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Industrial Revolution 4.0 – Opportunities and Challenges in the Digital Business

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S. Suyanto, Y. Sugiarti

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Investor Behavioral Bias Based on Demographic Characteristics

J. Elizabeth, W.R. Murhadi, B.S. Sutejo

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Analysis of the Effect of Information Asymmetry on Dividends

L. Ernestin, W.R. Murhadi, B.S. Sutejo

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A Study of the Reality and Proposing Solutions to Strengthen the Application of Information Technology in Small and Medium Logistics Enterprises in Southern Vietnam

N.D. Duong, P.L.N. Thuy

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The Importance of Positive Organization in the Industrial Era 4.0

A.Z. Tayibnapis, L.E. Wuryaningsih, R.G. Tayibnapis

The increasingly sophisticated and digital life makes it more difficult for the business world to compete in the market. It requires breakthroughs to remain in a psychologically healthy condition and optimal performance, including building a positive organization so that that employee engagement can...

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Hyperlocal Journalism as a Strategy in Facing Digital Disruption: A Case Study of Jawa Pos Newspaper

D. Anandya, F. Mutiara, A. Priyonggo

When the national mass media experiences a significant decline in circulation, this is not the case with Jawa Pos Newspaper, a regional newspaper in East Java. Circulation of newspaper sales both retail and subscription as well as advertising revenue declines, but the decline in Jawa Pos is not as deep...

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A. P. Tedjakusuma, B.N. Yahya

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Young Consumer's Purchase Intention Toward Environmentally Friendly Products in Indonesia: Expanding the Theory of Planned Behavior

V. Sutikno, Indarini, S. Margaretha

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Accounting Students' Perceptions of Electronic Learning in Industrial Revolution 4.0

I. Natalia

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Corporate Governance: A Key Driver of Intellectual Capital Performance

D.A. Arifah, A. Chariri, Pujiharto

Intangible assets that are represented by Intellectual Capital play an essential role as the key to success and trigger the creation of company value. The current issue is companies have not yet focused on Intellectual Capital performance. Corporate Governance mechanism with a focus on Audit Committee...

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Stock Return Movement in Indonesia Mining Companies

M. Indriastuti, N. Najihah

This research empirically analyzes and examines the influence of environmental performance and environmental disclosure on stock return. The environmental performance variable was measured based on PROPER (government ranks), and the environmental disclosure was assessed using index. The stock return...

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The Effect of Self-Efficacy, Competence, and Emotional Quotient on Employee Performance Through Career Development as an Intervening Variable on Companies

S. Mujanah

The purpose of this study is to analyze the effect of self efficacy, competence, and emotional quotient on employee performance through career development as an intervening variable on private companies in Surabaya, Indonesia. This research was conducted on 98 employees as a sample. The data were gathered...

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Entrepreneurial Intention Among Millennial Generation: Personal Attitude, Educational Support, and Social Media

P.A. Kusumawardhany, I.M.B. Dwiarta

Millennial generation is closely related to the Industrial Revolution 4.0 that pays digitalization and automation in all aspects of human life. The number of digital technology-startups has emerged as a challenge for millennials to adapt and be able to use digitalization appropriately to be creative...

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A. T. Wikaningrum, B. F. Mas'ud

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S. Sumiati, R.Y. Sueztianingrum

This research aims to determine the influence of CSR and financial performance on corporate value through intellectual capital. Sample in this study were 12 State-owned companies listed on the Indonesia Stock Exchange over the 2013–2017 period. The data used in this research was secondary data in the...

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A. Hakim, A. Y. Pristika

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K. Fuad, A.B. Lestari, R.T. Handayani

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The Formation of Customer Satisfaction in Social Media, the Role of Frequency, and Duration of Use

D. Anandya, Indarini, A.T. Septiani

This study aims to determine the effect of frequency, duration, relevancy, and brand community on satisfaction in Instagram social media users in Surabaya. This study used a quantitative approach with SEM (Structural Equation Model) was used for data analyses and AMOS 22.0 program was used for data processing...

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Supply Chain Management Practice in Creative Industries

L. Kartikasari, Hendar

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Is the Stock Option Effective to Maintain Key Management? Evidence from Indonesia Listed Companies

Y.K. Feliana, F. Lianggono

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Effect of Use of Mobile Banking on the Student's Satisfaction and Loyalty

J.D. Trisnawati

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Factors Affecting the Financial Performance of Companies Based on Agency Theory

A. Herlambang, W.R. Murhadi, T. Andriani

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The Influence of Transformational Leadership, Organizational Climate, and Job Stress on Competence, Work Motivation, and Performance

A. Kusmaningtyas

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The Role of Knowledge Management Capability and Digital Ecosystem to Enhance Digital Transformation for SMEs

Nurhidayati

Small Medium Enterprises (SMEs) have a significant role in the economic growth of the nation, but some issues have already existed. Lack of human resources, competitiveness, and many more are examples. In the recent era, SMEs have the opportunity to develop their potential human resources by exploring...

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Integrated Financial Technology Model on Financing Decision for Small Medium Enterprises Development

Mutamimah, Hendar

Access to capital is one of the biggest obstacles for Small Medium Enterprises (SMEs) in Indonesia because SMEs do not have adequate collateral, high-interest costs, and complicated procedures. In this digital era, one form of financing is Peer to Peer Lending, where financial technology (fintech) corporation...

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Dynamic Capabilities for SME's: Ready to Change and Cloud Service Role Toward Digital Business

C. Suhendi, M. Nugroho, H.B. Yahya, A.S.M. Zahari

The company will have dynamic capabilities if the cloud service and readiness to change are excellent. Companies will have high dynamic capabilities if they have the readiness to accept changes in the digital era (readiness to change). This study aims to examine the role of cloud services and readiness...

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Financial Technology Optimization in the Development of MSMEs with Spotlight Phenomenology

Suhartono, M. Suwandi, A.Y.M. Bayan, A.L.K. Taufiq

Utilization of information technology such as fintech (financial technology) and internet networks can help develop Micro-Small-Medium-sized enterprises (MSMEs) businesses. The purpose of this study to determine the role that is presented by fintech for informal businesses, namely MSMEs. Research data...

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Enhancing the Innovation Capability Through Knowledge Management Capability and Networking

H. Sulisty

The innovation capability of companies and SMEs greatly determines performance and competitive advantage in a rapidly changing global environment. This condition requires companies and SMEs to increase their knowledge to create faster innovation capability. Good knowledge management capability in companies...

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CSR Reporting: Perspective of Female Audit Committee Having Financial Expertise

P.A. Widyasari, N.F. Ayunda

This paper contributes to the evidence that identified gender and skill affect organizational and business practices. This research combines two characteristics of the audit committee, namely gender and financial expertise, as one perspective. The research aims to analyze whether the presence of the...

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Future of Job Market in the Fourth Industrial Revolution

PN. Hoang, B.T.T. Trang

In the fourth industrial revolution era, artificial intelligence (AI) technologies are rapidly developed and will influence our lives and societies in many ways. In addition, AI technologies can work together with other technologies such as the internet of things, 3D printing, block-chain, and quantum...

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Factors Influencing Carbon Emission Disclosure in Mining Companies of Indonesia

Winarsih, D.A. Supandi

The research aims to analyze the influence of Proper rank, company size, profitability, leverage, and media exposure on Carbon Emission Disclosure of mining companies in Indonesia. The Carbon Emission Disclosure measurement used a checklist from Choi et al. (2013) research, which was developed from the...

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The Influence of Management Control System, Encouragement of Environmental Management, and Proactive Environmental Management on Carbon Emission Efficiency

M.J. Shodiq, H. Fauzi, I. Ghozali

The efficiency of carbon emissions in the production process contributes significantly to restrain the rate of global warming, and it is strongly correlated with industrial behavior. Therefore, this research was done to explore the dominant factors that influence the behavior of carbon emissions efficiency...

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Relationship Network and Business Model Innovation of Start-Up Companies in the Context of Industrial Revolution 4.0: An Evidence from Vietnam

T. N. Ghi, N. T. P. Anh, N. Q. Thu., N. Q. Huan

In the starting phase, despite incentives of government support policies and related entities' supports, startup companies face many difficulties in accessing external information and resources to innovate current business models. The role of management resources in building relationship networks to...

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The Improvement Strategy of Tax Compliance from MSME Sector in Indonesia

P. Wijayanti, N. Saraswati, I. Kartika, Mutoharoh

According to the Organization for Economic Co-operation and Development (OECD), the Indonesia Tax ratio in 2017 was the lowest compared to other countries in Asia-Pacific. Meanwhile, the tax ratio in 2018 was 11.6% lower than the middle-income country for 17.7%. This indicates that the level of tax compliance...

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Last-Mile Logistics in Vietnam in Industrial Revolution 4.0: Opportunities and Challenges

D. T. Phuong

Industrial Revolution 4.0 is taking place quickly and vigorously. It has a widespread impact on all sectors, such as industry structure, supply, and demand of the labor market. In the logistics and supply chain industry, Industrial Revolution 4.0 changes the way of management related to activities such...

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E. Pancaningrum, T. Ulani

This research is motivated at this time a lot of product advertisements placed in a soap opera. The test of this study is to determine the effect of product placement on consumer buying interest and brand awareness as a mediating variable. The sample in this study was 100 respondents loyal viewers of...

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Cooperative Management Through Standard Operational Management and Standard Operating Procedures to Improve the Performance

E. Wuryani, H. Harti

The purpose of this study is to determine the management of cooperative through SOM and SOP in improving performance. The research method used a qualitative approach, with data collection based on primary data through interviews and secondary data in the form of organizational structure, financial reports,...

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Measuring Economic Growth Through National Income Elasticity

M.S. Sundari, M. Ariani

In the Industrial Revolution Era 4.0 all countries must face increasingly fierce competition from the flow of goods/services, labor, and capital. Exports and investments are the keys to national economic growth. All of this will affect the amount of national income, which will determines the size of...

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Factors that Affect the Debt Ratio of Internationalized Nonfinancial Firms

Y.N. Handjaja, B.S. Sutejo, D. Marciano

This study aims to examine the influence of firm-related factors on the debt ratio as well as the influence of firm-related factors on the non-financial firms listed on the Indonesia Stock Exchange (IDX) over the 2013–2017 period. These factors, including internationalization, firm size, profitability,...

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Abnormal Return Testing Before and After the Earnings Announcement

B.S. Sutejo, M. Utami

This study examines the existence of abnormal returns on the days before and after the annual earnings of stocks in the IDX 30 index over the 2017 – 2019 period. This study used the event study method to observe abnormal returns of stocks in the IDX 30 index at six days before and six days after the...

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Memo as Wish Fulfillment for Me and Our Savior: A Case Study on SOEs in Indonesia

R.E. Wijaya, E. Andajani

A memo is a form of informal information that lives within a company. The memos arise because of information needs that unfulfilled by current information systems. This research seeks to explore the role of parties involved in the use of memos in one SOE in Indonesia. In this case, the researchers deeply...

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Diversification, Bank Risk, and Efficiency on Sharia Banking in Indonesia

Anggraeni, Basuki, R. Setiawan

The study aims to analyze the effect of asset diversification, bank risk, and bank size moderated by the ownership structure and board of Commissioners on the level of efficiency in Sharia banking in Indonesia. The study was conducted on 13 Sharia banks with the observation period in 2010–2017. The results...

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How do Exports and Imports Distress Foreign Exchange Reserves in Indonesia? A Vector Auto-Regression Approach

S. Hariadi, A.Z. Tayibnapis, N. Irawati

IMF conveyed that Indonesia's foreign exchange (FX) reserves grasped 123.283 billion US \$ in 2018 and ranked 21st in the world (China was the highest with 3.103 trillion US \$ and Somalia was the lowest with 30 million US \$). FX reserves are imperative indicators in international trade that form the fundamental...

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The Economic Impact of Corporate Social Responsibility

R. Eriandani

This study aims to examine the relationship between socially responsible investment and future company performance. Socially responsible investment is carried out with various objectives, depending on the actors and their preferences. Good management theory explains that social investment can build trust...

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Producing Millennial Generation Leaders in Addressing Change and Meeting the Challenges of the Industrial Revolution 4.0

M.E.L.K. Widjaja

The millennial generation is the next generation that dominates the workplace and future generations faced with many uncertainties in technology, society, and the workplace as well as business challenges. The industrial revolution 4.0 has demanded leadership to rethink the role of the millennial generation...

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Business Model Innovation in the Digital Network Era and Its Impact on Human Resource Empowerment

M.E.L.K. Widjaja

The 4.0 industrial platforms is a complex topic. Standards and norms for industrial sectors need to be combined with specific technical specification support. The presence of the internet and new mobile devices with new applications has significantly changed today's purchase behaviors. Leading companies...

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The Effect of Celebrity Endorsers on Purchase Decisions on the Fait Hijab Online Shop on Instagram

A. D. Aprilia, N. Hidayati

This research is done due to an increase in Fait Hijab's online shop earnings on Instagram. This study aims to determine and explain the effect of celebrity endorsers on Purchasing Decisions on Fait Hijab online shop consumers on Instagram. The study used explanatory research methods carried out through...

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DEA as an Alternative Instrument of Performance Measurement: A Case Study of Five Sidoarjo Small-Sized Enterprises on December 2018

B. Budiarto, F.R. Djumadi

DEA, as a linear programming development, is based on the technique of measuring the relative performance of multiple inputs and outputs. DEA is now one of the alternative instruments that is often used in measuring the performance of economic activity units. The indicator is technical efficiency. Technical-efficiency...

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The Effect of Illiquidity on Stock Return on the Indonesia Stock Exchange

E. Ernawati, A. Herlambang

This research is the development of research that has been done by Nanlohy et al. (2018). Nanlohy used the object of the Consumer Goods Sector Companies over the 2011-2015 period, while this study used the objects of all companies listed on the Indonesia Stock Exchange over the 2013-2017 period. The...

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Green Concept: Customer Satisfaction in the Service Business

H. P. Dewi

This study aims to determine the factors that influence customer satisfaction. The research method used was quantitative. The sampling technique used purposive sampling with 96 respondents. The analysis technique in this study consisted of three stages, namely the first stage of the validity test, the...

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Entrepreneurial Values of Indonesian Chinese and Javanese on Micro and Small Enterprises

E. Tandelilin

The purpose of this paper is to disclose entrepreneurial values between Javanese and Indonesian Chinese in micro, small, and medium enterprises (MSMEs) in Surabaya. This paper examines the entrepreneurial values variable regarding ethnic differences. Primary sources used were from 4 informants in MSMEs...

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Ownership Structure, Good Corporate Governance, and Firm Performance in the Indonesian Capital Market

L.I. Wijaya, Welson, W.R. Murhadi

This research examines the effect of ownership structure and good corporate governance on firm performance. The research variables used were foreign ownership, institutional ownership, government ownership, size of the board of commissioners, and size of non-financial sector companies on the Indonesia...

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The Effect of e-WOM on Travel Intention, Travel Decision, City Image, and Attitude to Visit a Tourism City

J. Gosal, E. Andajani, S. Rahayu

Social media is one form of e-WOM that plays a critical role in the tourism industry. Sharing information via Instagram can lead to travel intentions and travel decisions. The purpose of this study is to investigate the effect of e-WOM on travel intention, travel decision, city image, and attitude to...

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Gaining Leader–Employee Commitment: Linking to Organization Performance in Women Cooperative Setia Bhakti Wanita Surabaya

J. Rusdiyanto

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The Effect of AIRQUAL on Customer Satisfaction and Word of Mouth at Garuda Indonesia Airline

A. Fananiar, F.N. Widjaja, A.P. Tedjakusuma

This study aims to examine the effect of AIRQUAL (Airline Tangible, Terminal Tangible, and Empathy) on Customer Satisfaction and Word of Mouth at Garuda Indonesia airline. It applies a quantitative method where random samples were respondents who have flown with Garuda Indonesia airline to or through...

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The Effect of Employee Training Service Quality: The Mediating Role of the Team Organizational Commitment

F. Kusumohardjo, J.L.E. Nugroho

This study examines the team organizational commitment in the relationship between employee training and service quality. The training of employees used three variables, i.e., the accessibility of training, support for the training, and the benefits of training. This study used Partial Least Square to...

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Tiered Small Medium Enterprise Training Model: Achieving SME's Competitive Advantage in Industrial Revolution 4.0 Era

N.K. Darmasetiawan, H. Winarto, F. Mutiara, D.A. Christy

This study aims to analyze the model and implementation of tiered SME training in achieving SME's competitive advantage in the industrial revolution 4.0 era. The type of research used was qualitative research through focus group discussion, in-depth interviews, and observation methods. The results of...

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The Effect of Social Network Marketing, Attitudes Toward Social Network Marketing and Consumer Engagement on Consumer Purchase Intention on Batik

A. Syaifullah A, C.R. Honantha

This research aims to examine the effect of social network marketing, attitudes towards social network marketing, and consumer engagement on consumer purchase intention on Batik. This study was quantitative and causal type research. Sampling used non-probability and purposive sampling methods. The data...

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Does Religious Orientation Matter? Reassessing the Role of Brand Credibility and Customer Loyalty on the Controversial Brand in Emerging Market

A. Setyawan, R. Sutanto So, C.R. Honantha

This study Indonesia is a country with a Muslim-majority population. Halal labels on products and services, especially on food, become essential things to consider in food consumption. Food products that do not have a halal label will certainly cause consumer doubts and become a controversial brand for...

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The Effect of Consumer-Based Brand Equity on Customer Satisfaction and Brand Loyalty in the Coffee Bean & Tea Leaf or Maxx Coffee

D. Saputra, Indarini, S. Margaretha

The purpose of this study is to examine whether consumer-based brand equity (physical quality, staff behavior, self-compatibility, brand identification, and lifestyle congruence) of Coffee Bean & Tea Leaf Surabaya or Maxx Coffee Surabaya have a positive impact on customer satisfaction. This study examined...

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Analyzing the Effect of Electronic Word of Mouth (e-WOM) on Attitudes Toward City, City Image, and Intention to Visit Yogyakarta

S. Muzdalifah, S. Rahayu, E. Andajani

This study aims to examine the antecedents of intention to visit and its relation to e-WOM, attitudes towards city, and city image. We conducted a structural equation model (SEM) to test the relationship between research variables. An empirical test of the model was reported using data collected from...

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Configuration of Employment Training to Improving Work Competencies Toward Competitiveness

N. Badriyah, A. Muhtarom

Lamongan Regency economic development in the last 3 years has increased. This has an impact on a number of workers from Lamongan. Workers no longer need to leave the city of Lamongan to look for work. Research aims to develop quality human resources by having expertise in their respective fields through...

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The Impact of MultiChannel's Single Phase Queue and E-KTP Process Service on Community Satisfaction in Lamongan Regency

Titin, A. Ghofur

Queues have become an important part of operations management. The queue arises because the need for services occurs outside the capacity and service facilities so that service users get services slowly or quickly so that it impacts on people's satisfaction of absolute needs. The purpose of this study...

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Influence of the Upscale Café Servicescape on Satisfaction and Loyalty Intention

Marso, Rafiq Idris, Lydia Ari Widyarini

This study aims to examine the relationship between servicescape, satisfaction, and loyalty intention in the Upscale Café setting. The sample of this study was 186 customers of Upscale Café in Tarakan City, Indonesia, on August 2019. To achieve the objectives of this study, SmartPLS 3.0 Professional...

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Corporate Social Responsibility in Higher Education: A Study of Some Private Universities in Vietnam

T. L. Si, H. H. Van

Corporate social responsibility (CSR) in education is an essential topic of dedicated researchers in many countries. However, it is a new and luxury topic in Vietnam. In this article, the authors explored CSR in higher education, especially the private universities in Ho Chi Minh City, Vietnam. The paper...

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Improving Learning Quality of Thu Dau Mot University Students in the 4.0 Technology Period

Ngoan Nguyen Thi Kim

The industrial revolution 4.0 is a combination of technologies that help to blur the boundaries between physical, digital, and biological fields. It affects all areas of economics, industry, and education. In the article, the writer uses several methods such as studying documents, analyzing, and summarizing...

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Analysis of Factors Influencing the Understanding of International Financial Reporting Standard of Accounting Students in State Universities in Makassar

Suhartono, J. Majid, Yusdin, M. Iqbal, Firman

This study aims to determine the effect of learning behavior, emotional quotient, learning motivation, lecturer competency on an understanding of IFRS accounting students. The type of this research is quantitative research using primary data. The population in this study containing by students majoring...

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Slow Moving and Dead Stock: Some Alternative Solutions

N.K. Sugiono, R.S. Alimbudiono

Slow-moving and dead stocks have been a classic problem of ceramic tile industries. Different varieties of ceramic tiles have the potentials of remaining as dead stock. Thus, this study is aimed at exploring some preventive alternatives and solutions in overcoming slow-moving and dead stock. Quite many...

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Social Media Marketing and Marketing Performance on New SME: A Moderating Consumer Innovativeness

A.B. Krisnanto, Surachman, Sunaryo, Rofiaty

Small Medium Enterprise (SME) is the backbone of a country's economy. The support from the government emerges many SMEs that run various businesses. However, selling new products or brands from new business is not an easy task. The use of social media as part of marketing activities is an easy and inexpensive...

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Improve the Growth Quality of the Southern Key Economic Region of Vietnam from a Social Perspective

K. Ngoc Pham

The objective of this paper is to analyze and evaluate the quality of economic growth in the Southern key economic region from a social perspective. The paper used the indicators of social welfare, social justice, and poverty reduction to analyze GDP, education expenditure to GDP, total budget expenditure,...

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The Effect of Financial Ratios and Macroeconomic Variables to Financial Distress of Agriculture Industry Listed in the Indonesia Stock Exchange from 2013 to 2018

E.J. Arilyn

The purpose of this research is to find out and analyze the influence of financial ratios - current ratio, debt to equity ratio, and net income on total asset - and macroeconomic variables - gross domestic product, Indonesia Composite Index - on financial distress of agriculture companies listed in the...

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Revisiting the Role of Intellectual Capital on Firms' Performance: Indonesian Evidence

F. Nancy, D. Sulistiawan, F.A. Rudiawarni

The purpose of this study is to revisit the effect of intellectual capital on firms' performance. This study develops previous researches by measuring firm performance from various dimensions. Further analysis is performed by dividing the sample based on firm size. Using Indonesian data, the results...

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Disruptive Innovation in Food Commodities: Efforts to Solve the Problems of Food Price Stabilization in Indonesia

N. Istifadah, H. Tjaraka

The factors that determine food prices are supply and demand. On the supply side, food prices are determined by the ability of production and distribution to consumers. However, the ability of distribution also determines the stabilization of food prices. Food commodities are primary needs for human...

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The Impact of Customer Trust on Brand Loyalty in Public Transportation

V. Briliana, I. Sari

This study aims to discover the impact of Perceived Value, Involvement, Satisfaction, Commitment, and Customer Trust on Brand Loyalty on Go-Ride users. This study used nonprobability sampling with purposive sampling methods with 151 respondents. The theoretical model was tested using structural equation...

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Motivation, Tax, and Firm's Condition Effect on Earnings Management

R. Pramana, F. Firnanti

This research purpose is to obtain empirical evidence on the effects of motivation bonus, motivation debt contracts, deferred tax assets, tax planning, firm's growth, firm's performance, firm's size, earnings power, and firm's sales growth on earnings management. This research's population comes from...

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CSR Affecting Business Performance Through the Mediation of Employee Commitment: A Case Study of Banks in Ho Chi Minh City

D.K. Tran

This research was conducted to determine the impact of CSR on business performance through an intermediary variable that is employee commitment. A survey of 304 employees working in banks in Ho Chi Minh City was conducted. Data collected was processed by Smart PLS software with Partial Least Squares...

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Antecedents of Online Information Adoption Behavior: An Empirical Study in Tourism Using Online Travel Agent Services

H.A. Rafi, R. Roostika

The digitalization has changed the business paradigm, including the tourism industry. Tourists are becoming more familiar with using Online Travel Agent booking and leaving the traditional booking method. This study examined the antecedents of online information adoption behavior in travel booking. Four...

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Perceived Coolness in the Heritage Tourism: A Case Study in PT. Taman Wisata Candi

M.H.F. Ridhani, R. Roostika

An important strategy to attract tourists to visit a destination is by understanding their emotions and creating differences. The feeling of "cool" has become one of the tourism issues, where traveling is one of the ways to be perceived as "cool". The advancement of information technology supports the...

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Does Muhammadiyah Leadership Style Exist? An Empirical Examination About What and How to Measure It

U. Bidayati, A. Thoyib, S. Aisjah, M. Rahayu

SlowMuhammadiyah's higher education is led by using a prophetic, associative, active, and dynamic style. This research aims to examine the leadership style called Muhammadiyah's leadership style. Data for preliminary studies were obtained from 73 respondents who are lecturers at one of Muhammadiyah universities...

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Factors Affecting Mudaraba Deposit in Islamic Commercial Bank in Indonesia

Sutrisno

The purpose of this study is to investigate the factors that influence mudaraba deposits in Islamic commercial banks in Indonesia. Factors thought to influence mudaraba deposits are liquidity risk as measured by the financing to deposit ratio (FDR), credit risk as measured by non-performing financing...

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A Study of How Political Behaviors Influence Organizational Effectiveness

W. Kulachai, A.P. Tedjakusuma

This study focused mainly on the effects of political behaviors in an organization toward organizational effectiveness. The samples of the study were 114 police officers in Bangkok Metropolitan. The questionnaire was employed as a research tool to collect primary data. The researchers used a stepwise...

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The Effect of Corporate Governance and Corporate Strategy Toward Family Firm Performance in Indonesia

D.A. Harjito, A.R.Christian Santoso

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High Cost of Logistics and Solutions

F.A. Barata

The logistic efficiency system and excellent performance is a critical factor from sustainable economic development because there is a positive influence between the Logistics Performance Index (LPI) and PDB. The purpose of this paper is to know and see the cause of high logistics cost in Indonesia and...

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Earnings Management, Business Strategy, and Business Complexity

G.J. Romadhon, Suyanto, N. Ahmar

This study aims to analyze the effect of earnings management and business strategy on firm performance, which is moderated by business complexity. The object in this study was manufacturing companies listed on the Indonesia Stock Exchange (IDX) over the 2015-2018 period. Partial Least Square Structural...

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Interdependence Relationship of Internationalization –Performance in Manufacturing Firms Listed in Indonesia Stock Exchange and Chinese Stock Exchanges

L. Huang, D. Marciano

The purpose of this paper is to investigate the interrelationship between performance and internationalization of Indonesian and Chinese manufacturing firms. This paper used a sample of 88 Indonesian firms and 989 Chinese firms from Indonesia stock exchange, Shanghai stock exchange, and Shenzhen stock...

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Development Strategy of Startuppreneur for Creative Economic Business Activities to Improve Local Tourism

J. Susyanti

The research objective is to find out development strategies, innovation potential, and entrepreneurial abilities and network development to strengthen access to human resources, institutional access, capital, markets, information, and technology to support Startuppreneur and strengthen capacity to improve...

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Models of Green Parks of Several Developed Cities in the World: Visionary Recommendations for Ho Chi Minh City

P.T.H. Xuan

Cited from several experienced lessons from developed countries all over the world, this paper proposes suggestions to upgrade, repair, and replace the green park models of Ho Chi Minh city that are environmentally friendly towards a Green-Clean-Beautiful Ho Chi Minh city in the future.

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An Analysis of Local Product Authenticity and Customer Attachments

R. Roostika

When traveling, tourists do not mind to spend more money to buy local products in the destinations they visited. Finding authentic local products when traveling is considered as providing crucial social identity as local products is unique and cannot be found in other tourist places. This study is aimed..

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The Role of Technology in Developing Local Wisdom Based Tourist Destination in Bejjong Village

V. Megawati, H. Hananto, N. Benarkah, N. Juniati

The purpose of this descriptive study is to illustrate the role of technology in a tourism village in Bejjong Village, Trowulan District, Mojokerto Regency, East Java, with its famous tour, namely Majapahit Village (Kampung Majapahit). In the current digital era, technology is beneficial in popularizing..

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Developing Artificial Intelligence in Fighting, Preventing and Combating the Digital Business Crimes

N.X. Thuy, N.D. Hieu

The Industrial Revolution 4.0 and (AI) are the key factors creating the emergence of high-tech crimes, including digital business crimes. In the article, the authors discussed the most general knowledge and the application of AI in the fight and prevention against crimes in digital business. The article...

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Globalization and Entertainment of Urban Families in Ho Chi Minh City

V.T. Tuyen, P.T.H. Xuan

Under the impacts of globalization and the development of science and technology, nowadays, there is an increase in the types of recreation and entertainment in Ho Chi Minh City (HCMC) to meet the growing demand of people with different characteristics in age, gender, income, etc. This paper examines...

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Software Development for Micro, Small, and Medium Enterprises for People's Business Credit

F. Ismiyanti, P.A. Mahadwartha

Through the People's Business Credit (KUR) program, the government wishes to accelerate the development of economic activities, especially in the business sector, in the context of poverty reduction and expansion of employment opportunities. Distribution of KUR still has several weaknesses, which makes...

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Spirituality and Business in Harmony: Case Study of Saints Movement Community Church

F.R. Fulongga

This research aims to eliminate the duality perception found in human lives. Prior researchers found that spiritualism and materialism are two opposite things. Human nature chases successes in life, and it cannot be limited by material or even spiritual achievements only (Osei-Tulu et al., 2018). Saints...

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The Effect of Gender Diversity on Company Financial Performance

Y. Satria, P.A. Mahadwartha, E. Ernawati

This study aims to examine the effect of gender diversity on the board of commissioners and board of directors on the financial performance of non-financial companies listed on the Indonesia Stock Exchange over the period of 2013-2017. The analytical method used was multiple linear regressions with the...

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PT Kalbe Farma and Weakening of Rupiah

S.L. Swandono, K. Raesita, P.A. Mahadwartha

The exchange rate is one of the biggest economic issues because the fluctuation of the exchange rate could harm any businesses as they use different currencies in their daily operations. This case study aims to analyze the strategies used by PT Kalbe Farma, Tbk, a pharmaceutical company listed in the...

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Certification Is Not Everything: Quality Standards in Implementing Good Corporate Governance

M. E. Hastuti, S. P. Tumuju

The role of SMEs in the sustainability of the Indonesian economy is inevitable. In the all-digital era, sustainability must be maintained; one of them is through the implementation of Good Corporate Governance (GCG) in SME by involving all stakeholders. The role of research and community service activities...

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Superstitions and Price Clustering in the Taiwan Stock Exchange

K. Raesita, P.A. Mahadwartha

This paper aims to describe cultural price clustering in the Taiwan Stock Exchange. The Taiwan Stock Exchange is an excellent example of the Chinese culture-exposed market, where one of the basic superstitions is the aversion of unlucky numbers and the preference of lucky numbers. Using bulk historical...

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Corporate Social Responsibility and Full Disclosure: Relationship to Financial Performance of Commercial Bank

R.F. Dimaala

The purpose of this paper is to examine whether the practice of Corporate Social Responsibility (CSR) in the Philippines is going beyond philanthropy and public relations. This will obtain a snapshot of how companies practice what they preach about doing good. It will further examine how CSR disclosure...

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Significance of High Human Skills in the Success of an Organization

A.U. Gallardo

This paper aims to examine the importance of having high human skills in the success of an organization in terms of employees' retention and performance productivity. It will include a study on how the managers succeed in maintaining the effectiveness of its workforce. The examination has been conducted...

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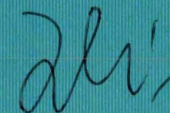
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Earnings Management, Business Strategy, and Business Complexity

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ABSTRACT: This study aims to analyze the effect of earnings management and business strategy on firm performance, which is moderated by business complexity. The object in this study was manufacturing companies listed on the Indonesia Stock Exchange (IDX) over the 2015-2018 period. Partial Least Square Structural Equation Modeling (PLS-SEM) was used in this study, and the results showed that earnings management had no significant effect, while business strategy had a significant positive effect on firm performance. Business complexity weakened the influence of earnings management on firm performance, while business complexity has not moderated the influence of business strategy on firm performance. The results of this study indicated that the determination of the right business strategy could improve firm performance instead of earnings management.

Keywords: Earnings management, business strategy, firm performance, business complexity.

1 INTRODUCTION

The purpose of the establishment of a firm is to maintain the viability of the firm, increase growth, and increase profits as well as maintain profits so that it looks stable from time to time (Windhart & Ahmar 2017). The firm management is required to pay attention to the firm's performance to make it improved and stable over time. However, in reality, the performance of firms listed on the Indonesia Stock Exchange (IDX) has fluctuated (Laila 2017).

Many factors affect firm performance, including earnings management and business strategy. This earnings information often becomes the target of management's engineering to make the firm's performance looks good. Earnings management also arises because of the agency relationship between the principal (shareholders) and agent (manager). In this connection, there is an information asymmetry where the agent has more information related to the actual condition of the firm than the principal. Agents and principals also have the same interests to maximize their welfare. This unification of interests raises agency problems/conflict agency (Jensen & Meckling 1976).

Akram et al. (2015) instead of Windhart & Ahmar (2017) study showed that earnings management has a significant negative effect on firm performance in Pakistan, while earnings management has no significant effect on firm performance in India. This happened because practicing earnings manipulation was a costly strategy as the increased or manipulated accruals should be offset by the amount of cash flows. So, in the long run, earnings management declines organizational performance because of the expense, i.e., the cost of capital got increased. India has greater market capitalization and a bigger firm size than Pakistan. According to Nelson et al. (2002) survey, sometimes auditors may ignore the earnings management of big clients, in other words, by large-sized firms. It is an explanation of why earnings management is not significant in India.

Santoso et al. (2017) study found that earnings management has no significant effect on firm performance. The practice of earnings management or the tendency to manipulate earnings can not affect firm performance because high firm performance (ROA) will reduce risk in earnings manipulation practices.

Strategies and tactics development aims to make the firm can compete in all circumstances (Jatmiko

2004). Porter's competitive advantage strategy is a method that can be done by companies to win the competition. Business strategy is the right tool in creating a competitive advantage. Companies that implement the right business strategy will win the competition with competitors and make an impact on firm performance.

Wibowo et al.(2017) study concluded that business differentiation strategy has a significant positive effect on firm performance. The firm carries out a differentiation strategy by making unique products aimed at increasing product sales to achieve predetermined profit achievements.

Bayraktar et al. (2016) study explained that the direct relationship between business strategy and cost leadership differentiation has no significant effect on firm performance. Innovation mediates the relationship between business strategy and leadership cost differentiation with firm performance. Firm managers must consider what the firm is doing to improve performance.

The complexity of business is considered the most significant challenge by many corporate managers in the 21st century (Queen & Fasipe 2015). Business complications can be seen as opportunities or obstacles to managing earnings. Companies that are still in a group with a complex corporate structure have an excellent opportunity to do earnings management because they have more flexibility and discretion tools compared to a single firm, for example, through the accrual component (Beuselink & Deloof 2014). However, complex companies also have more control than a single firm. This control can reduce the earnings management behavior carried out by the agent.

The complexity of business can also help companies in implementing effective business strategies. With the available resources, the firm can create products that have high value for customers compared to competitors. In addition, the Firm will be able to reduce costs by ways such as building an efficient scale of facilities, minimizing sales costs through access to raw materials and good distribution chains, investing in efficient technology (R&D), and sharing costs and knowledge in an internal organization (Simu 2014).

2 RESEARCH METHODS

The research object in this study was manufacturing companies listed on the Indonesia Stock Exchange over the 2015-2018 period. The research sample consisted of 58 companies, with 232 years of observation. The purposive sampling method was

applied in this study. The criteria that used in this study were manufacturing companies listed on the Indonesia Stock Exchange, consistently reported financial statements, did not experience delisting and losses during the observation period, presented financial statements in rupiah, and all variables in the study are available in the financial statements. Partial Least Square Structural Equation Modeling (PLS-SEM) was used in this study.

The dependent variable in this study was the firm performance, as measured by the profitability ratio (ROA, ROE, NPM) (Brigham & Houston 2010). The independent variables in this study were earnings management and business strategy. Earnings management was measured by five models Healy (1985), DeAngelo (1986), Jones (1991), Dechow et al. (1995), and Kothari et al. (2005). Whereas, the business strategy was proxied as Premium Price Capacity with the gross margin formula divided by total sales revenues (Gani & Jermias 2006).

The moderating variable in this study was business complexity. The author follows Lee & Yeo (2016), namely the number of business segments, firm size, and proportion of intangible assets. The number of business segments follows Baker et al. (2012) where the number of subsidiaries owned by the parent is more than 50%, the size of the firm was proxied by LN Total Assets and the proportion of intangible assets was proxied by the number of tangible assets set divided by the total assets of the firm.

3 RESULTS AND DISCUSSIONS

Table 1 presents descriptive statistics about the variables used in this study.

Outer Model evaluation was carried out to determine the validity and reliability of indicators. Un-observed variables are variables that were tested on the outer model, while observed variables were not tested. The indicator of the unobserved variable used in this study was the reflective indicator. Indicator Reliability and Internal Consistency tests can be seen in Table 2.

Table 1. Descriptive Statistics

| Variable | N | Min | Max | Mean | St.Dev | |
|------------------------|---------|--------|--------|---------|--------|--------|
| Healy | 232 | -0.189 | 1.174 | -0.003 | 0.104 | |
| DeAngelo | 232 | -0.189 | 1.174 | -0.003 | 0.104 | |
| Jones | EM (X1) | 232 | -0.198 | 1.176 | -0.001 | 0.104 |
| Modified Jones Kothari | | 232 | -0.476 | 1.195 | 0.003 | 0.115 |
| PPC | BS (X2) | 232 | -0.167 | 1.183 | 0.012 | 0.104 |
| Subsidiary | | 232 | 0.059 | 1.010 | 0.277 | 0.168 |
| Size | BC (M) | 232 | 0.000 | 27.000 | 4.655 | 5.709 |
| Int/As | | 232 | 11.804 | 19.658 | 14.749 | 1.560 |
| NPM | FP (Y) | 232 | 0.000 | 0.153 | 0.009 | 0.025 |
| ROA | | 232 | 0.117 | 190.092 | 8.532 | 13.821 |
| ROE | | 232 | 0.028 | 92.100 | 8.564 | 9.430 |
| Leverage | Con 1 | 232 | 0.035 | 224.459 | 14.294 | 20.276 |
| Age | Con 2 | 232 | 0.076 | 4.547 | 0.777 | 0.697 |
| | | 232 | 0.000 | 37.000 | 20.586 | 9.649 |

EM is earnings management; BS is business strategy; BC is business complexity; Con 1 and Con 2 is control 1 and control 2; PPC is premium price capacity; Subsidiary is the number of subsidiaries owned by the parent is more than 50%; Size is how big the firm is; Int/As is proportion of intangible assets; NPM is net profit margin; ROA is return of asset; ROE is return of equity; Leverage is a financial ratio indicating the relative proportion of shareholders' equity and debt used to finance a firm's assets; Age is how long has the company been listed on the Indonesia Stock Exchange.

Table 2. The Results of the Loading Factor and Composite Reliability

| Indicator | Rule of Thumb | EM | BC | FP |
|------------------------|---------------|-------|-------|-------|
| Healy | | 0.990 | | |
| DeAngelo | | 0.990 | | |
| Jones | EM (X1) | 0.979 | | |
| Modified Jones Kothari | | 0.948 | | |
| Subsidiary | | > 0.7 | | 0.860 |
| Size | BC (M) | | 0.851 | |
| Int/As | | | 0.703 | |
| NPM | | | | 0.938 |
| ROA | FP (Y) | | | 0.968 |
| ROE | | | | 0.970 |
| Parameter | Rule of Thumb | EM | BC | FP |
| Composite Reliability | > 0.7 | 0.992 | 0.848 | 0.972 |

Table 2 shows that all indicators used in this study have a loading factor and composite reliability value of > 0.7, which means that the model is fit in the test of the Indicator Reliability and Internal Con-

sistency Reliability. Table 3 presents convergent validity and discriminant validity in this study.

Table 3. The Results of Convergent Validity and Discriminant Validity.

| Variable | Rule of Thumb | EM | BC | FP |
|----------------------------------|------------------------|---------|---------|---------|
| EM | SQRT AVE > correlation | (0.980) | -0.043 | 0.541 |
| BC | | -0.043 | (0.808) | 0.038 |
| FP | | 0.282 | 0.038 | (0.959) |
| Parameter | Rule of Thumb | EM | BC | FP |
| Average Variance Extracted (AVE) | > 0.5 | 0.992 | 0.653 | 0.919 |

In the Discriminant Validity test, it can be seen that the value of AVE square of each variable is greater than the value of AVE square of other constructs. This means that the model fit in the Discriminant Validity test. In the Convergent Validity test, it can be seen that the AVE value of earnings management, business complexity, and firm performance > 0.5, which means that the model fit in the Convergent Validity test.

Table 4. The results of inner model test

| Criteria | Rule of Thumb | Result | Remarks |
|---------------------------------------|---------------------------------------------------------|---------|------------------------------------|
| Adjusted R ² | ≤ 0.70 (strong), ≤ 0.45 (moderate), ≤ 0.25 (weak) | 64.50% | Strong |
| Average Path Coefficient (APC) | ≤ 0.05 | < 0.001 | Acceptable |
| Average R-squared (ARS) | ≤ 0.05 | < 0.001 | Acceptable |
| Average Adjusted R-squared (AARS) | ≤ 0.05 | < 0.001 | Acceptable |
| Average Block VIF (AVIF) | Acceptable if ≤ 5, ideally ≤ 3.3 | 1.488 | Acceptable |
| Average Full Collinearity VIF (AFVIF) | Acceptable if ≤ 5, ideally ≤ 3.3 | 1.401 | Acceptable |
| Tenenhaus GoF (GoF) | ≥ 0.10 (small), ≥ 0.25 (medium), ≥ 0.36 (big) | 0.748 | Big |
| Sympson's Paradox Ratio (SPR) | Acceptable ≥ 0.7, ideally = 1 | 0.857 | Acceptable |
| R-squared Contribution Ratio (RSCR) | Acceptable ≥ 0.9, ideally = 1 | 0.961 | Acceptable |
| Statistical Suppression Ratio (SSR) | Acceptable ≥ 0.7, ideally = 1 | 1.000 | Acceptable |
| Q2 Predictive relevance | Q2 > 0 | 0.620 | The model has predictive relevance |

In addition to the outer model test, this research also conducted an inner model test to see the goodness of fit of the research model. The inner model test results can be seen in Table 4.

The adjusted R² value in this study was 64.50% and included a strong category. This value means that 64.50% of the firm's performance variables can be explained by the variables of earnings management, business strategy, business complexity, leverage and age of the firm, while the remaining 35.50% is affected by other variables outside the model.

The inner model testing on the APC criteria until Q2 Predictive relevance found to be fully fulfilled so that it could be concluded that this research model is fit.

Table 5 presents the results of this study. It can be seen that the independent variables, moderate variable, and interaction between the independent and moderate variables in influencing the dependent variable partially.

Table 5. The Results of PLS-SEM.

| Variable | Model 1 | Model 2 | Model 3 | Model 4 |
|----------------|---------|---------|---------|---------|
| EM | 0.540* | 0.522* | 0.524* | -0.051 |
| BS | 0.280* | 0.291* | 0.287* | 0.241* |
| BC | | | 0.044 | 0.045 |
| BC * EM | | | | -0.756* |
| BC * BS | | | | -0.042 |
| Leverage | | 0.042 | 0.041 | -0.027 |
| Age | | 0.215* | 0.217 | 0.165* |
| R-Squared | 37.10% | 41.90% | 42.10% | 65.60% |
| Adj. R-Squared | 36.60% | 40.90% | 40.80% | 64.50% |

*significant at 5%

This study is using 5 earnings management models as reflective indicators. In the first model, earnings management and business strategy had a significant positive effect on firm performance, with the value of R-Squared and Adj R-Squared are 37.10% and 36.60%, respectively. In the second model, earnings management, business strategy, and age had a significant positive effect on firm performance, while leverage had no significant effect on firm performance with the value of R-Squared and Adj. R-Squared are 41.90% and 40.90%, respectively. In the third model, earnings management and business strategy had a significant positive effect on firm performance, while business complexity, leverage, and age had no significant effect on firm performance with the value of R-Squared and Adj. R-Squared are 42.10% and 40.80%, respectively. In the fourth model, which uses all research variables, business strategy, and

age had a significant positive effect on firm performance. Business complexity weakens the influence of earnings management on firm performance while earnings management, business complexity, the interaction of business complexity and business strategy, and leverage had no significant influence on firm performance.

The authors conducted a test using Healy, DeAngelo, Jones, Modified Jones, and Kothari earnings management models, respectively, to see the comparison of the five earnings management models. The results showed that, by using any earnings management models, either Healy, DeAngelo, Jones, Modified Jones, Kothari, or refining the five models together obtained the same significant results as Table 5. These results indicate that any earnings management model will produce a consistent model. Based on the fourth model, the value of R-Squared and Adj R-Squared full model (using 5 models) were 65.60% and 64.50%, Healy models were 65.50% and 64.50%, DeAngelo models were 65.60% and 64.50%, Jones models were 66.00% and 64.90%, the Modified Jones model was 64.60% and 63.50%, and the Kothari model was 65.60% and 64.50%. It can be concluded that the Jones model produces the best model with the highest of R-Squared and Adj. R-Squared values. However, the authors are unable to explain the reasons related to this.

In the fourth model, earnings management had no significant effect on firm performance. Earnings management actions taken by managers in this study did not affect the firm's performance. This is because companies tend to focus on business strategies to improve firm performance rather than making profit management. The firm's earnings management will also make the firm's performance becomes biased. Though the information presented in the financial statements is very important because it reflects the firm's performance and is used as a reference in decision making. This result is consistent with Santoso et al. (2017), but is contrary to Akram et al. (2015) instead of Windharta & Ahmar (2017).

The business strategy had a significant positive effect on firm performance. This proves that a firm that implements the right business strategy will win the competition with competitors and create high profits so that it has an impact on firm performance. This result is consistent with Wibowo et al. (2017), but is contrary to Bayraktar et al. (2016).

Business complexity weakened the influence of earnings management on firm performance. In this case, more control in complex companies is able to reduce the earnings management behavior performed by the agent.

Business complexity also has not moderated the influence of business strategy on firm performance. In this case, business complexity is not an agent's consideration in determining the firm's operations. In fact, the firm tends to expand its business by forming business units or establishing subsidiaries, so that the firm becomes more complex. However, a planned business strategy is sufficient to produce a better firm performance.

4 CONCLUSION

Earnings management had no significant effect on firm performance, while business strategy had a significant effect on firm performance. Business complexity has weakened the influence of earnings management on firm performance, while business complexity has not moderated the influence of business strategy on firm performance.

Based on the results of this significance testing, it was found that the determination of the right business strategy is a vital thing to do by management compared to earnings management to improve firm performance.

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