

# DETERMINANTS OF INDONESIAN GOVERNMENT'S BONDS LIQUIDITIES (Times New Roman, 12, Bold)

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## ABSTRACT

Intisari ditulis dalam bahasa Inggris dan Indonesia sebanyak 160-200 kata. Jenis huruf Times New Roman, ukuran 10 dan jarak antar kata 1 spasi. The purpose of this study is to examine the impact of human capital on the level of economic productivity of regencies/cities in West Kalimantan Province. The data used in this study are panel data from 14 West Kalimantan Province/City Districts during the period 2012-2017 whose research results were analyzed using the Random Effect *approach* panel data regression analysis. The results of the study explained that the role of human capital as measured by the level of education, namely the average length of school (RLS), High School Participation Rate, and health level namely life expectancy (AHH) had a non-significant effect on economic productivity. Based on these results, it is concluded that the impact of human capital is very important in increasing economic productivity in the Regency/City of West Kalimantan Province.

**JEL** : E24, E220, I25, I140. Maximum 3 JEL codes. You can see the JEL code on this site [https://www.aeaweb.org/journal/jel\\_class\\_system.html](https://www.aeaweb.org/journal/jel_class_system.html)

**Keywords** : *human capital, investment, productivity, health, education, random effect methods (max. 6 words).*

## ABSTRAK

Intisari ditulis dalam bahasa Inggris dan bahasa Indonesia sebanyak 160-200 kata. Jenis huruf Times New Roman, ukuran 10 dan jarak antar kata 1 spasi. Penelitian ini bertujuan untuk menguji pengaruh modal manusia terhadap tingkat produktivitas ekonomi kabupaten/kota di Provinsi Kalimantan Barat. Data yang digunakan dalam penelitian ini adalah data panel dari 14 Kabupaten/ Kota di Provinsi Kalimantan Barat selama periode 2012-2017 yang hasil penelitiannya dianalisis menggunakan analisis regresi data panel pendekatan *Random Effect*. Hasil penelitian menjelaskan bahwa peran modal manusia diukur dengan tingkat pendidikan, yaitu Rata-Rata Lama Sekolah (RLS), Angka Partisipasi Sekolah Menengah, dan tingkat kesehatan yaitu Angka Harapan Hidup (AHH) yang tidak signifikan berpengaruh pada produktivitas ekonomi. Berdasarkan hasil ini, disimpulkan bahwa dampak modal manusia sangat penting dalam meningkatkan produktivitas ekonomi di Kabupaten / Kota Provinsi Kalimantan Barat.

**Kata Kunci** : *modal manusia, investasi, produktivitas, kesehatan, pendidikan, random effect methods maksimal 6 kata.*

## 1. PENDAHULUAN

Tulislah latar belakang dengan ringkas dan jelas, hindari pengulangan kalimat yang tidak efisien. Latar belakang harus mampu menjelaskan isu, gejala permasalahan, rumusan masalah, tujuan, kebaruan dan kontribusi riset secara baik dan sistematis. Teori dan literatur yang relevan disajikan dengan argumentasi ilmiah yang baik sehingga menunjukkan kemenarikan artikel yang ditulis. Latar belakang dibatasi maksimal 1.5 lembar dalam spasi 1.15 (Times New Roman, font 11) dan jarak antar paragraf sebesar 6 pt.

Indonesia has implemented regional autonomy for almost two decades. The impact of decentralization on various aspects in several countries has widely studied. In developed countries,

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decentralization is proven to reduce corruption (Fisman & Gatti, 2002; Goel & Nelson, 2011). While on the other, Lessmann & Markwardt (2010) argue that decentralization can contribute to high levels of corruption.

This study will examine GPG as a moderating role that is expected to weaken the effect of political dynasties on the performance of local government. Third, GPG measurement is not only based on one principle but using GPG index based on the five best practice principles from Indonesia National Committee of Governance Policy, namely democracy, accountability, transparency, culture of law and fairness and equality (Komite Nasional Kebijakan Governance, 2008).

## 2. KAJIAN LITERATUR

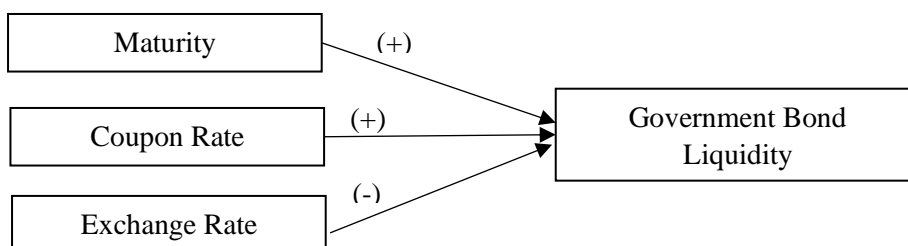
Bagian ini berisi kajian berbagai literatur dan teori yang relevan dengan isu yang diangkat. Penulis menyajikan bagian ini dengan bahasa yang padat dan ringkas sehingga mampu mengarahkan hasil sintesis teori/riset terdahulu dan konsep-konsep penting lainnya ke model penelitian dan hipotesis yang dikembangkan. Untuk menulis subbab ini dengan baik, tata cara pengutipan berdasarkan APA Style 6th edition menggunakan program Mendeley.

### 2.1. Importance of Bond Liquidity in the Secondary Market

In this article, liquidity is defined as a condition where bond transaction can be concluded very fast and trading in large amount does not affect much of both bid ask spread and instrument price (Gravelle, 1999). In addition, Fleming (2003) defined liquid bond market as a market where transaction can be concluded at no cost. Therefore, a market with very low transaction costs can be considered as a liquid market. In practice, bond is issued at the primary market and then traded in the secondary market by dealers. Liquidity reflects an issue for secondary rather than primary market.

### 2.2. Measurement of Bond Liquidity

There are several methods to measure bond liquidity. In general, methods used to measure liquidity include bid-ask spread, trade volume and trade turnover ratio (D'Souza & Gaa, 2004). Each method has its own benefits and drawbacks (Fleming, 2003). In Indonesia especially in DJPPR Ministry of Finance, two measures of liquidity are used, i.e. turnover ratio and bid-ask spread. More explanation for turnover ratio and bid-ask spread follows.



**Gambar 1. Kerangka Penelitian**

Kerangka penelitian dalam bentuk gambar harus di-*grouping* supaya tidak mengalami pergeseran pada saat dilakukan pengeditan, tidak boleh dalam bentuk foto dan tidak menggunakan border line.

### 3. METODE PENELITIAN

Bagian ini menjelaskan metode penelitian, berupa: jenis penelitian, populasi, sampel, teknik pengambilan sampel, instrumen riset (jika ada), pilot test (jika ada), responden/partisipan (jika ada), alat analisis, dan teknik pengujian hipotesis (untuk riset kuantitatif). Penyampaian pada bagian ini dapat dilakukan secara narasi maupun dikombinasikan dengan tabel dan gambar (jika dianggap perlu).

**Table 1. Variables Measurement**

Variable	Measurement
<b>Dependent Variable</b>	
Local government performance (PERF)	Local government score released by Ministry of Internal Affairs
<b>Independent Variables</b>	
Political Dynasties (DYN)	1 if local government is politically dynastic; 0 otherwise
Good Public Governance (GPG)	Good Public Governance Index from five governance principles using Principle Component Analysis

Berikut ini merupakan contoh penulisan rumus. Setiap rumus ditulis dengan menyertakan nomor di sebelah kanannya dan menggunakan Equation.

$$LN_{TURNB10_{it}} = \beta_0 + \beta_1 LN_{TERM_t} + \beta_2 LN_{COUPON_t} + \beta_3 LN_{EXCH_t} + \varepsilon_t \dots\dots\dots (1)$$

Note:

- $LN_{TURNB10_t}$  = natural logarithm of turnover ratio of benchmark bonds with tenor 10 years in period t,
- $LN_{TERM_t}$  = natural logarithm of remaining time until maturity in period t,
- $LN_{COUPON_t}$  = natural logarithm of coupon rate at absolute value in period t,
- $LN_{EXCH_t}$  = natural logarithm of exchange rate in period t,
- $\beta_0$  = intercept,
- $\varepsilon_t$  = error.

### 4. HASIL DAN PEMBAHASAN

Bagian ini membahas secara lengkap hasil penelitian yang dilakukan. Penyampaian pada bagian ini dapat berupa narasi, tabel output statistik yang telah dibuat ulang sehingga lebih informatif (tidak disarankan melakukan copy-paste langsung dari hasil oleh software statistik).

**Table 2. Descriptive Statistics**

Variable	Obs	Mean	Std. Dev.	Min	Max
PERF	500	2.875	0.440	0.604	3.547
DYN	500	0.500	0.501	0.000	1.000
GPG	500	0.210	0.341	-0.980	1.278
SPEND	500	27.839	0.594	25.841	29.630
SIZE	500	28.640	0.735	26.837	31.284
PAD	500	0.126	0.092	0.014	0.610
DEPEND	500	0.838	0.109	0.196	0.991
D_TYPE	500	0.216	0.412	0.000	1.000
AGE	500	50.202	20.072	4.000	65.000

\*\*\*significant at  $\alpha = 1\%$ , \*\*significant at  $\alpha = 5\%$ , \*significant at  $\alpha = 10\%$

The regression result for hypothesis 1 presents in Table 2. Hypothesis 1 stated that political dynasty has a negative effect on local government performance. Based on the regression result on Table 3, hypothesis 1 is supported or otherwise stated, the local government with political dynasty has worse performance than local government without political dynasty, in line with previous result by Asako et al., (2015), Mendoza et al., (2012), and Tusalem & Pe-Aguirre (2013).

## 5. SIMPULAN DAN REKOMENDASI

Bagian ini khusus menyimpulkan hasil riset yang diikuti dengan rekomendasi kepada pihak-pihak terkait sesuai dengan manfaat yang ingin dicapai dalam riset. Pada bagian akhir, penulis dapat menyampaikan berbagai keterbatasan dalam riset tersebut, yang diikuti dengan arahan untuk penyempurnaan riset ke depan bagi peneliti selanjutnya.

Based on previous discussions, it can be concluded several conclusion regarding independent variables. First, coupon rate positively affects liquidity of benchmark government bonds of 10 years tenor. Second, remaining time to maturity does not affect the government bonds liquidity.

Based on the results, several suggestions for government abound. The Indonesian government, especially Ministry of Finance, should consider coupon rate which is suitable to energize liquidity of government bonds in the secondary market. The coupon rate should be sufficiently high to attract investors but too high to add substantially interest costs which may reduce expenditures for other productive public sectors.

### UCAPAN TERIMA KASIH

Bagian ini bersifat pilihan. Penulis dapat menyampaikan ucapan terima kasih kepada pihak-pihak yang dianggap berkontribusi (termasuk penyandang dana) dalam penyelesaian artikel ini. Jika tidak ada, bagian ini dapat dikosongkan.

### DAFTAR PUSTAKA

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Sumber pustaka yang digunakan paling tidak 80% bersumber dari artikel yang dipublikasikan oleh jurnal nasional atau internasional dan diterbitkan dalam 10 tahun terakhir.

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