



UNIVERSITAS
INDONESIA

Veritas, Probitas, Justitia

EST. 1849



**State of the Art Corporate and Public
Governance :**

Practice, Research and Accounting Education

Hilda Rossieta Argawa, DoA FEB UI, 130915

State of the Art Corporate and Public Governance : Practice, Research and Accounting Education



UNIVERSITAS
INDONESIA

Veritas, Probitas, Iustitia
— EST. 1849 —

- What is Good Governance (GG)?
- How is the development of GG Context ?
- How is “state of the art” of current :
 - GG Practice ?
 - GG Research ?
- How is the expected role of accountant in GG?
- What competencies does accountant need to perform their role?
- How should the competencies be incorporated in the Education System ? (KKNi Approach)
- Overview of KKNi Approach



What is Good Governance (GG)?



UNIVERSITAS
INDONESIA

Veritas, Probitas, Iustitia

EST. 1849

Defintions :

The way “ ... **power** is exercised through a country’s **economic, political, and social institutions.**” – the World Bank’s Poverty Reduction Strategy Paper (PRSP) Handbook.

Mechanisms for assuring good governance have **three key elements**:

- **Internal rules and restraints** (for example, internal **accounting and auditing systems**, independence of the judiciary and the central bank, civil service and **budgeting rules**);
- **“Voice” and partnership** (for example, public-private deliberation councils, and service delivery surveys to solicit client feedback); and
- **Competition** (for example, competitive social service delivery, **private participation in infrastructure**, alternative dispute resolution mechanisms, and **outright privatization of certain market-driven activities**). – World Development Report, 1997.

Role of
accountant

- <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/MENAEXT/EXTMNA/REGTOPGOVERNANCE/0,,contentMDK:20513159~menuPK:1163245~pagePK:34004173~piPK:34003707~theSitePK:497024,00.html>, accessed at 140915

How is the development of GG Context ?

Indonesian Context : Economic Crisis 1998

- **Pre-crisis** (1966-1988 / New Order) :
 - Centralised,
 - Controlled market economy,
 - Limited privatisation and deregulation
- **Post – crisis** (1998 – now / Reformation Era) :
 - Decentralised
(Local Government Law No. 2/1999, update by No. 32/2004; Balanced public financing between Central and Local Government, Law No 25/1999. updated by No. 33/2004)
 - Open market economy
 - New public management
 - Public and private partnership



UNIVERSITAS
INDONESIA

Veritas, Probitas, Iustitia
— EST. 1849 —

www.economist-suweca.blogspot.co.id, accessed at 13 Sept. 2015
www.danangsucahyo.blogspot.co.id, accessed at 13 Sept. 2015



How is the development of GG Context ? (Continued)

International Context : (Samuel, 1988; Colin, 1989; Watkins and Arrington, 2007)

- UK Context :
 - Privatisation : the return of conservative government lead by Thatcher in 1979 (Samuel, 1988)
 - Transferring assets ownership from the public to the private sector
- US Context :
 - Reagan's Republican revolution in 1981 : deregulation/ relaxation of regulatory issues
 - New Public Management (NPM) : managing public sector using private ways of management
 - Following Reagan, Clinton introduced The National Performance Review (NPR) in 1992



UNIVERSITAS
INDONESIA

Veritas, Probitas, Iustitia
— EST. 1849 —





UNIVERSITAS
INDONESIA

Veritas, Probitas, Iustitia
— EST. 1849 —

How is the development of GG Context ? (Continued)

International Context : (Samuel, 1988; Colin, 1989; Watkins and Arrington, 2007)

- **Similarity between UK and US context :**
 - Changing the issues of 'efficacy' to 'efficiency' in public sector
 - Main motivation : provide better public goods and services to the society
 - Introducing market influence on the economic allocation in public sector
- **The effect on Good Governance Development:**
 - The distinction between public and private become blurred
 - Corporate governance :
 - Rooted in the agency theory (Jensen and Meckling, 1976)
 - Assumptions :
 - division between owners/investors as principals and managers as their agents
 - market mechanism as primary mechanism to discipline the agents
 - The important roles of contract and property rights



How is the development of GG Context ? (Continued)



UNIVERSITAS
INDONESIA

Veritas, Probitas, Iustitia
— EST. 1849 —

- **The effect on Good Governance Development:**
 - The distinction between public and private become blurred
 - Public Governance under NPM :
 - Who is the owner? Citizen as the ultimate owner who pay the tax?
 - Who is the agent? Government Officials? Local Government Leader?
 - How is the entity's financing? From the tax money? From the private investor? Hybrid financing (Public Private Partnership?)
 - Do Good Governance Principles in the Corporate context (TARIF) similar to that in Public Sector Context?
 - Do they have similar agency problems? (shirking, expropriation, agency cost)
 - How is the role of contract and property rights compared to the role of government as the agent of the public?



How is “state of the art” of current GG Practice?

The “state of the art” of current GG practice focuses on the key elements of GG mechanism relevant to accountant in any context:

- **Accounting System** : International Financial Reporting Standard (IFRS) /PSAK; Pernyataan Standar Akuntansi Pemerintahan (PSAP)
- **Auditing System** : Standar Pemeriksaan Akuntan Publik/ (SPAP) ; Standard Pemeriksaan Keuangan Negara (SPKN)
- **Budgeting Rules** : laws concerning decentralisation (UU No. 2/1999, update by UU No.32/2004) ; balanced public financing between central and local governments (UU No 25/1999 updated by No. 33/2004)



UNIVERSITAS
INDONESIA

Veritas, Probitas, Iustitia
— EST. 1849 —

<https://bhaskoroperwiro.wordpress.com/2013/10/15/standar-akuntansi-sektor-publik/>



How is “state of the art” of current GG Practice? (Continued)



UNIVERSITAS
INDONESIA

Veritas, Probitas, Iustitia
— EST. 1849 —

The “state of the art” of current GG practice focuses on the key elements of GG mechanism relevant to accountant in any context:

- **Private participation on infrastructure :**
 - Equity (PT Jasamarga Tbk?) or Debt Financing ?
 - How to implement hybrid Public and Corporate Governance?
 - How about accounting (PSAK and PSAP) and auditing (SPAP and SPKN)?
 - Agency Relationship : what is the main issue? Taxpayer Citizens as ultimate owner yet often treated as minority interest?
 - Any relevant issues for accountant?



How is “state of the art” of current GG Practice? (Continued)



UNIVERSITAS
INDONESIA

Veritas, Probitas, Iustitia
— EST. 1849 —

The “state of the art” of current GG practice focuses on the key elements of GG mechanism relevant to accountant in any context:

- **Outright privatisation of certain market driven activities:**
 - Public transport (Trans-Jakarta?), education, housing, health care?
 - Good Governance process to resolve competing and conflicting interest group in the society?
 - Any relevant issues for accountant?
 - Potential relevance:
 - Cost Accounting system
 - Efficiency level
 - Subsidy and Cross Subsidy



How is “state of the art” of current GG Practice? (Continued)



UNIVERSITAS
INDONESIA

Veritas, Probitas, Iustitia
— EST. 1849 —

Institutional development in the global and regional context :

- COSO (Committee of Sponsoring Organization) organised at 1985 in USA with the mission to ‘...improve **organizational performance** and **governance** and to reduce the extent of fraud in organizations’

(<http://www.coso.org/aboutus.htm>, accessed at 14 Sept 2015)

- ROSCs (Reports on the Observance of Standards and Codes) : World Bank assessment of corporate governance quality of the country member.

http://web.worldbank.org/archive/website00818/WEB/PDF/OP_DE_BE.PDF, accessed at 14 Sept 2015)

- OECD (Economic Cooperation and Development) : New G20/ OECD principles of Corporate Governance (2015); OECD Guidelines on Corporate Governance of SOEs (2015 edition)

<http://www.oecd.org/daf/ca/guidelines-corporate-governance-soes.htm>, accessed at 14 Sept. 2015

- Transparency International, NGO established in 1993 with the main aimed is to combat corruption, including focusing on companies accountability at home and abroad.

<http://www.transparency.org/whoweare/organisation/>, accessed at 14 Sept. 2015



How is “state of the art” of current GG Practice? (Continued)



UNIVERSITAS
INDONESIA

Veritas, Probitas, Iustitia

— EST. 1849 —

Institutional development in the global and regional context :

- CGIO (Centre for Governance, Institutions and Organisation), Asean CG Initiative, covering the ASEAN CG Scorecard and ASEAN public listed companies ranking.

<http://bschool.nus.edu/CGIO/OurResearch/DisclosureandCompliance/OurResearch/ASEANCorporateGovernanceInitiative.aspx>, accessed at 140915

Institutional development in the national context :

- KNKG (Komite Nasional Kebijakan Governance) yang semula hanya mencakup CG (KNKCG) pada tahun 1999, pada saat ini mencakup juga Public Governance melalui KEP-14/M.EKON/03/ 2008.

<http://knkg-indonesia.com/home/tentang-kami.html>, accessed at 14 Sept. 2015

- IICD (Indonesian Institute for Corporate Directorship), Indonesian NGO concentrates in the following activities : professional education for directors and commissioners; research on corporate governance, directorship, and performance; as well as advocacy in education and research.

<http://iicd.or.id/>, accessed at 14 Sept. 2015



How is “state of the art” of current GG Research?



UNIVERSITAS
INDONESIA

Veritas, Probitas, Iustitia
— EST. 1849 —

In the Corporate Context, most of GCG research revolving around the following issues :

- How are the CG environments across context (i.e., developed vs developing countries, comparisons across countries)
- The impact of CG implementation on firms' financial performance
- Agency problems related to GCG, such as :
 - investor protection in the capital market, shareholders' equitable treatment, disclosure and transparency, tunnelling and self dealing, board size and composition, compensation and performance, the effect ownership concentration
- Broader Corporate Accountability : Social, environmental and sustainability reporting and assurance



How is “state of the art” of current GG Research? (Continued)



UNIVERSITAS
INDONESIA

Veritas, Probitas, Iustitia
— EST. 1849 —

In the public sector context, GG research expanding into the following issues:

- Implementation of Good Governance Principles in public sector
- The impact of NPM implementation on the quality of civil services
- Agency problems in public sectors, including local governments and state ministry context
- The problems of incorporating market mechanism into the public sector



How is the expected role of accountant in GG?



UNIVERSITAS
INDONESIA

Veritas, Probitas, Iustitia
— EST. 1849 —

Accountant Role in GG (WRD, 1997):

- Actively participate in determining how the power is exercised through country's economic, political and social institutions

- Providing key elements of GG mechanism :
 - Maintaining internal rules and restraints, most particularly in the area of accounting system, auditing system and budgeting rules
 - Facilitating competition in the market by providing reliable and relevance financial information



What competencies does accountant need to perform their expected role?



UNIVERSITAS
INDONESIA

Veritas, Probitas, Iustitia
— EST. 1849 —

Competency based on KKNi Definition:

“Akumulasi kemampuan seseorang dalam melaksanakan suatu deskripsi kerja secara terukur melalui assessmen yang terstruktur, mencakup aspek kemandirian dan tanggung jawab individu pada bidang kerjanya”

Selanjutnya, deskripsi kerja diturunkan menjadi beberapa parameter, yaitu :

- Kemampuan di bidang kerja
- Pengetahuan yang dikuasai
- Kemampuan manajerial



What competencies does accountant need to perform their expected role? (Continued)



UNIVERSITAS
INDONESIA

Veritas, Probitas, Iustitia
— EST. 1849 —

Competency based on KKNi Definition:

“Akumulasi kemampuan seseorang dalam melaksanakan suatu deskripsi kerja secara terukur melalui assessmen yang terstruktur, mencakup aspek kemandirian dan tanggung jawab individu pada bidang kerjanya”

The key phrase is ‘*melaksanakan suatu deskripsi kerja secara terukur*’, which are derived into several parameter, including :

- *Kemampuan di bidang kerja*
- *Pengetahuan yang dikuasai*
- *Kemampuan manajerial*



How should the competencies be incorporated in the Education System (KKNi Approach) ? (Continued)



UNIVERSITAS
INDONESIA

Veritas, Probitas, Iustitia
— EST. 1849 —

Parameter Deskripsi	No	Capaian Pembelajaran (Learning Objectives)
Kemampuan di bidang kerja	1	Accounting system
	2	Auditing system
	3	Budgeting rules
	4	Providing reliable and relevance financial information
Pengetahuan yang dikuasai	1	How the power is exercised through country
	2	Country's economic, political and social institutions
	3	The market
Kemampuan manajerial	1	Actively participate
	2	Maintaining internal rules and restraints
	3	Facilitating competition

Derived from KKNi

Derived from the expected role of accountant in GG



Overview of *Kerangka Kualifikasi Nasional Indonesia (KKNI)* Approach – the Objective



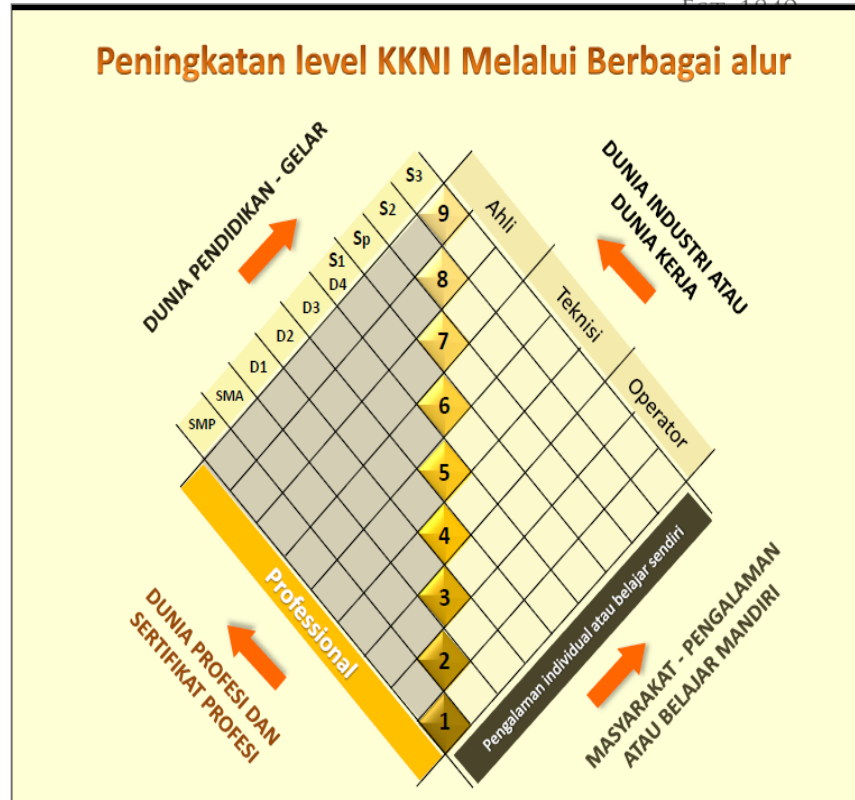
UNIVERSITAS
INDONESIA

Veritas, Probitas, Iustitia

The Ultimate Goal



Peningkatan level KKNI Melalui Berbagai alur

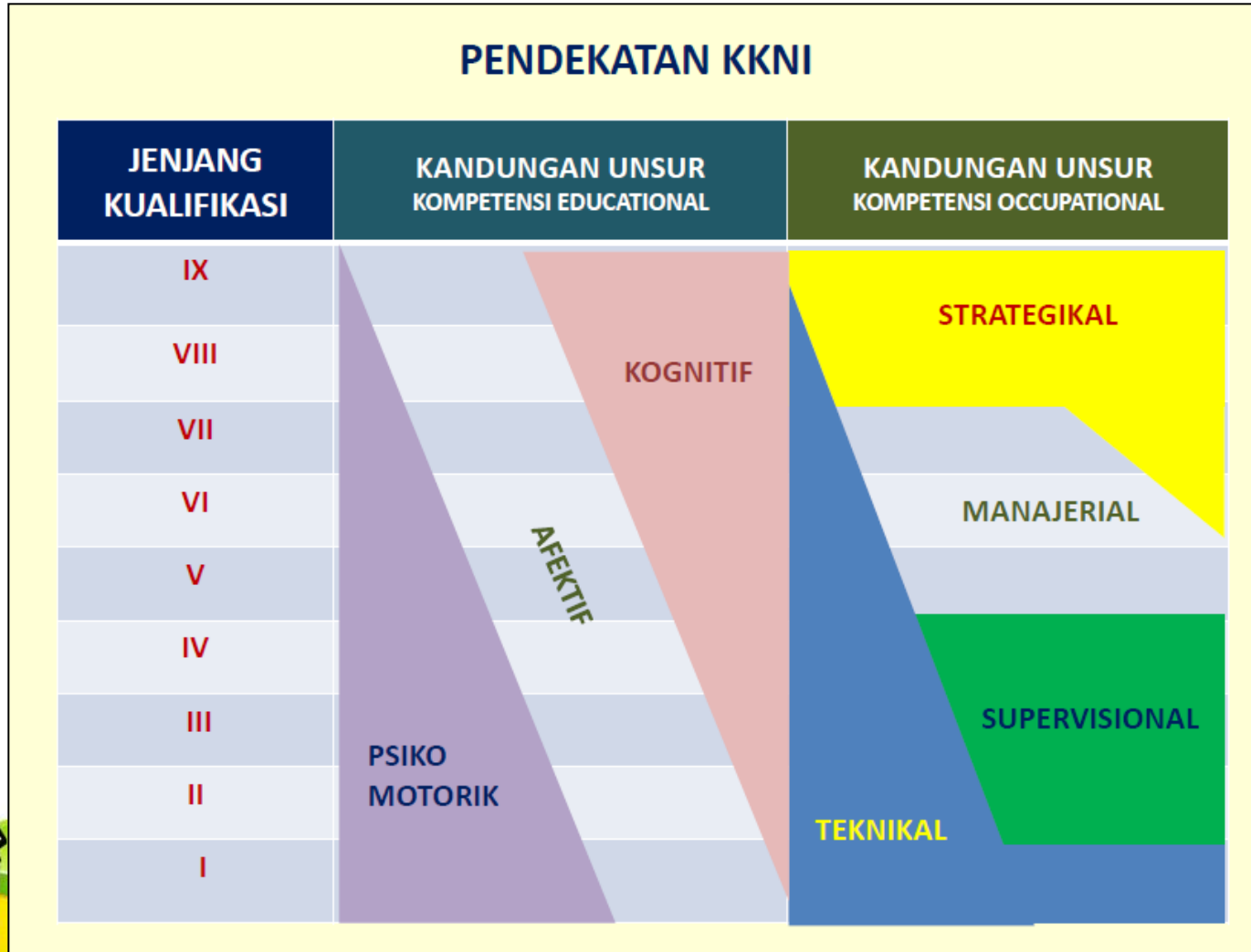


Overview of KKNI Approach



UNIVERSITAS
INDONESIA

Veritas, Probitas, Iustitia
— EST. 1849 —



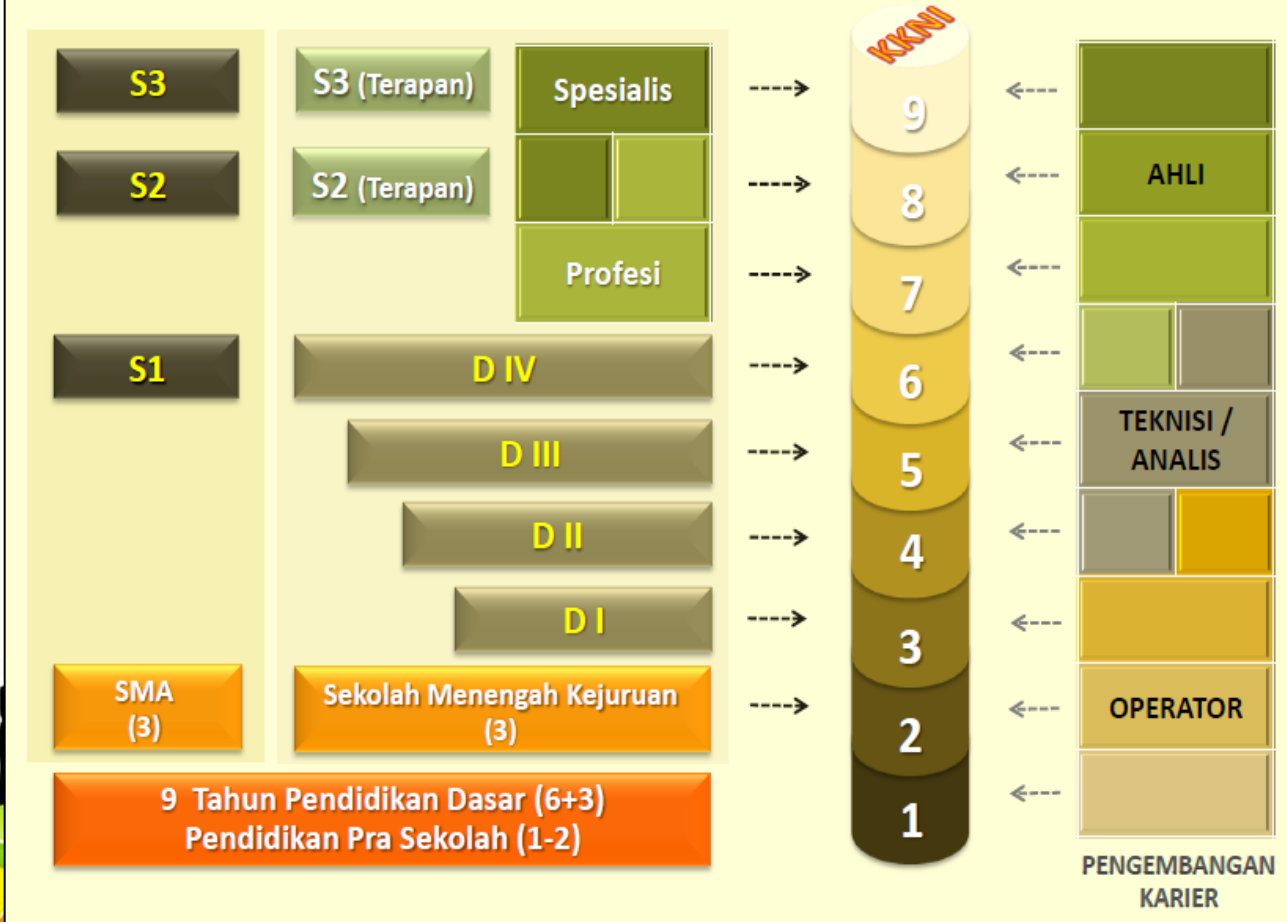
Overview of KKNI Approach



UNIVERSITAS
INDONESIA

Veritas, Probitas, Iustitia
— EST. 1849 —

Hubungan level lulusan perguruan tinggi dengan Pasar Kerja



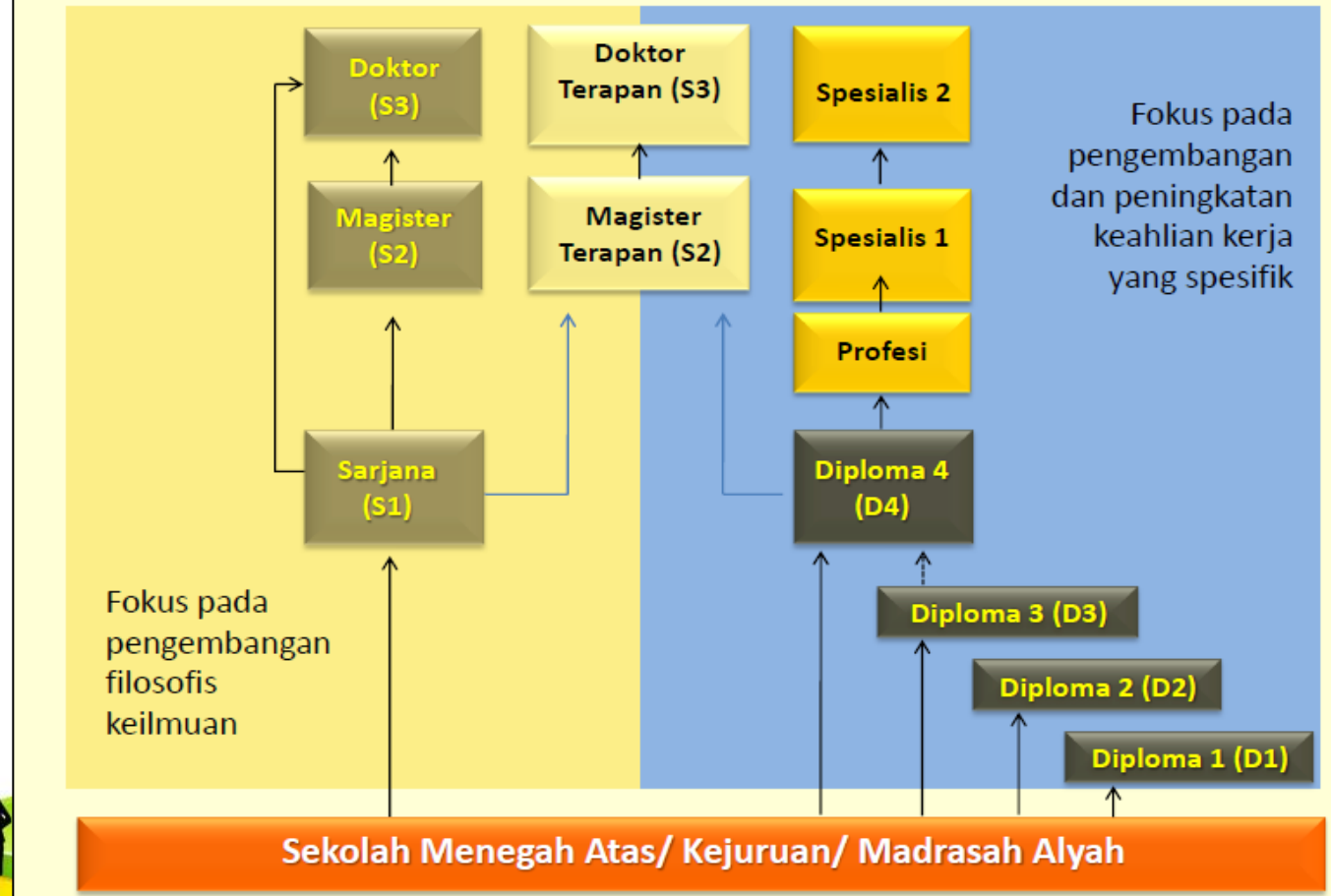
Overview of KKNI Approach



UNIVERSITAS
INDONESIA

Veritas, Probitas, Iustitia
— EST. 1849 —

Penyelenggaraan Program Pendidikan Formal sesuai Jenis dan Stratanya



Overview of KKNi Approach



UNIVERSITAS
INDONESIA

Veritas, Probitas, Iustitia
— EST. 1849 —

Deskripsi Kualifikasi KKNi dirumuskan dalam capaian pembelajaran

Capaian pembelajaran



PARAMETER DESKRIPSI

KEMAMPUAN DI BIDANG KERJA

PENGETAHUAN YANG DIKUASAI

KEMAMPUAN MANAJERIAL

Overview of KKNi Approach



UNIVERSITAS
INDONESIA

Veritas, Probitas, Iustitia
— EST. 1849 —

Ilmu pengetahuan (*science*): suatu sistem berbasis metodologi ilmiah untuk membangun pengetahuan (*knowledge*) melalui hasil-hasil penelitian di dalam suatu bidang pengetahuan (*body of knowledge*). Penelitian berkelanjutan yang digunakan untuk membangun suatu ilmu pengetahuan harus didukung oleh rekam data, observasi dan analisa yang terukur dan bertujuan untuk meningkatkan pemahaman manusia terhadap gejala-gejala alam dan sosial.

Pengetahuan (*knowledge*): penguasaan teori dan keterampilan oleh seseorang pada suatu bidang keahlian tertentu atau pemahaman tentang fakta dan informasi yang diperoleh seseorang melalui pengalaman atau pendidikan untuk keperluan tertentu.

Pengetahuan praktis (*know-how*): penguasaan teori dan keterampilan oleh seseorang pada suatu bidang keahlian tertentu atau pemahaman tentang metodologi dan keterampilan teknis yang diperoleh seseorang melalui pengalaman atau pendidikan untuk keperluan tertentu.



Overview of KKNi Approach

Keterampilan (*skill*): kemampuan psikomotorik (termasuk *manual dexterity* dan penggunaan metode, bahan, alat dan instrumen) yang dicapai melalui pelatihan yang terukur dilandasi oleh pengetahuan (*knowledge*) atau pemahaman (*know-how*) yang dimiliki seseorang mampu menghasilkan produk atau unjuk kerja yang dapat dinilai secara kualitatif maupun kuantitatif.

Afeksi (*affection*): sikap (*attitude*) sensitif seseorang terhadap aspek-aspek di sekitar kehidupannya baik ditumbuhkan oleh karena proses pembelajarannya maupun lingkungan kehidupan keluarga atau masyarakat secara luas.

Kompetensi (*competency*): akumulasi kemampuan seseorang dalam melaksanakan suatu deskripsi kerja secara terukur melalui asesmen yang terstruktur, mencakup aspek kemandirian dan tanggung jawab individu pada bidang kerjanya.



UNIVERSITAS
INDONESIA

Veritas, Probitas, Iustitia
— EST. 1849 —



Overview of KKNI Approach



UNIVERSITAS
INDONESIA

Veritas, Probitas, Iustitia
— EST. 1849 —

Unsur
Deskripsi
KKNI



Overview of KKNi Approach



UNIVERSITAS
INDONESIA

Veritas, Probitas, Iustitia
— EST. 1849 —

Deskripsi Umum

Sesuai dengan ideologi Negara dan budaya Bangsa Indonesia, maka implementasi sistem pendidikan nasional dan sistem pelatihan kerja yang dilakukan di Indonesia pada setiap level kualifikasi mencakup proses yang menumbuhkembangkan afeksi sebagai berikut :

- Bertakwa kepada Tuhan Yang Maha Esa
- **Memiliki moral, etika dan kepribadian yang baik di dalam menyelesaikan tugasnya**
- Berperan sebagai warga negara yang bangga dan cinta tanah air serta mendukung perdamaian dunia
- **Mampu bekerja sama dan memiliki kepekaan sosial dan kepedulian yang tinggi terhadap masyarakat dan lingkungannya**
- Menghargai keanekaragaman budaya, pandangan, kepercayaan, dan agama serta pendapat/temuan orisinal orang lain
- **Menjunjung tinggi penegakan hukum serta memiliki semangat untuk mendahulukan kepentingan bangsa serta masyarakat luas.**

Overview of KKNi Approach – S1



UNIVERSITAS
INDONESIA

Veritas, Probitas, Iustitia
— EST. 1849 —

LEVEL 6

- Mampu mengaplikasikan bidang keahliannya dan memanfaatkan IPTEKS pada bidangnya dalam penyelesaian masalah serta mampu beradaptasi terhadap situasi yang dihadapi.
- Menguasai konsep teoritis bidang pengetahuan tertentu secara umum dan konsep teoritis bagian khusus dalam bidang pengetahuan tersebut secara mendalam, serta mampu memformulasikan penyelesaian masalah prosedural.
- Mampu mengambil keputusan yang tepat berdasarkan analisis informasi dan data, dan mampu memberikan petunjuk dalam memilih berbagai alternatif solusi secara mandiri dan kelompok; Bertanggung jawab pada pekerjaan sendiri dan dapat diberi tanggung jawab atas pencapaian hasil kerja organisasi.



Overview of KKNi Approach – PPAk



UNIVERSITAS
INDONESIA

Veritas, Probitas, Iustitia
— EST. 1849 —

LEVEL 7

- Mampu **merencanakan dan mengelola sumberdaya di bawah tanggung jawabnya**, dan **mengevaluasi secara komprehensif** kerjanya dengan **memanfaatkan IPTEKS** untuk menghasilkan **langkah-langkah pengembangan strategis organisasi**.
- Mampu memecahkan permasalahan sains, teknologi, dan atau seni di dalam bidang keilmuannya melalui **pendekatan monodisipliner**.
- Mampu **melakukan riset** dan **mengambil keputusan strategis** dengan **akuntabilitas** dan **tanggung jawab penuh** atas semua aspek yang berada **di bawah tanggung jawab bidang keahliannya**.

Overview of KKNi Approach – S2



UNIVERSITAS
INDONESIA

Veritas, Probitas, Iustitia
— EST. 1849 —

LEVEL 8

- Mampu **mengembangkan** pengetahuan, teknologi, dan atau seni di dalam bidang keilmuannya atau praktek profesionalnya melalui riset, hingga menghasilkan karya **inovatif dan teruji**.
- Mampu memecahkan permasalahan sains, teknologi, dan atau seni di dalam bidang keilmuannya melalui **pendekatan inter atau multidisipliner** .
- Mampu **mengelola riset** dan pengembangan yang bermanfaat bagi masyarakat dan keilmuan, serta mampu mendapat pengakuan nasional dan internasional.

Overview of KKNi Approach – S3



UNIVERSITAS
INDONESIA

Veritas, Probitas, Iustitia
— EST. 1849 —

LEVEL 9

- Mampu **mengembangkan** pengetahuan, teknologi, dan atau seni **baru** di dalam bidang keilmuannya atau praktek profesionalnya melalui riset, hingga menghasilkan karya **kreatif, original, dan teruji**.
- Mampu memecahkan permasalahan sains, teknologi, dan atau seni di dalam bidang keilmuannya melalui **pendekatan inter, multi, dan transdisipliner**.
- Mampu **mengelola, memimpin, dan mengembangkan** riset dan pengembangan yang bermanfaat bagi ilmu pengetahuan dan kemaslahatan umat manusia, serta mampu mendapat **pengakuan nasional dan internasional**.





UNIVERSITAS
INDONESIA

Veritas, Probitas, Iustitia
— EST. 1849 —

thank
you!

Pertanyaan?

