3%), dan kebutuhan akan benchmarking (3%).

Dari saran diatas diketahui bahwa, Direktur Utama menghendaki auditor SPI untuk meningkatkan kompetensinya. Hal ini juga sejalan dengan penilaian Direktur Utama terhadap sub variabel manajemen SDM yang memiliki nilai lebih rendah daripada sub variabel layanan internal audit dan praktik profesional.

Perbandingan Penilaian Direktur Utama dan Komite Audit

Tabel Perbandingan Peraturan Internal Audit di Indonesia

Pokok Peraturan	Peraturan Kementerian BUMN	Peraturan Bank Indonesia	Peraturan Bapepam LK
Kewajiban membentuk unit internal audit	ada	ada	ada
Kewajiban membuat piagam internal audit	ada	ada	ada
Ada struktur dan kedudukan audit internal	ada	ada	ada
Ada pensyaratan auditor internal	ada	ada	ada
Ada kewajiban menyusun pedoman audit intern	ada	ada	tidak ada
Ada pengacuan ke standar internasional	ada	ada	tidak ada
Ada tugas, tanggung jawab dan wewenang unit internal audit	ada	ada	ada
Ada ketentuan pemberian sanksi jika tidak menerapkan dan disebutkan jenis sanksinya	tidak ada	ada	ada, jenis tdk ada
Pelaksanaan internal audit mempertimbang kan risiko	ada	ada	tidak ada
Mensyaratkan program peningkatan dan penjaminan mutu	ada	ada	ada
Mengatur kegiatan perencanaan, pelaksanaan dan pelaporan internal audit	tidak ada	ada	tidak ada

Sumber: Berbagai sumber, diolah

Dari tabel perbandingan penilaian Direktur Utama dan penilaian Komite Audit diatas dapat diketahui bahwa, secara keseluruhan rata – rata skor penilaian Direktur Utama (80,50) lebih tinggi daripada Komite Audit (70,10). Hal ini bertolak belakang dengan hasil survey PwC (2013), yaitu penilaian komite audit lebih tinggi daripada CEO. Ada beberapa kemungkinan yang mendukung penilaian direktur utama lebih tinggi dari komite audit. Kemungkinan tersebut antara lain ketidakpahaman direktur utama terhadap fungsi internal audit, harapan direktur utama agar internal audit cukup menjalankan peran tradisional, dan kurangnya komunikasi antara internal audit dan komite audit. Secara keseluruhan, perbedaan penilaian antara direktur utama dan komite aaudit menggambarkan perbedaan pemahaman mengenai peranan internal audit. Dari segi kapabilitas pun internal audit masih belum dapat berkontribusi secara optimal dalam perusahaan.

Peranan Internal Audit pada BUMN cukup Efektif

Secara statistik, peranan internal audit pada BUMN cukup efektif. Tetapi, pemberian layanan internal audit masih terbatas pada lingkup tradisional, yaitu *compliance*, operasional dan finansial. Layanan dalam lingkup tradisional ini juga belum mempertimbangkan risiko. Internal audit belum proaktif memberikan dukungan atas isu risiko pada perusahaan. Internal audit dikatakan efektif jika telah memanfaatkan hasil manajemen risiko perusahaan secara keseluruhan (*enterprise risk management*) sebagai strategi internal audit.

Direktur Utama memberikan penilaian baik ("sesuai harapan") pada peranan internal audit yang cukup efektif. Hal ini bisa disebabkan oleh ketidakpahaman Direktur Utama akan fungsi internal audit dalam perusahaan. Direktur Utama lebih mengharapkan internal audit menjalankan peran tradisional atau bahkan memandang internal audit sebagai pemenuhan kepatuhan saja. Sebagai unit kerja yang dibentuk dan berada di bawah Direktur Utama, internal audit terkendala dalam bersikap independen.

Komite Audit memberikan penilaian cukup baik ("cukup sesuai harapan") terhadap daripada peran tradisional yang telah dijalankan internal audit. Penilaian komite audit sesuai/setara dengan peranan yang dijalankan internal audit.

Penilaian yang diberikan Direktur Utama lebih tinggi daripada penilaian yang diberikan oleh Komite Audit. Perbedaan penilaian terhadap internal audit ini juga menjadi faktor penyebab kurang optimalnya peran internal audit. Direktur Utama dan Komite Audit belum sepakat terkait apa yang mereka inginkan dari internal audit.

Adanya Revisi Peraturan Mengenai Persyaratan Internal Audit

Kementerian BUMN hendaknya segera merevisi peraturan mengenai persyaratan internal audit pada BUMN. Peraturan ini akan menjadi pedoman bagi BUMN dalam mengoptimalkan fungsi internal audit, terutama dalam memprakarsai dan mengevaluasi proses manajemen risiko. Selain itu, Direksi BUMN hendaknya menetapkan standar kompetensi dan membuat program peningkatan kompetensi bagi staf pada unit internal audit. Dan bagi asosiasi profesi internal auditor di Indonesia sebaiknya lebih mensosialisasikan best practices internal audit bagi kemajuan profesi audit di Indonesia.

The Implementation of Accrual Accounting in Indonesia Central Government
(A Case Study of Indonesia Supreme Court)

Penerapan Akuntansi Akrual di Pemerintah Pusat Indonesia
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ABSTRACT

The purpose of this study is to identify the obstacle encountered by the SC when implementing accrual accounting. Furthermore, this study also analyses the development of financial management and reporting and its influence to the SC accountability and transparency. This study is designed as a case study research with qualitative methodology. This study uses secondary data from the official document like Supreme Audit Indonesia (SAI) audit report, laws and regulation.

As a transition to full accrual accounting adoption, Indonesia central government formulating the accounting policies, technical capacity and supporting system. The experience revealed that the shifted of accounting government to accrual accounting system is raise several challenges, such as problems in registration, recognition and valuation of assets, the lack of control from management and shortages of skilled staff. Despite the SC experience in implementation, this study showed that the new financial report structures and SAI support give influence in the SC accountability and transparency.

ABSTRAK

Tujuan dari penelitian ini adalah untuk mengidentifikasi kendala yang dihadapi oleh SC saat menerapkan akuntansi akrual. Selain itu, penelitian ini juga menganalisis perkembangan pengelolaan dan pelaporan keuangan dan pengaruhnya terhadap akuntabilitas dan transparansi SC. Dalam penelitian ini metode yang digunakan untuk menyelesaikan studi kasus ini dengan metodologi kualitatif. Penelitian ini menggunakan data sekunder dari dokumen resmi seperti laporan audit, peraturan perundang-undangan di Auditorium Agung Indonesia (SAI).

Sebagai transisi terhadap penerapan akuntansi akrual secara penuh, pemerintah pusat Indonesia merumuskan kebijakan akuntansi, kapasitas teknis dan sistem pendukungnya. Pengalaman tersebut mengungkapkan bahwa perubahan akuntansi Pemerintah menjadi sistem akuntansi akrual yang menimbulkan beberapa tantangan, seperti masalah dalam pendataan, pengakuan dan penilaian aset, kurangnya kontrol dari manajemen dan kekurangan tenaga terampil. Terlepas dari pengalaman SC saat implementasi, penelitian ini menunjukkan bahwa struktur laporan keuangan baru dan dukungan SAI memberi pengaruh dalam akuntabilitas dan transparansi SC.

Intoduction

Indonesia is a unitary state in which the central government has the authority to pronounce regulations and guidelines that regulate both the central and local governments. Central government financial report is a consolidation report of state treasury and ministry or other entity. In 2015, the Indonesian central government's financial statement was a consolidation of reports from a state treasurer and 88 ministries and other entities, comprising. The SC is an independent judicial authority and the highest national courts with a strategic role in the field of judicial power. The SC has the authority to supervise four courts (general court, religion court, military, and state administration court) and to control the field of administrative management, personnel and financial resources, and infrastructure.

The government published a new government regulation No. 71 in 2010 about GASt, replacing Government Regulation No. 24 of 2005. As stated in Government Regulation No. 71 of 2010, the government was required to implement accrual accounting no later than four years following enactment of the regulation, that is, by 2014. Based on this regulation, the Indonesian central government implemented full accrual accounting in 2015. This study will examine a case study of the implementation of accrual-basis accounting and financial reporting in the Indonesian central government by focusing highly on the Supreme Court of Indonesia (SC). The purpose of the study is to identify the barriers encountered by the SC that led to a delay in the implementation of the accrual system. Furthermore, the study also analyses the development of the SC's financial reporting system after the public sector reform.

The scope of this research is a case study on the implementation of accrual accounting in the SC. The SC is a part of central government financial reporting and, with 1,650 accounting units, is the fourth-largest entity after the Ministry of Religious Affairs, the National Land Agency and the Ministry of Agriculture (SAI, 2016a). The research has been conducted in the SC for a number of reasons. First, as the fourth-largest entity in Indonesia, the SC shares a number of similarities with central government in that both have units spread across Indonesia and both produce financial reports that are a consolidation of reports produced by the units below them. Second, no prior research has been conducted into NPM or accrual accounting in the SC. This research will focus on the period 2005–2015 in order to examine the development of the financial reporting system. The Indonesian government made its first movement to shift its accounting and reporting (on a CTA basis) in 2005, with 2015 being its first year of full accrual accounting. This research has two purposes: firstly, to identify and provide suggestions for overcoming the obstacles encountered by the SC. Secondly, to analyse the development of the SC's financial management and reporting after the public sector

reform. This study contributes to the public sector accounting literature by analysing the impacts of the changes to financial management and reporting on accountability and transparency.

This research extends the work carried out by these previous studies by focusing on Indonesia's central government and using the SC as a case study. The research questions are as follows:

1. What has Indonesia Central Government (especially the SC) done to implement accrual accounting over the period of 2005-2015?

2. What obstacles encountered by the SC when implementing accrual accounting and reporting?

3. How does the change of financial reporting system influence SC's accountability and transparency?

The research methods employed are designed to collect data to answer the research question. The research uses official, published, and research papers, and academic literature. The data is focused on the implementation of CTA and accrual accounting in the public sector, especially in Indonesia central government. This research is designed as a case study research employing a qualitative method.

Before discussing this research we need to know about few terms in this research based on literature writing. Furthermore, Guthrie et al. (1999) argued that New Public Management (NPM) reform consists of the following five key aspects: (1) a market-oriented management system; (2) budgeting; (3) performance management; (4) government financial reporting and (5) public sector auditing. The idea of NPM is to focus on public service managerial aspects that should produce more efficient and highly qualified public services (Gruening, 2001). NPM has implications for the development of public sector accounting. Since it was inspired by practices in the private sector, NPM aims to bring public sector ways of working, managing and controlling more in line with the business-like methods seen in the private sector (Hyndman and Liguori, 2016). This includes making changes to budgeting, accounting and performance measurement as the fundamental basis of delivering improved management and accountability (Connolly and Hyndman, 2006).

Accountability and transparency are terms synonymous with public sector reform (Kober et al., 2010; Barton, 2009; Chow et al., 2007). Historically, accountability was closely related to accounting or bookkeeping (Bovens, 2007). All government institutions should prepare to report the efforts that have been made and the results

achieved through their implementation of activities in the form of a systematic and structured report. This report will permit an evaluation of accountability, transparency, intergenerational equity and performance. The conclusion that transparency and accountability are interrelated in the Indonesian public sector.

Many countries believe that accrual accounting offers the potential for better governance of their country. Nonetheless, a PwC (2013) survey of 140 countries into central government accounting and reporting revealed that transparency and accountability are the greatest of all the benefits offered by the adoption of accrual accounting.

The history development of accrual accounting and reporting in Indonesia need to know as background. Harun et al. (2012) argued that several reasons led to Indonesia's adoption of accrual accounting and reporting. The first was the global oil crisis in 1983 that caused a slowdown and eventual recession in the Indonesian economy. The second event was Indonesia's political and economic crisis in 1998 that put pressure on the government to perform better as an accountable and democratic government (Harun et al., 2012). The final reason for Indonesia's adoption of accrual accounting was the influence of the International Monetary Fund (IMF), the World Bank and other aid donors. Taking all of these factors into account, the Indonesian government carried out reforms to the public sector as part of its NPFM. The government embarked on reforms to public sector accounting in the early 1990s, but did not achieve the results it expected at this time. The government's efforts to reform the public sector are illustrated in Presidential Decree 35 of 1992 on the Government Accounting System. Therefore, the Indonesian government initiated the radical process of accelerating the adoption of accrual accounting. In 2003, the government enacted Law No. 17 on State Finance. This regulation was followed by Law No.1 on State Treasury and Law No.15 on Audit of State's Financial Statement and Responsibilities in 2004.

The presentation of balance sheet. There are four options that government entities can use to represent their assets and liabilities. The Indonesian government tends to choose 'strong' accruals which present various categories of capital assets in the balance sheet (Chan, 2003). Since Indonesia still using the cash system in its budget system, the implementation of accrual accounting will add value to the government's financial disclosures (Chan, 2003).

To support the achievement of Indonesia's accountability and transparency goal, the SAI prepares a strategic plan that is renewed every five years. These strategic plans are used by the SAI to achieve its vision. In the strategic plan for the period 2011–2015, it envisions a credible state audit institution through the upholding of fundamental values (independence, integrity and professionalism), while actively taking part in encouraging

the establishment of accountable and transparent government. To achieve this vision, the SAI has three missions: (1) the audit of government management and financial; (2) the provision of audit opinion to enhance government financial and management quality; and (3) playing an active role in identifying and preventing errors and fraud in state finances (SAI, 2011). In terms of conducting audit, the SAI has the authority to perform three kinds of audit: financial, performance and special purpose audit.

For research methodology in this study uses qualitative data collection techniques and qualitative data analysis. The aim of this research is to provide understanding of what the SC has done in terms of implementing accrual-based accounting and the obstacles that it faced in this regard during the period 2005–2015. To get a proper picture of the development that has taken place over the last decade, longitudinal research features a design more appropriate to answering the research needs. According to Bryman (2015), longitudinal research provides a better ability to deal with the problem of 'ambiguity about direction of casual influence' that plagues survey design.

This study is case-based research examining the development of accrual accounting in Indonesia. Content analysis has been chosen because the aim of this research is to obtain an in-depth understanding of the SC's adoption of accrual accounting and its resultant impact on accountability and transparency.

This study aims to identify the obstacles that the SC encountered in its transition to accrual accounting that led to the delay in the full adoption of accrual accounting and also to analyse the development of the SC's financial reporting system following public sector reform. The research questions were developed based upon this previous explanation. The second stage in content analysis is data collection. Data were collected from official state documents. They were taken from publicly published reports and regulations, such as the Indonesian government's official documents and regulations, publicly available information and media reports, for instance, SAI audit reports and other publicly available information. This study is mainly using the SAI audit report on the SC in the period 2005-2015. In this period, the SAI not only perform audit in financial statement but also perform special purpose audit on management of asset, revenue, and expenditure and court registration fee. All of this report is used as a main data in analysis. This study also use annual report that produce by the SC to give in-depth information about the SC. In total, this study analyse 18 SAI audit reports of financial statement and special purpose (see appendix).

The third stage is analysis of the data. The first step consists of reading all of the SAI audit reports for the period 2005–2015. Findings in the SAI audit reports are split into the four categories of condition, criteria, cause and effect. The fourth step is evaluation of the data collected. These data are processed using a coding system.

Findings and Analysis

Transition to accrual accounting begin with formulating accounting policies. The SC adopted full accrual accounting and financial reporting in 2015. There were two main impacts of this first implementation on the SC's financial statements: (1) current equity and investment equity in CTA financial reporting is reclassified into equity, and (2) the comparability of an Operational Report and Statement of Change in Equity cannot be realised due to its first implementation. According to GASt Interpretation No.4, government entities, including the SC, are not required to restate their financial statements so long as all the impacts of accrual accounting implementation are given within the notes accompanying the financial statement.

To support the shift of accounting and financial reporting to an accrual system, the Indonesian government was fully aware that it should be supported by skilled human resources. Several efforts were made by the central government, especially the MoF, to integrate the GASt and train the staff of government entities (SAI, 2015). The SC, as a part of central government, is also responsible for equipping its employees with an adequate level of knowledge and skills. This effort can be seen through the integration of every new regulation to the lowest level of accounting units, training for the treasurer and the establishment of an area coordinator to support the compilation of the report (SC, 2015; SC, 2016).

The MoF has developed several information systems to support the implementation of accrual accounting for entities, for instance, the SAIBA system, which is an advanced form of the SAKPA system used to support the CTA accounting system. This application supports entities in their production of accrual financial statements containing a balance sheet, budget realisation report, statement of change in equity and also an operational report. This system is also integrated to SIMAK-BMN, the information management system for assets. The MoF also developed two other information systems to support accrual accounting and reporting, the Inventory system and SAS used to record most of the entities' transactions.

However, the activities also meet barriers when it implemented. In 2004, the Indonesian government enacted Law No. 4 of 2004 on the authority of judges. Based on this law, Indonesia enacted Presidential Decree No. 21 of 2004 that required a change to the structure of the SC organisation, its administration, financial management and assets. To follow up this asset handover, the MoF instructed the State Development Audit Agency (BPKP) to register the assets. Coding from the audit report revealed that the result of this registration should be recorded by the SC as the opening balance after the organisation changed but it was not actually recorded until 2007. Although the balance could have been recorded as an addition to the SC's assets in 2007, coding

from the SC's audit report in 2009 suggests that the balance recorded in 2009 was not complete and led to a discrepancy between the balances of the central government and the SC. In line with horizontal accountability that adopt by Indonesia, the coordination between the units, with the SC as a headquarters and the MoF as the producer of the central government financial report, will ensure this proposed solution is implemented effectively.

The Indonesian central government use a decentralised financial process. In the SC, all units should record their transactions on the system and their prepared financial report to be consolidated by the SC as the SC's financial statement. The SC has a responsibility to ensure the validity and reliability of accounting information from all units. Despite the SC's responsibility, several coding from the SC's audit report showed a lack of commitment from top-level management. Especially in the early accounting reform, top-level management were not concerned about the internal control of their units. The findings of the SC audit reports revealed that the management did not perform a proper control for the management of inventory, tangible assets, grants and expenditure.

It might be impossible for Indonesia to allow each government entity to undertake their own financial control. The different levels of knowledge combined with the issue of corruption are solid reasons for the central government to establish 'strict control' over other entities. The solution proposed for this problem is for central government to ensure that top-level management share the same goal as the rest of Indonesia, which is to be more accountable in terms of managing state finances and providing honest and open information to the public.

Usually, a more sophisticated system should be supported by skilled and experienced staff. The SC's problem with the adoption of accrual accounting was the shortage of skilled staff. Since the SC's core business is dealing with laws and courts, the early SC was not concerned with the need for skilled accounting staff. The majority of SC staff have a background in law and are mainly responsible for work related to the courts (SC, 2015). This system will allow the establishment of a hierarchy position filled by professional accountants that will be responsible for providing the accounting functions. Furthermore, the government might also consider the introduction of better compensation for staff.

The implementation have Influence to accountability and transparency. The Indonesian government decided to adopt the transition CTA accounting system for its migration from cash accounting to accrual accounting. The CTA accounting system is a unique basis and might not be recognised in other countries. This accounting basis recognises those assets, liabilities and equity already in the balance sheet on an accrual basis. However, it continues to use the cash basis for revenue and expenditure in the budget

realisation report. The GASt still uses cash as the basis for the budget realisation report, as Indonesia's budgeting system also continues to use the cash basis. In the CTA accounting and reporting system, the financial components are the budget realisation report, balance sheet, cash flows and notes on financial statements.

As a part of the SC's financial statement, all of the units operating under the SC should report their financial statements to the SC for consolidation. Coding from the SC's audit reports in 2005 and 2006 show the SC's financial report did not contain information from all of the units operating below it. Based on this issue, SAI, as the external auditor, was questioned about the accountability and transparency of the financial statement. The SAI gave recommendations to the SC to improve its control of the units below and to also prepare training to ensure all units understood the importance of the accounting information they provided.

The central government's awareness of accountability and transparency can also be seen through the improvement of SAPP. For its development, the MoF obtained new insights into what needed to be regulated to create more accountability and transparent financial reporting. As a result of this idea, the MoF established a new system that it was believed could help to improve accountability. The establishment of the accounting system and financial reporting in particular accounts showed that the MoF was aware of the need to not only maintain accurate accounting information but also for it to be open to the public (Chan, 2003).

The SAI should provide audit opinion about the financial statement as a whole that also considers the entity's compliance with the regulations and internal control system. There are four key elements that become part of the SAI's consideration in giving its audit opinion, which are the compliance of government entities with GASt, the effectiveness of the internal control system, the compliance of entities with laws and regulations in management and responsibility of the state's finances, and also the adequacy of presentation in financial statement (SAI, 2016a).

Conclusion

This study used longitudinal research to explain the development of financial management and reporting and its influence on accountability and transparency. The findings revealed that the SC encountered three main barriers that led to a delay in the implementation of accrual-basis accounting. Firstly, the registration, recognition and valuation of assets. The change of organisational structure, incorrect valuation and unrecorded assets were the most commonly occurring cases in the SC. Second was the attitude to control shown by the SC's management. Due to the abundant laws and

regulations from the Indonesian government and MoF, the SC's top-level management appeared to simply be complying with the standards. The top-level management in the SC and lower-level management in the units displayed a lack of commitment to 'control' the management of resources. The study's findings also revealed that management was not proactive in solving the financial problems that caused a large untraced balance discrepancy between the SC and MoF. The final challenge was the shortage of skilled staff. Implementation of the more complex accounting system in the SC was not supported by adequate levels of properly qualified professional staff with a good understanding of accounting and also regulations related to state finance.

The development of the SC's financial management and report give influence to the SC's accountability and transparency. The findings also showed that the SAI has important roles in influencing the accountability and transparency of the SC. The audit findings and recommendations from the SAI provide an additional assurance of accountability and transparency in the SC's financial reporting. The adoption of an accrual-basis accounting system should not be seen only as a change in technical accounting but also to the whole process of financial management (Hepworth, 2003).

The research find significance because while the previous researches are mainly focused to the obstacles on accrual accounting adoption to local government, this study contributes to implementation barriers by the central government in developing the country. This study also contributes to public sector reforms by analysing the influence of the change in financial management and reporting to the accountability and transparency. The result of this study could be useful for the policy maker in identifying the gap in the resources and systems to adopt the accrual accounting and reporting successfully. Beyond this, this study may be used for future debates and research about the impact of accrual accounting adoption in improving accountability and transparency.

However, there were several limitations to this study that would need to be addressed in any future research. These limitations are:

1. This study used only secondary data that were publicly published in Indonesia.

2. The data used were mainly produced by the SAI. Several variables may affect the quality of the external auditor and the reliability of the SAI.

3. his study focused only on the improvement of accountability and transparency and ignored the other uses of accrual accounting, such as to enhance the quality of information and its use in decision-making.

Based on these limitations, a combination of primary and secondary data would be beneficial. Interviews and questions for the key people directly involved in government accounting or as users of financial reporting, such as members of Parliament would provide a better perspective on the improvement of accountability and transparency. Future studies might also seek to approach the research from a different angle. There are several perspectives that can be explored in the area of accrual accounting and reporting besides those of accountability and transparency, such as the quality of information and its uses in decision making.

An Evaluation of Risk Based Audit Implementation In the Inspectorate General Ministry of Home Affairs Republic of Indonesia

Evaluasi Penerapan Audit Berbasis Risiko di Inspektorat Jenderal Kementerian Dalam Negeri Republik Indonesia

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ABSTRACT

Inspectorate General in the Ministry of Home Affairs, as government internal auditor has several limitations in performing the audit efficiently and effectively such as budget and human resources while the demand of enhancing their audit quality has increased. Therefore, the risk-based audit (RBA) approach is required. RBA is an audit technique that allows management to identify and manage their risks while the internal auditor assess whether the management has managed the identified risks appropriately and thus the early fraud detection can be found. Furthermore, RBA's approach can increase the audit's efficiency and effectiveness.

The research used both primary and secondary data. The primary data was obtained by using questionnaire that was conducted in the Inspectorate General Ministry of Home Affairs in The Republic of Indonesia with 30 senior auditors (Auditors Madya) due to their experience, knowledge and function while the secondary data were obtained by analyzing the documentation of international systems, national laws and regulations, books, journals, papers, reports, articles.

The result shows that auditors in the Inspectorate General in the Ministry of Home Affairs have not implemented the RBA method due to some constraints, are: the SPIP or risk management implementation is very weak; lack of auditor's knowledge and experienced about SPIP and RBA approach; there is no technical guideline in the IG-MoHA about RBA approach; lack of the IG's leader commitment in applying RBA approach. In addition, it was found that there are some barriers to implement the risk management, as follows: lack of experience, information, knowledge and awareness of risk management or SPIP's implementation; lack of the leader's commitment; lack of the risk management's monitoring; lack of expertise in implementing the SPIP; and dis obedience of management toward SPIP regulations while only 26% of auditors claimed that they have performed their role as consultant by giving advice, promoting and facilitating the SPIP implementation.

Keywords: risk-based audit, risk management process, internal auditing.

ABSTRAK

Auditor internal pemerintah di Inspektorat Jenderal di Kementerian Dalam Negeri, memiliki beberapa keterbatasan dalam melaksanakan audit secara efisien dan efektif seperti anggaran dan sumber daya manusia, sementara permintaan untuk meningkatkan kualitas audit mereka meningkat. Oleh karena itu diperlukan pendekatan risk-based audit (RBA). RBA adalah teknik audit yang memungkinkan manajemen untuk mengidentifikasi dan mengelola risiko sementara auditor internal berfungsi untuk menilai apakah manajemen telah mengelola risiko yang teridentifikasi dengan tepat dan dengan demikian deteksi kecurangan awal dapat ditemukan. Selanjutnya, pendekatan RBA dapat meningkatkan efisiensi dan efektivitas audit.

Penelitian ini menggunakan data primer dan data sekunder. Data primer diperoleh dengan menggunakan kuesioner yang dilakukan di Inspektorat Jenderal Departemen Dalam Negeri di Republik Indonesia dengan 30 auditor senior (Auditor Madya) karena pengalaman, pengetahuan dan fungsinya sedangkan data sekunder diperoleh dengan menganalisis dokumentasi. Sistem internasional, hukum dan peraturan nasional, buku, jurnal, makalah, laporan, artikel.

Hasilnya menunjukkan bahwa auditor di Inspektorat Jenderal Kementerian Dalam Negeri belum menerapkan metode RBA karena beberapa kendala, yaitu: SPIP atau penerapan manajemen risiko sangat lemah; Kurangnya pengetahuan auditor dan pengalaman tentang pendekatan SPIP dan RBA; Tidak ada pedoman teknis dalam IG-Depdagri tentang pendekatan RBA; Kurangnya komitmen pemimpin IG dalam menerapkan pendekatan RBA. Selain itu, ditemukan bahwa ada beberapa hambatan dalam menerapkan manajemen risiko, sebagai berikut: kurangnya pengalaman, informasi, pengetahuan dan kesadaran akan manajemen risiko atau pelaksanaan SPIP; Kurangnya komitmen pemimpin; Kurangnya pemantauan manajemen risiko; Kurangnya keahlian dalam mengimplementasikan SPIP; Dan ketaatan manajemen terhadap peraturan SPIP sementara hanya 26% responden yang mengaku telah menjalankan perannya sebagai konsultan dengan memberikan nasehat, mempromosikan dan memfasilitasi pelaksanaan SPIP.

Kata kunci: audit berbasis risiko, proses manajemen risiko, audit internal.

Introduction

The Ministry of Home Affairs (MoHA) in the Republic of Indonesia (RI) is responsible for internal affairs as stated in the Presidential Regulation No. 11 Year 2015 Article 2. It is stated that the Ministry of Home Affairs has responsibility for home affairs to support the President to govern the country. Further, in the Article 3 point d and h states that The Ministry of Home Affairs has role in supervising the implementation of its tasks in the Ministry of Home Affairs scope; coordinating, guiding, supervising, facilitating, and evaluating the local government tasks according to the regulation. Meanwhile, in the Article 30 states that the division that responsible in supervising and controlling is Inspectorate General (IG) as the internal audit. Further, IG is one of essential parts for achieving good governance and clean government (Rahmawati, 2015).

Moreover, The Indonesia Corruption Eradication Commission (KPK) has investigated the corruption cases in the MoHA, are: e-KTP, electronic identification card procurement case which resulted in estimated state loses at 1.2 trillion rupiah (KPK, 2014); the construction of IPDN (Institute of Public Administration) building which caused in estimated loses at 34 billion rupiah (KPK, 2016). Since fraud can disrupt organization to achieve their goals, it comes into a question about where were the internal auditors? Moreover, fraud occurred due to lack of control (Wolfe and Hermanson, 2004; Caplan, 1999). Hence, to mitigate those frauds, the Minister of Home Affairs attached the necessity of increasing the guiding, supervising and controlling in some risky areas as one of its strategic planning within 5 years from 2015 to 2019 (MoHA Strategic Planning, 2015).

The purposes of this dissertation are as follow: (1) To analyze the constraints in implementing the SPIP in the management. (2) To analyze the extent to which auditor's role in improving the risk management implementation (SPIP). (3) To evaluate the extent to which the implementation of RBA in the Inspectorate General Ministry of Home Affairs. (4) To analyze the constraints in implementing the RBA.

There are two important things about the RBA, are: the risk management system and how the role of internal auditing should play and the integration of organization's risks into the audit planning or RBA how the RBA implementation (Coetze, 2014; IIA, 2015; BPKP, 2011). To obtain the objectives, this research will use both primary and secondary resources. The primary resources such as questionnaire will be analyzed using both qualitative and quantitative analysis since the questionnaire comprises of both open questions and selected response questions (Gillham, 2008) while the secondary resources such as documentation of international systems, national laws and regulations, books, journals, papers, reports, articles will be analyzed. Further, this study will choose selected participants are the senior auditors (Auditor Madya) of Inspectorate General in the MoHA.

Finding, Analysis, and Discussion

The questionnaire comprises of 20 open questions were filled by the senior auditors (Auditor Madya) in the IG-MoHA. The participants were chosen due to their experienced, knowledge and roles as stated in the BPKP training module (2015) that the audit planning include the RBA approach method is only conveyed to the auditor madya and they have at least 15 years of working experienced as stated in the Chief of BPKP Regulation Number per-709/K/JF/2009. Furthermore, there are two positions of internal supervision or auditor in the IG-MoHA, are: auditor and the official of government supervision that created in 2009. Both of those positions coordinate their tasks and functions according to the regulations. However, the writer decided to choose auditors as the sample of the research. From 20 respondents, there are 12 respondents (60%) are female and 8 respondents (40%) are male, and based on the level of formal degree category, there are 18 respondents (90%) are postgraduate while 2 respondents (10%) are PhDs.

Beside from respondent, there also findings from the Analysis of Annual Audit Planning (PKPT) of IG-MOHA From 2014 to 2016. From the annual audit planning can be concluded that IG-MoHA has not implemented Risk-Based Audit approach. It can be seen from some parts, are:

a. From the consideration points of PKPT 2016, can be seen that in the PKPT formulation, do not consider the risk management assessment or SPIP evaluation result. The evaluation of risk management assessment or SPIP implementation in the MoHA is conducted by IG as internal auditors annually as states in the PP 60/2008 and The Minister of Home Affairs Regulation Number 40 Year 2010 concerning the Government Internal Control System (SPIP) implementation in the Ministry of Home Affairs Scope yet the auditors do not consider the result into their annual audit planning or PKPT.

b. It also can be seen that the PKPT does not present the overall risk that is obtained from weighing or scoring the risks factors as RBA's method phase 2. As BPKP (2011) states that in formulating the audit planning, auditors should categorizing and prioritizing the risks base on some aspects to identify the level of significant or priority.

c. As the result, PKPT 2014 to 2016 presented similar output. It can be seen that there is no priority or level of significant in choosing the audit objects or auditee as they have similar resources allocation (auditors, budget) every year are 13 auditors for 18 days for conducting the audit. As states in the Permenpan RB 19/2009 concerning the Guideline of Internal Audit Quality Chapter III point 1 that the number of audit

object or auditee might remain yet the level of priority or focus are different that lead to different resources allocation.

d. The audit activities as stated in PKPT 2014 and 2015 are similar. By analyzing the annual audit planning or PKPT from 2014 to 2016 can be concluded that auditors in IG MoHA have not incorporated SPIP assessment into PKPT and thus the RBA approach has not been implemented. It is consistent with Istianah (2007) said that one of barriers that led BPK-RI, the external auditors agency in Yogyakarta, have not implemented the RBA is the absence of RBA approach in the technical guide. Similarly, IIA (2014) states that if the risk management assessment is not presented, the RBA cannot be performed.

The result indicates that 75% auditors claimed they did not acquire the risk register from auditee and thus the RBA has not been. It is because there are some constraints facing by management in applying the SPIP. It is consistent with the previous research found that the significant barriers in implementing the RBA are lack of experience, information, knowledge and awareness of risk management process (Chileshe and Kikwasi, 2013; Lynos and Skitmore, 2004), lack of the leader's commitment (Hindriani et al., 2012; Liu et al, 2007), lack of risk management monitoring (Tang et al., 2007), lack of expertise in implementing the SPIP (Lynos and Skitmore, 2004; Liu et al, 2007) and dis obedience of management toward SPIP regulations (Lynos and Skitmore, 2004).

The barriers of SPIP implementation that has been identified can be coped if internal auditors perform their role as consultant (BPKP, 2011). In fact, as the result find that only 26% participants claimed that they have performed their role as consultant by giving advice, promoting and facilitating the SPIP implementation in the management while others said that they acted their role as mandates in the regulation and provide recommendation (as controller instead of as consultant). It might because the function for promoting, training, consultancy of SPIP is mandated toward BPKP instead of IG as the internal auditor in the Ministry of Home Affairs as states in the Article 59 PP 60/2008.

Result showed that 75% of participants claimed that auditors of IG-MoHA have not implemented the RBA approach since they did not integrate the risk register into the PKPT due its absence. Further, they used the following criteria as the basis of audit planning are: the management tasks and function as states in the regulation; the MoHA plan and strategy that is derived from the national program; public concern or current issues; the demands of legislation such as Bureaucratic Reform implementation; management requirement and annual supervision regulation (Jakwas). Then these criteria were discussed with the management yet auditors used their professional

judgment to prioritize them instead of using the methodology or standard. However, the prioritized criteria that based on their professional judgment resulted in variety results regard to the audit objectives achievement, as follows: 78% of participants claimed that the criteria bring impact to the length of the audit days yet it has not stated in the PKPT, it based on the internal team arrangement while the rest claimed that the audit length days remain every year as stated in the PKPT; half of the participants claimed that the criteria influence the audit schedule while others said that the schedule is not derived form the criteria but outweigh as the result of the discussion between internal and external auditors and management to avoid overlapping in supervision amongst them; 60% of participants claimed that those criteria are used as a basis of expertise or resources allocation yet the number of auditors assigned remain. Further, the resources allocation have not stated in the PKPT, it is derived from internal team arrangement; lastly all of participants said that the criteria bring impact to the audit focus but it is not stated in the PKPT.

Taken these together, as BPKP (2011:50) explained that one phase of RBA approach is determining the audit planning. When determining them, auditors should consider the audit materiality as follows: the previous year audit schedule, the amount of budget that managed by auditee; the possibility of fraud risk; public concern; the changes of organization's activity, program, system and internal control; management requirements; and the availability of auditors in term quantity and quality (ibid). However, 36% of participants claimed that they have incorporated RBA into audit planning. Nevertheless, they said that the risk register that they used is assessed while doing the audit instead of formulating the audit planning. The statement is not consistent to RBA approach.

The result indicated some essential constraints in implementing the RBA approach as follow:

a. The SPIP implementation in the management is very weak.
It is consistent with BPKP (2011) and IIA (2014) claimed that the RBA cannot be applied if the risk management is weak or absence. However, it can be solved if the auditors play their role as a consultant to assist the management improving their SPIP implementation. As IIA (2006) define that "internal auditors may provide training and/or information on internal control identification and assessment, risk assessment, and test plan development without impairment to objectivity".

b. Lack of auditor's knowledge and experienced about SPIP and RBA approach
This is the main reason why the auditors cannot play their role as consultant to help the management to improve their SPIP implementation. It is because in the RBA, the auditors need to understand about the risk management processes and

how the effectiveness of internal control in mitigating the risks (IIA, 2014). Similarly, Solomon and Pecher (2004) said that in RBA approach, the auditor need to have a depth understanding of their client's business risk.

c. There is no technical guideline in the IG-MoHA about RBA approach.
    It links to the barrier point b about the lack of auditor's knowledge and experienced of RBA due to the absence of technical guideline. As Rahmawati (2015) and Istianah (2007) find that the barrier of implementing the RBA is due to the lack of knowledge in audit planning based on RBA approach while Salehi and Khatiri (2011) claim that the absence of the RBA standard as the barrier in its implementation. It is consistent to IIA (2014) claimed that there is a lack consensus about the best implementation of RBA and it is more difficult to be governed than the traditional audit. However, internal auditors in the government institution in Indonesia have two technical guideline or module about RBA approach. First is BPKP's Module of Risk Based Auditing that conveys to the senior auditor (auditor madya) in the training. It means that not all auditors obtain the module particularly for junior auditors. Secondly is the regulation of Minister of State Apparatus Empowerment and Bureaucracy Reform Regulation Number 19 Year 2009 Concerning The Guideline of Internal Audit Quality Control (Permenpan 19/2009).

d. The auditor are restricted by time and budget pressure
    It is consistent with the question whether the RBA approach can lead to the audit focus or give profitability to auditors regarding the audit fees (Curtis and Turley, 2007; Knechel, 2007). However, Knechel (2007) argued that RBA bring more advantages than the cost paid for auditors. Further, one of RBA advantages is to allocating the resources appropriately (IIA, 2014). Regarding the time pressure, As IIA (2014) said that the RBA approach is more difficult and complex. It means that it needs more time for auditors to incorporate RBA into the audit planning while there is insufficiency number of internal audit in IG MoHA. There are only 115 auditors that should perform audit in 34 local governments, 13 departments in the MoHA scope and specific purpose audit. Similarly, Istianah (2007) found that time pressure is as one of the barriers in RBA implementation. It is also consistent to Simanjuntak (2015) present that there is a lack of auditors regarding the quantity and quality.

e. Lack of the IG's leader commitment in applying RBA approach
    Although the importance of RBA has been stated in some regulations such as the strategic planning of MoHA, the leader's commitment to foster the approach is weak. It likewise can be seen from Purwaningsih (2013) finding that until 2013, the IG-MoHA has not implemented the RBA due to the absence of management's

risk profile. Therefore, the SPIP framework that derived from COSO 1992 should be adjusted to the new COSO framework that can increase the management awareness about the importance of risk management (Graham, 2015). In doing so, the necessity of internal audit's role of consultancy and facilitator might increase.

By analyzing the PKPT's document, it is found that there is a significant improvement of RBA approach implementation from 2015 to 2016, as follows:

a. In 2015, auditors of IG in the Ministry of Transportation have not implemented the RBA approach as theirs claim. It can be concluded that they used the auditee's budget in defining the level of risk. The higher budget that managed by auditee, the bigger constraint towards auditee to achieve their objectives and thus it has high risk. Furthermore, after defining the risks level in the audit object, they accounted another risks factor to define the level of priority, they used 8 factors as the considerations, are: the auditee's size (echelon 1, high risk; echelon 2, medium risk; echelon 3, low risk); its capital, goods and service expenditures; the amount of non tax revenues; the priority program; the previous audit report; external audit report; the auditee's location; Indonesian revised budget (APBNP).

    Moreover, the risk based audit approach that they used in 2015 did not bring impact in utilizing the resources allocation effectively and efficiently. Overall, it can be concluded that although the IG of Ministry of Transportation have claimed that they used the RBA method, in fact, they performed the traditional audit. This is because they just using the risk inherent of auditee (auditee's budget) instead of conducting auditor's own assessment towards management internal control or assess how the management managed the risks. Further, the level of priority defined by auditors did not bring impact to resource allocation. It consistent with Knechel (2007) said that inherent and control risk are the main focus in traditional audit. It is because the basic principle of RBA method is that by assessing or evaluating the risk management process, auditors have an in-depth understanding about the management and the environment so that can identify fraud and potential failure that can hamper the management in achieving theirs objective (Curtis and Turley, 2007; Knechel, 2007). Further, if the management has effective risk management process, it means that they have low risks, the audit could be performed with fewer resources (Knechel, 2007).

b. In 2016, the PKPT of the IG of Ministry of Transportation has improved significantly. It can be seen as follows:

    •   In Chapter V paragraph 2, auditors claimed that they have applied the RBA approach in formulating the PKPT.

- They applied some factors as a basic of scoring or weighing the risks, are:

    the auditee's budget; the previous year of audit report; the auditee's location; internal control status; the non tax revenue. After scoring the auditee by those risk factors, they rank the auditee based on their level of priority. Further, this rank led to defining the number of allocated resources as stated in page 28 of PKPT Year 2016 document that in each team will audit 2 object audit with medium and low risk level while only 1 object audit with high level of risk.

However, chapter 4 of PKPT 2016 states that the auditors assess the risks and define the priority of risks together with internal auditor's management. Contrarily, BPKP (2011) and IIA (2014) state that in defining the risks, the auditors should discuss with the auditee's management since the risk management is the management's responsibility not auditors responsibility. This condition might lead to diminish auditors' objectivity (IIA, 2006).

Conslusion

The objectives of this research is to sought the extent to which the implementation of RBA approach in Inspectorate General in the Ministry of Home Affair Republic of Indonesia and the constraints in implementing it; management's barriers in implementing the risk management or SPIP and to sought the auditor's role in managing the barriers to improve the SPIP implementation. These objectives were obtained by using both primary and secondary data. The primary data was attained by using questionnaire that was conducted in the Inspectorate General Ministry of Home Affairs in The Republic of Indonesia with 30 senior auditors (Auditors Madya) due to their experience, knowledge and function while the secondary data were obtained by analyzing the documentation of international systems, national laws and regulations, books, journals, papers, reports, articles.

The term of risk-based audit term in the government institution is derived from pressure of corruption cases in the government of Republic Indonesia that enforced to an improvement of internal audit quality. Eventually, some regulations have been generated to mandate the auditors to engage the RBA approach by incorporating the risk management or SPIP into their audit planning. The RBA is heavy emphasized on risk management without neglecting the importance of the risk of audit materiality. In short, in RBA approach allows management to identify and manage their risks while the internal auditors assess whether management has managed the risks identified appropriately.

The result shows that although auditors in the IG-MoHA has included the risk of materiality such as public concern, the amount of budget managed, the previous year of audit report albeit they did not incorporate the management's risk register or risk profile into the audit planning. It means that auditors in the IG-MoHA have not implemented the RBA approach due to some constraints, are: the SPIP implementation in the management is very weak; lack of auditor's knowledge and experienced about SPIP and RBA approach; there is no technical guideline in the IG MoHA about RBA approach; lack of the IG's leader commitment in applying RBA approach. In addition, it was found that there are some barriers to implement the risk management or SPIP in the management, as follows: lack of experience, information, knowledge and awareness of risk management or SPIP's implementation; lack of the leader's commitment; lack of the risk management's monitoring; lack of expertise in implementing the SPIP; and dis obedience of management toward SPIP regulations while only 26% of auditors claimed that they have performed their role as consultant by giving advice, promoting and facilitating the SPIP implementation.

Recommendation according to the result, there are some recommendations are given in this research as the following:

- The need on education and training towards not only auditors but also the top management in the Inspectorate General for increasing their awareness of the RBA importance relates their commitment concerning the risk management or SPIP and RBA method and the management concerning the SPIP and knowledge in auditing since they should conduct the internal control

- Establishing a technical guidance of RBA method in the Inspectorate General of the Ministry of Home Affairs scope.

Government Audit and Fraud Risk: The Role of Government Auditors in Fraud Detection and Analysis of Fraud Assessment in Audit of Financial Report of Indonesian Government Institutions

Audit Pemerintah dan Risiko Kecurangan: Peran Auditor Pemerintah dalam Deteksi Kecurangan dan Analisis Penilaian Kecurangan dalam Audit Laporan Keuangan Instansi Pemerintah Indonesia

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ABSTRACT

Government audit expectation gap has been a major issue in Indonesia for many years. The expectation gap arose from the different perception between what public expected from an unqualified financial report and what the audit board perception on unqualified financial report in terms of fraud occurrence. However, many government institutions that have been granted with clean and clear opinion were later discovered committing fraud by the law enforcement that a significant fraud cases arise in relation to the financial expenditure reported by the government. The audit board is deemed to have failed to carry out the people's mandatory task in performing an accountable financial report audit. This study seeks to analyse causes of this matter, using case study method and compare analysis of the audit standard and guidelines that implemented by auditors, and also interviews with some auditors of the Indonesian supreme audit board about the fraud assessment that has been conducting in performing financial statement audits. Based on these approaches, the result shows that fraud assessment has not been an important part of the audit procedures and the audit guidelines of the audit board. It is also a lack of guidelines for the auditor to perform fraud assessment in financial report audit as regulated in SAS 99 (AU Section 316) with Consideration of Fraud in a Financial Statement Audit. In addition, many auditors do not aware of their responsibility in detecting fraud when performing audit of financial report. The outcome of this research conveys a message that fraud risk assessment is imperative. All audit regulations should consider about fraud risk assessment and set it into the audit guidelines. Moreover, the responsibility for fraud detection is inevitable for the auditor in performing financial statement audit.

Keywords: audit responsibility; audit standard; financial statement audit; fraud; fraud assessment; fraud detection; government audit; materiality threshold

ABSTRAK

Kesenjangan harapan audit pemerintah telah menjadi isu utama di Indonesia selama bertahun-tahun. Kesenjangan harapan muncul dari perbedaan persepsi antara apa yang diharapkan publik dari laporan keuangan yang tidak memenuhi syarat dan apa persepsi dewan audit terhadap laporan keuangan yang tidak memenuhi syarat dalam hal terjadinya kecurangan. Namun, banyak institusi pemerintah yang telah diberi opini bersih tapi jelas kemudian ditemukan melakukan kecurangan oleh penegak hukum bahwa kasus kecurangan yang signifikan timbul terkait dengan pengeluaran keuangan yang dilaporkan oleh pemerintah. Dewan audit dianggap telah gagal melaksanakan tugas wajib masyarakat dalam melakukan audit laporan keuangan yang akuntabel. Penelitian ini bertujuan untuk menganalisis penyebab masalah ini, dengan menggunakan metode studi kasus dan membandingkan analisis standar audit dan pedoman yang diterapkan oleh auditor, dan juga melakukan wawancara dengan beberapa auditor dewan pengawas tertinggi Indonesia mengenai penilaian kecurangan yang telah dilakukan dalam pelaksanaan Audit laporan keuangan. Berdasarkan pendekatan ini, hasilnya menunjukkan bahwa penilaian kecurangan belum menjadi bagian penting dari prosedur audit dan pedoman audit dewan audit. Juga kurangnya pedoman bagi auditor untuk melakukan penilaian kecurangan dalam audit laporan keuangan sebagaimana diatur dalam SAS 99 (AU Section 316) dengan Pertimbangan Kecurangan dalam Audit Laporan Keuangan. Selain itu, banyak auditor tidak menyadari tanggung jawab mereka dalam mendeteksi kecurangan saat melakukan audit laporan keuangan. Hasil dari penelitian ini menyampaikan sebuah pesan bahwa penilaian risiko kecurangan sangat penting. Semua peraturan audit harus mempertimbangkan penilaian risiko kecurangan dan menetapkannya ke dalam pedoman audit. Selain itu, tanggung jawab untuk deteksi kecurangan tidak dapat dihindari bagi auditor dalam melakukan audit laporan keuangan.

Kata kunci: tanggung jawab audit; Standar audit; Audit laporan keuangan; kecurangan; Penilaian kecurangan; Deteksi kecurangan; Audit pemerintah; Ambang batas materialitas.

Introduction

The Government Financial Audit Standard also stated that if the auditors find any indication of fraud, the auditors must implement additional procedures to ensure that fraud has occurred and determine their impact on audit conclusions. In addition, Panduan Manajemen Pemeriksaan (PMP) or BPK's Auditing Management Guide, states that the extension of time and/or additions to the examiner may be given, among others, in the event of a discovery/identification of corruption that needs to be explored further (paragraphs 19 Chapter IV PMP). Additional procedures may be done in the same assignment or can be done by investigative examination.

Nevertheless, the Indonesian Standard on Audit Reports did not mention anything regarding auditors' responsibility in detecting fraud, on the top of that you might not come across the word "fraud" in the standard. Every time an audit work failed to detect fraud the stakeholder (especially investors) would ask is, "Where were the auditors?"

This research will be limited to reviewing and analysing the BPK regulation governing the procedures and techniques of examination of the financial statements that have been made in the BPK, as well as the determination of materiality and audit planning. This research also only analysed two BPK Audit Reports on two government entities that obtain unqualified opinion, but afterwards released audit report, found cases of significant fraud. This study also analysed the things that do BPK's auditors in the assignment Financial report audit by conducting interviews with twelve senior auditors with audit experience at least eight years, and with the post of team leader or higher position to find out more about the role and obligation as an auditor in the examination government financial reports.

This research is intended to examine the responsibility of Indonesian government auditors in associate with fraud detection and to assess the procedures and techniques of financial statement audit that has been conducted in The Audit Board of The Republic of Indonesia and discover their weaknesses of fraud detection, with emphasising on the particular regulation and the audit planning system.

Then research question for this study were:

1. Are government auditors responsible for detecting fraud in financial report audit?

2. Are the current techniques and procedures of financial report audit effective for detecting fraud?

For collecting data, this study was using two techniques: (1) by accessing some documents that related to the topic of this study and (2) by conducting interviews with auditors of the Indonesian government audit board.

Meanwhile, the archival data that collected for this study is accessed from the BPK itself. Some documents were accessed from the internet. The archival data that collected is Financial Statement Audit Report of the Ministry of Religion Year 2011, Financial Statement Audit Report of the Ministry of Youth and Sports Year 2011, Financial Statement Audit Procedures Regulation of BPK, and Financial Statement Audit Regulation of the United States of America (SAS 99) and other related regulations. The audit planning worksheet of the related audit report was intended to be included in this study to be reviewed. However, due to BPK's privacy regulation, all audit worksheets are prohibited to be given without the consent of BPK board members and The People's Representative.

This study is also using semi-structured interviews adopting Zhou's (2012a), method that aimed to replace the information which cannot be obtained with the archival data. The interviews were conducted with twelve practitioners from the audit board organisation. The practitioners are mostly the auditors themselves with a minimum eight years of experience as a government auditor in the organisation. Their positions in the audit team are varies: three of them are team members, four are junior team leaders, two senior team leaders or supervisors and the rest are head of audit sub division and head of branch.

As described before, the interview is meddling between the three main themes as mentioned before. The interview is conducted in semi-structure manners but still gave an amount of freedom for interviewees to express their views outside the given questions. The three main themes above are elaborated to these structured questions:

1. Is fraud a major concern in the government's institutions?

2. Are you aware that the discovery of fraudulent activity would have negative impact on users?

3. What do you think about the different between fraud and error in financial statement audit?

4. Do you think the auditor responsible to prevent fraud and errors for the entity?

5. Is it the responsibility of the auditor to report all omissions and frauds in the auditor's report?

6. Is the auditor responsible for any material weaknesses of the client's internal control system?

7. Do you think that there should be an audit standard that would make auditors responsible for detecting and reporting frauds?

8. Do you think that the audit procedures of BPK effective enough for detecting fraud?

9. Do you believe that auditors should perform additional procedures in their attempt to discover fraud?

10. 10. Are you agree that the auditors should assess the activity of internal control of the client in relation to fraud detection?

11. 11. What would you recommend BPK for the effectiveness of fraud detection in Financial Statement audit?

In addition, this study is bound to a legal agreement to preserve confidentiality, which would not allow anyone else that the researcher and supervisors to access the interviews and all data collected.

This study also analyses if there were audit findings that related to the fraud detection and what are the recommendations that suggested by BPK to follow up the circumstances. Other archival documents that have been acquired are standard of audit that applied in BPK for conducting financial statement audit for its clients. The regulation that called SPKN is applied for both central governments and local governments. This study is also conducting a method that used by Ramos (2003) in his paper which is content analysis. The analysis is conducting to the content of SPKN and compare it to the same regulation that implemented in the US for their auditors when performing financial statement audit in every government organisations within the country. The US' regulation that called SAS 99 is chosen as a benchmark based on two reasons: (1) it is also a government regulation and applied to the same audit type which is government financial report audit, and (2) procedures in SAS 99 are explained in more detail about fraud risk that auditors should be aware when performing audit of financial report in government institutions, compare to similar regulations that implemented in other countries.

Findings

When considering the factors for materiality, government auditors should emphasise more on qualitative factors than quantitative. The reason of this would because of: (1) government audit concerns the public (public accountability); (2) government auditors

work as supervisors, and client as supervisees (avoids the economic influence from the auditee); and (3) government auditors are powerful in this respect. Zhou (2012) also suggested that audit for government financial statement should focus on only income and expenditure for materiality subjects because both of these accounts reflect directly whether the auditee behaviours in compliance with the regulations and other subjects seems less relevant in this regard.

This research reviews how BPK applying materiality in its financial statement audit and what the consideration is for determining such percentage for the materiality in a particular entity based on the study by Zhou (2011) combined with Vorhies' (2005) opinion regarding materiality and fraud risk. The limitations that mentioned in the previous paragraph also made auditors difficult to assess and examine all the transactions of the client's business activities. The limitations thus made auditors to consider and plan "materiality" in the audit process (The Audit Board of the Republic of Indonesia, 2007).

According to BPK's Standard of Audit 2007, the audit procedure for financial statement audit, briefly can be illustrated in the following flowchart:

In compliance with the audit regulation of BPK as can be seen in the above chart, auditors are obliged to modify or expand the procedure from the standard one that has stated in the regulation. If auditors find any fraud that committed by the client, auditors should be evaluated the impact of fraud to the fairness of the related account's amount. If it is significant, auditors should modify the audit opinion. If it is not significant, auditors should disclose it as an audit findings only without any change of the audit opinion

Conclusion

As has been researched in many studies, the audit expectation gap between BPK and society shows a wide gap due to the high expectation of society that BPK should discover many significant fraud cases in government institutions. In reality, however, BPK has granted many unqualified opinions to its auditees. The granting of that opinion is supposed to prove that the auditee is trustworthy and have properly managed public funds, transparent and ultimately free from fraud. Yet, shortly after that law enforcement successfully revealed fraud case in particular clients which gave a major loss to the state.

This study has reviewed and analysed causes to that issue. The first result from the review that has conducted over BPK auditors' responsibility for detecting fraud. By the Indonesian law and BPK regulations, it has been stated the auditors are actually responsible for fraud detection even in performing financial report audit. The statement

for the responsibility that stated in BPK's regulations are in compliance with other regulations from the US and international's professional organisations which governing the same concern. Apparently, many government auditors did not aware of this responsibility. The audit of financial statements is an examination that designed to assess the fair value of the amount of accounts that stated by the client in the financial report. The result for the fairness would be reflected in the audit opinion in the audit report. Review result shows that assigned auditors only focus to test the fairness of the amount of accounts that have been chosen as the audit sampling. Thus, the results of the audit, mostly, have shown non-serious fraud cases. Nevertheless, the aim of the audit should not be limited to the audit opinion only. The regulation has already instructed that the engagement auditors should conduct the additional procedures if there is misconduct or fraud committed during the financial statement audit.

The second cause would be on the guidelines or the procedure itself. Some evidences have been presented that the audit guidelines of BPK does not effective to guide the auditor to detect fraud. The audit guidelines for preliminary audit that should be helping the auditor to find an indication of fraud in the internal control system of the client, but it does not have fraud assessment procedures as AICPA's SAS 99 has. The audit guidelines for assessing auditee's internal control system that adopted from COSO framework 1992, has not been updated since then even the COSO itself already put an enhancement of anti-fraud consideration to one of its principals in 2013. The BPK guideline for audit planning is also unclear. The guideline entrusted auditors that they could build additional procedures by their selves if they find fraud indication in on-process audit without providing guidance to do so. As the result, most auditors have insufficient experience to build expertise in the area that allegedly has fraud indication. Another ineffective guideline is the guideline for determining materiality threshold and the amount for tolerable error which also vague. The guideline only consider fraud as all actions that cause the state a significant loss. It disregards that fraud could be an abuse of power, misappropriation, misconduct, or misdemeanour that should put into account when determining materiality. Most importantly, when it is regarding fraud, it should be zero tolerance materiality, as is believed by some researchers.

The other concern would be the government institution and the auditors. As the only board that has authority to examine the state's management finance, BPK did not seem serious for proceeding the fraud indication that had been encountered during or after performing the audit. In addition, his study has analysed, that the fraud perception among auditors is not the same. This would make a decision related to fraud indication become erroneous.

To sum up, auditors, especially who work in the public sector, are highly expected could detect fraud in any type of their audit assignment, even in financial report audit. Nevertheless, it would be effective if they are supported with regulations that set comprehensive audit procedures for fraud detection, and also adequate audit techniques from the initial step in assessing the internal control system of the auditee in preliminary audit up to the audit planning procedures for the substantive test. The determination of the materiality threshold for audit opinion decision also takes an important role thus the audit opinion that has been granted does not mislead stakeholders. In the long run, effective regulations are expected could minimise the audit expectation gap and the fraud committing rate.

This research has made recommendations to improve financial statement audit relating to fraud detection. The new findings of the research would assist auditors, in particular, the government auditor in detecting fraud effectively. Fraud risk assessment is found to be the essential step in detecting fraud indication. The study found that consideration for fraud risk in financial statement audit as required in SAS 99, from the initial process of the audit up to analytical procedures, is important and needed for auditors in fulfilling the responsibility to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud.

It has been explained in the previous chapter that this study only focus on the effectiveness of related regulations and procedures compare to the best practice regulation in the US. However, in the process of research, it is also found another factor that makes reason why the audit institution could not detect fraud when performing financial statement audit. The factor would be the human resources or the auditors themselves. The lack of knowledge and experience allegedly the reasons to that matter. Due to limitation of time of this research, this study could not analyse in-depth and observe directly the cause for that matter. Therefore, a research for analysing auditors' behaviour when performing audit of financial statement related to fraud detection will be requisite for having a comprehensive conclusion and recommendation.

The Association between Government Auditor Specialization and Perceived Audit Quality in Public Sector: A Study Case in the Supreme Audit Board in Indonesia

Hubungan antara Spesialisasi Auditor Pemerintah dan Kualitas Audit di Sektor Publik: Studi Kasus di Badan Pemeriksa Keuangan di Indonesia

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ABSTRACT

This research is a study case in the Supreme Audit Board of Republic of Indonesia to explore the 'continuum' definitions of audit quality in public sector which are built on the perspective of 'different level' of active actors in a process of audit, from planning process, audit fieldwork and audit completion. Auditors and managers in the SAB are divided into engagement level, representative level and national level, which is adopted from the IAASB audit quality framework. The study revealed 'gradation' characteristics of audit quality in a process of audit. Some characteristics are stated differently by each level. Furthermore, different respondent values six key attributes of auditor's professionalism differently, except for 'independence' attribute that must not be breached by any means, and 'specialisation' which is agreed to be needed. Surprisingly, some respondents doubt the positive association between auditor specialisation and audit quality will last for a long period. Therefore, the implementation of specialisation should be prepared three conditions, which are organisation restructuring, development in human resources management and clear regulation on specialisation.

ABSTRAK

Studi kasus penelitian ini adalah di Badan Pemeriksa Keuangan Republik Indonesia, untuk mengetahui definisi 'kontinum' kualitas audit di sektor publik yang dibangun berdasarkan perspektif 'tingkat perbedaan' aktor aktif dalam proses audit, mulai dari proses perencanaan, audit lapangan dan penyelesaian audit. Auditor dan manajer di SAB dibagi menjadi beberapa tingkat, tingkat perwakilan dan tingkat nasional, yang diadopsi dari kerangka kualitas audit IAASB. Studi ini mengungkapkan karakteristik 'gradasi' kualitas audit dalam proses audit. Beberapa karakteristik dinyatakan berbeda pada masing-masing tingkat. Selanjutnya, perbedaan nilai responden enam atribut utama profesionalisme auditor secara berbeda, kecuali atribut 'independen' yang tidak boleh dilanggar dengan cara apapun, dan 'spesialisasi' yang disepakati dibutuhkan. Anehnya, beberapa responden meragukan hubungan positif antara spesialisasi auditor dan kualitas audit akan berlangsung dalam waktu lama. Oleh karena itu, penerapan spesialisasi harus disiapkan tiga syarat, yaitu restrukturisasi organisasi, pengembangan manajemen sumber daya manusia dan regulasi yang jelas mengenai spesialisasi.

Introduction

Research in governmental study implies a positive relation between auditor specialization and audit quality; this research was conducted in a local government audit market, where the auditors are private audit firms (Gauthier, 2001; Lowensohn et al., 2007). This research will access active actors in the Supreme Audit Board RI (SAB), who has the legacy to undertake public sector audit in Indonesia (NIK, 2014; UUD, 1945). Then, examine how they perceived audit quality and specialisation can enhance audit quality in the process of public sector development (Power, 1996). Moreover, it aims to give a contribution to the body of knowledge by showing the 'gradation' definition of audit quality in a continuum process of audit (Knechel et al., 2013).

While definition of audit quality is complex, and the correlation between auditor specialisation and audit quality is still being contested (Knechel et al., 2013), this study is designed to explore how specialisation can affect audit quality. The characteristic of audit quality and auditor professionalism's indicators are built on the perspective of active practitioners in a single legitimate institution whose role is an 'external auditor' for the government of Indonesia (NIK, 2014).

These questions are developed to meet the objectives of this research. *First,* what is perceived audit quality in the public sector? *Second,* What are key attributes of government auditor's professionalism which influence audit quality in the SAB? *Third,* How auditor specialisation will impact the perceived quality of public sector audit in the SAB? *Fourth,* What is the future of specialisation in the SAB?

Detailed methodology about how this research has been designed, what data is required, how samplings are being carried out and how data will be collected and analysed are explained in later.

A. Development of Public Sector Audit

Before analyzed, it need to know the literature terms about the problems. There are at least two differences between audit in public sector and private sector. First, political influence in public sector audit is higher than private sector audit, and in a short period, usually political 'policy' is prioritised than the economic 'rationale' when a conflict between them occur. Secondly, public sector auditor has wider range of work than private. A value-for-money audit and fraud investigation which only done by a specialist accountant in private sector, are conducted by general state auditor (Jones and Bates 1990; Skærbæk, 2009).

Indonesia has been in a significant reform of public sector accountability and administration as a transition to accrual accounting, started by the shift from cash basis to cash toward accrual basis in 2005. In response to the reform in public sector, the role of government auditor in Indonesia must also be developed (INTOSAI, 2014). It is the Supreme Audit Board who in charge to perform an audit in the public sector.

Audit quality will be best achieved in an environment which supports the likelihood that quality audits are performed consistently; however, the responsibility for conducting quality audits of financial statements rests with auditors (IAASB, 2014). The Framework stated that quality of audits requires competence auditors who are sufficiently knowledgeable, skilled and experienced in performing the audit work. The key attributes of those inputs that influence audit quality are described and applied in three levels, which are the audit engagement level, the firm level and national level. Different level of auditor may provide cascading information on perceived audit quality and impact of auditor's knowledge, skills and experience.

This research shows the link between profession, analysis and the role of auditor. Auditors report is subject to a collective knowledge validation process, in which auditors put the inscriptions which includes audit criteria, audit finding, and audit methodology. In Indonesia, BPK roles and function has been strengthened since the third amendment of the 1945 Constitution in 2001 when the Indonesian government reformed laws and regulations in public sector finance, and it has been improving its audit quality reports through professionalism and independence (Dwiputrianiti, 2011).

Finding and analysis

Things that perceived audit quality in the public sector are planning phase, fieldwork phase, and completion phase. In the planning phase most of the respondents states the importance of following the guidance. Besides following the guidance, respondents mentioned the needs of auditor competences or professionalism in different ways (Bennett and Moores, 2006. The planning phase, audit quality could be categorized into three characteristics, which are rules and regulation, auditor competence, and resource availability. Rules and regulations are context factors of audit quality (IAASB, 2014), while auditor competence or knowledge and expertise and resource availability or within-firm pressure are inputs factors of audit quality (Knechel et al., 2013).

In audit fieldwork, the implementation of audit programme and audit procedures is stated to be audit quality from all respondents' level. Audit quality in the fieldwork phase could be characterized into implementation of audit programs and procedures, documentation

and evidence, communication and discussion, and supervision and review. All of those characteristics are process factors of audit quality (Knechel et al., 2013).

When respondents were asked to identify audit quality in completing process, R4 said that a qualified audit has to meet audit objective, identify auditee's weakness and risks, make better (accounting) system and give value added to the auditee. Another team leader also said that a good report is relevance to audit objective. In the completion phase, many characteristics emerges, such as achieved audit objectives, audit report and recommendation, and audit findings. Besides that, some characteristics that already mentioned in previous phases also exist in completion phase, which are supervision and review, communication, and rules. Those characteristics could be categorised into outcomes factors for achieved audit objectives, audit report and recommendation, and audit findings. Supervision and review and communication are process factor of audit quality, while rules are context factor of audit quality (Knechel et al., 2013).

Then respondents were asked about auditor's key attributes of being professionals in public sector. The key attributes of auditor are adopted from IAASB, which are knowledge, skills, experience and time. Then, based on recurring of respondents' answers, these input factors are elaborated into six attributes. The conclusion are the representative level that did not mention audit specialisation to be key attributes for auditor professionalism that is an input factors of audit quality.

The minimum of auditors' education for being competence in auditing is undergraduate (Bennett and Moores, 2006) and all of respondents meet this qualification. However, none of interviewees mentioned formal education alone can build auditor professionalism.

Interviewees' answers revealed that the SAB has a center of education and training who hold a training in public sector accounting and audit to certify its auditors before their first audit task. All respondents said that they have been certified for their roles in audit engagement team. In addition to certifications from the SAB, some of the respondents also have other certifications such as chartered accountant (CA) and a certified fraud examiner (CFE). Then, the noted that trainings provided by the training centers and educational background support auditors in every stages of audit planning, fieldwork and audit completion to prevent a recurring audit findings.

Respondents' opinion on auditor experience and audit tenure as input factor to audit quality are split. First, some respondents see auditor experience and audit tenure as the most important attribute that affect audit quality. She also stated that both experience and training are important for her qualification. She argued that an experience auditor still needs training, and training without practice is useless. In office level, R6 expressed that audit tenure does not independently affect audit quality because it must be

developed by auditor's sufficient formal education and certification. In higher level, a principal auditor mention that experience is needed for audit task, but it needs review and discussion for quality control

Auditor rotation is a sensitive issue in the SAB, it relates to personal issue, such as family's matter and professional issue which is related to auditor's works. Respondents were not asked to describe the personal issue. A principle auditor explained his consideration when preparing an audit team, related to auditor's rotation. Interestingly, none of respondents doubt auditor's value on independency in SAB, even if an auditor has not been rotated for years. A team member, who has not been rotated from her unit in five years and has been conducting an audit in one entity for three years, said that doing audit task in one entity perpetually does not affect her independency. In middle level of management and national level, none of respondents specifically mentioned auditor independence can be affected by auditor rotation.

All respondents stated that they do not have a specialisation on certain audit type. To justify what is specialisation in SAB, arguments are built from respondent's answer for questions whether their certification, education and training, and audit task are only in one audit type. R1 revealed that he does not think he has been specialised on any audit type because he does financial audit in semester 1, then followed by either performance audit or special purpose audit in the next semester. He believes that he has basic capability as public auditor, but neither any special competence to be classified in particular audit. Related to his continuous education and training.

Conclusion

In a sequence of audit process, from audit planning, fieldwork to completing, auditors and managements in the SAB perceived audit quality in a range of characteristics (Francis, 2011; Knechel et al., 2013). They stated nine characteristics that should be in a good quality of audit. These characteristics complete the "balance scorecard" factors of audit quality, which are input, process, outcome and context (Knechel et al., 2013).

Audit quality by respondents' perspective are audit who are conducted by professional auditor, and consistent with rules and regulation in public sector accounting and auditing, such as SPKN, SAP and audit guidance. A well planned audit must consider the fund and time limitation without sacrificing audit's qualification.

In audit fieldwork, a good quality audit has precise program with detailed procedure to be implemented for audit's objective. This is contrary to an argument suggested by Dowling and Leech (2007) that a standard audit program can be a reduced factor of

audit quality. Next, in completing phase, audit report is assigned and released on time after a hierarchical review. The review is important to ensure that an audit provide the 'right' answer to audit objective, which is built on people's demand on public information. Therefore, the recommendation has to be a problem-solving for preventing recurring error or frauds, and give values to auditee (Power, 2003).

A good quality audit is also defined when there is sufficient communication and discussion to assure that public can understand and accept the audit process and the audit findings. Furthermore, working paper as an audit documentation is crucial to prove that audit has been conducted through standard. A sufficient documentation also supports the accountability of audit evidences. Hierarchical reviews in all audit phases is stated to be crucial for maintaining a good quality audit, however, there is another opinion that technical supervisor has only contribute to audit quality in planning and completing phase. Other respondents said that hierarchical reviews in all audit phases is crucial for maintaining a good quality audit.

Six indicators of input factors are stated to be key attributes in the SAB's auditor competences, however, different level of respondents gave different perception on which attributes will mostly affect audit quality (IAASB,2014). Those six attributes are formal education background, certification, continuous training and education, auditor experience and tenure, rotation and independence, and auditor specialisation. All respondents revealed that they do not have specialisation.

The association between specialisation and audit quality is evaluated through the changes of those factors in audit quality (IAASB,2014). This study shows that specialisation and audit quality in the SAB has two contradictive associations. First, specialisation increase audit quality through developing auditor's competencies, because specialisation means an auditor have more knowledge and skills from his/her experience which support auditor's education background. Those knowledge and skills drive audit quality from providing a more detailed audit procedure in planning and giving recommendation that is more precise for enhance auditee's performance or program (Power, 2003). It is also said that specialisation give an auditor a chance to be more experienced, because the auditor's educational background, certification and trainings already planned to support the auditor's qualification. In this case, the change of input factors is proven to shift other factors of audit quality (Knechel et al., 2013).

Second, in longer period, specialisation may result in reverse expectation on its effects on audit quality in a long period. Subsequent audit task in one entity can make them over confident in doing audit procedure that can let them lower their prudence because they assume it as a routine procedure that they have done last year. When they did not find any errors or frauds in the previous year, it means that condition is remained

the same. They may become unaware of inherent risks. When some knowledge from previous experience lessen auditor judgment, it is said to be "the curse of knowledge". This study revealed that the implementation of talent pool in the SAB, as a form of specialisation, is not impossible. However, there are three conditions to be prepared. Firstly, it is a restructuring of organisation's structure, then, an improvement of human resource management. The third condition is clear regulations about the policy that must be socialised before implementation.

The research revealed "cascade" definition on audit quality, auditor competencies and specialisation, and their association by indicating the change of input factor in IASSB framework to perceived audit quality's characteristic from different levels of active actors' in the Indonesia Supreme Audit Board.

Inactive auditors who are placed in supporting unit of the SAB or internal auditors in the SAB or other ministry or agency may give a different perception of audit quality and specialisation in Indonesia public sector, even with the same semi-structured interviews.

Second, respondent's "personal" condition or feeling because of rotation, such as economic or physiological effect was not being questioned. This project meant to focus in auditor's "professionalism" factor. However, respondents' feeling of lonely, because they are away from family or unsecure feeling because of higher living cost in some province may result in "reduced audit quality". Another research in behavioural audit can be designed by including interviewees' changing behaviour because of those conditions, then being compared with the current result.

Third, another research can be conducted after the implementation of the talent pool, to test whether respondent's argument on specialisation is proven to affect audit quality, and furthermore, will government auditors become an "actor-network of innovation" that make a government's program is more auditable. Alternatively, a research can be designed for private accounting firms who start auditing government entities in Indonesia, on behalf of the SAB. There could be other contextual factors of audit quality, such as audit partner compensation or market perception of audit quality.

The Influence of Political Connections To Cost of Equity
(Empirical Study on Companies Listed on Indonesia Stock Exchange)

Pengaruh *Political Connections* Terhadap *Cost of Equity*
(Studi Empiris Pada Perusahaan yang Terdaftar di Bursa Efek Indonesia)

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ABSTRACT

This thesis discusses influence of political connections on the cost of equity using panel data regression analysis with pooled least square model. 141 samples were used as observation data period 2005, 2008 and 2011. Cost of equity measured using the CAPM approach with Dimson beta modification. While political connections using a dummy variable, given 1 if company have political connections identified, and 0 if it does not have political connections identified. The results show that political connections have proven significant positive effect on the cost of equity, which means that the company must bear higher cost of equity for the company's political connections.

Keywords: political connection, the cost of equity, agency problems, corporate governance

ABSTRAK

Tesis ini membahas pengaruh *political connections* terhadap *cost of equity* dengan menggunakan analisis regresi data panel model *pooled least square*. Sampel yang digunakan sebanyak 141 data observasi periode 2005, 2008 dan 2011. *Cost of equity* diukur dengan menggunakan pendekatan CAPM dengan modifikasi *beta* Dimson. Sedangkan *political connections* menggunakan variabel *dummy* yaitu nilai 1 jika perusahaan teridentifikasi memiliki *political connections* dan nilai 0 jika teridentifikasi tidak memiliki *political connections*. Hasil penelitian menunjukkan bahwa *political connections* terbukti memiliki pengaruh positif signifikan terhadap *cost of equity* yang berarti bahwa perusahaan harus menanggung *cost of equity* yang lebih tinggi atas *political connections* yang dimilikinya.

Kata Kunci: *Political connection, cost of equity, agency problem, corporate governance*

Political connections dapat membawa dampak positif maupun dampak yang negatif bagi perusahaan. Dampak positif dapat dilihat apabila *political connections* dapat dimanfaatkan oleh perusahaan sehingga membawa keuntungan bagi perusahaan. Sebaliknya dampak negatif dapat dilihat apabila perusahaan yang memiliki *political connections* dimanfaatkan oleh individu-individu yang teridentifikasi memiliki hubungan politik untuk kepentingan politiknya. Dampak positif dan dampak negatif tersebut akan saling menghapuskan satu sama lain, tergantung dampak yang paling besar sehingga muncul dampak akhir yang ditimbulkan oleh adanya *political connections.* Dampak yang ditimbulkan oleh *political connections* tersebut akan menjadi *concern* bagi investor dalam pengambilan keputusan investasinya. Hal ini disebabkan risiko yang melekat pada dampak yang ditimbulkan oleh *political connections* tersebut.

Berdasarkan latar belakang penelitian sebagaimana tersebut di atas, maka rumusan masalah penelitian adalah untuk mengetahui pengaruh *political connections* terhadap *cost of equity.* Selain itu penelitian ini juga menggunakan variabel-variabel kontrol yang terbukti berpengaruh terhadap *cost of equity* pada penelitian-penelitian sebelumnya antara lain *corporate governance, operating leverage, financial leverage, profitability, dividend payout ratio, size,* dan *growth.*

Tujuan yang ingin dicapai dalam penelitian ini adalah untuk mengetahui pengaruh *political connections* terhadap *cost of equity* dengan tambahan variabel kontrol antara lain *corporate governance, operating leverage, financial leverage, profitability, dividend payout ratio, size,* dan *growth.* Berdasarkan tujuan tersebut, penelitian yang dilakukan ini diharapkan dapat menjawab pertanyaan sebagai berikut: Apakah *political connections* berpengaruh terhadap *cost of equity* ? (positif atau negatif)

Political Connections berpengaruh terhadap *Cost Of Equity?*

Peneliti berharap bahwa kajian pada karya akhir ini dapat memberikan kontribusi terhadap literatur penelitian dalam bidang akuntansi, khususnya terkait dengan *political connections* dan pengaruhnya terhadap *cost of equity.* Selain itu, penelitian ini diharapkan dapat memberikan masukan kepada perusahaan terkait dengan pengaruh *political connections* terhadap *cost of equity* yang harus ditanggung oleh perusahaan. Dalam pertimbangan pengambilan keputusan investasi yang dilakukan terkait dengan *political conections* yang dimiliki perusahaan serta pengaruhnya terhadap *cost of equity,* penelitian ini seharusnya dapat menjadi rujukan bagi para investor.

Kesuksesan perusahaan dalam memenangkan persaingan dan meningkatkan kesejahteraan pemegang saham (*value of shareholder*) dipengaruhi oleh faktor-faktor internal dan eksternal. Politik menjadi salah satu faktor yang berpengaruh pada

perusahaan. Pengaruh politik pada perusahaan dapat dilihat dari kebijakan-kebijakan publik sebagai hasil dari tindakan politik yang terkait dengan dunia bisnis. Penelitian terkait dengan pengaruh *political connections* terhadap *cost of equity* dilakukan oleh Boubakri *et al.* (2012) yang menyimpulkan bahwa perusahaan yang memiliki *political connections* memiliki *cost of equity* yang lebih rendah daripada perusahaan yang tidak memiliki *political connections.* Dengan demikian dapat dirumuskan hipotesis penelitian ini adalah **Political connections berpengaruh terhadap cost of equity.**

Penelitian ini dilakukan untuk menguji pengaruh *political connection* terhadap *cost of equity.* Selain itu, penelitian ini juga menggunakan variabel kontrol *corporate governance, operating leverage, financial leverage, return on equity* (ROE), *dividend payout ratio* (DPR), *size*, dan *sales growth.*

Data yang digunakan dalam penelitian ini adalah data sekunder berupa data-data perusahaan yang terdaftar di Bursa Efek Indonesia (BEI) periode 2005, 2008 dan 2011. Sumber data dalam penelitian ini adalah situs resmi BEI, CG Index dari IICD, *Indonesian Capital Market Directory* (ICMD) *Datastream* di perpustakaan Magister Akuntansi Fakultas Ekonomi Universitas Indonesia serta situs-situs resmi pemerintahan Republik Indonesia. Metode pengumpulan data dilakukan dengan penelitian kepustakaan (*library research*) untuk mengumpulkan data dan informasi yang diperlukan dalam penelitian. Penelitian kepustakaan dilakukan dengan mengumpulkan berbagai data dan literatur yang dianggap relevan dengan pembahasan berupa buku, jurnal, laporan, pedoman dan sumber-sumber informasi lainya yang diperoleh baik dari media *offline* maupun *online.*

Populasi dalam penelitian ini adalah seluruh perusahaan yang terdaftar pada Bursa Efek Indonesia tahun 2005, 2008 dan 2011 yaitu sebanyak 282 perusahaan. Sampel ditentukan dengan menggunakan metode *purposive sampling.*

Political Connections dan *Cost of Equity*

Hasil ini sesuai dengan penelitian Faccio *et al* (2006) yang mengungkapkan bahwa *cost of political connections* akan mengakibatkan tingginya *cost of equity.* Namun hasil ini tidak sesuai dengan penelitian Boubakri *et al* (2012) yang menyimpulkan bahwa perusahaan yang memiliki *political connections* memiliki *cost of equity* yang lebih rendah daripada perusahaan yang tidak memiliki *political connections.*

Pengaruh positif signifikan *political connections* terhadap *cost of equity* ini kemungkinan disebabkan oleh penunjukkan Dewan Komisaris maupun Dewan Direksi yang teridentifikasi memiliki hubungan politik yang tidak memiliki kualifikasi yang tepat baik dari sisi akademik maupun non akademik.

Faktor-faktor Lain Yang Mempengaruhi *Cost of Equity*

A. Corporate Governance terhadap Cost of Equity

Penelitian ini membuktikan bahwa *corporate governance* tidak berpengaruh terhadap *cost of equity.* Hasil ini tidak sesuai dengan penelitian-penelitian sebelumnya antara lain Asbaugh, Collins dan LaFond (2004), Tse Min Soh (2011), serta Devi (2012) yang menyimpulkan bahwa CG berpengaruh negatif signifikan terhadap *cost of equity.* Hasil ini tidak didukung data yang memadai. Secara teoritis *corporate governance* mampu menurunkan *cost of equity* dengan meminimalkan *agency problem* yang terjadi pada perusahaan. Kondisi tersebut akan menurunkan risiko yang dihadapi oleh perusahaan yang berdampak pada berkurangnya *expected return* oleh investor sehingga *cost of equity* akan menurun. Pelaksanaan *CG* yang efektif pada perusahaan akan meningkatkan kepercayaan *stakeholder* pada perusahaan. Hal tersebut akan berdampak pada turunnya biaya modal dan perusahaan akan didorong untuk menggunakan sumber daya secara efisien sehingga dapat mendukung pertumbuhan perusahaan (OECD, 2004).

B. *Operating Leverage* terhadap *Cost of Equity*

Penelitian ini membuktikan bahwa *DOL* berpengaruh positif signifikan terhadap *cost of equity.* Hasil ini sesuai dengan penelitian Mendelker dan Rhee (1984) yang menyimpulkan bahwa *operating leverage* memiliki pengaruh positif terhadap risiko dan akan berdampak secara positif terhadap *cost of equity.* Selain itu, Devi (2012) juga menyimpulkan bahwa *operating leverage* terbukti memiliki pengaruh positif signifikan terhadap *cost of equity.*

C. *Financial Leverage* terhadap *Cost of Equity*

Penelitian ini membuktikan bahwa *DFL* berpengaruh positif signifikan terhadap *cost of equity.* Hasil ini sesuai dengan hasil penelitian dari Devi (2012), Koridama dan Nuriningsih (2008), serta Mendelker dan Rhee (1984) yang menemukan adanya hubungan positif signifikan antara *financial leverage* terhadap *cost of equity.*

D. *Profitability* terhadap *Cost of Equity*

profitability tidak berpengaruh terhadap *cost of equity.* Hasil penelitian ini tidak didukung data yang memadai. Secara teoritis *profitability* yang tinggi pada perusahaan akan memberikan kemampuan bagi perusahaan untuk melakukan pembiayaan internal atas investasi yang akan dilakukan. Oleh karena itu perusahaan dengan *profitability* yang

tinggi akan memilih melakukan pembiayaan internal dengan tingkat risiko yang lebih rendah daripada melakukan pembiayaan eksternal baik melalui penerbitan saham maupun utang yang memiliki tingkat risiko yang lebih tinggi.

E. *Dividend Payout Ratio* terhadap *Cost of Equity*

Dividend payout ratio (DPR) tidak berpengaruh terhadap *cost of equity*. Hasil penelitian ini tidak didukung data yang memadai. Secara teoritis *cost of equity* dapat dihitung dengan membagi dividen yang akan diterima terhadap harga per lembar saham dengan memperhitungkan tingkat pertumbuhan dividen per lembar saham (Ross *et al,* 2010). Hal ini menunjukkan bahwa pembayaran dividend kepada pemilik modal akan menambah biaya yang harus ditanggung oleh perusahaan.

F. *Size* terhadap *Cost of Equity*

Size tidak berpengaruh negatif terhadap *cost of equity*. Hasil penelitian ini tidak didukung data yang memadai. Secara teoritis ukuran perusahaan berpengaruh terhadap risiko perusahaan, semakin kecil ukuran perusahaan maka risiko perusahaan akan semakin tinggi, sebaliknya semakin besar ukuran perusahaan maka risiko akan semakin rendah. Hal ini disebabkan oleh tuntutan pengungkapan informasi yang lebih luas terhadap perusahaan besar dibandingkan dengan perusahaan kecil.

G. *Growth* terhadap *Cost of Equity*

Growth tidak berpengaruh terhadap *cost of equity*. Hasil penelitian ini tidak didukung data yang memadai. Secara teoritis pertumbuhan perusahaan (*growth*) juga mencerminkan *growth opportunity* yang dimiliki oleh perusahaan. Perusahaan dengan *growth opportunity* yang tinggi membutuhkan dana yang lebih besar untuk membiayai investasi yang dibutuhkan dalam rangka mendukung pertumbuhan perusahaan.

Political Connections pada Perusahaan akan Meningkatkan *Cost Of Equity* yang Harus ditanggung oleh Perusahaan

Berdasarkan hasil analisis dan pembahasan dapat disimpulkan terkait dengan variabel utama dalam penelitian yaitu *cost of equity* dan *political connections,* bahwa *political connections* terbukti memiliki pengaruh positif signifikan terhadap *cost of equity*. Hal ini menunjukkan bahwa adanya *political connections* pada perusahaan akan meningkatkan *cost of equity* yang harus ditanggung oleh perusahaan. Hasil ini sesuai dengan penelitian Faccio et al (2006) yang mengungkapkan bahwa *cost of political connections* terkait dengan lemahnya *corporate governance* dan terjadinya *asymetric*

information mengakibatkan tingginya *cost of* equity bagi perusahaan yang memiliki *political connections.* Pengaruh positif *political connections* terhadap *cost of equity* dapat dijelaskan bahwa perusahaan yang memiliki hubungan politis dimanfaatkan oleh politisi dalam perusahaan tersebut untuk kepentingan politiknya yang akan berdampak pada meningkatnya risiko perusahaan dan berujung pada meningkatnya *cost of equity* yang harus ditanggung oleh perusahaan.

Variabel-variabel kontrol yang terbukti berpengaruh signifikan dalam penelitian ini adalah *operating leverage* dan *financial leverage. Operating leverage* terbukti memiliki pengaruh positif signifikan terhadap *cost of equity.* Hasil ini sesuai dengan penelitian yang dilakukan oleh Mendelker dan Rhee (1984) dan Devi (2012). *Financial leverage* terbukti memiliki pengaruh positif signifikan terhadap *cost of equity.* Hasil ini sesuai dengan hasil penelitian dari Devi (2012), Koridama dan Nuriningsih (2008), serta Mendelker dan Rhee (1984).

Variabel-variabel kontrol yang tidak terbukti berpengaruh terhadap *cost of equity* adalah *corporate governance, size, profitability, dividend payout ratio* dan *growth*. Secara teoritis *corporate governance* mampu menurunkan *cost of equity* dengan meminimalkan *agency problem* yang terjadi pada perusahaan sehingga risiko yang dihadapi oleh perusahaan menurun dan berdampak pada turunnya *cost of equity*. Sedangkan terkait dengan *size* secara teoritis ukuran perusahaan berpengaruh terhadap risiko perusahaan, semakin kecil ukuran perusahaan maka risiko perusahaan akan semakin tinggi, sebaliknya semakin besar ukuran perusahaan maka risiko akan semakin rendah. *Profitability* tidak memiliki pengaruh negatif terhadap *cost of equity*. Hasil penelitian menunjukkan bahwa *profitability* memiliki pengaruh positif signifikan terhadap *cost of equity.* Hasil tersebut berbeda dengan hasil penelitian-penelitian sebelumnya dan tidak didukung dengan data yang memadai. *Dividend payout ratio* tidak memiliki pengaruh positif terhadap *cost of equity*. Hasil penelitian menunjukkan bahwa *dividend payout ratio* memiliki pengaruh negatif signifikan sehingga tidak mendukung hasil penelitian-penelitian sebelumnya. Hasil tersebut tidak didukung dengan data yang memadai. *Growth* tidak memiliki pengaruh positif terhadap *cost of equity.* Hasil penelitian menunjukkan bahwa *growth* memiliki pengaruh negatif signifikan terhadap *cost of equity*. Hasil tersebut tidak dapat mendukung hasil penelitian-penelitian sebelumnya dan tidak didukung dengan data yang memadai.

Political Connections ternyata berpengaruh Positif Signifikan terhadap *Cost Of Equity*

Penelitian ini membuktikan bahwa *political connections* berpengaruh positif signifikan terhadap *cost of equity.* Perusahaan yang memiliki hubungan politik akan menanggung

cost of equity yang lebih tinggi daripada perusahaan yang tidak memiliki hubungan politik. Oleh karena itu disarankan kepada perusahaan untuk dapat mengurangi atau bahkan menghilangkan *political connections* misalnya melalui *fit and proper test* untuk Dewan Komisaris dan Dewan Direksi yang tepat. Pemilihan calon anggota Dewan Komisaris maupun Dewan Direksi lebih didasarkan pada kualifikasi-kualifikasi yang memang dibutuhkan oleh Dewan Komisaris maupun Dewan Direksi. Pertimbangan kompetensi yang dimiliki oleh calon anggota Dewan Komisaris maupun Dewan Direksi menjadi unsur penting dalam proses pemilihan anggota Dewan Komisaris dan Dewan Direksi. Perusahaan sebaiknya tidak menggunakan pertimbangan *political connections* yang dimiliki oleh calon anggota Dewan Komisaris maupun Dewan Direksi dalam proses penunjukan anggota Dewan Komisaris maupun Dewan Direksi.

Disarankan kepada investor untuk lebih memperhatikan ada tidaknya *political connections* yang dimiliki oleh perusahaan. Hasil penelitian membuktikan bahwa adanya *political connections* yang dimiliki oleh perusahaan akan berdampak pada semakin tingginya *cost of equity* yang harus ditanggung oleh perusahaan. *Political connections* akan berpengaruh pada risiko yang akan dihadapi oleh perusahaan. Dengan demikian ada tidaknya *political connections* pada perusahaan dapat mempengaruhi keputusan investasi yang akan dilakukan oleh investor.

Determinants of the US Corporate Bond Yield Spread Before and After Subprime Mortgage Crisis

Faktor Penentu *Spread Bond* Obligasi Perusahaan AS Sebelum dan Sesudah Krisis *Subprime Mortgage*

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ABSTRACT

This study examines which determinant could best explain variations in corporate bond yield spreads by classifying the determinants into macroeconomic variables, market condition factors and firm fundamental factors. Focusing on US non-financial firms' straight bonds actively traded on the US market, monthly data of yield spread is regressed toward the spread determinants for the years 2003 to 2013, covering the period before and after the subprime mortgage crisis. Surprisingly, the firm fundamental factors outperform the other determinants in gauging the yield spread variation, with leverage becoming the most statistically and economically significant variable amongst the other possible explanatory variables. The finding is consistent with the result of fixed-effect regression and robustness check using alternative variable measures.

ABSTRAK

Penelitian ini menguji determinan mana yang bisa menjelaskan variasi spread yield obligasi perusahaan dengan mengklasifikasikan faktor-faktor penentu ke dalam variabel makroekonomi, faktor kondisi pasar dan faktor fundamental perusahaan. Berfokus pada obligasi langsung non-keuangan AS yang aktif diperdagangkan di pasar AS, data bulanan spread yield mengalami penurunan ke arah faktor penentu penyebaran untuk tahun 2003 sampai 2013, yang mencakup periode sebelum dan sesudah krisis subprime mortgage. Anehnya, faktor fundamental perusahaan mengungguli determinan lainnya dalam mengukur variasi spread yield, dengan leverage menjadi variabel yang paling signifikan secara statistik dan ekonomi antara variabel penjelas lainnya. Temuan ini konsisten dengan hasil regresi efek tetap dan cek ketahanan menggunakan ukuran variabel alternatif.

Introduction

This study employs US corporate bonds since the US data could be obtained efficiently and the total bond transaction in the US, amounting to $17 trillion[1], is considered the largest in the world bond market. The data extends from 2003 to 2013, covering the period before and after the subprime mortgage crisis, which occurred in 2008, in consideration of the subprime crisis effect on bond yield spread. Focusing on the US corporate straight bonds actively traded in the US market during the period, the sample includes 303 bonds issued by 165 non-financial US firms. Monthly observation data of the sample corporate bond yield spread is regressed on macroeconomic variables, market condition factors and fundamental factors using a pooled OLS method. The regression result suggests that firm fundamental factors could best explain variations in yield spread compared to macroeconomic variables or market condition factors, with the leverage becoming the most statistically and economically significant variable compared to the others. The finding is consistent with the result of fixed-effect regression and robustness check using alternative measures such as industrial production growth rate, outstanding amount of bond as liquidity proxy, and book value leverage.

The study purpose, as presented in the hypothesis statement, is to identify which factors best explain variations in the US corporate bond yield spread, particularly for all straight bonds issued by US non-financial firms and actively traded in the US market. This study is motivated by Collin-Duffresne (2001) whose paperwork examines the determinants of credit spread changes, concluding that monthly credit spread changes are primarily stimulated by shocks that are not related to credit risk factors and standard proxies of liquidity. Therefore, it is interesting to comprehend how macroeconomic variables, market condition factors and firm fundamentals could drive the yield spreads of corporate bonds. Additionally, the effect of the subprime crisis on bond liquidity and yield spread, that is categorized as a market condition factor, is inspired by the study of Dick-Nielsen et al. (2012) suggesting that the yield spread contribution from illiquidity factors significantly rises during the subprime crisis. For this reason, it is also of interest to understand how the illiquidity effect on spread is magnified by the presence of the subprime crisis, thus meaning that a term to define the interaction between the illiquidity variable and the crisis dummy variable would be required.

The finance industry is excluded since the industry is highly regulated and has a complex capital structure. Also, restricting the sample to firms with a simple capital structure is preferable since a complicated capital structure could raise questions about whether the pricing error is due to the model's deficiency or simply because the model could not handle the debt pricing of firms with complicated liabilities (Eom et al., 2004).

1

The US companies dataset, excluding finance companies, is obtained from Thomson One, while the list of US companies' bonds is obtained by tracing them manually in Data stream using each company's Datastream mnemonic identifier.

After the sample of US corporate bonds is selected, the following procedures are performed to collect both dependent and independent variables data.

To enhance the representativeness of sample data, some data issues should be settled. First, as the spread reflecting the risk premium of corporate bonds over benchmark government yield should take a positive value, the presence of a negative spread is highly likely due to data error. Thus, removing the negative yield spread should be appropriate. Next, missing values on dependent and/or independent variables are also found. Should the data be missing at random, the size of a random sample from the population could simply be reduced (Wooldridge, 2013, p.314). Therefore, classifying missing data as missing at random and finding quite a lot of missing data, one could justifiably drop the observations. Lastly, outliers in the data should be handled since outlying observations could affect the OLS estimates (Wooldridge, 2013, p.317). Outliers could be recognized by computing summary statistics (see Table 3.3 Panel A). Instead of dropping the outlying observations, 0.01 winsorization in each tail is performed. Eventually, the process results in 18,161 monthly observations for each variable.

Maturity	Rating			Total
	Investment Grade	Speculative Grade	Non-rated	
Short Term (<5 years)	10	1	3	14
Medium Term (5-<10 years)	59	32	12	103
Long Term (10> years)	137	34	15	186
Total	**206**	**67**	**30**	**303**

Sample Profile of Corporate Bonds

The table portrays the sample profile of US corporate bonds actively traded in the US market during the period 2003-2013. The total sample consists of 303 corporate bonds issued by 165 firms. Bonds are classified according to maturity and the latest Moody's rating, downloaded from Datastream. Investment grade bonds are bonds with a rating of Baa or above, and speculative grade bonds are bonds with a rating of Ba or below.

The table represents pooled OLS regression results of corporate bond yield spread determinants, including macroeconomic variables, market condition factors and fundamental factors. The dependent variable is yield spread. Refer to Table 3.1 for the definition and grouping of independent variables. The sample consists of 303 US corporate bonds traded in the US market during the period 2003-2013. Model 1 includes all determinants' variables, while Models 2 to 4 separate each group of spread determinants. Models 5 to 7 mix two groups of independent variables. Standard errors

in parantheses are based on the Driscoll-Kraay robust standard error. *, **, *** denote statistical significance at the 0.10, 0.05 and 0.01 levels, respectively.

Another reason to explain the positive illiquidity effect on bond yield spread is the credit quality information reflected in the liquidity measures (Chen et al., 2007). Since a lower credit quality bond generally has a more adverse selection problem under asymmetric information, bond investors could expect to pay more adverse selection costs when buying such a bond (Chen et al., 2007). This higher transaction cost makes the bond less attractive to be exchanged, reflected in the liquidity measures, for instance in a higher proportion of zero daily return during the month. Eventually, investors would require higher yield spreads to compensate for this higher cost and illiquidity risk (Chen et al., 2007). The argument of liquidity and credit risk relationship are also supported by Ericsson and Renault (2006) that liquidity spreads are likely to be positively correlated with default probability and negatively related to maturity time. When the company is in financial distress, bondholders facing a liquidity shock would be forced to sell the bond at a discount, which in turn would lower the bond price and raise the liquidity spread (Ericsson and Renault, 2006).

In addition, they assume the existence of maturity clienteles for corporate bonds in which short-term maturity bonds might be more liquid than longer ones. The investor investment horizon could play a role in explaining why shorter-term bonds are more liquid than longer-term bonds (Amihud and Mendelson, 1991). Investors with a long-term investment horizon would most likely buy the long maturity bonds and then trade less frequently. Meanwhile, investors with an uncertain investment horizon might prefer to buy short-term bonds in order to avoid liquidation costs that occur at the time of sale before the bond maturity date, yet incur reinvestment costs should the investor change the investment horizon longer than the bond maturity (Amihud and Mendelson, 1991). Therefore, tracking back to sample composition data in Table 4.1, it could be argued that most samples consist of long-term (10-year and above) bonds that might induce the positive, significant relationship between bond illiquidity and yield spread.

According to Model 4 Table 4.2, comparing macroeconomic variables and market condition factors, firms' fundamental factors provide the highest estimation in the yield spread variation, by about 33.7%. Compared to base Model 1, all fundamental factors in Model 4 show no difference in significance level and sign, except for the opposite sign of the statistically insignificant cash variable. If one combines fundamental factors with market condition factors, as can be seen in Model 6, the estimation power to gauge the spread variations is significantly increased, to 49.3%. Similar significance and signs of fundamentals' coefficients would be provided, except for the opposite sign of cash variables, when the results in Model 4 and 6 are compared. Model 7, combining

macroeconomic variables and firms' fundamental factors, could estimate the spread variation by 41.5%. The significance and signs of fundamental factors' coefficients in Model 7 are in line with those in Model 4. Only the leverage variable has economic significance in gauging the spread variations and positive signs, as the theoretical framework predicts. Meanwhile, liquidity fundamental variables, such as current and cash flow, show the results of statistically significant, positive sign coefficients. This means that additional units of these variables could lead to an increase in yield spread variables. Referring to the F-statistic of the aforementioned model, it can be inferred that all independent variables in each model are jointly significant to explain the yield spread.

The table represents the fixed-effect regression of corporate bond yield spread determinants, including macroeconomic variables, market condition factors and fundamental factors. The dependent variable is yield spread. Refer to Table 3.1 for the definition and grouping of independent variables. The sample consists of 303 US corporate bonds traded in the US market during the period 2003-2013. Model 1 includes all determinants' variables, while Models 2 to 4 separate each group of spread determinants. Models 5 to 7 mix two groups of independent variables. Standard errors in parentheses are based on Driscoll-Kraay robust standard error. *, **, *** denote statistical significance at the 0.10, 0.05 and 0.01 levels, respectively.

The table represents the robustness check using a pooled OLS regression of corporate bond yield spread determinants, including macroeconomic variables, market conditions and fundamental factors. The dependent variable is yield spread. Industrial production growth rate in percentages is employed as the economic growth proxy, instead of GDP, retrieved from FRED of St. Louis Fed. The outstanding amount of bond in billion dollars is used as a proxy of liquidity, instead of the zero return proportion, downloaded from Datastream. Leveragebook in full unit is calculated by the ratio of Compustat long-term debt book value to total asset, instead of the ratio of debt book value to the total of equity market value and debt book value. Refer to Table 3.1 for further definitions and grouping of independent variables. The sample consists of 303 US corporate bonds traded in the US market during the period 2003-2013. Model 1 includes all determinants' variables, while Models 2 to 4 separate each group of spread determinants. Models 5 to 7 mix two groups of independent variables. Standard errors in parentheses are based on the Driscoll-Kraay robust standard error. *, **, *** denote statistical significance at the 0.10, 0.05 and 0.01 levels, respectively.

Conclusion

This study differs from existing literature by integrating the spread determinants comprehensively for both the period before and after the subprime crisis into a single general model framework. Besides enhancing the literature of spread determinants, this study could also be useful for wide practical implications, particularly for regulators and stakeholders in their decision making processes. Governments, or central banks, could consider how government or macroeconomic policies could have an impact on bond markets. Investors or traders could rebalance their bond portfolio inventories considering the liquidity preference on the fixed income investment strategy. In addition, firm's managements could also realize how their capital structure decisions have effects on the cost of debt financing.

Since bonds are traded occasionally on the over-the-counter market, the bond trading information is not as great as information of stocks traded more frequently in the equity market. Even more, the unintegrated identifier of such bond information necessitates the manual and time-inefficient process of combining bond yield spread data with its determinants as related to equity and accounting data. Limited access to historical bond-rating data should also be taken into consideration. With more time-flexibility and access to bond information, one could accomplish more insightful study results by dividing the findings based, on one hand, on bond characteristics such as historical bond rating and, on the other, on company characteristics, for instance industry group or market capitalization. In addition, the study employs zero return proportion as a proxy for bond liquidity due to data availability. In fact, the zero return proportion seems to be a relatively noisy liquidity measure (Chen, 2007). More sophisticated proxies for liquidity such as the Amihud measure or the Roll measure (Friewald et al., 2012) could be used as comparisons for further studies.

Related to the methodology in this study, the slope variable is transformed into the form of growth rate in this study for stationarity purposes. The regression model using yield spread change and changes in determinants' variables, by taking the first differences of variables, could mitigate the stationarity problem. Alternatively, robustness checks using spread change and determinants' changes could be performed. For the data coverage, the study only includes 303 bonds out of 6,000 bonds; collecting more sample data of US corporate bonds for future studies could enrich the sample's representativeness.

This study also provides no further discussion regarding the endogeneity problem. As briefly discussed by Molina (2005) when treating endogeneity factors that could affect leverage and bond rating as default risk proxies, more significant effects of the leverage variables on default risk can be found when including endogeneity. Including discussion of endogeneity in the analysis would provide more details for the findings and contribute

more to yield spread studies. Furthermore, including more determinants in the model, such as asset volatility, could not only reduce omitted variable bias, but also allow more in-depth discussion of the structural model framework. Leverage and asset volatility account for many of the variations of corporate bond yield in structural models, and become more significant if the model allows for endogenous default barriers (Anderson and Sundaresan, 2000).

Comparison of District/Municipal Government Financial Performance at West Java Province Year 2009 – 2013

Perbandingan Kinerja Keuangan Pemerintah Kabupaten/Kota di Provinsi Jawa Barat Tahun 2009 – 2013

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ABSTRACT

The objectives of this study are to analyze the comparative of financial performance among local governments and to analyze whether any differences in financial performance between regencies and municipalities in West Java Province 2009-2013. Descriptive method with quantitative data analysis technique of financial ratio and T and Mann-Whitney tests are used in this study. The result shows that the independence ratio level of municipalities is higher than that of regencies. The effectivity ratio of regencies/municipalities is highly effective with the rate of 120.06%. The operational expenditure activity ratio of the local governments is higher than capital expenditure activity ratio. The result of T and Mann-Whitney tests do not show that the effectivity and the operational activity ratios are different, while the independence and the capital expenditure activity ratios do.

Keywords : Capital expenditure activity ratio; effectivity ratio; financial performance; independence ratio; operational expenditure activity ratio.

ABSTRAK

Penelitian ini bertujuan untuk menganalisis perbandingan kinerja keuangan serta menganalisis apakah terdapat perbedaan kinerja keuangan antara kabupaten/kota di Provinsi Jawa Barat selama 2009-2013. Penelitian menggunakan metode deskriptif dengan teknik analisis data kuantitatif rasio keuangan serta uji *T* dan uji *Mann- Whitney*. Hasil penelitian menunjukkan pemerintah kota mempunyai tingkat rasio kemandirian lebih tinggi dibandingkan kabupaten. Rasio efektivitas kabupaten/kota sangat efektif dengan rata-rata 120.06%. Pemerintah kabupaten/kota mempunyai rasio aktivitas belanja operasi lebih besar daripada rasio aktivitas belanja modal. Hasil uji *T* dan *Mann-Whitney* menunjukkan tidak terdapat perbedaan antara rasio efektivitas dan aktivitas belanja operasi, sedangkan rasio kemandirian dan aktivitas belanja modal menunjukkan perbedaan.

Kata Kunci: Kinerja keuangan; rasio aktivitas belanja modal; rasio aktivitas belanja operasi;rasio efektivitas; rasio kemandirian.

Latar Belakang

Berdasarkan penelitian sebelumnya, akan dilakukan penelitian sejenis dengan penelitian Muliastini dan Yadnyana (2013), dengan perubahan objek penelitian pada pemerintah kabupaten dan kota di Provinsi Jawa Barat dengan periode tahun anggaran 5 (lima) tahun terakhir. Rasio yang digunakan antara lain rasio kemandirian (PAD/TPD), rasio efektivitas, dan rasio aktivitas belanja operasi serta belanja modal. Secara umum, tujuan penelitian ini adalah untuk menganalisis kinerja keuangan pada pemerintah daerah di Provinsi Jawa Barat selama periode tahun 2009-2013. Selanjutnya akan diteliti bagaimana perbandingan kinerja keuangan pada kabupaten dan kota di Provinsi Jawa Barat dilihat dari rasio kemandirian, rasio efektivitas, dan rasio aktivitas keuangan daerahnya. Selain itu untuk menganalisis apakah terdapat perbedaan kinerja keuangan antara pemerintah kabupaten dan kota yang ada di Provinsi Jawa Barat tersebut.

Ada beberapa hal yang menjadi perumusan masalah pada penelitian ini, yaitu tentang perbandingan kinerja keuangan berdasarkan rasio kemandirian, rasio efektivitas, rasio aktivitas dan perbedaan kinerja keuangan antara kabupaten dan kota di Provinsi Jawa Barat dalam kurun waktu tahun 2009 sampai dengan 2013.

Tujuan penulis melakukan analisis perbandingan kinerja keuangan Pemerintah dan Kota di Provinsi Jawa Barat adalah Menganalisis perbandingan kinerja keuangan berdasarkan rasio kemandirian, rasio efektivitas, rasio aktivitas dan Menganalisis apakah terdapat perbedaan kinerja keuangan antara pemerintah kabupaten dan kota yang ada di Provinsi Jawa Barat dalam kurun waktu tahun 2009 sampai dengan 2013.

Metode penelitian yang digunakan dalam penelitian ini adalah penelitian deskriptif dengan pendekatan kuantitatif. Data yang hendak dikumpulkan dalam penelitian ini adalah data sekunder yang bersifat kuantitatif dan kualitatif. Pengumpulan data yang digunakan adalah metode dokumentasi dan wawancara. Metode dokumentasi dilakukan dengan mengumpulkan data-data yang berasal dari dokumen yang telah ada, sedangkan wawancara digunakan untuk mengkonfirmasi hasil penelitian. Sumber data dalam penelitian ini berupa data APBD dan Laporan Realisasi Anggaran. Data sekunder dikumpulkan dengan teknik pengumpulan data melalui studi kepustakaan dengan mempelajari buku, literatur, peraturan perundang- undangan, dan karya tulis yang berhubungan dengan penelitian ini serta mengakses website melalui internet dengan alamat www.djpk.kemenkeu.go.id yang merupakan situs resmi Direktorat Jenderal Perimbangan Keuangan Kementerian Keuangan Republik Indonesia.

Secara umum terdapat beberapa kabupaten dan kota di Jawa Barat yang mempunyai tren naik, tren turun, juga kecenderungan stabil pada rasio kemandirian daerah dalam kurun waktu 2009 sampai dengan 2013. Tren naik pada rasio kemandirian yang

diikuti oleh kenaikan peringkat kemandirian daerah ditunjukkan oleh Kabupaten Bandung, Kabupaten Bekasi, Kabupaten Cianjur, Kabupaten Karawang, Kabupaten Purwakarta, Kabupaten Sukabumi, Kota Bandung, Kota Bekasi, Kota Depok, Kota Banjar, dan Kabupaten Bandung Barat. Tren turun pada rasio kemandirian yang diikuti oleh penurunan peringkat kemandirian daerah ditunjukkan oleh Kabupaten Cirebon, Kabupaten Indramayu, Kabupaten Kuningan, Kabupaten Majalengka, Kabupaten Sumedang, dan Kota Cimahi. Sedangkan kabupaten dan kota dengan rasio kemandirian daerah yang relatif stabil ditunjukkan oleh Kabupaten Bogor, Kabupaten Ciamis, Kabupaten Garut, Kabupaten Subang, Kabupaten Tasikmalaya, Kota Bogor, Kota Cirebon, Kota Sukabumi, dan Kota Tasikmalaya. Dengan demikian dari 26 kabupaten dan kota di Jawa Barat terdapat 11 kabupaten/kota dengan tren naik (42%), 6 kabupaten/kota dengan tren turun (23%), dan 9 kabupaten/kota yang relatif stabil (35%) pada rasio kemandirian keuangan daerahnya.

Tabel Rasio Kemandirian Kabupaten dan Kota di Provinsi Jawa BaratTahun 2009-2013 (dalam Persen)

No.	KAB/KOTA	TAHUN 2009		TAHUN 2010		TAHUN 2011		TAHUN 2012		TAHUN 2013	
		Rasio	Prkt	Rasio	Prkt	Rasio	Prkt	Rasio	Prkt	Rasio	Prkt
1	Kab. Bandung	7.84	15	9.72	14	11.86	12	12.62	13	15.06	11
2	Kab. Bekasi	17.69	1	14.91	5	25.35	3	28.75	2	34.34	1
3	Kab. Bogor	15.51	3	15.90	4	20.12	6	26.51	6	27.58	6
4	Kab. Ciamis	3.79	26	3.83	25	3.68	25	4.70	25	5.35	25
5	Kab. Cianjur	7.08	18	7.75	17	8.32	18	10.60	16	11.84	14
6	Kab. Cirebon	9.03	13	9.40	15	10.88	14	11.53	14	10.83	19
7	Kab. Garut	6.44	21	6.43	21	5.92	24	7.91	21	8.78	20
8	Kab. Indramayu	7.16	17	7.41	18	8.64	17	8.73	20	8.24	21
9	Kab. Karawang	9.97	12	12.96	9	18.72	7	26.76	5	24.55	7
10	Kab. Kuningan	6.69	20	6.11	23	6.33	23	6.67	23	6.92	24
11	Kab. Majalengka	7.05	19	6.80	19	6.78	21	6.59	24	7.95	22
12	Kab. Purwakarta	8.19	14	9.01	16	11.22	13	13.10	12	12.67	12
13	Kab. Subang	6.09	22	6.37	22	6.70	22	7.72	22	7.89	23
14	Kab. Sukabumi	5.63	23	6.48	20	8.18	19	9.11	19	11.35	16
15	Kab. Sumedang	10.75	11	10.00	12	10.36	15	10.84	15	11.05	18
16	Kab. Tasikmalaya	4.05	25	3.69	26	3.40	26	3.36	26	3.18	26
17	Kota Bandung	14.99	4	18.11	2	26.75	1	27.42	3	33.30	2
18	Kota Bekasi	15.69	2	18.71	1	25.60	2	27.28	4	32.73	3
19	Kota Bogor	14.00	5	14.29	6	20.19	5	22.18	7	29.52	5
20	Kota Cirebon	12.13	8	13.40	8	14.32	10	17.14	9	20.40	9
21	Kota Depok	11.67	9	12.81	10	21.27	4	29.04	1	30.25	4
22	Kota Sukabumi	13.07	6	16.19	3	18.29	8	20.26	8	20.78	8

23	Kota Tasikmalaya	10.79	10	12.63	11	12.05	11	14.42	11	12.66	13
24	Kota Cimahi	12.67	7	14.10	7	16.17	9	16.57	10	19.64	10
25	Kota Banjar	7.18	16	9.73	13	9.39	16	10.03	17	11.37	15
26	Kab. Bandung Barat	4.62	24	4.92	24	7.40	20	9.57	18	11.20	17

Sumber: Direktorat Jenderal Perimbangan Keuangan (2014d), telah diolah kembali.

Dalam kurun waktu 2009-2013, rasio kemampuan keuangan daerah tertinggi ditempati oleh Kabupaten Bekasi yaitu sebesar 34.34% pada tahun 2013, dan terendah oleh Kabupaten Tasikmalaya sebesar 3.18% pada tahun 2013.

Untuk menganalisis perbedaan rasio kemandirian pemerintah daerah dengan peringkat tertinggi, maka dalam tabel 2 disajikan data pertumbuhan PAD Kabupaten Bekasi.

Tabel 2 Pertumbuhan PAD Kabupaten Bekasi Tahun 2009-2013

TAHUN	Pajak (juta Rp)	Retribusi (juta Rp)	Pengelolaan Kekayaan Daerah yg Dipisahkan (juta Rp)	Lain-Lain PAD yang Sah (juta Rp)	Total PAD	PERTUMBUHAN (%)				
	(A)	(B)	©	(D)	(E)	(A)	(B)	©	(D)	(E)
2009	107,814	75,669	26,991	76,825	287,300					
2010	116,874	68,034	24,248	49,515	258,671	8.40	(10.09)	(10.16)	(35.55)	(9.96)
2011	418,894	87,801	30,138	62,237	599,070	258.42	29.06	24.29	25.69	131.60
2012	539,342	127,375	38,502	96,633	801,853	28.75	45.07	27.76	55.27	33.85
2013	841,506	153,776	45,469	113,775	1,154,525	56.02	20.73	18.09	17.74	43.98
Rata-Rata						87.90	21.19	14.99	15.79	49.87

Sumber: Direktorat Jenderal Perimbangan Keuangan (2014d), telah diolah kembali.

Berdasarkan laporan realisasi anggaran pemerintah daerah, tingginya rasio kemandirian Kabupaten Bekasi disebabkan oleh kenaikan PAD yang berasal dari penerimaan pajak daerah diikuti oleh kenaikan retribusi daerah. Secara umum pada tahun 2010 terjadi penurunan PAD yang berasal dari penurunan hasil retribusi daerah, pengelolaan kekayaan daerah yang dipisahkan, dan lain-lain PAD yang sah. Namun hal ini tidak terjadi pada hasil pajak daerah yang masih memberikan pertumbuhan positif sebesar 8.40%. Pertumbuhan PAD tertinggi sebesar 131.60% pada tahun 2011 merupakan kontribusi dari naiknya hasil pajak daerah sebesar258.42%.

Rasio Efektivitas Pendapatan Asli Daerah

Dalam kurun waktu 2009-2013, rasio efektivitas PAD tertinggi ditempati oleh Kabupaten Karawang dengan nilai efektivitas sebesar 241.05% pada tahun 2012. Sedangkan

peringkat rasio efektivitas PAD terendah ditempati oleh Kabupaten Tasikmalaya dengan nilai efektivitas sebesar 62.88% pada tahun 2010. Mengacu pada kriteria umum dalam menilai efektivitas PAD (Mahmudi, 2010) maka nilai efektivitas di bawah 75% dinilai tidak efektif.

Tabel 3 Rasio Efektivitas PAD Kabupaten dan Kota di Provinsi Jawa Barat Tahun 2009-2013 (dalam Persen)

No.	KAB/KOTA	TAHUN 2009		TAHUN 2010		TAHUN 2011		TAHUN 2012		TAHUN 2013	
		Rasio	Prkt	Rasio	Prkt	Rasio	Prkt	Rasio	Prkt	Rasio	Prkt
1	Kab. Bandung	101.19	19	120.19	6	135.10	5	133.19	9	137.80	3
2	Kab. Bekasi	143.18	1	108.77	13	173.26	2	162.88	2	126.35	10
3	Kab. Bogor	109.27	15	107.78	14	134.15	6	132.17	12	118.59	17
4	Kab. Ciamis	110.13	14	96.58	22	106.55	21	132.22	11	130.01	6
5	Kab. Cianjur	106.56	17	105.46	18	114.55	14	136.21	6	129.96	7
6	Kab. Cirebon	99.97	22	105.95	17	110.87	18	109.98	24	104.52	23
7	Kab. Garut	112.33	13	105.07	19	102.04	25	126.65	16	144.69	2
8	Kab. Indramayu	125.93	6	103.87	20	139.67	3	150.23	4	120.81	15
9	Kab. Karawang	115.87	9	148.82	1	187.97	1	241.05	1	137.69	4
10	Kab. Kuningan	120.52	8	96.10	23	104.68	23	110.67	23	103.11	24
11	Kab. Majalengka	127.26	5	98.50	21	106.04	22	113.12	22	113.87	19
12	Kab. Purwakarta	95.47	25	113.10	10	108.85	20	103.68	26	87.00	26
13	Kab. Subang	98.35	23	106.05	16	113.11	15	126.10	18	119.49	16
14	Kab. Sukabumi	92.07	26	114.35	8	120.61	13	113.28	21	125.16	11
15	Kab. Sumedang	115.07	11	95.25	24	100.44	26	114.85	20	131.22	5
16	Kab. Tas ikmalaya	131.82	2	62.88	26	111.55	16	120.83	19	100.63	25
17	Kota Bandung	96.11	24	107.20	15	136.80	4	133.11	10	107.34	22
18	Kota Bekasi	100.94	21	95.23	25	122.46	11	130.98	14	111.30	20
19	Kota Bogor	129.92	4	113.62	9	126.65	10	142.61	5	147.52	1
20	Kota Cirebon	109.01	16	111.32	11	104.28	24	106.37	25	117.85	18
21	Kota Depok	130.21	3	137.76	2	130.24	8	135.12	8	126.72	9

22	Kota Sukabumi	115.64	10	137.43	3	130.54	7	126.20	17	122.32	14
23	Kota Tas ikmalaya	125.66	7	131.38	4	121.81	12	136.13	7	123.66	12
24	Kota Cimahi	101.18	20	110.93	12	110.62	19	131.29	13	123.59	13
25	Kota Banjar	105.94	18	130.41	5	111.15	17	130.73	15	127.55	8
26	Kab. Bandung Barat	112.55	12	118.88	7	127.15	9	153.63	3	110.18	21

Sumber: Direktorat Jenderal Perimbangan Keuangan (2014d), telah diolah kembali.

Dengan demikian dapat dikatakan bahwa pada tahun 2010 Kabupaten Tasikmalaya dinilai tidak efektif dalam merealisasikan PAD. Kabupaten Purwakarta mempunyai rasio efektivitas PAD di bawah 100% sebanyak 2 kali dalam kurun waktu 2009-2013, sehingga memperoleh peringkat terakhir pada tahun 2012 dan 2013. Selanjutnya, Kabupaten Karawang, Kota Depok, dan Kota Bogor merupakan kabupaten/kota yang selalu mendapatkan peringkat 10 tertinggi selama kurun waktu 2009-2013. Sebaliknya, Kabupaten Cirebon dan Kabupaten Purwakarta merupakan kabupaten/kota yang sering mendapatkan peringkat terendah selama kurun waktu 2009-2013.

Tingkat efektivitas PAD kabupaten/kota di Provinsi Jawa Barat periode tahun 2009-2013 dinilai sangat efektif dilihat dari rata-rata 26 kabupaten/kota yang ada di Provinsi Jawa Barat yaitu sebesar 120.06%. Hal ini menunjukkan bahwa kabupaten dan kota di Provinsi Jawa Barat sangat efektif dalam merealisasikan PAD yang direncanakan dibandingkan dengan PAD yang dianggarkan.

Tabel 4. Total PAD Kabupaten Karawang Tahun 2009-2013 (dalam jutaan Rupiah)

TAHUN	Realisasi/ Anggaran	Pajak	Retribusi	Pengelolaan Kekayaan Daerah yg Dipisahkan	Lain-lain PAD yg Sah	Total PAD	Rasio Efektivitas PAD (%)
2009	R	63,949	17,636	2,679	49,467	133,732	115.87
	A	50,551	20,244	2,018	42,599	115,412	
2010	R	77,812	19,970	3,618	108,883	210,283	148.82
	A	62,000	16,917	2,524	59,859	141,299	
2011	R	240,875	34,387	4,322	99,046	378,630	187.97
	A	98,457	19,239	4,544	79,193	201,432	
2012	R	477,595	35,256	6,376	139,370	658,597	241.05
	A	145,581	34,244	3,985	89,416	273,225	

2013	R	466,028	59,406	8,128	127,279	660,841	137.69
	A	307,835	53,430	5,118	113,560	479,944	

Keterangan:

R	= Realisasi
A	= Anggaran

Sumber: Direktorat Jenderal Perimbangan Keuangan (2014d), telah diolah kembali.

Hasil Kinerja Keuangan Pemerintah Kota dan Kabupaten sangat Bervariasi

Hasil penelitian menunjukkan bahwa kinerja keuangan berdasarkan rasio kemandirian antara kabupaten dan kota di Provinsi Jawa Barat sangat bervariasi dalam kurun waktu 2009-2013 dengan *gap* sebesar 31.16%. Terdapat kecenderungan bahwa pemerintah kota di Provinsi Jawa Barat mempunyai tingkat kemandirian yang lebih tinggi dibandingkan dengan pemerintah kabupaten. Berdasarkan rata-rata rasio kemandirian, Kabupaten Bekasi menempati peringkat pertama (24.21%) dan Kabupaten Tasikmalaya berada pada peringkat terakhir (3.18%). Tingginya rasio kemandirian Kabupaten Bekasi disebabkan oleh adanya peningkatan penerimaan pajak penerangan jalan, Bea Perolehan Hak atas Tanah dan Bangunan (BPHTB), serta Pajak Bumi dan Bangunan Perdesaan dan Perkotaan (PBB-P2) yang berimbas pada peningkatan Pendapatan Asli Daerah (PAD) Kabupaten Bekasi. Sedangkan rendahnya rasio kemandirian Kabupaten Tasikmalaya disebabkan oleh rendahnya perolehan komponen PAD dari hasil pengelolaan kekayaan daerah yang dipisahkan.

Dari sisi efektivitas, kinerja keuangan berdasarkan rasio efektivitas PAD antara kabupaten dan kota di Provinsi Jawa Barat relatif tidak bervariasi dalam kurun waktu 2009-2013 dan dinilai sangat efektif dengan rata-rata sebesar 120.06%. Berdasarkan rata-rata rasio efektivitas, Kabupaten Karawang menempati peringkat pertama (166.28%) dan Kabupaten Purwakarta berada pada peringkat terakhir (101.62%). Tingginya rasio efektivitas PAD Kabupaten Karawang disebabkan oleh tercapainya realisasi penerimaan pajak daerah dibandingkan dengan target pajak yang dianggarkan sehingga berimbas pada meningkatnya efektivitas PAD. Sedangkan rendahnya rasio efektivitas PAD Kabupaten Purwakarta disebabkan oleh realisasi penerimaan daerah yang berasal dari pengelolaan kekayaan daerah yang dipisahkan dan lain-lain PAD yang sah dinilai kurang efektif sehingga berimbas pada menurunnya efektivitas PAD.

Rasio aktivitas diwakili oleh rasio aktivitas belanja operasi dan belanja modal. Pada sisi aktivitas belanja operasi diketahui bahwa rata-rata rasio belanja operasi terhadap

total belanja kabupaten dan kota di Provinsi Jawa Barat berkisar antara 67.88% sampai 87.50%. Urutan tertinggi untuk aktivitas belanja operasi ditempati oleh Kabupaten Garut dan Kota Sukabumi, sedangkan urutan terendah ditempati oleh Kabupaten Bekasi. Pada sisi aktivitas belanja modal diketahui bahwa secara umum rata-rata rasio belanja modal terhadap total belanja kabupaten dan kota di Provinsi Jawa Barat berkisar antara 11.39% sampai 31.42%. Urutan tertinggi untuk aktivitas belanja modal ditempati oleh Kabupaten Bekasi, sedangkan urutan terendah ditempati oleh Kabupaten Bandung. Dengan demikian, kabupaten dan kota di Provinsi Jawa Barat mempunyai rasio aktivitas belanja operasi yang lebih besar dibandingkan dengan rasio aktivitas belanja modal. Hasil penelitian juga menunjukkan bahwa pemerintah daerah dengan rasio kemandirian yang tinggi cenderung memiliki porsi belanja operasi yang lebih kecil dibandingkan dengan pemerintah daerah dengan rasio kemandirian yang rendah/sedang. Sebaliknya pemerintah daerah dengan rasio kemandirian yang rendah/sedang cenderung memiliki porsi belanja modal yang lebih kecil dibandingkan dengan pemerintah daerah dengan rasio kemandirian yang tinggi.

Selanjutnya uji *T* dan uji *Mann-Whitney* dilakukan untuk mengetahui apakah terdapat perbedaan kinerja keuangan antara pemerintah kabupaten dan kota yang ada di Provinsi Jawa Barat dalam kurun waktu tahun 2009 sampai dengan 2013. Berdasarkan hasil uji tersebut dapat disimpulkan bahwa tidak terdapat perbedaan tingkat efektivitas dan tingkat aktivitas belanja operasi di antara pemerintah kabupaten dan kota yang ada di Provinsi Jawa Barat dalam kurun waktu tahun 2009 sampai dengan 2013. Namun terdapat perbedaan tingkat kemandirian dan tingkat aktivitas belanja modal yang signifikan antara pemerintah kabupaten dan kota yang ada di Provinsi Jawa Barat dalam kurun waktu tahun 2009 sampai dengan 2013. Lebih lanjut uji *One Way ANOVA* dan uji *Kruskall-Wallis* dilakukan untuk masing- masing kabupaten dan kota di Provinsi Jawa Barat. Hasil uji untuk masing-masing kabupaten menyimpulkan bahwa terdapat perbedaan kinerja keuangan di antara kabupaten yang ada di Provinsi Jawa Barat dalam kurun waktu tahun 2009 sampai dengan 2013 bila ditinjau dari rasio kemandirian, rasio efektivitas, rasio aktivitas belanja operasi, dan rasio aktivitas belanja modal. Sedangkan untuk masing-masing kota dapat disimpulkan bahwa terdapat perbedaan tingkat kemandirian, tingkat aktivitas belanja operasi, dan tingkat aktivitas belanja modal antara pemerintah kota yang ada di Provinsi Jawa Barat selama periode 2009-2013. Hanya tingkat efektivitas yang tidak berbeda signifikan di antara kota yang ada di Provinsi Jawa Barat selama periode 2009-2013.

Pemerintah harus Mengenali Potensi Daerah Masing-Masing untuk Meningkartkan Kinerja Keuangan

Hasil penelitian ini dapat menjadi masukkan bagi pemerintah kabupaten dan kota di Jawa Barat untuk meningkatkan kinerja keuangan daerahnya, dengan cara lebih mengenal potensi daerahnya masing-masing, melakukan intensifikasi dan ekstensifikasi PAD, meningkatkan belanja modal, sehingga pertumbuhan dan realisasi PAD dapat tercapai. Hal ini diperlukan dengan pertimbangan bahwa setiap daerah mempunyai potensi daerah yang berbeda. Dengan demikian diharapkan *gap* kinerja keuangan yang tinggi di antara kabupaten dan kota tidak akan terjadi. Selain itu, pemerintah daerah dengan kinerja keuangan rendah dapat menjadikan pemerintah daerah dengan kinerja keuangan tinggi sebagai *benchmark* dalam mengelola keuangan daerahnya.

Bagi pemerintah Provinsi Jawa Barat, diharapkan hasil pengukuran kinerja keuangan melalui rasio keuangan khususnya rasio kemandirian dan aktivitas belanja operasi dapat dijadikan salah satu *benchmark* untuk menilai kinerja pemerintah daerah, bila perlu dibuat *cluster* daerah berdasarkan rasio keuangan. Sebagai contoh, bila terdapat permohonan pemekaran wilayah ataupun akan mengeluarkan bantuan provinsi maka pemerintah provinsi dapat memberikan pertimbangan dari sisi keuangan berdasarkan rasio keuangan ini.

Analyzing Assistance Activities By BPKP To improve the Quality of Financial Statements of Ministries/Institutions (Study Activities in Three Ministries)

Analisis Kegiatan Pendampingan Oleh BPKP Untuk meningkatkan Kualitas Laporan Keuangan Kementerian/Lembaga (Studi Kegiatan Pada Tiga Kementerian)

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ABSTRACT

The objective of this research is to analyze mentoring activities by Financial and Development Supervisory Board (BPKP) to improve the quality of Financial Statements of Ministries/Institutions. This is a qualitative research in a form of a case study. This research focuses on BPKP's activities in the three ministries that representing the overall trend of opinion of ministries/institutions. As an internal auditor of the Government, BPKP has to oversee the achievements of government objectives, in this case is providing good quality of Financial Statements of Ministries/Institutions. The result of this research shows that mentoring activities by BPKP is already enough to improve the quality of Financial Statements of Ministries/Institutions. However, there is a difference in implementation of mentoring activities on the sampled ministries, with regards to the mentoring implementation done for work units in remote areas.

Keywords: Audit opinion; Mentoring activity of BPKP; Quality of financial statements

ABSTRAK

Penelitian ini bertujuan untuk menganalisis kegiatan pendampingan oleh BPKP untuk meningkatkan kualitas laporan keuangan Kementerian/Lembaga. Penelitian ini berbentuk studi kasus dengan metode kualitatif. Penelitian difokuskan pada kegiatan BPKP di tiga kementerian yang mewakili perkembangan perolehan opini secara keseluruhan. Sebagai auditor internal pemerintah, BPKP harus mengawal pencapaian tujuan pemerintah, dalam hal ini adalah menghasilkan Laporan Keuangan Kementerian/Lembaga yang berkualitas. Penelitian ini menyimpulkan bahwa kegiatan pendampingan yang dilakukan BPKP telah cukup memadai untuk meningkatkan kualitas laporan keuangan kementerian/lembaga. Dalam teknis pelaksanaan kegiatan terdapat perbedaan perlakuan pendampingan pada kementerian yang dijadikan sampel, yaitu pendampingan yang dilakukan sampai ke satuan-satuan kerja di daerah-daerah.

Kata Kunci: Kegiatan pendampingan oleh BPKP; Kualitas laporan keuangan; Opini audit

Kegiatan Pendampingan oleh BPKP di Kementerian

Sampai dengan tahun 2013, hampir seluruh kementerian/lembaga telah dibantu oleh BPKP. Jumlah entitas yang dibantu umumnya berbeda-beda pada setiap tahunnya. Kementerian/lembaga meminta bantuan kepada BPKP tentunya dengan harapan agar kualitas laporan keuangannya dapat meningkat, yang pada akhirnya dapat memperoleh Opini Wajar Tanpa Pengecualian. Dari sisi BPKP, juga mengharapkan agar bantuan yang diberikan dapat membuat kualitas laporan keuangan kementerian/lembaga menjadi meningkat. Masih adanya keadaan yang belum sesuai dengan harapan tersebut menjadi latar belakang penelitian dalam karya akhir ini.

Mengingat banyaknya kementerian dan lembaga yang dibantu oleh BPKP, maka untuk mendalami permasalahan dan pembahasan, penelitian dibatasi dengan kegiatan BPKP pada tiga entitas, yaitu Kementerian A, Kementerian B, dan Kementerian C. Kegiatan pada ketiga kementerian ini diambil karena mewakili perolehan opini kementerian/lembaga secara keseluruhan: Kementerian A meningkat opininya menjadi Opini Wajar Tanpa Pengecualian; Kementerian B mengalami penurunan opini, dari Opini Wajar Dengan Pengecualian menjadi Opini Tidak Memberikan Pendapat; dan Kementerian C yang opininya belum ada peningkatan, masih Opini Wajar Dengan Pengecualian.

Rumusan masalah pada penelitian ini dibatasi pada apa penyebab belum diperolehnya Opini Wajar Tanpa Pengecualian oleh kementerian/lembaga berdasarkan hasil pemeriksaan BPK, bagaimana pelaksanaan kegiatan pendampingan yang dilakukan oleh BPKP, dan kendala-kendala apa saja yang dihadapi oleh tim BPKP dalam melaksanakan kegiatan pendampingan, dan strategi-strategi apa saja yang diambil untuk mengatasinya.

Rumusan masalah tersebut diambil agar penulis dapat mencapai tujuan besar penelitian ini diadakan adalah pertama untuk mengetahui penyebab belum diperolehnya Opini Wajar Tanpa Pengecualian oleh kementerian/lembaga berdasarkan hasil pemeriksaan BPK. Dengan diketahuinya penyebab ini maka dapat diidentifikasi apakah temuan-temuan tersebut dapat ditindaklanjuti atau tidak oleh kementerian/lembaga (*controllable/uncontrollable*), sehingga nantinya kementerian/lembaga dapat memperoleh Opini Wajar Tanpa Pengecualian. Selain itu, juga untuk melihat apakah permasalahan-permasalahan tersebut telah teridentifikasi oleh Tim BPKP dalam kegiatan pendampingannya dan telah dikomunikasikan kepada kementerian/lembaga yang bersangkutan untuk segera diperbaiki. Kedua untuk menganalisis pelaksanaan kegiatan pendampingan yang dilakukan oleh BPKP. Gambaran tentang pelaksanaan kegiatan pendampingan yang dilakukan oleh BPKP ini berguna untuk melihat apakah kegiatan tersebut telah dilaksanakan secara memadai atau belum. Tujuan ketiga penelitian ini adalah untuk mengetahui kendala-kendala yang dihadapi oleh Tim

BPKP dalam melaksanakan kegiatan pendampingan dan strategi-strategi yang diambil untuk mengatasinya.

Dalam upaya meningkatkan akuntabilitas laporan keuangan kementerian dan lembaga, banyak bentuk kegiatan yang dilakukan oleh BPKP sebagaimana telah dijelaskan sebelumnya, namun pada penulisan karya akhir ini difokuskan pada kegiatan Pendampingan Penyusunan Laporan Keuangan dan Pendampingan *Review* Laporan Keuangan saja, karena kedua bentuk kegiatan ini berhubungan langsung dengan proses pelaporan keuangan.

Bentuk penelitian dalam penulisan karya akhir ini berupa studi kasus dengan pendekatan kualitatif. Objek dalam penelitian ini adalah kegiatan pendampingan yang dilakukan oleh BPKP untuk meningkatkan kualitas laporan keuangan kementerian/lembaga. Penelitian difokuskan kepada kegiatan pendampingan pada tiga kementerian yang mewakili perkembangan perolehan opini kementerian/lembaga secara keseluruhan, dengan tujuan untuk lebih mendalami permasalahan dan pembahasan. Ketiga kementerian tersebut adalah Kementerian A yang mengalami peningkatan opini, Kementerian B yang mengalami penurunan opini, dan Kementerian C yang opininya belum ada peningkatan.

Analisis dilakukan terhadap faktor-faktor yang terkait dengan pelaksanaan kegiatan pendampingan, yang dilakukan dengan cara membandingkan antara kegiatan pendampingan terhadap entitas yang sukses memperoleh peningkatan opini dan entitas yang belum sukses memperoleh peningkatan opini.

Jenis data yang digunakan dalam penelitian ini adalah data primer dan data sekunder. Data primer berupa gambaran pelaksanaan kegiatan pendampingan, yang diperoleh dengan melakukan wawancara kepada pihak BPKP yang terkait dengan kegiatan pendampingan, mulai dari tim pelaksana kegiatan sampai kepada pimpinan. Data primer lainnya berupa laporan hasil kegiatan pendampingan dan laporan hasil pemeriksaan BPK. Data sekunder berupa data-data terkait gambaran umum objek penelitian yang diperoleh dari *website*.

Penyebab Belum Diperolehnya Opini WTP oleh Kementerian/ Lembaga Berdasarkan Hasil Pemeriksaan BPK

Temuan BPK atas Laporan Keuangan Kementerian A

Kementerian A telah berhasil mendapat Opini Wajar Tanpa Pengecualian Dengan Paragraf Penjelasan dari hasil pemeriksaan BPK atas Laporan Keuangan tahun 2013 (BPK, 2014b). Perolehan opini tersebut disebabkan Kementerian A telah berhasil

menindaklanjuti semua temuan-temuan BPK yang terdapat pada laporan keuangan tahun lalu, termasuk atas permasalahan kelemahan sistem pengendalian intern serta temuan ketidakpatuhan terhadap peraturan perundang- undangan (BPK, 2014b).

Kelemahan-kelemahan sistem pengendalian internal Kementerian A sebagaimana diungkapkan BPK dalam Laporan Hasil Pemeriksaan atas Laporan Keuangan tahun 2013, adalah sebagai berikut:

1. Pengendalian atas pengelolaan Penerimaan Negara Bukan Pajak (PNBP) pada tiga eselon satu belum memadai;

2. Terdapat data transaksi belanja dan pengembalian belanja yang tidak dapat direkonsiliasikan antara Sistem Akuntansi Umum (SAU) dan Sistem Akuntansi Instansi (SAI) serta terdapat selisih saldo kas di bendahara pengeluaran antara SAU dan SAI;

3. Pengendalian pencatatan atas Jasa Giro dan Dana Penjaminan Program SP3 tidak memadai;

4. Pencatatan dan pelaporan persediaan tidak memadai;

5. Pengelolaan aset tetap belum tertib

6. Pengelolaan aset tetap pada satuan kerja belum tertib;

7. Aset milik Kementerian A dikuasai dan dimanfaatkan oleh pihak lain; dan

8. Hak atas kekayaan intlektual belum disajikan sebagai aset tidak berwujud.

Atas kelemahan/permasalahan tersebut, Kementerian A harus segera menindaklanjuti rekomendasi yang diberikan oleh BPK. Keseluruhan kelemahan/permasalahan yang masih ditemui dan diungkapkan oleh BPK tersebut merupakan permasalahan-permasalahan yang *controllable* bagi Kementerian A sehingga permasalahan-permasalahan tersebut dapat ditindaklanjuti dan kualitas laporan keuangan Kementerian A dapat menjadi lebih baik lagi. Sepanjang Kementerian A tidak membuat permasalahan yang baru, maka Opini Wajar Tanpa Pengecualian dapat terus dipertahankan.

Temuan BPK atas Laporan Keuangan Kementerian B

Laporan Keuangan Kementerian B tahun 2013 mendapat Opini Tidak Memberikan Pendapat (*Disclaimer*). Pemeriksaan BPK atas sistem pengendalian intern Kementerian B dan kepatuhan terhadap peraturan perundang-undangan juga menemukan adanya

kelemahan-kelemahan/permasalahan-permasalahan. Kelemahan-kelemahan atas pengendalian intern Kementerian B yang ditemukan BPK (BPK, 2014c) adalah sebagai berikut:

1. Keterlambatan dalam penyetoran Penerimaan Negara Bukan Pajak (PNBP).

2. Pengalokasian anggaran belanja barang digunakan untuk pengadaan aset tetap.

3. Pengelolaan atas salah satu kegiatan masih belum optimal dan pengganggaraanya tidak tepat.

4. Penatausahaan kas oleh bendahara pengeluaran masih kurang tertib.

5. Penyajian persediaan pada neraca salah satu unit kerja masih belum tepat.

6. Penatausahaan persediaan belum memadai sehingga mempengaruhi penyajiannya dalam laporan keuangan.

7. Penyajian persediaan milik beberapa satuan kerja tidak dapat diyakini kewajarannya.

8. Proses hibah aset tetap berlarut-larut.

9. Selisih nilai perolehan atas transfer keluar aset tetap pada satuan kerja yang dilikuidasi belum dapat ditelusuri.

10. Selisih perhitungan penyusutan belum dapat dijelaskan dan aset tetap belum dilakukan penelusuran dan inventarisasi.

11. Terdapat tanah yang digunakan oleh pihak lain, dan diantaranya berpotensi terjadi sengketa kepemilikan.

12. Aset tetap pada salah satu satuan kerja belum diketahui keberadaaannya.

13. Mutasi aset tak berwujud pada satuan kerja yang dilikuidasi tidak seluruhnya berdasarkan BAST, dan sebagian aset tak berwujud yang disajikan tidak jelas keberadaannya dan tidak beroperasi.

14. Pengakuan utang pada pihak ketiga tidak didukung dengan dokumen pengakuan pengalihan kewajiban yang jelas.

BPKP dalam kegiatan pendampingannya telah memberikan *early warning* kepada Kementerian B bahwa Kementerian B memiliki banyak permasalahan dan harus segera diselesaikan karena proses penyelesaiannya akan memakan waktu yang cukup lama.

BPKP menyampaikan bahwa jika tidak segera diselesaikan maka akan mengakibatkan penurunan opini atas laporan keuangan 2013.

Temuan BPK atas Laporan Keuangan Kementerian C

Pemeriksaan BPK terhadap Laporan Keuangan Kementerian C memberikan Opini Wajar Dengan Pengecualian atas dampak belum dicatatnya sebagian Utang Kepada Pihak Ketiga, serta terdapat rekonsiliasi dan penagihan jasa yang tidak menggunakan *raw data* yang valid (BPK, 2014d).

Pemeriksaan BPK terhadap sistem pengendalian intern Kementerian C menemukan kelemahan-kelemahan sebagai berikut:

1. Penatausahaan piutang bukan pajak pada salah satu unit kerja belum memadai.

2. Pengelolaan piutang PNBP belum memadai.

3. Pengelolaan piutang biaya PNBP belum memadai.

4. Penatausahaan barang milik negara belum tertib.

5. Pengoperasian barang milik negara tidak efektif.

6. Pengelolaan dan pencatatan rumah dinas di salah satu unit kerja tidak optimal.

7. Hutang pihak ketiga dan hutang pajak terkait dengan kontrak *multiyears* pada neraca salah satu unit kerja belum diungkap, dicatat, dan tidak dapat diukur.

Pelaksanaan Kegiatan Pendampingan oleh BPKP

Pelaksanaan Kegiatan Pendampingan pada Kementerian A

Metode pendampingan pada Kementerian A dilakukan secara berjenjang, mulai dari tingkat satuan kerja yang ada di daerah (UAKPA) sampai kepada satuan kerja tingkat kementerian (UAPA). Jumlah SDM yang ditugaskan dalam kegiatan pendampingan di daerah sudah memadai. Walaupun jumlah satuan kerja dalam satu wilayah (provinsi) cukup banyak namun dengan sistem *workshop* yang dilakukan selama 5 hari kerja dengan sistem penjadwalan pendampingan secara bergilir kepada seluruh satuan kerja tersebut, jumlah SDM BPKP yang ditugaskan sudah memadai. Banyaknya wilayah yang

melakukan *workshop* dan terbatasnya jumlah SDM dan biaya dari Tim BPKP Pusat untuk melakukan monitoring, membuat kegiatan monitoring tidak dapat dilakukan terhadap semua wilayah.

Pelaksanaan Kegiatan Pendampingan pada Kementerian B

Tim BPKP bekerja sama dengan Inspektorat Jenderal Kementerian B. Inspektorat Kementerian B mengumpulkan laporan xkomponennya. Kemudian mengecek angka-angkanya untuk melihat apakah sudah cocok atau belum dengan CaLK. Dalam hal ini Tim BPKP mendampingi yang dilakukan inspektorat, sehingga apabila inspektorat mengalami kesulitan dalam *mereview* maka tim BPKP dapat langsung membantu. Saat angka-angka dalam laporan keuangan tersebut tidak cocok satu sama lain dan tidak ada pengungkapan yang memadai di CaLK, Tim BPKP memanggil operator SAK dan SIMAK-BMN untuk menanyakan maksud pengungkapan yang ingin disampaikan dari hal tersebut. Langkah selanjutnya adalah perbaikan narasi CaLK. Jadi dalam hal ini kegiatan pendampingan penyusunan dan *review* laporan keuangan dilakukan secara paralel.

Pelaksanaan Kegiatan Pendampingan pada Kementerian C

Pelaksanaan kegiatan pendampingan pada Kementerian C dilakukan pada satuan kerja tingkat pusat saja. Metode yang digunakan dalam kegiatan pendampingan kepada Kementerian C dimulai dengan pemaparan oleh unit akuntansi Kementerian C, lalu tim BPKP melakukan pengecekan terhadap *draft* laporan keuangan. Pengecekan ini meliputi kesesuaian antar komponen laporan keuangan (LRA, Neraca, CaLK) dan pengecekan masing-masing pos. Apabila terdapat permasalahan, maka langsung dilakukan perbaikan dan dikomunikasikan ke kementerian sebagai *early warning*, sehingga laporan keuangan sesuai dengan SAP.

KESIMPULAN DAN SARAN

Upaya untuk Membantu Meningkatkan Kualitas Laporan Keuangan yang dilakukan BPKP telah Cukup Memadai. Keberhasilan Kementerian A mendapatkan Opini Wajar Tanpa Pengecualian disebabkan Kementerian A telah berhasil menindaklanjuti seluruh rekomendasi temuan pemeriksaan yang diberikan oleh BPK, dan tidak terdapat permasalahan baru dalam Kementerian A. Hal ini yang belum dilakukan sepenuhnya oleh kedua kementerian lainnya. Temuan-temuan yang dimiliki oleh entitas merupakan permasalahan yang *controllable* bagi kementerian untuk ditindaklanjuti sehingga entitas dapat meningkatkan kualitas laporan keuangannya dan dapat memperoleh Opini Wajar

Tanpa Pengecualian. BPKP, dalam kegiatan pendampingannya, telah mengarahkan/menyarankan kementerian untuk menyelesaikan/memperbaiki permasalahan-permasalahan tersebut dengan memberikan langkah-langkah penyelesaiannya. Namun proses tindak lanjut yang dilakukan oleh kementerian membutuhkan waktu yang cukup lama sehingga laporan keuangan 2013 masih mengandung permasalahan-permasalahan tersebut. Dibutuhkan komitmen, upaya, dan sumber daya yang lebih lagi bagi entitas untuk mempercepat penyelesaian permasalahan-permasalahan tersebut.

Berdasarkan hasil analisa terhadap kegiatan pendampingan yang dilakukan oleh BPKP terhadap tiga kementerian, diketahui bahwa upaya yang telah dilakukan oleh BPKP telah cukup memadai untuk membantu meningkatkan kualitas Laporan keuangan kementerian/lembaga (LKK/L). Belum adanya peningkatan opini atau bahkan adanya penurunan opini, lebih disebabkan oleh lambatnya respon kementerian yang dibantu untuk melakukan tindak lanjut terhadap rekomendasi/saran yang diberikan oleh BPKP untuk memperbaiki/menyelesaikan permasalahan yang ada dalam kementerian tersebut. Upaya yang dilakukan oleh BPKP terbatas pada peran yang dapat dilakukan, yaitu memberikan rekomendasi. Pelaksanaan tindak lanjut atas rekomendasi yang telah diberikan merupakan tanggung jawab dari entitas yang dibantu.

Terdapat perbedaan mencolok antara teknis pelaksanaan pendampingan yang dilakukan BPKP di Kementerian A dengan teknis pelaksanaan pendampingan di Kementerian B dan Kementerian C. Pendampingan di Kementerian A dilakukan terhadap seluruh satuan kerja di daerah dan melibatkan seluruh Tim BPKP Perwakilan di daerah, sedangkan pada kedua kementerian lainnya tidak. Perbedaan teknik pelaksanaan kegiatan ini didasarkan pada permintaan/kesepakatan dari pihak entitas yang dibantu. Ruang lingkup satuan kerja pada Kementerian B dan Kementerian C memang jauh lebih sedikit dibandingan dengan Kementerian A, namun berdasarkan hasil pemeriksaan BPK, terdapat temuan permasalahan yang terjadi di satuan kerja kantor daerah kedua kementerian tersebut. Untuk itu seharusnya pendampingan dilakukan juga terhadap satuan kerja di daerah. Metode pendampingan yang dilakukan oleh Tim Pendampingan BPKP pada Kementerian A patut dijadikan contoh untuk dilakukan.

Berdasarkan hasil wawancara dengan Tim Pelaksana Kegiatan Pendampingan BPKP, terdapat kendala-kendala intern dan ekstern yang dihadapi oleh tim dan atas kendala-kendala tersebut tim telah mengambil/menyiapkan strategi-strategi untuk mengatasinya. Keseluruhan strategi yang diambil/disiapkan sudah cukup memadai untuk mengatasi kendala-kendala tersebut. Namun terdapat beberapa kendala yang belum disebutkan oleh tim untuk diambil strategi pemecahannya. Kendala-kendala tersebut adalah:

a. Keterbatasan jumlah pegawai sehingga menyebabkan adanya tumpang tindih pekerjaan yang dialami oleh Tim Pendampingan BPKP pada Kementerian A dan Tim Pendampingan BPKP pada Kementerian C.

b. Keterbatasan anggaran biaya untuk melakukan kegiatan pendampingan pada Kementerian A.

BPKP juga telah menyiapkan strategi terkait kegiatan peningkatan kualitas laporan keuangan kementerian/lembaga secara keseluruhan, yaitu:

a. Pemberian sosialisasi pemahaman tentang akuntansi pemerintahan dan melakukan pelatihan-pelatihan kepada kementerian/lembaga.

b. Strategi untuk merubah *value* SDM BPKP yaitu auditor yang melayani instansi pemerintah dengan sepenuh hati.

c. Atas kementerian/lembaga yang belum memperoleh Opini Wajar Tanpa Pengecualian, BPKP lebih fokus/intensif kepada kementerian/lembaga punya masalah-maslah yang harus diselesaikan.

d. Untuk keadaan kementerian/lembaga yang komitmennya masih kurang, strategi yang dilakukan lebih banyak dengan melakukan pendekatan persuasif kepada mereka akan pentingnya komitmen dari pimpinan untuk mendorong bawahannya untuk segera menindaklanjuti rekomendasi yang diberikan.

e. Kegiatan pendampingan selanjutnya akan diarahkan pada hal-hal yang strategis, yaitu kegiatan-kegiatan yang dilakukan oleh kementerian/ lembaga diarahkan agar sesuai dengan renstra, dan renstra harus selaras tujuan Presiden.

f. Sehubungan dengan kewajiban intansi pemerintah untuk membuat laporan keuangan dengan berbasis akrual di tahun anggaran 2015, Beberapa hal yang dilakukan BPKP dalam hal ini adalah:

1) Melatih semua orang baik yang di pusat maupun di daerah, termasuk SDM BPKP mengenai akuntansi berbasis akrual, kemudian diharapkan SDM-SDM ini melatih tenaga lainnya juga.

2) Melalui proyek pemberian beasiswa STAR yang bertujuan mendidik SDM-SDM pemerintah lewat pendidikan formal di universitas- universitas yang salah satu tujuanya adalah pemahaman atas akuntansi berbasis akrual. Strategi BPKP terkait kegiatan peningkatan kualitas Laporan keuangan

kementerian/lembaga secara keseluruhan, strategi BPKP tersebut sudah memadai.

BPKP sebaiknya Mengimplementasikan Strategi-Strategi Lainnya

Terkait penyebab belum diperolehnya Opini Wajar Tanpa Pengecualian Oleh Kementerian/Lembaga Berdasarkan Hasil Pemeriksaan BPK, maka hasil penelitian ini menghimbau tim BPKP yang bertugas melaksanakan kegiatan pendampingan untuk membantu dan mendorong kementerian/lembaga untuk segera menindaklanjuti temuan-temuan masih ada sebagaimana diungkapkan dalam Laporan Hasil Pemeriksaan BPK, dan menekankan pada perbaikan sistem pengendalian internnya agar tercapai tujuan organisasi. Selain itu dapat juga dengan membuat perjanjian/kesepakatan yang berisi hak dan kewajiban yang harus dilakukan oleh masing-masing pihak (BPKP dan entitas yang dibantu). Bentuk perjanjian/kesepakatan ini dapat mengacu kepada "*internal audit charter*."

Terkait Pelaksanaan Kegiatan Pendampingan yang Dilakukan oleh BPKP, penulis menyarankan agar BPKP melakukan kegiatan pendampingan sampai kepada satuan-satuan kerja yang terdapat di daerah-daerah. Untuk SDM, dapat menggunakan tenaga SDM Perwakilan BPKP didaerah. Untuk permasalahan biaya, dapat membebankan kepada kementerian/lembaga yang dibantu. Selain itu BPKP dapat juga melakukan peningkatan kapasitas SDM yang masih berpendidikan Diploma Tiga dengan memberikan program tugas belajar ke jenjang Strata Satu.

Terkait kendala-kendala yang dihadapi Tim BPKP dalam melakukan pendampingan dan strategi-strategi yang diambil untuk mengatasinya, disarankan aga, Pimpinan BPKP membagi beban pekerjaan kepada pegawai baru sehingga masalah tumpang tindih pekerjaan terhadap pegawai-pegawai tertentu dapat teratasi, kemudian membebankan biaya yang kurang untuk membiayai kegiatan pendampingan kepada kementerian/lembaga yang dibantu sehingga kegiatan pendampingan dapat lebih optimal dilaksanakan. BPKP sebaiknya segera mengimplementasikan strategi-strategi yang telah disusun sehingga pencapaian peningkatan kualitas laporan keuangan kementerian/lembaga dapat segera terwujud.

The Role of Internal Auditor in Indonesian Public Sector

Peran Aparat Pengawasan Internal Pemerintahan di Indonesia

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ABSTRACT

The objective of this study is to determine Inspector General's and the Minister/ Head of the Organization's perceptions toward the effectiveness of internal audit in Indonesian public sector which is applied by Inspectorate General (*Aparat Pengawasan Intern Pemerintah* or known as *APIP*). It is also aims to determine if there is perspective differ about organization's risk between Inspector General and the Minister/Head of the Organization. Statistical technique, which is the descriptive statistic analysis is used to analyze the data from the survey. Literature survey and semi-structured interviews were utilised to support the findings. Based on 33 Inspector Generals' and 29 ministers' perception, the result of the study shows that their *APIP* has a moderate effective role. However, the internal audit service is limited in the traditional area (which is compliance and operational audit), not implementing risk-based audit and less managing the human capital. Thus, the output of *APIP* is less communicating. Moreover, the second result shows that there is a different perspective about organization's risk between 26 Inspector Generals' and their Ministers'. The inequility perception indicates that comprehensive risk-based audit is not implemented. The effectiveness of *APIP* will depend strongly to top management support for carrying out *APIP* responsibility free from conditions that threaten their independence and also funding support to improve the *APIP*'s capability.

Keywords: Capability, management support, risk, the effectiveness of *APIP*

ABSTRAK

Tujuan utama penelitian ini adalah untuk mengetahui efektivitas audit intern pada sektor publik di Indonesia dilakukan oleh Aparat Pengawasan Intern Pemerintah (APIP), baik berdasarkan penilaian pimpinan APIP maupun pimpinan instansi. Sedangkan tujuan kedua penelitian adalah untuk mengetahui apakah terdapat perbedaan sudut pandang antara pimpinan APIP dengan pimpinan instansi terhadap risiko yang dihadapi instansi. Metode penelitian ini adalah kuantitatif deskriptif yang menggunakan metode pengumpulan data berupa survei melalui penyebaran kuesioner. Studi kepustakaan dan dokumen serta wawancara dilakukan untuk mendukung hasil survei. Hasil penelitian terhadap 33 pimpinan APIP menyimpulkan bahwa APIP telah berperan cukup efektif walaupun layanan masih bersifat tradisional (audit ketaatan dan operasional), belum menerapkan *risk-based audit* serta lemahnya manajemen sumber daya manusia, begitu pula persepsi atas 29 pimpinan instansi menilai bahwa peran APIP cukup sesuai harapan walaupun ditemukan minimnya pengomunikasian hasil kerja APIP. Hasil penelitian kedua, mengenai risiko yang dihadapi instansi, ternyata ditemukan perbedaan sudut pandang antara 26 pimpinan APIP dan pimpinan instansinya yang disebabkan belum diterapkannya *risk-based audit*. Efektivitas peran APIP memerlukan dukungan pimpinan tertinggi instansi berupa kewenangan bagi APIP agar dapat berperan tanpa ada tekanan dan pengaruh politik apapun serta dukungan anggaran untuk meningkatkan kapabilitas APIP.

Kata kunci: Dukungan pimpinan, efektivitas APIP, kapabilitas, risiko

Studi Mengenai Peran Inspektorat APIP di Pemerintahan

Studi penelitian ini bersifat eksploratif mengenai peran inspektorat (APIP) pada instansi pemerintahan di Indonesia dengan menggunakan metode pengumpulan data berupa kuesioner. Penelitian ini merupakan lanjutan dari penelitian peran audit intern pada BUMN oleh Murtini (2013) yang melakukan survei terhadap direktur utama, komite audit dan kepala SPI pada BUMN di Indonesia. Hasil penelitian menunjukkan bahwa peran audit intern efektif namun layanan yang diberikan masih bersifat tradisional. Selain itu terdapat perbedaan penilaian kinerja audit intern oleh direktur utama dan komite audit yang disebabkan adanya perbedaan fokus kedua pemangku kepentingan. Sedangkan pelaksanaan peran SPI di BUMN sudah mengarah pada pelaksanaan *best practices.*

Adapun perumusan masalah pada penelitian ini adalah tentang Bagaimana Aparat Pengawasan Intern Pemerintah (APIP) di Indonesia dalam melaksanakan perannya kepada pemangku kepentingan dalam mendukung pencapaian tujuan instansi pemerintah dan Apakah terdapat perbedaan sudut pandang antara pimpinan APIP dan pimpinan instansi mengenai risiko yang dihadapi instansi

Dengan analasis yang mendalam pada penelitian ini, penulis berharap dapat mengetahui efektivitas peranan APIP di Indonesia berdasarkan penilaian pimpinan APIP dan persepsi pimpinan instansi dan dapat mengetahui apakah terdapat perbedaan sudut pandang antara pimpinan APIP dan pimpinan instansi mengenai risiko yang dihadapi instansi. Adapun manfaat penelitian ini adalah agar dapat memberi masukan bagi instansi agar dapat mengambil kebijakan yang tepat dalam meningkatkan efektivitas peranan APIP di Indonesia dan dapat memberi tambahan informasi bagi regulator (Asosiasi Auditor Intern Pemerintah Indonesia (AAIPI), Badan Pengawasan Keuangan dan Pembangunan (BPKP), Kementerian Dalam Negeri serta Kementerian Pendayagunaan Aparatur Negara dan Reformasi Birokrasi) mengenai kondisi APIP di Indonesia sebagai bahan pertimbangan dalam merumuskan dan menetapkan kebijakan di bidang pengawasan intern pemerintah yang efektif dan kontribusi terhadap literatur penelitian dalam bidang akuntansi khususnya mengenai peranan APIP di Indonesia.

Variabel yang digunakan pada penelitian ini antara lain layanan APIP baik layanan *assurance* maupun layanan konsultasi, praktik konsultasi, manajemen sumber daya manusia, kepatuhan pada kode etik auditor intern Pemerintah Indonesia, komunikasi dengan pimpinan dan pemberian nilai tambah bagi instansi. Data-data yang digunakan adalah responden yang berasal kementerian, lembaga non kementerian dan pemerintah daerah kota besar yang akan diseleksi sesuai dengan kriteria-kriteria tertentu.

Operasionalisasi Variabel Penelitian

Variabel yang diukur melalui penilaian peran Aparat Pengawasan Intern Pemerintah (APIP) oleh pimpinan instansi (Menteri/Menteri Negara/Kepala/ Gubernur/Walikota) dan pimpinan APIP (Inspektur Jenderal/Inspektur Utama/Inspektur/Inspektur Wilayah) adalah efektivitas APIP pada instansi pemerintah pusat dan pemerintah daerah. Variabel-variabel tersebut diukur dengan menggunakan pengukuran ordinal dengan skala Likert. Skala Likert yang digunakan adalah empat skor, sehingga setiap jawaban atas pertanyaan diberi skor satu sampai dengan empat pada setiap pertanyaan.

Metode penelitian yang digunakan adalah metode kuantitatif deskriptif. Penelitian deskriptif dirancang untuk mengumpulkan data yang menjelaskan karakteristik orang, kejadian/situasi baik berupa kualitatif maupun kuantitatif (Sekaran, 2013). Sedangkan metode pengumpulan data menggunakan teknik gabungan yakni kuantitatif dan kualitatif (penyebaran kuesioner, survei literatur dan dokumen serta wawancara).

Populasi dalam penelitian ini adalah jumlah instansi pemerintah pusat per 31 Juli 2014 adalah 63 kementerian negara/lembaga pemerintah non kementerian dan 18 pemerintah daerah kota besar (per 31 April 2010 berdasarkan hasil sensus penduduk oleh Badan Pusat Statistik). Kota besar yang dimaksud adalah definisi kota besar menurut Kementerian Pekerjaan Umum, yakni permukiman kota dengan kriteria jumlah penduduk lebih dari 700.000 jiwa. Sampel ditentukan dengan menggunakan metode *purposive sampling* yang dipilih berdasarkan kriteria-kriteria tertentu sehingga dapat mewakili populasi. Uji kualitas data dalam penelitian ini merupakan uji lapangan karena tidak dilakukan *piloting*. Data yang digunakan adalah data lapangan yang benar-benar digunakan dalam penelitian ini.

Peran Aparat Pengawasan Intern Pemerintah (APIP)

Penilaian Pimpinan APIP
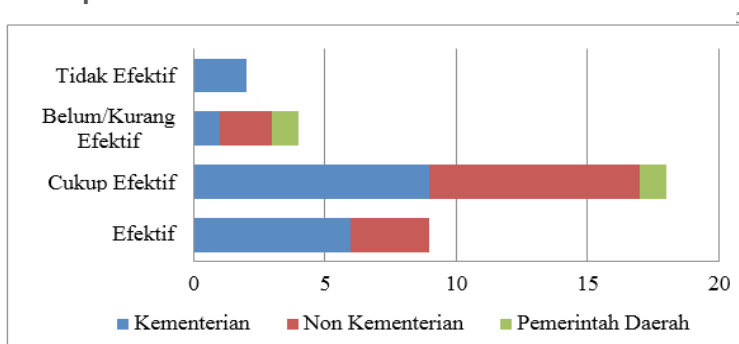
Gambar 4.8. Ringkasan Kategori Peran APIP

Secara umum pemerintah pusat (kelompok kementerian dan non kementerian) mendapatkan skor yang tinggi untuk setiap subvariabel. Hal ini merupakan dampak dari dukungan regulasi yaitu PP Nomor 60 Tahun 2008 tentang Sistem Pengendalian Intern Pemerintah, struktur organisasi APIP dan ketersediaan SDM auditor intern yang profesional. Ditambah lagi, satu-satunya APIP yang memiliki *maturity level* pada level tiga adalah APIP di kementerian (Boediono, 2012), yang menjadi *benchmark* bagi APIP lainnya.

Namun demikian, terdapat beberapa hasil yang perlu diperhatikan yakni hasil pemeriksaan kinerja BPK yang bertujuan untuk menilai efektivitas fungsi pengelolaan audit dan reviu laporan keuangan pada 86 APIP untuk Tahun Anggaran 2012 dan Semester I Tahun Anggaran 2013. Kesimpulan pemeriksaan menunjukkan bahwa pengelolaan audit dan reviu laporan keuangan belum mencerminkan perencanaan audit yang cermat, pelaksanaan audit dan reviu yang tepat, pelaporan yang andal serta perbaikan kualitas audit dan reviu yang berkelanjutan. Layanan reviu laporan keuangan merupakan layanan *assurance* didukung standar/pedoman pelaksanaan dibandingkan dengan layanan APIP lainnya, namun standar tersebut belum dapat dilaksanakan sepenuhnya dalam praktik reviu laporan keuangan di lapangan.

Layanan *Assurance* APIP
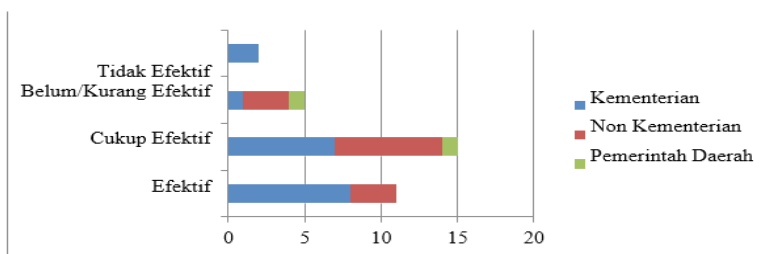
Gambar 4.9. Ringkasan Kategori Subvariabel Layanan *Assurance* APIP .

Fungsi APIP masih terfokus pada pengendalian intern yang mendukung penyusunan laporan keuangan instansi. Hal ini dikarenakan adanya kontrak kinerja antara menteri/kepala dengan presiden salah satunya adalah memperoleh opini laporan keuangan instansi yang Wajar Tanpa Pengecualian (WTP).

Sedangkan untuk manajemen risiko, sebagian besar instansi pemerintah di Indonesia belum mempunyai unit manajemen risiko. Walaupun demikian, APIP telah berupaya untuk membantu identifikasi risiko yang masih terbatas di unit-unit kerja instansi dan memantau pelaksanaan rencana aksi pencegahan dan pemberantasan korupsi.

Dalam proses tata kelola instansi, APIP hanya melakukan evaluasi dan pemantauan terhadap pelaksanaan program reformasi birokrasi di instansi sesuai dengan amanat

Perpres Nomor 81 Tahun 2010 tentang *Grand Design* Reformasi Birokrasi Tahun 2010-2025 dan belum melakukan penilaian terhadap asas *good public governance* (demokrasi, transparansi, akuntabilitas, budaya hukum serta kewajaran dan kesetaraan).

Dari analisis di atas, dapat disimpulkan bahwa layanan APIP masih bersifat tradisional dan memenuhi amanat peraturan perundang-undangan. Selain itu, dalam waktu dua tahun sejak dilakukan pemetaan kapabilitas audit intern sektor publik di Indonesia belum terdapat perubahan yang signifikan (Wartini, 2014).

Layanan Konsultasi APIP
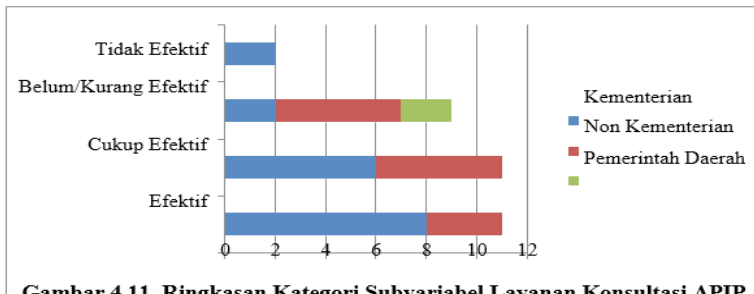
Gambar 4.11. Ringkasan Kategori Subvariabel Layanan Konsultasi APIP

Kesimpulan pada subvariabel layanan *assurance* APIP, yakni pemerintah pusat lebih berupaya untuk dapat menjalankan peran konsultasi. Akan tetapi perluasan lingkup peran APIP tersebut harus dilengkapi dengan kebijakan dan prosedur layanan konsultasi, beberapa antara lain mengatur mengenai: (1) objektivitas dan independensi APIP tidak tercederai, (2) ruang lingkup layanan konsultasi, (3) tanggung jawab APIP, (4) syarat pengetahuan, keterampilan dan kompetensi lainnya yang dibutuhkan untuk melakukan layanan konsultasi (IIA, 2012).

Praktik Profesional
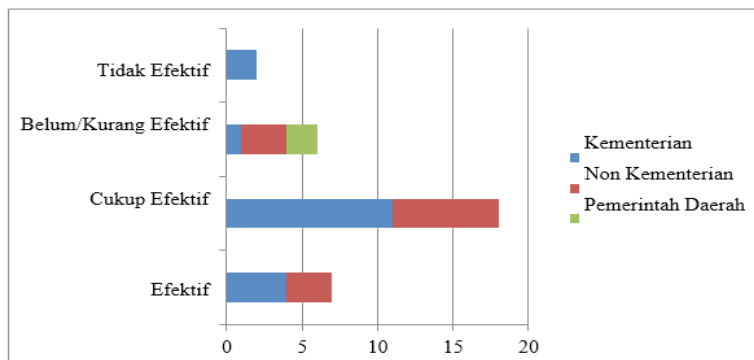
Gambar 4.13. Ringkasan Kategori Subvariabel Praktik Profesional

Nilai subvariabel praktik profesional didukung oleh pendokumentasian pelaksanaan peran audit intern, pengomunikasian *risk-based audit plan,* pelaksanaan *risk-based audit* dan adanya program peningkatan dan penjaminan mutu (*quality assurance and improvement program*). Pertama, kewajiban pendokumentasian pelaksanaan peran APIP telah diatur dalam standar audit intern sejak tahun 2008, selain itu auditor intern yang telah bersertifikasi JFA/JFP2UPD mempunyai keahlian dalam pendokumentasian kertas kerja audit. Diperkuat juga aturan pasal 54 PP 60 Tahun 2008 tentang SPIP bahwa APIP wajib menyusun dan menyampaikan ikhtisar laporan hasil pengawasan semesteran kepada pimpinan instansi dengan tembusan kepada Menteri Pendayagunaan Aparatur Negara dan Reformasi Birokrasi. Kedua, pengomunikasian *risk-based audit plan* baru dilakukan 58% responden kepada pimpinan instansi dan 42% responden yang belum membuka komunikasi adalah APIP yang mayoritas di tingkat eselon II dan belum adanya pedoman mengenai bentuk komunikasi dengan pimpinan instansi. Hal ini menunjukkan bahwa struktur dan kewenangan mempengaruhi efektivitas praktik profesional. Ketiga, pelaksanaan *risk-based audit* yang terintegrasi belum dilakukan oleh 42% responden yang menjawab telah melaksanakan *risk-based audit* (Wartini, 2014). Keempat, program peningkatan dan penjaminan mutu berupa rencana aksi peningkatan kapabilitas APIP, sedangkan pelaksanaan atas rekomendasi program tersebut sangat minim, yakni sekitar 5% (Wartini, 2014). Dengan demikian, area praktik profesional belum banyak dilakukan.

APIP yang Efektif adalah APIP yang dapat Membantu Instansi Mencapai Tujuannya

Peran APIP menurut pimpinan APIP cukup efektif dengan skor sebesar72,91% yang didukung skor subvariabel kepatuhan pada kode etik (76,02%), layanan *assurance* (75,34%), layanan konsultasi (72,58%), praktik profesional (72,50%) dan manajemen SDM (65,92%). Berikut adalah penjelasannya:

a. Layanan *assurance* rata-rata menggunakan 80% waktu *audit plan d*an berfokus pada sistem pengendalian intern penyusunan laporan keuangan.

b. Mayoritas instansi belum mempunyai unit manajemen risiko namun APIP telah memfasilitasi identifikasi risiko unit kerja. Layanan tersebut belum didukung dengan pedoman pelaksanaan.

c. Pengomunikasian *audit plan* dengan pimpinan instansi telah dilakukan namun mayoritas *audit plan* belum berbasis risiko. Sebagian APIP telah meng-*update* pedoman pelaksanaan peran APIP. Pelaksanaan *quality assurance and improvement program* masih minim dan *risk-based audit* secara menyeluruh belum diterapkan.

d. Manajemen SDM kurang memadai karena minimnya auditor intern yang kompeten dan bersertifikasi nasional/internasional.   Hal tersebut berdampak pada rendahnya kualitas laporan hasil audit.

e. Implementasi kode etik belum sesuai karena APIP kurang leluasa dalam melaksanakan tanggung jawabnya tanpa dipengaruhi pihak lain.

f. Efektivitas peran APIP lebih rendah dari efektivitas audit internal sektor publik di Malaysia yang menggunakan parameter kompetensi, dukungan manajemen, independensi dan objektivitas yang memperoleh skor 81,1% (Baharud-din, *et al.*, 2014). Begitu pula audit internal sektor publik di Rumania untuk aktivitas manajemen risiko dan pengendalian internal yang memperoleh skor 97,4% (Eugeniu & Aurelia, 2009).

Selanjutnya peran APIP cukup sesuai harapan pimpinan instansi dengan skor78,08% dari nilai maksimal yang didukung oleh skor subvariabel layanan APIP (77,99%), komunikasi dengan pimpinan (75,84%), pemberian nilai tambah (75,29%) dan kepatuhan pada kode etik (72,56%) dengan penjelasan:

a. Mayoritas APIP berperan dalam membantu perbaikan proses reformasi birokrasi dan mempertahankan/meningkatkan opini laporan keuangan.

b. Pengomunikasian hasil kerja APIP masih minim.

c. Hanya sebagian APIP yang memberikan nilai tambah karena memberikan nasihat kepada pimpinan dalam memutuskan permasalahan strategis.

d. Mayoritas APIP tidak terlibat dalam aktivitas yang menimbulkan benturan kepentingan. Hanya sebagian APIP yang memiliki SDM kompeten, berorientasi pada pelayanan dan memahami proses bisnis instansi.

e. Penilaian peran APIP oleh pimpinan instansi lebih tinggi daripada pimpinan APIP, beberapa kemungkinan penyebabnya adalah karena harapan pimpinan instansi terbatas pada layanan *assurance,* ketidakpahaman pimpinan instansi mengenai fungsi APIP serta minimnya komunikasi antara pimpinan instansi dan pimpinan APIP.

Selanjutnya dengan mempertimbangkan hal-hal berikut ini: (1) profil SDM APIP berupa rendahnya tingkat auditor yang bersertifikasi nasional/ internasional dan (2) banyaknya kelemahan APIP menurut pimpinan APIP, pimpinan instansi maupun hasil pemeriksaan kinerja oleh BPK, maka dapat diinterpretasikan bahwa penilaian kuesioner lebih tinggi daripada kondisi di lapangan. Dengan demikian, mayoritas peran APIP di Indonesia

kurang efektif. Kondisi tersebut diduga karena pimpinan APIP dan pimpinan instansi tidak mengetahui praktik APIP di lapangan secara rinci.

Terdapat perbedaan sudut pandang yang signifikan antara pimpinan instansi dan pimpinan APIP mengenai risiko instansi yang ditunjukkan dengan:

a. Risiko *fraud* berada pada tingkat rendah-menengah menurut pimpinan instansi namun tingkat rendah menurut pimpinan APIP.

b. 42,31% pimpinan instansi menilai bahwa APIP belum membantu instansi dalam mengelola risiko operasional sedangkan hanya 19,23% pimpinan APIP yang merasa belum berperan.

c. Kemungkinan penyebab hal tersebut adalah minimnya komunikasi antara keduanya, pimpinan instansi yang tidak terlibat dalam manajemen risiko dan APIP belum menerapkan *risk-based audit*. Dampak kondisi tersebut adalah APIP tidak dapat memberikan keyakinan kepada instansi bahwa risiko telah dikelola dengan baik. Dampak lainnya adalah sumber daya APIP belum berfokus untuk membantu mengelola risiko kritis.

APIP yang efektif adalah APIP yang dapat membantu instansi mencapai tujuannya. Kesimpulan tujuan penelitian kedua menunjukkan bahwa APIP belum banyak membantu dalam mengembangkan dan mengaudit risiko kritis instansi yang dapat mengganggu pencapaian tujuan. Dengan demikian, dapat diinterpretasikan bahwa mayoritas APIP kurang berperan efektif.

The Reliance of External Auditors on Internal Auditors:
A Perspective of Auditors of the Audit Board of Republic of Indonesia

Kepercayaan Auditor Eksternal terhadap Auditor Internal:
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ABSTRACT

The purpose of the study is to capture the portrait of the reliance of External Auditors (EA) on Internal Auditors (IA) in the public sector in Indonesia. The research utilises both quantitative and qualitative methods (survey and study of literature) as a basis for analysis. The reliance, which can be divided into using the work of IA and utilising IA to provide direct assistance, exists as the intersection of the role in assurance services between the two parties. Based on a conjoint analysis, it is found that the Due Diligence and Due Professional care is the most considered factor by EA before relying on IA. As most the institutions of IA in Indonesia are still in the infant stage, EA are less motivated to rely on the IA's report. Furthermore, utilising IA to provide direct assistance is unpopular as it risks independence and litigation. Promoting efficiency in audit should not reduce audit quality.

Keywords: the reliance, external auditors, internal auditors, intersection of role, conjoint analysis, audit quality.

ABSTRAK

Tujuan dari penelitian ini adalah untuk menangkap potret ketergantungan Auditor Eksternal (EA) terhadap Internal Auditor (IA) di sektor publik di Indonesia. Penelitian ini menggunakan metode kuantitatif dan kualitatif (survei dan studi literatur) sebagai dasar analisis. Ketergantungan, yang dapat dibagi menjadi menggunakan karya IA dan memanfaatkan IA untuk memberikan bantuan langsung, ada sebagai perpotongan peran dalam layanan jaminan antara kedua pihak. Berdasarkan analisis gabungan, ditemukan bahwa *Due Diligence* dan *Due Professional care* adalah faktor yang paling dipertimbangkan oleh EA sebelum mengandalkan IA. Karena kebanyakan institusi IA di Indonesia masih dalam tahap bayi, EA kurang termotivasi untuk bergantung pada laporan IA. Selanjutnya, penggunaan IA untuk memberikan bantuan langsung tidak populer karena berisiko independensi dan proses pengadilan. Mempromosikan efisiensi dalam audit seharusnya tidak mengurangi kualitas audit.

Kata kunci: ketergantungan, auditor eksternal, auditor internal, persimpangan peran, analisis bersama, kualitas audit.

Introduction

Despite several differences between them, there is an intersection of role between External Auditors (EA) and Internal Auditors (IA). While EA are hired to assess the fairness of a financial statements, IA are part of the organisation that improve and evaluate the effectiveness of the control process, risk management, and governance (iia.co.uk, 2015). EA report to shareholders or parties outside the organisation, whereas, IA report to directors or senior management inside the organization (iia.co.uk, 2015). However, both EA and IA provide an assurance service and have the same interest in enhancing the quality of financial reports of an entity. This correlation creates an opportunity for cooperation. From EA's point of view, the cooperation means they can rely (to some extent) on IA.

This research will explain the reliance in the governmental context, particularly the reliance of auditors of ABTRI (EA) on the work of auditors of Inspectorate Generals/ Inspectorates (IG/I) in each Ministry (IA) in Indonesia.

The research is conducted to understand the reliance of EA on IA in the public sector, with a focus on Indonesia. The research will describe various aspects of the reliance, mainly from the perspective of auditors of ABTRI as the Supreme Audit Institution in Indonesia, supplemented by related documents.

Research Questions in this research are:

1. How does the intersection of function between the auditors of ABTRI (EA) and the auditors of IG/I (IA) exist?

2. How do auditing standards and regulation frameworks facilitate the reliance of EA on IA?

3. In what areas do usually EA rely on IA?

4. What quality of IA is the most important in affecting the EA's decision to rely on IA?

5. To what extent do EA rely on the report produced by IA?

6. How frequently do EA ask IA to provide direct assistance? And what are benefits and risks attached?

The scope of the research is the using the work of IA or utilising IA to provide direct assistance in the public sector in Indonesia. EA in this research are the auditors of ABTRI

and IA are the auditors of IG/I in each Ministry. This research is limited to the reliance from the EA's point of view and not vice versa.

Research approach used in this study:

Figure 1: SES Design (Creswell, 2009)
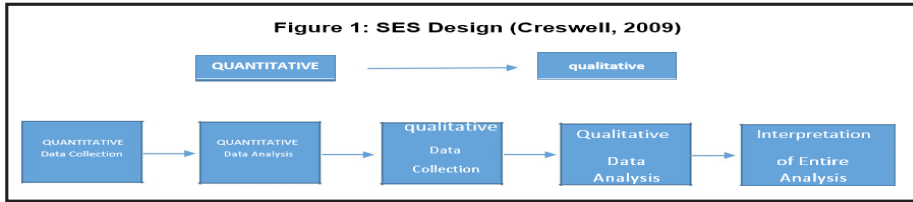
Research questions 1 and 2 will be addressed by a study of literature from related regulations. Meanwhile, research questions 3-6, which require the perception of EA will be addressed by a questionnaire. The questionnaire will be uploaded online via www.quiltrics.com in order that the respondents will easily access and complete it. Subsequently, the findings captured by the questionnaire will be analysed by relevant qualitative data.

The population to address research questions 3 to 6 are all the auditors of ABTRI in Indonesia (EA). It is expected that at least 30 respondents will participate. Based on the Central Limit Theorem, the sample should represent the population (Weathington et al, 2012).

Result and analysis

Figure 2: The Intersection of Role between ABTRI and IG/I
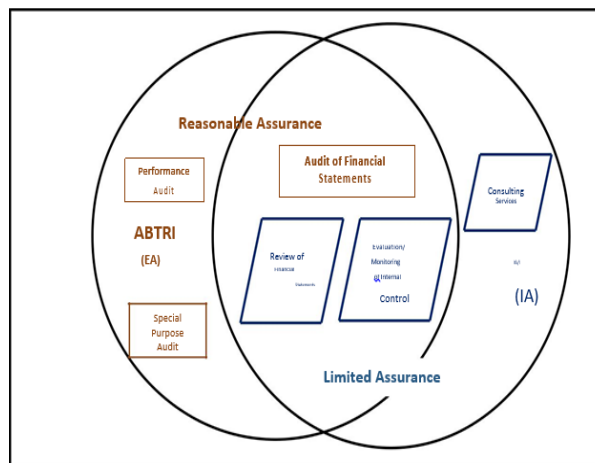
ISA 610 (Revised) used the term 'Systematic and Discipline Approach', whereas Indonesian SA 610 used the term 'Due diligence and Due Professional Care' to express

the methodology undertaken (planning, supervision, evaluation, documentation) by IA (IAPI, 2013). Indonesian SA 610 also added the effective communication as another factor influencing EA to rely on IA.

Related to the understanding of internal control, Indonesia SA 315 stated that if the works of IA in monitoring the effectiveness of internal control is relevant, then the consideration to use it might include a review of IA's work plan and a discussion between the two parties.

The Authorities in Indonesia also facilitated auditors of ABTRI (EA) to cooperate with IG/I in each ministry (IA) by publishing The Law 15/2004 on the Audit of Financial statements of Government. The law underlined that any outsourced auditors/experts (including IA) who will be involved in the audit team will be working on behalf of EA and must be accompanied by an official assignment from their original institution. Thus, unlike Indonesian SA 610 which only allowed EA to use the work of IA, The Law 15/2004 facilitated EA both to use the work of IA and to ask IA to provide direct assistance. As the Law 15/2004 specifically regulates the public sector auditing in Indonesia, the auditors of ABTRI can utilise it as a reference during the reliance.

Conclusion

Figure 4: The Reliance of EA on IA in Indonesia
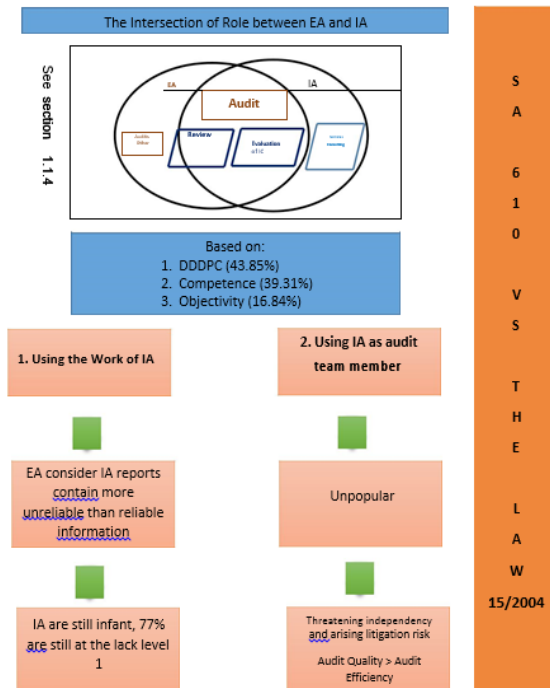
As stated by FRC (2013), although EA and IA have obvious differences, they use the similar way in pursuing their goals, particularly in enhancing the quality of financial statements. The intersection of role between EA and IA in Indonesia creates an opportunity for reliance. Both kinds of auditors perform assurance services to the ministries, as EA provide reasonable assurance in the form audit of the financial statements while IA provide limited assurance in the form of the review of financial statements and also an evaluation of ministries' internal control. Normally, EA can use the IA's findings as a clue to determine the nature, extent, and timing of further audit procedures.

The reliance of EA on IA is under dispute in Indonesia. The Indonesian SA 610, adopted from ISA 610, only facilitated the reliance in the form of using the work of IA, while the Law 15/2004 allows both using the work of IA and using IA as members of audit team. As the Law 15/2004 is a jurisdiction for audit in the public sector, then ABTRI is bound by this regulation. On the other hand, auditors of ABTRI are the members of the associations who also must comply with the related auditing standards issued. This circumstance might create uncertainty in the engagement.

EA rely on IA in less critical working areas and perform audit procedures independently in more critical working areas (PCAOB, 2007b). The research found the effectiveness of Internal Control and the business environment to be the areas where EA rely on the work of IA, thus respondents perceived both areas as less critical areas. By comparison, with only a few EA who rely on IA to search for indication of fraud and material misstatements, respondents perceived this areas as more critical areas. This finding is also consistent with the concept of audit risk. By relying on the work of IA to assess the business environment and the effectiveness of Internal Control, control risk increases. To ensure total audit risk remains low, EA must create a low detection risk, by performing substantive tests independently, without relying on IA.

Consistent with previous research of Brown (1983) and Schneider (1984&1985), the reliance of EA on IA is a complex decision matter affected by the qualities of IA. Using conjoint analysis, it can be seen that there are composition rules in the order of joint effects between objectivity, competence, and Due Diligence & Due Professional Care (DDDPC) in the consideration of EA to rely on IA. DDDPC emerged as the most influencing factor, followed by competence, and then objectivity. This shows that EA are more concerned about the actual result of IA than about the potentiality of performing a good audit (Schneider, 1984).

The IG/I, as the institution of IA in the public sector of Indonesia are still at the infant stage. Most IG/I are still at the level 1 of IACM which is characterized by unstructured IA's activities and audit quality dependent on individual efforts. This impairs the image

of IA from the EA's standpoint, perceiving that there is more unreliable than reliable information contained in the IA reports.

Although using IA as members of an external audit team is at the heart of promoting efficiency in audit, it remains an unpopular method in Indonesia. EA in Indonesia believe that this method would impair independence as although IA can be objective, they remain part of the audited entity. Another disadvantage is the consequence if IA act inappropriately during the engagement. Any mistakes would be the responsibility of EA.

This unpopularity is a sign that EA in Indonesia are concerned about the quality of Audit. It confirms the statement of Mohamed and Habib (2012) that audit quality is one of the most important issues in the audit profession. Even though using IA as members of audit team is facilitated by legislation and is believed to provide many benefits, EA remain reluctant to do so. As stated by ISA 610, it is an option to rely on IA, but not compulsory. Any attempt to make audit more efficient should not diminish audit quality.

As explained above, the reliance of EA on IA in the public sector of Indonesia faces complex circumstances. However, from the research it can be concluded that, among two ways of the reliance, the future of EA's reliance on IA in Indonesia will be on using IA's working as none of the regulations prohibit it. On the other hand, using of IA as the member of an external audit team member will slowly become extinct as it is still a matter of dispute, it is prohibited by ISA and it is unpopular.

The extent of EA to rely on the work of IA will depend on the degree to which IA can improve their quality. The Indonesian government have placed high expectation that qualities of IA will increase. An aggressive target has been set that by 2019 no more IG/I will be at level 1 and it is expected that 22% and 78%of them will be at level 2 and level 3 respectively. My observation as an internal auditor is that it will be hard to achieve the target by 2019 unless each IG/I implement the grand design seriously. To monitor the progress, The Finance and Development Supervisory Agency must conduct an annual evaluation of IACM. Otherwise, the target will be difficult to achieve. A stick and carrot strategy can be applied to accelerate quality improvement. For instance, IG/I that can improve their quality from level 1 to level 2 or from level 2 to level 3 would be awarded a budget increase. On the other hand, IG/I that fail to improve themselves will get a 'written warning' that will be copied to the Minister in authority over the Chief Audit Executive.

Harmonisation of regulations is necessary to overcome the disputed matter. The Law 15/2004 was passed in 2004, superseded by Indonesian SA 610, arranged in 2013 already accommodating the update from ISA 610 (revised). There should be an adjustment in the content of the Law 15/2004. As asking IA to be audit team members is

unpopular in Indonesia, if ABTRI has the intention to amend the Law 15/2004, it will not cause controversy. The research can be a trigger to ABTRI to propose the amendment to the parliament, as the authority in processing legislation. It might be a long journey because each proposal to revise the law should be lined up to be included in the national legislation programme before being discussed by parliament.

The conjoint analysis performed in this study focuses on internal factors that are attached to the IA (quality). Future research might utilise inherent risks (i.e. the size, the budget, the employees, or the branches) as additional factors and examine whether these factors are also taken into account when considering the reliance. Maletta (1993) stated that the EA's decision to rely on IA were more complex in a high inherent risk entity compared to in a low risk entity.

It has been elaborated that the improvement of IA's quality is a key to stimulate EA to more rely on IA's working. The Government of Indonesia expects that by 2019, all IG/I will be at level 2 and 3 of IACM. The future research can be undertaken in 2019 to investigate the achievement of IG/I. If IG/I fail to reach the target, the future research should be able to find the causes of failures and generate recommendation to the government to reorder the grand design of IA. On the other hand, if IG/I meet the target, the subsequent research must identify the key success factors that can be a learning experience in the other countries.

The Influence of Political Connections, Corporate Governance, and Blockholders Ownership to Corporate Cash Holdings

Pengaruh *Political Connections, Corporate Governance,* dan *Blockholders Ownership* terhadap *Corporate Cash Holdings*

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ABSTRACT

The purpose of this study is to investigate the impact of political connections, corporate governance, and blockholders ownership on corporate cash holdings as a proxy of agency problems. The study was conducted using panel data from 141 firm year observation during 2005, 2008 and 2011 in Indonesia. Political connections are measured by using dummy variables. A company identified as politically connected firm if there is at least one large shareholder or top officers who are members of parliament, ministers, or a particularly close relationship with known politicians or parties. Corporate governance is measured using Corporate Governance Index. Blockholders ownership is measured by using a continuous variable (percentage of shares owned) and dummy variables (grouping of low, moderate, and high ownership). The results show that political connections and corporate governance have significant negative effect on corporate cash holdings. The existence of political relations in the company can minimize firm's agency problems because the politicians involved in the company abusing their political power for firm's advantage. This study also reinforces argument that the implementation of good corporate governance can minimize firm's agency problems. The impact of blockholders ownership on corporate cash holdings both linear and non linear is not significantly proven.

Keywords: agency problem, blockholders ownership, corporate cash holdings, corporate governance, political connections.

ABSTRAK

Penelitian ini bertujuan untuk mempelajari pengaruh *political connections, corporate governance,* dan *blockholders ownership* terhadap *corporate cash holdings* sebagai *proxy* dari *agency problem.* Penelitian dilakukan menggunakan data panel dari 141 data observasi pada periode 2005, 2008 dan 2011 di Indonesia. *Political connections* diukur menggunakan variabel *dummy.* Perusahaan diidentifikasi memiliki *political connections* apabila terdapat setidaknya satu pemegang saham besar atau *top officers* yang menjadi anggota parlemen, menteri, atau menjalin hubungan dekat dengan politikus terkemuka atau partai. *Corporate governance* diukur menggunakan *Corporate Governance Index* dari *Indonesian Institute for Corporate Directorship. Blockholders ownership* diukur menggunakan variabel *continuous* berupa jumlah kepemilikan saham serta menggunakan variabel *dummy* yang merupakan pengelompokan untuk kepemilikan *blockholders* rendah, moderat, dan tinggi. Hasil penelitian menunjukkan bahwa *political connections* dan *corporate governance* terbukti berpengaruh negatif signifikan terhadap *corporate cash holdings.* Keberadaan hubungan politis pada perusahaan dapat meminimalkan *agency problem* karena para politisi yang terlibat dalam perusahaan memanfaatkan jabatan dan kekuatan politiknya untuk keuntungan perusahaan. Penelitian ini juga memperkuat argumen bahwa implementasi *corporate governance* yang baik dapat meminimalkan *agency problem* dalam perusahaan. *Blockholders ownership* tidak terbukti signifikan berpengaruh terhadap *corporate cash holdings* baik secara linier maupun non linier. Hal ini dapat terjadi karena definisi *blockholders* yang kurang mencerminkan kepemilikan yang spesifik.

Kata kunci: *agency problem, blockholders ownership, corporate cash holdings, corporate governance, political connections*

Penggunaan Skor *Corporate Governance Index* (CGI)

Penelitian ini akan mempelajari mengenai pengaruh *political connections, corporate governance,* dan *blockholders ownership* terhadap *corporate cash holdings* di Indonesia. Penelitian ini memiliki beberapa perbedaan dengan penelitian sebelumnya. Perbedaan pertama dalam hal penggunaan skor *Corporate Governance Index* (CGI) dari *Indonesian Institute for Corporate Directorship* (IICD). Perbedaan kedua adalah dalam hal kepemilikan *blockholders.* Ozkan dan Ozkan (2004) melakukan penelitian mengenai pengaruh kepemilikan manajerial terhadap *corporate cash holdings.* Perbedaan ketiga adalah pada data *political connections.*

Berdasarkan latar belakang penelitian di atas, maka permasalahan yang akan dibahas dalam penelitian ini adalah pengaruh *political connections, corporate governance,* dan *blockholders ownership* terhadap *corporate cash holdings* dengan menggunakan variabel kontrol *probability of financial distress, investment opportunities, cash flow,* dan *dividend payment.*

Penulis berharap bahwa penelitian ini dapat menjadi bahan pertimbangan bagi investor dalam keputusan investasi yang akan dilakukan pada perusahaan yang memiliki *political connections.* Lalu bisa mendorong perusahaan yang memiliki *political connections* untuk menerapkan praktik *good corporate governance* untuk meminimalisir *agency problem* yang terjadi karena *political connections.* Selain dari itu, penelitian ini diharapkan dapat memberi kontribusi akademis terhadap literatur mengenai *corporate finance* terutama *corporate cash holdings* terkait dengan *political connections* dan *corporate governance.*

Penelitian ini menggunakan data panel yang menggabungkan data *cross section* (antar perusahaan) dan *time series* (dalam waktu tertentu). Data panel yang dikumpulkan merupakan data sekunder yang diperoleh melalui dua metode, yaitu:

1) Data untuk variabel dependen dan variabel kontrol diperoleh dari laporan keuangan *audited* perusahaan yang terdaftar di Bursa Efek Indonesia pada tahun 2005, 2008, dan 2011. Tahun ini dipilih karena penilaian skor CGI perusahaan sebagai salah satu variabel independen dalam penelitian ini tidak dilakukan setiap tahun.

2) Data untuk variabel independen (*POLCON*) diperoleh dari mengidentifikasi seluruh pemegang saham besar (memiliki hak suara minimal 10%) dan *top officers* dari perusahaan yang terdaftar di Bursa Efek Indonesia pada tahun

2005, 2008, dan 2011. Identifikasi dilakukan berdasarkan informasi dari laporan tahunan yang diterbitkan. Hasil identifikasi tersebut dianalisa sesuai kriteria dari Faccio (2006).

Populasi dalam penelitian ini adalah seluruh perusahaan yang beroperasi di Indonesia. Sedangkan sampel dipilih dengan metode *purposive sampling* dengan kriteria sebagai berikut:

1. Perusahaan yang tercatat di Bursa Efek Indonesia untuk periode 2005, 2008, 2011 dan mempublikasikan laporan keuangan dan tahunan selama periode tersebut.

2. Perusahaan tidak termasuk dalam industri keuangan menurut Jasica (*Jakarta Stock Industrial Classification*).

3. Perusahaan yang memiliki kelengkapan data untuk keperluan perhitungan variabel penelitian. Kelengkapan ini termasuk skor CGI yang tidak *continuous* per tahunnya sehingga suatu perusahaan yang memiliki skor CGI di suatu periode belum tentu memiliki skor CGI di periode berikutnya.

4. Data *market to book value ratio* yang bernilai negatif dalam penelitian ini akan disesuaikan dengan metode *winsorizing*.

Political Connections dan Corporate Cash Holdings

Rendahnya *corporate cash holdings* pada perusahaan yang memiliki *political connections* dapat disebabkan oleh perusahaan merasa tidak perlu menyimpan *cash* dalam jumlah besar untuk *precautionary motives* ataupun *transactions costs motives.* Hal ini terjadi karena perusahaan yang memiliki *political connections* tidak akan mengalami hambatan likuiditas karena adanya kesempatan lebih besar untuk mendapat *bailout* pemerintah pada saat krisis dan juga kemudahan kredit sebagaimana diungkapkan Faccio, Masulis, dan McConnel (2006). Di antara 47 perusahaan yang menjadi sampel penelitian ini, terdapat 7 perusahaan yang sebagian besar sahamnya dimiliki oleh pemerintah (BUMN). Pemerintah tentu akan selalu memberikan sokongan dana bagi BUMN yang akan melakukan investasi dan tentu tidak akan tinggal diam ketika BUMN yang dimilikinya mengalami kesulitan keuangan.

Pengaruh negatif *political connections* terhadap *corporate cash holdings* yang dihasilkan dalam penelitian ini menunjukkan bahwa *political connections* di Indonesia justru dapat mengurangi kemungkinan munculnya *agency problem* di perusahaan. Hal ini dapat terjadi karena para politikus dan pejabat yang memiliki hubungan dengan perusahaan

(baik sebagai komisaris, CEO, maupun pemegang saham besar) akan memastikan bahwa perusahaan akan berjalan sesuai dengan harapan dari pemegang saham minoritas (*principal*). Permasalahan yang akan muncul kemudian justru adanya kemungkinan kewenangan yang dimiliki pejabat atau politikus yang memiliki hubungan dengan perusahaan akan dimanfaatkan untuk kepentingan perusahaan seperti pengaturan pemenang lelang pemerintah. Hal inilah yang kemungkinan akan merugikan rakyat secara lebih luas.

Corporate Governance dan *Corporate Cash Holdings*

Pada penelitian ini dapat diketahui bahwa *corporate governance* berpengaruh signifikan secara statistik terhadap *corporate cash holdings* dalam taraf signifikansi 1%. Hal ini berarti H2 yang menyebutkan bahwa *corporate governance* berpengaruh negatif terhadap *corporate cash holdings* diterima. Berdasarkan Tabel 4.6 diketahui koefisien variabel ini bernilai negatif yang berarti *corporate governance* memberi pengaruh negatif terhadap *corporate cash holdings*. Dengan kata lain kualitas *corporate governance* yang baik dalam perusahaan yang diobservasi menyebabkan *corporate cash holdings* rendah dan sebaliknya kualitas *corporate governance* yang buruk dalam perusahaan yang diobservasi menyebabkan *corporate cash holdings tinggi*.

Pengaruh negatif *corporate governance* terhadap *corporate cash holdings* sesuai dengan penelitian sebelumnya yang dilakukan oleh Dittmar, Mahrt-Smith, dan Servaes (2003), dan Kusnadi (2011). Dittmar, Mahrt-Smith, dan Servaes (2003) menyebutkan bahwa ketika *entrenched manager* kurang peduli terhadap kesejahteraan pemegang saham, maka perusahaan akan menyimpan *cash* dalam jumlah banyak dan melakukan investasi di proyek-proyek dengan *net present value* negatif. Sementara Kusnadi (2011) menyebutkan bahwa mekanisme *corporate governance* yang efektif dalam perusahaan akan menurunkan tingkat *corporate cash holdings*. Hal ini dapat dimungkinkan karena adanya keterbatasan ruang gerak dari manajer ataupun pemegang saham mayoritas untuk melakukan *assets expropriation*. Dengan demikian dapat dikatakan bahwa *corporate governance* yang baik akan menurunkan kemungkinan adanya *agency problem* dalam perusahaan.

Blockholders Ownership dan *Corporate Cash Holdings*

Mengikuti Utama (2012), penelitian ini mencoba melihat kemungkinan *blockholders ownership* memiliki pengaruh non linier dengan menggunakan variabel *dummy BODM* dan *BODH (low blockholders ownership* sebagai *base category*). Pembagian rentang kepemilikan *blockholders* dalam penelitian ini mengikuti Ozkan dan Ozkan (2004)

yang meneliti mengenai pengaruh kepemilikan terhadap *cash holdings* perusahaan. Pada variabel *BODM* perusahaan akan bernilai 1 apabila kepemilikan *blockholders* sebesar 24%-64% dan bernilai 0 jika selainnya. Sementara pada variabel *BODH* perusahaan akan bernilai 1 apabila kepemilikan *blockholders* sebesar > 64% dan bernilai 0 jika selainnya. Namun demikian hasil pengujian signifikansi pada Tabel 4.6 menunjukkan bahwa kepemilikan *blockholders* tidak berpengaruh signifikan baik pada kepemilikan *moderate* maupun *high. Blockholders* dapat meliputi institusi, perorangan, atau keluarga (Utama, 2012). Oleh karena itu ada kemungkinan pemilihan *blockholders* sebagai variabel independen dalam penelitian ini terlalu luas.

Probability of Financial Distress dan Corporate Cash Holdings

Berdasarkan penelitian ini, koefiesien variabel *PROBFD* bernilai positif yang berarti *probability of financial distress* memberi pengaruh positif terhadap *corporate cash holdings.* Dengan kata lain semakin tinggi kemungkinan perusahaan mengalami *financial distress* maka semakin tinggi *cash holdings* yang disimpan perusahaan dan sebaliknya ketika kemungkinan mengalami *financial distress* rendah maka perusahaan cenderung tidak menyimpan *cash* dalam jumlah banyak. Pengaruh positif *probability of financial distress* ini sejalan dengan penelitian sebelumnya (Opler, Pinkowitz, Stulz, dan Williamson, 1999; Ferreira dan Vilela, 2004; serta Guney, Ozkan, dan Ozkan, 2007). Besarnya kemungkinan terjadinya *financial distress* mempengaruhi perusahaan untuk menyimpan *cash* lebih banyak untuk mengantisipasi dampak yang ditimbulkan. *Financial distress* menurut Ross, Westerfield, dan Jaffe (2009) dapat menimbulkan dampak antara lain penjualan aset utama perusahaan, merger dengan perusahaan lainnya, pengurangan *capital spending* dan *research and development,* penerbitan saham baru, negosiasi dengan bank dan kreditur lain, penukaran *debt* dengan ekuitas, *bankrutpcy.* Biaya yang ditanggung perusahaan akibat dampak ini akan lebih besar dibandingkan dengan menyimpan *cash* dalam jumlah banyak (*trade off theory*).

Namun demikian dalam Tabel 4.6 dapat diketahui bahwa signifikansi *probability of financial distress* > 10% atau dengan kata lain *probability of financial distress* tidak berpengaruh signifikan secara statistik terhadap *corporate cash holdings.* Oleh karena itu H4 yang menyebutkan bahwa *probability of financial distress* berpengaruh positif terhadap *corporate cash holdings* tidak dapat diterima. Pengaruh yang tidak signifikan ini mungkin dapat disebabkan oleh penggunaan *proxy* yang kurang tepat untuk *probability of financial distress* dalam penelitian mengenai *cash holdings.* Penelitian ini menggunakan transformasi logistik dari *O-Score* yang belum pernah digunakan oleh peneliti sebelumnya sebagai alternatif 1/*Z-Score* yang digunakan Kim, Mauer, dan Sherman (1998) serta Drobetz dan Gruninger (2006) sebagai *proxy* dari *probability of financial distress* dalam penelitian mereka mengenai *cash holdings.*

Investment Opportunities dan Corporate Cash Holdings

Berdasarkan penelitian ini dapat diketahui bahwa *investment opportunities* berpengaruh negatif signifikan secara statistik terhadap *corporate cash holdings*. Dengan demikian H5 yang menyebutkan bahwa *investment opportunities* berpengaruh terhadap *corporate cash holdings* diterima. Pengaruh negatif ini berbeda dengan hasil penelitian sebelumnya (Dittmar, Mahrt-Smith, dan Servaes, 2003; Ferreira dan Vilela, 2004; Ozkan dan Ozkan, 2004) yang membuktikan bahwa *investment opportunities* berpengaruh positif terhadap *corporate cash holdings*. Ketika perusahaan memiliki *investment opportunities* yang besar maka perusahaan memiliki motif untuk menyimpan *cash* dalam jumlah banyak, yaitu agar tidak kehilangan kesempatan melakukan investasi karena tidak memiliki dana yang cukup (*trade off theory*) atau perusahaan mengutamakan untuk mendanai investasi dengan *internal financing* daripada *external financing* (*pecking order theory*).

Hasil penelitian ini yang membuktikan pengaruh negatif mendukung teori mengenai *cash holdings* yang ketiga, yaitu *free cash flow theory* yang menyebutkan bahwa ketika *investment opportunities* rendah maka manajer akan cenderung menyimpan *cash* dalam jumlah banyak agar perusahaan dapat melakukan investasi ketika suatu saat ada kesempatan investasi bahkan meskipun proyek tersebut memiliki *net present value* negatif sebagaimana yang diargumentasikan oleh Ferreira dan Vilela (2004).

Cash Flow dan Corporate Cash Holdings

Berdasarkan penelitian ini dapat diketahui bahwa *cash flow* berpengaruh signifikan secara statistik terhadap *corporate cash holdings*. Koefisien variabel ini berdasarkan Tabel 4.6 bernilai positif yang berarti semakin besar *cash flow* maka *corporate cash holdings* juga akan semakin besar. Dengan demikian H6 yang menyebutkan bahwa *cash flow* berpengaruh positif terhadap *corporate cash holdings* diterima.

Simpulan ini sesuai dengan hasil penelitian sebelumnya (Opler, Pinkowitz, Stulz, dan Williamson, 1999; Ferreira dan Vilela, 2004; Ozkan dan Ozkan, 2004; serta Drobetz dan Gruninger, 2006) yang menyimpulkan bahwa *cash flow* tinggi akan memungkinkan perusahaan untuk menyimpan *cash* dalam jumlah banyak dan membangun pendanaan internal yang kuat. Sebaliknya jika *cash flow* perusahaan negatif (*earnings* negatif/rugi), maka perusahaan tidak dapat menyimpan *cash* dalam jumlah banyak dan bahkan justru menggunakan *cash* yang disimpannya untuk melakukan transaksi atau menutup kerugian yang dialaminya. Simpulan ini mendukung *pecking order theory* yang mengutamakan pendanaan internal dalam perusahaan.

Dividend dan *Corporate Cash Holdings*

Berdasarkan penelitian ini dapat diketahui bahwa *dividend* berpengaruh signifikan secara statistik terhadap *corporate cash holdings.* Koefisien variabel ini berdasarkan Tabel 4.6 bernilai negatif sesuai dengan yang diharapkan dalam H7. Arah pengaruh ini sesuai dengan hasil penelitian sebelumnya (Dittmar, Mahrt- Smith, dan Servaes, 2003; Ferreira dan Vilela, 2004; serta Ozkan dan Ozkan, 2004) yang menyimpulkan bahwa perusahaan yang membayarkan *dividend* tidak perlu menyimpan *cash* dalam jumlah besar karena dapat memperoleh pendanaan internal dengan mengurangi pembayaran dividen berikutnya (*trade off theory*).

Corporate Governance terbukti Berpengaruh Negatif secara Signifikan terhadap *Corporate Cash Holdings*

Berdasarkan hasil pengujian pengaruh *political connections, corporate governance,* dan *blockholders ownership* terhadap *corporate cash holdings* pada 47 perusahaan selama periode interval 3 tahun (2005, 2008, dan 2011) dapat disimpulkan bahwa *political connections* berpengaruh negatif signifikan terhadap *corporate cash holdings.* Hal ini menunjukkan bahwa perusahaan di Indonesia yang memiliki hubungan politis cenderung tidak menyimpan banyak *cash*. Kecenderungan ini dapat memperkecil *agency problem* melalui pengambilalihan *cash* oleh manajer atau pemegang saham mayoritas. Pengaruh negatif ini dapat terjadi karena politikus yang memiliki peranan dalam perusahaan baik itu sebagai pemegang saham mayoritas, direksi, ataupun komisaris akan berusaha memanfaatkan jabatan dan kekuatan politiknya untuk keuntungan perusahaan seperti prioritas dalam lelang pemerintah.

Lebih lanjut, penelitian ini membuktikan bahwa *corporate governance* terbukti berpengaruh negatif secara signifikan terhadap *corporate cash holdings.* Hal ini menunjukkan bahwa perusahaan di Indonesia yang menerapkan *corporate governance* dengan baik cenderung tidak menyimpan banyak *cash.* Kecenderungan ini dapat diartikan bahwa perusahaan dapat memperkecil *agency problem* melalui pengambilalihan *cash* oleh manajer atau pemegang saham mayoritas dengan cara memperbaiki kualitas *corporate governance.*

Penelitian ini juga membuktikan bahwa *blockholders ownership* hanya berpengaruh signifikan terhadap *corporate cash holdings* apabila diperantarai oleh *political connections.* Pengaruh langsung *blockholders ownership* terhadap *corporate cash holdings* tidak signifikan disebabkan *blockholders* meliputi definisi kepemilikan yang kurang spesifik, yaitu dapat berupa institusi, keluarga, atau pemerintah. Dengan demikian *agency problem* yang tercermin pada *corporate cash holdings* dalam penelitian ini tidak

dipengaruhi oleh kepemilikan *blockholders* secara langsung. Variabel kepemilikan yang seharusnya dapat berpengaruh signifikan terhadap *agency problem* mungkin dapat menggunakan *proxy* kepemilikan yang lebih spesifik.

Hasil pengujian variabel kontrol *investment opportunities, cash flow,* dan *dividend payment* menunjukkan pengaruh signifikan terhadap *corporate cash holdings* sesuai dengan hipotesis pada Bab 3. Variabel kontrol *probability of financial distress* tidak terbukti berpengaruh secara signifikan terhadap *corporate cash holdingss* karena ada kemungkinan ketidaktepatan dalam penggunaan *proxy. Penelitian ini menggunakan O-Score sebagai proxy dari probability of financial distress yang belum pernah digunakan oleh peneliti sebelumnya sebagai variabel kontrol dalam penelitian mengenai cash holdings.*

Kecenderungan Hubungan Politis yang dimiliki Perusahaan di Indonesia dapat Menurunkan *Agency Problem*

Investor diharapkan dapat mempertimbangkan bahwa kecenderungan hubungan politis yang dimiliki perusahaan di Indonesia dapat menurunkan *agency problem* yang tercermin dalam *corporate cash holdings.* Hal ini dapat terjadi karena pemegang saham, CEO, ataupun komisaris yang merupakan pejabat atau politikus akan memanfaatkan kewenangan atau kekuatan politisnya untuk memaksimalkan keuntungan perusahaan yang pada akhirnya selaras dengan kepentingan prinsipal. Selain itu investor hendaknya juga mempertimbangkan bahwa penerapan *corporate governance* dalam perusahaan dapat meminimalkan *agency problem* dalam perusahaan. Semakin rendah *agency problem* dalam perusahaan, maka kepentingan investor dalam perusahaan akan semakin terlindungi.

Perusahaan yang memiliki hubungan politis akan dapat meminimalkan kemungkinan terjadinya *agency problem* dalam perusahaan. Namun demikian hendaknya perusahaan tetap tidak mengabaikan penerapan *corporate governance* yang efektif.

Think Like a Thief:
How the Top Leaders of Local Governments in Indonesia Committed Corruption

Berpikir Seperti Pencuri:
Bagaimana Pemimpin Tertinggi Pemerintah Daerah di Indonesia Melakukan Korupsi

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ABSTRACT

As a part of good governance development program, Indonesia has implemented a decentralisation policy since 2001. During the period of 2001 until 2014 about 223 new territories have been created. Unfortunately, as revealed by such studies, this decentralisation policy to a certain degree has made corruption more decentralised and legalised. Using the case study method, this research analyses 60 corruption cases committed by the head of local government and local council handled by KPK and had legally binding during 2004-2014. The aims of this research are to reveal the modus operandi utilised by the perpetrators and to analyse any loophole that may exist in regulation that can create opportunities of the corrupt conduct. There were four methods applied by the corrupt local top leaders, (1) by misappropriating local budget, (2) by manipulating procurement process, (3) by manipulating license issuance, and (4) by committing bribery. Local budget misappropriation seems to be the most popular way before 2010, while the bribery cases, to a certain degree, have had recently the most infamous ways for the corruptors. Regulations which set out the detailed local government activities and obligations have a lack of such accountability requirements, especially accountability to the societies. This might be utilised by local leaders to benefit themselves.

ABSTRAK

Sebagai bagian dari program pengembangan tata pemerintahan yang baik, Indonesia telah menerapkan kebijakan desentralisasi sejak tahun 2001. Selama periode 2001 sampai 2014 sekitar 223 wilayah baru telah diciptakan. Sayangnya, seperti yang diungkapkan oleh studi semacam itu, kebijakan desentralisasi ini sampai tingkat tertentu membuat korupsi semakin terdesentralisasi dan disahkan. Dengan menggunakan metode studi kasus, penelitian ini menganalisis 60 kasus korupsi yang dilakukan oleh kepala pemerintah daerah dan dewan daerah yang ditangani oleh KPK dan mengikat secara hukum selama tahun 2004-2014. Tujuan dari penelitian ini adalah untuk mengetahui modus operandi yang digunakan oleh pelaku dan untuk menganalisis setiap celah yang mungkin ada dalam peraturan yang dapat menciptakan peluang terjadinya korupsi. Ada empat metode yang diterapkan oleh pemimpin puncak korup lokal, (1) dengan menyalahgunakan anggaran daerah, (2) dengan memanipulasi proses pengadaan, (3) dengan memanipulasi penerbitan lisensi, dan (4) dengan melakukan penyuapan. Penyalahgunaan anggaran lokal tampaknya menjadi cara yang paling populer sebelum tahun 2010, sementara kasus penyuapan, sampai tingkat tertentu, baru-baru ini merupakan cara paling terkenal bagi para koruptor. Peraturan yang mengatur kegiatan dan kewajiban pemerintah daerah yang terperinci tidak memiliki persyaratan pertanggungjawaban semacam itu, terutama pertanggungjawaban kepada masyarakat. Ini bisa dimanfaatkan oleh pemimpin setempat untuk mendapatkan keuntungan bagi dirinya sendiri.

Introduction

However, the findings of such case studies of structural reform in Indonesia indicate that somewhat the governance in Indonesia's public sectors is ineffective to combating corruption. Sjahrir, Kis-Katos, and Schulze (2014) by citing the findings of such research stated that decentralization and democratization in Indonesia have made corruption more decentralized and less organised which was indicated by money politics practices and the powerful local elites. Almost every year since 2004, head of local government and/or local council has been being prosecuted by the Indonesian Corruption Eradication Commission (KPK) and the Indonesian Attorney General Office (AGO) and until May 2014, there were 325 heads of local government suspected involve in any corruption case, either as suspects or prisoners (Republika, 2014). According to KPK's annual reports since 2004 until 2014, there are 60 local elites or 5 local elites in average every year who convicted of committing corruption. This calculation excludes the number of convicted corruption cases handled by the AGO.

To a certain degree, the number of corruption cases in local governments is still relatively high and the extra attempts to combat them are still required. The first consideration of Law 20/2001 as the amendment of Law 31/1999 about Corruption Eradication states that "the widespread corruption cases have not only inflicted losses on the state, but also violated the social and economic rights of the general public so that corruption needs to be categorized as a crime that must be eradicated in an extraordinary way". The extraordinary way of combating corruption, at least, can be seen by the detailing of corruption conducts in Law 20/2001 and Law 31/1999 and the establishment of corruption eradication commission (KPK).

In the consideration of the rampant corruption, especially in local government in Indonesia, a question can be raised, what methods were usually utilised by the perpetrator to commit corruption and to cover their conduct. Further, the research is intended to analyse the opportunities condition created by local governance especially through regulation channel. It is expected that the result of this research can reveal both typology and modus operandi of head of local government corruption cases. Besides that, it is also expected that the result can be used to strengthen the regulations related to local government and to develop a strong system which can prevent the local government officers in committing corruption.

This study is aimed to analyse modus operandi utilised by heads of local government in Indonesia when committing corruption and the possibility of the existence of governance loop holes which may create the opportunities to do it. The approach of this research is a case study. Accordingly, the case for this study is corruption cases prosecuted by the

Corruption Eradication Commission (KPK) which were committed by the head of local government and local councillors and which have legally binding during 2004-2014.

Methodologically, the aim of this study is to gain understanding about the ways in which corruption could be committed by the head of local government and the final report of this study is to describe it. In this study, the qualitative method will be employed rather than the quantitative method. Thus, there will be no hypothesis testing, rather a description of particular corruption cases.

Merriam (2009, p. 42) suggests that "case study does not claim any particular methods for data collection or data analysis". In other words, she suggests that any and all methods of gathering data can be used in a case study. Although no particular method is required to conduct a case study, this study is planned to be conducted using a documentary analysis.

A research using documentary analysis has such limitations as the documents used in the research can be subjective and they may intendedly be produced for a particular purpose (Fitzgerald, 2007, p. 282). Thus, this limitation is tried to be minimised by using documents from two credible institutions, Commission of Corruption Eradication and the Supreme Court. In addition, to avoid prejudice and multi interpretation, only cases which have legally binding will be analysed in this study.

Analysis and Discussion

Nevertheless the improvement, however, the Corruption Perception Index (CPI) of Indonesia as periodically published by Transparency International from 2004 to 2014 shows different interpretation. During an 11 year period, Indonesia still be considered as a corrupt country in which the highest score (2014) is 3.4 out of 10.

Table 2. Indonesia's Corruption Perception Index (CPI) 2004-2014*

Year	Indonesia CPI score and rank	The highest score	The lowest score
2004	2.0 (rank 133 out of 145)	9.7	1.5
2005	2.2 (rank 137 out of 158)	9.7	1.7
2006	2.4 (rank 130 out of 163)	9.6	1.8
2007	2.3 (rank 143 out of 179)	9.4	1.4

2008	2.6 (rank 126 out of 180)	9.3	1.0
2009	2.8 (rank 111 out of 180)	9.4	1.1
2010	2.8 (rank 110 out of 178)	9.3	1.1
2011	3.0 (rank 100 out of 182)	9.5	1.0
2012	3.2 (rank 118 out of 174)	9.0	0.8
2013	3.2 (rank 114 out of 175)	9.1	0.8
2014	3.4 (rank 107 out of 174)	9.2	0.8

*Adapted from Corruption Perception Index 2004-2014 from Transparency International

Based on this CPI, Mietzner (2015) argues that there is no indication that corruption in top political institutions has declined in any meaningful way and corruption remains endemic in Indonesia.

According to KPK's annual report since 2004 until 2014, there are 61 cases involving elites in local governments, including the governors, regents, mayors, and councillors in both province level and district/municipal level.

In the regards to the size value of the case, corruption on license issuance, especially license to utilize forest products caused biggest financial state losses. The values came from the calculation of timber and other forest product which acquired and sold illegally. The biggest financial state losses was caused by Tengku Azmun Jaffar of about £76,855,509.77[1], followed by the losses caused by Suwarna Abdul Fatah for about £24,056,344.66 and caused Arwin AS for about £21,116,072.13. Together, financial state losses caused by this type of corruption were about £122,027,926.

The modus operandi of each corruption case is analysed through the verdict which is available on the website of the Supreme Court and online resources which is relevant to the case, including news online and article.

According to Government Regulation 24 of 2005 about governmental accounting standard, local government financial statement consists of three main parts: revenue, expenditure, and financing. Revenue section is used to reporting all money inflow to the local accounts, while the expenditure section is used to reporting all money outflows from the local cash accounts. When the amount of revenue is bigger than the amount of the expenditure the local government will get surplus in its budget and the money planned to be disbursed on this surplus will be allocated on finance expenses. Reversely, when the amount of expenditure is bigger than the revenue the local government will experience budget deficit, thus they need to set amount of money to finance this deficit.

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The latter will be allocated on receipt of financing. Focus on the expenditure, there are three main categories of this item: administrative expenditure, operational expenditure, and social and grant expenditure. Administrative expenditure is used to pay salaries, stationery, and other expenditure which not directly related to the activities. Operational expenditure is used to pay all expenses which directly related to government's activities. Social expenditure and grant expenditure are planned to be paid aid for certain parties who need money by submitting a proposal and for any emergency situation, such as natural disasters.

It is often found that procurement process less and more is under control and influence of head of local government. One of the most infamous methods is by doing pre-appointed the vendor or supplier who gets the projects. The tender, thus, is often a fictitious process which is done as a formality. The case of fire engine procurement is considered as a national case since it involves many heads of local governments.

All of the cases in license category are related to the use of land within the territory of the head of local government. With the additional authority, including the power to authorize private to use the land under his/her control, the opportunity for the bribery in order to get permission/recommendation is getting bigger than before. Considered as a big case, corruption case of forest conversion license in Riau is involving three heads of local governments, there are: regent of Pelalawan (2001-2006), regent of Siak (2001-2003), and governor of Riau (2004).

Overall, the Indonesian local democracy and the local governance, to somewhat, has brought Indonesia to the existence of the shadow states and spending machine activities (Erb, 2011). Shadow states practices refer to activities conducted through informal governance in which be characterised by alliances of bureaucrats, party bosses, business people, military, and criminals (Nordholt, 2003, as cited by Hidayat, 2007, pp. 210-211). Spending machines activities refer to a massive transfer of money from central government to local government without accompanied by sufficient accountability and resulted in inflated budget for development and construction projects by which the inflated price then be spread among its alliances (Ray and Goodpaster, 2003 as cited by Nordholt & van Klinken, 2007, p. 17).

Conclusion

During 2004-2014, there were 60 heads of local government and local councils convicted of committing corruption. All of these cases were handled by the KPK. There are four modus operandi of local elites' corruption cases: (1) by misappropriating local

budget, (2) bribery, (3) by manipulating procurement process, and (4) by manipulating the licensing process.

Although head of local government is the highest position in local level government, yet, according to the financial state regulation and treasury state regulation, they do not have execution power to, for example, withdraw money from the cash coffer. Thus, they need the treasurer and the head of the finance department to authorize the withdrawal system and to cover the action by providing fictitious supporting documents. Based on the analysis, most of the cases reveal that the head of local governments abused his power to gain assistances from their subordinates in committing their corruption plans. Local government secretary and financial local office are frequently involved in the corruption cases. Many of them also received money for their involvement.

The condition worsened when the executive colluded with the legislation. This makes the separation of powers ineffective in providing checks and balances (D'Souza, 2009). In certain cases, meetings held to discuss the local budget were only procedural activities because the local councillors would not deeply analyse and critique the local budget proposed by local government as long as the head of local government has bribed them. In some cases, the situation was deliberately created by the local councils in which they did not hold any meeting to discuss local budget until they get money from the local government.

The regulations related to the discretion of the local elites should be strengthened to avoid the abuse of head of local government's power. This should be supported by enacting regulation to increase the accountability level of the local government. All in all, as proposed by Klitgaard (1998), to combating corruption a government should start by designing better systems in which the system should reduce or regulate the monopoly services, clarify the official discretion, enhance the public transparency, increase the probability of the corrupt conduct of being caught, and increase the punishment for the corruptors.

It is under the author's awareness that this research has some limitations. First, this research only focuses on corruption cases handled by KPK during 2004-2014, rather than corruption cases handled by both Indonesian prosecuting bodies, KPK and AGO, and with older starting period, for example, 1998 at the beginning of the Indonesian reformation era. Secondly, related to the sources of the data, as stated in the Chapter 4, not all verdicts of the cases were gained by the author. Although this can be solved by using articles and news which discussed about the cases, however, they are not as detailed as stated in the verdicts. Finally, as an attempt to make a clear understanding, the categories made for this research are based on personal knowledge.

Thus, in order to gain more comprehensive understanding of local government corruption cases, a future research can analyse all cases handled by both KPK and AGO. In addition, future research can add the initial attempt made by the anti - corruption institution to uncover corruption cases. The initial attempt analysis will be useful to analyse the effectiveness of local governance channels in revealing corruption cases.

Bunga Rampai Tesis/Disertasi

Bab: Akuntansi

Kemompok Ekonomi dan Bisnis

Program Beasiswa SPIRIT

The Roles of Multi-stakeholder Networks in Planning Organisational Change towards Sustainable Tourism

Peran Jaringan *Multi-stakeholder* dalam Perencanaan Perubahan Organisasi terhadap Pariwisata Berkelanjutan

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ABSTRACT

Tourism has grown significantly becomes one of the promising sectors to develop the economy. Meanwhile, tourism's continued progress has led to negative environmental and social effects. These adverse consequences have called for a planning organisational change from tourism as usual to a more sustainable oriented. In addition, a multi-stakeholder engagement has been needed to achieve sustainable tourism goals.

The question that arises is: what are the roles of a multi-stakeholder network in planning organisational change for sustainable tourism? Many scholars attempted to explore change management within the multi-stakeholder network towards sustainable tourism, but most of them described the roles of each stakeholder within the multi stakeholder network in achieving sustainable tourism. This paper aimed to investigate the roles of a multi-stakeholder network in planning organisational change for sustainable tourism. In order to achieve the research objective, the paper used the qualitative approach by analysing the case study area in Lombok Island, as one of famous tourist destinations in Indonesia. A series of interviews were conducted with various stakeholders related to sustainable tourism in Lombok, ranging from the experts, governments, local communities, tourism operators, tourists, and collaborative institutions.

Keywords: sustainable tourism, organisational change, planned change, stakeholder, network

ABSTRAK

Pariwisata telah tumbuh secara signifikan menjadi salah satu sektor yang menjanjikan untuk mengembangkan perekonomian. Sementara itu, kemajuan pariwisata yang terus berlanjut telah membawa dampak negatif terhadap lingkungan dan sosial. Konsekuensi buruk ini menuntut perubahan organisasi perencanaan dari pariwisata seperti biasa ke orientasi yang lebih berkelanjutan. Selain itu, diperlukan keterlibatan multi pemangku kepentingan untuk mencapai tujuan pariwisata yang berkelanjutan.

Pertanyaan yang muncul adalah: apa peran jaringan multipihak dalam merencanakan perubahan organisasi untuk pariwisata berkelanjutan? Banyak ilmuwan berusaha untuk mengeksplorasi manajemen perubahan dalam jaringan multipihak menuju pariwisata yang berkelanjutan, namun sebagian besar menggambarkan peran masing-masing pemangku kepentingan dalam jaringan multipihak dalam mencapai pariwisata berkelanjutan. Makalah ini bertujuan untuk menyelidiki peran jaringan multi-pihak dalam merencanakan perubahan organisasi untuk pariwisata berkelanjutan. Untuk mencapai tujuan penelitian, makalah ini menggunakan pendekatan kualitatif dengan menganalisis area studi kasus di Pulau Lombok, sebagai salah satu tujuan wisata terkenal di Indonesia. Serangkaian wawancara dilakukan dengan berbagai pemangku kepentingan terkait dengan pariwisata berkelanjutan di Lombok, mulai dari para ahli, pemerintah, masyarakat lokal, operator pariwisata, wisatawan, dan institusi kolaboratif.

Kata kunci: pariwisata berkelanjutan, perubahan organisasi, perubahan terencana, pemangku kepentingan, jaringan

Introduction

Since 1950 tourism has grown significantly becoming one of the promising sectors in developing the economy (Jóhannesson & Huijbens, 2010). The number of international tourist arrivals increased exponentially from 25 million in 1950 to 1,133 million in 2014 (World Tourism Organization, 2015b). The direct contribution of tourism to world Gross Domestic Product (GDP) grew from 2.9 percent of total GDP in 2013 to 3.1 percent of total GDP in 2014 (World Travel & Tourism Council, 2014, 2015). It was followed by the growth of export earnings, the amount of money spent by international tourists, from US$ 1.4 trillion in 2013 to US$ 1.5 trillion in 2014 (World Tourism Organization, 2015a). The tourism employment also increased from 3.4 percent of total employment in 2013 to 3.6 percent of total employment in 2014 (World Travel & Tourism Council, 2014, 2015).

However, tourism's continued progress has led to negative environmental and social impacts (Budeanu, 2005). Tourism activities have caused habitat loss, massive pressure on endangered species, land pollution, and the contamination of marine and coastal areas (Neto, 2003). Local identities have been lost when local people have adopted tourists' lifestyles (Stronza, 2001). Neto (2003) also highlighted that tourism contributed to a comparatively high rate of child worker and other social exploitation.

As a result, a paradigm shift to sustainable tourism, which "takes full account of its current and future economic, social, and environmental impacts", should be developed (United Nations Environment Programme & World Tourism Organization, 2005, p.12). Sustainable tourism can create a more sustainable future that promotes nature conservation, engages local communities (Hardy, Beeton, & Pearson, 2002), and reduces inequality and poverty in tourist destinations (Mbaiwa, 2005). Cucculelli & Goffi (2016) indicated that sustainable tourism improved the competitiveness of tourist destinations leading to regional economic development. These contributions of sustainable tourism on sustainable development have driven United Nations (2015) to adopt sustainable tourism as a part of Sustainable Development Goals in 2030.

Changes towards sustainable tourism were unplanned and hasty to obtain short term impacts (Briassoulis, 2002). The unplanned changes may lead to conflict among sustainable tourism stakeholders (McDonald, 2009). The protracted conflict has generated the inability of stakeholders to achieve sustainable tourism (Svendsen, 2005). Therefore, planning organisational changes (Lozano, 2012) in a more holistic approach that engage multi-stakeholders (Hardy & Beeton, 2001) towards sustainable tourism should be addressed.

Optimal collaboration between sustainable tourism stakeholders, such as experts, governments, local communities, tourism operators, and tourists, in planning

organizational change could be reached by setting up a multi-stakeholder network (Fadeeva, 2004b; Hardy & Beeton, 2001; Waligo, Clarke, & Hawkins, 2013). The multi-stakeholder network is primary and secondary stakeholders come together to achieve shared common goals (Fadeeva, 2004b). Cater, Garrod, & Low (2015) defined primary stakeholders as stakeholders who have direct influences on sustainable tourism development or are directly affected by sustainable tourism development, while secondary stakeholders are who have indirect leverages on sustainable tourism development or are indirectly affected by sustainable tourism development. The multi-stakeholder network could also be recognized as the organisational structure of a sustainable tourism destination (Waligo et al., 2013).

Change management within the multi-stakeholder network towards sustainable tourism has been studied (Hardy et al., 2002; Hatipoglu, Alvarez, & Ertuna, 2016; Law, De Lacy, Lipman, & Jiang, 2016). The roles of each stakeholder within the multi-stakeholder network in achieving sustainable tourism have also been discussed (Batta, 2000; Nyaupane, Morais, & Dowler, 2006; Sigala, 2008; Timur & Getz, 2009). Meanwhile, there have been few studies investigating the roles of the multi-stakeholder network in planning organizational change towards sustainable tourism. Therefore, this research focused on this gap, by aiming to answer the following research question:

What are the roles of a multi-stakeholder network in planning organisational change for sustainable tourism?

1. The following sub-questions were formulated to help answer the research question:

2. What types of organisational change for sustainable tourism have taken place in the multi-stakeholder network?

3. What have been drivers for sustainable tourism in the multi-stakeholder network?

4. What barriers to change to sustainable tourism have appeared in the multi-stakeholder network, and how have they been overcome?

5. What are the roles of each stakeholder in planning organisational change management of the multi-stakeholder network towards sustainable tourism?

6. How can the experiences of stakeholders help better plan a transition towards more sustainable tourism?

Conclusions

This research has given insight into planning organisational change management for sustainable tourism in the multi-stakeholder network. The findings showed that it was necessary to look into the multi-stakeholder network in planning organisational change management from tourism as usual to a more sustainability-oriented state. Market expectations, social media, national and regional policies, and self-awareness influenced the development of sustainable tourism. Moreover, the synergy among stakeholders was crucial to foster the sustainable tourism implementation within the multi-stakeholder network.

Although some factors drove the sustainable tourism development, the multi-stakeholder network still struggled with resistances to change. A lack of monitoring and evaluation, a lack of a sense of collective belonging, and a lack of commitment to continue the sustainable tourism programmes prevented the achievement of sustainable tourism goals. The limited strategies to overcome them led to the incongruity between the identified barriers to change and the applied strategies. The recognition of each stakeholder's ability in developing sustainable tourism helped to identify applicable strategies to reduce the incongruity. The experiences of the stakeholders in planning and implementing sustainable tourism also supported the stakeholders to execute appropriate strategies to reach the sustainable tourism goals.

The identification of planning organisational change aspects, such as types of change, drivers to change, barriers to change and strategies to overcome them, the roles of each stakeholder, and the roles of stakeholders' experiences in sustainable tourism attempted to answer the research question as formulated in the introduction: What are the roles of a multi-stakeholder network in planning organisational change for sustainable tourism? In managing planning organisational change, engaging various stakeholder groups within the multi-stakeholder network, helped to overcome barriers to change by bridging the ideas of various stakeholders to solve the sustainable tourism barriers that were not able to be overcome by the established institutions. The network was a coordinator for the stakeholders to integrate their resources and efforts in developing sustainable tourism. Therefore, the network would bring the change process to be a more sustainability-oriented state, and then it was expected to help a better institutionalisation process of sustainable tourism.

In this research, a new adaptation of the MuSIC memework by Lozano (2008a) that added a multi-stakeholder level was developed. A comparison of the MuSIC memeworks within multi-stakeholder networks between barriers to change and strategies to overcome them, assessed the stakeholders' awareness on barriers to change and strategies at the individual, group, organisational, and multi-stakeholder levels. The assessment results

revealed the incongruity between barriers to change and applied strategies leading to the development of long-term strategies for achieving a more sustainability-oriented state.

A comparison table of identified barriers to change and applied strategies completed the MuSIC memework within multi-stakeholder networks to find the discrepancy between barriers to change and strategies to overcome them. The comparison table resulted in short-term strategies to overcome unsolved barriers to change. The integration of short-term and long-term strategies to overcome the resistances to change was expected to help the incorporation process of sustainability within the multi-stakeholder network.

The comparison table of identified barriers to change and applied strategies to overcome them as a complement to the MuSIC memework within the multi-stakeholder network was also covered in a framework for organisational change management towards sustainability within multi-stakeholder networks, as shown in Figure 20. The framework was developed as an adaptation from the Orchestrating Change for Corporate Sustainability model designed by Lozano (2012). Instead of investigating an organisational change for sustainability inside an organisation, the new framework was designed to study the organisational change amongst diverse stakeholders within the multi-stakeholder network.

Fadeeva (2004b) and Waligo et al. (2013) identified experts, governments, local communities, tourism operators, and tourists as the members of the multi-stakeholder network for developing sustainable tourism. This research added collaborative institutions as one of the network's members. The collaborative institutions had various stakeholder members who had specific assignments to promote sustainable tourism, such as the synchronisation of the sustainable tourism programmes in a particular tourism area.

Collaboration between stakeholders within the multi-stakeholder network accelerated the planning organisational change process towards sustainable tourism. Some new factors were recognised influencing the sustainable tourism development. The sense of collective belonging completed the synergy among stakeholders and leadership within the network as the network characteristics that could foster the implementation of sustainable tourism within the network. In the locations that had a strong religious background, for example, Lombok, which had Islam religious background, religious leaders had significant roles to increase the stakeholders' awareness in implementing sustainable tourism because local people tended to implement their recommendations as religious values. Indigenous regulations were also added as the internal drivers that had functions to enforce inhabitants in conserving nature and preserving culture. The stakeholders further identified social media as the connecting driver that was used not

only to attract people's attention in wider areas, but also as a sustainability campaign tool to encourage the members of the network in implementing sustainable tourism.

Finally, it was found that the multi-stakeholder network was able to be a coordinator of the planning organisational change process towards a more sustainability-oriented state. In the planning process, the network coordinated the stakeholders to develop a shared common vision about sustainable tourism represented in a sustainable tourism master plan. The master plan included the synchronisation of sustainable tourism programmes and budgets among stakeholders. Afterwards, the network disseminated the master plan to broader communities to increase the stakeholders' awareness about sustainable tourism. The network also facilitated and trained the stakeholders in implementing sustainable tourism. When the stakeholders found cross-cutting issues in applying sustainable tourism, the network gave inputs for solving the issues. The network should provide some incentives for the stakeholders who actively participated in developing sustainable tourism. Monitoring and evaluation systems should also be developed by the network to give a holistic view of the implementation of sustainable tourism in the sustainable tourist destinations.

Although the research contributed to develop innovations in planning organizational change management for sustainable tourism within the multi-stakeholder network, some limitations appeared in the research. According to the Organisational Change Management for Sustainability within Multi-stakeholder Network Framework (Figure 5), the MuSIC memework assessed the stakeholders' awareness on barriers to change and strategies to overcome them in each stakeholder levels and its attitudes. However, the memework was still difficult to be used in investigating unsolved barriers to change. As a result, the comparison table of recognised barriers to change and applied strategies was used to identify short-term strategies to deal with unsolved barriers to change, while the comparison between MuSIC memeworks of barriers to change and strategies was used to develop long-term strategies in managing organisational change for sustainable tourism within the multi-stakeholder network, as shown Figure 20.

As can also be seen in Figure 5, the multi-stakeholder members were primary and secondary stakeholders of functional-based stakeholder groups (experts, governments, local communities, tourism operators, and tourists). The distinguish between primary and secondary stakeholders as influence-based stakeholders turned out useful for uncovering the roles of each functional-based stakeholder in managing planning organisational change for sustainable tourism within the multi-stakeholder network. Due to lack of resources, the distinguish between primary and secondary stakeholders was not particularly used in this paper for identifying types of change, drivers to change, barriers to change and strategies to overcome them, and the roles of stakeholders'

experiences within the multi-stakeholder network. Therefore, further researches of the framework should be investigated.

The investigation of planning organisational change management for sustainable tourism in the multi-stakeholder network led to some recommendations for developing sustainable tourism in Lombok. In the case study, self-awareness was identified as the main internal driver to influence people in developing sustainable tourism. Educations, training, and facilitations were done to increase people's awareness in Lombok. These activities should be continuously developed to raise stakeholders' awareness in implementing sustainable tourism.

In Lombok, the role of religious leaders was also important to increase people's awareness for conserving the environment and preserving culture. Thus, other leaders, such as governors, mayors or regents, community leaders, and business leaders, should support the religious leaders by providing sustainable tourism policies and regulations. The enforcement of the policies and regulations could be used to solve the emotional barriers to change by increasing fear of the stakeholders to implement sustainable tourism.

The collaboration among stakeholders would be effective when the stakeholders develop a multi-stakeholder network. However, a lack of a sense of collective belonging was seen within the sustainable tourism network in Lombok. Regular discussions to share a common vision among stakeholders and the engagement of all stakeholders within the network should be developed in raising the stakeholders' ownership of the sustainable tourism programs. The synergy among stakeholders within the network should also be promoted. An optimality of the programme synchronisation matrix that provides an integration of sustainable tourism programmes and budgets from all stakeholders could increase the synergy within the network. Meanwhile, the stakeholders in Lombok still had less commitment to implement the planned programmes and activities. An incentive and punishment system should be constructed to raise the stakeholders' commitment. Subsequently, monitoring and evaluation systems should also be developed to control the implementation of sustainable tourism and to provide inputs for the master plans.

As can be seen in the findings, tourists as one of the network's members were recognized a few drivers to change and strategies to overcome barriers to change for sustainable tourism. It could be because of lack of tourists' awareness to implement sustainable tourism. Therefore, some activities should be arranged in increasing their awareness. Social media could be used as a tool to achieve this goal. Campaigns about the benefits of sustainable tourism for the environment and local people could be promoted by social media and other promotion tools. Sustainable tourism facilities and accessibility

to sustainable tourist destinations should be developed to improve tourist satisfactions. Visitor surveys and suggestion boxes should also be provided by the sustainable tourism management to collect tourists' inputs for better managing sustainable tourism.

The barriers to change in managing sustainable tourism were also seen in the governments. The short-term constrains and less commitment of regional leaders to manage sustainable tourism hindered the achievement of sustainability goals. National policies and regulations should be developed to enhance the regional leaders' commitment. Regional policies and regulations should also be designed to reduce laziness of government officers in implementing sustainable tourism. Agreements among government bodies could be arranged to deal with overlapping governments' activities in managing sustainable tourism.

Conflicts among local communities also prevented the sustainable tourism implementation. A series of discussions to share a common vision could improve the awareness of local communities about sustainable tourism. Due to low income, some people chose a job that can make money quickly and ignore environmental and social aspects. Some job training and certifications should be arranged leading to empowerment of local communities.

Sustainable tourism certification programmes should also be developed for tourism operators. The certification programmes, along with sustainable tourism training, could reduce the destructions of the tourism areas by the tourism operators. Experts and collaborative institutions could provide the sustainable tourism certifications and training for the tourism operators. Thus, the collaboration of all stakeholders within the network in managing sustainable tourism is expected to solve the sustainable tourism barriers that were not able to be overcome by the established institutions.

The Effectiveness of Individual Performance Management System in Supporting Organisation Performance in Public Sector Organisation: Case Study of the Supreme Audit Board of The Republic of Indonesia

Efektivitas Sistem Manajemen Kinerja Individu dalam Mendukung Kinerja Organisasi dalam Organisasi Sektor Publik: Studi Kasus Badan Pemeriksa Keuangan Republik Indonesia

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ABSTRACT

The vast demand of performance information of public sector organisations as a result of the New Public Management and bureaucracy reformation in government agenda cannot be avoided. The supply, however, still insufficient to fulfil stakeholder requirement. In order to meet the demand and supply of performance information, an effective system needs to be built. Based on the view that organisational performance is affected by individual performance, the paper builds on the framework of effective Performance Management Systems (PMS) facilitators in world leading firms proposed by Biron et.al (2011). The framework is then used to analyze the system implemented in public sector organisations. Signaling theory is used to explain the facilitators function because it shows the process that need to be taken to achieve an effective system. This analysis demonstrates that with special and specific characteristics of public sector organisations, the facilitators, which are: (1) strategic and tactical elements; (2) senior manager's involvement in the process; (3) communication and (4) formally training performance raters of the individual PMS in the case institution is still need to be considered to build an effective system to support organisational performance.

ABSTRAK

Permintaan informasi kinerja yang besar dari organisasi sektor publik sebagai hasil dari New Public Management dan reformasi birokrasi dalam agenda pemerintah tidak dapat dihindari. Pasokan, bagaimanapun, masih belum mencukupi untuk memenuhi kebutuhan pemangku kepentingan. Untuk memenuhi permintaan dan penawaran informasi kinerja, dibutuhkan sistem yang efektif. Berdasarkan pandangan bahwa kinerja organisasi dipengaruhi oleh kinerja individu, makalah ini dibangun di atas kerangka fasilitator Sistem Manajemen Kinerja yang Efektif (PMS) di perusahaan terkemuka dunia yang diusulkan oleh Biron et.al (2011). Kerangka ini kemudian digunakan untuk menganalisa sistem yang diterapkan pada organisasi sektor publik. Teori signaling digunakan untuk menjelaskan fungsi fasilitator karena menunjukkan proses yang perlu dilakukan untuk mencapai suatu sistem yang efektif. Analisis ini menunjukkan bahwa dengan karakteristik khusus dan spesifik dari organisasi sektor publik, fasilitator, yaitu: (1) elemen strategis dan taktis; (2) keterlibatan manajer senior dalam proses; (3) komunikasi dan (4) secara formal melatih penilai kinerja PMS individual di institusi kasus masih perlu dipertimbangkan untuk membangun sistem yang efektif untuk mendukung kinerja organisasi.

Introduction

This paper will try to define and analyze the implementation of individual Performance Management System in the public sector organisations in Indonesia. It is intended to get a clear understanding of how the implementation of PMS affecting the organisation performance, especially with high demand comes from a bureaucracy reform era. For practical implication, this paper provides an analytical background on the effectiveness of MAKIN implementation in BPK RI's performance measurement. It will explain the relation and factors that need to be considered in implementing an effective performance management system so that BPK RI can build more effective and efficient systems to support its strategic objectives.

The Research Question in this study were:

a) What is the relationship between individual and organisational performance management system implemented in public sector organisation in Indonesia?

b) What are the factors that shaping effective implementation of performance management system implemented in public sector organisation in Indonesia?

As aforementioned in the previous subsection, the first objective of this research is to review the practice of individual performance management system in the context of public sector organisations in Indonesia whilst another objective is to identify the factors that are affecting its effectiveness on its contribution to the organisational performance. The first objective will only be discussing about the performance management system in public sector organisations in a specific government institution which is The Audit Board of the Republic of Indonesia. This report will not explain other similar implementation of performance management system in Indonesia. However, as Indonesian civil servant performance appraisal is ruled under the same regulation, this study can be used as a common ground to see the general applicability in other government institution. This is based on the experience that there were specific critics and comments regarding public sector or government institution performance. Moreover, the second objective related specifically to the internal implications, only internal factors will be discussed in this research as external factors relate to the government policy. Internal factors are factors that can be controlled or under management authorities, such as the employee, organisation policies and regulation. An external factors are a factors that beyond management authorities. In spite of this, external factors may also be used as additional and supporting information to the analysis of the system implemented.

This research will have an inductive qualitative research approach employing a single case study design. The quantitative and statistical method is possible, but not preferable

in this specific research for the properties of institutional environment reason. The case study approach is used because, especially for PMS study, the complex phenomena that may require intensive studies of the intended and actual use of various performance measures for different purposes (DiMaggio and Powell, 1983).

Data is gathered from 4 semi-structured interviews with the HR Department, especially, within Competency Development and Performance Appraisal Division as MAKIN manager in charge in headquarter and representative offices, Directorate Strategic Planning and Performance Management as SIMAK manager in charge in headquarter and representative offices and also a sample of raters and ratees from three different working units. Also with 2 systems administrators, 3 line managers and 17 samples of employees as a representatives of raters and rates.

This research already has legal permission from the head of HR at BPK RI's headquarter to do some interview and to collect some related data. Non-HR managers and staffs participate in this study was chosen randomly from the link that researcher previously known with criteria as follows: been assessed or assessing, served in more than one unit of work during the implementation of the system, and still active. There might be a risk of self-selection bias, however, in order to obtain an adequate response, time and distance limitation constraint; this was considered as the most feasible methodology.

The completed interviews were coded on two layers. First, based on stage of policy cycle theory which explains the process of the system implemented and then comes to details of the company's performance management practice objectives, senior management involvement, communication and rater training. Second, based on the interviewee job position as it needed to see the different perspective of the system. This second coding base will result in the problems and expectations of the system which then can provide insights on the overall system. The two layers of coding are used complementary to explain the system under signalling theory approach and further interpreted to produce findings.

The interviews with HR Department and Directorate Strategic Planning and Management Performance managers also reveal the internal process and procedure of BPK RI's management. The interviewees were chosen as they were the person in charge as compiler, administering and monitoring the system. There is possibility that the interviewees are hesitating to disclose the real situation or provide a diplomatic answers. Without diminishing the substance of the study, some sensitive issues concerning the internal management process will be limited disclosure.

Finding

Furthermore, according to Volberda (in Mollerman and Timmerman, 2002:95), organisation with innovation and learning used as performance indicator points, usually operate within highly dynamic environments with complex and indistinct process. BPK RI's HR-related KPI's and its achievement are measured as follows:

a. The employee meets required standards competencies measured by improvement of scholarships provided for employees to continue their education or to send employees for training, internship or secondment.

b. Meeting the standard training hours measured by the percentage auditors who has fulfilled the number of hours of training as much as 40 hours.

c. Employee job satisfaction index measured by a survey conducted by Nielsen Indonesia. Measurements dimensional including welfare, work environment, personal development opportunities, accommodation private interests, quality of facilities and infrastructure work, as well as the satisfaction of Communication and Information Technology.

In general, organisation strategic objective is the construction of a system that can align organisational goals and individual goals. Currently, BPK RI has a system that is supposed to be the means of achieving strategic objectives, but the system was not effective because of several factors as follow:

1. Employee are not aware with the system or they realized it existence with lack of understanding and permissive, as they assume it will not affect their personal interests. As Edwin Locke (1968) proposed with his goal-setting theory, it is management duty to set up their PMS on its employee minds. This means the management has not been able to deliver the message through a system which is a mean that can be done by an employee to achieve his goals which is also aligned with the organisation's goals.

2. As Goh (2012) argued that "For measurement or appraisal to be effective, conditions need to be set. They are managerial discretion, a learning and evaluative organisational culture and stakeholder involvement". So, when employees do not feel any connection between his personal goals with organisational goals, they will carry out system as a formality only, without any effort or motivation to improve their performance. The fact that they now have a target to be achieved and working plan does not automatically shift their attitude. They still regard their target as an organisation target. In addition, they

have a different understanding about the structure and process of the system itself.

The tactical objectives that want to be achieved is the results obtained from the system that can be used to support achieve the goals.

The results of individual PMS are information about employee performance, however, until now this information cannot be effectively used because of at least three of the following reasons:

1. Individual PMS currently applied in case institution is based on government rules. Although management has tried to harmonize the general system with the special requirement of existing conditions in the organisation, namely the functional tasks of auditors, but the implementation is still far from perfect

2. The structure of the performance assessment, as the main aspect of performance management is still considered to be subjective and do not reflect the actual performance of employees.

3. From performance management framework, the output of individual PMS should be input for organisational PMS, however, due to the different structure and format it is not easy to directly use that information. Required more effort, mapping over the points generated by individual PMS to be used by organisational PMS.

4. Furthermore, as measured through the achievement of KPI established and agreed upon by each working unit, suitability between the information generated by individual PMS cannot meet the specific needs of a particular working unit's KPI.

5. Under expectant theory (Victor Vroom, 1964) the trigger that moves people come from something they expect to happend in the near future. Nevertheless, employees cannot see clearly the benefits from this system. They were informed that this system can help in their future careers. Their performance will be assessed and determining promotion, transfer and includes rewards they will receive. However, to date, uncertainty of the mechanism and relationship between the information produced by the system and determination to get those three things make employees are sceptical of this system.

Based on the interview with sample employee and managers, the role of senior management is very important. At least three senior manager's roles that determine the effectiveness of this system are as follows:

1. Senior manager's role in motivating and facilitating employees to improve their performance. Senior management who only focuses on the achievement of KPI often ignores the condition of the employees.

   For example, a working units's KPI is usually more related to the technical aspects such audit. However, due to the high frequency of audit work, it is causing employees to not have enough time to get additional training and assessments required for capacity building and promotion.

   Yet, at the same time, the actual performance of working units also measured the capacity of its human resources.

   Senior manager who can provide opportunities and create conducive conditions for employees to work, automatically motivates employees to work better.

2. In addition, the mechanism to determinate KPI also allows senior management to form their working unit's KPI's. It can lead to performance indicator that not fully assess the real performance of the organisation. Performance of the organisation itself should be viewed from the outcome, namely the effects, rather than the output and the results of the work.

   For example, the output of an organisation's activities are carried out can be seen the report but the actual performance of whether the report took effect, changes or causes the fulfilment of organisational goals.

3. Senior managers who assign work based KPI unit of output may result to the information that is produced cannot be used to describe the actual performance of the work unit and ultimately the performance of the organisation.

   A good system of PMS is a system that can provide a positive change after applied. Changes can be made if the system is monitored and continuously evaluated for its effectiveness. The evaluation of the system and information produced by the system if implemented, will result in an effective system. However, since the system is seen only as a formality, then the matter is formality evaluation. The senior management involvement is needed to be able to push the system evaluation. There is a reward system exist but no punishment system that makes the working unit less motivated.

In regard to performance management system implementation, there are two communication needed to be discussed. The first is how the system being communicated to the employees. The HR Department as the managing department need to socialise the system through various means in order to raise employee's awareness.

The second is the communication between line managers and employee. Line managers are a forefront on the system implementation as they are the one who comes face to face with employee on a daily basis. They are, in this case, the one who are given the roles to assess, coach and consult the employee in the first chance.

It needs to be taking as an important consideration in the performance management design and operating about their roles. Organisation should gain their commitment and ensuring that they engaged with the system and have the skills required. As important as it is expected because employee perception of the system also influenced by line managers or rater performance. As evident from the interviews, most of the interviewee considers the assessment still subjective and with different perspectives. While the factor of the system structure was also concerned, the line manager's discretion of the system is also unavoidable.

Conclusion

The demand on a good governance information of public sector organisations in Indonesia has increased as a result of the reformation bureaucracy program. In consequences, the government institution required to demonstrate a high performance along with the incentives given. PMS is used as a mean to accelerate government performance and provides the information needed. And, the system need to be implemented effectively to meet its objectives.

The system depends on several elements to make it effective, namely characteristics, culture, supporting policies, structure and especially the human resources. Individual PMS in BPK RI is part of Human Resources Management Plan that established to improve the professionalism of BPK RI's human resources and also as a mean to align between organisational performance with an employee's role and function.

Based on the evidence from studies discussed in the previous chapter, the individual PMS implemented in BPK RI is still ineffective to support organisational PMS. The system's structure and mechanism inhibit its enabler function to provide performance information needed.

The main objectives of the system is to change employee behaviour or action that can influence its performance. However, it was difficult to achieve when employee does not have enough understanding and reasons to engage with the system and eventually motivate them to act as expected. The system inability to link organisation objectives with employee's objectives becomes the main issue in this case.

There are some point of interest that we can draw from and give recommendation based on the finding and discussion above, they are as follow:

1. Prominently, most of the respondents interviewed had been expressed their concerns on the subjectivity of the assessment process, the system designed need to put more attention on the line managers training. This can be used as a mean to shaping the mind set and uniform understanding of the line managers on the function and purpose of the system. In addition, it can also affect the perception of employees. For example, when employees had objective assessment, they will work better

2. The coherence between information produced by individual PMS with information needed by organisational PMS need to be built. As for now, the government regulation is binding the structure of the assessment but not the system as a whole. So, there still has a room for HR Department to develop the content and mechanism that suitable and fulfil the need of the organisation. The resistance and time needed will probably become major obstacles since employees do not want any more complicated system and the urge of performance information is in immediate. However, a big leap comes from a small steps. The key here is to change the employee's mind set of what does their performance mean. Even though to see the real result of the performance management does takes time, however, management can start from now on by utilizing this limited system to change at least employee's mind on it with the involvement of senior management.

3. It also important to put reward and punishment scheme in a clearer awareness and understanding of the employees. It needs coordination and efforts with other departments; however, if the scheme is run consistently, employees will likely take it seriously. This is actually what the organisation needs to be pay attention since the effectivity of the system lies on the organisation objectives that align with individual objectives.

4. Coordination between departments within organisation is necessary to confirm the activities. Employee's right and obligations on career development can be settled at the stage of KPI's determination. This is related with how organisation sets strategic and tactical objectives that align with the employee's individual objectives as one of the prerequisites to allow the system to be effective. In addition, the implementation of Individual Development Activity (API) in the assessment centre, which basically is the process of coaching and consulting, can be included in individual performance management process (where) its scope can be extended not only to the limited feedback from the assessment, but also feedbacks on the activities / performance of employees.

The Readiness of Indonesia Micro, Small and Medium Enterprises in Clothing Industry to Face ASEAN Economic Community

Kesiapan Usaha Mikro, Kecil dan Menengah dalam Bidang Industri Pakaian di Indonesia untuk Menghadapi Masyarakat Ekonomi ASEAN

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ABSTRACT

As we approach the end of 2015, the launch of the Association of Southeast Asian Nations' Economic Community (AEC) is drawing closer. There will be openness regarding the trade of goods, services, capital and labour, and as a consequence all citizens of the Association of Southeast Asian Nations (ASEAN), in particular business people, should be ready to welcome the new system. Micro, small and medium enterprises (MSMEs) are the backbone of Indonesia's economy, contributing more than 59% of the GDP, is one that will get impact of the system. One of the most important industries in Indonesia is the clothing industry, and so this research assesses the readiness of the Indonesia MSME clothing industry to face the AEC. There are three research questions in this study that focus on the impact, both positive and negative, of the AEC on the MSME clothing industry in Indonesia, the readiness of the MSME and the plans related to the start of the AEC. Utilising a questionnaire as the main research tool, a mixed-method approach was adopted to answer the research questions. The results of this study show the confidence and readiness of MSMEs to face the AEC. Their awareness of the AEC, which provided them with adequate information and time for preparation, they viewed the AEC positively and have seen it as an opportunity to expand their businesses, though there is some worry about the invasion of business people from outside the country. The readiness level per company can be estimated using an equation on the data acquired from the survey.

Keywords: ASEAN, AEC, MSME, Indonesia, Clothing, Readiness, awareness, Preparation, Future Plan

ABSTRAK

Ketika kita mendekati akhir 2015, awal Asosiasi Masyarakat Ekonomi Asia Tenggara (AEC) semakin dekat. Akan ada keterbukaan mengenai perdagangan barang, jasa, modal dan tenaga kerja, dan sebagai konsekuensinya semua warga ASEAN, khususnya kalangan pengusaha, harus siap menyambut sistem baru tersebut. Usaha mikro, kecil dan menengah (UMKM) merupakan tulang punggung perekonomian Indonesia, memberikan kontribusi lebih dari 59% dari PDB, adalah salah satu yang akan mendapat dampak dari sistem tersebut. Salah satu industri yang paling penting di Indonesia adalah industri pakaian jadi, sehingga penelitian ini menilai kesiapan industri pakaian UMKM untuk menghadapi AEC. Ada tiga pertanyaan penelitian dalam penelitian ini yang fokus pada dampaknya, baik positif maupun negatif, dari AEC pada industri pakaian UMKM di Indonesia, kesiapan UMKM dan rencana yang terkait dengan dimulainya AEC. Dengan menggunakan kuesioner sebagai alat penelitian utama, pendekatan metode campuran diadopsi untuk menjawab pertanyaan penelitian. Hasil penelitian ini menunjukkan kepercayaan dan kesiapan UMKM untuk menghadapi AEC. Kesadaran mereka akan AEC, yang memberi mereka informasi dan waktu persiapan yang memadai, mereka memandang AEC secara positif dan melihatnya sebagai peluang untuk memperluas bisnis mereka, meskipun ada kekhawatiran tentang serbuan pelaku bisnis dari luar negeri. Tingkat kesiapan per perusahaan dapat diperkirakan menggunakan persamaan pada data yang diperoleh dari survei.

Introduction

The Association of Southeast Asian Nations (ASEAN) is an organisation, as its name suggests, with Southeast Asian countries as its members. It was established in 1967 with only five members, but the organisation now has ten participating states. ASEAN has for decades allowed the member states to develop and maintain their economies within a peaceful region. To enhance the harmony between the ASEAN member states (AMSs), in 2003 the ASEAN committee decided to form three pillars or communities, which are the ASEAN Political-Security Community, the ASEAN Socio-Cultural Community and the ASEAN Economic Community (AEC).

In 2007, an initiative that focused on one of these pillars, the AEC, was adopted in order to strengthen the community, and this was the ASEAN Economic Blueprint. In themaster plan, the AEC foresaw the key characteristics: (a) a single market and production base, (b) a highly competitive economic region, © a region of equitable economic development and (d) a region fully integrated into the global economy (ASEAN, 2012). From the blueprint, it can be seen that the AEC area of cooperation was designed to recognise professional qualifications, narrow consultation on macroeconomic and financial policies, improve trade financing measures, refine infrastructure and communications connectivity, increase electronic transactions through e-ASEAN, integrate industries between ASEAN members to promote regional sourcing and increase private sector participation in the establishment of the AEC. In other words, the AEC will ensure the free flow of goods, services, investment, skilled labour and capital among the AMSs (ibid). This also means that the AEC will reduce the trade barriers between the members.

To face the AEC, which will begin in December of 2015, every industry within the AMSs must be prepared for the resulting competition, and this includes the micro, small and medium enterprises (MSMEs), which play an important role in building the economy of each AMS. Indonesia is one of the founding countries, and it is the most populous in the region and has abundant natural resources. The MSME sector in Indonesia contributes 59% of the GDP (ibid), which is the largest in the region. Therefore, awareness and preparation is vital to ensure the survival of the MSME industry and to spur growth in the Indonesian economy. However, there only a few people who understand and are aware of the AEC. This issue is not unfamiliar to many Indonesian people, including those with MSMEs (ER, Herdiyati & Astuti, 2014). However, awareness is one of the key factors for the success of the AEC, as it will have both a direct and indirect impact on the industry. Therefore, AEC implantation requires the involvement of the various stakeholders, such as the government, business people and ASEAN citizens (ASEAN Blueprint, 2007).

There are several previous studies that discuss Indonesia's readiness for welcoming the AEC. The Indonesia government also developed guidelines for AEC participation in the form of the President of Indonesia's Instruction No. 32 in 2011. However, there are no publications regarding the implementation of the guidelines. In addition, most of the studies discuss general MSME actions regarding the AEC, but none of these specifically investigate the MSME industry. The clothing industry has been chosen because it meets a basic human need, along with food and a place to live. Therefore, the clothing industry will never lose its consumers. Moreover, in this era of globalisation, the Indonesian clothing industry is known for its high quality and low prices. Hence, awareness and preparation are important for MSMEs in this industry, as these will lead to readiness. The aim is to assess the extent to which the entrepreneurs understand the potential advantages and disadvantages of AEC implementation and their future plans, since this industry is the backbone of Indonesia.

Based on the background above, this research will answer the following questions:

a. To what extent are entrepreneurs aware of the AEC?
    •   Potential benefit: *When the AEC is fully established, what benefits will it bring to MSME clothing industry?*
    •   Potential loss: *When the AEC is fully established, what losses will it bring to MSME Clothing industry?*

b. If the benefits and losses related to the AEC are understood, what is the entrepreneurs' strategy regarding fierce competition within the region?
    •   Short-term plan
    •   Medium-term plan
    •   Long-term plan

c. Are Indonesian MSMEs ready to deal with the AEC based on their awareness, preparations and future plans?

The AEC is a new system that will change not only the economy but also the way of life for ASEAN citizens. Therefore, it is very important to increase knowledge about the AEC, especially with regard to one of the most economically important industries, which more than 90% company in Indonesia is MSME, this type of companies are a vital part of the economy. This research seeks to determine the extent of MME business owner's knowledge and understanding of the AEC and its implementation, as there are only few months left before this revolutionary system is implemented. Hopefully, this research will provide insights not only for entrepreneurs in the clothing industry and other industry but also for other stakeholders, such as the government and loan funders

(banks), about the potential response to the AEC. Strong coordination between related stakeholders will strengthen the Indonesian people as they adapt to this system.

To answer the research questions, the primary data will be collected from the respondents: entrepreneurs and owners of clothing businesses in Indonesia. The data will be analysed using an exploratory approach (which will be described in detail in Chapter 3). In this dissertation, the background and research questions will be presented in Chapter 1. Chapter 2 will review the theoretical context of the AEC and its single market and how Indonesia will be competitive within the AEC, while it will also discuss MSMEs and their development within a specific industry, which is the clothing industry. This research will use a deductive methodology, moving the discussion from general assumptions by adopting a more precise approach, which will be discussed in Chapter 3 alongside the hypothesis, the research strategy and the data collection. Chapter 4 will present the analysis of the data, and the data results will be discussed. The conclusion and the author's recommendations will be presented in Chapter 5. Chapter 6 comprises the bibliography, referencing the books, journals, reports, and other resources referred to in this report.

Conclusion

The results of this research indicate that most Indonesian MSMEs are ready for the AEC. Even with partial knowledge of the AEC, they are optimistic that the AEC will create more opportunities for their businesses based on new connections, networking and sales abroad. However, there is some concern that it will also expose the local markets to a foreign inrush. To deal with this, continual innovation is the strategy of choice. In the mind of the Indonesian MSME owner, Malaysia will be the first target for medium-term expansion due to the similarities in culture. In the short-term, they will focus more on internal development and the quality of their product. In the long run, they hope to open branches abroad while becoming leaders in the local markets.

The readiness level of each company can be determined by the probabilities from the logistic regression test. This test uses three factors—awareness, preparation and expansion plan—as independent variables. The result is an equation that can forecast the readiness level.

The secondary data gather in this research are too general and do not meet the specific needs of providing a foundation. Hence, the data only provides fractional information gathered from various data and selected by the researcher according to availability and suitableness for the research.

This research only studied the readiness of Indonesian MSMEs for the AEC by looking at three factors: awareness, preparation and expansion plan. It would be interesting to look at other factors that could influence readiness, such as support from the government and funding.

Furthermore, this research studies MSMEs in general without being divided into specific groups. One of the reasons is because of the limitations of the survey tools and the respondent sample. To gather the necessary number of respondents would require a proactive approach and more time. Therefore, the results indicate readiness for the AEC in clothing MSMEs in Indonesia. Further research could deal with these limitations and determine whether each group (micro, small and medium) are ready to deal with the AEC.

The Relationship between Flexible Working Hours and Productivity, Job Satisfaction, Motivation of Employees, and Stress Level of Employees at The Audit Board of the Republic of Indonesia

Hubungan antara Jam Kerja Fleksibel dan Produktivitas, Kepuasan Kerja, Motivasi Karyawan, dan Tingkat Stress Karyawan Di Badan Pemeriksa Keuangan Republik Indonesia

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ABSTRACT

A lot of advantages can be taken by implementing flexible working hours in organisation such as a more productive and efficient organisation; minimize level of absence, sickness, and stress; the best suit working hours for employees and its customers; a more motivated workers. Because of positive impact that results by doing flexible working hours, The Audit Board of the Republic of Indonesia has just implemented this model of flexible working from November 2014.

The Aim of this research is to evaluate about relationship between flexible working hours, with productivity, job satisfaction, motivation of employees, and stress level of employees at The Audit Board of The Republic of Indonesia. Therefore, there are 4 (four) objectives of this research, namely examine relationship between flexible working hours and productivity; Examine relationship between flexible working hours and job satisfaction; Examine relationship between flexible working hours and motivation of employees; Examine relationship between flexible working hours and stress level of employees. All of objectives are done through literature review and primary research.

In order to do so, it gives overview of the currently literature related flexible working hours and its relationship with productivity, job satisfaction, motivation of employees, and stress level of employees. And then analyses 60 employees of The Audit Board of the Republic of Indonesia to answer the research question through quantitative research method. The Study finds out that positive relationship only happen to flexible working hours and job satisfaction. Whereas, relationship between flexible working hours to productivity, motivation of employees, and stress level of employees have non-significant correlation.

Keywords: flexible working hours, productivity, job satisfaction, motivation, stress level of employees

ABSTRAK

Banyak keuntungan dapat diperoleh dengan menerapkan jam kerja yang fleksibel dalam organisasi seperti organisasi yang lebih produktif dan efisien, Meminimalkan tingkat ketidakhadiran, sakit, dan stres, Jam kerja sesuai terbaik untuk karyawan dan pelanggannya, Pekerja yang lebih termotivasi. Karena dampak positif yang dihasilkan dengan melakukan jam kerja yang fleksibel, Badan Pemeriksa Keuangan RI baru saja menerapkan model kerja fleksibel ini mulai November 2014.

Tujuan dari penelitian ini adalah untuk mengevaluasi hubungan antara jam kerja yang fleksibel, dengan produktivitas, kepuasan kerja, motivasi karyawan, dan tingkat stres pegawai di Badan Pemeriksa Keuangan Republik Indonesia. Oleh karena itu, ada 4 (empat) tujuan dari penelitian ini, yaitu meneliti hubungan antara jam kerja fleksibel dan produktivitas; meneliti hubungan antara jam kerja yang fleksibel dan kepuasan kerja; meneliti hubungan antara jam kerja yang fleksibel dan motivasi karyawan; meneliti hubungan antara jam kerja yang fleksibel dan tingkat stres karyawan. Semua sasaran tersebut dicapai melalui kajian literatur dan penelitian primer.

Penelitian ini memberikan gambaran tentang jam kerja fleksibel yang terkait dengan literatur dan hubungannya dengan produktivitas, kepuasan kerja, motivasi karyawan, dan tingkat stres karyawan. Kemudian dilakukan analisis terhadap 60 pegawai Badan Pemeriksa Keuangan Republik Indonesia untuk menjawab pertanyaan penelitian melalui metode penelitian kuantitatif. Studi tersebut menemukan bahwa hubungan positif hanya terjadi pada jam kerja dan kepuasan kerja yang fleksibel. Sedangkan hubungan antara jam kerja yang fleksibel terhadap produktivitas, motivasi karyawan, dan tingkat stres karyawan memiliki korelasi yang tidak signifikan.

Kata kunci: jam kerja yang fleksibel, produktivitas, kepuasan kerja, motivasi, tingkat stres karyawan

Introduction

There has been some evidence that proved a lot of companies or organization with different kind of industries to change fixed working hours in tendency to allow employees manage their working hours by themselves. These type of working hours models have been known as flexible working hours, flexi-time, or flextime (Barney and Elias, 2010). A lot of advantages can be taken by implementing flexible working hours in organisation such as a more productive and efficient organisation; minimum level of absence, sickness, and stress; the best suit working hours for employees and its customers; a more motivated workers; an extensive applicants can be interested for vacancies. This is corroborated by CIPD 2012's report about 'Flexible working provision and uptake' found approximately 72 percent of the employers in United Kingdom surveyed believed that by implementing flexible working hours had positive impact to staff engagement and 73 percent aware it also had positive impact on motivation of employee (www.acas.org.uk).

Due to the positive impact of doing flexible working hours, The Audit Board of the Republic of Indonesia has just implemented this model of working hours from November 2014. This organisation is one of public sector organisation which has core function as an independent auditor for all government institution in Indonesia that occupied state budget. By performing flexible working hours in its institution, The Audit Board of the Republic of Indonesia expect an increase of performance and motivation of their employees which, in return, will give positive impact to organisation. This research will focus on analysing effectiveness of using flexible working at The Audit Board of the Republic of Indonesia which will be explain more detail in the aims and objectives sub section below.

The aim of this research is to evaluate relationship between flexible working hours, with productivity, job satisfaction, motivation of employees, and stress level of employees at The Audit Board of The Republic of Indonesia.

Based on the descriptive and research aims mentioned previously, this study will endeavour to explain the following research questions:

a. What is the overall relationship between flexible working hours and productivity at The Audit Board of the Republic of Indonesia?

b. What is the overall relationship between flexible working hours and job satisfaction at The Audit Board of the Republic of Indonesia?

c. What is the overall relationship between flexible working hours and motivation of employee at The Audit Board of the Republic of Indonesia?

d. What is the overall relationship between flexible working hours and Stress level of employee at The Audit Board of the Republic of Indonesia?

Based on the research question, the objectives will be divided into a few points:

*   Examine relationship between flexible working hours and productivity at The Audit Board of The Republic of Indonesia through literature review and primary research.

*   Examine relationship between flexible working hours and job satisfaction at The Audit Board of The Republic of Indonesia through literature review and primary research.

*   Examine relationship between flexible working hours and motivation of employees at The Audit Board of The Republic of Indonesia through literature review and primary research.

*   Examine relationship between flexible working hours and stress level of employees at The Audit Board of The Republic of Indonesia through literature review and primary research.

This study is significant because flexible working hours is currently new implemented at The Audit Board of The Republic of Indonesia. Several points of recommendation that generated from findings of this research could be positive suggestion in pursuance of effectiveness of implementation flexible working hours in this organisation.

Discussion

The first hypothesis stated there will be a positive relationship between flexible working hours and productivity at The Audit Board of the Republic of Indonesia. From the result of study, on contrary, it found non-significant correlation between those variables. It meant relationship between flexible working hours and productivity was not significant. This finding was different with most recent study from previous research that found in literature review (Chow and Keng-Howe, 2006; Menezes and Kelliher, 2011; Wood and De Menezes, 2007). But it was consistent with Meyer et al. (2001) that said at some organisation, profit or performance were not related to flexible working arrangement. This could be happen because employee did not fully aware of advantages of flexible working hours. Another reason was time of implementation. As mentioned before, flexible working hours was started on November 2014. It can be seen implementation of flexible working hours less than one year in The Audit Board of Indonesia. It might need more time to see benefits of flexible working hours happen effectively.

The second hypothesis sought to examine the relationship between flexible working hours and job satisfaction at The Audit Board of the Republic of Indonesia. The results of findings, there was a weak positive relationship between flexible working hours and overall job satisfaction. This finding was consistent with most of result on literature review (Forsyth and Polzer-Debruyne, 2007; Solanki, 2013). This might happen because employees at The Audit Board of The Republic of Indonesia already satisfied by working in that institution. With additional flexible working hours practices, it would increase the job satisfaction of employees.

The third hypothesis stated there will be a positive relationship between flexible working hours and motivation of employees at The Audit Board of the Republic of Indonesia. From the finding of study, as opposite, it found non-significant correlation between those variables. This was inconsistent with most findings in literature which found significant relationship between flexible working hours and motivation of employees (Parker et al., 2001; Kalber and Cenker, 2008). This might be happen because of different interest between management and staff at The Audit Board of The Republic of Indonesia. Flexible working hours may have positive impact to staff but it can make difficulty for management such as loss control or influence over work, problems in scheduling work, communication with co-worker, and coordinating meeting (Golembiewski and Prohl, 1978).

The fourth hypothesis stated there will be a positive relationship between flexible working hours and stress level of employees at The Audit Board of the Republic of Indonesia. The finding result indicated there was non-significant correlation between this two variables. As hypothesis 1 and 3, hypothesis 4 also was inconsistent with previous research results in literature that found positive relationship between flexible working hours and stress level of employees (Almer and Kaplan, 2002). This might be happen because implementation of flexible working hours in The Audit Board of The Republic of Indonesia apply control of work scheduling is by employer. Consistent with Costa et al. (2004), they found the most significant impact on health and well-being to flexible working hours when control of work scheduling was by employee.

Conclusion

The overall objectives of this research was to examine the relationship between flexible working hours with productivity, job satisfaction, motivation of employees, and stress level of employees at The Audit Board of The Republic of Indonesia.

Based on literature review, the researcher have four hypotheses in this study that stated all of four relationship between flexible working hours to productivity, job satisfaction, motivation of employees, and stress level of employees had positive relationship.

From findings chapter, the result of this study only accepted one research hypothesis that had significant positive relationship which was relationship between flexible working hours with job satisfaction and rejected other hypotheses. Three other hypotheses such as relationship between flexible working hours to productivity, motivation of employees, and stress level of employees had found non-significant relationship of them. It means implementation of flexible working hours at The Audit Board of The Republic of Indonesia might not be operating effectively and caused the purpose of institution for applying flexible working hours were also not achieved. Some issues that could be reasons of this were duration implementation of flexible working hours and socialisation. As stated before, flexible working hours was only started less than a year. It still needed more adaptation not only for employees as users but also human resource department as operator. Socialisation the implementation of flexible working hours to all workers were also needed to inform its advantages for achieving understanding of employees about that program. With resolving these issues, it might increase implementation of flexible working hours.

Because 3 of 4 research hypotheses were not accepted, the researcher needed to change the conceptual frame work that already mention in chapter two by deleting significant relation between flexible working hours to productivity, motivation of employees, and stress level of employees. The New conceptual framework of this study:

Recommendation that might be offers to The Audit Board of The Republic of Indonesia to improve implementation of flexible working hours were:

- Inform flexible working hour program well to overall employees (including benefits and how to apply this practices);

- Human resources department actively support the implementation of flexible working hours;

- Collect feedback from employees about implementation flexible working hours to improve it in the future.

When the results slightly different with previous study, the researcher believed it happened because the limitation of data that can be collected. There are some limitation that was founded in this research. Firstly, the small sample size is the biggest concern for this study. Due to the time limitation, a sample of 60 participants is quite small compare

to total 6416 employees of The Audit Board of The Republic of Indonesia recently. Plus the additional demand for the difference background, which make the scope of research quite narrow. The reason of hypotheses in this study could not be similar with previous research might be because of the lack of larger number of respondents. Secondly, the limitation of time to complete this study will make the result are less comprehensive. Next limitation, the standard designed question sometimes are not able to reflect how people really feel about the topics because of difference culture on each places. Fourth, some inherent disadvantages of quantitative research method cannot be avoided in this research. For example, the numerical description provides less narrative accounts of people's perception for the research, which may be an obstacle to analyse in-depth causes. And the last, Lack of experience and practical knowledge on handling questionnaire survey and processing statistical analysis are affecting the findings.

To address the fifth aspects of limitation, several suggestions were given for future research. First, future research can be conducted with larger respondents and longer time period to make sure all the data have representing all of population of the research. It will help to get the convincible and precise of results. Secondly, for future research can not only examine about flexible working hours but expanded to other work life balance factor such as home working, parental leave, personal leave, job sharing to enrich the result of research.

Foreign Direct Investment from Russia to Indonesia: The Role of Institutions

Investasi Asing Langsung dari Rusia ke Indonesia: Peran Lembaga

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ABSTRACT

Russia has transformed into a transition economy which contributes to 6.7% of global capital movements in 2013 (UNCTAD, 2014, p. 205). This phenomenon creates a vision that Russia is a potential source of Foreign Direct Investment (FDI) for Indonesia. However, the data reveal that investment from Russia to Indonesia is only USD 3.6 million in 2014 (BKPM, 2014, p. 20). This value is relatively small compared with the total outward flow of FDI from Russia (UNCTAD, 2013). The most central question is whether Indonesia is a friendly destination for Russian FDI. This research is conducted to understand the perspective of Russian business people towards the institutions related to investment in Indonesia.

A positivism approach is selected to answer the research question. The selection is based on the assumption that there is a relationship between FDI flows and several independent variables. This assumption enables the researcher to construct hypotheses. The secondary data are collected from reliable resources, and the Pearson correlation analysis is employed to prove the hypotheses.

In summary, there are correlations between institutions related to investment in Indonesia and FDI flow from Russia. These correlations show the perspective of Russian business people towards institutions in Indonesia. Institutions, such as protective regulations on market access, restrictive regulations on natural resources, reputation of Russia and culture of corruption in Indonesia are preferable for Russian investment. On the other hand, public trust to politician, law enforcement and economic policy in Indonesia are less preferable.

Key words: FDI, institutions, perspectives of Russian business people.

ABSTRAK

Rusia telah berubah menjadi ekonomi transisi yang menyumbang 6,7% dari pergerakan modal global pada tahun 2013 (UNCTAD, 2014, hal 205). Fenomena ini menciptakan visi bahwa Rusia adalah sumber potensial Investasi Langsung Asing (FDI) untuk Indonesia. Namun, data tersebut mengungkapkan bahwa investasi dari Rusia ke Indonesia hanya Rp 3,6 juta pada 2014 (BKPM, 2014, hal 20). Nilai ini relatif kecil dibandingkan dengan total arus keluar FDI dari Rusia (UNCTAD, 2013). Pertanyaan paling utama adalah apakah Indonesia adalah tujuan yang ramah untuk FDI Rusia. Penelitian ini dilakukan untuk memahami perspektif pelaku bisnis Rusia terhadap institusi terkait investasi di Indonesia.

Pendekatan positivisme dipilih untuk menjawab pertanyaan penelitian. Pemilihan didasarkan pada asumsi bahwa ada hubungan antara arus FDI dan beberapa variabel independen. Asumsi ini memungkinkan peneliti membuat hipotesis. Data sekunder dikumpulkan dari sumber terpercaya, dan analisis korelasi Pearson digunakan untuk membuktikan hipotesis. Singkatnya, ada korelasi antara lembaga terkait investasi di Indonesia dan arus FDI dari Rusia. Korelasi ini menunjukkan perspektif pengusaha Rusia terhadap institusi di Indonesia. Institusi, seperti peraturan perlindungan mengenai akses pasar, peraturan ketat tentang sumber daya alam, reputasi Rusia dan budaya korupsi di Indonesia lebih baik untuk investasi Rusia. Di sisi lain, kepercayaan publik terhadap politisi, penegakan hukum dan kebijakan ekonomi di Indonesia kurang disukai.

Kata kunci: FDI, institusi, perspektif pengusaha Rusia.

Introduction

Foreign direct investment (FDI) has become a driver of economic growth, and for this reason, many countries are competing to attract FDI as much as possible. As developing economy, Indonesia is struggling to achieve its national growth target, thus it is striving to be a magnet for FDI from worldwide. Indonesia has been welcoming global FDI from developed countries for several decades. However, as the global economic has changed over time; Indonesia has to realize that emerging economies, called BRICS (Brazil, Russia, India, China and South Africa) have also taken part in the global capital movement.

In this research is suitable mainly for governments, particularly for officials in investment related organizations. This research is intended to enhance the knowledge on the characteristic of FDI from Russia, because the competition among countries in ASEAN region compels Indonesian government to acquire an accurate and innovative strategy to attract more investments from Russia. In addition, findings from this research may also become input for other organizations to support government efforts for increasing FDI flow from Russia. As a result, the outcome of this research is mostly suitable for Indonesian government officials.

The Objective for this study were To understand the role of institutions in attracting FDI, *Second*, To understand perspective of Russian business people towards institutions related to investment in Indonesia.

Based on the above explanations, the researcher assumes that this research should be conducted by positivism paradigm. The selection is based on the assumption that the object is a phenomenon in the context of economic problem which can be observed based on numerical data. Secondly, the researcher assumes that the phenomenon is caused by external forces, which in turn, creating causal relationships between them. According to the literature review, the external forces are identified as institutions, and the phenomenon is identified as FDI flow from Russia. Moreover, employing positivism paradigm enables the researcher to have an outsider's point of view to produce objective results. Hence, it is imperative that the adoption of positivism paradigm in this research is suitable to answer the research question.

This research is structured into a longitudinal study. The design enables researchers to measure similar objects in a number of observations (Collis and Hussey, 2014 p. 64). Furthermore, the authors explain that this measurement is intended to address the changes and dynamics of the phenomenon understudied, such as changes in economic or financial phenomenon. This option also creates several benefits because the researcher can use secondary data published by governments or agencies. Moreover,

by employing secondary data such as export or import data, exchange rates and economic growths; this research can be conducted in a relatively short period (*ibid*. p 64). Therefore, this research selects longitudinal studies as the design for this research.

Furthermore, the hypotheses need to be tested by employing empirical data. This process requires statistical analysis which results a correlation coefficient. This value is used to test whether the causal relationship is proven (*ibid*. p 52). To sum up, in the analytical research, hypotheses must be tested by employing statistical tests to find whether the correlations are proven.

This research employs secondary data that by definition are "data collected from an existing source or other research study, such as publications, databases, and internal records" such as "commercial databases, government, commercially produced statistics..." (Collis and Hussey, 2014, McGinn, 2008).

Sample is required to reduce the quantity of data by considering only several data to represent the population (Saunders et al, 2007). Since the context of this research is Indonesia; thus, the sampling is not required for this research. The data are collected in a number of observations.

This research identifies one dependent variable that is affected by several independent variables. The dependent variable is FDI flow from Russia to Indonesia. The data are in net basis which are collected from the Central Bank of Russia according to Balance of Payment data. On the one hand, several independent variables are identified as table 1. The data are collected from World Economic Forum (WEF) since 2006 until 2013. The data are available in a scale basis from 1 until 7 which represents the lowest until the highest value. This value represents the perception of business people in Indonesia towards each variable. Another scale is also used for the data collected from Political & Economic Risks Consultancy Ltd.

Based on the nature of longitudinal studies, the data should be analyzed by longitudinal analysis, such as time series analysis, pooled cross section, or panel data. However, this research employs a single population data with a number of observations; so, the data are more suitable to be analyzed by correlation method which is adopted from another study (Panigrahi and Panda, 2012). The Pearson correlation is chosen due to the data are parametric-numerical data. However, several variables, such as FDI flow and the imported Russian product need to be transformed into logarithmic base 10 (Galili, 2013). This transformation is required to make the distribution more normal (Princeton University Library, 2015). In order to transform the data of FDI flow which contains zero values, the researcher adds the values by a constant value (1 dollar). This constant

value is relatively small; thus it does not change the data significantly (Stata, 2009). This analysis produces a correlation coefficient which further needs to be interpreted.

Finding

The correlation analysis is carried out using SPSS software. The significance level determines whether the correlation between variables is significant or less significant. The statistical analysis is used to test the hypotheses. The hypotheses discussion is explained as below:

1. Indonesia's government regulations on market access affect the inward flow of FDI from Russia to Indonesia. The results of the analysis prove that the decreasing level of 'prevalence of trade barriers' is highly correlated with increasing of FDI flow from Russia. Since the low level of 'prevalence of trade barriers' indicates the high restrictive market; thus, the high level of restriction in Indonesia's market is highly and positively correlated with FDI flow from Russia.

2. Indonesia's government regulations on the access of resources affect the inward flow of FDI from Russia to Indonesia. The results of the analysis prove that the high limitation of foreign share ownership; thus, the high level of limitation of Indonesia's natural resources is highly and positively correlated with FDI flow from Russia.

3. Public trust to politician in Indonesia affects the inward flow of FDI from Russia to Indonesia. The result of the analysis prove that the increasing level of public trust to politician in Indonesia is positively correlated with the increasing of FDI flow from Russia. However, the result is insignificant to prove the hypothesis.

4. Reputation of Russia in Indonesia affects the inward flow of FDI from Russia to Indonesia. The results of the analysis prove, the increasing level of reputation of Russia in Indonesia is highly correlated with the increasing of FDI flow from Russia.

5. Culture of corruption in Indonesia affects the inward flow of FDI from Russia to Indonesia. The result indicates that the high level of corruption in Indonesia is highly correlated with the increasing of FDI flow from Russia.

6. Law enforcement in Indonesia affects the inward flow of FDI from Russia to Indonesia. The result means that law enforcement is less correlated with FDI flow from Russia. Additionally, the result is insignificant to prove the hypothesis.

7. Indonesia's government economic policy affects the inward flow of FDI from Russia to Indonesia. The result means that the economic regulations are less correlated

with FDI flow from Russia. In addition, the result is insignificant to prove the hypothesis.

Conclusion

This chapter summarizes the research undertaken so far. Rooted from the aim of this study, a series of activities have been conducted following the explained methodology of social research. Inspired from the arguments by Peng et al (2008) and Witt and Redding (2009), this research is an attempt to understand the perspective of an emerging country as the source of foreign direct investment towards the institutions in a particular host market. The literature review shows that the criticism of OLI paradigm is consistent with the importance of understanding institutions in a new market by Uppsala theory. This criticism raises a strong argument by institutional school that institutions are condemned as the external factors which affect business performance. However, the study on literatures has noticed the beyond effect of institutions. Institutions can be created by governments to attract foreign companies to enter a particular market. Therefore, this research has assumption that institutions in a host country can influence, alter and attract foreign direct investment.

As a new emerging country, Russia has been growing as a new economic power in the world since the massive internationalization undertaken by its trans-national corporations. The limited number of FDI flow from Russia to Indonesia has raised a question whether the institutions related to investment in Indonesia are preferable for Russian investment. This research could be the first study on unidirectional bilateral FDI from Russia to Indonesia. The hypotheses are constructed based on the causal relationships between institutions related to investment in Indonesia and FDI flow from Russia. Thus, quantitative analysis is employed to prove the hypotheses, and new knowledge can be drawn as the core finding of this research.

This research clearly identifies new understandings, particularly in the context of FDI from Russia to Indonesia. The statistical analysis shows high correlations between institutions, such as protective regulations on domestic market; restrictive regulations on natural resources; reputation of Russia and culture of corruption in Indonesia, and FDI flow from Russia. Based on the discussion above, Russian business people have a perspective that these institutions are preferable for Russian investment. However, other institutions, such as trust to politician, law enforcement and economic policy in Indonesia are likely less preferable for securing Russian capital because their weaknesses potentially create uncertainties and increase transaction costs of doing business in Indonesia.

In addition, this research also strengthens the concept of institutions as argued by North (1991) by empirically shows the correlation between institutions in Indonesia and FDI flow from Russia. This correlation implies that institutions can be viewed not only as the external affecting factors that influence business performance, but institutions also can be provided by Indonesian government to attract Russian companies to invest in Indonesian market. Hence, the weaknesses of several institutions can be improved in order to increase FDI flow from Russia.

Recommendations for Future Research are explained at this paragraph. Eliciting from limitations during conducting this project, some recommendations for future research can be identified. Firstly, employing more quantity of observations is required to produce better results which might possibly demonstrate the correlations of the variables identified as less significant. Moreover, similar studies that focus on different country's perspective would enrich the knowledge of another perspective towards Indonesian institutions. In addition, undertaking research on the similar topic with the different methodologies such as questionnaire and interview is recommended.

Evaluating the Role of Host Country Institutional Quality on Foreign Affiliate's Performance: Evidence from Colombia, Egypt, India, Indonesia, Malaysia, Mexico, Poland, Turkey and Vietnam

Mengevaluasi Peran Kualitas Institusi Negara Tuan Rumah pada Kinerja Afiliasi Asing: Bukti dari Kolombia, Mesir, India, Indonesia, Malaysia, Meksiko, Polandia, Turki dan Vietnam

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ABSTRACT

Emerging market has achieved a fast growth rate in the last decades. However, their institutional environments are still far behind developed countries. One key success in these countries is that multinational companies need to understand institutional environment of host country which might be far different from home country.

Previous studies have explored the influences of institutions on subsidiary performance. However, these studies mostly focused on institutional distances, whilst study focusing on emerging or transition countries institutional quality seems limited. In contrast, this study focuses on host country's institutional quality and examines the extent to which the quality of institutions affecting performance of subsidiaries in emerging country, and whether the effects differ across countries. The findings show that both formal and informal institutions do matter on subsidiary performance. Our findings also suggest that the better the framework of institutions tend to be critical in determining the performance of foreign firms in emerging countries. On the other hand, some informal institutions like English proficiency index and respect to other show negative and significant effect. We conclude that the influence of cultural values need to be investigated in term of subculture instead of nation culture. Lastly, this study provides evidence that the effects of host country's institutional quality vary across country.

ABSTRAK

Pasar yang sedang berkembang telah mencapai tingkat pertumbuhan yang cepat dalam dekade terakhir. Namun, lingkungan kelembagaan mereka masih jauh tertinggal dari negara maju. Salah satu keberhasilan utama di negara-negara ini adalah bahwa perusahaan multinasional perlu memahami lingkungan kelembagaan negara tuan rumah yang mungkin jauh berbeda dari negara asal.

Studi sebelumnya telah meneliti pengaruh institusi terhadap kinerja anak perusahaan. Namun, studi ini sebagian besar berfokus pada jarak institusional, sementara studi yang berfokus pada negara berkembang atau negara-negara transisi, kualitas kelembagaan tampaknya terbatas. Sebaliknya, penelitian ini berfokus pada kualitas kelembagaan negara tuan rumah dan menguji sejauh mana kualitas institusi yang mempengaruhi kinerja anak perusahaan di negara berkembang, dan apakah dampaknya berbeda antar negara. Temuan menunjukkan bahwa baik lembaga formal maupun informal berpengaruh terhadap kinerja anak perusahaan. Temuan kami juga menunjukkan bahwa semakin baik kerangka kerja institusi cenderung penting dalam menentukan kinerja perusahaan asing di negara-negara berkembang. Di sisi lain, beberapa lembaga informal seperti indeks kecakapan berbahasa Inggris dan penghargaan terhadap hal lain menunjukkan efek negatif dan signifikan. Kami menyimpulkan bahwa pengaruh nilai budaya perlu diselidiki dalam hal subkultur bukan budaya bangsa. Terakhir, penelitian ini memberikan bukti bahwa pengaruh kualitas kelembagaan negara tuan rumah berbeda-beda di setiap negara.

Introduction

The rapid development of multinational corporations (MNCs) has increased the global competition, making firm competitive advantage difficult to achieve. Several methods have been conducted by MNCs in order to create business across borders such as subsidiaries or acquisition where can be used to access local knowledge or environment. Past decades have shown that MNCs face challenges in choosing a location for international expansion. Many companies have stuck to identify internationalization strategy in a new market, especially emerging countries, as standardized approaches cannot be used in the emerging markets.

As a result, the influences of both formal and informal institutional quality on MNC's performance in host country do still need further research in order to improve our understanding about the interplay of formal and informal institutional quality contexts toward subsidiary's performance. Moreover, this study will be conducted in Colombia, India, Indonesia, Malaysia, Mexico, Poland, Egypt, Turkey, and Vietnam where these new economies are believed to become the new world for doing business and be able to enhance the chance of MNCs to gain more profit from their international expansion (Bremmer, 2015). However, these new economies are still in the transition of their economic development, therefore the success of foreign companies will much depend on how this transition economies maintain their institutional framework. On the other hand, these economies offer foreign firms such advantages like market size whilst BRIC (Brazil, Russia, and China) countries are slowing. Therefore, this study will discover the influences of each country's institutional quality towards foreign firm's performance, and how this influences differ from one host country to another.

Research Question for this study described as below:

1. How does the quality of host country formal institutions affect foreign affiliates' performance in host country?

2. How does the quality of host country informal institutions affect foreign affiliates' performance in host country?

3. Do the influences of institutional quality on foreign affiliates' performance vary among host countries?

4. Research question above followed by objective as described below:

5. To understand the quality of host country's formal institutions affecting subsidiary performance in transition economies.

6. To understand the quality of host country's informal institutions affecting foreign affiliate's performance in transition economies.

7. To understand whether the quality of host country institutions gives the difference impact on subsidiary performance in different emerging countries.

In the concept of institutional theories, the success of MNCs operating in emerging and transition economies will depend on similarity or dissimilarity of formal and informal structures in that countries with home country's institutional framework. The research model use formal and informal rules change to examine foreign affiliate performance in host country. It is also expected that the influences of institutional quality on subsidiary performance across different countries can be withdrawn by performing research. The research model will help establishing the quality of host country institutions in determining subsidiary performance.

The more important part of using secondary analysis is that it can provide longitudinal research since this study will examine the roles of causal inferences in the period of times. There are many different sources to collect secondary data. Official statistics can be considered as one of sources.

Since this research want to discover the influences of institutional quality in emerging countries, therefore samples contain 585 foreign companies in nine emerging countries in ten years. Altogether, there are 5850 companies. Then, data will be collected from several resources which have been gathered by someone or organization for particular purpose which can be collected from internal source or external sources like published data and internet.

In this studies will only use two tools for examining the data which is Microsoft Excel^{TM} and EViews^{TM}. In addition, to examine the quantitative analysis, secondary data that has been collected from various resources firstly will be generated into table using microsoft excel in order to present each variable. The charts and graphs can be used as theguidance in order to know such trends, the highest and lowest values and distribution of data. Afterwards, to analyse the relationship between variables, we will use EViews in order to examine the research questions of this study, the quantitative data which have been collected in Microsoft Excel need to be transferred to EViews.

Findings

In this part, we performed company's characteristic within the country to know general understanding of company's performance in that countries. Some countries have been chosen in order to achieve the research objective. In this particular countries, we choose

some foreign companies which has been incorporated for at least 3 years. The result shows that each country has different foreign company characteristic. As it can be seen from the table, foreign company in Indonesia has the lowest performance (ROA= -71%), while foreign company in India achieves the highest performance (ROA=73.34%) in the past ten years among nine countries. Country that has the oldest foreign company is Poland which has been incorporated for around 156 years. Finally, companies gain higher sales in India, Turkey, Poland, Mexico, and Indonesia. It can be concluded that this countries offer potential market for foreign companies.

The result indicates that the average of formal institution in each country is between 3 and 5 which means each country has average performance in its formal institutions indicator. According to the table, it can be seen that Malaysia has the best formal institution environment comparing to other countries in this research. In addition, this result also shows that Vietnam (minimum=10) has the lowest value regarding the private property protection. On the other hand, Poland (maximum=60) seems to have the best private property protection comparing to other countries.

The result that around 23% of people in India feel that most people can be trusted. In addition, around 42.1% of people in Mexico has freedom for their lives, and 78% of people in Poland feels that respect is important. Regarding to English proficiency Index, people in Poland seems to have good performance in English (average=60.1) followed by India (average=53.2), Malaysia (average= 51.1) and Mexico (average=50).

Our result has affirmed and contradicted certain theoretical reviewed on related subject. This research draw upon conceptual frameworks on the developing of a set relationship between such institutional indicators and firm performance in host country. This research also tries to establish the distinction of host country institutional influences towards subsidiary performance.

Firstly, this research tries to see whether both formal and informal institutional factors have influence in the performance of MNCs (H1). From these findings, both countries and foreign firm performance would need to further assess of the roles of institutional quality if they want to achieve more foreign investor and higher profitability, respectively.

When we performed the impact of language on subsidiary performance separately from other formal and informal indicators, the result shows that the capabilities in English affects negatively foreign firm's performance (H8). One possible explanation of this matter is that, the foreign companies that operates in this emerging economies have market-seeking motives. Therefore, they will need to use national language instead of global language to be accepted by these markets.

Furthermore, when examine the roles of cultural values regarding to trust, the research shows positive impact (H7) which is similar with previous study that higher level of trust will improve the growth and competitiveness of the foreign companies (Grief, 1993). In addition, the result also can be explained through a study by Tabellini (2010) who mentioned that the values of trust and respect tend to improve the function of government institution. However, referring to study by Tabellini (2010), we have slightly different finding. Our result shows that respect for others has negative impact on subsidiary performance. One possible reason is that because respect to others in this emerging economies related to the respect of hierarchy like respect for seniority and age.

When examining the influence of each formal institutional variables towards foreign firm performance, our finding showed positive and significant association between politic, product market, labour market, and capital market on subsidiary performance (H2, H3, H4, and H5). On the other hand, Pattnaik et al (2015) found that efficient market institutional quality do not increase subsidiary performance.

We also tried to examine the distinction of institutional quality influences on subsidiary performance (H9). Our finding has shown that the impact of institutional quality on subsidiary performance varies among countries. Similarly, study by Henisz (2003) has suggested that multinational enterprises might have different capabilities to deal with the institutional idiosyncrasies in host country, as study by Makino et al (2004) showed that corporate effect is more salient on performance rather than industry and country effect. An important extension from this finding is to examine which MNC is more or less likely to deal with institutional quality of host country and why.

Finally, these findings have successfully answered the research question and achieved the research objectives. Therefore, in the next chapter, conclusion for this findings, limitation of the research, and recommendation for future research will be presented.

Conclusion

This research is addressed to examine whether institutional quality of host country significantly influence foreign firm's performance in that country, and whether the influences of institutional quality on subsidiary performance vary across countries. Therefore, this chapter will review and summarize the topic of this study, identify the methodology used, and discuss the implication of this research in the study.

Emerging countries present fruitful opportunities but challenging business opportunities. Subject to some research, many researchers in international business have suggested that company can minimize its liability of foreignness by picking a location that suit

in institutional environment between home and host country. Institutional differences become a main concern especially for multinational companies operating in developing countries since institutional contexts in these countries might inhibit their performance. In addition, scholar argues that investing in the new growing market is not freely from risk since their institutional developments are still fragile. Even though, these countries have started to develop their institutional environment for decades, but their institutional development might be only developed for short-term period because they are still in searching appropriate institutional framework which can be accepted worldwide. Therefore, it is still needed to investigate institutional contexts in emerging countries and their impact on subsidiary performance, and investigating whether the impact varies among countries.

In order to answer those objectives, we draw upon a methodology using longitudinal data to examine the role of emerging countries institutional quality. Based on a comprehensive framework of nine dimensions for host country's institutional contexts, we performed panel regression to examine their impact on 585 foreign affiliate performance in nine emerging countries. The data would be later analysed to answer nine hypothesis, which is tested by EViews. This hypothesis will be able to achieve our research objectives about how these institutional quality affecting foreign firms' performance and whether the influence is difference among countries.

The result provides evidence that the inefficient of institutions will give negative impact on foreign firm performance. This view is alike with study about MNC's strategy and performance in emerging economies (Khanna et al., 2005). Based on the result, we discovered that five formal institutional host country indicators such as politic and social system, product market, labour market, capital market and private property protection index have significant effect on foreign companies' performance. In term of cultural values, only trust which has significant and positive influence, while respect for others tend to negatively affect subsidiary performance and feeling for freedom does not affect subsidiary performance. Moreover, slightly different finding has been shown by English proficiency index, which gives negative and significant impact on subsidiary performance. At last, other factors, such as country's openness, age of company, and size of company have significant impact on foreign performance. However, when comparing the impact across country, the result shows different effect among countries.

Thus, these findings has advanced our understanding of the relationship between the qualities of host country institutions and subsidiary performance. The result of this study highlights the difficulty to adapt in different host country institutions. Transferring firm-specific advantages also becomes difficult since the influence of institutional quality varies among countries. MNC's cannot make a generalization strategy to entry in this

emerging markets since the external conditions differ significantly among countries and external conditions become a salient role in less developed economies. In addition, it can be argued that quality of institutions in emerging economies do determine foreign firm's performance. In this sense, the change of institutional contexts in positive direction will boost the performance of foreign companies in emerging countries. The findings in this research call for further study to examine the effect of host country institutional quality on MNC's performance which is more universally applicable to MNC in both emerging and developed economies.

Institutional has become a main concern in International Business studies. Although we can conclude that the positive direction of institutional change in emerging countries will positively influence foreign firm performance, on the whole, we still cannot find how far institutional transition matters in determining foreign firm performance. For that reason, further study need to look deeper on how this institutional transitions do affect subsidiary performance, including other country-specific factors such as country capabilities and enforcement mechanism, and investigate their influence on foreign performance, to strengthen the result. Moreover, it is also important for future reference that investigating the subculture values might define the impact on business performance differently rather using national culture.

Moreover, future research need to add some variables controls, like the modes of entry, parent's ownership and international experience, in order to have fine-grained research. These variables are perceived to have strong influence in the firm's performance, which might give different impact on the firm's performance rather using only subsidiary age and subsidiary size. Further research is required to assess the mechanism of industry diversity effect in determining the impact of institutional quality on foreign firm performance. As has been argued by Makino et al (2004) that industry and country effect are jointly instead of independently. Therefore, to understand institutional quality in different industry, a future study should investigate the industry diversity to specify the result whether institutional quality influences on foreign companies' performance vary across industries.

SPIRIT

Bunga Rampai Tesis/Disertasi
Tema: Akuntansi dan Bisnis

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