



ISSN: 0976-3031

Available Online at <http://www.recentscientific.com>

CODEN: IJRSFP (USA)

International Journal of Recent Scientific Research
Vol. 10, Issue, 09(E), pp. 34807-34810, September, 2019

**International Journal of
Recent Scientific
Research**

DOI: 10.24327/IJRSR

Research Article

THE ROLE OF GOOD CORPORATE GOVERNANCE TO ATTEMPT THE EFFECTIVELY STRATEGIC- PLANNING AND ALSO INCREASE THE FINANCIAL PERFORMANCE: INSIGHT THE R-A THEORY IN EMERGING MARKETS POSITIONS

Wilhelmus Hary Susilo and Albert

University of Persada Indonesia Y.A.I

DOI: <http://dx.doi.org/10.24327/ijrsr.2019.1009.3977>

ARTICLE INFO

Article History:

Received 06th June, 2019

Received in revised form 14th July, 2019

Accepted 23rd August, 2019

Published online 28th September, 2019

Key Words:

Good Corporate Governance, Effectively Strategic Planning.

ABSTRACT

The good corporate governance could improve to the integration strategic to reach the market-positions in global emerging market. Furthermore, the firm with focus strategy should pursue the capital investment that would be increase the firm-value. The long-run firms with the superior financial performance and it was be sustainable interconnection with some stakeholders. An effectively in process the strategic planning would aim of venture on the best achievement progressively. An inquiry would be confirming the firm with good corporate governance factors within confirming factor analysis. The result in these confirmed factors analysis could contributes the best loading factors that indicated some important role for attempt the quality of audit within independently.

Copyright © Wilhelmus Hary Susilo and Albert, 2019, this is an open-access article distributed under the terms of the Creative Commons Attribution License, which permits unrestricted use, distribution and reproduction in any medium, provided the original work is properly cited.

INTRODUCTION

In an emerging market the corporate governance need a good to attempt the firm performance for pursue competitive advantage on the strategic management (Ebrahim & Fattah, 2015; Habib & Jiang, 2015; Matei & Drumasu, 2015; Peter, Tamyko, & Daniel, 2017). The corporate governance factor should focus on; founding family members, foreign members on the board and independent audit quality to attempt the firm performance that impacting on organizations (Asare, Abdolmohammadi, & Hunton, 2011; Christopher, 2010).

Actually, within the firm institutions on long-run business development should increasing the financial performance and reporting best quality on financial for pursue the public trusted (Caruana, 2016; Habib & Jiang, 2015; Jiang, Jiang, Cai, & Liu, 2015; Palmer & Huo, 2013; Qu, Pinsonneault, Tomiuk, Wang, & Liu, 2015). Furthermore, the financial reporting quality achievement could leads within model corporate governance in emerging- markets in this decade within the differentiating strategy to among the firms (Brenes, Montoya, & Ciravegna, 2013; Caruana, 2016; Ebrahim & Fattah, 2015; Hau, Evangelista, & Thuy, 2013; Liu, Li, & Xue, 2011).

The entire firms within more sophistication management and owners could engage with the foreigner affiliations on high

quality auditing firms could increase the best achievement in financial performance and anticipated the strategic change (Ávila, Rocha, & Silva, 2015; Renton, Daellenbach, Davenport, & Richard, 2015; Scholes, Wright, Westhead, & Bruining, 2010; Yang, 2012; Zhang, Zhong, Wen, & Jiang, 2014)

LITERATURE REVIEW

The critical review would be achieve the new concept for this inquiry conduct within the compare from among the research result to supported the correlated among latent construct of exogenous construct (factors to achieve good corporate governance) and endogenous construct (the good corporate governance) that should be review conducted in emerging-markets management inquiry. The factors of good corporate governance could leads the related to the firms ownership and board composition to achieve well financial reporting and the quality of auditing within emerging- markets and owner strategic orientations more focused (Du & Sim, 2016; Ebrahim & Fattah, 2015; Graça, Barry, & Doney, 2016; Lebedev, 2015; Liu et al., 2011).

Moreover, the owner strategic orientations and performance, an internationalization with strategies with high technology ventures also the global mind- set would improvement the well

*Corresponding author: Wilhelmus Hary Susilo
University of Persada Indonesia Y.A.I

quality within auditing (Acar & ÖZŞAHin, 2017; Augusto Felício, Caldeirinha, & Ribeiro-Navarrete, 2015; Deutscher, Zapkau, Schwens, Baum, & Kabst, 2016; C.-M. Lau, 2011; C. M. Lau & Bruton, 2011; Liu et al., 2011; Taylor & Jack, 2012). The firm performance, business growth and organizational development also strategic management accounting could affect from the well strategic management process for the long-run ventures (Cuganesan, Dunford, & Palmer, 2012; Olsen, 2004; Witek-Crabb, 2014)

Furthermore, the market positions would affect to financial performance and in the emerging market for the global competitions among the corporate should have aware the demands have heterogeneous industries conducted within misguide on the operation to have best performance and competitive advantage and the heterogeneously industries strategic development. The real substantive contexts that entire firm should have pestered the emerging- market positions conducted with: (1). the newest innovation in recently technology that they have to adopted, (2). The new methods of selling in the digital era with e-commerce and (3). how the entire firms and the consumers also the stakeholders could to communicated each other within the digitalize system.(Brenes et al., 2013; Hunt, 2010, 2011)

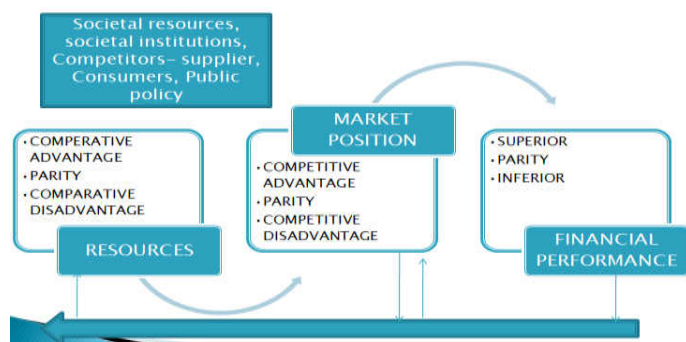


Figure 1 The Schematic of R-A Theory for an insight the Financial Performance

The entire heterogeneous corporate within industries and dynamic should be understand the market place positions of competitive and the corporate resources aspects (e.g.; financial, physical, legal, human, informational, relational and organizational) as the stresses for develop the strategic planning for make the winning for the competitions among dynamic- industries that could be describe on the figure 1 above.(Hunt, 2015)

The Conceptual Frame

The latent construct of exogenous construct as the factors (CEO-chairman duality, non-executive directors, founding family members, foreign members on the board, board size, governmental ownership, institutional ownership and independent audit quality) and endogenous construct (the corporate governance) that should be review conducted with market- emerging in corporate. (Asare et al., 2011; Christopher, 2010; Habib & Jiang, 2015).

The measurement model with the 1st the confirmatory factors analysis (CFA) as follow figure 1, below:

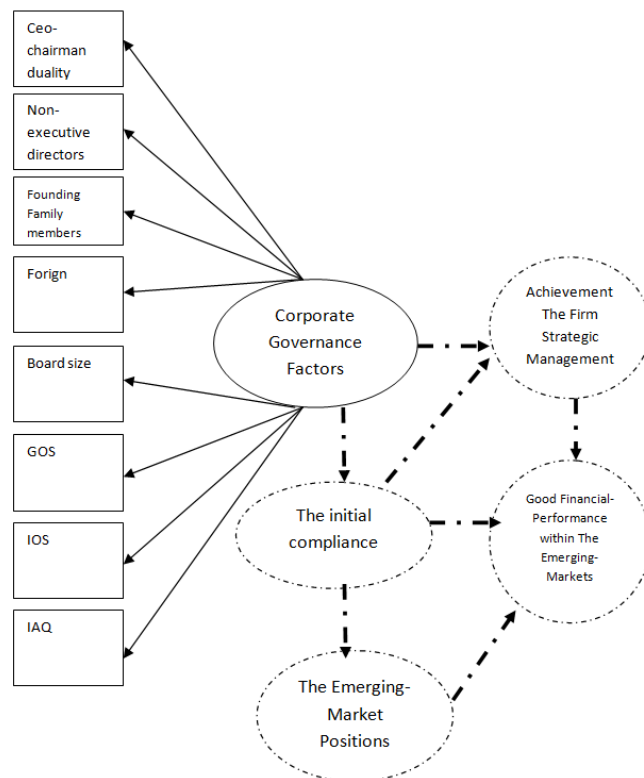


Figure 2 The Research Concept

METHODS

The method in this inquiry was conducted within the quantitative approach and design for this research would be use the survey design and the confirmed strategy (Augusty, 2014b)

Measurement of variables and data analysis

The instrument of the latent variables were conduct with self administered questionnaire that uses the rating scale in emerging- markets base research in financial performance. (Sekaran U and Bougie R (2016). Furthermore, the distributed with the independently cross-sectional collected method and conducted with the rating scale as the ratio data scale (0 to 10 very agree). Hence, The confirmed strategy approach conducted with the structural equations model in the two step phase process among variables (Hair, Black, Babin and Anderson, 2010)(Augusty, 2014a). Hence, the measurement model equations from the research model as follow in table 1 below:

Table 1 Measurement Model Equations for Confirmatory Model Analysis 1st (CFA)

No	Measurement Model Equations	Remark
1	$CHD = \lambda_{x1} \xi + \delta_1$	CEO-Chairman duality
2	$NED = \lambda_{x2} \xi + \delta_2$	Non-Executive Directors
3	$FFM = \lambda_{x3} \xi + \delta_3$	Founding Family Memebrs
4	$FO = \lambda_{x4} \xi + \delta_4$	Foreign
5	$BZ = \lambda_{x5} \xi + \delta_5$	Board Size
6	$GOS = \lambda_{x6} \xi + \delta_6$	Governmental Ownership
7	$IOS = \lambda_{x7} \xi + \delta_7$	Institutional ownership
8	$IAQ = \lambda_{x8} \xi + \delta_8$	Independent Audit Quality

CONCLUSIONS

The inquiry to pursue and increase the good corporate governance in many industries that conducted within emerging-markets management research in firm performance and corporate reputations could be achieved with well participated from the heterogeneous industries (Castro, López, & Sáez, 2006; Habib & Jiang, 2015; Inglis, Morley, & Sammut, 2006; Matei & Drumasu, 2015). The results from this analysis could have contribution to the body of knowledge of upper echelons theory and the resource- Advantage theory for the competitions also to the managerial implication for practice in heterogeneous entire firms.

Acknowledgement

We would like to thank you very much for the Expertise and Experience Learning Club, Faculty of Business and Management, University Of Persada Indonesia Y.A.I. To In Kind Workshops E&EL CLUB LABORATORY FEB UPI Y.A.I.

References

- Acar, A. Z., & ÖZŞAHİN, M. (2017). The Relationship Among Strategic Orientations, organizational Innovativeness, And Business PerformANCE. *International Journal of Innovation Management*, 1850009. doi: 10.1142/S1363919618500093
- Asare, K. N., Abdolmohammadi, M. J., & Hunton, J. E. (2011). The Influence of Corporate Governance Ratings on Buy-Side Analysts' Earnings Forecast Certainty: Evidence from the United States and the United Kingdom. *Behavioral Research in Accounting*, 23(2), 1-25. doi: 10.2308/bria-10071
- Augusto Felício, J., Caldeirinha, V. R., & Ribeiro-Navarrete, B. (2015). Corporate and individual global mind-set and internationalization of European SMEs. *Journal of Business Research*, 68(4), 797-802. doi: 10.1016/j.jbusres.2014.11.031
- Augusty, F. (2014a). *Metode Penelitian Manajemen : Pedoman Penelitian untuk Penulisan Skripsi, Tesis dan Disertasi Ilmu Manajemen* (Vol. 5). Semarang: Balai Penerbit UNDIP.
- Augusty, F. (2014b). *Structural Equation Modelling Dalam Penelitian Manajemen*: Fakultas Ekonomi dan Bisnis Universitas Diponegoro.
- Ávila, H. d. A., Rocha, A. d., & Silva, J. F. d. (2015). Brazilian Multinationals' Ownership Mode: The Influence of Institutional Factors and Firm Characteristics. *BAR - Brazilian Administration Review*, 12(2), 190-208. doi: 10.1590/1807-7692bar2015150025
- Brenes, E. R., Montoya, D., & Ciravegna, L. (2013). Differentiation strategies in emerging markets: The case of Latin American agribusinesses. *Journal of Business Research*. doi: 10.1016/j.jbusres.2013.07.003
- Caruana, J. (2016). Shades of governmental financial reporting with a national accounting twist. *Accounting Forum*. doi: 10.1016/j.accfor.2016.06.002
- Castro, G. M. D., López, J. E. N., & Sáez, P. L. (2006). Business and Social Reputation: Exploring the Concept and Main Dimensions of Corporate Reputation. *Journal of Business Ethics*, 63(4), 361-370. doi: 10.1007/s10551-005-3244-z
- Christopher, J. (2010). Corporate governance—A multi-theoretical approach to recognizing the wider influencing forces impacting on organizations. *Critical Perspectives on Accounting*, 21(8), 683-695. doi: 10.1016/j.cpa.2010.05.002
- Cuganesan, S., Dunford, R., & Palmer, I. (2012). Strategic management accounting and strategy practices within a public sector agency. *Management Accounting Research*, 23(4), 245-260. doi: 10.1016/j.mar.2012.09.001
- Deutscher, F., Zapkau, F. B., Schwens, C., Baum, M., & Kabst, R. (2016). Strategic orientations and performance: A configurational perspective. *Journal of Business Research*, 69(2), 849-861. doi: 10.1016/j.jbusres.2015.07.005
- Du, K., & Sim, N. (2016). Mergers, acquisitions, and bank efficiency: Cross-country evidence from emerging markets. *Research in International Business and Finance*, 36, 499-510. doi: 10.1016/j.ribaf.2015.10.005
- Ebrahim, A., & Fattah, T. A. (2015). Corporate governance and initial compliance with IFRS in emerging markets: The case of income tax accounting in Egypt. *Journal of International Accounting, Auditing and Taxation*, 24, 46-60. doi: 10.1016/j.intaccudtax.2015.02.003
- Graça, S. S., Barry, J. M., & Doney, P. M. (2016). B2B commitment building in emerging markets: the case of Brazil. *Journal of Personal Selling & Sales Management*, 36(2), 105-125. doi: 10.1080/08853134.2016.1188708
- Habib, A., & Jiang, H. (2015). Corporate governance and financial reporting quality in China: A survey of recent evidence. *Journal of International Accounting, Auditing and Taxation*, 24, 29-45. doi: 10.1016/j.intaccudtax.2014.12.002
- Hau, L. N., Evangelista, F., & Thuy, P. N. (2013). Does it pay for firms in Asia's emerging markets to be market oriented? Evidence from Vietnam. *Journal of Business Research*, 66(12), 2412-2417. doi: 10.1016/j.jbusres.2013.05.028
- Hunt, S. D. (2010). Sustainable marketing, equity, and economic growth: a resource-advantage, economic freedom approach. *Journal of the Academy of Marketing Science*, 39(1), 7-20. doi: 10.1007/s11747-010-0196-3
- Hunt, S. D. (2011). Developing successful theories in marketing: insights from resource-advantage theory. *AMS Review*, 1(2), 72-84. doi: 10.1007/s13162-011-0007-0
- Hunt, S. D. (2015). *Marketing theory : foundations, controversy, strategy, resource-advantage theory*. New York, USA: Routledge Taylor & Francis Group.
- Inglis, R., Morley, C., & Sammut, P. (2006). Corporate reputation and organisational performance: An Australian study. *Managerial Auditing Journal*, 21(9), 934-947.
- Jiang, X., Jiang, F., Cai, X., & Liu, H. (2015). How does trust affect alliance performance? The mediating role of resource sharing. *Industrial Marketing Management*, 45, 128-138. doi: 10.1016/j.indmarman.2015.02.011
- Lau, C.-M. (2011). Team and organizational resources, strategic orientations, and firm performance in a transitional economy. *Journal of Business Research*, 64(12), 1344-1351. doi: 10.1016/j.jbusres.2011.01.001

- Lau, C. M., & Bruton, G. D. (2011). Strategic orientations and strategies of high technology ventures in two transition economies. *Journal of World Business, 46*(3), 371-380. doi: 10.1016/j.jwb.2010.07.011
- Lebedev, P. (2015). Getting Insight into Management Accounting and Control Systems: A Framework for Survey-based Research Design for Emerging Markets Context. *Procedia - Social and Behavioral Sciences, 213*, 293-298. doi: 10.1016/j.sbspro.2015.11.540
- Liu, Y., Li, Y., & Xue, J. (2011). Ownership, strategic orientation and internationalization in emerging markets. *Journal of World Business, 46*(3), 381-393. doi: 10.1016/j.jwb.2010.07.012
- Matei, A., & Drumas, C. (2015). Corporate Governance and Public Sector Entities. *Procedia Economics and Finance, 26*, 495-504. doi: 10.1016/s2212-5671(15)00879-5
- Olsen, M. D. (2004). Literature in strategic management in the hospitality industry. *International Journal of Hospitality Management, 23*(5), 411-424. doi: 10.1016/j.ijhm.2004.10.003
- Palmer, A., & Huo, Q. (2013). A study of trust over time within a social network mediated environment. *Journal of Marketing Management, 29*(15-16), 1816-1833. doi: 10.1080/0267257X.2013.803143
- Peter, D., Tamyko, Y., & Daniel, S. (2017). Corporate governance of state-owned enterprises: a systematic analysis of empirical literature. *International Journal of Public Sector Management, 30*(5), 447-466. doi: 10.1108/IJPSM-10-2016-0163
- Qu, W. G., Pinsonneault, A., Tomiuk, D., Wang, S., & Liu, Y. (2015). The impacts of social trust on open and closed B2B e-commerce: A Europe-based study. *Information & Management, 52*(2), 151-159. doi: 10.1016/j.im.2014.07.002
- Renton, M., Daellenbach, U., Davenport, S., & Richard, J. (2015). Small but sophisticated: Entrepreneurial marketing and SME approaches to brand management. *Journal of Research in Marketing and Entrepreneurship, 17*(2), 149-164. doi: 10.1108/JRME-05-2014-0008
- Scholes, L., Wright, M., Westhead, P., & Bruining, H. (2010). Strategic changes in family firms post management buyout: Ownership and governance issues. *International Small Business Journal, 28*(5), 505-521. doi: 10.1177/0266242610370390
- Taylor, M., & Jack, R. (2012). Understanding the pace, scale and pattern of firm internationalization: An extension of the 'born global' concept. *International Small Business Journal, 31*(6), 701-721. doi: 10.1177/0266242611431992
- Witek-Crabb, A. (2014). Business Growth Versus Organizational Development Reflected in Strategic Management of Polish Small, Medium and Large Enterprises. *Procedia - Social and Behavioral Sciences, 150*, 66-76. doi: 10.1016/j.sbspro.2014.09.008
- Yang, J.-t. (2012). Effects of ownership change on organizational settings and strategies in a Taiwanese hotel chain. *International Journal of Hospitality Management, 31*(2), 428-441. doi: 10.1016/j.ijhm.2011.07.001
- Zhang, Y., Zhong, W., Wen, N., & Jiang, D. (2014). Asset specificity and complementarity and MNE ownership strategies: The role of institutional distances. *Industrial Marketing Management, 43*(5), 777-785. doi: 10.1016/j.indmarman.2014.04.005

How to cite this article:

Wilhelmus Hary Susilo and Albert., 2019, The Role of Good Corporate Governace To Attempt The Effectively Strategic-Planning And Also Increase The Financial Performance: Insight The R-A Theory In Emerging Markets Positions. *Int J Recent Sci Res.* 10(09), pp. 34807-34810. DOI: <http://dx.doi.org/10.24327/ijrsr.2019.1009.3977>
