



Preface to the Volume 2 Issue 2 of Indian Pacific Journal of Accounting and Finance

It is a great pleasure to introduce the second volume second issue of our journal into the global community yearning for high-quality, impactful papers. IPJAF continues to seek and provide readers throughout the world with technology supported peer-reviewed scholarly articles on a broad range of established and emergent areas of accounting, finance, business, economics, and social sciences.

I am resolute to maintain the high-quality standard of research and publication which is anchored on the exemplary service and dedication of our editorial board, editorial review and the editorial office. This volume 2, issue 2 comprises five manuscripts dealing with financial accounting, taxation, and auditing.

The first article entitled “Examining the independent audit committee, managerial ownership, independent board member and audit quality in listed banks” by Dr. Hisar Pangaribuana (Adventist University of Indonesia, Bandung, Indonesia), Dr. Jenny Sihombinga (Adventist University of Indonesia, Bandung, Indonesia), and Dr. Oluwatoyin Muse Johnson Popoola (Tunku Puteri Intan Safinaz School of Accountancy, College of Business, Universiti Utara Malaysia) examines the effects of the independent audit committee on the relationship between managerial ownership and independent board member on audit quality in the Indonesian listed banks. The unit of analysis is companies carrying on the banking business and listed on the Indonesian stock exchange (IDX) between the period of 2010 to 2015. This study is explanatory (i.e., causal predictive), and uses the second generation structural equation modelling statistical analysis tools, PLS-SEM and PROCESS Partial Least Square for hypotheses testing. The results show that the independent board member has a significant impact on the independent audit committee and the audit quality. The study reveals that managerial ownership does not influence audit quality. The adoption of the independent audit committee with a long tenure of years can be potentially risky and less creative. As a result, their oversight functions may be in jeopardy, impaired or reduced performances. The research findings reveal no significant indirect effects of the independent audit committee on the relationship between managerial ownership, independent board member and audit quality in the banks listed in IDX. Independent board members need to renew the appointment of the independent audit committee members to improve the quality of the oversight functions undertaken by the audit committee, and hence, enhance audit quality. The authors suggest further research on the ideal level of managerial ownership and number of an independent board member to produce a good audit quality in the Indonesian listed banks.

The second article titled “Salaried taxpayers’ internal states and assessment performance under self-assessment system: a quasi-experimental evaluation” by Dr. Noraza Mat Udin (Tunku Puteri Intan Safinaz School of Accountancy, College of Business, Universiti Utara Malaysia) takes a look at the first reform that impacts taxpayers, that is, the implementation of self-assessment system (SAS) to replace the old assessment system in 2004. The perception is that SAS had entirely changed the taxpayers’ responsibilities from being

assessed by the tax authority to a person who is responsible for assessing own income tax liability. Her study explores the public fora debates on whether taxpayers can perform their responsibilities that were previously handled by trained tax personnel in Malaysia. Her paper reports the findings of a quasi-experimental evaluation of salaried individual taxpayers' in the early stage of SAS implementation. She argues that a lot needs to be done, notwithstanding SAS had been implemented for more than a decade, the problem of taxpayer performance is continuing due to the dynamic nature of taxation in reality. The data were collected using a quasi-experimental method known as posttest-only no-treatment control group design. The sample comprised post-graduate students, who were actual taxpayers. Among the elements of the taxpayer's internal states considered in this study, tax knowledge was found to have a significant relationship with assessment performance. Further analysis was conducted which showed that the majority of tax knowledge dimensions had a significant relationship with taxpayer assessment performance. The findings of this study have contributed to the body of knowledge because there is a general dearth of published research, particularly in Malaysia that investigates taxpayer assessment performance especially using an experimental approach.

The third article with a caption, "Working capital management and firm performance: lessons learnt during and after the financial crisis of 2007-2008 in Nigeria" by Mr. Sunday Simon (Tunku Puteri Intan Safinaz School of Accountancy, College of Business, Universiti Utara Malaysia), Dr. Norfaiezah Sawandi (Tunku Puteri Intan Safinaz School of Accountancy, College of Business, Universiti Utara Malaysia), and Prof. Dr. Mohamad Ali Abdul-Hamid (Department of Accounting, College of Business Administration, University of Sharjah, United Arab Emirate) examines the relationship between working capital management (WCM) and firm performance during and after the financial crisis of 2007-2008 in Nigeria. The authors argue that the financial crisis could be attributable to the deterioration and ultimate failure of WCM performance that affected many Nigerian firms. During the crisis, lending conditions were deeply affected, and financing operations became challenging for firms. Although research findings on the causes and effects of the crisis on the economy are known, what remains unknown is whether the financial crisis had a significant impact on WCM performance. The differences between the two periods, the crisis period and then after the crisis period, is operationalised through two analyses. The findings indicate that WCM variables have more explanatory power (R^2) in the period after the crisis than during the crisis. Also, the results of the Cramer Z-statistic, which examined between sample comparisons of the R^2 , revealed that the Z-scores are significant, implying that a significant difference existed between the two periods. It suffices to say that WCM was affected during the financial crisis and led to low profitability, whereas, during the after-crisis period, WCM associates with higher profitability. These findings have implications for managers and policymakers because access to financing has become a global problem and adequate WCM management increases a company's resilience to financial and external shocks.

The fourth article entitled "The Influence of Technology Readiness on Information Technology Competencies and Civil Conflict Environment" by Prof. Dr. Kamil Md. Idris (Tunku Puteri Intan Safinaz School of Accountancy, College of Business, Universiti Utara Malaysia), Associate Prof. Dr. Akilah Abdullah (Tunku Puteri Intan Safinaz School of Accountancy, College of Business, Universiti Utara Malaysia), Haetham H. Kasem Alkhaffaf (OYA Graduate School of Business, College of Business, Universiti Utara Malaysia), and Al-Hasan Al-Aidaros (Islamic Business School, Universiti Utara Malaysia, Malaysia). Their study confirms prior findings that the Technology Readiness scale can

capture the association among technology readiness and technology usage behaviours. The study also expands earlier research by investigating the impact of technology readiness on individual competency among accountants to using IT in a workplace under the intensity of civil conflict in Iraqi environment. The result shows that there is a positive significant relationship between technology readiness and the IT competencies of Iraqi accountants. It implies that the technology readiness regarding willingness, enthusiasm, and motivation of accountants using IT has an impact on their IT competencies. In other words, the higher the readiness of the accountants in making use of technology, the higher their competence in the use of IT. This study contributes to the body of knowledge in terms of theory, method and practice in Iraq especially and developing countries in general.

The fifth article titled “Mediating effect of Quality-differentiated Auditor on the relationship between Managerial ownership and Monitoring mechanisms” and authored by Dr. Rachael Oluyemisi Arowolo (Chrisland University, Nigeria), Prof. Dr. Ayoib Che-Ahmad (Tunku Puteri Intan Safinaz School of Accountancy, College of Business, Universiti Utara Malaysia), Dr. Oluwatoyin Muse Johnson Popoola (Tunku Puteri Intan Safinaz School of Accountancy, College of Business, Universiti Utara Malaysia) and Dr. Hisar Pangaribuana (Adventist University of Indonesia, Bandung, Indonesia) examines the relationship between Managerial Ownership (MO) and MMs with quality-differentiated auditors (QDA) as the channel for the relationship. Over the past decade, most studies in corporate governance and audit market emphasised the importance of monitoring mechanisms (MM), especially after the global economic meltdown resulting from the Enron saga. The literature on MM continues growing as many countries especially the Sub-Saharan Africa are still struggling to come out of the effect of the economic meltdown and businesses continues to fail or merge. The study used data from non-financial listed companies in Nigeria providing empirical supports that MO significantly associates with MMs in the right direction. Likewise, QDA also influences the MMs in the right direction suggesting that QDA is necessarily required to enhance adequate MMs. The findings of this study provide support for the association of MO and MMs with the intervention of QDA for solutions to agency problems. Companies should, therefore, motivate the management to own shares within the reasonable range that aligns the interest of the management with that of the shareholders. This paper adds to knowledge especially in Nigeria and Sub-Saharan Africa by examining a mediating effect to depict the relationship between MO and MM, which are not evident in prior studies

It is my conviction that in the coming year, the vision of IPJAF to publish high-quality manuscripts in the established and emergent areas of accounting and finance from academic and professional researchers will be sustained and appreciated.

As you read throughout this volume 2, issue 2 of IPJAF, I would like to remind you that the success of our journal depends on you, your friends and colleagues as stakeholder through the submission of high-quality articles for review and publication.

Once again, I acknowledge with gratitude your continued support as we strive to make IPJAF the most authoritative journal on accounting and finance for the community of academic, professional, industry, society and government.

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