

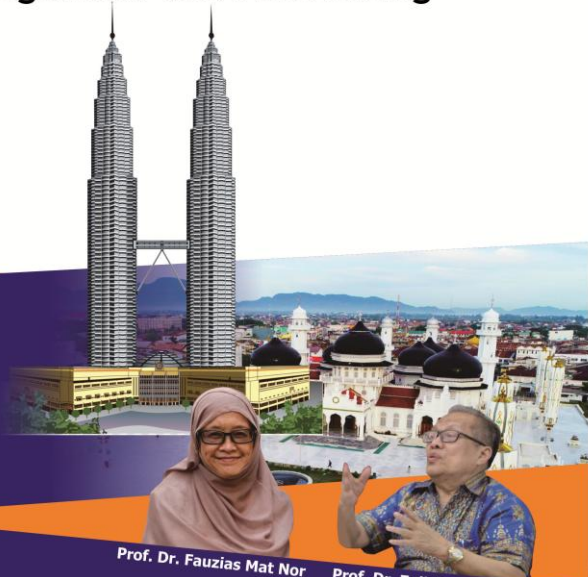


2019
XX

FACULTY OF ECONOMICS AND BUSINESS
UNIVERSITAS MALIKUSSALEH
ACEH - INDONESIA

BOOK OF PROGRAM MIICEMA 2019

Malaysia Indonesia International Conference
on Economics, Management and Accounting



Hermes Hotel

Banda Aceh, 20-21 November 2019



Keynote Speakers

- Prof. Dr. Zulkifli Husen, M.Sc
- Prof. Dr. Fauzias Mat Nor

Prof. Dr. Fauzias Mat Nor

Prof. Dr. Zulkifli Husen, M.Sc

Theme :

Opportunities and Challenges of Industry 4.0
in Economics, Management and Accounting

Malaysia Indonesia Cooperation on Economics, Management and Accounting



**Malaysia Indonesia International Conference on
Economics Management and Accounting
(MIICEMA) 2019**

Theme

Opportunities and Challenges of Industry 4.0 in Economics,
Management Accounting

Editorial Team:

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Hermes Palace Hotel, Banda Aceh, Indonesia
November 20-21, 2019

Faculty of Economics and Business
Universitas Malikussaleh
Aceh, Indonesia

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**PREFACE:
CONFERENCE CHAIR'S WELCOMING SPEECH**

Assalamualaikum Warahmatullahi Wabarakatuh
Dear Colleagues,

It is with great pleasure that we welcome you to our natural beautiful rural city of Banda Aceh for the 20th edition of the Malaysia-Indonesia International Conference on Economics, Management and Accounting – MiiCEMA 2019.

First, we would like to thank to all of Miicema member for the opportunity given to Faculty of Economics and Business Universitas Malikussaleh to arrange this huge, memorable and important event, Thank you.

Second, please extend our thank to all authors, presenter and participants your participation at the conference. We are aware that many of you have had difficulties in obtaining funding, travel tickets, and many have travelled a long way to reach this very west side province of Indonesia, Thank you !

In the current edition of the Miicema we are proud to have 245 papers submitted and 200 are reviewed by internal and external reviewers, and all of the abstracts recorded in the book of abstract and hopefully it will be published very soon as our proposal of publication was accepted by Scopus indexed publisher. In the other hand, selected paper will be published in the reputable international journal that have cooperated with Miicema.

In addition, the conference will host parallel session where all the authors will be able to present their recent research simultaneously in separated space. This, together with a very nice social program with excursions and a Gala Dinner at the Anjong Mon Mata Monument Banda Aceh, and the participants will be exposed to Banda Aceh city and explore the best under sea view at Sabang island, and it will certainly make your participation at the conference an unforgettable.

On top of that, in this edition the participants will encourage to discuss with our two invited keynote who will present the current challenges and opportunities of economics, management and accounting in 4.0 era; Prof. Fauzias Mat Nor and Prof. Zulkifli Husen.

All this has been possible thanks to your participation, to our sponsors support and to our committee members involvement.
We do hope that you enjoy your attendance at the MiiCEMA 2019..!
Wassalamualaikum Warahmatullahi Wabarakatuh

Banda Aceh, 20th November 2019

Wahyuddin Albra, SE.,M.Si,Ak,CA,CMA
Conference Chairman of MIICEMA 2019.

RECTOR'S WELCOMING SPEECH

Assalamualaikum Warahmatullahi Wabarakatuh

Good Morning

Praises be to Allah the almighty for providing us with the wonderful opportunity to gather here today.

On behalf of the Universitas Malikussaleh, it is an honor for me to welcome all of you to our University and participate in the 20th Malaysia-Indonesia International Conference on Economics, Management and Accounting–MiiCEMA 2019.

I would also like to extend my welcome to the keynote speakers, Prof. Fauzias Mat Nor and Prof. Zulkifli Husen. I am also pleased to welcome the presenters and participants as well as respected colleagues. My deep appreciation to the dean of the Faculty of Economics and Business of MIICEMA member from universities in Indonesia and Malaysia.

The 20th Malaysia-Indonesia International Conference on Economics, Management and Accounting – MiiCEMA 2019 theme is “Opportunities and Challenges of Industry 4.0 in Economics, Management and Accounting”. It is no doubt that the development of Economics management and accounting lead to more challenges for our students, and therefore, I believe that the keynote and invited speakers sessions as well as the parallel presentations will result in fruitful discussions and knowledge-sharing which in return can promote the best practice of development of research for the benefit of the Economics, management and accounting.

I would also like to express my deepest gratitude to the organizing committee for their tremendous efforts in organizing this wonderful conference. They have not only managed to work collaboratively across departments in their faculty but also brought together supports from several universities and organizations. Such collaborative culture is greatly appreciated and acknowledged.

Finally, allow me to once again welcome you all to our university, I wish you have valuable conference and memorable time during your tim in our city, the city of Banda Aceh.

Wassalamualaikum Warahmatullahi Wabarakatuh

Banda Aceh, 20th November 2019

Dr. Herman Fithra, ST.,MT.,IPM

Rector of Malikussaleh University, Aceh, Indonesia

DEAN'S WELCOMING SPEECH

Assalamualaikum Warahmatullahi Wabarakatuh

In the Name of Allah, the Most Beneficent, the Most Merciful.

It is with great pleasure that I welcome the participants of the of the 20th edition of the Malaysia-Indonesia International Conference on Economics, Management and Accounting–MiiCEMA 2019 The Prophet Muhammad (peace be upon him) said 'Acquire knowledge and impart it to the people.' (Al Tirmidhi). The quest for knowledge has been from the beginning of time but knowledge only becomes valuable when it is disseminated and applied to benefit humankind.

It is hoped that MiiCEMA 2019 will be a platform to gather and disseminate the latest knowledge in Economics, Management and Accounting. Academicians, Economist, Researchers and practitioners of Economics will be able to share and discuss new findings and applications of any experiences of best pratising.

It is envisaged that the intellectual discourse will result in future collaborations between universities, research institutions and industry both locally and internationally. In particular it is expected that focus will be given to issues on “Opportunities and Challenges of Industry 4.0 in Economics, Management Accounting”.

Finally I would like to congratulate the organizing committee for their tremendous efforts in organizing the conference. once again welcome you to our university, we wish you have a enjoyable conference and wonderful stay in our city, the city of Banda Aceh.

I pray to Allah swt that the conference will be a success.

Wassalamualaikum Warahmatullahi Wabarakatuh

Banda Aceh, 20th November 2019

Dr. Hendra Raza, SE.,M.Si,Ak,CA

Dean, Faculty of Economics and Business, Malikussaleh University, Aceh, Indonesia

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	: Ristati, SE, M.Si
	: Munardi, SE, M.Ec

CONFERENCE PROGRAM

November 20th-21th, 2019
Hermes Palace Hotel, Banda Aceh, Indonesia

DETAIL ITTENARARY

Wednesday , 20th November, 2019

14.00	Check in, Hermess Hotel, Banda Aceh. Participant Registration in Hermess Hotel
19.30 – 21.00	Welcome Ceremony, Anjong Mon Mata, Pendopo Gubernuran – Aceh.
21.00 -	Back to Hotel,

Thuesday , 21st November, 2019

07.00	Breakfast - Hotel
08.00 – 09.00	Participant Registration, Jeumpa Hall, Hermess Hotel
09.00 – 10.00	Opening Ceremony
10.00 – 10.30	Coffee break
10.30 – 11.00	Keynote speaker at Conference
11.00 – 12.30	Parallel Session – Batch 1. (Panel 1 – 4).
12.30 - 14.00	Lunch (Dhuhur Break)
14.00 – 15.30	Parallel Session – Batch 2. (Panel 1 – 4). Dean Meeting – Miicema members (Aceh Hall)
15.30 – 16.15	Ashar Break
16.15 – 17.15	Parallel Session – Batch 3. (Panel 1 – 4).
17.15 – 19.00	Back to Hotel.
19.30 – 21.00	Closing Ceremony Dinner

Friday, 22nd November, 2019

06.00 – 07.00	Breakfast - Hotel
07.00 – 07.20	Depart to Ulee Lheu Harbor Banda Aceh
07.30 – 08.15	Sail to Sabang by Ferry
09.30 – 10.00	Explore I Love Sabang Park with ocean view and Aneuk Laot Lake view.
10.00 – 12.00	Hotel Check in and Jum'at prayer preparation
12.00 – 13.10	Jum'at Prayer at Babussalam – Sabang
13.10 – 14.00	Lunche on at Hotel

LIST OF ORAL PRESENTATION

List of Panels Batch 1
ROOM : 1
Management / Marketing

Time	ID	Author	Title
11.00 - 11.10	007	Norlida Hanim Mohd Salleh, Muhammad Naim Ismail, Norma Azuli Mohd Nor, Nurul Atiqah Mohd Suib.	The Impact of Culture, Entertainment and Recreation Tourism to the Malaysian Economy: Input Output Analysis
11.10 - 11.20	011	Shifa Mohd Nor, Syajarul Imna Mohd Amin	The Impact of Board Diversity on Malaysian Industries Performance
11.20 - 11.30	040	Dyah Wulan Sari, Wenny Restikasari	The Phenomenons of Export and Foreign Direct Investment on Indonesian Electrical and Electronics Industries
11.30 - 11.40	029	Qori Aina, Sri Herliana, Nur Lawiyah	Household Plastic Waste Management Model in Indonesia
11.40 - 11.50	028	Sri Herliana, Nur Lawiyah	Analysis of opportunities for SME products in Entering The Internasional Market"
11.50 - 12.00	109	Dedi Rianto Rahadi, Etty Susilowati, Pandu Adi Cakranegara	Alternative Social Media Models In Public Service: A Literature Review
12.00 - 12.10	171	Aulia Rahman, Hasbiullah	The Competitiveness Analysis of Indonesian Export Commodities in the International Market
12.10 - 12.20	116	Heriyana, Jasman J Ma'Ruf, Honeyta Permana Lubis, Syafruddin Chan	Consumer Fashion Innovativeness, Perceived of Risk and Intention to Buy in Online Shopping
12.20 - 12.30	129	Nurainun	Customer Loyalty and Customer Relationship Management

List of Panels Batch 1

ROOM : 2

Accounting

Time	ID	Author	Title
11.00 - 11.10	066	Nurmali Agustina, Dyah Setyaningrum	Local Governments Characteristics and Quality of Financial Reporting in Indonesia
11.10 - 11.20	070	Salman Jumaili, Primadi Prasetyo	Analysis of Financial and Non-Financial Performance Measurement with Traditional and Balanced Scorecard Approaches (Survey of Local Government Water Utility in Jambi Province)
11.20 - 11.30	076	Yudi, Sri Rahayu	Asset Management as A Moderator of The Effect of Good Governance and Internal Control on Optimizing The Utilization of Regional Fixed Assets
11.30 - 11.40	081	Rahayu , Muhammad Ridwan	Analysis of Bankruptcy Prediction of Regional Development Banks (BPD) Using the Altman Z-Score Method
11.40 - 11.50	083	Dwi Martani, Nur Aulia Rahmah, Viska Anggraita, Fitriany	Do Audit Firm and Audit Partner Rotation Could Increase the Audit Quality?
11.50 - 12.00	084	Sarah Febrina Yolanda, Asep Kurniawan	Inventory Control Analysis of Raw Material for Making the Men's Formal Pants at PT. Dirgayusa Apparelindo
12.00 - 12.10	031	Airin Nuraini, Yulia Nurendah, Abdul Rouf	Basic Problems in Modern Economic Systems Through Historical and Macro Economic Indicators Approach
12.10 - 12.20	160	Mariyudi, M. Sayuti, Hendra Raza, Elwina	Ethical Behavior Corporate Social Responsibility and Firm Performance
12.20 - 12.30	164	Iskandar Muda, Erlina, Zainal A.T Silangit, Nurman Achmad	Understanding of Implementation of Regional Financial

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			Management Based on Government Regulation No.12 Year 2019 at Treasurers and Financial Officers of Local Governments
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List of Panels Batch 1

ROOM : 3

Management / SDM and Strategy

Time	ID	Author	Title
11.00 - 11.10	057	Fitriaty, Shofia Amin, Idham Khalik	Iconic Imagery And Memorable Experience : In A Model Of Creative Religious Tourism Destination As A Heritage Site (Strategic Management)
11.10 - 11.20	034	Shofia Amin, Fitriati	Stimulating Innovative Behavior of Lecturer in the 4.0 Revolution Era
11.20 - 11.30	050	Sulastris Sulastris, Tridoyo Kusumastanto, Heti Mulyati	The Budgeting Practice in East Java Msmes
11.30 - 11.40	067	Muammar Khaddafi, Mohd Heikal, Falahuddin	Factors Influencing The Implementation of Budget Quality in Regional Budget Transparency And Politics in Aceh Province
11.40 - 11.50	068	Ismail, I Made Narsa, Basuki	The Mediating Effects Of Strategic Foresight On The Relationship Of Management Control System With Firm Performance
11.50 - 12.00	094	I Putu Sugiarta Sanjaya, Kornelia Dian Novianti Sumaryata	Independent Director of Managers and Dividend
12.00 - 12.10	181	Diana, Anis Eliyana, Mukhtadi	Overcoming the Budget Deficit of the National Health Insurance Implementing Agency to Improve Service, Management and Financial Efficiency
12.10 - 12.20	195	Lilis Puspitawati, Azhar Susanto, Sugiono Poulus, Jadi Suprijadi, Hilmi	Creating Strategic Information Systems in State Owners Enterprises Evidence in Indonesia
12.20 - 12.30	196	Hery Kustanto, Anis Eliyana, Siti Nurjanah	Leading Millennial differently : Are Recent Leadership Theories still relevant for them?

List of Panels Batch 1
ROOM : 4
Management/ Business

Time	ID	Author	Title
11.00 - 11.10	017	Noor Hasni Juhdi, Nur Atiqah Abdullah	Small Business Orientation, Entrepreneurial Orientation, Service Orientation and Sustainability of Malaysian Homestay Program
11.10 - 11.20	043	Hamidah, Linda Ratna Sari	The Effect of Ownership Concentration, Ownership Insider, and Family Ownership on Human Resources Disclosure
11.20 - 11.30	052	Suadi Zainal, Zurriyati A. Jalil, and Lia Safrina	Aceh Traditional Food and The Potential of Community Economic Development in Lhokseumawe - Indonesia
11.30 - 11.40	059	Eni Wuryani, Dewi Prastiwi, Mariana	Health Assessment of Regional Owned Enterprises As Efforts to Increase Local Revenue in East Java Province, Indonesia.
11.40 - 11.50	086	Kussudyarsana, Muhammad Halim Maimun	Exploring the Connection Between Entrepreneurship and Family Business: Evidence from Indonesian Family Business
11.50 - 12.00	087	Anissa Lestari Kadiyono, Elsa Tamara Shalsabila	Graduate Entrepreneurship: Development and Initial Validation of A Self-Report Measure of Career Maturity and Entrepreneurial Intention for Use in Higher Education
12.00 - 12.10	123	Manaek Agus Simbolon, Juita R Solin	Learning Management for Growing Entrepreneurship Skills Education with Blended Learning
12.10 - 12.20	124	Maria Perangin-Angin, Maruli Tua Barimbing	Coupling Program Management for Prospective Entrepreneurs
12.20 - 12.30	130	Nurmala, Sullaida	Development of Independent Entrepreneurship Based on Local Wisdom (Case Study of Women in Lhokseumawe City)

List of Panels Batch 1

ROOM : 5

Management/ Finance

Time	ID	Author	Title
11.00 - 11.10	003	Nur 'Aqilah Najia Shamsul Anuar, Aisyah Abdul Rahman, Syajarul Imna Mohd Amin	Determinants of Operational Risk in Banking Sector: A Systematic Review
11.10 - 11.20	004	Shahida Shahimi S. Shahida, Hafizuddin-Syah B.A.M, Siti Hanisah Fuad	Sustainability Practices and Financial Profitability: A Case of the World's Top 20 Crude Palm Oil Producers
11.20 - 11.30	005	Nur Fatihahatul Asna Binti Abdul Jalil, Mohd Hasimi Yaacob	The Relationship Between Capital Structure And Firm Performance Of Malaysian Construction Sector
11.30 - 11.40	009	Syaza Wahidah Ahmad, Rubayah Yakob, Hafizuddin-Syah, B.A.M	The Effect of Entrepreneur Financial Literacy on SME Performance
11.40 - 11.50	014	Mohd Hizam Hanafiah, Hamidah Abd Hamid	Similarities Background and Differences in Business Franchises Among Family and Non-Family Units in Malaysia
11.50 - 12.00	019	Hawati Janor, Zanariah, Abdullah Ahmand	Digital Financial Literacy: Analysing the Past and Present for the future
12.00 - 12.10	027	Robinson	Social Construction of Risk Management in Local Government Budgeting
12.10 - 12.20	037	Fachruzzaman, Rini Indriani, Othis Al-Hadid	Effects of Ethnic Moderation on The Executive Board on The Relationship of Tax Planning and Corporate Value
12.20 - 12.30	038	Rini Indriani , Lenza Rahayu Putri, Adista Anbarani Putri Zaman, Herawansyah	The Effect of Unconditional Conservatism on Market Reactions

List of Panels Batch 1

ROOM : 6

Economic Sharia

Time	ID	Author	Title
11.00 - 11.10	001	Khairul Akmaliah Adham, Adlin Masood, Alina Abdul Rahim & Nur Sa'adah Muhamad, Zizah Che Senik	Halal Industry Development Policy in Uzbekistan: Analysis Using VSM Framework.
11.10 - 11.20	006	Norhafizah Abu Hasan, Nur Syafiqah Mohd Shkuri	Talent Management And Halal Management – Where Is The Values?
11.20 - 11.30	018	Shahrizid Abdul Sarhadat, Khairul Akmaliah Adham, Rosmah Mat Isa	The provider Interaction in Social Support Services for Business Development of SMEs: Case Study of the People's Trust Board
11.30 - 11.40	075	Naufal Bachri, Faisal Matriadi, Jullimursyida, Munandar Mukhtar, Azhar Hasan	Indonesian Islamic Bank Credibility and Customer Loyalty: Does Customer Satisfaction Really Serve as A Mediator Variable?
11.40 - 11.50	096	Irsal Efendi, Muhammad Meftah	Justice, Country And Economic Development: Economic Perspective of Islam
11.50 - 12.00	105	Agustinawati, Samsidar, Muhammad Yusuf	The Impact of Halal Tourism Marketing Mix on Satisfaction
12.00 - 12.10	115	Harjoni, Rahmawati	The Price Intervention of Staple Goods in Lhokseumawe City From the Islamic
12.10 - 12.20	122	Malahayatie	Justice, Country And Economic Development: Economic Perspective Of Islam
12.20 - 12.30			

List of Panels Batch 2

ROOM : 1

Management/ Finance

Time	ID	Author	Title
14.00 - 14.10	042	Nurlina	The Development of Underdeveloped Region's Strategies Based on the Leading Sector in the Northern Territory of Aceh
14.10 - 14.20	090	Ahmad Rizani	Economic Performance and Economic Potential Analysis For Aceh Province
14.20 - 14.30	097	Darmawati Muchtar, Ahnaf Alsmady, Ratna Husen, Indri Nindya Putri	Market-Based or Bank-Based Financial System Drives the Economic Growth? Evidence From ASEAN
14.30 - 14.40	101	Ridwan, Bahler Siregar	Effect of Education Level on Economic Growth in Medan City in 2008-2018
14.40 - 14.50	107	Chenny Seftarita, Ferayanti, Fitriyani	Does Inflation in Commodity Administered Prices and Volatile Foods Reduce Welfare on Households in Aceh, Indonesia?
14.50 - 15.00	110	Devi Andriyana, Cut Putri Mellita Sari, Hijri Juliansyah	Technical Efficiency of Rice Farming In Gampong Pante Piyeue, Matang Glumpang Dua, Bireuen With Dea Methode
15.00 - 15.10	114	Hanif, Henny Irawati, Rasyimah, Mursalin	The Significant of parents' income toward students' ability in learning English
15.10 - 15.20	120	Jann Hidajat Tjakratmadja, Hary Febriansyah, Ruspita Rani Pertiwi, Dewi Wahyu Handayani "	How knowledgeable is Indonesian's Government Institution?
15.20 - 15.30	125	Muhammad Nasir, Saparuddin Siregar, Asmuni, Rasyidusman Hannamara Furqan Nur	Contribution of Financing and Poverty on Economic Growth in Indonesia

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ROOM : 2

Management/ Finance

Time	ID	Author	Title
14.00 - 14.10	136	Sugeng Hariadi, Lidya Rosadi	Do Catholics Support Non-Usury Banks?
14.10 - 14.20	152	Gusti Ayu Indah Ratnasari	Journey', 'cleansing', and 'retrospective imaginary line': multi metaphorical perspectives of organisational change
14.20 - 14.30	153	Emalia Rosellin Br Sembiring, Nur Cahaya Lubis, Riska Sari Nasution	Impacts Of Organizational Culture, Personal Ability, Emotional Intellegent On Teachers' Job Satisfaction In Private Primary School
14.30 - 14.40	162	Wawan Hermawan, Fitrawaty, Indra Maipita and Haikal Rahman	Determinants of the Net Enrollment Rate of Indonesia's Poor Population
14.40 - 14.50	168	Robert Sibarani, Peninna Simanjuntak	The Role of Village Traditional Leaders' Local Wisdom for Agricultural Irrigation at Tipang Village, Lake Toba Area
14.50 - 15.00	013	Muhammad Faiz Bin Khairul Anuar, Muhammad Faiz Bin Khairul Anuar	The Risk of Gst Tax on User's Life Cost: Consumer Expences Factor Study
15.00 - 15.10	025	Ghazali Syamsi, Frisca Damayanti, Wahyuddin, Mahdawi, Nasir	Stock Performance Before & After Stock Split on IDX
15.10 - 15.20	026	Ichsan Ichsan, Marzuki Marzuki, Ghazali Syamni, Ira Silfia, Mahdawi	Some Factors Affecting the Financial Performance of Manufacturing Companies in IDX
15.20 - 15.30	045	Rani Puspita Ningrum	The Sustainable Responsible Investment and Islamic Finance for Achieving Sustainable Development Goal (SDGs) in Indonesia

List of Panels Batch 2
ROOM : 3
Management / Marketing

Time	ID	Authors	Title
14.00 - 14.10	143	T.edyansyah, Muhammad nasir	The Effect of Advertising and Sales Promotion for Purchasing Decisions of Samsung Smartphone Products in Lhokseumawe City of Aceh Province, Indonesia
14.10 - 14.20	151	Wenny Pebrianti, Barkah, Rifki Lutfian	The Influences of Shopping Orientation on the Intention to Order Food Through Go-Food Feature in Go-Jek Application
14.20 - 14.30	166	Rini Indahwati, Nurlinda Nurlinda, Wardayani	The Effectiveness of Using Online Applications in Improving Micro, Small & Medium Enterprises (MSMEs) Performance
14.30 - 14.40	169	Malahayatie, Ahmad Qorib, Saparuddin Siregar	Investment in Aceh (Such Factors Obstacle and Support and Also Increasing Strategy of Investment Strategy)
14.40 - 14.50	178	Adnan Berdan, Mukhlis Yunus, Muhammad Adam, Hafasnuddin, Aiyub, Jumadil Saputra	The Determinants of Morinaga Milk Customers Loyalty in Aceh Province
14.50 - 15.00	185	I Ketut R. Sudiarditha, Dewi Susita, Tuty Sariwulan	Exploring Quality of Work Life of the Hotel and Restaurant with Employees Cruise Ship
15.00 - 15.10	189	Fanny Nailufar, Fadhilah, Yurina	The Potential of Kerawang Gayo Clothing in Improving Creative Industries in Aceh
15.10 - 15.20	078	Helmi Mulyana, Yun Yun	The Influence of Supply Chain Management on Competitive Advantage of Fabric Business in Cigondewah Textile Area in Bandung City
15.20 - 15.30	015	Noor Azuan Hashim, Ahmad Rafli Che Omar Lokhman Hakim Osman, Farhana bt Sidek	Issues and Challenges in Nurturing Young Entrepreneurs – A Study with Entrepreneurship Students

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ROOM : 4

Accounting

Time	ID	Author	Title
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Social Investment and Ownership Structure

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Abstract: CSR can be represented as a long-term investment, exchanging current profitability with long-term sustainability. The value of social investment by the company shows an increasing trend. The value of this investment may differ according to the pattern of share ownership, because different types of investors will have different goals and decision-making. Thus, it is necessary to analyze the relationship between various types of owners and corporate social investment, because the results of previous studies cannot be concluded. In this study, the types of shareholders are divided into two categories– foreign and local ownership. The abstract needs to summarize the content of the paper. This study uses 215 firm years as samples that cover two years 2017-2018. Data on stock ownership is obtained from the Indonesian capital market and measured by the percentage of ownership. CSR investment is measured by the value of the rupiah for corporate social activities, which is obtained from disclosures in the annual report. The method used to estimate the parameters of the research model is linear regression. The results showed that the higher foreign ownership in companies would increase social investment. Whereas if local ownership is higher then social investment will be lower.

Keywords: social investment, corporate social responsibility, ownership, foreign investor.

Social Investment and Ownership Structure

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1 Introduction

The concept of corporate social responsibility (CSR) is often discussed in literature and research. The results of the study still identify knowledge and empirical result gaps that require academic attention. First, differences of opinion about the potential uses of CSR and corporate strategies. Second, many variables are used in the context of company operations, size, type of organization, and ownership that seem to have different effects on corporate CSR practices in various countries. Third, many CSR studies are carried out in the context of developed countries (Western Europe, the United States, and Australia), but there is still limited research in developing countries. CSR activities are usually driven by various motivations, such as economic, legal, ethical, or discretionary motives [1]. Business social responsibility can also reflect implicit conformity to social norms of business behavior and the regulatory framework developed by consensus [2].

Research on CSR is generally divided into two, first investigating the impact or benefits of CSR. Second, investigate the factors or motivations that drive these activities. This research belongs to the second category, and specifically explores the type of company ownership. The relationship between the owner and management of the company is complicated because their interests are not aligned. There is limited research in the types of ownership and social responsibility investment. Barnea and Rubin [3] say that ownership structure is able to explain the company's social performance. This is due to every owner have different goals and decision making horizons. In this study, ownership is categorized into two - foreign ownership and local ownership. Foreign investors tend to differ from domestic investors in terms of preferences,

time horizons, and the problem of information asymmetry. Given these differences, it is predicted that different owners have different preferences regarding corporate social investment. In addition, foreign investors may be more inclined to pay attention to social problems because they are familiar with these problems and put more emphasis on CSR in their home countries, and because of the role of CSR involvement as an important signaling mechanism that can reduce information asymmetry [4].

This study ultimately gave two contributions to the existing literature. First, comparing CSR motives and practices of foreign and local companies under the operational context provided to determine how cultural policies and obligations affect corporate CSR decisions. Second, by conducting studies in Indonesia, this research contributes to limited knowledge about CSR investments in Indonesia and seeks to offer policy guidelines and strategies to government institutions that plan to initiate or promote better CSR practices.

2 Theory and Hypotheses

2.1 CSR concepts

Wood's research [5] was based on the conceptualization of Carroll. He used the concept because in previous studies often it did not identify various types of responsibilities adequately for CSR empirical research. He suggested that researchers should in detail study the factors that trigger CSR initiatives from certain businesses or industries in a country (ie principles or reasons that motivate to be involved in CSR activities). There are many definitions for corporate social responsibility but basically all companies must act in a socially responsible manner. That is, they must be more involved and promote sustainable development. First, by taking responsibility for the impact on the community. Second, involved in community investment and other projects that can help improve the environment and society in general.

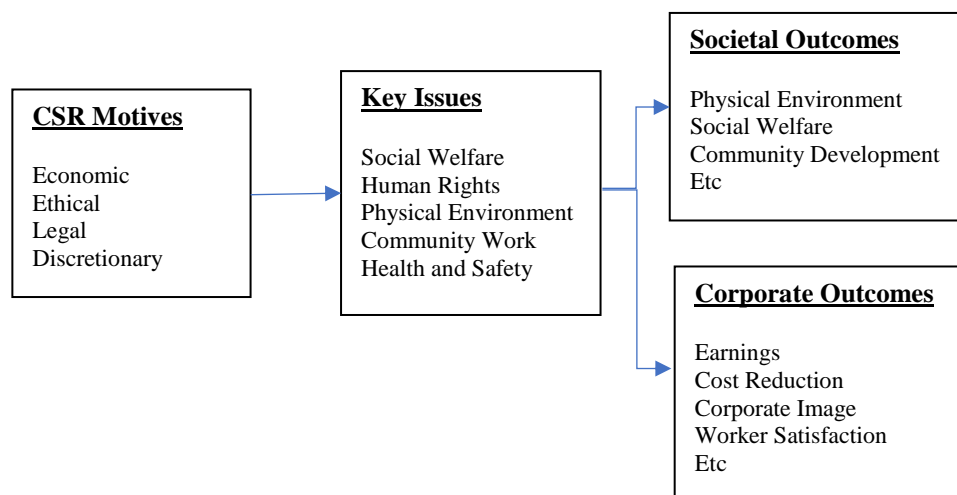


Figure 1 CSR Antecedent Consequence (Kuada and Hinson, 2012)

We use the analytical framework of the Kuada and Hinson research [6], which uses the CSR Carroll category (Economy, law, ethics, and wisdom) as the basis for reasons (motives) that underlie corporate CSR decisions. Within this framework, the consequences (benefits / results) of CSR are grouped into two: (1) community outcomes - including benefits for the physical environment, social welfare benefits, and community development; and (2) company results - including (but not limited to) economic benefits such as cost reduction, company image enhancement, and employee satisfaction.

2.1 Foreign Ownership and Social Investment

It is assumed that the level of investment from abroad might have a greater influence than domestic practices [7, 8]. For example, current CSR implementation trends in many Asian countries are largely influenced by Western-style management practices, which are assumed to have a higher level of social involvement. Empirical findings also support this argument. For example, Chapple and Moon [9] noted that globalization increased the involvement of corporate CSR in Asian countries. When reviewing the literature discussing international strategies that can provide social benefits to the host country, the literature leads to CSR and business ethics [10,11]. Infrastructure improvements through foreign funds, for example Chinese investors in Africa improve roads, telecommunications, or educational institutions [12,13].

Besides having a high preference for social activities, companies with foreign ownership are also more compliant with laws and regulations [6]. Outside countries, especially Europe and the United State are countries that are very concerned about social issues such as violations of human rights, education, labor, and environmental issues such as, the greenhouse effect, illegal logging, and water pollution [14]. This also makes in the last few years, multinational companies began to change their behavior in operating in order to maintain the legitimacy and reputation of the company [14]. Multinational companies or with foreign ownership mainly see the benefits of legitimacy derived from its stakeholders based on the home market (market where it operates) that can provide high existence in the long run [15,16]. In other words, if a company has foreign ownership, the company will be more supported in making social investments.

H₁ : The greater the foreign ownership in a company, the greater the value of social investment.

2.2 Local Ownership and Social Investment

Each country has different behaviors towards social responsibility activities. CSR patterns are based on national specific norms of business-community relations, corporate governance, government responsibilities, and broader community governance norms [9]. Several previous studies have shown that companies in Indonesia carry out less social responsibility than other countries. Chapple and Moon's research [9] shows that Indonesia not only has the lowest level of CSR penetration, but also has the lowest level of community involvement. On the other hand, Indonesian investors also do not respond well to CSR activities. One of the CSR activities is the environment, in Indonesia environmental performance actually has a negative impact on the value of equity costs, the more environmental activities carried out will increase the company's equity costs [17]. Mulyadi and Anwar's research [18] has proven that investors in Indonesia still do not pay too much attention to social and environmental responsibilities. Indonesia as a growing market and still attracts many investors because of its potential to increase in the future, and focus on financial issues.

Prihatiningtias and Dayanti [19] also show that CSR disclosure does not affect market performance, which means investors do not value the activity. Based on the description above, the second hypothesis is :

H₂ : The greater the local ownership in the company, the smaller the value of social investment.

3 Data and Methodology

The total sample of this study was 215 and determined by several criteria. First, all companies listed on the IDX in 2017-2018, except the financial and service industry sectors. Second, the Company discloses the amount of CSR investment in the annual report. Third, other variable data used in the study are available. Social investment (INVCSR) is proxied by the amount of CSR expenditure for social activities, the environment, employees, and community development mentioned in the annual report. This study includes donations as CSR expenditures assuming they serve the same social purpose because many companies do not provide details of CSR expenditures. The greater this investment is assumed to have more CSR activities. Foreign ownership (FOREIGN) is measured by the number of shares owned by foreign investors compared to the outstanding shares. Local ownership (LOCAL) is measured by the number of shares owned by local investors compared to outstanding shares. The percentage of ownership is obtained from The Indonesia Capital Market Institute (TICMI). The control variables of this study are Return on Assets (ROA), Leverage (LEV), and company size (SIZE). The purpose of this study is to determine the relationship between social investment with foreign ownership and local ownership. The statistical model is as follows :

$$INVCSR_{i,t} = \beta_0 + \beta_1FOREIGN_{i,t} + \beta_2LOCAL_{i,t} + \beta_3ROA_{i,t} + \beta_4LEV_{i,t} + \beta_5SIZE_{i,t} + \varepsilon \quad (1)$$

Dimana:

INVCSR	: Social Investment
FOREIGN	: Foreign Investor
LOCAL	: Local Investor
ROA	: Return on Assets
LEV	: leverage
SIZE	: Firm"s Size
$\beta_0 - \beta_2$: the estimated coefficient
ε_{it}	:error term
i	: 1, 2, ..., N (number of observations)
t	: 1, 2, ..., T (amount of time)

4 Result

Empirical test results support the research hypothesis. These results can be seen in Table 1. Hypothesis 1 is supported, the greater the foreign ownership in a company the greater the value of social investment. The FOREIGN variable shows a significance level of five percent with a positive beta coefficient. Hypothesis 2 is supported, showing that the greater local ownership will reduce the value of investment for CSR activities. This can be seen in the LOCAL variable which shows a negative and significant beta coefficient at the 5 percent level. The ROA and SIZE variables are significant at the one percent level, while the LEV variable has no significant effect on social investment.

Table 1. Empirical Result
Dependen Variabel : social investment (INVCSR)

Independen Variabel	B	t
Constanta		
FOREIGN	1.341	2.564**
LOCAL	-1.027	-2.371**
ROA	7.520	5.118***
LEV	0.011	1.621
SIZE	0.100	2.837***

***significant 1% **significant 5% *significant 10%

Foreign institutional investors have high monitoring capabilities, and encourage increased governance arrangements in the companies where they invest, resulting in high performance [10]. Foreign investment can also have a greater influence on the adoption of Clean technology in companies and CSR ratings increase in the proportion of equity held by all foreign parties [4]. The results of this test can be explained with two reasons. First, foreign investors are more concerned with social long-term goals and are accustomed to having a concern for social and environmental conditions, for example environmental protection. The company will still get a positive advantage, which is getting legitimacy from the community which will ultimately have an impact on increasing company profits in the future. Second, the resources owned by companies with greater foreign ownership, so they are able to make large amounts of CSR investment. The results of this study are consistent with Rustiarini's research [21] which found that there was a significant positive relationship between foreign ownership and CSR disclosure. This shows that in general foreign ownership in Indonesia also cares about social issues such as human rights, education, labor, and the environment which must be disclosed in the company's annual report.

Conversely, local investors in Indonesia tend not to encourage social investment. This may be explained by several reasons, first, local investors in Indonesia are not yet concerned about social responsibility, as long as the company has fulfilled existing obligations in law and regulations, it is considered unnecessary to invest large amounts of CSR. Second, local investors still focus on financial performance. Based on several previous studies, it appears that Indonesian investors do not respond to social responsibility activities [9,12].

5 Conclusion and Implication

This research enrich the literature on ownership structure and social investment. The ownership structure is divided into two - foreign and local ownership. This category is based on theory and the results of previous research, which states that each investor in a different country has a different social activity preferences. Foreign investors in Indonesia show a great preference for social responsibility activities. The greater the ownership of foreign investors will encourage large amounts of CSR investment. Whereas local investors, showed less interest in CSR investments. This shows that the ownership structure has an influence on corporate social investment decisions.

The results of this study illustrate that the motives of foreign and local investors are reversed so that it can have implications for regulatory or policy-making bodies in Indonesia. The low motivation of local investors in Indonesia should receive attention, so that the company's sustainability is not only from the economic side but also from the social and environmental condition.

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