

Formulation of Development Strategy of Public Accountant, A Case on KAP D & BCS Semarang

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Abstract

This study aims to formulate an appropriate strategy for developing KAP D & BCS using the Quantitative Strategic Planning Matrix (QSPM). The quantitative data in the form of the number of Public Accountants (AP) and Public Accounting Firms (KAP) obtained from the Directory of Public Accounting Firms and Public Accountants during 2010–2022, as well as literature studies. The qualitative data were obtained through observation, interview, and questionnaires. The data was analyzed using EFE Matrix, IFE Matrix, SWOT Matrix Diagram, TOWS Matrix, and QSPM. The analysis of the IFE and EFE matrixes respectively resulted in the total score of 0.63 and 0.08 which indicate aggressive strategy in particularly development strategy in the IE matrix. The assessment using QSPM ended up with innovation strategy that provides the highest total attractiveness value. The KAP can utilize information technology to support the process in providing assurance and non-assurance services, such as digitizing audit working papers (KKP), audit programs and procedures, training and library of the audit materials enabling them to be accessed from any place, and developing websites and digitizing HR data.

Keywords: IFE matrix, EFE matrix, public accountants, public accounting firms, QSPM, TOWS

INTRODUCTION

According to the article 3 paragraph (1) of the Law Number 5 of 2011 concerning Public Accountants, the profession of a public accountant is to provide assurance services aiming to give the clients assurance on the results of the evaluation or measurement of financial and non-financial information based on certain criteria. Public accountant profession has a major role in supporting a vigorous and efficient national economy and in increasing transparency and quality of information in the financial sector, especially in improving the

quality and credibility of financial information or financial statements of an entity. The responsibility of an public accountant lies on the opinions or statements on the report or financial information of an entity, while the presentation of the report or financial information is responsibility of the management. Public accountants are thus required to continuously improve their competence and professionalism in order to meet the clients' needs and the public's trust.

Public accountant is one who has a license to provide assurance services including audit services on historical financial information, review services on historical financial information and other assurance services. As stated in the Law Number 5 of 2011 Article 25 (2a), a public accountant must provide the services in a public accounting firm (KAP). This is in line with Chapter I Article 1 of the regulation of the Minister of Finance Number 17/PMK.01/2008 concerning Public Accountant Services, which states that a public accounting firm is a business entity that has a legal permit from the Minister for the public accountants to provide their services.

In providing their services, public accountants must comply with and refer to statutory provisions and other applicable regulations of the central and regional governments, the Ministry of Finance and other Ministries/Institutions, the *Pusat Pembinaan Profesi Keuangan* (PPPK) of the Ministry of Finance, Directorate General of Taxes, the Audit Board of the Republic of Indonesia (BPK RI), Bank Indonesia, Financial Services Authority (OJK), Indonesian Institute of Certified Public Accountants (IAPI) and Institute of Indonesia Chartered Accountants (IAI), as well as International Institutions such as the International Federation of Accountants (IFAC), International Accounting Standard Board (IASB), and others.

In relation to many regulations and standards that must be met, public accounting profession must cope with two inherent risks: professional risk and business risk. Public

accountants must be able to control and improve their professional competence and ability in managing risk. Consequently, they must always update and share their knowledge among themselves and other professional staff (Kanaka, 2010).

As a business organization, KAPs must be able to generate profits for them to continuously grow. Dynamic changes in the environment that creates uncertainty require the top management of KAP to take strategic actions for sustaining their business.

The problems of many KAPs in Indonesia are generally related to human resources (HR). Tarkosunaryo (2013) noted that the problems are low competence resulted from inadequate HR development programs and impediment in the process of regeneration of public accountants, the practice of fake public accountants and freelancers, and unfair competition in particularly against large and foreign KAPs. Kanaka (2010) also highlighted high turnover of professional staff and market concentration resulted from the domination of the big four and second tier KAPs are the other problems.

Kartikahadi (2015) stated that to become a reliable one, a KAP must have adequate human resources with competence and integrity. In order to be able to serve many clients, a KAP must have an adequate number of partners and professional staff to carry out the services. However, it takes long time to obtain competent professionals with adequate knowledge and experience as well as independent and reliable in their professional mental behavior (Kartikahadi, 2015). The professional staff must be recruited, trained regularly, and assigned practical jobs in order to gain sufficient audit experience. A lot of funds in term of training costs and attractive compensation for sustaining good professional staff, investment for updating office facilities and equipment that comply especially with the development of information and communication technology is required for these purposes.

The other challenges relates to high audit fees that on one side may burden clients and on the other side to be source of income for KAP. Granting of licenses for registered

accountants to provide non-assurance services through the Accounting Services Firms (KJA) is another challenge for KAP.

KAP D & BCS is established in 1999 in the form of a partnership of two people under a business license issued by the Ministry of Finance of the Republic of Indonesia - Directorate General of Financial Institutions. It is incorporated in the Indonesian Institute of Certified Public Accountants (IAPI) as the association of public accountants recognized by the government of Indonesia (Directory 2022: Public Accounting Firms and Public Accountants, IAPI 2022: 149). It is also registered with Bank Indonesia, the Financial Services Authority (OJK) Banking Sector, Sharia Sector, Capital Market Sector and Non-Bank Financial Industry Sector (IKNB), and the Audit Board of the Republic of Indonesia (BPK RI).

With its vision to build good governance together and mission to uphold accountability and transparency together with the clients to produce qualified information, the founders of KAP D & BCS commit to build a culture of good governance within the KAP and its clients through providing accountability and transparency in the process of producing qualified financial information. This is a manifestation of the responsibilities of a public accountant and is a mandate of the law on public accountants.

Currently, the majority clients of KAP D & BCS are local government-owned financial institutions such as *Bank Perkreditan Rakyat* (BPR) and Micro Finance Institutions (LKM), as well as regional government owned companies in the form of *Perseroda* or *Perumda* engaged in general business and clean water supply. In addition, the other clients are public service agencies (BLU) owned by the Ministries/Institutions of the central government, regional public service agencies (BLUD) of the regional government, such as regional hospitals and *Puskesmas*, as well as cooperatives and manufacturing companies.

The services provided by the KAP are divided into two, in which each is managed by a divisions. The first is audit and accounting division. It provides services on financial

statement audit, operational audit (management audit), audit for specific purposes/procedures (audit upon procedures), review and compilation, financial report preparation, and accounting field training. The second one is management division, which provides services on accounting information system development, management consulting, academic manuscript preparation, financial analysis, strategic planning and budgeting compilation, training services for managers and employees, employee recruitment, and directors and commissioners/supervisory board. Investigative audit, financial losses calculation, taxation, and public sector audits partnering with the BPK RI are the services that currently are not offered anymore.

KAP D & BCS must adapt to the current conditions in carrying out its activities which include limited number of public accountant personnel and employees, limited range of services provided, higher competition with local KAPs in Central Java, *Daerah Istimewa Yogyakarta*, and nationally, the growth of accounting services firms (KJA) in Indonesia, the amount of the audit fee that does not support the development of KAP, compliance with the regulations governing public accountants and public accounting firms and the development of auditing standards and financial reporting standards, and regional and national business development and economic progress.

In dealing with these conditions, the management of KAP D & BCS needs to develop strategy that is appropriate to overcome these problems and to develop the KAP to become bigger. This research aims to formulate strategy for developing the KAP D & BCS Semarang, so that its goals can be achieved.

LITERATURE REVIEW

Strategy is a tool to achieve company's long-term goals, conduct follow-up programs, and prioritize resource allocation (Rangkuti, 1997). As it is a long-term oriented plan to interact

with a changing environment (Pearce & Robinson, 2014), strategy is a very important tool to achieve competitive advantage of a company (Rangkuti (1997).

Strategic management helps in formulating, implementing, and evaluating strategy that enable an organization to achieve its goals (David, 2012: 5). It is a series of decisions and actions that result in the formulation and implementation of plans to achieve company goals (Pearce and Robinson (2014) through providing the best customer value according to the company's vision.

Strategic management is a process consists of three main stages: strategic formulation, strategic implementation, and strategic evaluation (Widiyono & Hakim, 2018). The strategic formulation begins with identifying opportunities and threats of the external condition as well as strengths and weaknesses of the internal condition of the organization. Then, it is followed by developing long-term objectives according to the organization's vision and mission as the basis for developing strategic alternatives and determining a strategy that will be brought into implementation. In the strategic implementation stage, annual operational targets, organizational policies and management of all resources are determined for the strategy works. In the final stage, strategic evaluation is carried out by monitoring the implementation of the strategy and taking the necessary corrective actions (figure 1).

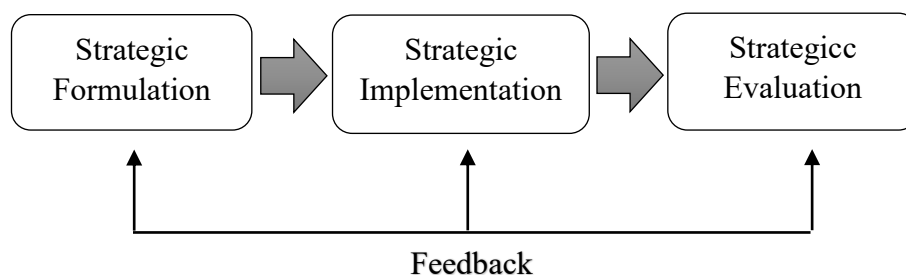


Figure 1. Strategic Management Process

Strategic formulation is a stage of formulating, compiling or formatting a strategy that begins with developing an organizational vision and mission, identifying external organizational opportunities and threats, determining internal strengths and weaknesses,

determining long-term goals to produce alternative strategies and selected strategies that are sustainable (Erislan, 2018: 119). Referring to David and David (2012), the analysis framework of strategic formulation consists of three stages: input stage, matching stage, and decision stage.

In the input stage, a SWOT (strength, weakness, opportunity and threats) analysis is carried out to obtain a quick overview of the company's strategic situation. SWOT analysis is used as a tool in gathering information on the internal and external environment of the organization. It is considerably an effective tool because of its ability to classify the information into groups of influential strengths, weaknesses, opportunities and threats which are useful in strategic decision making (Riyanto, 2012).

Strengths refer to resources or capabilities that are controlled by or available to a company that make the company is relatively superior compared to its competitors in meeting the customers' needs. Weaknesses are limitations or deficiencies in one or more resources or capabilities of a company relative to its competitors, which become obstacles in meeting customers' needs effectively. On the other hand, opportunities indicate the main profitable situation in a company environment, while threats refer to a major unfavorable situation in a company's environment (Pearce & Robinson (2014).

Identifying company's internal strengths and weaknesses is an internal environmental analysis, which is intended to control activities the company can carry them out well or badly (David, 2012). The strengths and weaknesses can arise from management activities, human resources, marketing, finance and accounting, production and operations, research and development, and management information systems (David, 2012).

Meanwhile, external environmental analysis is to identify critical factors or issues that are central in determining the attractiveness of industries and companies at present and future situations (Hutabarat & Huseini, 2018) that are grouped into opportunities and threats. It is necessary to pay attention to the factors identifying as opportunities. The basis for assessments

includes characteristics in which the factors are outside the control of the organization, positive factors that arise from the environment, and provide possibility for the organization to take advantage of them. Threats to the organization are beyond the organization's control but are negative factors that can become obstacles. They can create risks that are detrimental to the organization (Riyanto, 2018: 24).

The external environment, which consists of the general and industrial environment, is generally not directly related to the organization but can give impact to it. The general environment covers political, economic, social, ecological and technological aspects (Hutabarat & Huseini, 2018) and the industrial environment includes those that shape competition in an industry. Porter classified them into five forces known as Porter's five forces (David, 2012).

The resulted S, W, O, and T are then depicted in SWOT diagram to find out the company current position. The diagram consists of four cells which reflect four combinations of internal resources and external situations: strengths and opportunities (cell 1), strengths and threats (cell 2), weaknesses and opportunities (cell 3), and weakness with threats (cell 4). Each cell will lead to the alternative strategies.

Pearce and Robinson (2014) described the alternative strategies of each cell from which company can choose from. Cell 1 reflects the condition in which company has external environmental opportunities and at the same time has internal strengths enabling the company to take advantage of these opportunities. This condition suggests that the company adopts an aggressive strategy intended to create growth and/or product and market development in order to increase the company's profits.

Cell 2 reflects the condition in which company has several core strengths to face threats from the external environment. In this condition, the company must select strategy by

utilizing its resources and competencies to build long-term opportunities in more promising product markets. The relevant strategy for this condition is diversification strategy.

Cell 3 represents the condition in which a company faces a promising market opportunity but it lacks of adequate internal resources. The company should focus on strategy exploiting opportunities and eliminating internal weaknesses for being more effective in pursuing the existing opportunities.

Cell 4 reflects an unfavorable situation in which the company faces a major threat from its external environment and unfavorable condition of its internal resource. The effective strategy for this condition is defensive strategy in which the company can reduce losses and redirects its involvement in the right product or market.

At the matching stage, key internal and external factors are then aligned to produce viable alternative strategies by conducting a TOWS analysis that turns opportunities and weaknesses into strengths. The analysis was introduced by Heinz Wehrich (Riyanto, 2018).

At the decision stage, Quantitative Strategic Planning Matrix (QSPM) is used to evaluate several alternative strategies objectively based on the key external and internal success factors that have been identified in the previous stage (David, 2012: 251). QSPM determines the relative attractiveness of each alternative strategy by calculating attractiveness score of each external and internal factor (Ayuningtyas, 2020, 109). Amiruddin (2017) and Wareh (2021) are the examples of research on strategic management that uses QSPM.

The development strategy or intensive strategy consists of four strategies (Hutabarat & Huseini, 2018): concentrated growth or market penetration, market development, product development, and innovation. According to Assauri (2017), company pursuing concentrated growth strategy or market penetration must focus on a combination of certain products and markets by utilizing the existing resources for increasing the growth of a single product in a single market with a dominant technology.

Market development strategy emphasizes the marketing of products that are currently carried out by the company, because it considers the expertise and skills in providing products and/or services to the existing and new customers. Meanwhile, product development strategy is by either modifying the products and/or services that have been provided or creating new products and/or services for the existing customers or new customers. With innovation strategy, companies can innovate their products and/or services or production processes by utilizing new technologies to produce the same products and/or services at a lower cost, or a combination of both to meet the current market (Hutabarat & Huseini, 2018).

Research on strategic management associated with public accounting profession or public accounting firms in Indonesia has not been widely carried out. The research by Kanaka (2010) shows that the development strategies of KAP JAS were mergers for its external growth and combined with market penetration for its internal growth. Meanwhile, Tarkosunaryo (2013) resulted in several alternative strategies that can be applied by public accountant profession in Indonesia to increase competitiveness and gain competitive advantage for dealing with global competition. Meanwhile, Candela (2018) found that even though economic conditions and business clients are stagnant, competition and regulations are tight, the role of KAP in providing services is still needed. Likewise, advances in information technology requires KAP to continuously adapt and embrace it in the years after.

By implementing strategic management in achieving company's long-term goals, company can enjoy many benefits. According to Hutabarat and Huseini (2018), in general the benefits include higher company performance in terms of profitability and other successes; improvement in management processes and participation within the organization; improvement in decision making; improvement in the individuals' attitude, discipline and motivation in the organization; improvement in anticipation and concern for the future and opportunities; improvement in communication throughout the company covering the lower, middle and top

levels; and encouragement commitment among employees and the management to achieve goals and implemented strategies.

RESEARCH METHODS

This research is an implementation of the strategic formulation stage on KAP D & BCS located in Semarang. It is intended to formulate strategy for developing the KAP. For this purpose, the research used primary data and secondary data. The primary data covers key internal and external factors that have influence on KAP. This data was collected from key persons in KAP D & BCS made up of managing partner who acts the head of the KAP, head of office, senior and junior auditors, and office administrative staff. Information about the history of KAP since its establishment, vision and mission, organizational structure, and internal and external factors that have influence on the public accounting profession and the KAP were obtained by interviewing the key persons and distributing questionnaire to the management and employees of KAP D & BCS. The questionnaire consists of three parts: personal information, opinion on strategic issues faced by KAP D & BCS, and opinion on strengths, weaknesses, opportunities and threats of the KAP. The questionnaire was in the form of word documents and distributed via the WhatsApp application to 34 respondents. However, only 30 questionnaires were returned.

The secondary data relating to the profession of a public accountant and public accounting firm was obtained from KAP D & BCS, the *Pusat Pembinaan Profesi Keuangan* (PPPK) of the Ministry of Finance, Indonesian Institute of Certified Public Accountants (IAPI), the Financial Services Authority (OJK), the Audit Board of the Republic of Indonesia (BPK RI) and the Indonesian Institute Chartered Accountants (IAI), as well as other relevant sources.

The data were then analyzed according to the stages which cover input, matching, and decision stages. At the input stage, the identified key internal factors indicating strengths and

weaknesses were compiled into Internal Factors Evaluation (IFE) matrix and the external factors influencing KAP D & BCS and indicating opportunities and threats were compiled into External Factors Evaluation (EFE) matrix.

At the matching stage, TOWS matrix was used to match the internal and external factors. This TOWS matrix aligns the KAP's strengths and weaknesses with the opportunities and threats faced by the KAP. The results of this alignment are four alternative sets of strategies that can be implemented by the KAP labelled as S-O strategy (Maxi-Maxi), W-O strategy (Mini-Maxi), S-T strategy (Maxi-Mini), and W-T strategy (Mini-Mini).

The alternative strategies generated in the previous stage were analyzed using the Quantitative Strategic Planning Matrix (QSPM). This matrix was to make decision about the best strategy that was determined based on the highest total strategy attractiveness score.

RESULTS AND DISCUSSION

Table 1 presents the tabulation of the key internal factors according to the respondents' assessment in the Internal Factors Evaluation (IFE) matrix. Respectively 10 factors were identified as the KAP's strengths and weaknesses. The IFE matrix shows the total score of the strengths is 2.07 and of the weakness is -1.44. Thus, the total score of the internal factors of KAP D & BCS is 0.63.

Table 2 presents the tabulation of the key external factors according to the respondents' assessment in the External Factors Evaluation (EFE) matrix. The EFE matrix indicates the total score of the opportunity factors is 1.78, while the total score of the threat factors is -1.70. The total score of KAP D & BCS external factors is 0.08.

Table 1. The Internal Factors Evaluation (IFE) Matrix

No	Key Internal Factors	Weight	Weighted Rate	Rating	Scores
STRENGTHS					
1	AP and KAP have licenses and are registered with the Banking Sector OJK, Capital Markets, Non-Bank Financial Industry (IKNB), Sharia, and the Audit Board of The Republic of Indonesia (BPK RI)	3.83	0.06	3.80	0.23
2	The office is located strategically close to the governmental and business center in the city of Semarang	3.67	0.06	3.47	0.20
3	Senior auditors with assurance services experience are sufficient	3.43	0.05	3.67	0.20
4	AP and staff auditors hold CA, CPA, CPI, ASEAN CPA, risk management and certificates of Brevet A&B	3.37	0.05	3.67	0.19
5	Competitive auditing fees	3.40	0.05	3.53	0.19
6	The relationship between AP and staff including former staff is good and full of kinship	3.73	0.06	3.50	0.21
7	KAP's vision, mission and culture support the professionalism and integrity of the AP and staff	3.73	0.06	3.70	0.22
8	Compliance with regulations governing AP and KAP is high	3.67	0.06	3.63	0.21
9	Collaboration with teaching staff or university lecturers in Semarang as experts is well established	3.47	0.05	3.50	0.19
10	The high level of trust of stakeholders in the local government environment at the Provincial and Regency/City levels in Central Java for the results of KAP work	3.93	0.06	3.77	0.23
SUB TOTAL OPPORTUNITIES			0.57		2.07

Table 1 (continued)

No	Key Internal Factors	Weight	Weighted Rate	Rating	Scores
WEAKNESSES					
1	The completeness and timeliness of the preparation and handling of the Audit Working Paper (KKP) are not in accordance with the applicable regulations	2.77	0.04	-3.47	-0.15
2	Staff mastery of Public Accountant Professional Standards (SPAP), Public Accountant Professional Code of Ethics (KEPAP) and Quality Control Standards is inadequate	2.67	0.04	-3.50	-0.15
3	Staff mastery of Financial Accounting Standards (SAK), Private Entity SAK (EP), SAK Entities Without Public Accountability (ETAP), SAK Micro, Small and Medium Entities (EMKM) and SAK Syariah is inadequate	2.57	0.04	-3.47	-0.14
4	Staff mastery of statutory provisions and other regulations related to the audit client's business field is inadequate	2.67	0.04	-3.47	-0.15
5	The system of recruitment, training, career paths and staff remuneration is inadequate	2.83	0.04	-3.37	-0.15
6	The turnover rate of auditor staff is high and the number is not sufficient	2.67	0.04	-3.17	-0.13
7	The availability of personnel as executors of non-assurance services is inadequate	2.77	0.04	-3.20	-0.14
8	AP regeneration has not been implemented	2.83	0.04	-3.27	-0.15
9	The functions of client relationship maintenance, financial handling, accounting and taxation, human resources and audit and non-audit operations are inadequate	2.60	0.04	-3.37	-0.14
10	Availability of office facilities and other supporting functions related to office administration systems, research and service development, libraries and information technology is inadequate	2.80	0.04	-3.37	-0.15
SUB TOTAL THREAT			0.43		- 1.44
TOTAL		63.40	1.00		0.63

Table 2. The External Factors Evaluation (EFE) Matrix

No	Key External Factors	Weight	Weighted Rate	Rating	Score
OPPORTUNITY					
1	A chance to merger and join OAI and OAA is opened	3.07	0.05	3.23	0.15
2	Assurance service clients BUMD, BLU, BLUD, Manufacturing Industry and Cooperatives outside the existing as well as BUMN, issuers and other private companies, government organizations and non-profit organizations are still wide open	3.53	0.05	3.63	0.19
3	Wired and wireless information and communication technology, internet and intranet as well as database digitization are getting more advanced and affordable	3.30	0.05	3.60	0.18
4	The availability of free ATLAS and other audit software makes auditing easier	3.33	0.05	3.53	0.17
5	APs and KAPs in Indonesia are not evenly distributed, giving KAPs the opportunity to open branches or provide services in areas with minimal or no APs and KAPs	3.37	0.05	3.53	0.18
6	Opportunities to provide non-assurance services such as consulting and assistance in the fields of finance, taxation, management, accounting information systems as well as investigation and accounting services for financial losses are still wide open	3.57	0.05	3.60	0.19
7	Opportunities to practice in ASEAN countries are open	3.33	0.05	3.40	0.17
8	The high national and regional economic growth as well as the increasing number of investments can increase the number of potential clients	3.43	0.05	3.63	0.18
9	IAPI and IAI training can improve the competence of AP and auditor staff	3.60	0.05	3.77	0.20
10	The opportunity for collaboration in the implementation of the link and match program with universities in Semarang is wide open as a means of introducing KAP to students	3.40	0.05	3.40	0.17
SUB TOTAL OPPORTUNITIES			0.50		1.78

Table 2 (continued)

No	Key External Factors	Weight	Weighted Rate	Rating	Score
THREATS					
1	The increasing number of APs and KAPs increase the high level of competition between KAPs in Central Java & DIY and nationally	3.40	0.05	-3.40	-0.17
2	Practicing Accountants and Accounting Service Firms (KJA) have been emerging continuously	3.27	0.05	-3.27	-0.16
3	The regulations governing AP and KAP are very strict and there are threats of administrative, criminal, and fines	3.53	0.05	-3.53	-0.19
4	There are still KAPs that set a low audit fee with poor quality and freelancers present	3.40	0.05	-3.50	-0.18
5	There are restrictions on the use of assurance services only for certain KAPs	3.03	0.04	-3.23	-0.15
6	Regulations related to the limitation period for providing assurance services (rotation) exist	3.43	0.05	-3.43	-0.17
7	The increasing number of activity and financial reporting obligations that must be obeyed by AP and KAP issued by regulators	3.50	0.05	-3.60	-0.19
8	The interest of accounting students and scholars to become APs is low	3.13	0.05	-3.23	-0.15
9	Providing assurance services and non-assurance services to the same client in the same audit period is prohibited	3.27	0.05	-3.27	-0.16
10	Changes in regulations, audit standards, and financial accounting standards require AP and auditor staff to continuously learn	3.57	0.05	-3.60	-0.19
SUB TOTAL THREAT			0.50		-1.70
TOTAL		67.47	1.00		0.08

The results of the total IFE score and the total EFE score that respectively is 0.63 and 0.08 indicate the strategic position of KAP D & BCS is in quadrant I of the diagram. This means the right choice of strategy is an aggressive strategy, which is either development strategy or intensive strategy.

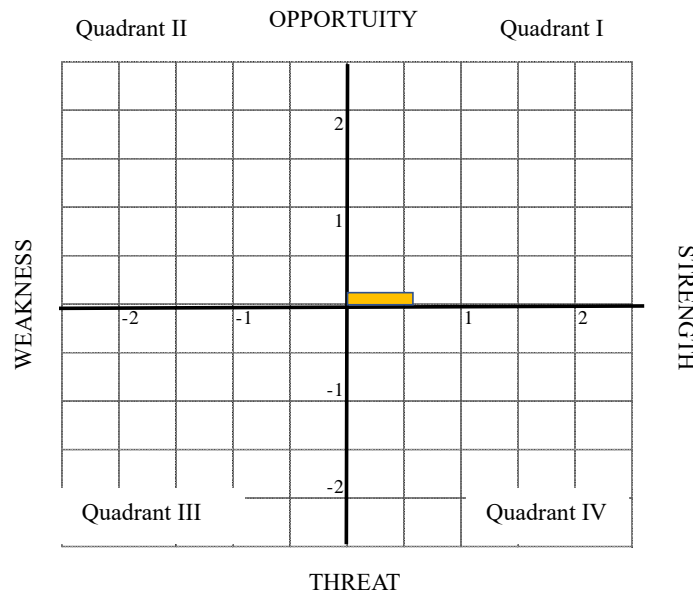


Figure 2. SWOT Analysis Diagram

Mapping out the key internal and external factors into the TOWS matrix was to determine the strategic options based on combination of S-O strategy, W-O strategy, S-T strategy, and W-T strategy as seen in table 3.

From the four choices of development strategies, namely market penetration strategy, market development strategy, product development strategy and innovation strategy, it is necessary to choose which strategy will be prioritized in its implementation, although it does not rule out the possibility of several strategies being implemented simultaneously. For this reason, an analytical tool is used, namely the Quantitative Strategic Planning Matrix (QSPM). This assessment uses data derived from the key factors and IFE and EFE weights in the previous discussion.

Table 3. TOWS Matrix

INTERNAL ENVIRONMENT		STRENGTH	WEAKNESS
		S1	W1
		S2	W2
		S3	W3
		S4	W4
		S5	W5
		S6	W6
		S7	W7
		S8	W8
EXTERNAL ENVIRONMENT		S9	W9
		S10	W10
OPPORTUNITY		S-O STRATEGY (Maxi - Maxi)	W-O STRATEGY (Mini - Maxi)
O1	1. Maximize licenses by expanding assurance and non-assurance service clients on all fronts in and outside Central Java		1. Prepare and optimally utilize training to improve personnel capabilities, both internal and external (IAPI, IAI, IKPI, etc.)
O2	2. Utilize and improve relationships with clients, employees, and other stakeholders		2. Encourage and facilitate existing personnel to immediately obtain a Public Accountant license
O3			3. Improve operational support functions to maintain and improve relationships with clients, as well as support KAP activities.
O4			4. Maintain employee loyalty through improving facilities and the employee remuneration system
O5			
O6			
O7			
O8			
O9			
O10			
THREAT		STRATEGY S - T (Maxi - Mini)	STRATEGI W - T (Mini - Mini)
T1	Maintaining and increasing employee professionalism by prioritizing the principles of good corporate governance		1. Comply with existing laws and regulations by strengthening employee training, particularly in managing Audit Working Papers (KKP) as an indicator of audit quality,
T2			2. Determine the optimal and competitive audit fee amount to respond to client needs
T3			
T4			
T5			
T6			
T7			
T8			
T9			
T10			

The Quantitative Strategic Planning Matrix (QSPM) KAP D & BCS can be seen in table 4

Table 4. Quantitative Strategic Planning Matrix (QSPM) of KAP D & BCS

No	Key Factors	Weight	Alternative Strategy							
			Market Penetration Strategy		Market Development Strategy		Product Development Strategy		Innovation Strategy	
			AS	TAS	AS	TAS	AS	TAS	AS	TAS
A	FAKTOR INTERNAL									
1	AP and KAP have licenses and are registered with the Banking Sector OJK, Capital Markets, Non-Bank Financial Industry (IKNB), Sharia, and the Audit Board of The Republic of Indonesia (BPK RI)	3.83	1	3.83	2	7.67	3	11.50	4	15.33
2	The office is located strategically close to the governmental and business center in the city of Semarang	3.67	4	14.67	1	3.67	3	11.00	2	7.33
3	Senior auditors with assurance services experience are sufficient	3.43	4	13.73	3	10.30	2	6.87	1	3.43
4	AP and staff auditors hold CA, CPA, CPI, ASEAN CPA, risk management and certificates of Brevet A&B	3.37	3	10.10	2	6.73	4	13.48	1	3.37
5	Competitive auditing fees	3.40	3	10.20	4	13.60	2	6.80	1	3.40
6	The relationship between AP and staff including former staff is good and full of kinship	3.73	2	7.47	4	14.93	2	7.47	1	3.73

Table 4. Quantitative Strategic Planning Matrix (QSPM) of KAP D & BCS

No	Key Factors	Weight	Alternative Strategy							
			Market Penetration Strategy		Market Development Strategy		Product Development Strategy		Innovation Strategy	
			AS	TAS	AS	TAS	AS	TAS	AS	TAS
7	KAP's vision, mission and culture support the professionalism and integrity of the AP and staff	3.73	1	3.73	2	7.47	3	11.20	4	14.93
8	Compliance with regulations governing AP and KAP is high	3.67	4	14.67	3	11.00	2	7.33	1	3.67
9	Collaboration with teaching staff or university lecturers in Semarang as experts is well established	3.47	2	6.93	1	3.47	3	10.40	4	13.87
10	The high level of trust of stakeholders in the local government environment at the Provincial and Regency/City levels in Central Java for the results of KAP work	3.93	4	15.73	3	11.80	2	7.87	1	3.93
11	The completeness and timeliness of the preparation and handling of the Audit Working Paper (KKP) are not in accordance with the applicable regulations	2.77	2	5.53	1	2.77	3	8.30	4	11.07
12	Staff mastery of Public Accountant Professional Standards (SPAP), Public Accountant Professional Code of Ethics (KEPAP) and Quality Control Standards is inadequate	2.67	2	5.33	1	2.67	3	8.00	4	10.67

Table 4. Quantitative Strategic Planning Matrix (QSPM) of KAP D & BCS

No	Key Factors	Weight	Alternative Strategy							
			Market Penetration Strategy		Market Development Strategy		Product Development Strategy		Innovation Strategy	
			AS	TAS	AS	TAS	AS	TAS	AS	TAS
13	Staff mastery of Financial Accounting Standards (SAK), Private Entity SAK (EP), SAK Entities Without Public Accountability (ETAP), SAK Micro, Small and Medium Entities (EMKM) and SAK Syariah is inadequate	2.57	2	5.13	1	2.57	3	7.70	4	10.27
14	Staff mastery of statutory provisions and other regulations related to the audit client's business field is inadequate	2.67	2	5.33	1	2.67	3	8.00	4	10.67
15	The system of recruitment, training, career paths and staff remuneration is inadequate	2.83	2	5.67	1	2.83	3	8.50	4	11.33
16	The turn over rate of auditor staff is high and the number is not sufficient	2.67	3	8.00	2	5.33	1	2.67	4	10.67
	The turnover rate of auditor staff is high and the number is not sufficient									
17	The availability of personnel as executors of non-assurance services is inadequate	2.77	3	8.30	2	5.53	1	2.77	4	11.07
18	AP regeneration has not been implemented	2.83	3	8.50	2	5.67	1	2.83	4	11.33

Table 4. Quantitative Strategic Planning Matrix (QSPM) of KAP D & BCS

No	Key Factors	Weight	Alternative Strategy							
			Market Penetration Strategy		Market Development Strategy		Product Development Strategy		Innovation Strategy	
			AS	TAS	AS	TAS	AS	TAS	AS	TAS
19	The functions of client relationship maintenance, financial handling, accounting and taxation, human resources and audit and non-audit operations are inadequate	2.60	3	7.80	2	5.20	1	2.60	4	10.40
20	Availability of office facilities and other supporting functions related to office administration systems, research and service development, libraries and information technology is inadequate	2.80	2	5.60	1	2.80	3	8.40	4	11.20
TOTAL INTERNAL ATTRACTION			166.27		128.67		153.68		181.67	

Table 4. Quantitative Strategic Planning Matrix (QSPM) of KAP D & BCS

No	Key Factors	Weight	Alternative Strategy							
			Market Penetration Strategy		Market Development Strategy		Product Development Strategy		Innovation Strategy	
			AS	TAS	AS	TAS	AS	TAS	AS	TAS
B EXTERNAL FACTORS										
1	A chance to merger and join OAI and OAA is opened	3.77	2	7.53	3	11.30	4	15.07	1	3.77
2	Assurance service clients BUMD, BLU, BLUD, Manufacturing Industry and Cooperatives outside the existing as well as BUMN, issuers and other private companies, government organizations and non-profit organizations are still wide open	3.80	3	11.40	4	15.20	2	7.60	1	3.80
3	Wired and wireless information and communication technology, internet and intranet as well as database digitization are getting more advanced and affordable	3.70	2	7.40	1	3.70	3	11.10	4	14.80
4	The availability of free ATLAS and other audit software makes auditing easier	3.63	3	10.90	1	3.63	3	10.90	4	14.53
5	APs and KAPs in Indonesia are not evenly distributed, giving KAPs the opportunity to open branches or provide services in areas with minimal or no APs and KAPs	3.50	3	10.50	4	14.00	2	7.00	1	3.50

Table 4. Quantitative Strategic Planning Matrix (QSPM) of KAP D & BCS

No	Key Factors	Weight	Alternative Strategy							
			Market Penetration Strategy		Market Development Strategy		Product Development Strategy		Innovation Strategy	
			AS	TAS	AS	TAS	AS	TAS	AS	TAS
6	Opportunities to provide non-assurance services such as consulting and assistance in the fields of finance, taxation, management, accounting information systems as well as investigation and accounting services for financial losses are still wide open	3.47	3	10.40	2	6.93	4	13.87	1	3.47
7	Opportunities to practice in ASEAN countries are open	3.37	2	6.73	4	13.47	3	10.10	1	3.37
8	The high national and regional economic growth as well as the increasing number of investments can increase the number of potential clients	3.37	4	13.47	3	10.10	2	6.73	1	3.37
9	IAPI and IAI training can improve the competence of AP and auditor staff	3.50	2	7.00	1	3.50	3	10.50	4	14.00
10	The opportunity for collaboration in the implementation of the link and match program with universities in Semarang is wide open as a means of introducing KAP to students	3.27	2	6.53	1	3.27	3	9.80	4	13.07
11	The increasing number of APs and KAPs increase the high level of competition between KAPs in Central Java & DIY and nationally	3.40	1	3.40	2	6.80	3	10.20	4	13.60

Table 4. Quantitative Strategic Planning Matrix (QSPM) of KAP D & BCS

No	Key Factors	Weight	Alternative Strategy							
			Market Penetration Strategy		Market Development Strategy		Product Development Strategy		Innovation Strategy	
			AS	TAS	AS	TAS	AS	TAS	AS	TAS
12	Practicing Accountants and Accounting Service Firms (KJA) have been emerging continuously	3.27	1	3.27	2	6.53	4	13.07	3	9.80
13	The regulations governing AP and KAP are very strict and there are threats of administrative, criminal, and fines	3.53	2	7.07	1	3.53	3	10.60	4	14.13
14	There are still KAPs that set a low audit fee with poor quality and freelancers present	3.40	4	13.60	3	10.20	2	6.80	1	3.40
15	There are restrictions on the use of assurance services only for certain KAPs	3.03	1	3.03	2	6.07	3	9.10	4	12.13
16	Regulations related to the limitation period for providing assurance services (rotation) exist	3.43	1	3.43	2	6.87	3	10.30	4	13.73
17	The increasing number of activity and financial reporting obligations that must be obeyed by AP and KAP issued by regulators	3.50	2	7.00	1	3.50	3	10.50	4	14.00
18	The interest of accounting students and scholars to become APs is low	3.13	-	-	-	-	-	-	-	-
19	Providing assurance services and non-assurance services to the same client in the same audit period is prohibited	3.27	3	9.80	2	6.53	4	13.07	1	3.27

Table 4. Quantitative Strategic Planning Matrix (QSPM) of KAP D & BCS

No	Key Factors	Weight	Alternative Strategy							
			Market Penetration Strategy		Market Development Strategy		Product Development Strategy		Innovation Strategy	
			AS	TAS	AS	TAS	AS	TAS	AS	TAS
20	Changes in regulations, audit standards, and financial accounting standards require AP and auditor staff to continuously learn	3.57	2	7.13	1	3.57	3	10.70	4	14.27
TOTAL EXTERNAL ATTRACTION			149.60		138.70		197.00		176.00	
TOTAL OVERALL ATTRACTION			315.87		267.37		350.68		357.67	

Of the four development strategies, innovation strategy obtained the highest total attractiveness score of 357.67. The strategy chosen by KAP D & BCS is to utilize information technology to support the process of implementing assurance and non-assurance services, such as digitizing working papers examinations, audit programs and procedures, digitizing training materials and libraries for being accessed from anywhere, programs that will have a direct impact on reducing the number of audit hours and audit costs as well as ensuring the KKP is completed on time.

CONCLUSION

The IFE and EFE matrix indicate that KAP D & BCS has good internal strengths and external opportunities, even though it still has internal weaknesses and external threats that need to be anticipated. The main strengths are that the AP and the KAP have permits issued by the Ministry of Finance; and are registered with Bank Indonesia (BI), the Financial Services Authority (OJK) for banking, capital markets, Non-Bank Financial Industry (IKNB) and Sharia, as well as the Audit Board of the Republic of Indonesia (BPK RI). Thereby, the KAP has broad opportunities for providing its assurance and non-assurance services to both the existing clients and new clients.

On the other side, the main weaknesses relate to availability and personal capabilities of personnel resulted from high employee turnover and a lack of training and audit experience for new employees. Threat of revocation of AP and KAP permits exists because of inability to maintain the quality of assurance services provided that is due to absence of audit working papers (KKP) as a means of evaluating assurance work.

The SWOT analysis indicates that the position of KAP D & BCS was in quadrant I with aggressive strategy choices which include market penetration strategies, market development strategies, product development strategies, and innovation strategies. Assessment on these

alternative strategies using QSPM resulted in innovative strategy as the most attractive one compared to the other three.

Managerial Implications

Based on the results, the management of KAP D & BCS can strengthen KAP's personal professionalism by giving trainings in the form of in-house training, of those organized by professional associations (such as IAPI, IAI and IKPI), authorized institutions (such as Bank Indonesia, the Financial Services Authority (OJK) and the Audit Board of The Republic of Indonesia (BPK RI)), educational institutions, and others training that supports KAP personal tasks.

Innovation strategy intended to strengthen the KAP and the KAP personnel include digitization of examination working papers (KAP), website development as a means of introducing KAP and expanding the market, online training for clients and the KAP personnel, and digitalization of audit programs and procedures with the support of digital libraries that will expedite the work of auditors. These ways can possibly encourage expansion of assurance and non-assurance services for both clients in Central Java and DIY as the largest client base as well as other regions in Indonesia.

Furthermore, the management of KAP can prepare and encourage the personnel to take care of public accountant licenses so that they can overcome AP rotation obligations and enable the expansion of the client base. They also can provide adequate remuneration facilities and systems for the KAP personnel to support their life and family. Supporting facilities and infrastructure can be provided in order to facilitate auditors in carrying out their work, both in the office and in the field.

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