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## Proceedings of the 3rd International Conference on Accounting, Management and Economics 2018 (ICAME 2018)

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The Proceedings of The 3rd International Conference on Accounting, Management, and Economics (ICAME 2018) was held November 4 and 5, 2018 in Makassar, Indonesia. The keynote topic, "Digital Era: Challenges and Opportunities on Human Capital Qualities," invites cholars, practitioners and students who participate in The International Conference to commemorate the 70 years of the Faculty of Economics & Business, Hasanuddin University (UNHAS).

Please click [here](#) for the conference website. (*Conference website no longer available.*)

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The Effectiveness of Distributors and Small Medium Enterprises Relation on Sustaining the Economic Activities in Outer Island

Willy Setyadi, Andriati Fitriningrum

The study aims to evaluate the effectiveness of distributors in assisting Small Medium Enterprises (SMEs) in rural or outer island area to ensure business sustainability. The study is motivated by the crucial economic roles of SMEs in outer island, despite their proneness to numerous adversities in attaining...

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## Does The Effectiveness of The Government Expenditure Accelerate Economic Growth?

Faisol, M. Pudjihardjo, Dwi Budi Santosa, Arif Hoetoro

The purpose of this study is criticizing the effectiveness of government expenditure to speed economic growth in Indonesia. Three Stage Least Square (3SLS) is used. This study applied data for 32 provinces in Indonesia for the period of 2012 to 2017 to ascertain the relevance of Solow Swan's Neo Classic...

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## From Physical to Digital: Consumer Adoption Process to E-Wallet

M.M Alfina

The primary objective of this research is to understand about the consumer adoption behavior of mobile wallet. Practically, this research will be useful for the mobile wallet provider who would like to understand the process which experienced by the user of mobile payment. It is also helpful for individuals...

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## SMEs: 'Non'- Corporate Social Responsibility

Sri Yunan Budiarsi, Sri Hartini

The purpose of this study is to find out whether micro, small, and medium enterprises (SMEs) can be the subject to perform social responsibility and not only become an object of big companies to do their own CSR. Through a qualitative approach and using case studies as the method, The researcher found

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### Asymmetric Information of Sharing Economy

Dodi Dermawan, Khusnul Ashar, Iswan Noor, Asfi Manzilati

The purpose of this article is to explain the extent to which information asymmetry influences the partnership relationship between application providers and application partners in economics. This article will focus the argumentation on power imbalances in the relationship between application providers...

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### Factors that Affect Behavioral Intention to Purchase Virtual Items on Free to Play Games Users in Jabodetabek

Melyana Puji Lestari, Mokhamad Syaefudin Andrianto

The game industry has a large growth rate and needs attention to help develop this industry further. In making games, game developers need to know their user's behavior to build engagement so they will buy game content and virtual items in the game. This study is to determine the characteristics of the...

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### The Synergy Effect of "ABCGM" for Small and Medium-Sized Enterprises

Somariah Fitriani, Ahmad Diponegoro, Sintha Wahjusaputri

Entrepreneurship is believed to bring a positive impact on the prosperity of a community, job creation, and economic outlook of a nation through the numerous small and medium-sized enterprises (SMEs). Thus, the study was to examine the correlation of five actors (academic, business, community, government,...

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### The Effect of Financial Ratio (Altman Z-Score) on Financial Distress Prediction in Manufacturing Sector in Indonesia 2016-2018

Agus Arianto Toly, Ratna Permatasari, Elva Wiranata

This study tries to elaborate the possibility of financial distress in Indonesia public listed companies from manufacturing field. The manufacturing industry was chosen because of its position as a sector that held a significant contribution in the Indonesia industry as a whole. The test tool used to...

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### MSMEs Business Process Evaluation using Business Process Management Lifecycle Approach in Gresik

Yogantara S. Dharmawan, Putri Amelia

Micro, Small and Medium Enterprises (MSMEs) is one of the fields of business that sustains the national economy by contributing to an increase of GDP and employment. BPS revealed that MSMEs contribute 75% of national income and 97% local employment. They also contributed 57% of gross domestic product...



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### Proceedings Article

## Does Coercive Power Influence The Relationship of Tax Morale on Tax Evasion

Yenni Mangoting, Vanessa Alma Sumarno, Talita Gloria, Sonia Dwi Indriani

This study aims to examine the effect of tax morale against tax evasion and examine the role of coercive power as a moderating variable that can strengthen or weaken the direct relationship of tax morale to tax evasion. The study uses 100 individual taxpayers who earn income from various sources. Methods...

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## Teacher Competence and Student Academic Achievement

Robiyati Podungge, Mintarti Rahayu, Margono Setiawan, Achmad Sudiro

This study aims at investigating the relationship between teacher competence and student academic achievement mediated by both intrinsic and extrinsic motivations. The respondents of this study are 115 high-school students in Gorontalo city, to whom questionnaires were distributed to acquire data, which...

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## The Development of Marketing Distribution Channels for

# Cocoa Farmer Groups in Pohuwato Regency of Gorontalo Province

Ramlan Amir Isa, Andarwati, Margono Setiawan, Sunaryo

The research aims to identify and develop models that could be used to enhance cocoa production through the application of agricultural and plantation technologies, and to develop Cocoa's marketing distribution channels in Pohuwato regency. The objective of this research is to analyze the model of marketing...

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### Improvement in Emergency Medical Services using Internet of Things (IoT). Hospital Emergency Department Case: a BPR Approach

M. Dachyar, Camryna H. Pertiwi

The operational process in an emergency situation becomes a very critical process in saving the lives of patients. A well-integrated emergency medical services (EMS) can be an important role in reducing the risk of death or disability. The implementation of Internet of Things (IoT) to the EMS can help...

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### Collaborating Internet of Things (IoT) and Electronic Medical Record (EMR) to Reduce Healthcare Waiting time. Outpatient Cardiology Service Case: A BPR Approach

M. Dachyar, Nashira Nattaya

Public services around the world suffer for long waiting time. Hospital as healthcare facility ideally should not stress its patients with long waiting time, especially when it comes to elderly. In global the cardiovascular disease (CVD) represents 31% of global deaths with increasing prevalence rate...

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### Mitigating Budgetary Slack with Moral Imagination and Clawback Provisions: An Experimental Study

Ida Ayu Purnama, Indra Kusumawardhani

This study examines the incentive schemes containing penalties (clawback) to mitigate budgetary slack. This research also examines internal factors, moral imagination, to reduce budgetary slack. This controlled experiment 2x2 between-subjects. Besides that, as a control, this study also uses bonus incentives...

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### Intersectoral Labor Mobility in Indonesia

Evie Dian Pratiwi, Khusnul Ashar, Wildan Syafitri

This paper investigates the effect of labour characteristics i.e. income, living in main islands, living in urban/rural areas and migration status on intersectoral labour mobility in Indonesia. We employ the sample of National Labour Force Survey (Sakernas) data which cover 8,869 workers who changed...

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## The Effectiveness of Instagram as A Communication Media in Promoting East Java's Traditions and Arts in The Modern Era: Study on PPST DISBUDPAR Jawa Timur.

Phima Ruthia Dwikesumasari, Palma Krismonita, Agustin Rulirianto

PPST, stands for Paguyuban Peminat Seni Tradisi Jawa Timur, or the Association of East Java's Tradition and Arts Enthusiasts, is one of many programs which is under responsibility of UPT Laboratorium Penelitian dan Pengembangan Kesenian (Integrated Technical Unit of Research and Development Laboratory...

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## Interpreting the Triple Bottom Line Practice of PT. Semen Indonesia and the Gresik Community through Painting of Damar Kurung

Erlina Diamastuti, Tyas Ajeng Nastiti, Marisya Mahdia Khoirina

This research aims. This study intends to describe and interpret triple bottom line practices from the perspective of local wisdom with the theme of the painting of Damar Kurung. The research methods. This study is qualitative research with ethnographic approaches. Ethnography is a building of knowledge...

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## How the Organizational Culture of PT Semen Indonesia Forms the Winning Culture towards World Class Company

Nur Elisa Faizaty

This study aims to determine the perceived and expected organizational culture at PT Semen Indonesia as a reference for Winning Culture to be V Class Companies in the industrial era 4.0. This study used the Organizational

Culture Assessment Instrument (OCAI) to map organizational culture though six-dimensional...

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## Community Satisfaction Analysis of the Implementation of CSR Programs in Rembang

Hardiana Widyastuti, Farida Ratna Dewi

Nowadays, the sustainability of a company does not only depend on financial issues. The company focus on 3P aspects (Profit, People, Planet), especially companies that work on natural resource processing. To break the paradigm, it is necessary to have good cooperation between the company, the community,...

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## Bilateral Trade and Monetary Regime: Analysis for ASEAN-5 Countries and their Main Trading Partners

Putu Mahardika Adi Saputra

This study analyzes the impact of the choice of monetary regimes, namely the inflation targeting (IT) and exchange rate targeting (ERT) on the behavior of bilateral trade in ASEAN-5 Countries and their main trading partners in Asia Pacific. By utilizing the augmented gravity panel model, the study also...

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## Transaction Cost: Institutional Efficiency of Sugar Cane Contract in Malang Regency

Asfi Manzilati

The purpose of this study is to determine the transaction costs that arise in contracts made by sugar cane farmers. The research method used to view transaction costs is a qualitative approach with unstructured interviews, observation, and documentation as data collection techniques. Transaction costs...

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## Cashless Transaction Policy: The Strategy of Fraud Prevention in Jakarta Province, Indonesia

Firman Rato Risky, Gugus Irianto, Imam Subekti

This research aims to reveal the fraud potency after the implementation of cashless transaction policy at the government of DKI Jakarta Province. The claim that cashless transaction can minimize fraud, propels the researcher to use fraud triangle as the analysis technique. The results show that cashless...

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## Re-thinking Tax Leakage: Is it the Impact of Public Policy Failure?

Silvi Asna Prestianawati, Sri Mulyaningsih, Asfi Manzilati, Khusnul Ashar

The aim of this paper is to analyze the tax leakage of sand mining in Lumajang Regency-the area which has abundant high quality sand. Quantitative descriptive approach is used. The finding of this paper is the

amount of sand tax leakage in Lumajang regency as much as IDR 48,300,092,850. The system of...

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## The Effect of International Migration towards Entrepreneurship in Indonesia

Wildan Syafitri, Silvi Asna Prestianawati, Naufal Fa'is

This study was aimed at determining the effect of the characteristics of Indonesian migrant workers (TKI) on entrepreneurial power after returning to Indonesia. To achieve the research objectives, the authors use a descriptive quantitative approach. The results obtained are that the variables of gender...

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## The Meaning Of Regional Assets Inventorying: Perspective Of Asset Administrators

Lilik Purwanti, Dian Surya Ayu Fatmawati

This study aims to find the meaning of the assets inventorying from the perspective of the asset administrators. The research was conducted in the Bontang City government, that has done an inventory of assets in 2018. This type of research is qualitative approach by interview and documentation as method...

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## Management Decision in Joining Hotel Network on Digital Marketing-Based For Financial and Non-Financial Impacts

Afni Sirait, Sri Luna Murdianingrum

The purpose of this study outlines the main reasons and factors driving management to join a hotel network on Digital Marketing-based. Besides, this research also wants to formulate the differences that occur before and after joining the hotel networking. This study uses a research design qualitative...

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## Scale Effect on The Size of Local Government in Indonesia

Dewi Rahayu, Muhammad Handry Imansyah

Proliferation of local government increased substantially after the Law of Local Government No. 22 Year of 1999 and the Law Fiscal Balance No. 25 Year of 1999. The objective of proliferation is to provide public service closely to the community. Therefore, public welfare can be obtained faster. The number...

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## Positioning Travel Sites Online Traveloka According to Student Perception in Gresik using Method Multidimensional Scaling

Abdurrahman Faris Indirya Himawan, Moch. Erick Faisal

This study aims to analyze and determine the map positioning of Traveloka's



This study aims to analyze and determine the map positioning of travel online site on the attributes among sites online travel based on the perceptions of students at Gresik. This research uses a quantitative approach, with a total sample of 100 students. Sampling using method non-probability sampling,...

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### Determinants of Behavioral Intention To Use Digital Wallet (A Study in GoPay Users in Malang)

Maria Ulfatul Jamila, Kusuma Ratnawati, Ananda Sabil Hussein

The use of cellular technology provides an opportunity to apply technology in modifying consumer behavior. The purpose of this analysis is to understand digital literacy and technology experience which contribute to behavioral intentions to use digital wallet. This study aims to develop a framework outside...

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### Comparative Analysis of Equity Fund, Fixed Income Mutual Fund, and Mixed Mutual Fund

Himmiyatul Amanah Jiwa Juwita, Risna Wijayanti, Toto Rahardjo

This study aims to find out and describe Stock Mutual Fund, Fix Income Mutual Fund, and Mixed Mutual Fund. This study use a quantitative descriptive approach to describe Mutual Fund's performance. The study population was the all of the Mutual Fund with the sample of 78 Mutual Fund listed on Otoritas...

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## Asset Specifications, Financing Decisions and the Impact on Financial Performance: A Perspective of Economic Transaction Cost Theory

Nur Khusniyah Indrawati

The asset specification level determines the financing decision. Transaction theory suggests that assets with high specifications level are financed with debt, while assets with low specifications level should be financed with equity. This study aim is to analyze the effect of asset specification on...

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## Are Zoya Muslim Fashion Products as Halal Lifestyle in Consumer Purchase Decision?

Andrian Haro

The role of halal lifestyle in Muslim fashion products in Jakarta has experienced quite rapid development and it is able to enter the international market share. Therefore, the research aims to investigate between lifestyle, brand image, and product attributes toward purchase decision for Zoya Muslim...

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## The Importance of Flexibility of Human Resources and Employee Performance on Logistic Industry in the Eastern part of Indonesian Region: A Literature Review

Rahmat Sabuhari, Dodi W. Irawanto

Advances in information technology have created a shift in people's needs and behavior to continue to change along with the development of technology, itself, and are able to trigger the birth of logistical needs and the mobilization of goods both physically and virtually. This has contributed to growing...

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### Bureaucratic Reform in East Java Province Trade: Review of MSMEs

Desak Nyoman Siksiawati, Asfi Manzilati, Lailatul Maghfiroh

The Indonesia's trade balance experienced two times deficit, in January (US \$ 1.06 billion) and April 2019 (US \$ 2.29 billion). Then, the government examined the needs and potential of Indonesia's bilateral and multilateral trade agreements, and increased utilization of foreign trade representatives...

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### The Relationship Between Exchange Rate and Trade Balances: An Empirical Study on Indonesia

Setyo Tri Wahyudi, Sielvia Sari

The aim of the study is to analyze the relationship between exchange rate and trade balance in Indonesia from 1986 to 2018 (33 years) using the Vector Autoregression (VAR) Model. Also, the study examining the possibility of the J-Curve effect in Indonesia's trade balance. The main findings of this study...

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## The Conceptual Model of the Influence of External Market Environment and Market Orientation on Marketing Performance with the Mediation of Product Innovation

Asep Supriadi, Margono Setiawan, Mintarti Rahayu, Djumahir

The objectives of this study are to build a mediation model and to assess the indirect effect of external marketing environment, market orientation, and marketing agglomeration partnership on marketing performance through product innovation. This qualitative study was conducted through library research...

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## The Impact of Theme Restaurant Servicescape on Consumer's Value and Purchase Intention

Rila Anggraeni, Dimas Hendrawan, Yu-Wen Huang

Novelty value defined as being genuine, real, or true, plays an important role in the consumption intention and decision. Not only novelty value, emotional value as psychological component is essential for consumer to consider in the buying process. According to some researcher, the key factor that affect...

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## Digital Divide and the Livelihood Strategy of Female Informal Sector Workers in Rural Areas

Ni Made Tisnawati, Khusnul Ashar, Devanto S. Pratomo, Susilo

This paper aims to analyze the livelihood strategies of female labors in the informal sector in rural areas amidst the digital disruption in the economy

and the digital divide condition faced by women. We use a qualitative approach by using both primary and secondary data. The study generate primary...

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### The Impact of E-Money Diffusion on the Monetary Policy Effectiveness: Evidence from Indonesia

Yulia Indrawati, Adhitya Wardhono, Ciplis Gema Qori'ah, M. Abd. Nasir

The aims of research is to analyse the impact of e-money diffusion on the effectivity of monetary policy in Indonesia. The analytical method used is Bayesian estimation with the observation period of time series 2009.1 - 2017.12. Some of the variables used in the study are Gross Domestic Product (GDP),...

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### Business Incubator Supporting Diffusion of Innovation, Entrepreneurship Development And Job Creation

Wawan Lulus Setiawan, Indra Fahmi

The purpose of this research is to describe the role and strength of Business Incubator as a system in which the systematic process of communication of entrepreneurship education for start-up business (Small and Medium Enterprises) is taking place. This research is based on the phenomenon of the existence...

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## Changes in Strategies at Small and Medium-sized Travel Agencies

Any Noor, Syifaa Novianti, Marceilla Suryana, Sholihati Amalia, Vany Octaviany

The world was startled when Thomas Cook, the biggest travel group and best-known holiday brand, collapsed after decades of running the business. The fall of Thomas Cook is proof of the downward trend happening in the travel industry in recent years. The industry has been seen as a 'sunset' business that...

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## Analysis of A Farmer's Ability on Entrepreneurship To Accumulate Business Capital: Evidence on Jabung, Malang

Moeljadi, Sherlinda Octa Yuniarsa, Adjeng Ratna Seminar

The research aims is to analyse an ability of entrepreneurship farmers or farmer groups to accumulate business capital. Analyse on the ability of entrepreneur in accumulating capital, analyse an existence of institutional village, then increase social entrepreneurship in the regions if it is related...

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## The Effect of Audit Firms Size, Leverage, Going Concern Opinion, Audit Tenure, on Audit Quality in Indonesia

Ni Nyoman Alit Triani, Merlyana Dwindi Yanthi

The research objective is to illustrate the credibility of financial statements

issued by companies. The more credible the financial statements are able to provide a guarantee for the information used in decision making. Audit quality describes an auditor's social role in reducing the risk of an accountant...

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### Field Validation Towards Quality Dimensions Of Single Index Methods Software To Support Investment Management Learning

Nurika Restuningdiah

Recently, the existence of the internet is a necessity in the wider community, even has penetrated the world of education. Various innovations in education are designed to help the learning process so that the learning process in the classroom is more effective. One of the materials in the Investment...

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### Promotion and Servicescape Optimization in UD. Tjandra – Cinere

Bayu Putradana

Small and Medium Business Enterprises has a significant impact to the national economic and adsorb a significant number of employee in Indonesia. One of the types of small and medium enterprise that have a rapid cash flow in their operation is a traditional grocery. UD. Tjandra, which located in Cinere,...

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## Cross-Generational Transformations in Indonesia's MNC

Mirza Dwinanda Ilmawan, Iffa Mas'ulani, Roostikasari Nugraheni, Wahyu Agung Handono

The arrival of a new generation in the working world today, make various communication methods and new kind of knowledge carried by each generation. Generational differences between generations bring their own conflicts. This study uses qualitative methods by interviewing employees of MNC, PT Semen Indonesia...

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## Asset Pricing Analysis of 18 Cryptocurrencies

Sasmita Claudia Pontoh, Eko Rizkianto

This paper identifies three factor pricing model for cryptocurrency, which are related to cryptocurrency's market return, size (market capitalization), and network-value-to transaction ratio (NVT ratio). Using 18 cryptocurrencies over the period from 01 January 2016 to 25 September 2019, we find that...

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## The impact of Busy Directors on Firm Performance in Manufacturing Companies on the Indonesia Stock Exchange

Nabilah Yasmin, Cynthia A. Utama

Board of directors and commissioners are elected to conduct the management and supervision of the company. The most problematic issue in



corporate governance around the world is the number of directors and commissioner positions allowed in a company. This paper examines how busy directors can influence...

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### Anchoring Bias of Behavior towards Legal Insider Trading Decision on Indicator 52-WeekHigh in Ho Chi Minh Stock Exchange

Anadia Nafila, Buddi Wibowo

The paper considers the problem of bias anchoring behavior on legal insider trading decisions that occur in Ho Chi Minh City Stock Exchange. A major review of research done using monthly stock data that are consistently present in VN30 stock index for 10 years. The results in this study show that legal...

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### The Dynamics of Performance Improvement among SMEs Clusters in East Java

Arif Hoetoro

This study aimed to examine the dynamics of SMEs in small industrial clusters in East Java. The clustered SMEs are expected to harmonize their business strategies and cooperation in the form of inter-firm linkages which are a means of manifesting the social capital of clusters. To test the model, we...

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## The Sufficient Sense: The Value on the Concept of Income Based on Neuro-Psychological-Spiritual Methodology

Driana Leniwati, Eko G. Sukoharsono, Yeney W. Prihatiningtias, Lilik Purwanti

The objective of the study is to formulate the concept of income based on the sufficient sense. The data collected are actually commercial bank employees' experience before they resigned from the bank. Based on a spiritualist paradigm, the data are analysed in the framework of neuro-psycho-spiritual...

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## An Analysis of Development Inequality and Economic Growth against Poverty in Papua Province in 2010–2018

Nova Dewi Oktasari, Candra Fajri Ananda, Sasongko

An important goal of development is to reduce poverty. Indonesia is one of the members of the United Nations who signed the SDGs resolution, where the first goal is no poverty. Papua Province always ranks first in the highest poverty rate in Indonesia. Unstable economic growth and the dominance of the...

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Fitriana Zahroh, Maryunani, Asfi Manzilati

Municipal solid waste (MSW) management has become common problem... regional development especially in developing countries. In Indonesia, waste management still relies on landfilling system which generate both positive and negative externalities. Odour pollution is one of the negative externalities....

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Effect of Natural Resources Share Fund on Economic Growth, Unemployment and Poverty in Producing Regions in Indonesia

Abdul Majid, Munawar Ismail, Putu Mahardika Adi Saputra

The main objective of this research is to get analytical results about effect of natural resource share fund (NSF) on economic growth, unemployment and poverty in the natural resource producing regions in Indonesia by the mediation of capital expenditure. This research uses partial least square method...

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Analysis Of Leading Industrial Sector In Accelerating Inclusive Economic Growth In Lampung Province

Rizki Winanda, Dwi Budi Santoso, Marlina Ekawaty

This study aimed at analyzing the leading industrial sector and the role of the leading industrial sector towards the acceleration of inclusive economic growth. This research utilized input-output analysis. It utilized backward linkage and forward linkage to determine the leading industrial sectors,...

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## Impact of Family Hope Program on Household Food Consumption: A Case Study in East Java Province

Irma Fatmawati, Multifiah, Nurul Badriyah

Family Hope Program (PKH) is a conditional cash transfer in Indonesia that aims to alleviate poverty by improving the welfare of its receivers. Previous studies show that CCT has an impact on welfare observed from household expenditure indicators. This study aims to identify the impact of PKH on household...

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## Land Titling and Mortgage Right and Its Impact on Financial Deepening, Investment and Economic Growth in East Java

Fauzi Hajar, Ghozali Maski, Dias Satria

This paper aimed at analysing the impact of a Complete Systematic Land Titling (PTSL) and mortgage rights on financial deepening, investment and economic growth in East Java. This study utilized secondary data of 38 regencies/cities in East Java in 2017-2018. The method used was the simultaneous equation...

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## In Depth Poverty Analysis in East Java From a Multidimensional Perspective

Abdus Salam, Devanto Shasta Pratomo, Putu Mahardika Adi Saputra

The purpose of this study was to determine the effect of socioeconomic characteristics household on household poverty status with a multidimensional approach in each of the Regional Bakorwil East Java. Not everyone can convert their income for a better life, so measuring poverty only using income is...

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## Regional Inflation Persistence Analysis: A Case Study in Surabaya

Lia Umi Farida, Munawar Ismail, David Kaluge

This study aims to determine the behavior of regional inflation in Surabaya by looking at its persistence, namely the speed of inflation returns to its equilibrium after a shock. Using monthly data on general inflation, commodity groups and commodity goods and services, then the persistency is calculated...

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## Environmental Degradation in Indonesia 1969–2016

Ilham Robbi, Munawar Ismail, Arief Hoetoro

The purpose of this study is look at the factors that influence environmental degradation, and test the existence of an inverted U-shaped environmental Kuznet curve in Indonesia. The findings of this study are per capita income, trade openness, energy consumption, and population have an effect on

trade openness, energy consumption, and population have an effect on environmental...

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## The Role of Profitability as A Mediator between Good Corporate Governance and Firm Value

Mohamad Agus Salim Monoarfa, Atim Djazuli, Moeljadi, Sumiati

This research aims at evaluating and analysis the effect of good corporate governance on firm value mediated by profitability. Good corporate governance is a proxy Management ownership, institutional ownership and independent commissioner. Profitability is measured using Return on Equity and firm value...

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## How to Teach Empathy to Business Students?

Ina A. Murwani, Valentina Tohang

Empathetic leadership has been considered as important trait nowadays. Leaders with empathy are considered being able to influence, inspire and help people achieve their dreams and goals. When many people think that empathy is something you're born with, studies show that empathy is actually can be learned...

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## The Effect of Online Transportation on Multiple Shopping

## Habits that Give Loyalty

Sonny Indrajaya

To find out the impact of online transportation on millennial spending habits in West Jakarta. On line transportation research is among young people from the age of 18-28 years, residing in West Jakarta, Indonesia. The number of questionnaires was 380 respondents. The quantitative analysis method uses...

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## Good Governance and Economic Growth: Empirical Evidence from ASEAN 10

Ferry Prasetyia

The objectives of this paper is to analyze the effect of good governance on the growth of economic in ASEAN countries from 2014 to 2018. The good governance variables use World Bank' governance indicators which consist of six indicators. The six indicators includes: control of corruption, voice and accountability,...

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## Innovative Management Accounting Practices and Organizational Performance

Bambang Hariadi, Ali. M. Alsawayeh

The efforts that put in this paper is a suggestion of conceptual framework for investigation the extent of IMAPs implementation and usage along with analysis for both exogenous and endogenous variables and their potential influence on the IMAPs implementation in order to define the exist relationship...

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## Increasing Employment through Local Government Expenditures: Simultaneous Model Analysis

Nurul Imamah, Agus Suman, Susilo, Moh. Khusaini

This study aims to find a solution to the problem of unemployment by developing a research model that involves variables of local government expenditure and employment that seeks to fill gaps in the needs of local government expenditure development and how local expenditure affects the rate of employment....

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## Identification and Strategy for Improving Financial Literation and Inclusion of Rural and Urban Communities in Banyuwangi Regency, Indonesia

Adhitya Wardhono, M. Abd. Nasir, Yulia Indrawati, Ciplis Gema Qori'ah

The financial sector with a variety of derivative products has become an important thing in supporting the smooth economic and social activities of the communities. The research purposes are to identify the level of financial inclusion and literacy develops a strategy for developing financial literacy...

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## Planning Tourism Employment Opportunities

Maula Fadhilata Rahmatika, M. Pudjihardjo, Sasongko

Purpose of this research is to determine the factor that affects tourism development and evaluate the critical factors of strategic planning to create employment using tourism in Banyuwangi. Policymakers need to understand the relative importance of tourism development factors to create employment. A...

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## The Nexus of Economic Growth and Poverty Reduction in East Java

Hengki Permana Saputra, Susilo, Rachmad Kresna Sakti

This study aimed at knowing the correlation between economic growth and poverty in East Java. This study used panel data from the regency/municipality from 2013 to 2018 using the simultaneous method. The results showed that the economic growth in East Java stimulated by consumption, investment, and government...

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## Analysis of Regency / City Fiscal Inequality in Java: Impact of the Central Balance Fund

Muchammad Mufti Ridwan, M. Pudjihardjo, Mohamad Khusaini

This study aims to determine the level of fiscal inequality in regencies / cities in Java which is seen from the total realization of local government expenditure, education function expenditure, health function expenditure, and economic function expenditure. The method used is the analysis of

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## Restaurant Search Service Membership Program: Zomato Gold's Case Study in Indonesia

Hilarius Bambang Winarko, Devira Riani Mitsunita

This study examines the 7Ps services marketing tool in determining the young adults' purchase intention of Zomato Gold exclusive membership program in Indonesia. It aimed to analyze the consumer behavior of the first restaurant search services membership program in Indonesia as well as aimed to reduce...

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## The regional health insurance coverage incentive: a shift from opportunity to rationalization

Indra Hadi Waluyo

This research aims to develop a conceptual framework about a shift in the meaning of subsidy as a form of incentive for universal health service in government of Bekasi City in Health Card Regional Health Insurance Program - Identity Number (Jamkesda KS-NIK) which is interpreted as a opportunity to form...

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## Integrated Farming System Based on Fisheries to Increase

## Fishermen Community Income at Banjar Kemuning Village

Anggraeni, Maryunani, Dwi Budi, Wildan Syafitri

Banjar Kemuning Village is one of the coastal villages in Sedati District, Sidoarjo Regency. The majority of fishermen do their daily activities by utilizing sea products. In addition to the Banjar Kemuning Village fishermen, there are also fishermen from other areas who use the waters of the village...

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## Questioning the Rationality of Individual Stock Market Investors in the 4.0 Era

Tyas Danarti, Ghozali Maskie, David Kaluge, Kresna Sakti

Online stock trading technology, on the one hand, is growing by present additional features, which provide investors more accurate investment decisions process, all for the purpose of its growth. Aside from that, neoclassical financial theory concept doesn't provide satisfying clarification for the facts...

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## Target and Leverage Adjustment Speed: Evidence on Manufacturing Companies in Indonesia

Siti Aisjah, Abrian Amir Rahman

The aim of this research is to test the adjustment speed of the target and leverage the company. Company registered on the Indonesia Stock Exchange in that period from 2014 to 2018, is the object of this research, particularly in terms of testing the factors that affect the adjustment speed toward target...

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## Effectiveness of the Monetary Transmission Mechanism in Achieving the Ultimate Goals of ASEAN-3

Sebastiana Viphindrartin, Mohmmad Saleh, Silvi Asna Prestianawati

This study was intended to find out which channels (exchange rates, interest rates, credit and money) have the most significant effect on price stability and economic growth during 1997 Q1-2017 Q4 using the Vector Error Correction Model (VECM). Based on the estimation, Interest Rate and Exchange Rate...

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## Followership, Ambidextrous Leadership and Change Readiness in Manufacturing Company

Kosasih Kosasih, Wibowo, Saparuddin, Zulfa Fitri

According to several previous studies, some of the problem that arise in change activities in an organization are usually a weak of leadership, organizational structure that does not support and employee resistance. This study aims to analyze the influence of ambidextrous leadership and followership...

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## Enhancing Innovative Performance in Manufacturing Company

Kosasih Kosasih, Wibowo, Saparuddin

Innovation activities carried out by an organization have a very significant impact on the organization and its members. Several studies have concluded that innovation is proven to improve the performance of companies and employees. However, several studies have found that innovation activities within...

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### The Effect Of Capital Structure On Firm Performance Of Manufacturing Companies In ASEAN 5 Country

Hilmi Aulia, Imo Gandakusuma

The purpose of this research was to find the effects of capital structure of manufacturing companies towards firm performance in Asean 5 Country. The research samples are manufacturing companies listed on stock exchanges in Indonesia, Malaysia, Philippines, Singapore, and Thailand. The data, as samples,...

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Muzdalifah

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## Sustainable Growth and Development

PJP. Ginting

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Arja Sadjarto, Agatha Nathania Susanto, Evania Yuniar, Melissa Gunawan Hartanto

Tax evasion remains an important issue across the globe. There are numerous factors of tax evasion. In a multicultural and growing country such as Indonesia, ethnic background of a taxpayer could play a role as a determinant. This paper analyses the factors affecting perception of tax evasion among Chinese...

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# Organizational Commitment with the Mediation of Work Spirit

Ika Fatma Yulia Winda Jayanti

Analyze research purposes. a) explain the man do the quality of work life against organizational commitment, b) explain influence the quality of working life is against the spirit of the work, c) Influence the spirit of working toward a commitment organizational, d) The influence of job satisfaction...

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## Proceedings Article

### Blue Accounting and Sustainability

Sultan Syah, Erwin Saraswati, Eko Ganis Sukoharsono, Roekhudin

This article provides a conceptual understanding of blue accounting. All this time, accounting products in the form of financial statements only contribute minimally while investors need non-financial information in decision making. The method used is a qualitative method with a critical paradigm and...

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### Activation Simulation Design of City Branding Gresik Halal Life Style According to Participatory Concept in Smart City Based

Tyas Ajeng Nastiti, Alfina, Ahmad Dahlan Malik, Nova Ridho Sisprasojo

The existence of city branding of Gresik city or as known as Halal Life Style City is a new phenomenon, as well as a necessity for its implementation or be called as branding activation. The branding activation is some activities that

Will conduct in order to marketing the city or place or area. 1 ne...

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## Natural Capital, Social Capital, and Physical Capital in Improving the Performance of Ecotourism in Bunaken National Park, Indonesia

Viviane Manoppo

This study aimed to examine the influence of Natural Capital, Social Capital and Physical Capital of the Bunaken Island ecotourism area in North Sulawesi Province in improving Ecotourism Performance and to achieve sustainable ecotourism development. The method of data analysis uses descriptive analysis...

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# Does Coercive Power Influence The Relationship of Tax Morale on Tax Evasion

Yenni Mangoting<sup>1\*</sup>, Vanessa Alma Sumarno<sup>1</sup>, Talita Gloria<sup>1</sup>, Sonia Dwi Indriani<sup>1</sup>

<sup>1</sup> Tax Accounting Department, Petra Christian University, Surabaya, Indonesia

\* [yenni@petra.ac.id](mailto:yenni@petra.ac.id)

## ABSTRACT

This study aims to examine the effect of tax morale against tax evasion and examine the role of coercive power as a moderating variable that can strengthen or weaken the direct relationship of tax morale to tax evasion. The study uses 100 individual taxpayers who earn income from various sources. Methods of data collection are done through a survey. This research data analysis using partial least square structural equation models (PLS-SEM) and using WarpPLS software. The result of this study indicates that tax morale acts negatively towards tax evasion. The higher the tax morale, the tax evasion will decrease. The moral of taxpayers in this study provides a positive impact on reduces tax evasion. The results also showed that coercive power as a moderator variable was not proven to weaken or strengthen the effect of tax morale on tax evasion. The taxpayer in this study realised that the tax obligations should be implemented with its own consciousness without coercion mechanism with sanctions or compliance tests through tax audits. Besides, the tax obligation in this study sees that law enforcement through tax audits and sanctions will lead to high compliance costs. This finding provides important implications that the taxpayer does not want to feel forced to fulfil the tax obligations. Tax compliance that is forced through sanctions and tax audits does not guarantee that tax evasion will decrease. In fact, through the implementation of voluntary tax compliance, taxpayers with their awareness can fulfil their tax obligations which can have an impact on increasing tax compliance.

**Keywords-** tax morale, coercive power, tax evasion, tax compliance

## 1. INTRODUCTION

The decision to commit tax fraud is not only controlled by economic motivation, namely money. Taxpayers in research [1] consider the maximisation of economic utility, namely the cash difference between tax avoidance and the consequences of non-compliance costs accompanied by low tax audit factors. Several empirical studies examine that tax avoidance decision is not only motivated by extrinsic factors such as tax rates, fines, the probability of audit and enforcement, but also by intrinsic motivation. Intrinsic factor in research [2] is called morale. Reference [3] note that the morale control elements of taxpayers to comply or not to comply, including taxpayers' involvement in the democratic process, trust in government, excellent public services and facilities, level of education, guilt, preference for honesty, moral sentiments and cultural factors. The results of experimental research [4] explain that in the conditions of weak law enforcement, individual taxpayers choose to act like a rational human being by considering ways to maximise the utility of tax fraud. That is, taxpayers pay taxes not based on intrinsic motivation or moral factors, but extrinsic motivation.

Morale is the norm or value that is held highly by the community because it is proven to be true and good. People who base their behaviour on moral norms and values that are

held highly will stay and continue to live and develop for the better [5]. Morale in the context of taxation is related to the background of why taxpayers behave obediently or not. As a rational person, taxpayers can view the tax collection system as an opportunity to commit fraud, because through the Self-Assessment system, taxpayers can calculate and report payable tax not based on actual conditions. Although the provisions of the taxation law regulate administrative and criminal sanctions for taxpayers' fraud, many taxpayers who continue to commit fraud do not seem to be concerned with sanctions if they are detected by the tax officer. For example, the tax authority in Switzerland in research [6] did not base the power of sanctions on establishing taxpayer compliance. The power of sanctions by the tax authority is not the only factor that influences or enhances the morale of taxpayers to comply. Even coercive forces that tend to be authoritarian are seen as counterproductive in an effort to reduce taxpayer fraud [6]. Taxpayer morale tends to decrease with the presence of coercive power that is considered too strict so that taxpayers feel they do not get the trust of the tax authorities and are considered as criminals who commit tax fraud [7]. Research [4] and [8] also prove that tax sanctions and audits have little impact on taxpayer compliance. They argue that tax fraud through sanctions and tax audits are no longer effective in preventing tax fraud itself and are considered inadequate and can even reduce voluntary tax compliance. The use of coercive power according to [9] and



[10] is precisely considered to be able to cause suspicion and distrust of taxpayers. In contrast to the previous explanation, taxpayers in several regions in Indonesia see that sanctions are quite effective in controlling their compliance behaviour [11] [12] [13]. Taxpayers view tax audits as an attempt done by the government to avoid the possibility of tax fraud, so there is a fear that tax authorities will find evidence of fraud and impose high sanctions and incur large compliance costs. Based on the background above, the existence of coercive force implemented by the tax authorities in research can be incentive or disincentive to the taxpayer's morale that can influence tax fraud. Several studies above prove that the impact of the tax authorities' coercive power on taxpayers' fraud is still inconsistent. Coercive power has a positive effect on taxpayer fraud, but in other studies, coercive power has a negative effect on tax fraud. This means that coercive power is part of the oppressing effort to tax authorities so taxpayers will carry out tax obligations. Based on the background above, this study aims to find out whether tax morale can affect tax fraud and whether coercive forces strengthen the effect of tax morale on tax fraud.

## **2. LITERATURE REVIEW AND HYPOTHESIS**

### ***2.1. Tax Morale***

The issue of tax morale has become more interesting to be the object of research in order to identify the actual taxpayer compliance behaviour. Taxpayers in the concept of neoclassical compliance are identified as rational beings who are profoundly concerned with maximising the utility of tax savings through tax fraud. Rational taxpayers will think that every payment is a payment for a benefit. Therefore, the different motivational perspectives of paying taxes indicate that the obligation to pay taxes is a decision-making process of whether to pay taxes in accordance with the provisions of tax laws or not.

Tax morale can be defined as motivation arising from within individuals or awareness to pay taxes arising from moral obligations or beliefs to contribute to the state by paying taxes [14] [15]. The morale concept in this research is the motivation that triggers taxpayers to commit tax fraud. Several empirical studies have identified that taxpayers' fraudulent behavior is motivated by several factors, such as trust, integrity, professionalism of tax authorities, performance of accountability in managing state finances, rampant corruption cases by public officials, simplicity of the taxation system, because complex tax provisions will open up opportunities for the occurrence of tax avoidance or tax evasion, the level of education of taxpayers, as well as the comparison between paying taxes and the contra-achievement over the related tax payment [16] [17] [2] [18]. In concept [19], tax morale is a part of tax ethics which is a representation of norms of behaviour that govern the behaviour of citizens as taxpayers in relation to the government. So that factors such as social norms, personal

values, and various cognitive processes that greatly affect one's voluntary compliance with tax laws. A person's morality can be influenced by external factors and internal factors [20]. Tax morale can be associated with taxpayers' feelings of shame or guilt for violating tax provisions. Because morale is used to determine the limits of an individual's actions, attitudes, traits, and actions, whether declared true or false, good or bad, proper or improper, appropriate or inappropriate [21]. Thus, consideration of whether something is included within the regulation or not is a second consideration. If one's tax morale is good, then there is a tendency for that person to comply without the existence of any rules or coercion.

### ***2.2. Tax Evasion***

Many results of the research remain between tax evasion with unsatisfied behaviour taxpayer. Reference [22] giving emphasize to morality importance taxpayer in decreasing tax fraud. Tax evasion happens when taxpayers do not pay tax amount according to the rules and not obey to the applicable tax regulation [23]. Reference [24] added that tax evasion occurred where the taxpayer did not report income in truth which in principle could be taxed. Tax evasion is an important problem for the government because economy development can become very abstracted by tax income from taxpayers [25]. Tax evasion practice is not only limited how to avoid tax payment through tax planning in order to make transactions that will not be taxed. However, it can also be done with a scenario where one party submits a lower income amount and another hand report the cost that overstatement of deductions. The special case of tax evasion which is very worst when the taxpayer does not report their income in the SPT.

### ***2.3. Coercive Power***

One aspect of power is defined as the coercive force, which is negatively associated with trust. The definition of coercive power from the perspective of the person affected is the hope that the individuals in authority will punish non-compliance [26]. Research [27] describes that coercive power is defined as the ability to detect and impose sanctions on unlawful behaviour. Coercive power is able to direct someone against their will [28]. Coercive force refers to the efforts made by the authorities to those who do not obey the law using coercive means [29].

Coercion force or "hard" force is actualized through negative and positive approaches such as through the imposition of sanctions and rewards [30]. In an organisational environment, coercive power is used to discipline, punish, and withhold rewards to employees within an organisation. Whereas in the context of taxation, coercive force is relevant to the legitimacy of the tax authority to suppress taxpayer compliance behaviour through tax audits, expensive sanctions and fines, and forced billing. The coercive power represents the power to punish and the power to appreciate,

therefore creating positive or negative incentives for taxpayers [31].

**2.4. The Slippery Slope Theory**

One theory of tax compliance is the Slippery Slope Framework from research [28]. This theory explains the determinants of tax compliance from two sides, namely economic and psychological. Based on the Slippery Slope Framework, the relationship between the tax authority and the taxpayer can be caused by the existence of power and trust. Tax authorities emphasise more power over taxpayers through audits and penalties to improve compliance. Trust between the tax authority and the taxpayer can be built with a more polite and thoughtful approach [29]. In presenting Theory of Slippery Slope, [28] explained that taxpayers tend to be obedient in carrying out their tax obligations if there is a trust in tax authorities or also the power of tax authorities to regulate and prevent tax evasion. Shortly, it can be stated that the combination of trust in government and law enforcement can effectively reduce tax non-compliance [32]. Where to some extent, explains why people pay taxes with or without law enforcement, namely through trust in the authority that leads to voluntary tax compliance or through the power of tax authority that leads to forced tax compliance. The Slippery Slope theory is relevant to explain the behaviour of taxpayers.

**2.5. Hypothesis Development**

1) Tax Morale effect towards Tax Evasion  
 Taxpayers' disappointment can affect the morale of taxpayers to comply with tax provisions. Reference [33] argues that the government should not only ask people to pay taxes voluntarily and honestly as a representation of justice for the government, yet on the other hand taxpayers do not get justice from the government because their rights to the benefits of tax payments in the form of great public facilities and infrastructure have not been fulfilled. Finally, research [34] examines morale factors by observing the intrinsic motivation to pay taxes to build a model of tax compliance. Several factors which later influenced the morale of taxpayers are explained through research [14] and [22] identifying that tax morale negatively affects tax fraud. The more taxpayers feel the morale obligation to pay taxes, the less they show the possibility of practising tax evasion [35]. That means, tax morale can have a positive effect in reducing taxpayer fraud. The results of this study underline the government's consistency factors in showing positive accountability performance, legal and political stability, and the quality of regulations and corruption control.

H1: Tax morale has a negative effect towards tax evasion.

2) Effect of Coercive Power in relation with Tax Morale towards Tax Evasion

Reference [28] states that the tax climate in society can create an antagonistic and synergistic climate. In an

antagonistic climate, taxpayers and tax authorities work against each other, and however in a synergistic climate, they are actually able to work well together. In antagonistic climate, tax authorities are even characterized as police and taxpayers are characterized as robbers who try to evade every time an inspection is carried out. Taxpayers' tax frauds are no longer due to external factors such as high tax rates, the probability of tax audits, and law enforcement, but can also be influenced by intrinsic motivation called morale. To improve compliance in carrying out taxpayer obligations, good morale which is driven by legal policies is required. Some empirical studies see law enforcement enforced tax compliance as a factor that affects taxpayers' morale to act obediently [7] [36].

Reference [37] assumes that tax compliance decisions are made by taxpayers under uncertain conditions for fear of the possibility of being arrested and punished. The punishment threats that become a forcing tool to inhibit taxpayer's non-compliance behaviour consist of tax audits, tax fines and tax rates. This power comes from the tax authority who has the right to make regulations that are coercive in nature for taxpayers. For compliant taxpayers, increased supervision can be offset by tax reductions (e.g. taxation and penalty). Whereas for non-compliant taxpayers, increased supervision can be offset by a higher penalty [38]. In conditions where there is no trust, the rights of the tax authority are needed to enforce tax compliance. Sanctions and audits can be the right policy. Conversely, in conditions where there is sufficient trust, sanctions and high audits can have the opposite effect [39]. Tax audit and tax penalties will be able to improve tax compliance, but the effect is temporary, which is during the inspection period only.

H2: Coercive power over taxpayer will moderate tax morale's effect towards tax evasion.

**3. METHODOLOGY**

**3.1. Research Model**

The research model, as illustrated below, is based on the theory and empirical study:

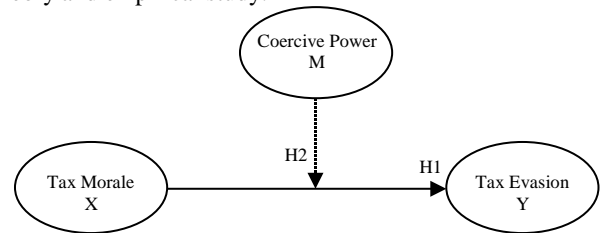


Figure 1. Research Model

**3.2. Sample Selection**

This research is survey-based research. Respondents involved in this research were individual taxpayers who have a taxpayer identification number. The sample selection is

created as suited to the statement of the problem that would be answered in this study. The sampling technique used was simple random sampling, which is a random sampling technique which does not take into account other criteria. The data collection method was done by using an online questionnaire. A total of 130 respondents filled the online questionnaire. However, only 100 questionnaires were filled completely and met the criteria for data analysis.

**3.3. Variable Measurement**

The questionnaire consisted of 8 questions for each variable with using the Linkert scale of 5 points from strongly disagreeing, disagreeing, neutral, agreeing, strongly agreeing. A low score indicates disagreement and a high score indicates approval. Variables and measurement indicators can be seen in Table 1.

Table 1. Variable And Indicator

Variable	Indicator
<i>Tax Morale</i>	TM1 My motivation to pay taxes is because income is a tax object according to the tax provision.
	TM2 Paying taxes is a form of participation in supporting the country's development.
	TM3 I pay taxes despite the weak public finance management systems and despite public facilities financed through tax payments being not great enough.
	TM4 I will still pay taxes, although other taxpayers around me do not pay taxes.
	TM5 I pay taxes voluntarily and without coercion from any parties.
	TM6 I will feel guilty and ashamed if I do not pay taxes in accordance with tax provisions.
	TM7 Although I doubt whether my income is included as a tax object or not, I choose to keep paying taxes.
	TM8 In case the income I receive is large, then I pay large tax as a consequence.
<i>Tax Evasion</i>	TE1 A small amount of tax fraud cannot be tolerated.
	TE2 I report additional income outside the main income even though it can be hidden.
	TE3 I do not take advantage of the weaknesses of tax fraud detection.
	TE4 I am wrong if I exploit the weaknesses of the tax provisions for private gain.
	TE5 I will still pay the proper tax even though I know I will not be punished.
	TE6 I report all of my other incomes received.
	TE7 I report all the debts that I have.
	TE8 I report all the assets I have.

Variable	Indicator
<i>Coercive Power</i>	CP1 Tax authorities provide strict sanctions for taxpayers who commit fraud.
	CP2 Tax authorities enforce taxpayers' compliance law through inspections and sanctions.
	CP3 Tax authorities provide strict sanctions when taxpayers do not comply with tax provisions.
	CP4 The tax authority conducts inspection based on the taxpayers' priority which should be examined.
	CP5 The tax authorities enforce sanctions fairly for taxpayers who commit fraud.
	CP6 I pay taxes because the tax authorities conduct inspection to check taxpayers' compliance.
	CP7 I carry out the obligations to count, deposit, and report correctly and on timely manner because the tax authorities conduct an audit to verify compliance.
	CP8 I feel that sanctions and tax penalties that are too large can harm compliant taxpayers.

Data were analysed using partial least square structural equation modeling (PLS-SEM) method using WarpPLS software. The analysis used WarpPLS to see the relationship of coercive power variables as a moderating variable to the relationship of tax morale and tax evasion.

**4. RESULT AND ANALYSIS**

The object of this research is individual taxpayers throughout Indonesia. Data collection was carried out in October 2019 by distributing questionnaires online and the total sample taken was 100 individual taxpayers.

Based on the number of questionnaires that can be analyzed in this study, the majority of respondents were female, as many as 59 people (59%) and the remaining 41 people (41%) were male. Respondents aged 22-30 years, as many as 42 people (42%), aged 31-49 years as many as 43 people (43%), aged 50-64 years as many as 14 people (14%), and the remaining as many as one person (1%) aged over 64 years.

**4.1. Convergent and Discriminant Validity**

Table 2. Combined Loading and Cross-Loadings

Indicator	TM	TE	CP	P-value	AVE
TM1	0.809	-0.087	0.082	<0.001	0.598
TM2	0.815	0.033	0.071	<0.001	
TM3	0.641	0.082	-0.028	<0.001	
TM4	0.85	0.099	-0.116	<0.001	
TM5	0.848	0.109	0.036	<0.001	
TM6	0.826	-0.106	-0.024	<0.001	

Indicator	TM	TE	CP	P-value	AVE
TM7	0.526	-0.205	-0.004	<0.001	0.6
TM8	0.808	0.012	-0.02	<0.001	
TE1	0.023	0.616	0.283	<0.001	
TE2	-0.264	0.701	-0.276	<0.001	
TE3	-0.011	0.85	0.014	<0.001	
TE4	-0.039	0.779	0.144	<0.001	
TE5	0.171	0.798	-0.093	<0.001	
TE6	-0.102	0.767	-0.009	<0.001	
TE7	0.001	0.832	-0.055	<0.001	0.547
TE8	0.185	0.827	0.025	<0.001	
CP1	-0.064	-0.116	0.872	<0.001	
CP2	-0.144	-0.086	0.883	<0.001	
CP3	-0.177	-0.227	0.89	<0.001	
CP4	0.143	0.307	0.832	<0.001	
CP5	0.143	0.173	0.855	<0.001	
CP6	-0.046	-0.134	0.502	<0.001	
CP7	0.119	0.027	0.509	<0.001	0.547
CP8	0.188	0.089	0.329	<0.001	

Table II shows that all indicators have a cross-loading value greater than 0.3 and a significant p-value with a value smaller than 0.05. And the AVE value for each variable is more than 0.5, namely for the TM variable of 0.598, for the TE variable of 0.6, and for the CP variable of 0.547. These results indicate that all indicators are convergently valid. Table 3. Ave Root and Coefficient Correlation

Indicator	TM	TE	CP
TM	(0.773)	-0.582	-0.126
TE	-0.582	(0.775)	0.352
CP	-0.126	0.352	(0.739)

Table III shows that all variables have fulfilled discriminant validity. The validity for TM has been fulfilled because the AVE root is 0.773 which is greater than -0.582 and -0.126. The validity for TE has been fulfilled because the AVE root is 0.775, which is greater than -0.582 and 0.352. Validity for CP has been fulfilled because the AVE root is 0.739 which is greater than -0.126 and 0.352.

**4.2. Reliability**

Table 4. Composite Reliability and Cronbach’s Alpha

Variable	Composite Reliability Coefficient	Cronbach’s Alpha Coefficient
TM	0.921	0.9
TE	0.922	0.903
CP	0.899	0.867

Table IV shows that the variable is declared reliable by the reliability value of each variable composite greater than 0.7 and Cronbach's alpha value for each variable is greater than 0.6.

**4.3. Structural Evaluation Model**

R-squared testing aims to test the extent to which the independent variables explain the dependent variable. The R-squared (R2) value of the tax evasion variable in this study was 0.454 which means that the tax evasion variable was influenced by tax morale and moderated by coercive power by 45.4% while the remaining 54.6% was explained by other constructs outside the study. The Q-squared variable value of tax evasion in this study is greater than zero, that is 0.391, which means the predictive validity is stated as good.

**4.4. Fit Model and Quality Indices**

Table 5. Fit Model and Quality Indices

No	Fit Model and Quality Indices	Fit Criteria	Analysis Result	Indication
1	Average path coefficient (APC)	p < 0.05	0.390 (p<0.001)	Acceptable
2	Average R-squared (ARS)	p < 0.05	0.454 (p<0.001)	Acceptable
3	Average adjusted R-squared (AARS)	p < 0.05	0.443 (p<0.001)	Acceptable
4	Average block VIF (AVIF)	Acceptable if <=5, ideally<=3.3	1.595	Ideal
5	Average full collinearity VIF (AFVIF)	Acceptable if <=5, ideally<=3.3	1.370	Ideal
6	Tenenhaus GoF (GoF)	Small >= 0.2, medium >= 0.25, large >=0.36	0,486	Large
7	Sympson’s paradox ratio (SPR)	Acceptable if >= 0.7, ideally = 1	1.000	Ideal
8	R-squared contribution ratio (RSCR)	Acceptable if >= 0.9, ideally = 1	1.000	Ideal
9	Statistical suppression ratio (SSR)	Acceptable if >= 0.7	1.000	Ideal
10	Nonlinear bivariate causality direction ratio (NLBCDR)	Acceptable if >= 0.7	1.000	Ideal

Based on the estimated values of 10 indexes for the fit model and quality indices in Table V, it can be concluded that the overall research model has a good fit and is considered appropriate, where the p-value for APC, ARS, and AARS <0.05 with APC value = 0.390 , ARS = 0.454, and AARS = 0.443. Likewise, with the AVIF and AFVIF values generated, which is <3.3 which means that there is no multicollinearity problem between indicators and between exogenous variables. The SPR, RSCR, SSR, and NLBCDR indices also show a fit size, which means there is no causality problem in the research model.

#### 4.5. Hypothesis Testing

Table 6. Hypothesis Testing Result

Hypothesis	Path Coefficient	P-value	Indication
TM > TE	-0.681	<0.001	Significant
CP*TM > TE	-0.099	0.151	Non-significant

Based on the results in Table VI, the study shows that tax morale has a negative effect on tax evasion with a coefficient of -0,681 and a significance level of <0.001. Accordingly, H1 was accepted. These results are consistent with studies [14] and [35], which is the better moral taxes owned by the taxpayer, the higher the rate of tax evasion. The results of this study prove that tax morale of taxpayers plays an important role in controlling the behaviour of taxpayers' fraud. Based on the test results in Table II, the highest loading factor generated for the TM indicator is TM4 of 0.85, TM5 of 0.848, and TM6 of 0.826. The highest loading factor results are a marker indicating that the factors considered as moral drivers of taxpayers in this study are environmental factors, feelings of shame, and high awareness. Respondents as taxpayers in this study were not influenced by the existence of free riders, namely the non-cooperative group of taxpayers, who only wants the benefit but do not want to carry out tax obligations. Taxpayers also have a high awareness that taxes must be paid on a voluntary principle and are part of compliance as a citizen [40]. Following the slippery slope theory put forward by [28], taxpayers will more fully comply with their tax obligations voluntarily if the taxpayer trusts the tax authority in making arrangements and preventing tax evasion. In addition, feelings of guilt and shame become an important part of controlling the morale of taxpayers [41]. Table II also shows that the biggest loading factor for the TE indicator is TE3 of 0.85, TE7 of 0.832, and TE8 of 0.827. This result is in line with the TM indicator, which is that taxpayers report all assets and debts owned and do not take advantage of the weaknesses of detection to commit tax fraud because they are influenced by environmental factors and feelings of guilt and shame that make them pay taxes voluntarily. Basically, intrinsic factors become moral reinforcement or non-economic motivation of taxpayers to carry out compliance in accordance with applicable tax provisions. Although taxpayers know that there are weaknesses in the tax authority in detecting tax fraud, such weaknesses are not used to commit tax fraud.

This result is different from previous studies. Some previous research shows that factors such as trust, integrity, professionalism of tax authorities, performance of accountability in managing state finances, environment, frequent cases of corruption by public officials, simplicity of the taxation system, complexity of taxation provisions, level of taxpayers' education, as well as comparison between paying taxes and the counter-achievement of the tax payment can also affect one's morality [16] [17] [2] [18]. In addition, several studies also show that a person's level of religiosity

can significantly improve tax morale, and thus motivate taxpayers to comply with applicable tax regulations [42]. National pride or nationalism is also seen as capable of influencing individual behaviour in groups, organisations, and society. Pride can result in cooperative action against tax regulations that will increase intrinsic motivation to pay taxes [43].

In H2 testing, Table VI shows that coercive power does not moderate the relationship between tax morale and tax evasion with a coefficient of -0.099 and a significance level of 0.151. Therefore, H2 was rejected because it did not meet the significance requirements <0.05. Taxpayers with their own awareness without coercion, fulfil tax obligations in accordance with tax provisions. That is, coercive power cannot affect the relationship between tax morale and tax evasion.

The biggest loading factor for the CP indicator is CP1 of 0.872, CP2 of 0.883, and CP3 of 0.89. That is, strict penalties and sanctions are indicators that influence tax evasion. This is consistent with research [39] which states that sanctions and penalties can be an appropriate policy to reduce tax evasion carried out. However, in this research model, CP as a moderating variable is considered unable to explain the relationship between TM and TE because its value is not significant. Thus, CP cannot strengthen or weaken the relationship between TM and TE.

#### 5. CONCLUSION

This research studied about tax morale effect towards tax evasion as well as the role of coercive power. Overall, one's morale can trigger tax evasion practice. Based on tests conducted in this study, we found that tax morale was significantly negatively involved in the practice of tax evasion. Thus, solely, ethical and the level of morale are already considered sufficient to influence the degree of tax compliance. Taxpayers who already have a high level of ethics do not need to be threatened with an inspection to increase their compliance (not doing tax evasion). So, the role of coercive power does not significantly moderate the relationship of taxpayer morality towards non-compliant behaviour.

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