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ECONOMICS, BUSINESS, AND ACCOUNTING**

Proceeding

**“LOCAL WISDOM FOR RE-THINKING
GLOBAL SOLUTIONS”**

Padang, 21st – 23rd September 2016

**FACULTY OF ECONOMICS
UNIVERSITAS NEGERI PADANG**

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PREFACE

This Conference Proceedings contains the written version of most of the contributions presented during the First International Conference On Economics, Business And Accounting (The 1st ICEBA 2016). The ICEBA 2016 is the First International Conference on Economics, Business, and Accounting organized by Faculty of Economics State University Of Padang (Universitas Negeri Padang—UNP), West Sumatera, Indonesia. This conference's objective is to raise awareness on important issues related to the field of economics, business, accounting and economics education and as research discussion forum among academicians in those fields . This years' conference will be held on 21st to 23rd September 2016 in Pangeran Hotel Padang West Sumatera.

The main theme of the 1st ICEBA 2016 is "Local Wisdom for Re-thinking Global Solutions." The focus is to raise the importance of invoking local values, cultures, religiosity, and traditions in carrying out a rigorous and holistic in the field of economics, business, accounting and economics education.

The keynote speech of the 1st ICEBA 2016 will be delivered by the Ministry of National Development Planning / The head of National Development Planning Agency (BAPPENAS), Prof. Dr. Bambang P.S. Brodjonegoro. The scientific program consists of two plenary sessions and parallel sessions of 70 participants from five different countries and 29 universities/institutions. Subjects that are encounter within the theme of the conferences include cultural issues in human reseources management, marketing, Islamic finance, accounting and taxation, governance, and economic education will be discussed. The conference tries to find an alternative solutions for current business and economic problems by envoking local wisdoms to overcome potential cultural barriers.

We would like to thank to all participants for their contributions to the Conference program and Proceeding. We'd also like to acknowledge the financial supports from Bank Indonesia, Bank Nagari and Pegadaian. We hope that all the participants can optimally contribute to the discussion and enjoy the whole conference programs.

Padang, 21st September 2016

Chairman

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THE INFLUENCE OF MOSLEM SOCIETY, BUSINESS BANKING COMPETITION AND SHARI'A SYSTEM TO OPENING SHARI'A BANKING BUSINESS IN JAMBI PROVINCE

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Abstract

This research is based on Law number. 07 Year 1992 about, enables banks to run their business with a dual system that is conventional and sharia. The Islamic financial industry has experienced unprecedented growth. Base on Law No.21 Year 2008 about sharia Banking stated that Islamic banking is anything that concerns about the Islamic banks and sharia business unit, covering institutional, business activities, as well as the manner and process of carrying out its business activities. The aim of this research was to analyze the influence of Moslem society, banking business competition, and sharia system to a decision on opening the sharia banking business in Jambi Province. The population of this research was taken from the whole of banking management in Jambi Province. The sampling used quota sampling technique while the method of collecting data used questionnaire. The data then processed by descriptive statistical and regression analysis. The independent variables in this research were Moslem community, banking business competition and sharia system. The dependent variable was the opening sharia banking business. This research proves that Moslem society and banking business competition partially no significant effect to opening sharia banking in Jambi Province. While the sharia system is partially significant effect to opening sharia banking business in Jambi Province. But simultaneously all independent variables (Moslem society, bankingbusiness competition and sharia system) significantly influence to opening sharia banking business in Jambi Province. The contributions of this research for Regional Government in Jambi Province have an importance role for taking policies about sharia banking in Jambi Province. The suggestion from this research will be given to Financial Services Authority, Regional Government in Jambi Province, Professional Organizations, and Academician to socialize sharia banking business.

Keywords: *Moslem Society, Banking Business Competition, Sharia Systems, Opening Sharia Banking Business.*

I. Introduction

Competition in the era of globalization has become very tight. This phenomenon is caused by the increasing number of financial institutions that have sprung up. Financial institutions are one factor driving the economic growth of a country, hence a very important role and a much needed presence. Law number 07 Year 1992 on banking allows banks to run their business with a dual system that is conventional and sharia.

Sharia banking institutions in Indonesia has shown a very rapid development over the last few years. That's because many people who want a bank that is free from riba. In addition, although previous Islamic banking had experienced periods of crisis (as occurs in conventional banks), but it can be saved. The development of sharia banking in Indonesia, especially in the era of global competition today is an embodiment of the people's demand which requires an alternative banking system that in addition to providing banking / finance healthy also meet Islamic principles.

Birth of sharia banking in Indonesia itself driven by the desire of the people of Indonesia (especially the Islamic society) which holds the bank interest is haraam. However, the actual principle of sharing in the financial institutions have been widely recognized in both the Islamic and non-Islamic. Thus, sharia banking is not necessarily associated with religious rituals (Moslem), but rather the concept of revenue sharing venture between the owners of capital with the manager of the capital.

Transactions conducted in conventional banking based on interest, which the borrower must return the loan and interest to the bank. In business, the results of each company are always uncertain, could make a profit and can also be a loss. The borrower must pay the agreed interest rate even though the company might lose. This is clearly contrary to the norms of justice. While in sharia banks, the transaction is based on the results or the profit / loss, so if the company huge profits, the bank can be a big profit, if the company's losses, banks also bear the burden of these losses.

The development of sharia banking in the reform era marked by the approval Law number 10 Year 1998. In The law are the detailed legal basis as well as the types of businesses that can be operated and implemented by sharia banks. The legislation also gives direction to the conventional banks to open Islamic branches or even convert himself totally into a sharia bank. The opportunity was greeted enthusiastically by the banking society.

Islamic finance industry has experienced unprecedented growth. Based on Law number 21 Year 2008 concerning Sharia Banking stated that sharia banking is anything that concerns about the sharia banks and a sharia business unit, covering institutional, business activities, as well as the manner and process of carrying out its business activities.

The growth of sharia banking in Indonesia is quite rapid is the hard work of Bank Indonesia in order to carry out the vision that has been established since 2010 to make the Indonesian sharia banking industry became prominent in ASEAN. Determination of the vision strongly supports the rate of development of sharia banking in Indonesia, because right in 2015, the ASEAN countries into the global economic system, or the so-called ASEAN Economic Community (AEC).

Sharia principles intended as a rule according to Islamic law agreement between the bank and other parties to deposit funds or financing business activities, or other activities stated in accordance with sharia values macro and micro. A number of banks began to provide of sharia banking training for its staff. Most banks want to explore the open division or branch of sharia in its institutions, and others are even planning to convert themselves fully into sharia banking.

Development of sharia banking in Jambi Province is not much different from banking conditions in Indonesia in general. The most conventional commercial bank opened sharia unit to anticipate the development of sharia banking in Jambi province. Their motivation conventional banks to open a sharia banking business became the basis for the research. Is the condition of Moslem society, banking business competition and sharia system in Jambi Province will influence the decision on opening sharia banking business.

II. Teoritical Framework

Mashrafiyah al-Islamiyah is a banking system based on the implementation Islamic law (sharia). The formation of this system is based on the prohibition of the Islamic religion to lend or collect any loans with the loan charging interest (riba), as well as the prohibition to invest in businesses categorized as forbidden (haram). The conventional banking system can not guarantee the absence of these things in investments, for example

in the business associated with the production of food or drink haram, business or entertainment media are not Islamic, and others.

Sharia banking is a financial institution that operates using the principles of sharia, that is where there is no interest. The system used is a profit and loss sharing (PLS). With PLS paradigm, the assets and liabilities of integrated of sharia banking which means profits and losses among recipients of financing, banks, and depositors.

Although these principles may be applied in the economic history Islamic, but only at the end of the 20th century began to stand by Islamic banks that apply for commercial establishments private or semi-private in the Muslim community in the world.

The Influence of Moslem Society to Opening The Sharia Banking Business In Jambi Province.

Islamic society is a society that is shaped and guided by the norms of Islam, the only religion Allah. Islamic society is a society that identified Islam is a religion, faith, faith that believes in the truth Islamic. With faith or belief as that, they can change history and change the world. They have succeeded in removing the human race than the darkness to bright light. They are people fighters in the cause of Allah, spirited struggle and life are full of struggles. Such communities also return all affairs to Allah.

H1. Moslem society is significant effect to the decision on opening the sharia banking business in Jambi Province.

The Influence of Banking Business Competition to Opening The Sharia Banking Business In Jambi Province.

Competition is also often associated with market power despite the fact that these two things are different. Market power refers to the behavior of individual companies in managing strategy while price competition is more related to the interaction of market members or more are aggregate.

H2. Banking Business Competition is significant effect to opening the sharia banking business in Jambi Province.

The Influence of Sharia System to Opening The Sharia Banking Business In Jambi Province.

Sharia system a banking system based on the implementation of Islamic law (sharia). The formation of this system is based on the prohibition of the Islamic religion to lend or collect any loans with the loan charging interest (riba), as well as the prohibition to invest in businesses categorized as forbidden (haram). The conventional banking system can not guarantee the absence of these things in investments, for example in the business associated with the production of food or drink unclean, business or entertainment media are not Islamic, and others.

H3. Sharia System is significant effect to opening the sharia banking business in Jambi Province.

III. Research Methods

Subject and Object Research

The subject of research is the subject addressed by researchers (Arikunto, 2006). The subject of research undertaken in this study was banking management in Jambi Province. The object of research is something of a concentration on research activities, or in other words, everything that the target of the study, so the object of this study are the variables to be tested is the independent variable and the dependent variable (Sugiyono, 2002). In this study, the independent variables to be tested is Moslem Society, Banking Business Competition, And Sharia System while the dependent variable is the Opening The Sharia Banking Business. The research was conducted on all banks in Jambi Province.

The number of samples of this research is the top management of bank in Jambi province are 60 people.

Operational Variables Defenition

Operationally variables need to be defined which aims to explain the meaning of the study variables. The definition of a variable is something that can be given a variety of grades while understanding the operational definition is a construct determination to become a variable that can be measured (Indriantoro, 2002).

The variable is an attribute or the nature or value of a person, object or activity which may have certain variations defined by the researchers to be learned and conclusions drawn (Sugiyono, 2007). Variables can be measured with a wide range of values depending construct it represents (Indriantoro, 2002). Variable values can be numeric or be an attribute that uses the size or scale within a range of values.

Table 1. Variable Defenition

Variable	Defenition Concept
Moslem Society (X1)	Moslem society is a universal and pluralistic society that includes all human beings, it generally is constituted of those who are believers and "regarded as its constitutive, necessary members.
Banking Business Competition (X2)	Banking business competition is the rivalry between companies selling similar products and services with the goal of achieving revenue, profit, and market-share growth.
Sharia System (X3)	Sharia system is an Arabic word meaning "path" or "way." and the term is used most commonly to mean "Islamic law,"
Opening Sharia Banking Business (Y)	Opening sharia banking business is a banking system that is decision opening bangking based on the principles of Islamic law, also referred to as Shariah law, and guided by Islamic economics.

Data Analysis Method

The data analysis used is multiple linear regression analysis with the help of a computer through software SPSS 16:00 For windows.

Statistical equations used in this penentian is described as follows:

$$y = a + b_1x_1 + b_2x_2 + b_3x_3 + e$$

Information : Y = Opening Sharia Banking Business, x_1 = Moslem Society, x_2 = Banking Business Competition, x_3 = Sharia System , a = Constants, $b_1b_2b_3$ = Regressioncoefficients, e= Error

Validity Test Data

Validity test is done to determine whether the measurement tools that have been developed can be used to measure what is to be measured accurately (Indiantoro, 2002). An instrument is said to be valid if it can show data from the studied variables appropriately and have high validity, the high and low validity of the instrument indicates the extent to which the data collected does not deviate from the description of the variables in question (Indiantoro, 2002). To test the validity can be calculated correlations between each statement with a total score correlation techniques product moment of pearson (Ghozali, 2009). Calculation used is the product moment correlation technique which can be obtained by the formula:

$$r = \frac{n \sum xy - (\sum x)(\sum y)}{\sqrt{\{n \sum x^2 - (\sum x)^2\} \{n \sum y^2 - (\sum y)^2\}}}$$

Information: r = correlation coefficient, x = independent variable, y = dependent variable, n = number of samples.

Test Reliability Data

Reliability test is a test used to measure the questionnaire which is an indicator of the variables. Measurements were performed only once and the results are then compared with any questions. Reliability testing is performed to determine the extent to which an instrument can provide consistent measurement results. Reliability testing is done by using Alpha Cronbach Test.

Weight calculation assessment questionnaire for the top management of banks in Jambi province is using a Likert scale is a method used to measure attitudes to agree or disapproval of the subject, object or specific events (Indriantoro, 2002). Likert scales with five levels of answers with the following options.

Table 2. Likert Scale

Level Agree	Score
Very Disagree	1
Disagree	2
Neutral	3
Agree	4
Very Agree	5

Classic Assumption Test

Multiple regression models were used in hypothesis testing is said to be a good model if it meets the normality of the data and free from classical assumption, namely normality, multicollinearity, autocorrelation and heteroscedasticity (Ghozali, 2002). In this study, not in the classic assumption autocorrelation test data collected on the grounds and in it were a cross-section, while the autocorrelation problem often occurs in the time series data. Classic assumption test used including normality test, test and test multicollinearity heterostasis.

Multiple Regression Test

Multiple regression methods was developed to estimate the value of the dependent variable (Y) by using more than one independent variable (X). The regression equation is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Information: Y = Opening Sharia Banking Business, X_1 = Moslem Society, X_2 = Banking Business Competition, X_3 = Sharia System, β_1, β_2, \dots = Regression coefficients, α = Constants, e = Error.

Partial significance test was conducted to test the effect of independent variables on the dependent variable partially. To test the significance of individual parameter t-test was used. To be able to decide whether their dependent variables have a significant effect on the dependent variable or not, by analyzing the significant value generated from the output of SPSS Version 16.

The effect of simultaneous significance test is done to determine the effect of independent variables on the dependent variable simultaneously. For the influence of the independent variables simultaneously used ANOVA test (F test) with the following criteria: If F count $>$ F table at df ($n_1 = 3$ and $n_2 = 50$; $\alpha = 5\%$) of 2.79 or significance value < 0.05 , it can be concluded that all the independent variables tested were the right variables in predicting variables dependent. If the value of F arithmetic $<$ F table at df ($n_1 =$

3 and $n_2 = 50$; $\alpha = 5\%$) of 2.79 or significance value > 0.05 , it can be concluded that all the independent variables tested were incorrect variables in predicting the dependent variable.

IV. Result and Discussion

Validity test

Validity test is done with the aim to determine the level of ability of an instrument to express something that became the main targets of measurement are born with the instrument. Of the 60 questionnaires sent, but the questionnaires that are returned are as many as 54 questionnaires. Testing the validity of this research is done by using Product Moment Correlation test

Table 3. Validity of Test Results Instrument

Number	Item Total Correlation Coefficient				Information
	Moslem Society	Banking Business Competition	Sharia System	Opening Sharia Banking Business	
1	0.301	0.337	0.436	0.264	Valid
2	0.301	0.392	0.297	0.371	Valid
3	0.301	0.230	0.479	0.415	Valid
4	0.101	0.249	0.428	0.360	Valid
5	0.429	0.562	0.336	0.287	Valid
6	0.355	0.236	0.489	0.270	Valid
7	0.434	-	1.000	0.271	Valid
8	1.000	-	-	1.000	Valid
9	-	-	-	1.000	Valid

Source: Primary data processed, 2016

Based on the validity of the test results performed with SPSS version 16.0 indicates that the Moment Pearson correlation coefficient for each item statement items with a total score variable Moslem Society (X_1), Banking Business Competition (X_2), Sharia System (X_3), and Opening Sharia Banking Business (Y) is significant at the 0.05 level. So that it can be interpreted that each item indicators for accountability instrument are valid. In summary, the results of the validity test of variables can be seen in the following table

Test Reliability

Reliability testing is performed to determine the extent to which an instrument can provide consistent measurement results. Reliability testing is done by using Cronbach Alpha test Here are the results of reliability testing on each of the variables shown in the Table 4.

Based on the reliability of the test results shown in the tables above, it is known that the questionnaire used had alpha coefficient values greater than 0.60 so it can be concluded that the questionnaire in this study revealed reliable.

Table 4. Reliability Test Results

Variable	Cronbach's Alpha Based on Standardized Item	N of Items
Moslem Community	0,862	8
Perbankan Bussines Competitive	0,776	6
Sharia System	0,823	7
Opening Sharia Perbankan Business	0,818	9

Source: Primary data processed, 2016

Classic Assumption Test

The purpose of the classic assumption test is to analyze the basic assumptions that have to be met in the use of regression. The classical assumption in this research includes normality test, multicollinearity and heteroscedasticity test.

Normality Test

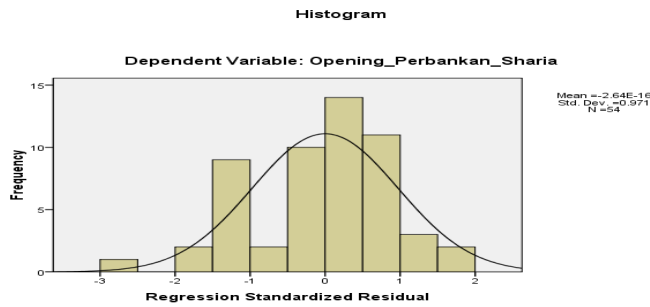
The result of normality test probability plot graphs can be seen in the picture below:



Figure1. Normality Test Results

Based on the above chart, we can see that the data is spread around the diagonal line and follow a diagonal line. Thus regression models were used with modern assumption of normality.

For the histogram graph can be illustrated below:



Source: Primary data processed, 2016

Figure 2. Graph Histogram.

Viewing the displayed histogram graph above we can conclude that the histogram graph gives approximately normal distribution patterns. The second graph shows that the regression model unfit due to meet the assumptions of normality.

Test Multicollinearity

Multicollinierity test results can be seen in the following table:

Table 5. Test Results Multicollinearity

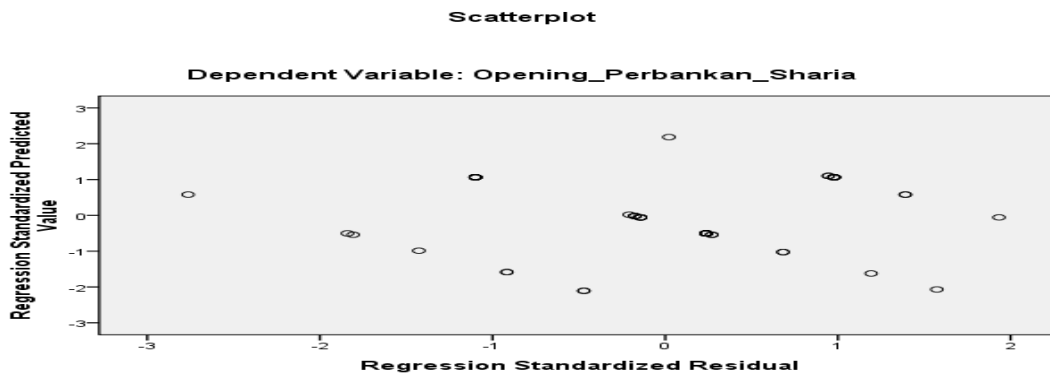
Independent Variables	Collinearity Statistics		Decision
	Tolerance	VIF	
Moslem Society	0,527	1,897	No Multicollinearity
Banking Business Competition	0,965	1,036	No Multicollinearity
Sharia System	0,536	1,866	No Multicollinearity

Source: Primary data processed, 2016

Based on the above table it can be seen that the tolerance of a variable number of recognition, measurement, and presentation have a tolerance value of more than 0.10, which means that there is no correlation between independent variables. Meanwhile, computed values Inflation Variance Factor (VIF) also shows the same thing, that none of the independent variables that have a VIF value of more than 10. It can be concluded in the regression model did not happen multicollinearity between the independent variables.

Heteroscedasticity Test

The test results heteroscedasticity with scatterplot graph, as the following



Source: Primary data processed, 2016

Figure3.Scatterplotgraph

Based on the scatterplot graph above, we see that the distribution of the data does not form a clear pattern, the data points spread above and below zero on the Y axis This indicates that there is no heteroscedasticity in the regression model.

Multiple Regression Test

After the classic assumption test results carried out and the results overall showed regression model to meet the assumptions of classical, then the next stage is the evaluation and interpretation of multiple regression models. Multiple regression models in this study was to test the effect of independent variables Moslem Society (X_1), Banking Business Competition (X_2), and Sharia System (X_3) on dependent variable Opening Sharia Banking Business (Y).

The following is a description of the test results and regression testing output table by using SPSS version 16.0 in the form of the model output summary, ANOVA (F-test), as well as the coefficient (t-test) as follows:

Test Coefficient of Determination

The coefficient of determination (R^2) was conducted to see the huge variety of independent variables together in influencing the dependent variable. According to Ghazali (2006) fundamental flaws using the coefficient of determination (R^2) is biased against the number of independent variables were entered into the model. Each additional one independent variable, then R^2 is definitely increasing and no matter whether these variables significantly influence the dependent variable. Therefore it is recommended to use the Adjusted R Square when evaluating which best regression model.

Here is the coefficient of determination test results presented in the table below. Based on the model output display summary in table 3.5, the amount of adjusted R^2 (coefficient of determination as adjusted) was 0.402. This value indicates that 40.20% variation Opening Sharia Banking Business can be explained by the variation of the three independent variables are Moslem Society, Banking Business Competition, and the Sharia system, while the remaining 59.80% is explained by other causes beyond the study models.

Table 6. Coefficient Determination Test Results Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.660 ^a	.435	.402	.48153

a. Predictors: (Constant), Sharia

b. Dependent Variable: Opening_Sharia_Banking

Source: Primary data processed, 2016

Partial Test (t-test)

Assessment of the effect of partial or research hypothesis testing is done by analyzing the t value or significance value to the following criteria: (1) If the t count > t table at df (54-4 = 50; alpha = 0.05) is equal to 1,676 or significance value < 0.05 it can be concluded that the independent variables are statistically proven effect on the dependent variable. (2) If t < t table at df (n - 3 = 32; alpha = 0.05) amounted to 1,676, or a significance value > 0.05 then we can conclude that the independent variable is not statistically proven effect on the dependent variable.

**Table 7. Partial Test Results (Test T)
Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	.956	.417		2.292	.026
Moeslim_Society	.199	.124	.219	1.598	.116
Banking_Bussines_Competition	-.016	.140	-.016	-.112	.911
Sharia_System	.460	.152	.510	3.022	.004

a. Dependent Variable: Opening_Sharia_Banking

Source: Primary data processed, 2016

Based on the results of tests performed on variable recognition, measurement, presentation, and accountability so multiple regression equations can be formulated as follows:

$$Y = 0,956 + 0,199 X_1 + (- 0,016) X_2 + 0,460 X_3$$

Information: Y = Opening Sharia Banking Business, X₁= Moslem Society, X₂= Banking Business Competition and X₃= Sharia System

By using the regression equation regression models above it can be described as follows: (1) Constant of 0.956 gives the sense that if the Moslem Society (X₁), Banking Business Competition (X₂) and Sharia System (X₃) assumed = 0, then the Opening Sharia Banking Business (Y) is constantly worth 0.956. (2) The regression coefficient variable Moslem Society (X₁) is approximately 0.199 gives the sense that with the addition of one unit of Moslem society, there will be an increase in the opening sharia banking business amounted to 0,199, assuming other variables remain. (3) The regression coefficient variable Banking Business Competition (X₂) is approximate -0.016 gives the sense that with the addition of one unit of banking business competition, there will be a decrease in the opening sharia banking business amounted to 0,016, assuming other variables remain. (4)

The regression coefficient variable Sharia System (X_3) is approximately 0.460 gives the sense that with the addition of one unit Sharia System, there will be an increase in the opening sharia banking business amounted to 0,460, assuming other variables remain.

To test the hypotheses proposed, then tested the t statistic to determine whether these variables affect. Basis for decision-making to determine H_0 and H_a accepted is with the following criteria:

H_0 accepted or H_a refused, when $t < t_{table}$

H_0 refused or H_a accepted, when $t > t_{table}$.

Another alternative t-test can be done through tests of significance ($\alpha = 0.05$), with criteria:

H_0 accepted or H_a refused, when $Sig\ t > \alpha$

H_0 refused or H_a accept, when $Sig\ t < \alpha$

The following describes the effect partially test results for each independent variable:

Testing the influence of Moslem Society to Opening The Sharia Banking Business (H_1)

The first hypothesis testing was conducted to test the influence of Moslem society to opening the sharia banking business. The test results showed that both variables regression coefficient of the influence of Moslem society decision to opening the sharia banking business amounted to 1,598, with a t value of 1.598 and a significance of 0.116. Therefore t value (1.598) $< t_{table}$ (1.676) and the resulting significant value is > 0.05 , it can be concluded that H_0 is accepted and H_a rejected. These test results show that the Moslem society proved to be statistically no significant effect to opening the sharia banking business.

Testing The influence of Banking Business Competition to Opening The Sharia Banking Business (H_2)

Second hypothesis testing was conducted to test the variables banking business competition to opening the sharia banking business. The test results showed that both variables regression coefficient of the influence of banking business competition to opening the sharia banking business amounted -0.016, with at value of -0.112 and significance of 0.911. Therefore t value (-0.112) $< t_{table}$ (1.676) and the resulting significant value is > 0.05 , it can be concluded that H_0 is accepted and H_a rejected. These test results indicate that the banking business competition proved to be statistically no significant effect on opening decision the sharia banking business.

The influence of Sharia System to Opening The Sharia Banking Business (H_3)

Third hypothesis testing was conducted to test the variable sharia system to opening the sharia banking business. The test results showed that both variables regression coefficient of the influence of sharia system to opening the sharia banking business amounted to 0.460, with a t value of 3.022 and a significance of 0.004. Therefore t value (3.022) $> t_{table}$ (1.676) and a significant value generated is < 0.05 , it can be concluded that H_0 is rejected and H_a accepted. These test results indicate that the Sharia System proved to be statistically significant and positive impact to opening the sharia banking business.

Simultaneous Test (Test F)

Assessment of the effect of simultaneous conducted to determine whether the independent variables used models simultaneously affect the dependent variable. To test the effect of simultaneous use of ANOVA test (F test) with the following criteria: (1) If F count $> F_{table}$ at df (4; 54; 0.05) is equal to 2.79 or significance value < 0.05 it can be concluded that all independent variables were tested simultaneously affect the dependent

variable. (2) If the value of F arithmetic $< F$ table at df (4; 54; 0.05) is equal to 2.79 or significance value > 0.05 then it can be concluded that all independent variables were tested simultaneously has no effect on the dependent variable.

To test the hypothesis 4, that is, whether the variable Moslem society, banking business competition, and sharia system influence to opening the sharia banking business in Jambi province, then tested together against the regression coefficients by using F test method used to test this hypothesis in a way:

Ho accepted or Ha refused, if $f < t$ table

Ho is rejected or Ha receives, if f count $> t$ table

Another alternative t-test can be done through tests of significance ($\alpha = 0.05$), with criteria:

Ho accepted or Ha refused, when $\text{Sig } f > \alpha$

Ho refused or Ha accepts, when $\text{Sig } f < \alpha$

Here is the F-statistic test results are presented in the table below.

**Table 8. Simultaneous Test Results (Test F)
ANOVA^b**

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	8.943	3	2.981	12.857	.000 ^a
Residual	11.594	50	.232		
Total	20.537	53			

a. Predictors: (Constant), Sharia_System, Moeslim_Society, Perbankan_Bussines_Competitive

b. Dependent Variable: Opening_Sharia_Banking

Source: Primary data processed, 2016

From the test results of the simultaneous test or ANOVA F test as shown in the table above, the value of F count equal to 12.857, while the F table at 2.79, so Ho rejected or receive Ha. The next test was to see the level of significance of variables Moslem Society (X_1), variable Banking Business Competition (X_2) and Sharia System (X_3) is 0.000. Since the probability is much smaller than the significant value of 0.000 (< 0.05), so Ho rejected and Ha accepted. These test results indicate that the Moslem society, banking business competition, and sharia system significantly and positively influence to opening the sharia banking business.

V. Conclusion

Based on the results of research and discussion that has been done, it can be concluded as follows: (1) Moslem society no significant effect to opening the sharia banking business, so that Moslem society in Jambi Province does not guarantee to open the sharia banking business. (2) Banking business competition no significant effect on opening decision the sharia banking business, so the banking business competition in Jambi Province does not guarantee opening the sharia banking business. (3) c. Sharia system a significant effect to opening the sharia banking business, so that the application of sharia system is the reason for opening the sharia banking business. (4) d. Moslem society, banking business competition, and sharia system a significant effect to opening the sharia banking business, so that Moslem society, banking business competition, and sharia system jointly be the reason to opening the sharia banking business.

Implication

Based on the conclusion of the study, the researchers tried to provide input or consideration in the form of suggestions as follows: (1) It is suggested to banking

institutions in Jambi Province to consider factors that affect to opening the sharia banking business, in the form of Moslem society, banking business competition, and sharia system. (2) Suggested for further research in order to expand beyond the model of independent variables in this study.

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THE PRIVATE COST IN EDUCATION AS A DETERMINANT FACTOR OF THE ACADEMIC QUALITY: A CASE STUDY OF STATES HIGH SCHOOL IN URBAN AREA OF WEST SUMATERA PROVINCE

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Abstract

This study aimed to measure the influence of private cost to the academic quality of States High School in urban area of West Sumatera province. The population of this study are state high schools in urban areas of West Sumatera. Samples were purposive sampling reduced it to be 32 schools with criteria that had the national exams score for one year and financing by social and individual. The research proved that private cost influence on the academic quality with 0,602 determinant. This study suggests to use the private cost as one input to improve the quality of academic.

Keywords: *Private Cost, Academic Quality*

I. Introduction

The quality in educational context refers to the process and educational outcomes. The quality process involves a variety such as teaching materials, teaching methods, school facilities, administrative support, and infrastructure and other resources to the creation of a favorable atmosphere in school.

The academic quality either qualitatively or quantitatively is a function of a number factors input, process and output. In other words, an academic quality is a specific target from educational objectives such quality outputs and outcomes of students as the primary education stakeholders. This quality is determined by several factors: the quality of inputs (number of teachers, number of teachers who attended the training, and the number of textbooks available), the quality of the process (the amount of time on learning and active learning level), and the quality of the curriculum. It is these factors that will be collaborating in the form of a quality learning process.

This is consistent with the idea from Supriadi (2001) and Irianto (2010) that the quality learning process occurs if coordinating, harmonizing and blend harmoniously school inputs performed and integrated highly dependent from teaching staff, equipment and learning resources. The availability of qualified teaching staff, equipment and learning resources that itself depends on the amount of financing or funds held by educational entities for the provision of the learning.

Costs in education had a broad scope, namely all kinds of expenses relating to the provision of education, either in cash or in kind and labor (which can be priced in money). Cost is a very important element although not the only component that is most important. However invisible curriculum design, educational planning ripening, but when it comes to the operational stage and collided their limitations, the cost of good planning will have little meaning, which means, perhaps even planned educational programs difficult to be realized.

There is no consensus of opinion in the literature as regards the relationship between expenditure and academic achievement. Hanushek (1981) found that there no significant relationship between school expenditure and students' academic achievement. A World Bank report (1988) pointed out that one explanation for the low quality of education in Africa is that expenditure per student is very low by world standards.

In the country of Indonesia, the financing of education is a shared responsibility between government, local governments and communities. This is in accordance with

Government Regulation No. 48 of 2008 on education funding; the provision of financial resources required to the implementation and management education is a responsibility shared responsibility between government, local governments and communities.

Subsequently, the purpose of cost sharing of this is when financing from government sources is insufficient in accomplishment the needs of the school, it may be assisted by the learners parties. This cost is called by the private cost.

Suhardan (2012) and Irianto (2011) states that the private cost is the total cost incurred by the learners parties or all costs to be borne, and expense by the students family to support their children's learning success either such fees from school or such cost of living and supporting studies. Bastian (2007) stated that the number of private cost is calculated by the difference of direct cost and routine cost of school which are divided equally to each student. With the Government Regulation No. 47 Year 2008 Article 9 states that "the government bears the full funding of education for the basic education (primary and secondary) as one of the implications of 9-year compulsory education program". Then the cost of an individual such fees collected by the new school began to be seen in secondary education. With the sharing of education financing is expected to be more optimally organized learning that results in improved academic quality nationally.

In the context of the analysis of an individual education financing costs to increase the academic quality, researchers selected urban areas of West Sumatra province as the study area. Based on data from National Survey in 2012, the urban areas of West Sumatra province has a high commitment to improve the quality of education in a sustainable and enthusiastic people in education are also high.

II. Theory Development And Hypothesis Formulation

In order to examine the issue of how did the private cost influenced the academic quality States High School in urban area of West Sumatera province, our basic hypothesis is that academic quality is constructed by four factors in general, namely input, process, output and outcomes factors. (Adams, 2001). The input would be qualified if it ready to be processed. Process would be qualified if it is able to apply an effective learning. Output is declared qualified if the result of academic and non academic learning of students is high. Whereas, when outcome is said to be qualified graduates quickly find work, salaries are reasonable or appropriate, and all parties recognize the severity of graduates and feel satisfied with the competency of graduates.

In line with this, Suhardan (2012: 74-76) states that academic quality is the outcome of the human quality of the educational process, tools, curriculum and facilities, which is reflected in the quality of teaching and teachers, the quality of teaching materials, and the quality of learning outcomes, so that eventually forming a set of capabilities.

Furthermore, Fattah (2009: 90) states that the quality improvement and expansion of education requires at least three major factors, namely (1) the adequacy of sources of education in terms of quality of staff, cost and means of learning; (2) the quality of teaching and learning processes that encourage students to learn effectively; and (3) the quality of output in the form of knowledge, attitudes, skills, and values. So, adequacy of resources, quality of teaching and learning, and outcome quality will be satisfied if the required financial support and education professionals can be provided in the school. In order to finance education of course is not possible to depend on the government only. It is necessary for cost sharing with the students parties or is called by the private cost. It is line with Nicholas Barr (2005) stated that "If it is not possible to rely wholly on public funding, it is necessary to bring in private finance-but in ways that do not deter students from poor backgrounds".

In line with the above opinion, Sukmadinata (2006) describes the conceptual framework of the academic quality of an education as a system as follows:

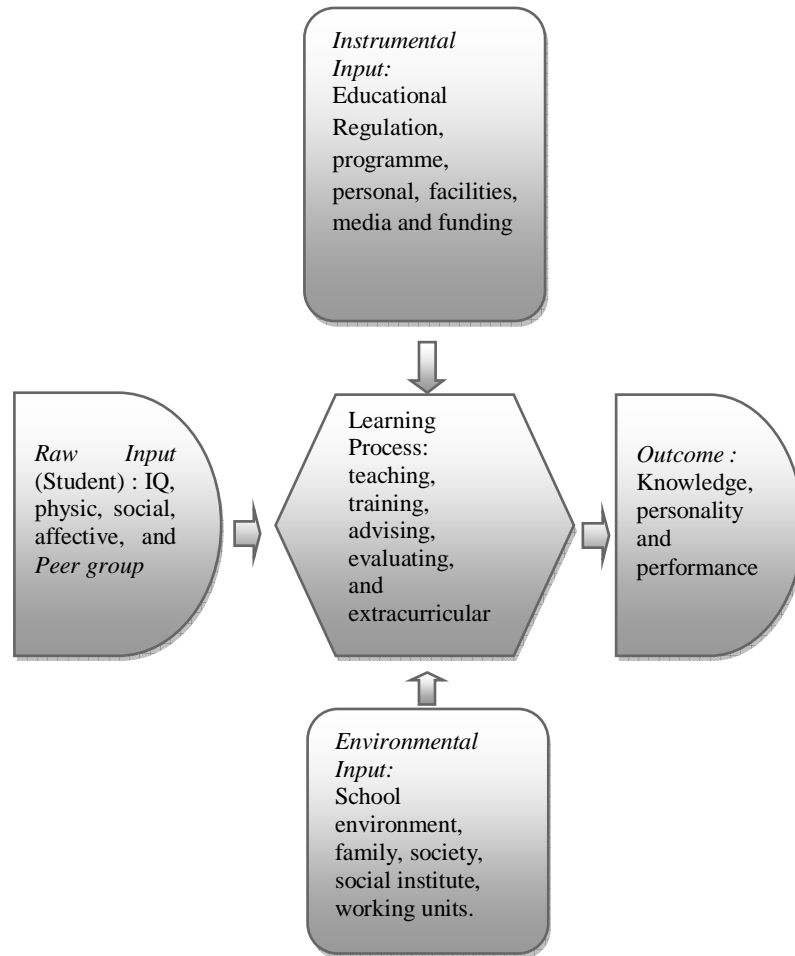


Figure 1. The Map Of Educational Component As A System

Private cost” correspondence to to the part of expenditures/investments which are incurred either by the parents or students or both (McEwan, 1999) (Supriadi, 2003) and (Yahya, 2011). In this discuss, private cost derived to tuition fees, living cost, studying supporting cost, and additional cost other. (Irianto, 2011).

In specific, the costs incurred by the family can be categorized as an investment in education. In which the return value of this investment can be demonstrated by increased academic quality of the students. Sunario (2014) stated that economic condition of the parent that implied by private cost will be influence pupil achievement motivation. The adequacy of facilities will impact their motivation in studying, then will increase their academic quality as specifically or generally for a school.

Based on the above issues and theoretical framework, it can be formulated hypotheses as follows: The private cost has significantly influence the Academic Quality of State High School in Urban Areas of West Sumatera Province.

III. Research Methods

The investigation was aimed to determined the influence of private cost to academic quality of State High School in Urban Area of West Sumatera Province. Hance, it has adopted the descriptive method of the causal type. The researcher has adopted the value added

Sample and Sampling Techniques: in order to select the sample of the study from 41 State High School in Urban Area of West Sumatera Province, the researcher adopted purposive sampling procedure that sampling based on a particular consideration. Main consideration was schools had been followed the National Examination least once and there is sharing of financing with the students. From the to population is obtained eight schools is no sharing of financing and one schools did not yet sat the national examination. Initially, the data were collected from 32 schools.

Instruments used in the study.

Documentation: Document analysis performed to gather data from archives and documents either in school or are out of school, that are related with the research. Documentation in the research is used to gather data on the private cost contained in the School Activities and Budgetary Plan and the academic quality of education high schools in urban areas of West Sumatra province in the form of National Test Scores.

IV. Result and Discussion

Data Analysis :

Descriptive Analysis

The average of private cost incurred by the parents of high-school education in year 2012/2013 is IDR. 1,663,800 with the lowest amount of individual fee is Rp 280,000 and IDR 5,260,000 with a high of IDR 1,337,010 standard deviation from the average. The highest number of individual charges obtained by SMAN 1 Padang and lowest individual fees obtained by the city of Pariaman but partially by SMAN 4 Bukittinggi. By seeing a standard deviation that is large, it can be said that the individual costs between state high schools in the cities of West Sumatra province had a high gap. For more details the distribution of the individual cost of high school education in urban areas of West Sumatra province can be seen from the table 1 below:

Table 1. Descriptive Data The Private Costs Of State Senior High School In Urban Areas Of West Sumatra Province

Private Cost		Frequencies	Percentage
Rp 282.013	- Rp 1.110.893	11	34
Rp 1.110.894	- Rp 1.939.773	12	38
Rp 1.939.774	- Rp 2.768.654	5	16
Rp 2.768.655	- Rp 3.597.535	1	3
Rp 3.597.536	- Rp 4.426.416	1	3
Rp 4.426.417	- Rp 5.255.298	2	6
Amount		32	100

From the Table 1 above it can be seen that the private cost of education high schools in urban areas more are in the second class, namely the range IDR 1,110,894 – IDR 1,939,773 and positive distributed data (skewed to the right).

Reseach Question: Do the private cost influence the Academic Quality of State High School in Urban Area of West Sumatera Province?

Table 1 shows the direct impact of individual cost analysis on academic quality.

Table 2. shows the impact of private cost analysis on the academic quality.

Variabel Independent	Standardized Coeficient Beta	Sig	R Square
Private Cost (X ₁)	0,612	0,000	0,3745

Sourced: The Proceed Data in 2014

Based on the results of hypothesis testing showed that the coefficient of private charges against academic quality shown by the Standardized coefficient / Beta is equal to 0,612. Level of significance is $0.000 < 0.05$ (at $\alpha = 0.05$). Hence the significance level smaller than 0.05, then the alternative hypothesis that says the private cost in education effect on the academic quality of State High School in Urban Area of West Sumatera Province accepted. It can be concluded that the private cost significantly influence academic quality of schools.

Discussion

Statistical analysis showed the private cost has a strong influence and significant impact on the academic quality, by the coefficient of 0.612 while contributing 37.45%. This contribution can be categorized as are great and can be interpreted that the increase in the private cost will be able to improve the academic quality of education high schools in urban areas of West Sumatra province.

The significant effect between the private cost and the academic quality shows that part of the learners as well as consumer education and educational inputs must also take responsibility in ensuring the success of educational goals. Participation of parents is managed by the board of the school committee. Through this committees, students parties also participated in contributing to education, provide a feedback, consideration (*advisory agency*), and recommendations on the educational unit with the principle of encouraging an increase in the academic quality and the quality of learning services of those school. Parents of learners should come to allocate a proportion of revenue for education expenses of their children so that the achievement of the required the provision of schools resources could improve the academic quality of the educational entities (Syamwil, 2013; Elfindri, 2010; Carter; 2006; 16).

Participation of parents in the education of high schools in urban areas of West Sumatra in the year 2012/2013 showed a big number, namely 64% of the total funding of schools. This figure is quite high and implies that funds for improving the quality of high school to be very dependent on the contribution of the student's family. The results of this study reinforce the the findings of previous researchers (Hulsmann, 1997; Perraton, 2000,2003, Psacharopoulos, 1978) who said that "*on the issue of private costs of education - that students who are engaged in educational activities also bear a significant proportion of the expenditure associated with their studies.*" This finding also in line with Supriyadi (2010) states that "the absence of families awareness to bear most of the cost of education, national education will not run properly."

With reference to the above results, the cost issue is an issue that fairly fundamental. Because all components of education is closely related to the cost component, although not entirely a matter of costs will affect the quality of education. Other factors should also be considered to improve the academic quality of education, including: 1) internal factors such as the level of students' IQ and motivation 2) the interaction of learning; with regard to the approach and the way teachers in managing the learning, professional competence and pedagogical teacher, and 3) he curriculum as a reflection of education about the desired graduate as well overview of the process and its resources.

V. Conclusion

The private cost of education has significantly affected the academic quality of state high school in urban area – West Sumatera Province. It means that the greater costs incurred by the individual students will have effect on academic quality improvement of State Senior High School in Sub Urban Area – West Sumatera. Furthermore, private cost is a form of involvement of parents in their children's education goals.

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VALUE OF ISLAM AS A MODERATING VARIABLE ON THE INFLUENCE OF MARKETING MIX OF SERVICE AND SERVICE QUALITY TO CUSTOMER SATISFACTION STUDENTS

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Abstract

This research aims to prove empirically the influence of the marketing mix of service and quality of service partially and simultaneous to student satisfaction and prove empirically the influence of moderation Islamic values on the relationship between the services marketing mix and quality service to customer satisfaction Economic Faculty student Private Islamic University in the City of Medan. The type of this research is a descriptive quantitative. The location of this research is in the Management Studies Program Faculty Of Economics Private Islamic University in the City of Medan. The population in this research is all students Study Program Management of the Faculty of Economy Muhammadiyah University of North Sumatera Medan and Muslim Universities Nusantara host 2012. In this research model and data analysis techniques using approach multiple regression on stilts.

Keywords: *Marketing Mix Services, Quality of Service, Student Satisfaction and values of Islam*

I. Introduction

Education is an important factor for the survival of the life of the nation and supporting factors that play an important role in all sectors of life, for the quality of life of a nation is closely connected with the level of education. The development of education is one of the main priorities in the national development agenda. The development of education is very important because a significant role in achieving progress in various areas of life: social, economic, political and cultural.

Therefore, the government has the obligation to fulfill the right of every citizen to obtain educational services in order to improve the quality of life of the people of Indonesia as mandated by the Constitution, which require that the government is responsible for the intellectual life of the nation and create the public welfare. Education is a strong basis that is needed to achieve the progress of the nation in the future even, more important a provision in the face of the global era is replete with unquestionable competition held very tight. Thus the education is the requirement that must be met because he was the factor determination for a nation to be able to win the global competition.

Since 1984, the Indonesian government has been formally striving elementary school education balancing, continued with the 9-year compulsory education starting 1994. These efforts appear to be more based on the expansion of the opportunity to obtain an education (equality dan dimension of access). In addition to the next steps giving scholarship program (The dimensions of equality dan of welfare service) to the effort that enough attention to encourage the involvement of the community through the National Movement to foster parents. This scholarship program intensified when the economic crisis and today with the BOS program for basic education. This shows that education balancing demanding large enough funding is not only related to the provision of the facilities but also the construction of the students to follow education in schools.

In line with the Act No. 20/2008 on National Education System, Article 5 paragraph (1) stated that "Every citizen has the same rights to obtain a quality education", and Article 11 paragraph (1) stated that "The government and local governments are required to provide the services and convenience, and guarantee the holding of a quality education for every citizen without discrimination".

In general target market college students that some will continue to higher education. High school graduate General (SMU) who will continue their education to higher education of course want so that later finished quickly and then easily find jobs. In the current conditions, seen that the capacity of the students of public universities is very limited, then all private universities (PTS), especially in North Sumatra has the same opportunity to choose candidate students that are not collected in the PTN in continued her study.

Therefore every PTS must perform a special strategy that is different from other public universities. How big or small the ability to obtain the students depending from the dissemination of information about the corresponding PTS, which clearly visible from the services marketing mix strategy applied by every PTS. In addition to the services marketing mix strategy, accreditation status also affects student satisfaction as a place of study..

Private universities (PTS) is one of the social organizations are engaged in the education sector toward the creation of the human resource personnel in all dimensions of life. PTS such as with public universities, trying to develop an advanced and high-quality education institutions. In terms of business, the quality of a college to pull power for the community and provide great benefits both for the student and for the labor of the educators in the education institutions.

Enhanced ability to manage and develop the college very required, including to use the principles of modern oriented on the quality of the service. Quality Management System is fact means on continuous improvement to strengthen and develop the quality, to give satisfaction to learners who are in it.

Management Study Program private Islamic University seeks to improve the quality of service such as the improvement of the physical facilities of the building, equipment to support the teaching and learning, empowerment of lecturers to continue their education to a higher level. In addition to the student satisfaction, the improvement of the quality and performance of education is done in order to remain competitive with various private universities (PTS) which more and more popping up in the city of Medan.

Education institutions under the umbrella of Islam is a private educational institution that is not only the conduct of education and teaching only, but there is a dharma other Muslim religious education. In addition to education and teaching, no one dharma again carried out by the Islamic Universities namely Al-Islam.

II. Teoritical Framework

The Perceived Role of Ethics and Social Responsibility (PRESOR)

Instruments of the Perceived Role of Ethics and Social Responsibility (PRESOR) was developed in the USA by AnushornSinghapakdi, et al, (1996) to meet the needs scale a reliable and valid to measure managers' perceptions about the role of business ethics and social responsibility in achieving organizational effectiveness. The instrument consists of items that reflect the different dimensions of business ethics and social responsibility of the organization and the importance of ethics and social responsibility relative to serve as criteria for measuring the effectiveness of the organization.

PRESOR instrument originally consisted of 16 items of questions were originally developed by Kraft and Jauch (1992). Then Singhapakdi using analysis of exploratory

principle of rotation varimax with respondent of Master Business students of the Business School, USA. Singhapakdi et al., (1996) identified three groups of factorial subscales, namely Social Responsibility and Profitability (item 8, 9, 13, 15), Gain Long Term (item 1, 6, 7, 10, 11, 12) and the Short-Term Gain (item 5, 14, 16). Then Singhapakdi assess the validity of the instrument by using two-dimensional PRESOR ethical ideology as measured by Forsyth's (1980) Ethics Position Questionnaire (EPQ) and also instrument of Attitudes Toward Business Ethics Questionnaire (ATBEQ) (Preble and Reichel, 1988).

Research conducted by Singhapakdi et al., (1996) to undertake the development of instruments of measurement scale, confirming the factorial structure of the instrument and to assess the reliability and validity of the instrument, using the population of managers in Hong Kong where the culture and ethics of business in Hong Kong is different from other Asian countries. The final aim of the study Singhapakdi et al., (1996) is to get a conceptual and structural definition of instruments and validation of alternative forms of culture Hongkong as an instrument of measurement of perceived role of business ethics and social responsibility in achieving organizational effectiveness.

Wong (1983) hypothesized that the ideology of industrialists in Hong Kong is the meeting between the ideology of business East with the ideology of Western business, where they dispose of *laissez faire*, the interests of long-term, ideologies manifest in beliefs that laying off workers is worth the effort to protect the viability of the company, which the company exists simply to make a profit and the manager should not be dealing with the moral and social consequences, also not involved in social and political relations.

Attitude Towards Business Ethics Questionnaire (ATBEQ)

ATBEQ is an instrument developed by Preble and Reichel (1988) to exercise ethical values clarification related businesses such as the business philosophy of Social Darwinism, Machiavellianism, Objectivism, and Ethical Relativism (Meising and Preble, 1985). This ATBEQ was used by Preble and Reichel (1988) to evaluate the behavior of American students and students of Israel associated with business ethics. ATBEQ consists of 30 items of questions prepared by developing business philosophy as Social Darwinism, Machiavellianism, Objectivism, and Ethical Relativism.

The first ATBEQ subscale clearly proposes that ethics and morality are irrelevant in business. This Machiavellian business philosophy is very similar to the view that ethics and social responsibility should be subordinated in achieving organizational effectiveness. For this reason a strong positive relationship is expected between the first ATBEQ subscale and the second PRESOR subscale. Clearly, however, the view that ethics and social responsibility are irrelevant in business must be expected to be negatively related to the view that ethics and social responsibility are important.

The second ATBEQ subscale has been described as reflecting an objectivist business philosophy based on rational self-interest which values economic growth, profit, and efficiency. This position accepts the need for ethics and social responsibility in principle but, as in Friedman's (1970) classical view, believes that managers should conduct business in the interest of the shareholder. Accordingly, a positive relationship is expected with the view that ethics and social responsibility should be subordinated to competitiveness, profitability, survival and efficiency as indicated by the second PRESOR subscale.

Ethics Position Questionnaire (EPQ)

EPQ developed by Forsyth (1980) was developed using factor analysis and traditional scaling method that consists of 20 items of questions, which measures the Ethical Idealism and Ethical Relativity sequentially. EPQ used to show the characteristics

of attitudes and moral behavior into two dimensions, Idealism and relativism, both linked to the difference in moral judgments, attitudes towards issues of contemporary moral, attribution of responsibility to err resistance to temptation moral, individual differences in Machiavellianism and ethical responsibility and attention.

Forsyth (1980, 1992) conceptualized Idealism as reflecting a concern for the welfare of others and the avoidance of negative consequences for others, and the belief that morally "right" behavior leads to desirable consequences. Highly Relativistic individuals are seen as rejecting moral universals and endorsing an ideology based on ethical scepticism, a point of view which recognizes that there are many different ways to look at morality and which criticises those who attempt to formulate or rely on specific ethical principles (Forsyth, 1980, 1981, 1992). High Relativists are likely to take a more moderate or neutral position in moral judgment than those who are low on Relativism (Forsyth, 1981). This does not mean that Relativism is negatively related to the perceived importance of ethics and social responsibility as proposed by Singhapakdi et al., (1996b). On the contrary, Relativists are likely to agree that ethics and social responsibility are important in principle. At the same time, their scepticism makes them likely to agree that there are situations in which ethics and social responsibility may have to be subordinated if competitiveness, profitability, survival or efficiency are to be maintained.

Hypotheses Development

Hypothesis 1 : Idealism is positively associated with the perception that ethics and social responsibility is important in achieving organizational effectiveness (Presorsubscale 1).

Hypothesis 2 : Relativism is positively associated with the perception that ethics and social responsibility is important in achieving organizational effectiveness (Presorsubscale 1) and against the view that ethics and social responsibility should be subordinated to the achievement of organizational effectiveness (Presorsubscale 2).

Hypothesis 3 : The view that ethics and morals are not relevant (irrelevant) in the business (ATBEQ subscale 1) was negatively related to the perception that ethics and social responsibility is important in achieving organizational effectiveness (Presor subscale 1).

Hypothesis 4 : The view that ethics and morals are not relevant (irrelevance) in the business (ATBEQ subscale 1) was negatively related to the perception that ethics and social responsibility is subordinated to the achievement of organizational effectiveness (Presor subscale 2).

Hypothesis 5 : Objectivism (ATBEQ subscale 2) is positively related to the view that ethics and social responsibility should be subordinated to the achievement of organizational effectiveness (Presor subscale 2).

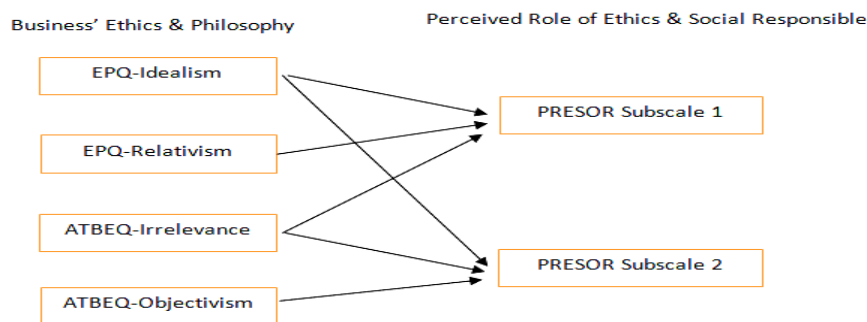


Figure 1
Research Framework

III. Research Methods

Sample and Population

The population in this study were students of the faculty of economics, majoring in accounting from 6 different universities. The number of samples that the respondents are willing to be as much as 256 respondents. Time distribution of the questionnaire in June 2016 in Jakarta.

Research methods

Questionnaires were adopted from the research Singhapakdi et al (1996) and John M. Etheredge (1999) using a Likert scale with a range Strongly Disagree (1), Disagree (2), Doubtful (3), Agree (4) and Strongly Agree (5). Data analysis is done by Exploratory Factor Analysis (EFA) to test the validity and reliability PRESOR, ATBEQ and EPQ, and using multiple linear regression to examine the influence of the independent variables on the dependent variable.

IV. Result And Discussion

The Exploratory Factor Analysis (EFA) on PRESOR

Table 1 Exploratory Factor Analysis on PRESOR
Rotated Component Matrix^a

Questionnaires	Component				
	1	2	3	4	5
P1 Being ethical and socially responsible is the most important thing a firm can do.	,054	-,111	,041	,074	,763
P2 While output quality is essential to corporate success, ethics and social responsibility is not.	-,092	,296	,678	,077	-,146
P3 Communication is more important to the overall effectiveness of an organization than whether or not it is concerned with ethics and social responsibility.	,135	,110	,778	,050	-,146
P4 Corporate planning and goal setting sessions should include discussions of ethics and social responsibility.	,143	,091	-,063	,710	,042
P5 The most important concern for a firm is making a profit, even if it means bending or breaking the rules.	-,045	,662	,229	-,094	,122
P6 The ethics and social responsibility of a firm is essential to its long term profitability.	,517	-,150	-,064	,343	,353
P7 The overall effectiveness of a business can be determined to a great extent by the degree to which it is ethical and socially responsible.	,172	,182	-,293	,078	,642
P8 To remain competitive in a global environment, business firms will have to disregard ethics and social responsibility.	-,118	,144	,432	-,342	,168
P9 Social responsibility and profitability can be compatible.	-,057	-,187	,101	,678	,151
P10 Business ethics and social responsibility are critical to the survival of a business enterprise.	,545	-,017	-,091	,382	,216
P11 A firm's first priority should be employee morale.	,700	,203	-,119	-,114	-,042
P12 Business has a social responsibility beyond making a profit.	,380	-,468	,301	,150	,304
P13 If survival of a business enterprise is at stake, then you must forget about ethics and social responsibility.	-,207	,402	,456	-,358	,129
P14 Efficiency is much more important to a firm than whether or not the firm is seen as ethical or socially responsible.	,096	,585	,300	-,190	-,200
P15 Good ethics is often good business.	,761	-,134	,119	,055	,055
P16 If the stockholders are unhappy, nothing else matters.	,021	,689	,104	,080	,005

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.^a

a. Rotation converged in 8 iterations.

In this study, PRESOR analyzed using exploratory factor analysis (EFA) with varimax rotation of the responses obtained from respondents identified by five subscales factorial consisting of five factor solution with 54.47% level solutions, while using two factorial acquired 24.097%. Factor 1 consists item (6, 10, 11, 15) are all validity > 0,40 labelled PRESOR 1 representing "the importance of ethics and social responsibility", meaning that represents the importance of ethics and social responsibility in both principle and with regard effectiveness of the organization in terms profitability and survival. The second latent variables, represented by item (5, 12, 13, 14, 16), labeled PRESOR 2, "the subordination of ethics and social responsibility" shall mean the view that the achievement of organizational effectiveness may require social responsibility, under the priority of profitability, competition, efficiency or survival, and may also be ethical and social responsibility will be ignored or discarded.

The results of exploratory factor analysis (EFA) for PRESOR shows KMO and Bartlett > 0.5, tests the validity of all of the elements are also questions > 0.5 (see Table 1 and Table 2 in Appendix 1). Then using the rotation varimax PRESOR obtained two groups of questions, in which the two-factor analysis of variance equal to 24.097% yield.

The Exploratory Factor Analysis (EFA) on ATBEQ

Table 2. The Exploratory Factor Analysis of ATBEQ

	Rotated Component Matrix ^a									
	Component									
	1	2	3	4	5	6	7	8	9	10
ATBEQ_1	,520	,181	,031	,309	,232	-,213	,104	,165	,223	,033
ATBEQ_2	,291	,038	,077	,034	,213	-,098	-,106	,668	,075	,242
ATBEQ_3	,054	-,176	,205	,146	-,116	,284	,209	,359	,327	-,059
ATBEQ_4	,040	,065	,018	,191	-,026	,208	,316	,632	-,027	-,115
ATBEQ_6	,352	,091	,161	-,085	,480	,277	,189	-,008	-,078	-,206
ATBEQ_7	,708	,121	-,011	,193	-,012	,107	-,022	,088	-,003	,228
ATBEQ_8	,158	,643	,261	-,023	-,290	,033	,014	-,114	,102	-,238
ATBEQ_9	,758	,147	,057	-,120	,155	,118	,150	,119	,019	-,032
ATBEQ_10	,080	,112	-,017	-,068	,065	,000	,766	,179	,006	,040
ATBEQ_11	,075	,138	,169	,661	-,077	,134	,090	,027	,003	,060
ATBEQ_12	,037	,160	,040	,673	,064	,096	-,029	,336	,059	-,067
ATBEQ_13	,155	,150	,107	-,011	,651	-,080	,019	,104	,229	,120
ATBEQ_14	,118	,727	-,116	,111	,261	,048	,033	,142	,001	,142
ATBEQ_15	,127	,717	-,074	,200	,217	,008	,162	,018	,061	,187
ATBEQ_17	,391	-,266	-,013	,348	-,099	-,032	,439	-,146	,254	,095
ATBEQ_18	,031	-,183	,330	,471	,355	-,052	-,087	-,133	-,026	,243
ATBEQ_19	,254	-,136	-,290	,218	,001	,651	,019	,200	-,013	,071
ATBEQ_20	,225	,175	,068	,339	,182	,458	,067	-,001	-,023	-,060
ATBEQ_21	-,045	,204	,013	,228	,523	,142	,509	,013	,097	,061
ATBEQ_22	,004	,062	,104	-,029	,229	,112	-,039	,048	,782	-,060
ATBEQ_23	-,058	-,122	,642	,227	,231	,220	-,181	-,162	,186	-,063
ATBEQ_24	,159	,020	,744	,140	,174	,004	,079	,036	,070	,072
ATBEQ_25	,281	,067	,346	,090	,089	,232	,413	-,077	-,117	,135
ATBEQ_26	-,128	,090	,177	-,038	-,042	,667	,050	-,008	,183	,277
ATBEQ_27	,157	,117	,124	,021	,091	,225	,100	,060	-,029	,782
ATBEQ_28	,273	,340	-,068	,227	-,100	-,067	,170	-,035	,481	,357
ATBEQ_29	-,094	,025	,672	,006	-,182	-,116	,071	,343	-,029	,078

Extraction Method: Principal Component Analysis.
 Rotation Method: Varimax with Kaiser Normalization.
 . Rotation converged in 21 iterations.

In this study, ATBEQ analyzed using exploratory factor analysis (EFA) with varimax rotation of the responses obtained from respondents identified six subscales

factorial consisting of six factor solution with 62.134% level solutions, while using two factorial acquired 15.414%. Factors ATBEQ-irrelevance consisted items (1, 7, 9) that all validity > 0.40 labelled ATBEQ-irrelevance representing no relevance between morals and ethics in business, the second variable latent, represented by item (8, 14, 15), given ATBEQ label-Objectivism, which in this business philosophy reflects the philosophy that prioritizes rational self-interest, which means the company has no ideology or values other than economic growth, profit, and efficiency. Business is only a moral system that is clearly based on the objectives for individual economies.

The Exploratory Factor Analysis of EPQ

In the processing of the data by using EFA, all grades MSA is already above 0.50 so that all questions can be used, and supported by the KMO value is already above 0.50. Besides from the varimax rotation produced a value of all the questions > 0.50. EPQ analyzed using exploratory factor analysis (EFA) with varimax rotation of the responses obtained from respondents identified six subscales factorial consisting of six factor solution with 56.681% level solutions, while using two factorial gained 22.999%. Factors EPQ-Idealism selected item (13, 14, 15, 16, 17) are all validity > 0.40 labelled EPQ-Idealism. The second latent variables, represented item (4, 5, 6), labelled EPQ-Relativism. (Table 3).

Regression analysis on PRESOR, ATBEQ and EPQ

**Table 3. Exploratory factor Analysis of the EPQ
Rotated Component Matrix^a**

	Component					
	1	2	3	4	5	6
EPQ1	,205	,165	-,239	,156	,478	-,405
EPQ2	,148	,068	-,023	,743	,031	,067
EPQ3	-,010	,457	,015	,523	,040	,228
EPQ4	-,006	,720	-,075	,092	,087	,145
EPQ5	,145	,783	,021	-,069	,008	-,237
EPQ6	-,113	,726	,048	,000	,250	-,038
EPQ7	,290	,049	-,059	,017	,038	,659
EPQ8	-,178	,181	-,151	,055	,664	,066
EPQ9	,031	,066	,082	-,233	,649	,058
EPQ10	,119	,037	,140	,136	,691	,047
EPQ11	,268	-,199	-,029	,498	,112	,390
EPQ12	,235	,033	,161	-,630	,069	,138
EPQ13	,703	-,032	,107	-,024	-,035	,040
EPQ14	,507	-,132	-,054	-,269	,101	,259
EPQ15	,727	-,091	,187	,047	-,012	,119
EPQ16	,727	,144	-,004	,170	,054	-,077
EPQ17	,591	,085	,094	-,005	,005	,291
EPQ18	,086	-,012	,085	,092	,057	,736
EPQ19	,159	,055	,879	-,029	,003	,031
EPQ20	,118	-,057	,856	-,120	,033	,027

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.^a

a. Rotation converged in 7 iterations.

Taking each of the two PRESOR subscales in turn as dependent variable, multiple stepwise regression analyses were performed to extend the analyses of their relationships with each other and with the two EPQ subscales and the two ATBEQ subscales. The result of these multiple regression analyses are shown in Table 4.

Regression results of the first, where the first variable PRESOR, the Importance of ethics and social responsibility, as the dependent variable, influenced by subscale PRESOR second, the subordination of ethics and social responsibility, two subscales of EPQ, namely Idealism and Relativism, as well as two subscales ATBEQ, i.e. irrelevance and Objectivism. The first regression results indicate that the independent variables simultaneously and significantly affect PRESOR (adjusted R^2 4.9%, $F = 5.762$ and $p < 0.000$), and partially prove that hypothesis 1 and hypothesis 2 confirmed or acceptable.

Table 4. Regression Analysis on PRESOR, ATBEQ and EPQ

	Independent variable	Beta	T-Value	Sig of T
1	PRESOR : Importance of ethics and social responsibility			
	Presor-subordination	-0.011	-0.165	0.869
	EPQ-Idealism	0.170	2.673	0.008
	EPQ-Relativism	0.185	2.968	0.003
	ATBEQ-Irrelevance	-0.066	-0.980	0.328
	ATBEQ-Objectivism	0.053	0.822	0.412
	<i>Adjusted R2 =0.049 F =5.762 Sig of F: 0.000</i>			
2	PRESOR : subordination of ethics and responsibility			
	PRESOR -Importance	0.123	2.057	0.041
	EPQ-Idealism	0.011	0.190	0.850
	EPQ-Relativism	0.048	0.799	0.425
	ATBEQ-Irrelevance	-0.149	-2.554	0.011
	ATBEQ-Objectivism	0.372	5.877	0.000
	<i>Adjusted R2 =0.208 F =14.255 Sig of F: 0.000</i>			

In hypothesis 1, the ideology of ethics (EPQ) first, idealism, where this ideology as a reflection of a concern for the welfare of others and the avoidance of negative consequences for others, and the belief that morally "right" behavior leads to desirable consequences, influential PRESOR significantly to the positive subscale 1. Whereas in the second hypothesis, highly relativistic rejecting individuals are seen as moral universals and endorsing an ideology based on ethical septicism a point of view recognizes that there are many different ways to look at morality and critiques reviews those who attempt to formulate or rely on specific ethical principles (Forsyth, 1980, 1981, 1992). High Relativists are likely to take a more moderate or neutral position in moral judgment than reviews those who are low on Relativism (Forsyth, 1981).

The results of hypothesis 2 testing, a person who has the ideology of ethical relativism has a significant positive effect on PRESOR subscale 1. And from the same test produced positive influence that relativism is not significant to the PRESOR subscale 2, so these results partially accepted hypothesis 2 and rejecting some hypotheses 2. Testing of the hypothesis 3 shows the results are not significant so the view that ethics and morality are not relevant in the business to be negatively correlated with the perception that ethics and social responsibility is not important in achieving organizational effectiveness. So the hypothesis 3 is rejected.

The second test is a test to prove the hypothesis 4 and 5. The fourth hypothesis, test the effect of the partial ATBEQ 1 Irrelevant to PRESOR subscale 2, where the perception expressed the view that ethics and social responsibility should be subordinated to the achievement of organizational effectiveness. The results of the partial regression analysis proved that ATBEQ subscale 2 negative effect significant on PRESOR 2, and this means that the hypothesis 4 was accepted. While the fifth hypothesis is accepted ($p < 0.05$), which means Objectivism (ATBEQ subscale 2) significantly positively prove that Objectivism holds that ethics and social responsibility should be subordinated to the achievement of organizational effectiveness.

V. Conclusion

This study draws on research conducted by Singhapakdi et al., (1996), where PRESOR instrument used to measure the perceptions of managers of business ethics and corporate social responsibility, and respect in the business decision-making. By exploratory factor analysis and using dimensions ideology of ethics (EPQ) and the philosophy of ethics, obtained components on PRESOR into the structure of the two factorial, i.e. factorial first, labeled "importance of ethics and social responsibility is of primary importance in business", both in principle and with regard to the effectiveness of the organization in terms of its profitability and survival. The second factorial subscale, labeled "subordination of ethics and social responsibility in the achievement of organizational effectiveness", is viewed as a measure of the perceived need to disregard or even reject ethics and social responsibility in order to achieve organizational effectiveness in terms of competitiveness, profitability, efficiency or survival (Singhapakdi et al, 1996).

Regression analysis carried out on the factorial PRESOR shows significant effects on the two-dimensional ethical ideology EPQ, i.e. Idealism and Relativism. Besides PRESOR also has a significant relationship with the philosophy of ethics, ATBEQ. Empirically, there is a clear need to understand how managerial attitudes toward ethics and social responsibility of business influence decisions affecting organizational effectiveness. Attitudes measured by the PRESOR instrument should be related to the difference in moral judgment, to attitude toward contemporary social and moral issues of concern to business, to attributions of responsibility for wrongdoing, to differences in Machiavellianism and locus of control, and to the ethics of virtue, responsibility and care (Etheredge, 1999).

In general, the prospective manager (student of economics and management) has the ideology and philosophy of business ethics is good enough, proved almost all accepted hypothesis, except hypothesis 3 and some hypothesis 2. The respondents still doubt that corporate social responsibility is not relevant to profit and achievement of the company'sthe effectiveness.

This research has limitations in terms of the criteria that should be required of respondents in the survey, more appropriate if the respondent is an employee who is studying in the university, had conducted a corporate decision making. Questionnaire too much so often encountered somewhat reluctant respondents answered correctly and carefully, so that the questionnaire is still in doubt.

Suggestions for further research are using respondents manager or master of business school students, who never worked, so the results of the questionnaire describes the realistic conditions of business ethics in Indonesia and its relation to corporate social responsibility.

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INFLUENCE OF SERVICES TAX AUTHORITIES AND TAX SANCTIONS ON COMPLIANCE TAXPAYERS AT TAX OFFICE WEST MEDAN

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Abstract

This research aims to analyze the influence of the services tax authorities, and sanctions against tax compliance taxpayers. This research using primary data collected from the spread of the questionnaire to 100 respondents required tax people is normally housed on the personal tax office West Medan. With the sampling techniques using Slovin equations. The data has been analyzed using the methods of quantitative analysis using multiple linear regression analysis. The results of the analysis in this research showed that partially services tax authorities variable is not a significant effect of compliance required tax. While the tax sanctions significant effect of compliance required taxes. Simultaneously, services tax authorities and tax sanctions significant effect of compliance required tax people in personal tax office West Medan.

Keywords: *services tax authorities, tax sanctions and compliance taxpayer*

I. Introduction

Along with the development of the Indonesian economy will follow again with policies in tax. Therefore, the tax is a phenomenon that always grow in the community. The tax is used as one of the efforts that used by the government to realize the independence of a nation or state in financing the development which is useful for the common interests.

Many ways have been done by the government to improve the compliance of taxpayers such as the implementation of tax sanctions and also improve the services finding *services tax authorities*. The General Rules and Procedures for Taxation had set up all forms of sanctions in the form of good tax administration sanctions and criminal sanction. The implementation of this sanction is required to provide a deterrent effect to taxpayers that violate the terms of taxation.

The services provided *services tax authorities* is hope that longed for the community because taxpayers assume that it is a "rights" which must be obtained as feedback on the implementation of "obligations" in pay tax. Law enforcement of taxation are actions that are performed by *services tax authorities* to ensure that taxpayers and potential taxpayers to meet the terms of taxation as convey SPT, bookkeeping and other relevant information and pay tax on time. Means of law enforcement due to disobedience taxpayers can include sanctions on negligence convey SPT, the interest levied on delayed payment and criminal charges in the event of alertness tax.

According to Muindro (2013), public sector control of public funds are responsible to the public through representatives and directly to the community related. Vertical accountability is to the community that related in the structure of the organization, while the horizontal accountability is responsible answers to the general public through the existing mechanism that is parliament. from the side of the subject, What is meant is with state finance includes all objects that belong to the state. Public Accountability is the obligation of the holder of the mandate (agent) to give responsibility, presents, reported

and reveals all the activities and the activities of the responsibility to the party give principal has the right and the authority to ask for accountability.

According to the public services on taxes, ministry is a way to serve, help prepare, manage and complete the necessity for the needs of the people, both individuals, and groups or the organization of the members of the group or organization. Many factors that can affect taxpayers in reporting and pay taxes payable. Such as lack of awareness required in the report and pay taxes payable so taxpayers attempting to pay the obligation gladly smaller than that should be, the second about *services tax authorities* services or tax officers and the last of the existence of tax sanctions that can make taxpayers better forced to or not must report and pay taxes payable.

During the many taxpayers who are registered as taxpayers and have not NPWP carry out his duties. The sanction of taxation is a guarantee that the terms of legislation on taxation (Tax Norms) will be followed/obeyed/kept. The threat of a violation of the norms of taxation is threatened with criminal sanctions and there are who got sanction administration.

According to (Pranadata 2014) with the implementation of the penalty for a tax firm and considered harmful by taxpayers will increase the compliance of taxpayers to meet the obligation taxation. The research done by Marjan (2014) and Arum (2012) shows that tax sanctions have a positive and significant impact on the compliance of taxpayers. The Compliance of taxpayers in meet the obligation to pay taxes depending on how the tax officers provide the best service quality to the required taxes.

To measure the level of compliance required taxes can through the percentage of delivery annual SPT that is received by the office of the Tax Office West Medan.

Table 1 . Reporting annual SPT Taxpayers In the Tax Office West Medan

The Year	The number of WP OP Registered	WP OP which convey the SPT	The percentage of Compliance (%)
2010	21.080	14.230	67,50%
2011	22.646	14.064	62.10%
2012	23.947	14.723	61,48%
2013	24.855	13.989	56,28%
2014	26.026	12.198	46,87%

Source : Tax Office West Medan (2015)

Based on the table above can be known from the results of the percentage of the level of compliance required tax those individuals who reported annual SPT decline. Where according to the circular letter of taxation the number SE-10/ACTING/2010 high compliance level obtained when the number of taxpayers conveys annual SPT more than 60 percent of the total number of taxpayers who registered and vice versa. In 2013 and 2014 the level of compliance required tax still under 60 percent and can be said is still low levels of compliance of taxpayers in the reporting of delivery E.G.

According to Waluyo (2006) sanctions as regulated in Article 39 of Act No. 16 The year 2000 about the general rules and procedures for taxation that for taxpayers deliberately not register, or light use or use without rights (NPWP, consolidation PKP and that does not convey the SPT so that can cause losses in the state revenue threatened with imprisonment forever 6 years and a fine of at least 4 times higher amount of tax payable and not or less pay.

The problems often appear in tax is the level of compliance of the community in implementing the tax obligations. Taxpayers comply does not mean taxpayers who pay

tax in nominal terms and orderly reported gladly through SPT, but taxpayers who understand and comply with the rights and obligations in the field of taxation.

The level of compliance required tax is one of the important components that determine the success of target achievement of tax revenue because of the taxation system that we use a self-assessment system. Where to apply the self-assessment system is expected to increase the participation of the people in the fulfillment of the obligation to pay the tax that is the source of the state revenue. The implementation of self-assessment system closely related with the compliance of taxpayers in tax payments, because more taxpayers true and honest in deposit gladly then indirectly increase the level of compliance required tax in the case of taxation.

According to Maruf (2009), tax compliance in principle is required actions in tax obligations taxation in accordance with prevailing rules and regulations and the implementation of taxation in a country. The largest taxpayer may not meet the criteria as taxpayers comply, because even though taxpayers provide a major contribution to the state if still have arrears and delays in tax deposit and cannot be given rated taxpayers comply.

Good services are expected to be able to improve the compliance of taxpayers. In research Supadmi (2010) mentioned that to improve the compliance of taxpayers in fulfilling the obligation taxation, quality of taxation services must be improved by the tax forces. Good *services tax authorities* services will provide comfort for taxpayers, represents hospitality tax officers and the ease of information system of taxation including in taxation service. Measuring objects around the research (2006) find that the ministry tax authorities have positive influence significantly to the obedience required taxes.

II. Theoretical Framework

Definition of Taxes

According to Siti Resmi (2011) there are some defining the tax put forward by the experts namely definition taxes according to Rochmat Soemitro, "fee is tax the people to the state coffers based on law (which can be imposed) with no mutual services that directly can be shown and used to pay for public spending". Defining the tax that put forward by Djajadiningrat: "taxes as an obligation to give up some of their wealth to cash country that caused a condition, incidents and actions that provide specific positions, but not as a punishment, according to the regulations specified by the government and can be imposed, but there are no mutual services from the state directly to keep the welfare in general". Defining the tax that put forward by J.Feldmann: taxes are the achievements of the imposed unilaterally by And payable to rule (according to the norms that instituted in general), without any contra, and is merely used to close the general expenses".

Tax function according to Siti Resmi (2011) can be classified into two namely: (1) The function of Budgetary (source State finance). That is one of the sources of government revenue to finance the expenditure of both routine and development. as a source of State finance, the government has been trying to put as much money in state coffers. the efforts were taken by the way extension or intensification of tax collection through enhancements to the regulation of various types of income tax (PPh), the Value Added Tax (VAT), and Sales Tax on Luxury Goods (LGT), tax the Earth and the building (UN), and others. (2) The function of Regular End (Officers).

The tax as a tool to manage or carry out the policy of the government in the social and economic, and achieve a purpose outside the economy. There are many different types of tax that can be grouped into three namely clustering according to the, according to the nature of, and according to the voting institutions.

Accordinging

Taxes are grouped into two namely (1) Direct tax: which must be shouldered tax or covered himself by taxpayers and cannot be transferred or burden to another man. Example: income tax (PPH) paid by certain parties who earn. (2) Taxes not directly: which eventually can be tax burden or transferred to another person or third party indirect taxes occurs if there is an activity, events, or deeds that cause tax payable, for example, occurred delivery of goods or services. Example: Value Added Tax (VAT).

Accordinging to the nature

Taxes are grouped into two namely ; (1). Subjective tax: the tax imposition attention to personal circumstances taxpayers or tax imposed who pay attention to the state of the subject. Example: income tax (PPH). In Income Tax there is a tax subject (taxpayers) the personal. (2) The objective of the tax: the tax imposition attention to the object was either as an object, the situation, deed, or events that resulted in the emergence of the obligation to pay taxes, regardless of personal circumstances tax subjects (taxpayers) or a place to live. Example: Value Added Tax (VAT), and sales tax on luxury goods (LGT), and taxes the earth and the building (UN).

Accordinging to the institution of tax

Tax categorized into two namely : (1) State taxes (center) : the tax imposed by the central government and used to finance the state household in general. Example : PPh PPN and PPN Bn ,and Acquisition Duty of Right on Land and building (BPHTB), (2) Regional tax : the tax imposed by the local government both at district level (tax) province and district level II (tax district) and used to finance the household each area. Example : motor vehicle tax, duties behind the name of the motor vehicle fuel tax, vehicles, tax surface water, tax cigarettes, tax hotel, restaurant, entertainment tax, tax billboards, tax explanation of the way, mineral tax not metal and rocks , parking tax, tax ground water, tax bird nests wallet, tax the earth and the building of rural and urban areas, Acquisition Duty of Right on Land and building.

Accordinging to Siti Resmi (2011) Procedures for tax collection can be done based on the three stelsel, namely:

Real Stelsel

This Stelsel stated that the tax imposed based on the object that actually happened (for Income Tax and its object is income). Therefore, raises new taxes can be done at the end of the year tax, namely after all the real income in a tax year known.

The advantages of real stelsel are counting tax based on income so that more accurate and realistic. The lack of real stelsel is new taxes can be known at the end of the period, so: (1) Taxpayers will be burdened by a number amount of tax payments is high at the end of the year while at the time is not yet available the number of adequate cash; and (2) All taxpayers will pay taxes at the end of the year so that the amount of money circulated in the macro is affected.

Notion Stelsel (Fiction)

This Stelsel stated that the tax imposed based on a notion that is governed by the laws. As an example, income a year is considered by the production of the previous year so that the tax are indebted on a year also is held to be the same with the tax payable years earlier. With stelsel this means the amount of tax payable on year walk could have been determined or known in the early years of the corresponding.

The advantages of the fictitious stelsel are taxes can be paid during the year walk, without having to wait until the end of a year, for example, tax payments made at taxpayers earn high or may be paid in the current year. The downside is the tax paid is not based on a real situation so that the determination of-be inaccurate.

Stelsel mixture

This Stelsel stated that the tax imposed based on a combination of real and stelsel stelsel assumptions. At the beginning of the year, the amount of tax is calculated based on a notion, and then at the end of the year tax value is calculated based on the real. If the amount of tax based on the real larger than on the size of the tax according to the assumption, taxpayers must pay the shortage. On the contrary, if the amount of tax actually smaller than on the size of the tax according to the assumption, advantages can be prompted to return (restitution) or are compensated under Pakistani in the following years, after credited with the debt of the other party.

According to Siti Resmi (2011) tax collection system consists of (1) Official Assessing System. Tax collection system that gives the authority to the tax apparatus to determine their own amount of tax that payable each year in accordance with the laws and regulations on taxation. In this system, initiatives activities and calculate and collect taxes completely cavalier the apparatus of taxation. Thus the success or whether or not the implementation of tax many depending on taxation apparatus (a dominant role there on the apparatus of taxation). (2) Self Assessment System. Tax collection system that gives authority taxpayers in determining the amount of tax that payable own each year in accordance with the laws and regulations of the legislation on taxation. In the system in initiatives and the activities of the count and gather fully tax cavalier Taxpayers . Taxpayers are considered able to calculate taxes , are able to understand the laws of taxation is happening and have a high level of honesty and realize the importance of paying taxes. Therefore, taxpayers are given confidence to: (a) Calculate your own tax to payable; (b) Calculate the own tax to payable; (c) Pay for themselves the amount of tax that payable; (d) Report itself the amount of tax that payable; and (e) The tax accountable payable.

Thus the success or whether or not the implementation of tax many depending on the Taxpayers own (dominant role is on the Taxpayers) . (3) With the Holding System, Tax collection system that gives authority to the third party appointed to determine the amount of tax that payable by Taxpayers in accordance with the laws and regulations of the legislation on taxation. The appointment of a third party is done according to the rules and regulations of the legislation on taxation, presidential decree , and other regulations to encourage and collect taxes, Deposit, and accountable through the means of taxation is available. Successful or not his execution of many tax collection depending on the third party appointed.

Compliance of Taxpayers

According to Safri Nurmantu in Hafsyah Nur Hidayah Harahap (2013), compliance required of taxation is a situation where taxpayers meet all tax obligations and carry out the implement taxation rights. While according to Simon James in C. Mandagi (2014) compliance of taxpayers is a willingness to fulfill the obligation gladly in accordance with the applicable rules without carrying out investigations , examination thorough investigation, warning or threat and the implementation of good sanctions law and administration. Generally, the compliance of taxpayers are measured from his obedience in pay and report on taxation, what has been done properly in accordance with the applicable rules.

According to the Nasucha Chaizi in Sony Devano and Siti Kurnia Rahayu (2006): Compliance taxpayers identified from: (1) Compliance taxpayer in register, (2) The Compliance of Taxpayers to deposit Back SPT, (3) In the calculation of compliance tax and outstanding payments, (4) In payment of arrears compliance.

"Compliance taxpayers is guilt and shame, perception required taxes on fairness and justice tax burden that their responsibilities, and the influence of satisfaction toward government services".

Now the type of compliance required taxes according to Dwikora (2013:67) is: (1) Formal obedience is a condition where all required meet taxes formal obligations in accordance with provisions in laws of taxation. (2) The compliance of the material is a situation where taxpayers substantially (essence) meets all material terms of taxation, i.e. in accordance with the contents of the soul and the laws of taxation.

Based on the regulation of the Minister of Finance of The Republic of Indonesia No.192/PMK.03/2007 about assignment procedures for taxpayers with certain criteria in order to restore introduction excess tax payments taxpayers with certain criteria hereinafter referred to as taxpayers comply is taxpayers who meet certain requirements: (1) The right time to deliver a notification letter. (2) Does Not Have tax arrears that have obtained permission to repay or delaying payments. (3) Financial report audited by a public accountant or government financial supervision institutions with reasonable opinions without exception for three consecutive years. (4) Never sued because a criminal act in the field of taxation based on the decision of the court which has the force of law remains in the time frame of the last five years.

According to Sony Devano and Siti Kurnia Rahayu (2006) proposed that: (1) Does Not Have a tax arrears for all types of taxes, unless permission has been granted to repay or menundapembayaran taxes. (2) Never penalties for doing efforts on taxes in the period of ten tahun terakhir. (3) In the right of examination, corrections on an examination yang terakhir audited by a Public Accountant with the exception, wajartanpa opinion or opinions with pengecualiansepanjang does not affect the profit and loss of the fiscal. This audit report should be arranged in the form of long present a reconciliation commercial and fiscal income statement. In this case the laws of Taxation financial report is not audited by a Public Accountant, required to meet the conditions.

Services Tax Authorities

According to were measuring objects around (2006) Ministry is how to serve (help, arrange or prepare all the necessity requirement needed someone) meanwhile tax authorities is tax officers. So that service tax authorities can be interpreted as a way of tax officers in help manage or prepare all the needs that needed a man.

According to Pudyatmoko (2009), the term tax authorities in the latest developments often interpreted as a government officer to handle the inclusion of money for the people in the form of taxes to inserted into the state coffers. Not even a rare government apparatus related to the tax is also mentioned by the community as tax authorities. So here tax authorities not only handle gladly voting. Even if actually tracked back from the original tax authorities means money bag.

According to the Public Services on taxes, Ministry is a way to serve, help prepare, manage and resolve the necessity of community needs, both individuals, and groups or the organization of the members of the group or organization.

While the ministry itself on the sector required taxes can be interpreted as the services provided in the community (taxpayers) by the Directorate General of Taxation to be able to help people in the rights and obligations taxation. The Ministry on the tax sector (tax authorities) and Taxation Service Offices for the organization of the implementation of taxation which is directly related to the required taxes, which would convey the state revenue from the tax sector.

According to the law of the Republic of Indonesia Number 25 Year 2009 about public services article 1 explained that : "public services is the activity or series activities

in order to fulfill the needs of the services in accordance with the rules and regulations for each citizen and inhabitants of goods and services and / or administrative services provided by the organizer of the public service"

Taxation services are included in the public service because : (1) Carried out by the government agencies. (2) Aims to meet the needs of the community as well as in the framework of implementation of the Law. (3) Follow-up profit oriented

The Ministry tax authorities have a close relationship with customer satisfaction required tax, service provide a boost to the required taxes to forge a dynamic relationship with the Office of the Ministry of taxes. In the long term relationships or this bond allows Taxation Service Offices to understand thoroughly hope taxpayers and their needs.

Responsible Tax authorities and utilizing human resources are needed to improve compliance required taxes. By empirical, this has been proven by Sutrisno (1994) in Santi (2012) who find that there is a relationship between tax payments with the quality of public services to taxpayers in the urban sector. It is expected that have competency tax authorities (expertise skill), knowledge and experience, in the policy things experience taxation, tax administration and legislation on taxation. In addition, tax authorities must have a high level of motivation as public servants.

Tax Sanctions

According to Mardiasmo (2011), the sanction of taxation is a guarantee that the terms of the tax laws and regulations (tax norms) will be followed/obeyed/kept. Or in other words, the sanction of taxation is the appliance (prevention preventive measures) so that taxpayers would not violate the norms of taxation.

The sanction is an action in the form of punishment is given to those who break the rules. The rules or act is a beacon of beacon for someone to do something about what should be done and what should not be done. The sanction required for the laws and regulations of the not broken.

According to Ilyas and Burton (2010) four things that are expected or required of taxpayers are: (1) Required compliance in pay taxes conducted with full awareness. (2) Claimed responsibility taxpayers in conveying or enter a notification letter on time. (3) Required honesty taxpayers in charge notification letter in accordance with the real conditions. (4) Give the sanction (law enforcement) that more weight to taxpayers who do not obey the applicable terms.

In on taxation is known two kinds of sanctions, namely administration sanctions and criminal sanction. Threats to the offender a tax norms are threatened with administrative sanctions, there which was threatened with criminal sanction only, and there are also threatened with administrative sanctions and criminal sanction. While according to the Association on Taxation (2010), Act No. 28 2007, criminal sanction given to taxpayers among others: (1) The taxpayer because negligence does not convey the annual SPT with not true and complete or attach a description is not correct so that can cause losses in the state revenue and works is the first imposed imprisonment brief 3 (three months and most long 1 (one year and a fine of at least 1 (a) times the amount of tax or not payable /less pay and most 2 (two) times the amount of tax not payable/ less pay (Article 38). (2) 2.

Taxpayers with deliberately does not convey the annual SPT with true and complete and did not deposit the tax cut/collected so that can cause losses in the state revenue sued with a brief imprisonment 6 (six) months and most long 6 (six) years and a fine of at least 2 (two) times the amount of tax that is not payable /less pay and most 4 (four) times the amount of tax that is not payable/less pay (Article 39 verse 1).

III. Research Methods

Based on the level of explanation and research, then the type of this research is research Associative . The population in this research is required taxes registered in the Tax Office West Medan. The amount of the population in this research namely 26.026 taxpayers. Based on calculations with the formula Slovin , then the number of samples taken in this research is as much as 100 taxpayers.

The type of data that is used in this research is quantitative data, which consists of the primary data. Primary Data is a research data obtained directly from the original source (not through the medium), a perception (opinions, attitudes, experience) individually or observation events or activities and test results. Now the primary data that is used questionnaire. Data Analysis in this research using multiple linear regression analysis techniques to process and discuss the data that has been obtained and to test the hypothesis that proposed. Multiple regression analysis techniques selected for use in this research because of the multiple linear regression techniques can conclude directly about the influence of each of the independent variables used partially or simultaneously.

IV. Result and Discussion

Multiple Linear Regression Analysis

Table 2. Multiple Linear Regression Coefficients ^a

The Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	18.675	3.917		4.767	.400
Tax authorities Services	-.144	.158	-.087	-.911	.365
Tax sanctions	.450	.138	.314	3.267	.002

A. Dependent Variables: compliance wp op

Based on the table 2 linear regression equation, who read is the value in the column B, the first line shows planck (a) and the next line shows the drag coefficient independent variables. Can be known linear regression equation double the values of the above is as follows.

$$Y = 18.675 + 0.144 X + 0.450 X +$$

The value of planck with regression coefficient in table 4.10 can be explained as follows. (1) Planck of 18.675 shows that if the independent variables (services, tax authorities tax sanctions) assumed does not change (constant) then the value of Y (compliance Taxpayers the personal) was 186.75%. (2) Variable coefficient tax authorities services (X1) of 0.144 means every increase service tax authorities 1%, then the compliance of Taxpayers will rise by 14.4%. (3) Variable coefficient tax sanctions (X2) of 0.450 means every increase the penalty for tax 1%, then the compliance of Taxpayers will rise by 45.0%.

The Test Results of Classical Assumptions

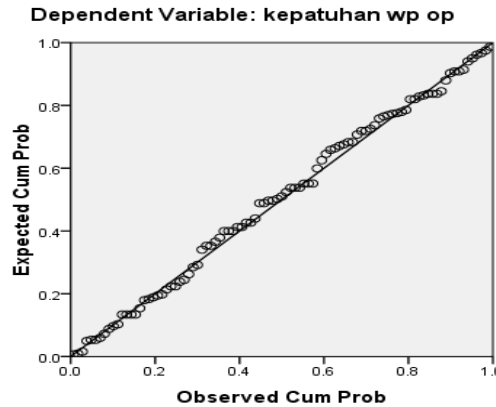
Test results Normalitas

Normality tests intended to measure whether in the regression model variable independent and dependent variables both have the distribution of the normal or near normal. A good regression model is to have the distribution of the normal or near normal.

Based on the graphic display Normal P plots above, it can be concluded that on the graph normal visible from the points that spread around the diagonal lines and propagating

in the direction diagonal lines. Based on the graph Normal P plots, shows that the proper regression model used in this research because meet normality assumptions.

Normal P-P Plot of Regression Standardized Residual



Picture 1 . Normalitas Test

Test Results Multicollinearity

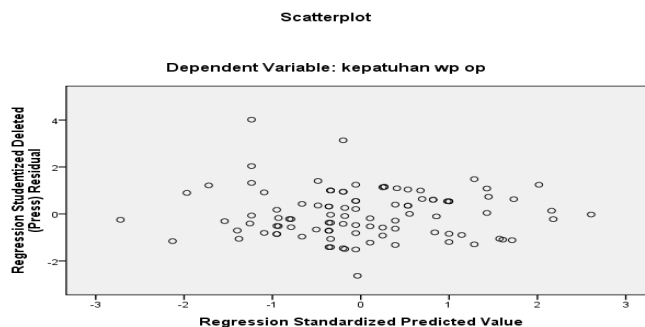
Table 3. Test results Multicollinearity Coefficients ^a

Model	Correlations			Collinearity Statistics	
	The Zero-order	Partial	Part 5	Tolerance	VIF
1 (Constant)					
Tax authorities	-.097	-.092	-.087	.999	1.001
Services					
Tax sanctions	.316	.315	.313	.999	1.001

A. Dependent Variables: compliance taxpayer

Based on the table 3 can be known that each variable has tolerance not less than 0.10 and the value of the Variance Inflation Factor (VIF) is not more than 10. This analysis shows that there is no symptoms multicollinearity against research variable. So worthy to be used in the next test (Ghozali,2009).

Test results Heteroskedasticity



Picture 2. Heterokedastisitas Test

Based on the picture above scatterplot, visible points of spread at random and does not establish a clear pattern and not regularly, and spread both above and below the number 0 on the Y axis, then not occur heteroskedasticity (Santoso,2000 in Azuar and Irfan,2013).

Hypothesis Test Partial Test Results

**Table 4. Partial Test Results (t)
Coefficients^a**

The Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	18.675	3.917		4.767	.000
Tax authorities Services	-.144	.158	-.087	-.911	.365
Tax sanctions	.450	.138	.314	3.267	.002

A. Dependent Variables: compliance

Hypothesis 1: Influence Tax authorities Services Against Compliance Taxpayers The Personal

The results of the hypothesis test 1 can be seen in table 4 , the ministry tax authorities variables (X1) have a significant level of 0.365, this means reject Ha. Because the service quality tax authorities (X1) did not affect the compliance of Taxpayers the personal (Y) because a significant level that belongs to the service quality tax authorities variable is greater than 0.05.

Hypothesis 2: The Influence of Tax Sanctions on Compliance Taxpayers

The results of the hypothesis test 2 can be seen in table 4, tax sanctions variables (X2) have a significant level of 0.002, this means receive Ha. Because the sanction taxes (X2) influential significantly against the compliance of Taxpayers the personal (Y) because a significant level that belongs to a variable tax sanctions smaller than 0.05.

Simultaneous Test Results

**Table 5. Simultaneous Test Results (F)
ANOVA^b**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	100.496	2	50.248	5.843	.004
A Residual	834.144	97	8.599		
The Total	934.640	99			

a. Predictors: (Constant), tax sanctions, tax authorities services

b. Dependent Variables: compliance

Hypothesis 3: Influence Tax Authorities Services, and Tax Sanctions on Compliance Taxpayers.

Based on the table 5 can be seen that the test results F shows the value of F count of 5.843 with the significance of 0.004. Significant value is smaller than the 0.05 Ha

accepted, so this indicates that the independent variables affect simultaneously and significant impact on the dependent variables. This means that every change that occurs on the independent variables that ministry, tax authorities and tax sanctions together will affect the compliance of Taxpayers people in personal Tax Office West Medan.

Determination Coefficient Test

**Table 6. Results of the Determination Test
The Model Summary^b**

Model	R	<i>R Square</i>	<i>Adjusted R Square</i>
1	0.328	.108	.089

- a. *Predictors: (Constant)*, tax sanctions, Tax Authorities Services
 b. *Dependent Variable* : compliance

The table above shows the value of R of 0,328 this shows that the relationship of service tax authorities and tax sanctions is powerful because it is located near 0,080-0,999 (Riduan and Engkos Achmad Kuncoro, 2007). *It said the value of R Square* of 0,089, this shows that the variables compliance taxpayers those individuals who can be explained by the variables tax authorities services and tax sanctions is 0,089 while the rest of 0,911 explained by other factors that are not included in this research capital.

Discussion

Influence of the Ministry Tax authorities Against Compliance Taxpayers

The results of the hypothesis test 1 in table 4 shows that the variables tax authorities services have significant level 0.365. This means that reject H_0 so that it can be said that the ministry tax authorities does not affect the compliance of Taxpayers. Because a significant level that belongs to the ministry tax authorities variable is greater than 0.05. The results of this research are different with the research done by Aisha Dwi Budianty (2015) in KP2KP Kabupaten Sidrap and Harjanti Puspa Arum (2012) that is done in the area of Taxation Service Offices Pratama Cilacap.

The test results showed that the ministry tax authorities hypothesis does not affect the significant impact on the compliance of Taxpayers. Ministry of tax officers not fully in accordance with the desired required taxes. The desired services taxpayers namely services provided tax authorities should provide taxation services with good, help understanding taxpayers about their rights and obligations as taxpayers, attention to objections required a tax on a tax imposed and give ease taxpayers to get the ministry to deliver SPT. In performing their duty tax authorities must be able to be kind and polite to the required taxes to taxpayers feel comfortable and satisfied with the services provided tax authorities. Where the services provided tax authorities became one of the ways to increase tax revenues and customer satisfaction Taxpayers. Services provided tax authorities have a close relationship with the compliance of Taxpayers the personal, services provided tax officers provide a boost to the required taxes to forge a dynamic relationship with sixteen Taxation Service Offices).

In fact all of the employees of the board of the Directorate General of Taxation on duty in sixteen Taxation Service Offices) is to serve the community in taxation, it is time given basic knowledge of public relation, so that every opportunity to deal with the Taxpayers they are able to become a good officer and able to build a positive image of the Directorate General of Taxation.

Influence of sanctions against tax compliance Taxpayers.

The results of the hypothesis test 2 can be seen in table 4, tax sanctions variable has a significant level of 0.002. This means receive H_a so that it can be said that the tax sanctions affect the compliance of Taxpayers people personally because a significant level that belongs to a variable tax sanctions smaller than 0.05. The results of this research are consistent with the research done by Aisha Dwi Budianty (2015) in KP2KP Kabupaten Sidrap and Harjanti Puspa Arum (2012) that is done in the area of Taxation Service Offices Pratama Cilacap.

Hypothesis test results showed that the significant effect tax sanctions against compliance Taxpayers. The sanction given is an action so that taxpayers do not break the rules and law because the criminal sanction imposed for violators rules heavy enough, sanctions imposed heavy is one of the means to educate taxpayers, tax sanctions should be imposed on the offender was sentenced without tolerance and sanctions imposed or breach can be negotiated. This will result in the compliance of a required tax to pay its obligations that pay taxes.

The imposition of sanctions applied as a result, not fulfillment tax obligations by taxpayers as mandated by the laws of taxation. Sanctions imposed taxes to taxpayers can cause fulfillment gladly obligation by taxpayers so that can increase tax compliance itself. Taxpayers will respect the sanction of taxation more a detriment because the higher or severity of sanctions will be more harm taxpayers..

Influence of the Ministry Tax authorities and sanctions with tax compliance Taxpayers.

The results of the hypothesis test 3 can be seen table 5 the value of F obtained by 5.834 with significant level 0.004. Because of the significant level smaller than 0.05 then H_a received, so that it can be said that the ministry tax authorities and influential tax sanctions simultaneously and significant impact on the compliance of Taxpayers the personal. research result is consistent with the research done by Aisha Dwi Budianty (2015) in KP2KP Kabupaten Sidrap and Harjanti Puspa Arum (2012) that is done in the area of Tax Office Cilacap.

The test results showed that the ministry tax authorities hypothesis, and simultaneous tax sanctions significant effect of compliance required tax. The services provided by the tax authorities must be in accordance with the expectations of Taxpayers. Ministry tax authorities become one way for tax forces to increase tax revenues and customer satisfaction required gladly. The services provided have a close relationship with the compliance of Taxpayers the personal, and provide a boost to the required taxes to forge a dynamic relationship with Tax Office). Arum (2012) said that in this case to know how the best service that should be done by tax authorities to taxpayers, also needed the understanding of the rights and obligations as tax authorities.

With the existence of the penalty for the tax that enough weight is one of the means to educate taxpayers and improve the compliance of taxpayers in meet the rights and obligations as required taxes. Taxpayers will obey when looking tax sanctions more its detriment because the higher or severity of sanctions will be more harm taxpayers.

V. Conclusions

Based on the results of the analysis and the discussion that has been done is about the influence of the ministry tax authorities, and sanctions against tax compliance Taxpayers the personal, so it can be given the following conclusion.

1. The Ministry Tax authorities not a significant effect of compliance required tax. The results of this research are different with the research done by Aisha Dwi Budianty (2015) in KP2KP Sidrap District.
2. Tax sanctions significant effect of compliance required tax. Researchers concluded that the higher tax sanctions charged to taxpayers and the higher compliance also required tax. The results of this research are consistent with the research done by Aisha Dwi Budianty (2015) in KP2KP Sidrap District.
3. The influence of the Ministry tax authorities, tax sanctions simultaneously affect the compliance of Taxpayers. The results of this research are consistent with the research done by Aisha Dwi Budianty (2015) in KP2KP Sidrap District.

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INFLUENCE OF COMMUNICATION AND WORK ENVIRONMENT OF EMPLOYEES PERFORMANCE ON THE BPJS BRANCHES BELAWAN

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Abstract

Performance of the work is in quality and quantity that achieved by employees in carrying out their tasks in accordance with the responsibility given to him. Communication is a tool to convey the command the report, news, ideas, message or information from an effective communicator to communicant so that among them there is the interaction. The Work Environment is something that is around the workers and that can affect himself in running the tasks of the burden. The purpose of this research is to know the influence of communication on employees performance on the BPJS Branches Belawan, know the influence of communication and Work Environment on employees performance on the BPJS Branches Belawan. data collection techniques used in this research is the questionnaires and the interview. The analysis techniques used in this research is the classic assumptions double linear regression test, t test, f and coefficient determination. Results of the study showed that there is the influence of communication and Work Environment partially on employees performance on the BPJS Branches Belawan. Simultaneously between communication and Work Environment a significant influence on employees performance on the BPJS Branches Belawan.

Keywords: *Communication, Work Environment, Employees Performance*

I. Introduction

In the organization of human resources are the main supporters to achieve the goals that have been assigned. Qualified human resources will also promote the organization as the container to improve performance. Sedarmayanti (2007) stated the importance of the performance for the sustainability of an organization is to perform, run, implement and enhance the responsibility.

Employees performance affected by many factors including the ability, motivation, knowledge, Work Environment, strategic position, humanitarian process, structure, factors personality, factors, satisfaction leadership style, working team factors and factors and technology facilities (Wibowo and Sefuddin). Improving the employees performance in a company is required to the desired destination by the company can be reached. Among the important factors that affect employees performance in this research are communication and the work environment. Good communication, a comfortable Work Environment, giving motivation to the ability of the employees and the company will give impact to the improvement of the employees performance will provide a good profitability for a company (Hanggraeni, 2011).

With good communications, then an organization can be said to walk with good, smoothly, and success. On the contrary without any good communications, then an organization will not run well and smoothly.

According to Dewi (2007) stated that the communication would be effective when the same understanding and the other party being stimulated to think or do something". So communication with effective communication is not the same thing. The ability to

communicate effectively will add to the success of the individuals and organizations, and that will affect the performance of the employees.

Communication is a process of distribution of information, both from within and outside the organization in a reciprocity, effective communication is the most desired alternative to meet in a timely manner and efficient delivery of the message, instructions-instructions and feedback visioning of the subordinate. At the same time correcting whether the message can be understood and well accepted by the subordinate. The entire process of the instructions will be very useful for the achievement of the purpose of the organization in accordance with the plan that already specified.

In addition to the communication, there are other factors that affect employees performance in an organization is the work environment. Where each organization must have the opportunity to control the Work Environment and must be aware of the need to provide an appropriate Work Environment for the employees in carrying out their duties. Because the good environment would be able to push and give spirit for employees in completing a work and certainly not escape from the good supervision also which of the environment can improve the employees performance (Ismi, 2009).

According to Sunyoto (2013), there are several factors related to the Work Environment among others, employee relations, noise level environment, working regulations, lighting, air circulation, security.

The work environment is very important. This is one of the key enablers for an employee to be able to work with good. For when the adequate Work Environment and employees performance will be better. Where the work environment is the condition of the material and psychological conditions that exist in the organization. So the organization must provide adequate Work Environment such as the physical environment (corporate office space and comfortable, clean environment, good air exchange, color, enough illumination and the music pleasant), and non-physical environment (employees working atmosphere, employees welfare, relations between fellow employees, relations between employees with guidance and a place of worship). A good Work Environment can support the implementation of the work so that the employees have the spirit of work and improve the performance of employees.

So too is on the BPJS Branches Belawan are concerned about the performance of its employees. Labor BPJS is the organizer of the Workers Social Security.

Based on the preliminary survey has been done by the author on the BPJS Branches Belawan problems visible including the employees performance is still not optimal performance in the conduct of each job that became the responsibility and lack of communication is good in every field, which resulted in employees performance have not been reached optimally. The work environment in the company is still there is a lack of including all the equipment is still damaged and has not been corrected, air conditioned and styling working space less good this was caused by the working room become narrow and less comfortable so that the performance improvements that still a maximum of.

II. Theoretical Framework Performance of Employees

The performance is a real behavior that is displayed each person as the achievements of the work produced by the employees according to their role in the company. The performance is a very important point in the efforts of the company to achieve its goals.

Simanjuntak (2011, this.1), performance management is the whole of the activities to be carried out to improve the performance of the company or organization, including the performance of the individual and group work in the company.

While according to Colquitt, Lepine, and Wesson in Wibowo (2014) performance is the value of a series of the behavior of the workers that contribute both positive and negative, on the settlement of the purpose of the organization. According to Mangkunegara (2013), the performance of the work is in quality and quantity is achieved by one officer in carrying out their tasks in accordance with the responsibility given to him. The performance is about to do the work and the results achieved from the job. While according to Wibowo (2014) performance is about what is being done and how to do it.

Mangkunegara (2013) presents, there are factors that affect employees performance including ability factors, Motivation factors. Sehfudin (2010) there are 2 factors that affect employees performance in achieving the purpose of the company, among other individual factors, consists of personality factors, Motivation factors, factors ability, job satisfaction factors, knowledge factor work. While the factors of the organization, consists of leadership style factor, Factors Working Team, factors , organization communication technology factors and facilities, Organization Context factors.

Now according to the satellite model in Wibowo (2014) including Knowledge factors, Resources Non-Humans, strategic position, Humanitarian process, structure. According To Mangkunegara (2013) stated that the employees performance indicator consists of the quality of the work the quantity of work, reliability and work attitude. Wibowo (2014) proposed that employees performance indicators consist of the purpose of the standard, feedback, the appliance or the means. While Kiswanto (2010) presents, employees performance indicator consists of the quality of the work, quantity work, punctuality, working discipline.

Communication

Communication is an infrastructure by which a manager are geared it is not an activity which stands alone, but a major part of almost all the things that were done it, managers. According to Hasibuan (2011), communication is a tool to convey a command, report, news, ideas, message or information from an effective communicator to communicant so that among them there is the interaction. According to Cangara (2011), communication is one of the activities which are very fundamental in the life of man. The human needs to deal with his neighbor, acknowledged by almost all religions have existed since Adam and Eve. According To Usman (2006), communication is the process of delivering or receiving messages from one person to another person directly or indirectly in writing, orally and sign language. While according to Handoko (2012) understanding communication is " the switching process understanding in the form of ideas or information from a person to other people". Raymond in Handoko (2012) has been describing the four factors that affect the effectiveness of the organization communication formal communication channels, organizational structure, specialization office, ownership information. The goddess (2007) stated that the factors that may influence the communication among them are credibility and approachable appeal, the ability to generate a message response and ability communicant to receive and understand the message.

Work Environment

The Work Environment is something that is on around the company that can instill in how to work and employees performance and the workplace. Sunyoto (2013) the work environment is something that is around the workers and that and that can instil in himself in running the tasks of the burden, for example hygiene, music, lighting and other while according to Sedarmayanti (2009) Work Environment said good or appropriate when the man can carry out their activities optimally, healthy, secure and comfortable. The incompatibility the Work Environment can be seen as a result in a long time. According to

agreeing at a table and Subono (2005) that the Work Environment is designed in such a way that can be created a working relationship that binds the workers with the environment. Each company would have a way will be a factor that supports for success and the progress of the company. According to Sunyoto (2013), there are several factors related to the environment of the organization as follows, employee relations, noise level environment, working regulations, lighting, air circulation, Security. Nitisemito (2000) some factors that affect the physical work environment includes colors, cleanliness, air circulation, lighting, and security. Setiawan (2008) the factors that affect the formation of a Work Environment including temperature, humidity, air circulation, lighting, noise, mechanical vibrations, and security.

III. Research Methods

The approach used in this research is the associative approach. According to Juliandi and Irfan (2013), the associative approach aims to analyze the problems a relationship with variable other variables. The population of this research is the employees Employment BPJS Branches Belawan which 33 people.

Sampling techniques of this research is Nonprobability Sampling using saturated sampling. According to Sugiyono (2008), Nonprobability Sampling is a sampling technique which does not give the opportunity / chance the same for each element or members of the population to in select a sample. According to Sugiyono (2008), saturated sampling techniques is the determination of the sample when all members of the population are used as the sample. Data collection that is used is an interview and questionnaire , while data analysis technique that is used is analysis multiple Linear Regression.

IV. Results and Discussion

Result

Multiple Linear Regression

Processing data with SPSS results about the influence of communication and the Work Environment on the performance employees can be seen in the following table:

$$Y = 10,963 + 0,139 x_1 + 0,598 x_2$$

Table 1. Regression Coefficient Coefficients^a

Model	Unstandardized Coefficients	Standardized Coefficients	T	Sig.
	B	Std. Error	Beta	
1 (Constant)	10.963	8.920		1,229.49 .229
Communication	.139	.171	.122	.812 .423
The Work Environment	.598	.159	.564	3.769 .001

a. Dependent Variables: Employees Performance

The hypothesis of this research is the communication did not affect the significant impact on employees performance and the work environment a significant influence on employees performance on the BPJS Branches Belawan, based on the table, can be known performance influenced by planck value of 10,963 with coefficient value for communication of 0,139 and Work Environment of 0,598.

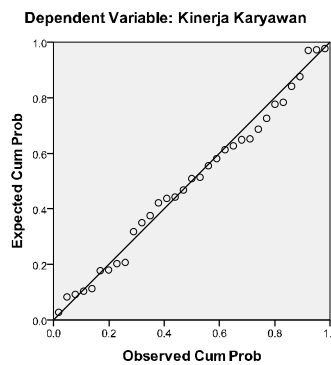
Classical Assumptions

This hypothesis requires a review of the classic assumptions because analysis model that is used is a double linear regression. The classical assumption consist of :

Normalitas Test

Data normality tests aimed to know whether the distribution of a data follows or approach the normal distribution. This normality test process two ways to test whether the distribution of the normal data or not. Namely through histogram approach and approach the graph. On the data histogram approach normal distribution when the distribution of the data is not restless noise to the left or right restless noise. On the graphic approach, data normal distribution when the point of following the data along the diagonal lines .

Normal P-P Plot of Regression Standardized Residual



Picture 1 . Normal test P- of Regression Plots

Based on the picture 1 normality above it is known that the results of the test p plots normality data shows the spread of data points near the diagonal lines, so it can be concluded that the regression model normal distribution worthy to analyzed.

Multicollinearity Test

Used to test whether the regression found the strong correlation/high among independent variables. When there is a correlation between the free variable, multicollinearity, so also on the contrary. A good regression model should not be a correlation between the independent variables. Multikolinieritas testing done with view VIF (Variance Inflation Factor) between independent variables and the value of tolerance. Constraints are commonly used to indicate a multicollinearity is the value of tolerance > 0.10 with VIF<10.

Table 2. Multicollinearity Coefficients ^a

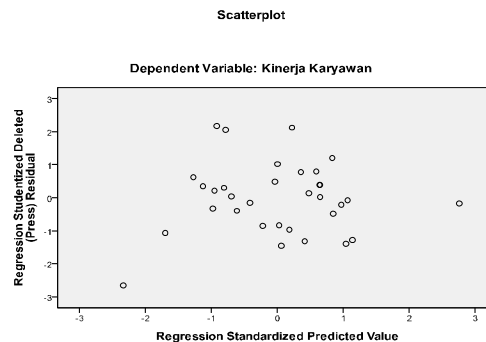
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	10.963	8.920		1,229.49	.229		
	Communication	.139	.171	.122	.812	.423	.999	1.001
	The Work Environment	.598	.159	.564	3.769	.001	.999	1.001

a. Dependent Variables: Employees Performance

Communication variables and the Work Environment has a value of VIF 1,001 > 0.10 with 1,001 < 10 tolerance limit is defined, so be multicollinearity in independent variables research.

Heteroscedasticity Test

This test has the purpose of knowing whether regression model occurs inequality had variant from a residual an observation to observations others remain, then called homoscedasticity instead if the variants of different called heteroscedasticity .



Picture 2. Heteroscedasticity Test

From the picture above shows the points spread randomly, does not establish a clear pattern / orderly, and spread both above and below the number 0 on the Y axis, then indicates heteroscedasticity occurring.

Hypothesis Testing

t Test

This test is done to test whether free variables, individually have significant relationships or not against the variables bound.

Table 3. T Test. Multiple Linear Regression Test Results Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	10.963	8.920		1,229. 49	.229
Communication	.139	.171	.122	.812	.423
The Work Environment	.598	.159	.564	3.769	.001

a. Dependent Variables: Employees Performance

From table 3 above about communication variables against the Work Environment (Y) obtained t count of 0,812 with probability sig 0, 423 greater than $\alpha = 0.05$, Work Environment on employees performance obtained t count of 3,769 with probability sig 0.01 smaller than $\alpha = 0.05$. This means that the hypothesis of zero (H_0) was rejected and it can be concluded that communication is not a significant influence on employees performance and the work environment partially have a significant impact on employees performance.

F Test

Statistics F (simultaneous tests conducted to know whether the free variable (independent) together significantly influenced or not against the variables bound (dependent service). Its terms are if the value of probability sig $> 0,05$ then H_0 is accepted.

Table 4. Test the F

ANOVA ^b						
Model		Sum of Squares	DF	Mean Square	F	Sig.
1	Regression	451.612	2	225.806	7.343	0.003
	a Residual	922.570	30	30.752		
	The Total	1374.182	32			

a. Predictors: (Constant), the Work Environment, Communication
 b. Dependent Variables: Employees Performance

Based on the results of the tests simultaneously above obtained the value of count is 7,343 with a sig. $0.03 < \alpha 0.05$ shows H₀ rejected and H_a accepted, means communication and the Work Environment simultaneously affect the significant impact on employees performance on equal $\alpha 0.05$.

Determination Coefficient (R- Square)

Then calculate the value of the determination coefficient (R- square) who used to view the percentage of the contribution of the variables namely be bad variable with a variable bound is:

Table 5. Determination Coefficient Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.573 ^a	.329	.284	5.54548

a. Predictors: (Constant), the Work Environment, Communication
 b. Dependent Variables: Employees Performance

Based on the test results of the determination coefficient in the table above, the great value of R Square in the regression model is 0,329 or 32.9 %, this means that the contribution given on communication and Work Environment simultaneously on employees performanceBPJS Branches Belawan of 32,9%. The remaining 67,1 % influenced another variable is not examined in this research.

Discussion

From the test result seen that all free variables (Communication and Work Environment) affect the variables bound (employees performance), more detail the results of the analysis and the testing can be described as follows:

Influence Of Communication On Employees Performance

Based on the results of the test of the hypothesis that done communication between researchers on employees performancecan be known that there is no significant influence partially communication on the performance of the employees. This is shown by the value of significant $0,423 > 0.05$.

Research results in accordance with the opinion of the Goddess (2007) stated there is the influence of communication and employees performanceand also in support of the research Kiswanto (2010) downloading wave communication variables obtained by 0,628 beta value and the value of t count of 0.05 if compared with the value of the t table of 1,6741, then $t \text{ count} > t \text{ table}$ ($4,451 > 1,6741$), which means communication variables affect the significant impact on the performance of the employees, when viewed the problem is still there is a significant difference and the results of research not in accordance with the initial data show many problems. This is reasonable because the

problem of the initial data used directly based on the interview survey with a number of authorities and then from the research also there is often a discrepancy with the hypothesis.

Influence of Work Environment on Employees Performance

Based on the results of the test of the hypothesis that done researchers can that there is a significant influence partially where significant value $0.001 < 0.05$.

The research results in accordance with the opinion of Hanggraeni (2011) stated that there is the influence of the work environment and the employees performance and also in support of with the research Nela et.al (2014) shows that there is a Work Environment a significant impact on the performance of the employees, this proved with significant value $t > t_{table}$ ($0.000 < \alpha 0.05$ and beta coefficient of 0,671). When viewed the problem is still there is a significant difference and the results of research not in accordance with the initial data shows many problems. This is reasonable because the problem of the initial data used directly based on interview or survey with some of the parties and then from the research also there is often a discrepancy with the hypothesis.

Influence of Communication and Work Environment On Employees Performance

Based on the test results of the determination coefficient in the table above, the great value of R Square in the regression model is 0,329 or 32.9 %, this means that the contribution given on communication and Work Environment simultaneously on employees performance BPJS Branches Belawan of 32,9%. The remaining 67,1 % influenced another variable is not examined in this research.

According to Mangkunegara (2013), communication is the process of the transfer of an information, ideas, understanding from one to another in the hope that other people can be interpretation in accordance with the intended purpose. To form a good cooperation clearly need good communications clearly needs to be good communication between the elements that are in the organization and not less important is also the work environment is comfortable and safe to give impact to all the activities of the employees. Sunyoto (2013) the work environment is everything that exists in the vicinity of the workers and that can affect employees in carrying out their tasks.

According to Takasenseran et.al (2014) about "the influence of the work environment, communication and stress on the performance of the employees" indicate that there is a Work Environment, communication and stress simultaneously or with the same affect employees performance and its influence is positive. This is seen with it said the value of r square (Adjusted r^2) the influence of a variable product differentiation and quality of service simultaneously together (simultaneous) against consumer satisfaction of 0,440 which means the influence of all variables X (the Work Environment, communication and stress work simultaneously against the Y of 0,440. While the rest were influenced by other variables outside the research model of 0.56.

V. Conclusion

Based on the results of research and discussion that has been presented before it can be concluded from the research about the influence of communication and Work Environment on employees performance on the BPJS Branches Belawan as follows : (1) 1. Based on the results of research done between communication on employees performance on the BPJS Branches Belawan there was no significant influence partially communication on employees performance due to the t test $< t_{table}$ ($0,812 < 2,042$) with significant value $0,423 > 0.05$. (2) Based on the results of research done between the Work Environment on employees performance on the BPJS Branches Belawan is a significant influence partially where t test $3,768 > 2,042$ with significant value $0.001 < 0.05$. (3) Based on the results of

research done between communication and Work Environment on employees performance on the BPJS Branches Belawan is a significant influence simultaneously. The value of R square of 0, 329 means 32,9 % factors employee performance can be explained by the communication. While the rest 67 ,1 percent to other factors that can be examined in this research that required another research that can see other variables , besides communication and Work Environment that affect employees performance as ability factors, motivation knowledge of work, working regulations, working relationship.

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THE DEVELOPMENT OF THE WORK ETHICS BASED ON ISLAMIC ON THE PRIVATE UNIVERSITIES IN MEDAN

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Abstract

In the first year has been produced the development model of the Islamic work ethic that will be applied on private Islamic universities in Medan for next year. Through the implementation of the Islamic work ethic model is could be expected the better private university, high quality and a sustainable development, it was due to increasing quality of the Islamic work ethic and than could be improve the quality of the private Islamic universities in Medan. This research is development research with the characteristics of research is two years to conduct and gradually to done. In this advanced stage will do to test the model and identify strengths, the weakness of implementation of the Islamic work ethic model who conducted by the Islamic private universities through an evaluation and will show information about the results of the implementation of the Islamic work ethic model.

Keywords : *Islamic work ethic*

I. Introduction

Nowadays, every people is required to work in order to the needs everyday. However, have only a work is not enough, there is an increase the motivation and intention. Every workers, especially the Moslem worker, must be able to grow up Islamic work ethic, it was due to the work is workship. The results obtained from their work can also be used for the purposes of the acts of workship, including in it living the family economy. Essentially Islamic work ethic is the springs from the values of participating formed special pattern characteristics of Islamic work ethic (Mahmud 1995).

The main objectives of the work ethic according by Islam is spreading the mercy on all beings (Triwuyono 2000). Normatively, the purpose derived from the Islamic belief and the true mission of the life of human. First and foremost is transcendental because not limited to the life of the world of the individual, but also to life in the world. Islamic work ethics in Islamic perspective is defined as the springs from the creed that originate from the system of the Islamic faith namely as a fundamental life attitude regarding the work so that it can be built paradigm of Islamic work ethic (Asifudin 2004). While the characteristics of Islamic work ethic found and formulated based on the concept of (1) the work is a reflection of worldly matters (2) the work base on scientific (3) the work followed by the attributes of the Ilahiah nature and the instructions for him. Related to the worldly matters and the teachings of Islam as a source of Islamic work motivation, conceptually that Islam based on the teachings of revelation working with reason is religion attitude or religious work.

The Islamic work ethic is the orientation that create and influence the involvement and participation of Muslims in the workplace. The Islamic work ethic viewed the work as a way to the interests of more than personal interests in economic, social and psychological, continue social prestige, improve the prosperity of social and strengthen the faith. The primary concept that builds Islamic work ethic is a business, competition, transparency and moral responsibility (Ali and Owaihan, 2008).

The Islamic work ethic provides a good impact on the behavior of the individual in the work because it could be give the stimulus to positive work attitude. Positive work attitude allows beneficial results as hard work, the commitment and the dedication of the work and another work attitude it could be provide benefits for the individual and the organization (Yousef, 2001). The high dedication who gift for the work will bring the individual to work hard to achieve maximum results. Mahmud (1995) stated that there are two absolute requisites of a work can be classified as a righteous deeds namely (1) husnul fa'illiyyah , i.e. it was born from the sincerity of human intention (2) husnul fi'illiyyah, meaning that the work has a good values based on the criteria specified by the syara, prophet sunnah, or sense. Both of them in addition to conditions of good deeds as above, it also becomes the basis and soul of the Islamic work ethic are unique. With the context like that, at least there are three ethical principles (1) to sincerely receive the destiny (2) to enforce proportionality (3) to aware obey the norms.

When the individual achieved what is in accordance with the hope he will be satisfied and feel their work has significance for him. The results of the work that satisfies will give the impact on the individual to continue to provide the capabilities of and want to continue to be in the organization. This shows that the Islamic work ethic can encourage customer satisfaction, commitment and continuity of work (Yousef, 2001; Biodiversity, 2012; Marri et al, 2012) and the result can reduce the level of turnover of employees. The Islamic work ethic viewed the purpose of work, not as just a complete work, but to encourage personal growth and social relations (Biodiversity, 2012). This is important because not only provide benefits for individuals who hold in principle, but Islamic work ethic also gives impact to the environment throughly.

As the higher education institutions, the university has a strategic role in order to produce qualified human resources. This strategic role in line with the purpose of higher education is to prepare students to become a member of the community who have the academic ability and/or professionals who can implement, develop and/or enrich the glossary of science, technology and/or the arts (PP.60-1999). The College with various elements that contained, deserves members in universities have a high work ethic in running the role and function optimally as the form of the responsibility of educators as well as the most important thing is a form of human accountability for Allah SWT who has been running the mandate with good and optimal. The low work ethic will have an impact on the institution and the quality of graduates that are currently become the central issue of higher education (quality assurance). Thus, Islamic work ethic will have an impact on standard productivity that must be conducted by the whole institution.

II. Teoritical Framework

The Islamic work ethic

The value of the work in Islam can be known from the purpose of human life that the happiness of the life of the world to the hereafter. The happiness of life in the hereafter is the real happiness, eternal life for more than the life of the world, while in the life of the world is revealed as the game, jewelry that can make the heedless of the life of the hereafter. The Human before reaching the hereafter must pass through the world as a place of human life for as the place for search happiness in the hereafter. The experts in the Tasawuf said: to achieve happiness in the hereafter, the human must have supplies in the world and anywhere the human want to feel happiness. To measure of happiness the people was varied, there is a measure of property, position, the kingship, women, knowledge, and others. The fact that the circumstances of the flesh were never satisfied the human soul, even thus can hurt. Thus, it was recommended in the world but do not forget the life in the hereafter.

Essentially, Islamic work ethic is the springs from the values of participating formed special pattern characteristics of Islamic work ethic. As part of the morals, it was must be developed on the two wings namely the wings of the human relationship with God the Almighty Creator (the scribe refuse ma'al khaliq) and the wings of the relationship between the man with living (the scribe refuse ma'al khalq). On the first wings developed the ethics of tawhid and respect for God in the work. So, all forms of behavior syirk, works and words that directly or indirectly humbled or blaspheme God can be categorized as not in line with the Islamic work ethic. In here, should be stressed on the sincere attitude in the face of destiny. While on the wings of the second must be developed the attitudes of proportional representation and behavior that departed from the spirit of obedience to the divine norms related to work (Mahmud, 1995).

Asserted by Triwuyono (2000), the Islamic work ethic expressed in the form of shari'ah, which consists of the Qur'an, the sunnah (identical with the early Hadithic), ijma and Qiyas. The ethics of the system of law and morality is comprehensive and covers the entire region of the life of human. Based on the nature of justice, shari'ah for Muslims working as a source of a series of criteria to distinguish right (haq) and bad (falsehood). Through the shari'ah term, not only bring individuals closer to God but also facilitates the formation of a fair that includes individuals are able to realize the potential and welfare allocated for all.

According by Asifudin (2004), perspective, the Islamic work ethic meaning as the springs from the creed that originate from the system of the Islamic faith consists as a fundamental life attitude regarding the work so that it can be built paradigm of Islamic work ethic. While the characteristic- characteristics of Islamic work ethic found and formulated based on the concept of (1) The work is a reflection of worldly matters (2) The work based on science (3) Work with imitating the attributes of the divine nature and follow the instructions for him.

Mahmud (1995) also stated that there are two absolute requisite of a work can be classified as a righteous deeds namely (1) husnul fa'illiyah, it was born from the sincerity of intention perpetrators (2) husnul fi'illiyah, meaning that the work has a good values based on the criteria specified by the syara, prophet, or sense. Both of them in addition to conditions of good deeds as above, it also becomes the basis and soul of the Islamic work ethic are unique. With the context it, at least there are three ethical principles (1) sincerely receive the destiny (2) enforce proportionality (3) consciously obey the norms.

The Islamic work ethic expressed Triwuyono (2000) that the main purpose of ethics according to Islam is "spread mercy on all living creatures". The purpose of the normative derived from the Islamic belief and the true mission of the life of man. The purpose in the first and foremost is transcendental because the purpose is not limited to the life of the world of the individual, but also in the life of this world. The purpose is most likely abstract, however the purpose can be translated for the more practical purposes (operative), provided that could be translation inspired from and includes the values of the main purpose. To get achievement of these goals required the ethics rules to ensure that the efforts to realizing the main purpose and operative purpose always in the good way.

Thus, related to the worldly matters and the teachings of Islam as a source of Islamic work motivation, conceptually that Islam based on the teachings of revelation working with reason is religion good or religious work.

The Islamic work ethic is the orientation that created and influenced the involvement and participation of Muslims in the workplace (Ali and Owaihan, 2008). The Islamic work ethic respect the work as a way to the interests of more than personal interests in economic, social and psychological continue social prestige, improve the prosperity of social and strengthen the faith (Ali and Owaihan, 2008). Ali and Owaihan

(2008) propose four main concepts that build Islamic work ethic. The four concept is business, competition, transparency and moral responsibility. The business is seen as something that is needed to serve themselves and the community. The involvement of productive minimizing the economic and social problems, although still allow a person achieved the standard of life is worthy of himself and his family.

Parameters Of Islamic Work Ethic

The Islamic work ethic and Protestant work ethic put a very strong emphasis on hard work, the commitment and the dedication of the work of creative work, avoid unethical methods associated with the accumulation of wealth, cooperation, and competition in the workplace. But not as the Protestant work ethic, Islamic work ethic more emphasizes on the intention of the result. For example, the Prophet Muhammad (replied, "works were numbered based on the intention, and someone will be given a reward or punishment based on his intention," (Yousef, 2001). The instructions are given by the Prophet Muhammad (innovative many argue the practices of the current. Ali (2005) in Ali & al- Owaihan (2008) explained on issues related to the work or business based on the hadiths of the prophet Mohammed that are classified as follows : (1) Pursuing legitimate business . The Prophet Muhammad explicitly commanded on his followers that useful work is that provide benefits to the community and the other. Then those who work hard will be given a reply in the form of a reward. Thereupon he said that "The Best of man is most provide benefits for other people". (2) Wealth must be earned . In Islam, acknowledged that each of the people has a different capacity. The capacity and the existence of opportunities that allows them to get welfare. Implement economic activities must be based on morality and the foundation is valid. As stated in the Koran (Surat 4: 29-30), "O people who believe! You must not eat each other wealth your neighbor with the way of falsehood (not true), except in the applicable trade on the basis of love same love among you. And do not kill yourselves. Indeed, Allah Most Merciful unto thee. And whoso doeth that with how to violate the law and unjust, we will put him into hell. That is easy for Allah.". (3) The Quality of Work. The Arab nation at the time before Islam less discipline and commitment that they have only limited on the main groups. The Prophet Muhammad knows this fact, as statesman and reformer, so he tried to change the Arab community become a functional community. The emphasis has done to discipline and intention of commitment not only to highlight the essence of work but also to illustrate the relationship between the trust with the work and finally can direct Muslims become an active entity in economic and political. The Prophet Muhammad (replied, "Verily Allah loves a slave when he worked, he finish His work (do it correctly)". (4) Wages (saas instructs Muslims to give salary to employees in a fair, appropriate and on time. The oracle he "Gives the wages of the workers before sweat dry (time), and give the terms of the salary, against what he did so, salary payments to be on time, fair and sufficient. (5) Reliance on self. One of the important functions in the work is self-confidence and self-reliance. The sayings of the Prophet Muhammad (saas), "There Is No food that is better than the result of their own hands". (6) Monopoly . The monopoly, in Islam, is considered as the great error can produce a loss, spider which is not valid, and cause inequality. So the Prophet Muhammad (forbade it with the hadith namely, "Whoever heap then he has sinned". (7) Bribery. As the monopoly and fraud, a bribe of buying off strongly criticized in Islam. The Prophet Muhammad (replied, "The curse of Allah upon the people that buying off and receiving bribes.". (8) Deeds and Intention . This is one of the significant increase in the Islamic work ethic. Very clearly differentiated with Islamic work ethic work ethic from other beliefs. The fundamental assumption in Islam is that intention is the criteria in which the jobs are evaluated in terms of the benefit to society from the results. Any activities that are

considered harmful, although produce a significant wealth for those who do it is considered to violate the law. Hadiths about this namely, "Allah does not look to the form of you and treasure you will but he saw the heart of your liver (intention) and deeds of you". (9) Transparency. Business and work, in general, must be hinges on the basis of the ethical and moral values. The prerequisite to spread and realize this goal is transparency. As a company must notify consumers the true situation about its products. The oracle he, "Those who said these things with honest, will not cause a loss for others", underlined the importance of transparency in every

Dimension of The Islamic Work Ethic

Many types researches about Islamic work ethic has done, start from Ali (2001) which produce the scale for Islamic work ethic, Ali & Al-Owaihah (2008) defines the basics of Islamic work ethic consists of 11 concepts which had previously been described namely, pursuing legitimate business, wealth must be earned, quality of work, reliance on self, monopoly, bribery, deeds and intention, transparency, greed and generosity. However, there has no been research that clearly defines the dimensions of Islam that the work ethic & Akbarnejad Chanzanagh (2011) explained there are seven dimensions of Islamic work ethic, work intention, trusteeship, type of work, work for Islamic Ummah, justice & fairness, cooperation & collaboration and work as the only source of ownership

Based on the teachings of Islam, every Muslim must work to get the income and those who live as parasites for others is not recommended. But this should not be contrary to the dimensions of the other Islamic work ethic. The work that is done with the intention to heap up money and not to draw near to God will due to losses in the Islamic community as well as other beliefs.

III. Discussion

The importance of Islamic work ethic could be happened because of the fact that the work ethic is not a individual talent, but is an attitude (Miller et al, 2001) and specifically is the principle that held and trust that reflected in the work attitude of the individual and is closely related to the moral commitment and the individual involvement (Yousef, 2001). Source of the concept of Islamic work ethic comes were the Qur'an and Al-Hadist. Islam teaches that hard work can cause sin unforgivable mistake and there is no better than eating from the results of their own work, idleness and waste of time for the things that are not productive are forbidden. The Islamic work ethic respect the dedication on the work is a good (Yousef, 2000), the work must be useful and also have meaning (Ali, 2008).

The Islamic work ethic is an orientation that create and influence to the involvement and participation of his followers in the work environment. The Islamic work ethic built through four basic concepts, namely business, competition, transparency and moral responsibility. The business is regarded as the basic materials in serving themselves and others. Each individual must compete in a fair and honest and work with good intentions. Trade and transaction must to do in an environment of mutual open and believe, therefore, transparency determines the moral responsibility. Moral behavior is an essential prerequisite to maintaining the prosperity of the economy and the business community (Ali, 2008).

Some research regarding Islamic work ethic (Ali, 1988, 1992; Ali & Azim, 1994; Ali & Al-Kazemi, 2007; Yousef, 2000, 2001) only tests the concept generally without providing definitions for Islamic work ethic dimension. Chanzanagh and Akbarnejad (2011) developed multidimensional model of Islamic work ethic in order to more visible

difference with the Protestant work ethic. In Islam, the form of the faith of a Muslim must be applied comprehensively in various aspects of life. The involvement in economic activity is a good the intended as a manifestation of the faith. The inclusion of intention in the work is very important due to indicates that the work that is good and right. In addition to the correct work that a Muslim must be useful. The results of the meta-analysis literature theory and the empirical and the opinion of the experts found seven dimensions of Islamic work ethic is justice and fairness, work results for the Islamic ummah, cooperation, and collaboration, trusteeship, work intention, work type work as the source of ownership.

The integrity of the Muslim is a form of expression from the Islamic ummah. Activities that do not be harmful and is not benefit for Muslims. Therefore, economic activity gives strength and the potential for the brotherhood and unity of Muslims. This is to say that the work gives results for Islamic ummah. Therefore, togetherness and integrity are very important in Islamic principles. The spirit of togetherness and unity in Islam affects all aspects of life. Islam advocated for mutual cooperation in economic activity as evidence taqwa a Muslim. As a result, togetherness and unity will be ended on high productivity for achieving the Islamic ummah.

In addition, a form of closeness to God can be reflected through the truth and justice. The truth and justice in Islamic economy give prosperity to all the people. The collection of wealth through the way unlawful is prohibited. This makes the relationship between the Muslim to be strong and eliminate the gap or difference between social classes.

The teachings of Islam recommends Muslims to eat from the results of their own work and forbidden to parasites for others. Work create wealth and balancing every Muslim can become rich by working. Therefore the work is an important factor of ownership in Islam. Work that is only intended to collect money than to serve causes damage to the community. Islam knows the unclean and the clean, then the activities of work shall be productive, speculation and usury are prohibited. In Islam, the intention is not just the words, but must be done with the works. From where the Islamic work ethic view work as a source of ownership.

Every Muslim required characteristic can be trusted or mandate. The mandate in all matters is the most important because this makes the Muslims as the best capital resources. In addition, the type of work that walks must also be in accordance with the ability and expertise. Islam teaches that we can put people in accordance with their prowess, so that there was no chaos and destruction.

The Islamic work ethic is not merely the cultural problems, but Islamic work ethic can encourage the individual to provide the best efforts and hard work. Due to the inclusion of goodwill on the work will give the best results. Work allows a person to become independent and cause concern for others, satisfaction and fulfilling themselves (Ali, 2008).

The Islamic work ethic view work has significance for the future of a person in the economy, social and psychological, to give the honor to improve social welfare, and strengthen the belief (Ali, 2008). With this, Islamic work ethic can facilitate the purpose of the life of the individual. According to what is taught in Islam, the individual must have a useful work and means. Work is also seen as evidence of achievement and independence. People will become successful and forward due to work hard. Work is a source of wealth and welfare (Chanzanagh and Akbarnejad, 2011), this is in line with the principle of work of the United States the source of ownership. Justice and transparency of a work are also important for a Muslim because it will give the view that there is no difference and social class for them. A Muslim must also be able to choose the kind of work in accordance with interest and expertise, so it can minimize the errors and mismatches will be introduced.

The achievement is produced from the work that is done as well as provide benefits for other people and there is a sense of justice who felt, can cause a sense of customer satisfaction for the work that is done.

Empirically, the influence of the Islamic work ethic of job satisfaction can be seen on the results of research Yousef (2001) to examine about Islamic work ethic as the moderator from the commitment and job satisfaction on the employees of Muslims in the United Arab Emirates. As a result, Islamic work ethic has a positive impact on the commitment and job satisfaction and become the moderator for both relations. So the more the individual has a high level of commitment to the Islamic work ethic (stressed the hard work, dedication to the work of cooperative learning) the higher job satisfaction felt, and stronger and commitment to the organization that owned.

The success and the success of the work depends on the hard work and commitment of a person for his work. Commitment to the work can also increase social welfare. The problem can be reduced if the individual is committed and avoid halhal unethical to collect wealth (corruption). It is stressed in the concept of the Islamic work ethic is participation intention in doing an activity. If the work is seen as a good, then jobs will be able to provide the benefits for themselves and others. The individual will be Marshalling all owned, and feel life does not mean without work (Ali, 2008). Therefore, views on this (in accordance with the concept of the Islamic work ethic) can encourage individuals to have a high level of involvement in the work. In addition, Islam teaches to a Muslim must be trusted (amanah) in holding a (Chanzanagh affairs and Akbarnejad, 2011). With the mandate, then the individual will have a strong sense of responsibility toward his work.

Research by Khalil (2009) examine regarding about Islamic work ethic on Arab students in Israel. As a result, Islamic work ethic gives the influence on individualism variable, where individualism is stressed on the achievement of achievement and loyalty. This is proof that a muslim will provide best dedication to the work by loyal, he kan survive in the organization. In addition, Marri et al (2012) also revealed in the results of research that individuals who hold strong work ethic principles of Islam will rise there is a commitment to the organization and reduce intention to leave the organization.

IV. Conclusion

The success and the success of the work depend on the hard work and commitment of a person to his work. Commitment to the work can also increase social welfare. The problem can be reduced if the individual is committed and avoid things unethical to collect wealth (corruption). It is stressed in the concept of the Islamic work ethic is participation intention in doing an activity. If the work is seen as a good, then jobs will be able to provide the benefits for themselves and others. The individual will be Marshalling all owned, and feel life does not mean without work (Ali, 2008). Therefore, views on this (in accordance with the concept of the Islamic work ethic) can encourage individuals to have a high level of involvement in the work. In addition, Islam teaches to a Muslim must be trusted (Amanah) in holding a (Chanzanagh affairs and Akbarnejad, 2011). With the mandate, then the individual will have a strong sense of responsibility toward his work.

Islamic work ethics have an important role in formulate positive behavior of individual work. The Moral principles, hard work and commitment is emphasized in this concept will give good results for individuals and organizations. Base on the conclusion, the Islamic work ethic shows its influence on the level of engagement of the job, such as job satisfaction and commitment. The concept of Islamic work ethics will addition for the literature on work ethic is still very limited, it was due to the focus of the study of ethics more work done in western countries and is based on the Protestant work ethic.

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THE INFLUENCES OF TRUST AND PERCEIVED VALUE TOWARDS PURCHASE INTENTION OF PCC CEMENT PT. SEMEN PADANG IN DUMAI CITY

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Abstract

This research aims to analyze the effects of trust and perceived value towards purchase intention of PCC Cement of PT. Semen Padang in Dumai city. Populations in the research are the consumer who experiences purchase PCC Cement in Dumai. The sampling has been developed through the accidental sampling with Cochran, resulting in 100 respondents. The data is collected by using questionnaire. Technical data analysis has been done by multiple regression and t-test. The result of the research indicate that trust, perceived value has a significant effect on purchase intention of PCC Cement of PT. Semen Padang in Dumai city.

Keywords: *TRust, Perceived Value and Trust*

I. Introduction

The acceleration of development has been increased, causes purchase intention of society towards cement consumption in domestic market became higher.

Table 1. The Growth of Cement Domestic in Indonesia

Year	Cement Sales (million tons)	Cement Sales Increase	Cement Production Capacity (million tons)
2011	48	17,7%	54,3
2012	55	14,5%	59,3
2013	58	5,5%	64,2
2014	59.9	3,3%	72,7
2015	60.6	1,1%	79,8

Source: Association Cement of Indonesia, 2015

However, the cement industry must take responsibility of the increasing of CO₂ emissions worldwide. According *World Business Council for Sustainable Development* (WBCSD) survey, cement production accounts for approximately 5% of worldwide man made CO₂ emissions. Therefore, since 2009, PT. Semen Padang produced *green cement* called PCC Cement (*Portland Composite Cement*) which can reduce the CO₂ emissions.

Table 2. PROPER Results of Cement Companies in Indonesia

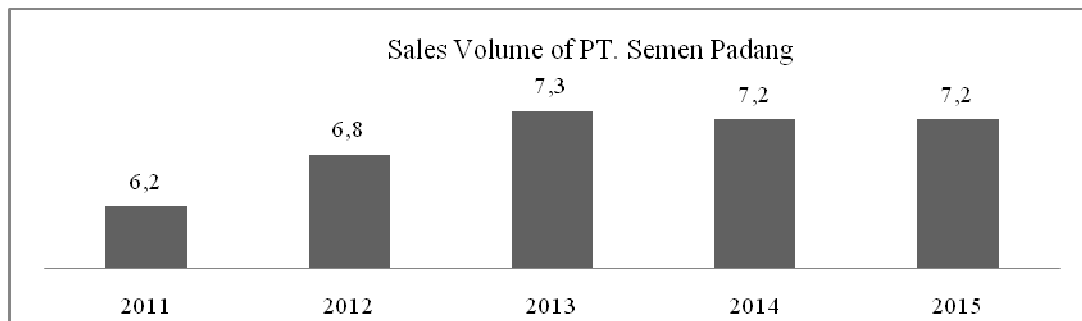
No	Cement Companies	PROPER	Period
1.	PT. Semen Gresik	Gold	2011-2013
2.	PT. Semen Tonasa	Green	2012-2014
3.	PT. Semen Padang	Blue	2009-2015
4.	PT. Holcim Indonesia	Gold	2009-2015
5.	PT. Indocement Tungal Prakarsa Tbk.	Gold	2011-2013

Source: The Ministry of Environmental Website (<http://www.menlh.go.id/>)

The Ministry of Environment (MoE) evaluates company's environmental performance through PROPER (Company's Environmental Performance Rate Program).

This program measured company's environmental performance using colors rates which is ranging from gold as the best; green, blue, red, and black as the worst.

Table 2 shows PT. Semen Padang performances that get blue rate, means that the competitor environmental performances is better than PT. Semen Padang. In 2014, the consumer purchase intention of Semen Padang's products is decreased. Figure 1.1 shows the sales volume of PT. Semen Padang keep increased, except in 2014. Therefore, at this condition, PT. Semen Padang have to increases *the purchase intention* of PCC Cement as featured product.



Source: Annual Report PT. Semen Padang, 2015

Figure 1.1 Sales volume PT. Semen Padang

Dumai city is one of the potential market target for PT. Semen Padang. It proven in 2015, the data of Semen Indonesia Association (ASI) showed market share of Semen Padang in Dumai and several Riau states approximately at 43% to 45%. At this period, PT. Semen Padang keep increased the PCC Cement production target 1.400 ton per day. Table 3 shows the monthly production report of PCC Cement in 2015.

Table 3 Monthly Production Report of PCC Cement at Cement Mill Dumai in 2015

Period	Cement Mill Production (ton)	Production Target (%)	Total Expenditures (ton)
January	30,454.32	72%	31,344.10
February	33,441.7	78%	30,665.20
March	35,054.88	84%	36,368.86
April	31,244.5	67%	28,205.70
May	25,584.8	66%	28,514.68
June	26,885.8	54%	23,248.54
July	16,757	39%	17,084.04
August	27,963	66%	28,490.64
September	35,489	79%	33,312.67
Total	262,875		178,347.08

Source: Bureau of Cement Production & Packing Plant Dumai PT. Semen Padang (2015).

Table 3 shows PCC Cement production expenditures are not stable every month. It causes the high level competition market to increased the purchase intention of PCC Cement in Dumai. Trust and perceived value are alternatives to improving the consumer purchase interest of PCC cement. Previous studies proven there is positive and significant relationship between trust and perceived value towards purchase intention, which means if trust and perceived value are high, it also increasing the purchase intention.

To enhance the trust of consumers, PT. Semen Padang routinely measured consumer's trust which expressed in Customer Satisfaction Index (CSI). Based on 4 table, shows that CSI as instable and annually tend to change.

Table.4 Survey Results CSI PCC Cement

CSI	2012	2013	2014
Distribution Channel	78,98	78,05	79,47
End User	79,84	74,32	76,4
Influencer	73,32	73,47	74,85
CSI Overall	77,38	75,28	76,9

Source: Bureau Sales Region I, 2014

The consumers can feel the lack value of products. Therefore, PT. Semen Padang provides Call Center facility to accomodate solution alternatives which is related to products, packaging, distributions and prices.

Table 5. Customer Complaints of PCC Cement in 2014

Explanation	Total (Complaints)	Percentage (%)
Product Quality	28	34,45
Packaging Quality	14	17,07
Distribution	4	4,88
Price	0	0
Other Customer Services	36	43,90
Total	82	100

Source: Bureau Sales Region I, 2014

During 2014, there were 82 customers complaint about PCC Cement. It proves that PCC Cement still had shortcomings in terms of perceived value.

II. Teoritical Framework

Purchase Intention

Purchase intention represents the possibility that consumers will plan or be willing to purchase a certain product or service in the future. (Chinomona et al., 2013). Besides, purchase intention is defined in the context of this study as the willingness of consumers to plan the purchase of a particular product (Carrillat et al., 2009). Therefore, an increase in purchase intention means an increase in the possibility of purchasing (Dodds, Monroe, & Grewal, 1991; Schiffman & Kanuk, 2007; Carrillat et al., 2009). Purchase intention indicates an emotional reaction resulting from consumer's overall evaluation of a product, and also indicates possibility that consumers would like to purchase the product (Grewal, Monroe, & Krishnan, 1998). So, purchase intention is the most precise predictor of purchase behavior (Morwitz & Schmittlen, 1992).

The indicators of purchase intention refers to Pavlou (2003) and Chen and Chang (2008), and its includes three items: 1) Consumers intend to purchase more of this product. 2) Consumers expect to keep purchase this product in the future. 3) Consumers prefer to purchase this product than others.

Besides trust dan perceived value, Chinomona et al., (2013) explain that product quality is one of factors influencing purchase intention. Lai (2015) also said that commitment as one of influencing purchase intention.

Trust

Trust is the level of willingness to depend on an object based on the expectation of its ability, reliability (Ganesan, 1994; Hart & Saunders, 1997), and the intention to accept vulnerability due to the positive expecatitions of the integrity and capability of another object (Lin et al, 2003; Rousseau et al, 1998). Therefore, trust is a fundamental factor of

long-term consumer behavior (Lee et al., 2011). However, trust is a level of the assurance that another party would behave as expected (Hart and Saunders, 1997). According to Moorman, Deshpande, and Zaltman (1992), trust is defined as a willingness to rely on an exchange partner in whom one has confidence.

The indicators of trust refers to Chen (2010) and its includes fourth items: (1) Product's reputation. It consists of 2 sub indicators: (a) Product reputation as green product. (b) Product reputation meet SNI standard. (2) Product's performance. It consists of 2 sub indicators: (a) Product's quality assurance in general. (b) The quality of green product same with conventional product. (3) Product's claims. It consists of 2 sub indicators: (a) The claim as green product. (b) The claim as versatile product. (4) Product's concern. It consists of 3 sub indicators: (a) The production process's more efficient energy. (b) The production process able to decrease CO2 emission. (c) The leaders of company commit to decrease negative impact to environment.

Trust plays a critical role in determining consumer's purchase decisions (Wu, 2013) in that a perception of trustfulness that a specific product or item has in the consumer's mind may provide the confidence of it sound performance and therefore motivate it purchase (Chinomona et al ., 2013). According to Chen (2010), consumer trust would positively influence consumer purchase intention. Meanwhile, Schlosser et al., (2006) also added that purchase intention determined trust by consumers.

Perceived Value

Mantz and Mantz (2014) defined perceived value as a consumer's overall assesment of the utility of a product or service based on perceptions of what it received and what is given. Zeithaml (1988) alsodiscussed that perceived value can be regarded as the overall evaluation consumers made of a product based on their gains and what they paid.

The indicators of perceived value refers Patterson and Spreng (1997) and its includes two items: (1) Product's functions. It consists of 4 sub indicators: (a) Product can decrease negative impact to healthy. (b) Product can cause the air clean and comfortable. (c) Long lasting product. (d) Product isn't easy to crack. (2) Product's benefits. It consists of 5 sub indicators: (a) Product's more watertight. (b) Product's more resistant to sulphate. (c) The concrete surface denser and smoother. (d) Product's more affordable price. (e) Product has better quality than others.

Perceived value is the most important element motivating customers towards purchase intention (Zeithaml, 1988). It means poor perceived value can result in loss of consumer purchase intention (Sweeney dan Soutar, 2001) and if consumers perceive that the value of a product is higher, they are more likely to purchase a product (Chen dan Chang, 2012). Therefore, perceived value is very important today because different companies are improving purchase intention by emphasizing their product value (Steenkamp & Geyskens, 2006).

Research Framework

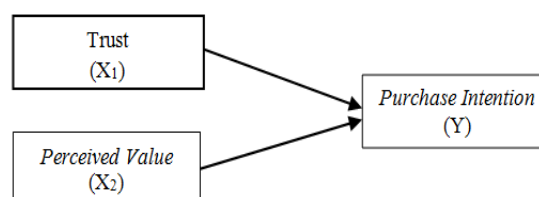


Figure 1. Research Framework

To summarize the literature review and research hypothesis, this study establishes the research framework depicted in Figure 2.1. This study is to explore two independent variables – trust and perceived value; and further how to affect the dependent variable, purchase intention.

III. Research Methods

The type of this research is quantitative associatif and the following hypotheses is tested used a statistical test which shown the influence of variables trust and perceived value to purchase intention. The population were all the consumers who experiences purchase PCC Cement in Dumai. The sampling has been developed through accidental sampling with Cochran, resulting in 100 respondents

The current study utilizes a non-probability sampling technique which is accidental sampling. It consists of primary data and secondary data. Primary data obtained by questionnaires which were collected by the respondents from different categories and secondary data is taken from publications.

The validity and reliability is tested through collected questionnaires. This study found that all of the items are valid and reliable. Technical data analysis with multiple regression used to found the relation of trust and perceived value towards purchase intention. The testing of hypothesis was analyzed through t-test.

IV. Results and Discussion

Table 6. The Distribution Frequency Indicators of Purchase Intention

Purchase Intention (Y)				
No	Sub Indicators	Average	TCR	Criteria
1.	Consumers more purchase PCC.	2.76	55.2	Low
2.	Consumers keep purchase PCC.	2.67	53.4	Low
3.	Consumers prefer purchase PCC.	3.04	60.8	Medium
Total		8.47	169.4	
Average		2.82	56.47	Low

Source: Primary Data, 2016

In this study, the purchase intention of PCC Cement consumers in Dumai are relatively low. Although consumers prefer to purchase PCC rather than purchase other cements, they are not really interested to purchase more of its product. They are also might not keep continuously purchase its product.

Table 7. The Distribution Frequency Indicators of Trust

Trust (X ₁)				
No.	Indicators	Average	TCR	Criteria
A. Product's Reputation				
1.	Reputation as green cement.	2.70	54.00	Low
2.	Reputation meet SNI standard.	2.73	54.60	Low
Total		5.43	108.6	
Average		2.715	54.30	Low
B. Product's Performance				
3.	Quality assurance.	2.95	59.00	Low
4.	Equal quality with OPC.	2.68	53.60	Low
Total		5.63	112.6	
Average		2.815	56.30	Low
C. Product's Claims				
5.	Green cement claim.	2.88	57.60	Low
6.	Versatile cement claim.	2.54	50.80	Low
Total		5.42	108.4	
Average		2.71	54.20	Low
D. Product's Concern				
7.	Efficient production process.	2.61	52.20	Low
8.	Decreased CO ₂ emission.	2.88	57.60	Low
9.	Commitment leaders.	2.68	53.60	Low
Total		8.17	163.4	
Average		2.723	54.47	Low
Total		24.65	493	
Average		2.739	54.78	Low

Source: Primary Data, 2016

This study proves that consumers' trust of PCC Cement in Dumai are relatively low. In addition, product's performance is the most considered factor to increasing trust of consumers. Meanwhile, the claims of PCC Cement cannot be guaranteed to increase consumers trust, because the results of this study show that the product's claims is the lowest criteria rather than other sub indicators

Table 8. The Distribution Frequency Indicators of Perceived Value

Perceived Value (\bar{X}_2)				
No.	Indicators	Average	TCR	Criteria
A. Product's Functions				
1.	Decreased healthy risk.	2.75	55.00	Low
2.	Cause air clean and comfortable.	2.52	50.40	Low
3.	Durable cement.	2.75	55.00	Low
4.	Not easy crack.	2.81	56.20	Low
	Total	10.83	216.6	Low
	Average	2.708	54.15	
B. Product's Benefit				
5.	Watertight.	2.74	54.80	Low
6.	Sulphate resist.	3.30	66.00	Medium
7.	Surface denser and smoother.	2.75	55.00	Low
8.	Affordable price.	2.99	59.80	Low
9.	Better quality than others.	2.77	55.40	Low
	Total	14.55	291	Low
	Average	2.91	58.20	
	Total	25.38	507.8	Low
	Average	2.82	56.40	

Source: Primary Data, 2016

This study indicates that consumers' perceived value of PCC Cement in Dumai are relatively low. Furthermore, product's benefit is the most considered factors rather than product's functions.

Table 9. Multiple Regression Results Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1,301	,529		2,459	,016
Trust	,149	,032	,478	4,716	,000
Perceived Value	,137	,036	,388	3,825	,000
F = 105,514					,000
R ² = 0.685					

Source: Primary Data, 2016

As indicated in table 9, the first hypothesis indicates a significant relationship between trust (X_1) towards purchase intention (Y). The first hypothesis obtains t value = 4,716 and significancy $0,00 < 0,05$. Thus, H_0 has been rejected and H_a has been accepted.

At second hypothesis, perceived value (X_2) has significant influence towards purchase intention (Y). Based on hypothesis test, t value = 3,825 and significancy $0,00 < 0,05$. Thus, H_0 has been rejected and H_a has been accepted.

According to table 9, determination coefficient is 0.685. It means trust and perceived value contributes approximately 68.5% towards purchase intention. Meanwhile, the other 31.5% is determined by other factors outside of this study. The other factors might be influenced by product quality and commitment.

Discussion

The Influence of Trust towards Purchase Intention

This study found that trust has positive and significantly influences on purchase intention. Therefore, trust directly influences the purchase intention of PCC Cement in Dumai city.

Table 9 shows that trust is 0.149 coefficient. It identifies that trust would increase approximately 0.149 influenced the purchase intention. Therefore, if the consumer trust to PCC Cement is intensify, their intention to purchase also higher. As Chen (2010) said, trust would give impact towards purchase intention of a products. Thus, this research is relevant with previous research by Kwok et al (2015), Chinomona et al (2013), and Lai (2015).

The Influence of Perceived Value towards Purchase Intention

This study proves that perceived value has positive coefficient and significantly influences towards purchase intention. It means, if PCC Cement offering better value to consumers, the consumer's perception would positive and interested to purchase this product.

The results of multiple regression shows that perceived value has 0.137 coefficient. It identifies that perceived value would increase approximately 0.137 influenced purchase intention. Thus, this research is relevant with previous research by Kwok et al (2015) and Lai (2015), but it's irrelevant with Chinomona et al (2013) which found that perceived value insignificantly influences purchase intention.

V. Conclusions

Trust has positive significant influence towards purchase intention of PCC Cement of PT. Semen Padang in Dumai city. Thus, trust is one of factors which determined purchase intention PCC Cement.

Perceived value also has positive significant influences on purchase intention. So, perceived value is also one of factor which determine purchase intention of PCC Cement in Dumai city.

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PORTER'S FIVE FORCE MODEL FOR SUPERIORITY OF MICRO SMALL AND MEDIUM ENTERPRISES (SME's) IN FACE THE ASEAN ECONOMIC COMMUNITY (MEA)

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Abstract

This study aims to provide input and an effective way for SMEs in order to have a competitive advantage, especially in the face of the MEA, it is necessary for the existence of a strategy to create competitive advantage in the era of MEA. Many strategies to create competitive advantage and one of them is Porter's Five Forces. This study uses research and development. Respondents in this study is small and medium businesses (SMEs) in the district of Deli Serdang. Data collection techniques using questionnaires and interviews / structured interviews and data analysis techniques using descriptive analysis techniques. The results showed that the model of five forces porter that include competition among similar companies, the threat of new entrants, the threat of substitute products, bargaining power of buyers and bargaining power of suppliers is still included in the category enough or moderate, it indicates the presence of obstacles or problems faced by SMEs in Regency Deli Serdang. Disamping five forces model of porter, the addition of the supporting indicators of the ability of innovation and technology as well as the government's attention is also included in the category enough or moderate, it indicates that the supporting indicators are still facing obstacles or problems.

Keywords: Porter's Five Force, SMEs, MEA

I. Introduction

The existence of the ASEAN Economic Community (AEC) in 2015 gives a challenge for Indonesia, namely in terms of: (1) the competitiveness index, this is because the Global Competitiveness Index 2012-2013, and Indonesia ranked 50th out of 144 countries, compared with countries ASEAN, the ratings are down from the previous ranking 46 (2011-2012). Singapore was ranked second, ranked Malaysia 25th, Thailand ranked 38th, the Philippines ranked 65th, and Vietnam ranked 75. Index Indonesia's competitiveness at the global level is still classifying Indonesia in the economy based on efficiency, in the middle of the ASEAN which has been based innovation (Singapore), towards innovation (Malaysia), which is based on factors of production or natural resources (Philippines, Vietnam, Cambodia, Laos, Myanmar), (2) global innovation index, this is because the position of Indonesia including average among the nine other ASEAN countries. Based on these two things we need the readiness of Indonesian SMEs face AEC 2015 and prospects of the Indonesian national security.

Research on the development model of the Five Force Poter has been done, among others: the above study, Berry Albert, et al (2001) has conducted research on the dynamics of SMEs in Indonesia before and after the crisis, and found that the productivity SMEs increased substantially on a level not far away with a larger company, besides it was also discovered that SMEs face the crisis more resilient than larger firms, further explained that SMEs were able to more quickly and flexibly respond to the issues that suddenly occur. Furthermore hasil penelitian of Alan Hankinson (2000) which menyatakann that one key to the business success of small companies / SMEs are the internal factors of the company through the company's business strategy.

This research was conducted in Deli Serdang on the grounds that the Deli Serdang regency in North Sumatra is a region that has a broad area, besides there are problems that often hinder the development of SMEs in Deli Serdang is the weakness of internal and external factors of business. include the ability of innovation and technology, the threat of new entrants, bargaining power of suppliers, competition between the competitors in the industry, bargaining power of buyers, the threat of substitute products and the attention of the government It required an effort in improving the growth of SMEs by using competing strategies, especially in the face of the MEA.

II. Study Of Literature

The concept of Micro, Small and Medium Enterprises (SMEs)

The definition of SMEs stipulated in Law No. 20 of 2008 on SMEs using the criteria of wealth or net asset value without soil and annual sales revenue. Based on these criteria, microenterprise is a business unit that has an asset value of more than Rp 50 million or with annual sales turnover of USD 300 million large. Nilaiaset small businesses with more than Rp 50 million to Rp 500 million or an annual sales turnover of more than Rp 300 million to Rp 2.5 billion. While medium-sized businesses is a business unit with a net asset value of more than Rp 500 million to Rp 10 billion, or an annual sales turnover of more than Rp 2.5 billion to Rp 50 billion. In addition, the definition of SMEs according to the Central Statistics Agency (BPS) with criteria based on the number of workers. According to BPS, Micro is a business unit with the number of permanent workers for up to 4 people. Small business is a business unit with the number of workers between 5 and 19 workers. While medium-sized businesses to have workers from 20 to 99 workers.

Competitive Advantage

The concept of competitive advantage the company has been developed from the generic strategies proposed by Porter (1985). Things that may indicate variable competitive advantage is imitabilitas, durability, and ease of equaling. Competitive advantage is the heart of the company's performance in a competitive market. Advantage of the company basically grow of the value or benefit to a company creates for its buyers. If then the company is able to create excellence through one of the three generic strategies, it will get the competitive advantage (Aaker, 1989)

Competitive advantage can be understood by looking at the company as a whole, come from many different activities undertaken by the company in the design, manufacture, market, deliver and support sales (Porter, 1999). So that competitive advantage is a position that is still done in an effort to beat the competition organization.

Porter's Five Forces

Porter five forces analysis is a framework for industry analysis and business strategy development developed by Michael Porter. He said there are five forces that determine the intensity of competition in an industry that is, as follows: (1) The threat of substitute products, (2) The threat of competitors, (3) The threat of new entrants, (4) The bargaining power of suppliers, (5) The bargaining power of consumers. This analysis is usually done in combination with a SWOT analysis

III. Research Methods

In line with the objectives to be achieved in this study, that the development model of Porter's Five Force SMEs, this research in the Research and Development (R & D).

The method used is book study method, for collecting secondary data and survey method using a questionnaire to collect primary data.

The Porter's Five Forces model image is as follows:

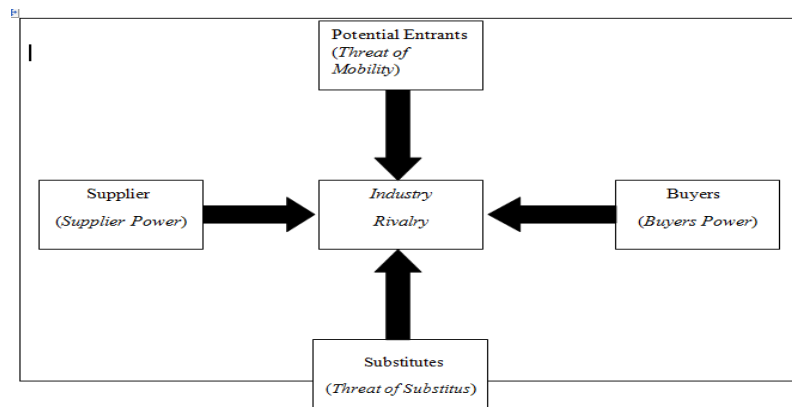


Figure 1. Porter's Five Forces

IV. Results And Discussion

Currently there is no population data perpetrators Small businesses are quite valid in Deli Serdang Because the data has not been invalidated perpetrators of such small then not all small businesses in Deli Serdang as respondents, only SMEs registered in the Office of SMEs and cooperatives that serve Deli Serdang respondents, totaling 100 SMEs. Of the total of 100 SMEs turns that data can be processed only 70 SMEs, it is because there is a questionnaire that do not return as much as 30 or 30% of SMEs.

Descriptive Data Research

The principle of categorization average score of respondents in the adoption of Sugiyono (2009; 135) is based on the range of the maximum score and minimum score divided by the number of the desired category using the following formula.

$$\text{scores range category} = \frac{\text{The maximum score} - \text{the minimum score}}{\text{The number of categories}}$$

So it can be made interval categories as follows:

Interval Questionnaires	Category
1,00 – 3,00	Low
3.01 – 5,00	moderate
5,01 – 7,00	High

This study was conducted to identify the problems faced by SMEs in Deli Serdang in creating a competitive advantage in the era of MEA. Therefore, at this portion environmental analysis of companies using porters five forces analysis. The following will be explained by variables at five forces analysis porter.

Porter's Five Forces Analysis

Porter's Five Force Analysis is used to analyze the external environment is based on competition among similar companies, the threat of new entrants, the threat of substitute

products, bargaining power of buyers and bargaining power of suppliers (Porter, 1976). The following respondents to these factors shows in Table 2 (appendix).

Based on Table 2 above that the indicators of the five forces porter has a value in the Average category, this indicates that there are problems in SMEs in Deli Serdang and if specified can be explained as follows: (1) Competition among peers. Based on the above results indicate the occurrence of adequate high competition between companies, where this happens because (a) The SMEs still have fixed costs are quite high (b) sufficient number of competitors with the same effort, (c) Slight differences with competitors' products, (d) business growth is slow (e) the cost of production is high enough, (f) are less able to compete in selling prices with competitors, and (g) less able to promote the product. (2) The threat of new entrants. Based on the results above show the threat of new entrants is high enough among enterprises, this happens because (a) the product produced / prepared by new entrants (competitors) have a fairly large scale (b) the products of competitors has a range of products that is enough many, (c) inadequate financial capital, (d) the distribution channels that are less efficient.

(3) Threat of Substitute Products. Based on the above results indicate the threat of substitute products is quite high, where this happens because (a) production may be imitated / copied by other entrepreneurs who become competitors, (b) the product produced quite a lot of substitute products, (c) substitute products have prices are much cheaper, and (d) replacement products have a good market share. (e) Strength of bargain shoppers. Based on the above results show the bargaining power of buyers are sufficiently high or medium, where this is the case for lack of information about the product to the buyer. (4) Strength bargaining suppliers. Based on the above results show the bargaining power of suppliers is quite high or moderate, where this happens because (a) the lack of supply of raw materials, (b) Products from a supplier failed to give meaning to the business, (c) Businesses that have not a customer important for suppliers, and (d) lack of integrity towards suppliers. In addition to the five (5) indicators, the researchers added other indicators as supporting SMEs in creating competitive advantage in the face of the MEA. The proficiency level indicator can be seen in the following Table 3.

Based on Table 3 above that the indicator of the ability of innovation and technology as well as the government's attention also has a value in the Average category, this indicates that there are problems in SMEs in Deli Serdang, especially regarding innovation capabilities of the product and the use of technology as well as the attention of the government, and if specified can be explained as follows: (1) The ability of innovation and teknologi. Based on the above results indicate a lack of the ability of innovation and technology, where this is the case because of lack of capability in designing products, expertise in the production process is lacking, lack of market research on the products, the lack of reputation on product quality, market segmentation is small, and the technology is still very simple. (2) Government attention. Based on the above results indicate that the government's attention to SMEs is still relatively less, where this is the case because the provision of such uneven and lack of opportunity to promote a product that is supported by the government.

Based on the above table it can be explained that SMEs in Deli Serdang not run a good business strategy in order to improve competitiveness. Based on the interview that almost all SMEs are still running a conventional business strategy. This condition can be seen in the description of the data that has been described, in which almost all indicators have moderate category or enough, there are even lower in the category of the ability of innovation and technology.

In indicator of competition among similar companies in the category of being, it does show still need attention for SMEs in Deli Serdang, so as to create a competitive

advantage in the face of the MEA. The effort to do SMEs to excel in competition among them: should SMEs need to make efficiency of fixed costs, due to the fixed costs are high will cause the selling price is also high, with pushing costs that the sale price can be more competitive with similar industries.

Table 3. Recapitulation Score And Distribution Based Response Indicators
The ability of innovation and technology, as well as government involvement

No	Indicators / Statement		distribution Comments			Score	Category
			High	Medium	Low		
<i>The ability of innovation & technology</i>							
1	Mr / Ms has a good ability in designing products so that the product manufacturing process becomes more efficient	F	0	47	23	3,86	Medium
		%	0	67,14	32,86		
2	Mr / Ms has a fairly high level of expertise in terms of the production process of products produced	F	1	42	27	3,90	Medium
		%	1,43	60,00	38,57		
3	Products that Mr / Mrs produce / sell have various types	F	1	55	14	4,09	Medium
		%	1,43	78,57	20,00		
4	Mr / Ms have the ability to do market research as well as research on superior product	F	0	10	60	2,73	Low
		%	0	14,29	85,71		
5	Mr / Ms has a team of highly skilled developers and able Businesses that Mr / Ms have to have a good reputation in terms of quality and innovation, and have high creativity.	F	0	11	59	2,76	Low
		%	0	15,71	84,29		
6	Businesses that Mr / Ms have to have a good reputation in terms of quality and innovation.	F	0	43	27	3,67	Medium
		%	0	61,43	38,57		
7	Mr / Ms able to make a product that is made to the public into a smaller segments that they can understand it well.	F	0	52	18	3,97	Medium
		%	0	74,29	25,71		
8	Technology that Mr / Ms use is able to produce products to meet market demand	F	0	39	31	3,56	Medium
		%	0	55,71	44,29		
Government attention							
9	Government / agencies concerned with the effort that Mr / Ms have through the provision of facilities	F	0	25	45	3,23	Medium
		%	0	35,71	64,29		
	Government / agencies provide an opportunity for Mr / Ms to promote products through the activities of both regional and national	F	0	27	43	3,26	Medium
		%	0	38,57	61,43		

Source: Data Processing

At the threat of new entrants indicators are also included in the category enough or moderate, it indicates that the presence of MEA then most likely SMEs face the threat of new entrants. The effort must be made by SMEs to be able to compete with the data immigrants (entrepreneurs) new are: the need for financial capital which is great to invest towards infrastructure and facilities that support the production process of the products so that the products produced much higher quality than the product produced the competitor.

In indicator threat of substitute products is also included in the category enough or moderate, it indicates that the replacement products become a significant threat to the development of SME in Deli Serdang. The efforts made to anticipate the threat of substitute products are: to create a product that has unique specific that it is difficult to

imitate by competitors, and the sale price is more competitive with its competitors, as well as attention to market segmentation for our product.

In indicator of bargaining power of buyers are still included in the category enough or moderate, it indicates that there is still insufficient bargaining of buyers towards the products of SMEs. The efforts made in order to bargain from a buyer can be increased then the thing to do; provide information about the product to consumers through promotions in print and electronic media about the excellence of the products, as well as to provide complete information about the composition of the product.

In indicator bargaining power of suppliers included in the category enough or is, it indicates the bargaining of suppliers for raw materials is still facing obstacles, so that SMEs have difficulty raw material supply. The measures to be carried out by SMEs is, building a good relationship with pemrosok raw materials to maintain the integrity so that SMEs can be the main customers of the suppliers of raw materials.

In indicator of the ability of innovation and technology as well as the government's attention was also included in the category of moderate or moderate, it does show that SMEs are still weak in innovation in the products it produces and uses simple technology or traditional. In addition to the government's attention to SMEs in the district is also still a little Deli Serdang. The effort must be made so that the ability to innovate and teknomogi and increased are: improving capability in designing products with always followed that training conducted by related institutions, conduct market research on the products that will be produced so that the products according to market segmentation, keeping the product's reputation with how to always maintain the quality of the products, and the use of appropriate technologies.

V. Conclusions

Porter five forces model which includes competition among similar companies, the threat of new entrants, the threat of substitute products, bargaining power of buyers and bargaining power of suppliers is still included in the category enough or moderate, it indicates the presence of obstacles or problems faced by SMEs in the District Deli Serdang. Porter five forces model, additional supporting indicators of the ability of innovation and technology as well as the government's attention is also included in the category enough or moderate, it indicates that the supporting indicators are still facing obstacles or problems

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Appendix

Table 2. Recapitulation Score And Distribution Based Response Indicators Porter's Five Force Analysis

No	Indicators / Statement		distribution Comments			Score	Category
			High	moderate	Low		
Competition Between Peers							
1	The fixed costs that Mr / Ms remove high enough	F	0	59	11	4,01	Medium
		%	0	84,29	15,71		
2	According to Mr. / Ms, many competitors for the same business as Mr / Ms	F	0	46	24	3,74	Medium
		%	0	65,71	34,29		
3	Products that Mr / Ms have to have a little difference with competitors' products in terms of quality and quantity	F	0	51	19	3,90	Medium
		%	0	72,86	27,14		
4	Businesses that Mr / Ms have to have a slow growth	F	1	14	55	3,09	Medium
		%	1,43	20,00	78,57		
5	The production costs Mr / Ms expended to produce sufficiently large / tall	F	0	37	33	3,63	Medium
		%	0	52,86	47,14		
6	Mr / Ms able to sell products / goods at normal prices to get higher profits than competitors	F	0	43	27	3,69	Medium
		%	0	61,43	38,57		
7	Mr / Ms have the ability to promote / demonstrate the advantages of the product	F	0	20	50	3,10	Medium
		%	0	28,57	71,43		
Threat of New Entrants							
8	Their products produced / prepared by new entrants (competitors) with a large-scale effort could interfere Mr / Ms	F	0	48	22	3,76	Medium
		%	0	68,57	31,43		
9	According to Mr / Ms, the products of competitors has a range of products that many	F	0	29	41	3,47	Medium
		%	0	41,43	58,57		
10	Mr. / Ms has sufficient financial resources to provide significant	F	0	33	37	3,46	Medium

No	Indicators / Statement	distribution Comments				Score	Category
	investment in a business that Mr. / Ms do	%	0	47,14	52,86		
11	Mr / Ms have distribution channels / efficient marketing	F	0	27	43	3,36	Medium
		%	0	38,57	61,43		
Threat of Substitute Products							
12	The possibility of product which Mr / Mrs production can be imitated / copied by other entrepreneurs who become competitors	F	1	50	19	3,94	Medium
		%	1,43	71,43	27,14		
13	According to Mr / Mrs product that father / mother produce / sell have replacement products	F	0	47	23	3,71	Medium
		%	0	67,14	32,86		
14	According to Mr / Mrs prices of substitute products cheaper than the price of a product for which Mr. / Mrs produce	F	0	43	27	3,67	Medium
		%	0	61,43	38,57		
15	Menurut Bapak/Ibu produk pengganti yang dimiliki pesaing mempunyai pangsa pasar yang lebih baik	F	0	45	25	3,72	Medium
		%	0	64,29	35,71		
Bargaining Power of Buyers							
16	According to Mr. / Ms replacement products owned competitors have better market share	F	0	40	30	3,64	Medium
		%	0	56,14	42,86		
Bargaining Power of Suppliers							
17	Manufacture of raw materials (supplier) products Father / Mother is dominated by a few companies	F	0	43	27	3,67	Medium
		%	0	61,43	38,57		
18	Products from raw material suppliers as Mr / Ms is an important product for Mr / Ms	F	0	47	23	3,80	Medium
		%	0	67,14	32,86		
19	Businesses that father / mother had not an important customer for suppliers	F	0	44	26	4,31	Medium
		%	0	62,86	37,14		
20	Industry suppliers have good integrity to the business of Mr / Ms	F	0	49	21	3,86	Medium
		%	0	70	30		

Source: Data Processing

COOPERATIVE LEARNING METHOD TYPE NUMBERED HEADS TOGETHER (NHT) STUDENTS IN EFFORTS TO INCREASE LIVELINESS AND MATERIALS MANAGEMENT MARKETING MASTERY IN ECONOMICS FACULTY MUHAMMADIYAH UNIVERSITY OF NORTH SUMATRA

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Abstract

This research aims to enhance the activity of the students in the lecture courses marketing management in particular through the implementation of cooperative learning Numbered Heads Together (NHT) and to find out how far the mastery of course material marketing management with the implementation of cooperative learning Numbered Heads Together (NHT). This research is a classroom action research using cooperative learning strategies Numbered Heads Together (NHT). Data collection techniques in this research test methods in order to determine student results, the documentation which is to get important records related to the problem of learning, observation of the conduct of recording in behavior as a group or individually, interviews with the aim of revealing data on the implementation of lectures through a cooperative learning approach Numbered Heads Together (NHT). The data analysis used in this study with descriptive analysis. From the results of this research study marketing management using the type Numbered Heads Together (NHT) may enhance the activity and student mastery of the material.

Keywords: *Cooperative learning, learning Type Numbered Heads Together (NHT), the activity of students, mastery of the material*

I. Introduction

Marketing management courses are compulsory subjects that must be followed by students of the Faculty of Economics Department of Management, Muhammadiyah University of North Sumatra. This course will be met students during the students are in the third semester. Marketing courses is considered by students is a subject that talks about selling a product.

In fact the course of marketing management is a subject which very many benefits for students for the future, that is, if the student has completed the course if they work or own a business. Because in the course of marketing management discusses offer a product before it is derived until the product is ready to be marketed. Therefore, in the course of marketing management is needed liveliness and mastery of subject matter to the students so that students can face the situation on the ground.

If seen, learning marketing management courses at the Faculty of Economics, University of North Sumatra Muhammadiyah has not been accomplished in accordance with the expected. It is seen from the previous semester that the lecturer in conducting the learning process they use learning methods that conventional learning activities that tend to be centered on the lecturer.

Conventional learning has a negative impact for the students because this can lead to learning methods gained mastery of students just copy notes from lecturers and

memorizing the material presented by the lecturers. In addition to teaching also lead to a lack of interaction between students and lecturers.

Therefore, to engage students actively in learning activities, both physically and socially, the lecturers can use cooperative learning methods Numbered Heads Together (NHT). Due to the cooperative learning method students not only hear and record what is described by professors but students can interact, bold, conveying its ideas, work together, increase a sense of responsibility, and gained extensive learning experience. So that students understand the material being taught and student learning outcomes can be improved. lectures in other words more students to listen to the explanation from the lecturer in class.

NHT cooperative learning method based on the results of research conducted by Slavin (1995) in Rusman (2013: 205-206) states that: (1) cooperative learning can improve student achievement while increasing social relationships, cultivate an attitude of tolerance and respect the opinions of others, (2) cooperative learning can meet the needs of students in critical thinking, problem solving, and integrate knowledge with experience.

Numbered Heads Together method of learning is done by classifying all into small groups of 4-6 people. Experienced difficulty understanding the material can be solved together with the members of the group with the guidance of the lecturer. For that learning Numbered Heads Together focuses on the activity of students and requires good social interaction between all the groups. Learning Numbered Heads Together (NHT) provides an opportunity for students to share ideas and consider the most appropriate answer. In addition, learning Numbered Heads Together also encourages students to improve students' spirit of cooperation.

Based on the background that the author has described, then that becomes a problem in this research is how the implementation of cooperative learning Numbered Heads Together (NHT) to enhance the activity as well as mastery of the material in the course of marketing management. The purpose of this study is to enhance the activity of the students as well as mastery of the material in the lecture courses marketing management in particular through the implementation of cooperative learning Numbered Heads Together (NHT).

II. Teoritical Framework

Learning Model

Understanding Learning Model

The learning model is a conceptual framework that describes a systematic procedure in organizing learning experiences to achieve specific learning objectives, and serves as a guideline for the designers of learning and teachers plan learning activities - teaching. The learning model is a conceptual framework that describes a systematic procedure for organizing a learning experience to achieve the learning objectives. (Soekamto in Rohman: 2013).

Based on the above understanding can be seen that the learning model is a pattern or framework used by lecturers to guide and teach students in the classroom to achieve learning objectives and serve as guidelines for the designers of learning and teachers plan learning activities - teaching. With the learning model can help lecturers to give change in teaching and learning in the classroom.

Distinctive Learning Model

According Trianto (2010) traits learning model are: (1) Rational logical theoretical prepared by the creators and developers; (2) Rationale about what and how students learn

(learning objectives to be achieved); (3) The behavior of teaching required so that the model can be implemented successfully; (4) The learning environment necessary for learning objectives that can be achieved.

Also according to Nieveen in Trianto (2010) also describes the learning model is said to be good if it meets the following criteria: (1) Sahih (valid). Aspects of the validity attributed to two things: (a) whether the model was developed based on strong theoretical rationale; and (b) the experts and whether there is internal consistency. (2) Practice. Practicality aspect can be met if: (a) experts and practitioners argue that what is developed can be applied; and (b) the fact shows that what is developed that can be applied. (3) Effective. In connection with the effectiveness of this, Nieveen provide parameters as follows: (a) expert and practitioner based on his experience stated that the model is effective; and (b) are operationally the model provides results as expected.

Study of Cooperative Learning Model

Definition of Cooperative Learning Model

Rusman (2012) model of group learning is a series of learning activities conducted by the students in groups to achieve the objectives that have been formulated. Cooperative learning is also defined as a structure common task in an atmosphere of togetherness among members of the group. (Etin Sholihatin: 2011).

Vienna Sanjaya (2014) state cooperative learning is a learning model by using the grouping system or a small team. The purpose of this grouping of small teams of between four to five students who have a background in academic ability, gender, race, or ethnicity were different (heterogeneous). The scoring system is done against the group. Each group will receive awards (reward), if the group was able to demonstrate the required results, thus, each group member will have a dependency.

It is important in cooperative learning model is that students can learn to work with friends (Hamzah: 2011). This cooperative learning, a more capable companion can help a friend who is weak. Each member of the group still contribute to the outcome of the working group. Students also have the opportunity to socialize with members of the group.

Characteristics of Cooperative Learning Model

Vienna (2014) Characteristics of learning consists of four, namely learning team, based on cooperative management, willingness to cooperate, and cooperation skills. Of the four characteristics can be explained as follows: (1) Learning as a team. Cooperative learning is learning that carried the team. Tim is a place to reach the goal. Therefore, the team should be able to make every student learn. Each team member should help each other to achieve the learning objectives. (2) Based on cooperative management. Cooperative management has three functions, namely: (a) the functions of management as planning and conducting showed that cooperative learning is implemented in accordance with the planning, and learning steps that have been determined. (b) management functions as an organization, showed that cooperative learning requires careful planning for the learning process to be effective. (c) management functions as a control, showed that in cooperative learning success criteria need to be determined whether through a test or nontes.

(3) Willingness to cooperate. The success is determined by the success of cooperative learning in groups, therefore the principle of unity or cooperation should be emphasized in cooperative learning. Each member of the group not only have to set the duties and responsibilities of each, but also instilled the need to help each other. (4) Skills cooperation. Willingness to cooperate was then put into practice through activities in the activities portrayed in the skills of working together. Thus, students should be encouraged

to be willing and able to interact and communicate with other members. Students need to be helped to overcome various obstacles in interacting and communicating, so that each student can express ideas, opinions, and contribute to the success of the group.

Characteristics Of Cooperative Learning Model

Cooperative learning model has several characteristics (Tukiran: 2010). The following characteristics of cooperative learning. The characteristics of cooperative learning are: (1) Study together with friends, (2) During the learning process occurs between friends face to face, (3) Mutual listen to opinions among the group members, (4) Learning from their own friends in the group, (5) Learning in small groups, (6) Earning talk or mutual expression, (7) Students are active.

Steps Cooperative Learning Model

Trianto (2012) states there are six major steps or stages in their lessons using cooperative learning, the measures are shown in Table 1.

Table 1. Steps Cooperative Learning Model

Phase	Teacher Behaviour
Phase – 1 Outlines the objectives and motivate students	Teachers deliver all destinations lessons to be achieved in these lessons and motivate students to learn
Phase – 2 Presenting information	Teachers communicate information to students with street demonstrations or through reading materials.
Phase – 3 Organize students into cooperative groups	Teachers explain to students how how to form study groups and help each group to make the transition efficiently
Phase – 4 Guiding the group work and study	Teachers guide groups learn by the time they do their work.
Phase – 5 Evaluation	Teachers evaluate learning outcomes on material that has been learned or respective each group presented their work.
Phase – 6 Reward	Teachers looking for ways to reward both effort and learning outcomes of individuals and groups.

Assessment of Cooperative Learning Model Numbered Heads Together (NHT)

Definition of Cooperative Learning Model Numbered Heads Together (NHT)

Trianto (2010) stated Numbered Heads Together (NHT) is cooperative learning designed to influence patterns of interaction a student and as an alternative to the traditional class structure. Cooperative learning model Numbered Heads Together (NHT) was first developed by Spenser Kagen to involve more students in reviewing the material covered in the lesson and check their understanding of the lesson content.

Steps Cooperative Learning Model Numbered Heads Together (NHT)

In asking the question to the whole class, the lecturer uses four phases as a syntactic structure NHT (Trianto: 2012) : (1) Phase 1: Numbering, In this phase, lecturers divide students into groups of 4-5 students and each member of the group is given a number between 1-5. (2) Phase 2: Asking questions, Lecturer ask a question to the students. Questions can vary. Questions can be very specific and in a form and in a question form. (3) Phase 3: Think with, Students unite its opinion on the answers to these questions and convince each member of his team know the answer. Students work together and exchange ideas to solve the problem. (4) Phase 4: Answering, Lecturers call a specific number, then the appropriate number of students raised her hand and tried to answer the question for the whole class.

Steps cooperative learning model Numbered Heads Together (NHT), namely: (1) Students were divided into groups of 4-5 people. Each student in each group received a different number. (2) Lecturers give assignments and each group to do it. (3) The group discusses the correct answers and ensure that each member of the group can do it and find out the answer. (4) Lecturers call one of the numbers of students and the number to be dialed to report the results of their cooperation in the front of the class. (4) Lecturers have students from other groups to respond to the results that have been presented, then a lecturer appoint another number to report the results of that group until the finish. (5) Lecturers and students conclude materially from the results that have been reported by each group

Activeness Learning

Paul B. Diedrich in (Oemar Hamalik 2005) divides the learning activities of students in 8 groups, namely: (1) Visual activities (visual activities) such as reading, watching experiments, demonstrations, exhibitions, and watching other people work or play, (2) Oral Activities (activities oral) as posited a fact, connecting sutu events, ask questions, give advice, opinions, interviews, discussions, and interruptions, (3) Listening Activities (activities listen to) such dictations, conversations, discussions, music, speeches, and so on, (4) Writing activities (activities writing) such as story writing essays, reports, tests, questionnaires, copying, and so on, (5) Drawing activities (activities drawing) such as drawing, graph, map, diagram, patterns, and so on, (6) Motor activities (activities motor) like to experiment, create construction, the model playing, gardening, keeping pets, and so on, (7) Mental activities (mental activities) as contemplate, remember, solve problems, analyze, look at relationships, make decisions, and so forth, (8) Emotional activities (activities emotionally) as interested, bored, happy, brave, calm, nervous, and so forth.

Mastery of Matter

Mastery means to master or exploit, the understanding or the ability to use knowledge, understanding (Indonesian Dictionary, 2001). While in the psychology of mastery learning can be interpreted to apply, generalize, organize, clarify, modify the structure of a problem (Ngalim Purwanto, 2002). Based on such understanding can be stated that the acquisition was an understanding. Understanding not only mean knowing that are given (recitation of), but were able to express in another form or with your own words so easy typing meaning of material being studied, but did not change the meaning in it.

Matter is something so material thinking, negotiating, writing and so forth (W.J.S. Poerwadarminto, 1996). Matter is an abstraction that represents a class of objects, events, activities or relationships that have the same attributes. The material required to obtain and communicate knowledge as to master the material can gain new knowledge that is not limited (Dahar, 1996).

III. Research Methods

This type of research is used as a reference for this research is the Classroom Action Research (PTK). The term in English is Classroom Action Research (CAR) the name, it shows the contents contained therein, namely a research activity carried out in the classroom.

Class Action Research (Classroom Action Research) is one type of research that seeks to solve the problems facing faculty associated with the learning process in its own class. Class Action Research aims to improve and enhance the quality of learning and help to empower teachers to solve learning problems in school.

Flowchart design cycle class actions can be seen as follows:

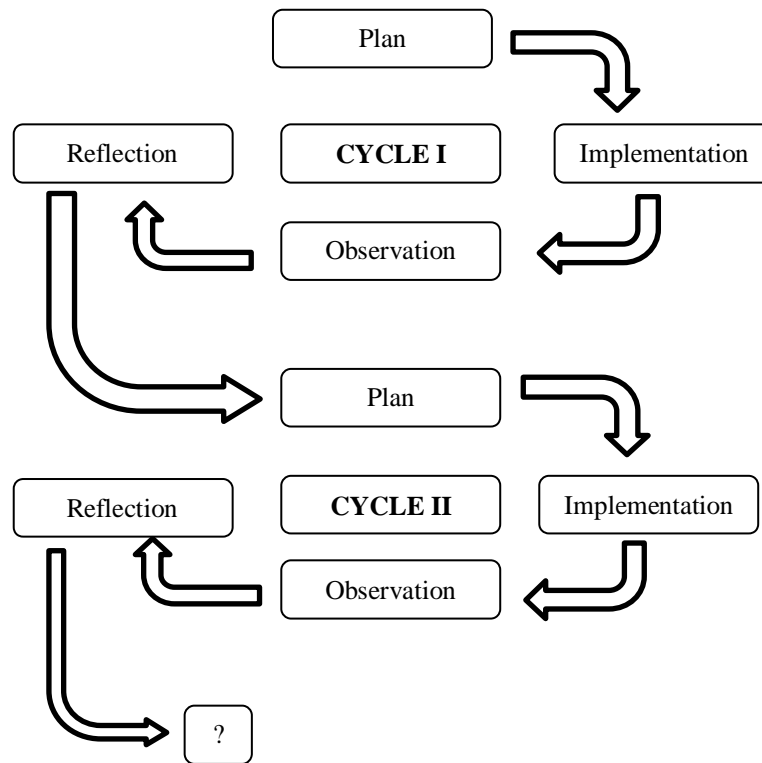


Figure 1. Class Action Research Cycle (Arikunto, 2010)

The data collection techniques in this study are: (1) The test is a set of stimuli (stimulation) given to someone with the intent to get answers form the basis for scoring points. (2) Observation is a process of observation and recording in a systematic, logical, objective and rational about various phenomena, both in the actual situation and in an artificial situation. (3) The interview is the submission of questions by one person to another with the intent to get information about something. (4) Field notes are written records of what is heard, seen, experienced, and well thought out in the context inference reflection data to the data in qualitative research. (5) Documentation is a data collection techniques to collect and analyze the documents, both written documents and electronic images.

IV. Results And Discussion

In this research faculty to apply the method Numbered Heads Together (NHT) in the course of marketing management. This research was conducted through a second cycle in which the first cycle consists of 4 meetings and the second cycle consists of 4 meetings and at the end of the lessons learned in the form of test results. From the results of the study consisted of a post test value for each cycle.

The results of post-test function to see the end of the ability of the students after the implementation of the method. Student activity observation data can be found in the appendix table in the first cycle there are still many students who are less active and less control of the learning materials. As well as the first cycle of the test results seen in students' ability to master the course of marketing management is still low. This is because the interest of student learning is still lacking.

Furthermore, in the second cycle students have started active visits from student activity observation data has been changed. Where the first cycle there are still many students who are less active and less mastered the material in the learning process, but in the second cycle of activity of students in the learning process has been very good. Therefore, the results obtained from the learning activities can be seen in the first cycle and the second cycle which increase student learning outcomes through the first cycle to the second cycle can be seen from the graph below:

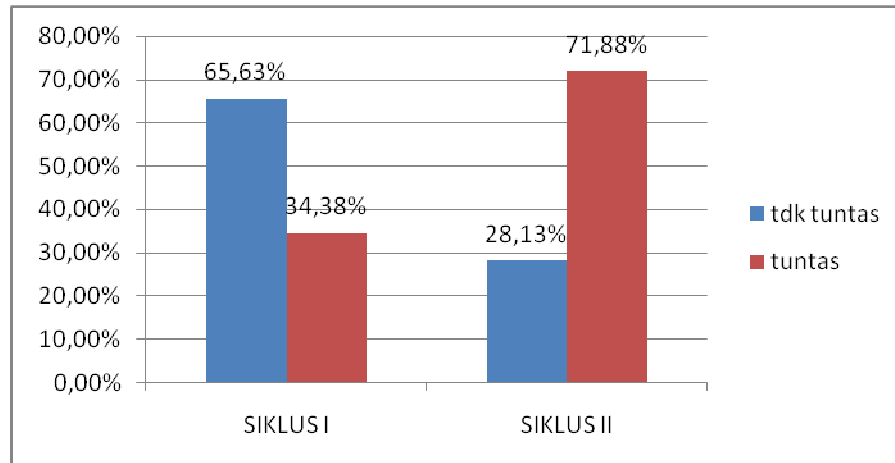


Figure 2. Results of studying the first cycle and the second cycle

Based on the chart above that the results of student learning management class IIIB afternoon Muhammadiyah University Of North Sumatera Faculty of Economics in the course of marketing management is good. This can be seen by observing the graph above that the learning outcomes of marketing management in the first cycle of students with learning completeness amounted to 34.38%, while in the second cycle students gain mastery learning of 71.88%. That is an increase learning outcomes in the second cycle than in the first cycle by observing the graph above it can be seen that the analysis of learning outcomes in post test II second cycle turns out to better results and increased liveliness and mastery of students' learning is significant, but teachers should still provide guidance further , The method of Numbered Heads Together (NHT) in the course of marketing management can be applied in order to improve the quality of learning better.

V. Conclusions And Recommendations

That application of the method of Numbered Heads Together (NHT) is able to enhance the activity and mastery of subject matter in the eyes of college student self-marketing management. It can be seen from the analysis of data that increases student learning outcomes using the method of Numbered Heads Together (NHT) in the subject of marketing management, where student results in the first cycle is not finished by 65.63% and in the second cycle of 28.13 % while the learning outcomes of students in the first cycle are gaining mastery of 34.38% and the second cycle of 71.88%, it is seen that an increase learning outcomes in the second cycle than in the first cycle, it means that the method of Numbered Heads Together (NHT) that is used for marketing management courses can enhance the activity as well as mastery of the material.

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MEASURING PRICE IMAGE: AN EMPIRICAL ASSESSMENT OF LOW PRICE STORE

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Abstract

Low price strategy in modern retail is an imperative issue discussed today by retail researchers and practitioners. Therefore, measuring the price image of modern retail become essential in knowing the application of everyday low price strategy. This research aims to investigate how price and non-price factors impact the price image of a modern retail. The data for this research were collected using a survey on consumers who shop at a modern retail with low price strategy. The population in this study was retail consumers who shop at Ramayana Department Store. The data was obtained by questionnaire and collected data using a mall-intercept approach. The results revealed that price factors influences price image, while non-price factors have no-effect on price image in Ramayana Department Store. Thus, these results reflect that the price image is determined by the price factor.

Keywords : *price image, low price strategy, non-price factors and price factors.*

I. Introduction

The high potential for the development of the retail industry in Indonesia help to gain many investors to invest and establishing modern retail outlets. Kearney (2015) ranked Indonesia at 12th of the Asian countries that enter into the TOP 30 Global Retail Development Index (GRDI). The following table shows the ranking of Indonesia in the global retail development based on a total score of Indonesia's economic growth.

Table 1. 2015 Global Retail Development Index (GRDI)

Rank (2015)	Country	Market Attractiveness (25%)	Country risk (25%)	Market Saturation (25%)	Time Pressure (25%)	GDRI Score
1	China	66,7	55,7	42,3	96,6	65,3
9	Malaysia	75,6	68,8	29,3	52,7	56,6
12	Indonesia	50,6	35,5	55,1	65,9	51,8
15	India	30,5	39,8	75,7	58,5	51,1
24	Philippines	39,6	35,0	51,6	60,7	46,7

Source: Kearney, A. T. (2015)

To view the competition among retail more clearly, especially for retail with the type of department stores, there is presented one indicator to measure the power of a brand name called Top Brand Index (TBI) known as Top Brand Award. The below table shows that Matahari became the winner of competition among other department stores. Matahari has highest a Top Brand Index among the other department stores based on department stores category in Indonesia.

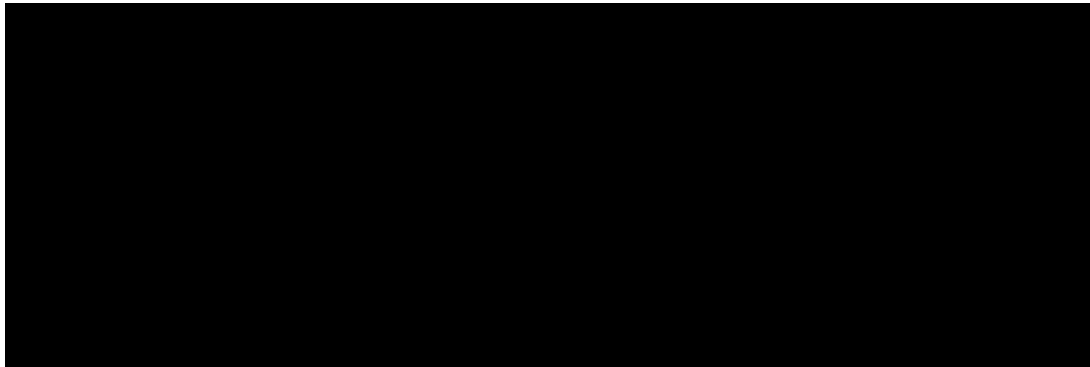
The phenomenon of retail competition in Padang also showed the same phenomenon with retail competition in Indonesia. It is characterized by the increasing number of modern retail stand in Padang. In the last ten years, the average growth of modern retail has increased from the previous year. But the last three years which is from 2011 until 2013 is increasing rapidly. This growth increased sharply as shown in the graph 1:

Table 2. Top Brand Index from 2013-2015 For Retail Category

Retail Name	Year		
	2013	2014	2015
MatahariDepartement Store	56%	55,30%	50,40%
RamayanaDepartement Store	18,60%	16,50%	15,50%
ToserbaYogya	6,90%	7,60%	5,30%
Sogo	6,90%	4,90%	6,30%

Source: *www.topbrand-award.com*, accessed on 7th April 2016

Competition among retail happens because each retailer seeks to favor themselves to attract the consumer buyer. Retail elections which will be visited by consumers cannot be separated from the process of making a decision made by consumers. There are several components that may affect consumer decisions such as the components of marketing efforts undertaken by the retail itself, socio-cultural environment, and components of consumer psychology (Schiffman and Kanuk, 2010: 483). In the component of marketing efforts undertaken by the manufacturer, there is a price component (Sullivan and Adcock, 2002:103). It means prices can influence consumers in making purchase decisions. Therefore, many retailers in Indonesia got into a price fight to influence consumer decisions, especially department stores and supermarkets.



Source: Department of Industry Trade Mining and Energy in Padang

Figure 1. Growth Chart of Modern Retail in Padang

Some strategies that may be carried by retailers in pricing is the pricing low and high, low prices every day, leader pricing (selling below cost of capital), price lining (limited offer for a price), as well as the odd pricing or using odd numbers for each price offered (Levy and Weitz, 2009: 435-436). Pricing strategies above are done by the retailer allows the formation of price image of its retail (Coulter, 2002).

Price image is a component contained in the formation of the price offered by the retailer. Price image is the general perception of the price level which is associated by consumers in one particular retailer (Hamilton & Chernev, 2013). As an example, A consumer considers the goods in a retail store generally has a low price.

In addition, price image could help retailers to save costs in providing information to the consumer. Instead of giving information the price of each product specifically, price image gives general perspective to consumers (Shin, 2005). Seeing how important the role of price image as revealed by several studies above, the depth research on price image is very necessary.

Research about price image have been done before. As research conducted by Hamilton and Chernev (2013) which revealed that there are various factors that make up

the price image. These factors consist of factor price and non-price factors. Almost similar research conducted by some researchers say that the price factor could affect the price image (Biswas et al., 2002; Desai and Talukdar, 2003). Besides price factors, there is non-price factors exist could affect the price image (Estelami, Grewal, Roggeven, 2007).

Among many research studies conducted on the price image, most of these studies only outline price factor and non-price factors that make up the price image without outlining the extent of these factors affect the price image.

II. Teoritical Framework

Prices Factors

As described in the definition that price image is the result of the involvement of pricing and other attributes by the manufacturer as well as the interpretation of the perception by consumers (Zielke, 2010), the factors of forming price image involves determining factors price image of the retailer and factors price image of consumers. The following factors affect price image described by Hamilton and Chernev (2013) and supported by the other articles that are relevant.

Firstly, the price factor can be seen from the five elements, namely dispersion of prices, price dynamics, price-related policies, price-based communications, and average price level (Hamilton and Chernev, 2013). Dispersion of prices means how retailers list the price for each product in their retail. For example, one retailer may price all of its items at a fairly consistent discount relative to the market average, whereas another retailer could price some items higher than the market average and offer lower prices on other items.

Even though these two retailers might have comparable average prices across all product categories, the resulting price image formed in consumers' minds is likely to be different, meaning that consumers may form category-specific price image impressions in addition to a retailer's overall price image. Consistent with this line of reasoning, prior research has shown that consumers tend to be sensitive to the dispersion of prices within a store's assortment rather than just to the overall price level (Alba *et al.* 1994).

Next, price dynamics means how often price changes occur in the retail. These price changes included raising prices or lowering prices within a specific time. Some retailers present consumers with prices that are relatively static over time, a strategy commonly referred to as EDLP, whereas others are marked by dynamic prices that can change frequently and/or dramatically. Price dynamics often occurs on retail who use EDLP (Everyday Low Price) as their strategy (Van Heerde et al, 2008).

Price-related policies relating to three aspects, (1) competitive price match guarantees; (2) low price guarantees; (3) payment policies. Competitive price match is a variety of signals to indicate that retail have the cheapest price. This sign can be shown in slogan and advertisement to convince consumers that retail has the cheapest price comparing other retails (Hsin-Hui Lin, 2005).

Low price guarantees are a variety of signals to indicate that retail have the cheapest price by giving guarantees. Anderson and Simester (2009) have further argued that lowest price guarantees offering protection against future discounts by the same retailer are relatively more effective than competitive price match guarantees.

Payment policies are payment form policies, such as the acceptance of various types of credit cards, personal checks, and cash, can also influence a retailer's price image (Lindquist 1974; Mazursky and Jacoby 1986). These policies can affect price image by revealing possible additional costs that the retailer incurs.

Price-Based Communications can gather information about prices not only through observation of the sale price but also observe the level of retail communication about pricing information through advertising, social media and public activities. It is like

advertising is one direct way to describe retail's price image to consumers and also influence consumers to evaluate the price (Compeau and Grewal, 1998)

Average Price Level is the average price level consists of the overall price of each product in a retail when compared to the overall price of each product in other retail and known as price fairness (Shu and Kai 2014). The average price level is important because consumers could not remember the exact nominal of price for each product so that they tend to rely on general perception about average price level (Desai and Talukdar, 2003).

Based on previous studies that the price factors effecton the price image (Lindquist 1974; Mazursky and Jacoby 1986; Compeau and Grewal, 1998; Hamilton and Chernev, 2013; Shu and Kai 2014). Therefore, in this study the authors formulated the following hypotheses:

H₁: There is a significant influence of price factors on price image

Non-Price Factors

Non-price factors can be seen from several aspects, namely physical attributes, service level, non-price policies. Firstly, physical attributes owned by retails such as the shape of the building, good lightning and others. Thus, a central location, exquisite decor, and nicer amenities are often associated with higher retailer costs and, consequently, higher price image. Empirical investigations have found that stores with expensive, fashionable interiors and pleasant music tend to have higher price image impressions, whereas stores that are shabby and untidy tend to have lower price images (Baker et al. 2002; Brown 1969).

Secondly, service level is an extra service owned by retail compared to another retails. This service level can be extra services like free packing, shopping shuttle service, and others. In line with the notion that consumers use service to evaluate the attractiveness of an individual price, research has suggested that consumers also use the level of service the retailer offers to infer a store-level price image such that higher levels of service tend to lead to higher price image evaluations, even when controlling for objective price levels (Brown 1969).

Finally, non-price policies associated with the store service policies in order to build relationship with consumers. A retailer's nonprice policies, such as the leniency of its return policy and its social responsibility policy, can have a significant impact on its price image. In general, nonprice policies tend to influence price image by affecting consumers' perceptions of the retailer's costs: policies associated with higher perceived costs for the retailer will likely lead to a higher price image, whereas policies that are perceived to reduce retailer costs are likely to lead to a lower price image (Hamilton and Chernev, 2013).

Based on earlier studies that the non-price factors effecton the price image (Lindquist 1974; Baker et al. 2002; Brown 1969; Hamilton and Chernev, 2013). Therefore, in this research the authors formulated the following hypotheses:

H₂: There is a significant influence of non-price factors on price image

III. Research Methods

The method used for this research is survey. This research conducted in Padang with population of residents which living in Padang and who has been shopped in Ramayana Department Store. The sampling method used in this study is a non-probability sampling, because of the number and identity of population is unknown. This research used purposive sampling as sampling technique. Data collection used mall-intercept. Data analysis techniques in this study using multiple regression with SPSS software version 20.

Questionnaire used Likert scale with five points alternative answers where positive statements with scale Strongly Agree (SS) = 5, Agree (S) = 4, Neutral (N) = 3, Disagree

(TS) = 2, Strongly Disagree (STS) = 1. While the negative statements with scale Strongly Disagree (STS) = 5, Disagree (TS) = 4, Neutral (N) = 3, Agree (S) = 2 and Strongly Agree (SS) = 1.

Operationally, the definition of the price factors are the cost incurred by the consumer in nominal form when buying products in Ramayana. While, non-price factors are factors of non-money issued by the company when consumers shop at Ramayana. And price image is the general perception of the price level which is associated by consumers in one specific retail.

The indicator of price factors consists of five variables which is dispersion of price adapted questions item from Zielke (2006), price dynamics adapted questions item from Alba, Mela, Shim, Urbani (1999), price related policies adapted questions item from Estelami, Grewal, Roggeven (2007), price based communication adapted questions item from Amara and Bouslama (2011) and average price level adapted questions item from Zielke (2010).

While, the indicator of non-price factors consists of three variables which is Physical Attributes adapted questions item from Baker and Grewal (1994), Service Level adapted questions item from Estelami, Grewal, Roggeven (2007) and Non-price Policies adapted questions item from Shu and Kai (2014). And for price image adapted questions item from Zielke (2010).

IV. Results and Discussion

From the questionnaires results to 277 respondents, around 28.8% of respondents aged 21-25 years and around 55.2% are mostly female respondents. Around 50.9% respondents' level education are bachelor of degree. Private employees are mostly in this research around 35.5%. And around 30% their average income is $>Rp2.000.000$ s.d $\leq Rp3.500.000$.

The results of the relationship between the constructs indicate that the price factors have positive influence on price image by 0.359 and significant at 0.05 (P values 0.000). It can also be proved by looking T Statistics at 4.859 that has a value greater than T table (T count 4.859 > T Table 1.96). Thus, Hypothesis 1 (one) in this study is **accepted**.

The results of the relationship between the constructs indicate that non-price factors have a positive value to the price image of 0.011 and is not significant at 0.05 (P values 0.854) It can also be proved by looking T Statistics at 0.184 which has a smaller value than the T Table (T Count 0.184 > T Table 1.96). Thus, Hypothesis 2 (two) in this study is **rejected**.

The influence of price factors toward price image

Based on the results of hypothesis testing found that there are significantly influence of price factors toward price image. The results obtained indicate that price factors have an important role in determining the retail's price image. By the influential it gained, then Ramayana must keep aspects of the price factor in order to create the good retail's price image.

The research result indicates that price factor has the highest positive regression coefficient at 0.359. It is means that price factors are the most influential factor and had a large portion in order to forming price image of Ramayana. These results are aligned with what has been written by Hamilton and Chernev (2013). According to Hamilton and Chernev (2013), to create a good price image, there are several factors that should be adjusted such as dispersion of price, price dynamics, price related policies, price based communication, and average price level.

The influence of non-price factors toward price image

Based on the results of hypothesis testing found that there is no influence of non-price factors toward price image of Ramayana department store in Padang. The results obtained indicate that non-price factors had no influence in determining retail's price image. The research result indicates that there is no influence of facilities, services and other policies that not related to price could changes a price image. This means that good physical attributes, good services and high of non-price policies given does not always create high retail's price image.

These result are aligned with what has been written by Grewal *et al* (1994) which stated that non-price factors such as physical attributes, service level and non-price policies have a weak influence on the relevance with price image. In other word, Grewal *et al* (1994) showed in his study that non-price factors will only affect the retail image itself.

V. Conclusions

Based on the research results and discussion that has been done on influence of price factors and non-price factors toward price image of the modern retails in Padang, it can be concluded as follows:

Price factors significantly influence price image of Ramayana Department Store in Padang. According to the results obtained in this study, generally Ramayana in Padang implement good price factors causing the high price image. The price factor applied include good dispersion of price, often do price communications and promotions, there are often a discounts, refunds ease bureaucracy, and equal price level. Those things are causing consumers to assume that in general Ramayana in Padang have high price image.

Non-price factors had no influence on price image of Ramayana Department Store in Padang. According to the results obtained in the study, generally Ramayana in Padang implement non-price factors that are not good. Ramayana has an interior design that is unstructured, services level are unsatisfactory, as well as non-price policies that are unsatisfactory. However, these things actually cause consumers think that the price image of Ramayana compatible with the services provided, uninteresting of layout design as well as poor non-price policies.

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INFLUENCE OF THE RETURN ON ASSETS AND RETURN ON EQUITY TO DEBT TO ASSETS RATIO AT PT PEMBANGUNAN PERUMAHAN (PERSERO) TBK

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Abstract

The approach used in this research is the associative approach. The population in this research is the Financial Report PT Pembangunan Perumahan (Persero) Tbk while sampling withdrawal that meets the criteria for this study is five years on the financial report from 2010 until 2014. The variables used in this research consists of the Return On Assets and Return on Equity while the dependent variable is the Debt To Assets Ratio. The technique of data collection in this research using the technique of the documentation. Data Analysis Techniques in this research uses multiple regression analysis, hypothesis test, and drag coefficient determination. data management in this research using the Software program SPSS version 16.00 for windows.

The Results of this research prove that partially no significant influence of the Return On Assets of Debt To Assets Ratio, there is no influence of the Return on Equity for Debt To Assets Ratio. Simultaneously there is no significant influence of the Return On Assets and Return on Equity to Debt To Assets ratio.

Keywords : *Return On Assets, Return on Equity, Debt To Assets Ratio*

I. Introduction

For many companies, financing sources that are only in the form of capital are often deemed less. Debt, because His nature is not permanent and more easily to held, often become an important part of the structure of the capital of a. However, the creditors do not always want to lend money, especially if credit risk high companies.

According to Ridwan (2002) states that : "Capital structure is a complex financial decision. To achieve the goal of the company to maximize the wealth of the owner, financial managers must be able to assess the capital structure of the company and understand its relationship with the risk, results/return, and value. Effective financial decisions can be humbled cost of capital, produces higher NBS and improve corporate value".

According to Hery (2015), Return On Assets comprises a ratio that shows how much the contribution of assets in creating net profit. In other words, this ratio is used to measure how big the number of net profit which will be produced from each of the rupiah funds that are embedded in the total assets. This ratio is calculated by dividing the net profit by total assets.

According to Horne and Wachowicz, (2005), Proposed that Return on Equity (ROE) is the measurement of the summary of the performance of the other the entire company to lend the return on equity. ROE compares the net profit after tax (reduced its dividend common stock) with equity that has been invested shareholders of the company. This ratio shows the power for produce spider or investment based on the value of the book of shareholders, and often used in comparing two or more companies in an industry that same.

This research is necessary because the fact that large profits may not be able to restore the capital as if the debt increase and profit will not have increased.

Following are the data on the variables used in this research namely : ROA, ROE, and DAR can be seen in table 1 following :

Table 1.
Average Financial Ratio PT Pembangunan Perumahan (Persero) Tbk
The year 2010-2014

NO	Year	ROA (%)	ROE (%)	DAR (%)
1	2010	3.70	15,98	76,82
2	2011	3.46	16,85	79,44
3	2012	3.62	18,70	80,63
4	2013	3,38	21,19	84,01
5	2014	3,64	22,38	83,64

Source : PT Pembangunan Perumahan (Persero) Tbk

Based on the table 1 can be seen shows that the average DAR from year to year on the company indicates that there is a change in the level of allowing banks suffering from insufficient liquidity on each year in the company PT Pembangunan Perumahan (Persero) Tbk, which indicates that there is, in other words, DAR in 2011 , 2012, 2013 and decline in the year 2014 of 83,64% from 84,01% on 2013. The ability of the company to complete the obligation to third parties during the year 2014 increased compared to the previous year. The smaller the value of the DAR will be better.

On the ratio comprises decline in 2011 and 2013. in 2011 occurred decline of 3.46 percent earlier in the year 2010 comprises as much as 3.70 percent and the next year there is an increase in the return on 2012 and 2014. This means that the company is able to overall in produced benefits with all the total assets that are available in the company. On the ratio of the ROE indicates in other words in 2011, 2012, 2013 and 2014. In 2011 happened in other words of 16,85% previously on 2010 ROE as much as 15,98% and the next year happen in other words back in 2012 , 2013 and 2014. Thus there has been increased management performance in the spider produced for the company.

II. Teoritical Framework

1. Debt to Assets Ratio (DAR)

Debt to Assets Ratio (DAR) is a ratio measure how big assets financed with debt. The higher the ratio, then the risk that will be faced by the company will be more. DAR is calculated by dividing the total debt (liability) with total assets. This ratio is used to measure how big assets financed with debt. The higher the ratio means the greater the assets financed with debt and it is more risk for the company.

Sudana (2011) states that : Debt to Assets Ratio or debt ratio is one of the ratios of leverage that shows how large companies funded by debt financing. DR measuring the proportion of funds sourced from the debt to finance the assets of the company. The greater the DR shows the larger portion of the use of debt to finance investments in assets, which also mean the risk of the company will increase.

The measurement of the to seek debt to Assets Ratio (DAR) can be used as follows:

According to Kasmir (2012) that:

$$\text{Debt to Asset Ratio} = \frac{\text{Total Liabilities}}{\text{Total Assets}}$$

According to Hani (2014, it. 76) states that:

$$\text{Debt to Total Asset Ratio} = \frac{\text{Total Liabilitas}}{\text{Total Assets}}$$

2. Return on Assets

Return on Assets is the ratio between the income before tax with total assets, ROA shows how many companies have obtained the spider over the assets invested in the company.

Libby (2007, it. 621) states that: In general comprises measure how much obtained the company from every dollar invested. This ratio is the size of the profitability and effectiveness of the management of the old peeling, independent from funding strategies. ROA allows investors to compare the performance of investment management with alternative investment options. Company with a higher comprises means more successful in selecting new investments, assuming all other things the same. Company managers often measure the performance of the division and use ROA to evaluate the performance of relative division managers.

The measurement of the to search for Return On Assets (ROA) can be used as follows:

Brigham and Houston (2010, it. 148) measured with the formula as follows:

$$\text{Return On Assets} = \frac{\text{Earning After Tax}}{\text{Total Assets}}$$

While Brealey, et al (2007, it. 86) measured with the formula as follows:

$$\text{Return On Assets} = \frac{\text{Net Profit} + \text{Interest}}{\text{Average Total Assets}}$$

3. Return on Equity (ROE)

Return on Equity (ROE) is a measure of the available income for the owners of the company or the capital they invest in the company.

According to the Home and Wachowicz (2005) states that: Return on Equity (ROE) is the measurement of the summary of the performance of the other the entire company to lend the return on equity. ROE compares the net profit after tax (deductible dividend common stock) with equity that has been produced shareholders of the company. This ratio shows the power for produced spider or investment based on the value of the book of shareholders, and often used in comparing two or more companies in an industry that same.

The measurement of the to search for Return on Equity (ROE) can be used as follows:

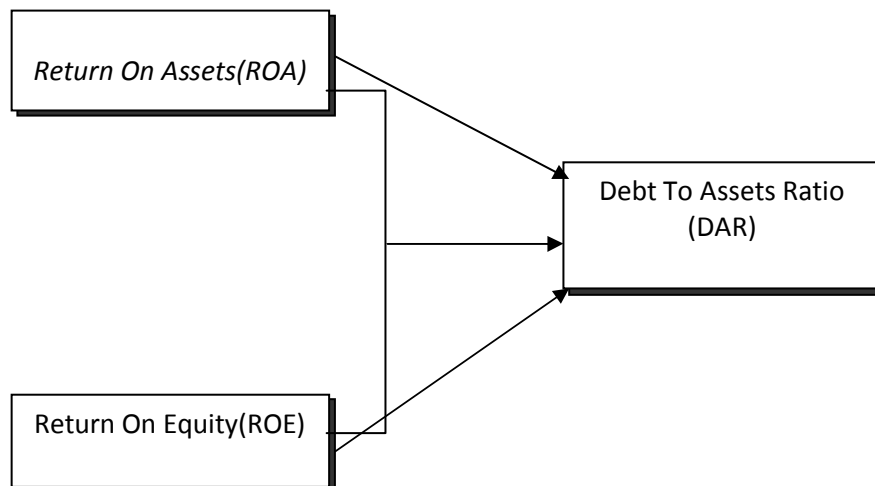
According to Brigham and Houston (2010) the formula of the use of Return on Equity:

$$\text{Return on Equity} = \frac{\text{Net Profit}}{\text{Equity}}$$

While according to Libby (2007) the formula of the use of Return on Equity :

$$\text{Return on Equity} = \frac{\text{Net Profit}}{\text{AVERAGE SHAREHOLDERS}}$$

4. Conceptual Framework



5. The hypothesis

Based on the formulation of the problem and the purpose of this research, so it can be taken the hypothesis as follows:

1. Return On Assets influence on Debt To Assets Ratio at PT Pembangunan Perumahan (Persero) Tbk.
2. Return on Equity influence on Debt To Assets Ratio at PT Pembangunan Perumahan (Persero) Tbk.
3. Return On Assets and Return on Equity influence on Debt To Assets Ratio at PT Pembangunan Perumahan (Persero) Tbk.

III. Research Methods

The research approach in this research is to use an associative approach which aims to know the relation or influence between two or more variables. The data type of this research in the form of reports quantitative data and the data used in this research in the form of annual reports PT Pembangunan Perumahan (Persero) Tbk.

In this study researchers using the source of the primary data obtained from market research location in the form of financial report data about each of the variables used in this research. Data analysis methods used in this research are methods of quantitative data analysis quantitative data method. namely data analysis methods that use the calculation of the numbers which means that will be used to take a decision in the troubleshooting and the data obtained is analyzed using the theory of the theory that have occurred in general so that it can be drawn a conclusion and test whether the hypothesis was formulated can be accepted or rejected.

IV. Result and Discussion

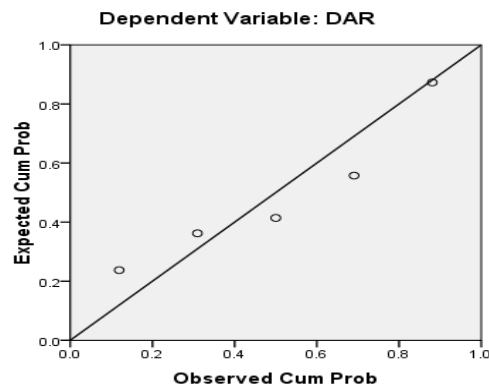
1. Data Analysis

a. Classical Assumption Test

The classical assumption test is a multiple regression analysis requirements. Which aims to obtain analysis results in the classical assumptions tests include multicollinearity normality test, test, test, and autocorrelation heteroskedasticity test.

1) Normalitas Test

Normal P-P Plot of Regression Standardized Residual



**Picture 1.
Test Results Normalitas P-P Plots**

Based on picture 1 above seen that the points near the diagonal lines and follow the direction of the diagonal lines so that it can be concluded that the regression model normal distribution and worthy to analyzed.

With SPSS version 16.00 then can be obtained test results Kolmogorov-Smirnov as follows :

**Table 2.
Kolmogorov Smirnov Test Results**

One-Sample Kolmogorov-Smirnov Test

		Residual Unstandardized
N		5
Normal Parameters ^a	Mean	.0000000
	Std. Deviation	.24943331
Most Extreme Subsequently	Absolute	.220
	Positive	.220
	Negative	-.156
Kolmogorov-Smirnov Z		.493
Asymp. Sig. (2-tailed)		.968

a. Test distribution is normal.

Based on the table 2 above can be known that the value of the K-S a variable Return On Assets (ROA), Return on Equity (ROE) and Debt To Assets Ratio (DAR) have normal distribution because of their respective variables have the probability more than 0.05 namely $0,493 > 0.05$

The value of each variable that have to meet the standard that has been assigned can be seen on Asymp. Sig. (2-tailed) of the line value Asymp. Sig. (2-tailed) of 0,968. This shows the variables normal distribution..

2) Multicollinearity Test

Multikolinieritas tests used to know whether in the regression model found the high correlation among the free variable with the terms :

- 1) When Tolerance < 0.1 or with VIF > 10 then there is a problem with a serious multicollinearity.
- 2) When Tolerance > 0.1 or with VIF < 10 then there is no multicollinearity.

With SPSS version 16.00 then can be obtained test results multicollinearity as follows :

Table 3.
Test results Multicollinearity

Coefficients		
Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
ROA	.944	1,060
ROE	.944	1,060

A. Dependent Variables: DAR

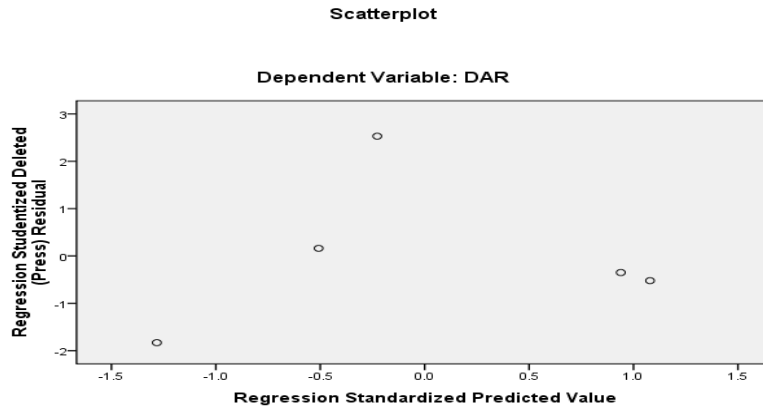
Based on the table 3 above can be known that the value of the Variance Inflation Factor (VIF) for a variable Return On Assets of 1,060 and variables Return on Equity of 1,060. From each of the independent variables does not have a value greater than the value of 10. So also the value of Tolerance in the variable Return On Assets of 0,944 and variables Return on Equity of 0,944. From each of the variables, the value of tolerance is greater than 0.1 so that it can be concluded that no symptoms multicollinearity between the independent variables in the indicates of the value of the tolerance of each independent variables greater than 0.1 and VIF value smaller than 10.

3) Heteroskedasticity Test

Analysis of the base that is as follows :

- 1) If there are specific patterns, like the points to form a regular pattern then have occurred heteroskedasticity.

- 2) If there is no clear pattern and the points spread not regularly and then not occur heteroskedasticity. With SPSS version 16.00 then can be obtained test results heterokedastisitas as follows :



Picture 3.
Test results Heteroskedasticity

The form of the picture 3 above can be seen that the spread of a residual is not regularly and does not form the pattern. This can be seen on the points or the plots spread. The conclusion to be drawn is that not happen heteroskedasticity.

4) Autocorrelation

Autocorrelation aimed to test whether in a linear regression model there is a correlation between a disturbing error in the period too with an error in the period to t-1 (previously). If there is a correlation, then named no problem autocorrelation. A good regression model is free from autocorrelation. One way identified is in view of the value of the Durbin-Watson (D-W) :

- 1) If the value of the D-W under -2 means no positive autocorrelation
- 2) If the value of the D-W among -2 until +2 means no autocorrelation
- 3) If the value of the D-W above +2 means no negative autocorrelation

Test results autocorrelation can be seen in the table below

Table 3.
Autocorrelation Test

Summary Model

Model	R	R Square	Adjusted R Square	Std. The error of the Estimate	Durbin-Watson
1	.997a	.993	.986	.35275	1,985

a. Predictors: (Constant), ROE, ROA

b. Dependent Variables: DAR

b. Linier regression

Linear regression model that is used is the Debt To Assets Ratio (DAR) as dependent variables and Return On Assets (ROA), Return on Equity (ROE) as independent variables. Where a double analysis useful to know the influence of each dependent variables against the independent variables. Following the results of the management of the data using SPSS version 16.00:

Table 4
Linier Regression Test Results

The Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	83.957	5.264		15.948	.004
ROA	-6.098	1.353	-.273	-4.505	.046
ROE	.981	.066	.896	14.809	.005

a. Dependent Variables: DAR

From the table 4 above known values as follows :

- a. Constant = 83.957
- b. Return On Assets = -6.098
- c. Return on Equity = 981

The results are entered into the regression equation linier compounds that are known to the following equation :

$$Y = 83,957 - 6,0981 + 9812$$

Description :

- 1) Constant of 83,957 shows that when the value of the independent variables are considered constant then the Debt To Assets Ratio (DAR) on PT Pembangunan Perumahan (Persero) Tbk Rp 83,957.
- 2) B1 of -6,098 with the direction of the negative relationship indicates that when the Return On Assets are experienced in other words will be followed by the decline of Debt To Assets Ratio of -6,098 with an assumption of other independent variables are considered constant.
- 3) B2 of 1849 with the direction of the positive relations shows that when the Return on Equity experience, in other words, will be followed by in other words Debt To Assets Ratio of 981 with the assumptions of other independent variables are considered constant.

1. Partial Test

T-test in this research is used to know the ability of each of the independent variables in the instill independent variables. Another reason test t be done is to test whether free variables , Partially there is a significant impact or not against the variables dependent.

The form of the Test :

- a) $H_0 : r_s = 0$, it means that there is no significant influence between independent variable and dependent variable).
- b) $H_a : r_s \neq 0$, it means that there is a significant influence between independent variable and dependent variable).

Criteria are as follows :

- a) H_0 received when $-t_{table} \leq t_{test} \leq t_{table}$ on $\alpha = 5\%$. $DF = 94 = n - 2$
- b) H_0 rejected when $t_{test} > t_{table}$ or $-t_{test} < -t_{table}$

Based on the results of the management of data with SPSS version 16.00 then obtained test results statistics t as follows:

Table 5.
Test Results Statistics t

Coefficients						
The Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	83.957	5.264		15.948	.004
	ROA	-6.098	1.353	-.273	-4.505	.046
	ROE	.981	.066	.896	14.809	.005

a. Dependent Variables: DAR

The results of the test statistics 1 on the table above can be explained as follows :

1) Return On Assets on the Debt To Assets Ratio

t-test used to know whether the Return On Assets influential individually (partial) has a significant impact or not against the Debt To Assets Ratio. To test criteria t is done on the level of $\alpha = 0.05$ with the value of t for $n = 5 - 2 = 3$ is 3,182. Based on the results of the test of partially the influence of the Return On Assets of Debt To Assets Ratio is obtained $-4,505 \leq 3,182$. And have a significant number of $0,046 < 0.05$.based on the results obtained the conclusion that H_a rejected H_0 accepted. Based on the result shows that the partially there is no influence on the Return On Assets of Debt To Assets Ratio at PT Pembangunan Perumahan (Persero) Tbk.

2) Return on Equity on the Debt To Assets Ratio

t-test used to know whether the Return on Equity influential individually (partial) has a significant impact or not against the Debt To Assets Ratio. To test criteria t is done on the level of $\alpha = 0.05$ with the value of t for $n = 5 - 2 = 3$ is 3,182. Based on the results of

the test of partially the influence of the Return on Equity for Debt To Assets Ratio is obtained 14,809 consecutive patients 3,182. And have a significant number of $0,005 < 0.05$. Based on the results in can the conclusion that H_a accepted H_0 rejected. Based on the result shows that the partially no influence on the Return on Equity for Debt To Assets Ratio at PT Pembangunan Perumahan (Persero) Tbk.

2. Simultaneous Significant (F-Test)

Table 6
Simultaneous Test Results (F-Test)

ANOVA ^b					
Model	Sum of Squares	DF	Mean Square	F	Sig.
1 Regression	35.781	2	17.891	143.777	.007
A Residual	.249	2	.124		
The Total	36.030	4			

Source : Data SPSS 16.00

Based on the test results F reachable values of 4.942 Ftest with significant 0,007. The value of Ftest (4.942) > Ftable, and significant value (0,007) < from the value of the probability (0.05). From the results of the calculation of the SPSS above shows that H_0 rejected and H_a accepted, it means that this shows that there is a significant influence simultaneously return on assets and return on equity to debt to assets ratio at PT Pembangunan Perumahan (Persero) Tbk.

2. Determination Coefficient (R-Square)

The determination coefficient is working to know the percentage of the greatness of the influence of the independent variables and dependent variables namely with coefficient squaring found. In characteristics, determination coefficient is expressed in percentage (%). To know the extent to which the contribution or the percentage of the Return On Assets and Return on Equity to Debt To Assets Ratio so it can be known through a determination of test.

Table 7.
Determination Test

Model	R	R Square	Adjusted R-Square	Std. The error of the Estimate
1	.997a	.993	.986	.35275

a. Predictors: (Constant), ROE, ROA

Model	R	R Square	Adjusted R-Square	Std. The error of the Estimate
1	.997a	.993	.986	.35275

b. Dependent Variables: DAR

From the above table can be seen that the value of R of 0,997 or 99,7% which means that the influence between the Debt To Assets Ratio with a variable flight, namely the Return On Assets and Return on Equity is close. On the value of the R-Square in the laboratory of 0,993 which means 99,3% variation of Debt To Assets Ratio is explained by the free variable is Return On Assets and Return on Equity. While the remaining 0.7 percent explained by the other variables is not examined in this research as Operating Leverage, Liquidity, the company growth and other factors that are not examined by the researchers. The value of R-Square (R²) or the determination coefficient in this research of 0,986 which means 98,6% Debt To Assets Ratio PT Pembangunan Perumahan (Persero) Tbk can be explained by the Return On Assets and Return on Equity. While 1.4 percent can be explained by other factors that are not examined in this research.

Then the standard error of the estimated means measuring the variables from the value predicted. The Standard error of the estimated also called diviation standards. Standard error of the estimated in this research is 35275 where the smaller Standard deviation means the better models in predicting Debt To Assets Ratio.

Discussion

1. Influence of the Return On Assets of Debt To Assets Ratio

Based on the results of research above between the Return On Assets of Debt To Assets Ratio on PT prohibits differential treatment Development (Persero) Tbk ttest of -4,505 while ttable of 3,182 and have a significant number of 0,046 < 0.05 means H₀ accepted and H_a rejected indicating that partially no significant influence of the Return On Assets of Debt To Assets Ratio at PT Pembangunan Perumahan (Persero) Tbk period 2010 until 2014.

This research is supported by the results of the research was done by Zahra (2015) stated that the Return On Assets effect is not significant on the Debt To Assets Ratio.

2. Influence Of The Return On Equity on Debt To Assets Ratio

Based on the results of research above between the Return on Equity for Debt To Assets Ratio at PT Pembangunan Perumahan (Persero) Tbk obtained by 14,809 ttest while ttable of 3,182 and have a significant number of 0,005 < 0.05 means H₀ rejected and H_a accepted. Based on the results obtained the conclusion that partially there is a significant influence on Equity against the Debt To Assets Ratio at PT Pembangunan Perumahan (Persero) Tbk period 2010 until 2014.

The results of this research in line with the research Dimas (2015) stated that the Return on Equity there is no effect on the Debt To Assets Ratio.

3. Influence of the Return On Assets and Return on Equity simultaneously on Debt To Assets Ratio

Based on the research results obtained about the influence of the Return On Assets and Return on Equity on PT Pembangunan Perumahan (Persero) Tbk. From the ANOVA test (Analysis Of Variance) on the table above adapt Fhitung of 4,942 while Ftable was

known by 19,00. Based on the results will be known that a significant level of $0,007 < 0,05$ so H_0 rejected and H_a accepted. So it can be concluded that a variable Return On Assets and Return on Equity together is a significant influence on Debt To Assets Ratio at PT Pembangunan Perumahan (Persero) TBK.

This research is supported by earlier researchers conducted by Wulan (2015) stated that the existence of the influence is not significant between Return On Assets and Return on Equity together against the Debt To Assets Ratio.

V. Conclusion

1. The lack of significant influence Return On Assets comprises of Debt To Assets Ratio (DAR) on PT Pembangunan Perumahan (Persero) Tbk. This means that when the percentage of the value of the Return On Assets (ROA) increased or decreased, this will not affect the Debt To Assets Ratio (DAR) on the company.
2. There is a significant influence Return on Equity (ROE) against the Debt To Assets Ratio (DAR) on PT Pembangunan Perumahan (PERSERO) TBK. This shows that the increased Return on Equity (ROE) will be a reduction in debt To Assets Ratio (DAR).
3. The existence of a significant influence of the Return On Assets (ROA) and Return on Equity (ROE) together against the Debt To Assets Ratio (DAR) on PT Pembangunan Perumahan (Persero) Tbk.

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COUNTING THE PERCEPTION OF TAXPAYERS PPH PAYABLE UNDER THE INDIVIDUAL BOOKS AND NORMS IN THE CALCULATION OF TAX SERVICE OFFICE MEDAN BARAT

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Abstract

This study was conducted to determine whether there are differences in the perception of individual taxpayers who use bookkeeping and norms of calculation of the calculation of the amount of tax payable in KPP Medan Barat. The population in this study is the Taxpayer KPP Medan Barat. The sample is part of the population that can represent the population as a source of research. Samples are Taxpayer KPP Medan Barat 60 people Taxpayer, using accidental sampling technique, namely the determination of sample by coincidence, that anyone taxpayers in KPP Medan Barat, which incidentally met with investigators sample. Dari calculation results can be used to perception the taxpayer on the calculation of income tax payable either private person who uses accounting methods and norms of calculation, the conclusion that the taxpayer has a different perception. Differences in perception has resulted in the number of taxpayers who use tax payable peritungan using calculation norms because norms calculation method is considered easier. Although sometimes the norm calculation method does not reflect the state of taxpayers. The perception of differences attributable to the lack of knowledge taxpayers on the calculation method of income tax owed private persons in Indonesia is because the extension of the calculation method is still very rare even practically non-existent.

Keywords: *business ethics, business philosophy, corporate social responsibility, PRESOR, perceived role*

I. Introduction

The income tax is a source of state revenue comes from income people. The procedure for income tax collection has been regulated by law in order to provide legal certainty in accordance with the life in a state based on law. However, in the system of taxation legislation is long, the taxation of income stipulated in various laws making it difficult for taxpayers to learn, understand and obey.

Individual taxpayers who carry out business activities or independent with gross income under \$ 1.8 billion in the fiscal year obliged to keep records, except for those concerned chose bookkeeping. The provision contained in Article 14 of the Income Tax Act, for which the amount of gross income that can be changed by the Minister of Finance Decree No. 01 / PMK.03 / 2007. Difficult to learn the system of taxation legislation in Indonesia, causing taxpayers often use the tax calculation method is easier and not complicated, although the method of calculation of income tax is less a true picture of the condition of the taxpayer itself.

This is in line with the statement Susilowati Siska (2008) which states that the method of calculation norm easier than bookkeeping methods. On the other hand the books more profitable than using the norm calculation. That's because the method of calculation of income tax payable norm is much higher so it does not reflect the actual situation of the taxpayer itself. In the calculation of the taxpayer norm is always portrayed with positive

operating results and is not possible compensation for losses in the amount of income tax payable will be much greater than if the taxpayer uses bookkeeping.

II. Teoritical Framework

Understanding Perceptions

Definition of perception itself can be seen from some of the definitions of the following perceptions. According to Big Indonesian Dictionary (2008) perception is : (1) Response (reception) directly from an uptake, (2) Process someone knows some things through his senses.

Perception according Irwanto (2000), namely: Perception is the process received stimulus (the object, the quality, the relationship between symptoms, and events) until it is recognized and understood stimulation or in other words, the perception is the interpretation of the experience.

Perception has a process. Aeker (2002, p. 236) says the process of perception includes two stages. That is caring and understanding. Both of them play a role in assisting individuals coping with an unlimited number of stimulus received.

Definition Subject and Object of Taxation

Law on Income Tax (VAT) Indonesia set against the imposition of income tax subject to tax in respect of income received or accrued during the tax year so that the tax will be subject to income tax if it has an income in Tax Law, hereinafter referred Taxpayers.

Taxpayers are individuals or entities according to Tax Legislation determined to carry out the tax liability. Taxpayers subject to tax on income received or accrued by 1 (one) tax year or they can be taxed for the income portion of the tax year. The tax year in question is a period of one calendar year (January 1 to December 31) unless the taxpayer uses the fiscal year is not the same as the calendar year. Throughout the years the book covers a period of twelve (12) months. According Munawir (2000, p. 39) that the taxpayer is a "private person or entity under the provisions of the tax legislation is determined to carry out the tax liability."According Moenaf H Regar (2005, p 8) defines "tax subject is anything that has the potential to generate income and subject to income tax". Taxable according to income tax law is law 17 In 2000, the subject of income taxes consist of: (1) Private person, (2) Undivided estate, (3) Body and (4) Permanent establishment.

Which became the object of taxation is the income is each additional economic capability received or accrued by the taxpayer, whether originating from Indonesia and outside Indonesia that can be used for consumption or to increase the wealth of the taxpayer, with the name and in any form.

Definition of Income Tax

According Prof.Dr.Rochmat Soemitro, SH define a tax is a levy of the people to the state treasury by law (enforceable) does not receive the service returns (contra), which can be directly demonstrated and used to pay for general expenses. For more details, there are some scientists express opinions regarding such tax: According to Tubagus (2002, p.1), the notion of tax is as follows: "The contribution to the state (which can be imposed) owed by the taxpayer to pay according to the rules, does not receive achievements back, which can

be directly appointed and is used to pay general expenses associated with the state's duty to govern.

With the enactment of Law No. 6 of 1983 on General Provisions and Tax Tat as last amended by Act No. 16 of 2000 and Law No. 7 of 1983 on Income Tax, as last amended by Law Number 17 Year 2000 Community taxpayers are given the confidence and responsibility to calculate, calculate, deduct, withhold, deposit and report the amount of tax to be paid and reported in accordance with the real situation.

According to the Indonesian Institute of Accountants (2004: 46, P. 1) as follows: "Income Tax is a tax that is owed by the tax laws and the tax levied on the taxable income of the company." Munawir et al (2000, p. 61) defines "income tax is a direct tax imposed on entities or private persons at a certain income level.". According to Early Suandi (2002, p. 40) defines the income tax is a tax levied on income, can dikenakann periodically and repeatedly in a certain period of time both the tax period and the tax year.

As the name implies Income Tax is a tax imposed on income. In Article 4 paragraph (1) and paragraph (2) of the Income Tax Act has provided confirmation of the object is the income tax. According to these laws can be interpreted any additional economic capability received or accrued by the taxpayer both from Indonesia and outside Indonesia that can be used for consumption to increase the wealth of the taxpayer name and in any form.

Definition Bookkeeping.

Law - Law No. 16 of 2000 on Provisions and Procedures for Tax Regulation that has been set by the Directorate General of Taxation, it can be concluded that: (1) Bookkeeping is a process of recording is done on a regular basis to collect data and financial information that includes assets, liabilities, capital, income and expenses, as well as the amount of property acquisition of goods or services, which is covered with preparing financial reports such as balance sheet and income statement on each tax year ends. (2) Recording is the regular collection of data on gross income and / or receipt of income as a basis for calculating the amount of tax payable. (3) Withholding tax is the tax to be paid at some point, in a tax period, the tax year or in part the tax year under the provisions of laws - taxation law. The higher the amount of tax payable is the greater to be paid the taxpayer or otherwise. (4) Taxable Income (PKP) is the basis for calculating the amount of income tax owed. PTKP is the reduction of the concession agreement with the net income.

Bookkeeping is basically aimed to be able to explain the calculation of taxes owed. Or more specifically, bookkeeping for tax purposes is used as a basis for charging and reporting SPT and its annexes. While the financial statements as an appendix that complements SPT, which is the minimum required eterdiri of the balance sheet and profit / loss that can be termed as the financial statements of fiscal inasmuch as they are with the provisions of tax legislation. Because basically the taxpayer in preparing the financial statements based on accounting principles.

Bookkeeping at least consists of records of the assets, liabilities and capital, income and costs as well as sales and purchases so that it can be calculated the amount of tax payable. While recording consists of data collected on a regular basis of turnover or gross peneriaan or gross income. Form and its operation will be governed by the decision direktur General of Taxes.

Bookkeeping method is to calculate income tax for one year after fiscal correction. This method takes into account re-income return income and expenses allowed by the DGT in a tax year. Thus, not all income and expense should be recalculated according to

the Directorate General of Taxation. Income and expenses should be calculated back is income and expense related to income which is taxable income and is not final.

Norma definition Calculation.

Method of calculation norm is to mengkalian certain percentage contained in the Director General of Tax No. 536 / PJ / 2000 with the amount of circulation of business during the year, resulting in net income. The percentage is classified by the Directorate General of Taxation (DGT) is based on the type of business groups (KLU) so any kind of business that is not necessarily different percentages.

According to the Income Tax Law article 14, it can be concluded that: (1) Deemed profit to determine net income, created and refined continually, and issued by the Director General of Taxes. (2) An individual Taxpayer whose gross income in a year is less than Rp.600.000.000, 00 (six hundred million), may calculate net income using the deemed profit as referred to in paragraph one, on condition notify Director General of taxation within a period of 3 (three) months of the tax year in question (NPPN: KEP-536 / PJ. / 2000). (3) The taxpayer referred to in paragraph 3 which calculates its net income by using the deemed profit, obliged to keep records as stipulated in the Law on General Provisions and Tax Procedures (NPPN: KEP-536 / PJ. / 2000) , (4) Taxpayers referred to in paragraph two which does not notify the Director General of Taxation to calculate net income using the deemed profit, considered picking bookkeeping. (5) Taxpayers who are required to keep books, including the Taxpayer referred to in paragraph 3 and 4, which was not or not fully keep records or books or do not show recording or bookkeeping or supporting evidence, then the net income calculated based on deemed profit or other means as determined by the Minister of Finance (NPPN: KEP-536 / PJ. / 2000). (6) The amount of gross income referred to in paragraph 2 may be amended by the Decree of the Minister of Finance.

With this method certainly would be impossible to compensate the loss of business because the percentage of net income has taken into account the costs resulting from these efforts. For example, the approximate percentage of net income on a food stall in Jakarta by 25% means that the net income has been calculated an approximate cost of 75%. The use of norm calculation must be notified to the tax office within the first three months of the tax year in question, if not notified considered using bookkeeping. Calculation Norm consists of two is: (1) deemed profit, (2) Calculation Norm Gross Circulation.

In Calculation of taxable income for taxpayers using the deemed profit is set as follows: (1) Individual Taxpayers who qualify Of gross income in a year is less than Rp 600.000.000.00, Notify the Director General of Taxes within the first 3 months of the tax year in question, Obligated to keep records, allowed to calculate the net income using the deemed profit; (2) Taxpayers are obliged to keep books and or obliged to keep records or are considered to have chosen to bookkeeping but not or not completely organized record keeping or accounting obligations and not prepared to show the books or recording or supporting evidence at the time of inspection; causing gross income is not known, then the net income can dihituna by other means as determined by the minister of finance.

Conceptual Framework.

The income tax is also a tax to relieve the taxpayer to meet its obligations to pay taxes. Taxpayers are given an easily pay the amount of tax payable has. The method of calculating tax payable is biased using an accounting system or norm calculation.

Intricacy of the tax system in Indonesia would lead to different perceptions among the people as the subject of taxes, therefore the necessary counseling on perpejakan system applied to ensure that the public know the method of calculation of the amount of tax payable is right for them.

III. Research Methods

Operational definition

The operational definition is a definition that is based on what was observed. This concept is important because the definition is variable and may be different with the observations made. In this study, the operational definition is perception is the presumption of a person or group on something that gives meaning to the environment.

Bookkeeping is a process of recording is done on a regular basis to collect data and financial information that includes assets, liabilities, capital, income and expense and the amount of property acquisition of goods and services covered by compiling the financial statements of the balance sheet and income statement for each tax year end. Norma is a guideline calculation used to determine net income created and refined continuously, as well as issued by the Director General of Taxes.

Income tax due is the tax rate based on the Income Tax Act No. 17 of 2000 which stipulated on income Taxable (PKP) for taxpayers in the country and in the establishments fixed (BUT). Taxpayers are individuals or entities according to Tax Legislation determined to carry out the tax liability. Taxpayers subject to tax on income received or accrued by 1 (one) tax year or they can be taxed for the income portion of the tax year

Population and Sample

According Sugiyono (2003, p 72): "Population is the generalization region consisting of the above objects or subjects that have a certain quantity or characteristics". The population in this study is the Taxpayer KPP Medan Barat. The sample is part of the population that can represent the population as a source of research. Samples are Taxpayer KPP Medan Barat 60 people Taxpayer, using accidental sampling technique, namely the determination of sample by coincidence, that anyone taxpayers in KPP Medan Barat who by chance met the researchers can use the sample.

Data collection technique and Method

The collection of data carried out by distributing questionnaires directly to the respondent for the purpose of increasing the number of questionnaires returned by respondents. With an estimated rate of return of 20%, then to get 30 samples, most researchers have to spread out 150 questionnaires to each - each group of samples. In the process pengumpulan primary data, researchers used the following technique: (1) Taxpayers who use accounting methods in calculating the amount of tax payable on the private. (2) Taxpayers who use the calculation norm in calculating the amount of tax payable on a private person.

The data collection is done by distributing questionnaires directly to be filled and at that time questionnaires were returned. For accounting student respondents, the researchers used a technique snow bowling. This method is expected to effectively and efficiently mejangkau the desired number of samples.

Data analysis technique used in this research is descriptive technique, a method of research conducted by collecting, classifying, and interpreting by calculating the average of each aspect and the categorization is based on the frequency distribution.

IV. Result and Discussion

Bookkeeping methods

From the answers results of questionnaires distributed to 60 respondents the following will be given the perception of the taxpayer on the calculation of income tax payable by a private person and norms bookkeeping calculation.

Respondents choose the method of calculation of income tax payable by using bookkeeping methods caused by the faster method. Their counseling about other methods of calculating tax provided by KPP Medan Barat. KPP Medan Barat routinely provide guidance to the provisions of the new tax regulations. However, by using this method the respondents had experienced difficulties in calculating the amount of tax payable. Sebeum respondents use such methods to get an explanation of all methods of calculating the amount of tax payable by employees of the West During KPP Medan. However responsiveness and speed the processing of complaints from taxpayers by the KPP Medan Barat employees less and sunset policy function in KPP Medan Barat less in line with expectations. This method also rarely have difficulty in presenting the books and records of its financial statements.

Norma Calculation Method

The method of calculating income tax using the method of calculation more precise norms. During the norm calculation method, there are counseling about other methods of calculating tax provided by KPP Medan Barat. KPP Medan Barat sometimes provide guidance to the provisions of the new tax regulations. Sometimes have difficulty in using the method of calculation norm in calculating the amount of tax payable. Explained about all the methods of calculating the amount of tax payable by employees of KPP Medan Barat over the years. Responsiveness and speed the processing of complaints from taxpayers by the KPP Medan Barat employees less. Function sunset policy in KPP Medan Barat walk less in line with expectations. KPP Medan Barat sometimes provide guidance / counseling on a regular basis to all taxpayers in KPP western terrain.

Differences in perception is due to limited knowledge about taxes and still lack knowledge taxpayers on the method of calculation of tax payable is a private person and the lack of extension services, which is clear given by the Tax Office to the advantages and disadvantages of the method of calculation of tax payable either bookkeeping methods and norms of calculation, which resulted in many taxpayers still do not know which method is most suitable untuknya, so they just follow the rules given by the tax Office where the taxpayer area shelter.

For taxpayers who have knowledge of taxation then the taxpayer will choose the appropriate method for calculating the income tax of the taxpayer, but for taxpayers who have knowledge of minimal to taxation it will follow the provisions given to him alone, and most of them choose A more practical method, although the methods are still lacking a true picture of the taxpayer itself.

V. Conclusion

Based on the description in the chapters in advance, then the following is presented the following conclusions: (1) From the calculation of the taxpayer's perception on the calculation of income tax payable either private person who uses accounting methods and norms of calculation, the conclusion that the taxpayer has a different perception. (2) Differences in perception has resulted in the number of taxpayers who use tax payable perhitungan using calculation norms because norms calculation method is considered easier. Although sometimes the norm calculation method does not reflect the state of taxpayers sebesarnya. (3) The difference in perception attributable to the lack of knowledge taxpayers on the calculation method of income tax owed private persons in Indonesia is because the extension of the calculation method is still very rare even practically non-existent.

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Perpajakan

EXPLORATION CONCEPT OF ECONOMIC GROWTH IN THINKING ISLAMIC SCHOLARS

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Abstract

The concept of economic growth in the Islamic world and has always stressed on ukhrawi in achieving public welfare kaffah (complete). Literature economic growth in the Islamic concept is still limited in the college environment. So that reference a reference in the study of economic development concept always refers to the literature of western economists thought. If this continues, most likely in an effort to solve the problems of economic development of society, especially the Muslim community in achieving prosperity will not be realized. This is due, the concept of economic growth suggested by western scholars generally lead to inequity distribution of wealth, greed, environmental degradation, exploitation, oppression, destruction, and so on. Outcomes of this study are expected to bring the concept of economic growth within the framework of Islam, by exploring a variety of theories-theories have proposed Islamic scholar nor kontempor and classic. So it will appear a variety of learning resources in the course of Economic Development, especially on a course of economic development in each universities, both public and private sector. The approach in the study using the exploratory (Explorative) by combining it with a development approach (development). The findings of the study explained that economic growth in the Islamic view must be accompanied by economic equality. This can be done by optimizing the distribution of wealth and income fairness. Distribution is through the optimization function is able to Baitul Mal or distribution of zakat, infaq, sadaqah, waqf, gift, inheritance, sacrifices, and so forth. Various concepts of economic growth proposed Islamic scholars such as Al Ghazali with the concept of al-Masalih al-mursalah (public interest), Ibn Khaldun to the concept of Al-Imamate and Abu Yusuf concept of optimization of public finances

Keywords: *Economic Growth, Bachelor of Islamic Thought.*

I. Introduction

Economic growth has always been a benchmark in the success of a country in improving public Welfare. Increased production of goods and services is expected to affect the income of the people. However, the orientation of the economic growth in general often refers to the quantitative values (quantitative value) that is used by Gross Domestic Product (Gross Domestic Product) by revenue (income) received by the public for the goods and services of the results of activities undertaken during the period of one year. So, generally speaking, economic growth always refers to an increase in national public opinion and in real terms. It is inevitable that economic growth has a positive impact on people's lives. But instead of economic growth also has negative impact on the socioeconomic conditions of society is the emergence of social inequality, welfare and injustice.

This is due to the concept of economic growth in the current orientation is emphasized only on the material aspects, thus ignoring the basic essence of the man himself as a social being and religion. Generally, the various concepts of economic growth that is applied is always oriented thinking western scholars, both in theory and models. Various theories and models of growth of the ideas put forward western scholars need to be reviewed in order to maximize the economic growth that gives mercy to the universe (rahmathan lil Alamin). Because the concept of economic growth, such as Plato with the

concept of "State Justice Theory", Aristotle with the concept of "Value Theory", Adam Smith with the concept of "Natural Equilibrium Theory", David Ricardo with the concept of "Comparative Advantage Theory", Thomas Robert Malthus with the concept of "Capital accumulation Theory", Schumpeter's concept of "Circular Flow Theory", WW Rostow with the concept of "Linear Stages Model". Karl Marx with the concept of "Stage of Economic Development", Horold - Domar with the concept of "Saving and Investment Model", Albert Herischman with the concept of "Big Push or Balanced Growth", W. Arthur Lewis with the concept of "Dual Sector Model", Morten Robert Solow and Trevor W. Swan with the concept of "Exogenous Growth Model", and others. Not necessarily in accordance with the conditions to kinian, even against moral values and religion.

Islamic scholars view that economic growth can be performed with an emphasis on the concept of justice the distribution of income and wealth to every individual in the entire generation (Ahmad, 1981). As Qaradawi (1998) lead to the realization of a better life (al-life-at-taiyibah). al-Shaybani (1986) and al-Jawzi (Islahi, 1982) concluded that economic growth should be able to contribute even in a small scale. Ibn Taymiah (1983) considers that growth as something that has value (value). Khaldun (1967) argues that economic growth should appreciate the value of human work done for the contribution of the work performed.

The literature on economic growth in the Islamic concept is still limited in the scope of the college. So that the reference reference in studying the concept of economic growth always refer to the literature of western economists thought. If this continues, most likely in an attempt to solve the problem of the concept of economic growth that are relevant and realistic, especially for the Islamic Ummah in achieving prosperity will not be realized in a comprehensive manner. So the outcome of this research is expected to produce the concepts of economic growth within the framework of Islam, by exploring the various theories proposed Islamic scholars of classical and contemporary (modern). So it will appear a variety of sources lecture learning in economic development, especially in economic development studies programs in universities both private and public. Even at universities around the world.

II. Teoritical Framework

Study on Economic Growth in Islamic Framework

Ahmad, et al (2013) discuss the relationship of economic growth and human development. In this study stated that there are two economic needs that must be addressed, namely the need for spiritual and physical advantages. Where these two requirements can be implemented in accordance with the principles of Islam, in order to achieve peace and prosperity throughout the world. This is due, how Islam has set the role of the state, social, economic justice, the concept of brotherhood, the principle of income and expenditure, as well as regulatory and other policies to menjalanan social and economic system based on justice. Ibn Khaldun (1967) suggested that the growth and development has a very important role. Where civilization has contributed in improving the welfare of society, the rise of activity in carrying out a business activity depends on the productivity of work a person does. But in the face of obstacles that appear necessary a mutually beneficial cooperation. Resulting in a surplus of the business activities carried out and lead to increased revenue. This process will continue on the activities of the exchange of goods and services produced and is expected to occur an equitable and achieve prosperity.

Implementation Of Preliminary Study On Economic Growth in the framework of Islam

The interest in studying about economic growth has been of special concern to the author's team through a variety of research activities, conferences, seminars and discussions that have been made about economic growth, particularly in the concept of economic growth within the framework of Islam. This study has researchers elaborated since 2006.

Research purposes

In general, this study aims to establish the concept of economic growth according to the Islamic framework in the field of economics, as part of a contribution to solving the problems faced by each country constantly in spurring economic growth, to realize a just and prosperous society. Meanwhile, the special purpose of the study is expected to produce a literature (*Textbook*) on the concept of economic growth of various thoughts Islamic scholars both classical and kotemporer, so it can be used in learning activities in universities, especially students who have a concentration in economic development both in public and private universities. The general can be used for students and practitioners from all walks of science that is concerned and interested in studying the concept of economic growth within the framework of Islam.

III. Research Methods

Flow Research

This study aimed to development of a concept of economic growth within the framework of Islam from some of the ideas put forward Islamic scholars of classical and contemporary. This research activity will explore various sources of literature about economic growth, both from the history of Islam (*Islamic history*), the Islamic civilization (*Islamic civilization*), Islamic law (*fiqh*), and the classics scientists of Islam which have been translated into languages Britain and Indonesia. It is thus the author emphasizes specifically there are four factors that cause underdeveloped thinking about the concept of economic growth within the framework of Islam. In an effort to generate economic growth model that *rahmatanlilalamin*.

Research approach

The approach used in this study is through explorative (Explorative) by combining it with a development approach (development). So when researchers discovered something new about the concept of economic growth within the framework of Islam, then the next will dig deeper to get a more comprehensive theory with the goal to be developed and expanded in the scientific level. The process of this experiment in applying the approach is, first, to explore various references / literature concerning the theory of economic growth, particularly in Indonesian, English and Arabic. Second, scientists classify ideas / classic and contemporary Islamic scholars who study about economic growth. Third, develop and expand the concept of economic growth within the framework of Islamic literature of exploration results.

Data collection technique

The process of data collection is done by means of a literature study (library research). This activity aims to get a variety of reference sources discussing the economic growth.

Data Analysis Techniques

In analyzing the data in this study used qualitative analysis techniques in the form of content analysis (content analysis). The importance of the method used to obtain maximum results, because the process will be discussed in depth analysis of the contents of the reference has been collected previously, and then conducted a systematic interpretation of

the notion / idea of reference written by classical and contemporary Islamic scholars concerning economic growth.

IV. Result and Discussion

Essence of Economic Growth

Economic growth in modern economic terms is often called the occurrence of a development in the economic activities in a comprehensive manner, so the impact on the increase in the production of goods and services produced, the goal certainly contribute to the needs of the community. The domino effect of the growth, the increase in the welfare and prosperity of the people within the area.

Ahmad (1997) divides the four factors that can contribute to the economic growth, which is a factor of resources that can be managed (*invisible resources*), factors of human resources (*human resources*), factors of entrepreneurship (*entrepreneurship*), and technological factors (*technology*) Then Abidin (2012) argues, the wisdom of Islam growth in an economy should be aimed to balance the distribution of income from an economic growth for all human beings regardless discriminatory manner between cypress group against the other. So that economic growth can meet the needs of society as a whole covers from various walks of life.

In considering the needs of people from attaining economic growth tentu required maximum value from the quality of economic growth by not only the needs of the community-oriented indefinitely. Then an-Nabhani (1996) suggested when appeared perspective suggests that human needs are not limited whereas human desire is limited of course this is contrary to the reality of human nature itself. Because needs (need) people are basically limited whereas in the case of desire (want) it is human nature to have an unlimited desire. But when the desire is not limited to appear in meeting human needs, Diman always interacts with matter nafs (lust).

In view Qal'ahji (2000) on the economic growth within the framework of the economic objectives of Islam itself, basically has a limit on the fulfillment of human needs, it can dikemukakan Qal'ahji of the opinion is: (1) Allah has provided sustenance for each of His servants. Word of Allah in Surah Hud verse 6 reads: *This means: And there is no creature on earth but God Who gives rezkinya, and He knows where it lives and where it. everything is written in a Clear Book (Lawh Mahfuz). (Q.S. Hud (11): 6).* (2) Look for sustenance or attempted is God's command to be done. Word of Allah in Surah Al-Jumu'ah verse 10 reads: *Artinya: Apabila telah ditunaikan shalat, Maka bertebaranlah kamu di muka bumi; dan carilah karunia Allah dan ingatlah Allah banyak-banyak supaya kamu beruntung. (Q.S. Al-Jumu'ah (62): 10).* (3) On the basis of that conviction, we should make the effort as part of the worship Him, Allah says in Surah al Ra'd verse 11 reads: *This means: Indeed, Allah does not amend the state something so that they amend the existing situation on themselves. and if God wills evils against a people, then no one can resist it; and occasionally there is no protector for them besides Him. (Q.S. ar Ra'd (13): 11.* (4) Maximizing potential and abilities to achieve better results. The Word of God in Surat an-Najm 39 reads: *This means: And that man no gain other than what has been earned, (Q.S. An-Najm (53): 39).* (5) The spirit in business, optimistic and never give up. Allah says in Surah Ali Imran verse 139 reads: *This means: You must not be weak, and do not (also) not grieve, And you are the people most High (degree), if ye are believers. (Q.S. Ali Imran (3): 139).*

The factors include the following : *First*, the human factor, which is the central point in carrying out economic activities, the worldview Muslims need to be seen in terms of the values of Islam when the development activities carried out. *Second*, the factors of natural resources, where the use of all what is the earth and the heavens shall be in

accordance with the values of Islam, *the Third*, the factors of science and technology, in which the progress of information and technology can be used as one of the aspects that simplify and accelerate the process of economic growth.

Between Growth and Equity in Islam

Malik bin Prophet (1981) argues that Muslims have an integral role in achieving success in the economic growth process, if applied in accordance with the values of Islam. Even Joseph (1981) suggested, in principle, Islam is loaded with values that are relevant to development. Where these values are reflected in the recommendation in Islam emphasizes on discipline time, maintain the property, the value of work and the command to always congregation, increase production, consumption and also establish the Islamic attitude towards science.

The implementation of those distributions may be made through the following processes: first, open up greater opportunities for the continuity of the causes of ownership in individual ownership. Second, it provides greater opportunities for the ongoing development of proprietary (tanmiyah al-milkiyah) through investment activities. Third, despite the ban hoarding possessions have been issued their zakat. Treasures hoarded economy will not work. In turn will hamper the distribution because it does not happen turnover possessions.

Kaffah wealth utilization can not be separated from the teachings of the values of Islam itself. Because Islam can not let go of the property owned by someone with utilization clearly and correctly. So Islam forbids always utilization in activities incompatible with Islamic teachings such as, gamble, drink alcohol, prohibited investments, and so on.

Various concepts Equitable Economic Growth According to Islamic scholar

Various thoughts on the concept of economic growth has put forward a wide range of classical and contemporary Islamic scholars including the Al-Ghazali (tt) in his book *Ihya Ulum al-Din* with the concept of hierarchy utility is Daruriyat, Hajiyat, and Tahsiniyat. Ibn Taymiyyah (1967) in his book *Al-Siyasah Shar'iyah fi al-Islah al-Ra'i wa'l-Ra'iyah* with the concept of al-Maṣāliḥ al-mursalah (public interest), which ordered the good and forbidding the evil. Ibn Khaldun (1967) in his book *Al-Muqaddimah* with the concept of Imamate namely the achievement of benefit for all people. Abu Yusuf (1979) in his book *Al-Kharaj* with the concept of optimization of public finances, as well as numerous other Islamic scholars, which generally emphasizes the concept of economic growth on the basis of Islamic values with justice.

The word 'adl is mashdar form of the verb 'Adala - ya'dilu - 'Adlan - wa' udûlan- wa 'adâlatan the meaning essentially is 'al-istiwa '(straight state) and' al-i'wijâj (state deviated) , In providing a definition of justice, various Islamic scholars put forward from various aspects, Al-Baidhawi (1939) gives the meaning of the fair as al-inshaf wa al-sawiyayyat "that puts the mid position and equate. Al-Ashfahani (1961) states that the word 'adl meaning' to give an equal division. Al-Maraghi (1974) gives the meaning of the word 'adl to' convey the holder the right to effectively '. The notion Fair in the Qur'an refers to the Word of God in Surah An-Nahl verse 90 reads: *Indeed, Allah tells (you) to be fair and do good, giving to kinsfolk, and God forbid of indecency, kemungkaran and hostility. He teaches you, that ye may take heed. (Q.S. An-Nahl (16): 90).*

Even more specifically Ibn Taymiyyah (1967) explores in depth the concept of justice as giving something to each member of the community in accordance with its rights must be obtained without being asked; not biased or impartial to either party; understand their rights and obligations, to understand what is right and what is wrong, act honestly and

fixed according to the prescribed rules. Islamic concept ensures a distribution that contains human values, which include advocating for distributing wealth through sadaqah, infaq, Zakat and others in order to maintain harmony in social life, it is in accordance with the word of Allah in Surah Al-Baqarah verse 261, reads : It means: *Parable (income incurred by) those who spend their wealth in the way of God [166] is similar to a seed that grows seven ears, in every ear a hundred grains. God magnifies (reward) for whom He will. and Allah is the area (his gift) again Knowledgeable.*

Verse above gives a sufficiently specific explanation that economic growth can be achieved when the property of a person utilized in social activities / virtues associated with the religion of Allah both ordered / required and the banning. Implementation of the distribution of wealth / assets in accordance with Islam will have a positive impact, is ensuring the fulfillment of the basic needs of the whole society, the balance in the income of the people in the broadest sense in accordance with the contribution of work activities they do, and reduce the inequality of income and wealth among individuals in a comprehensive manner. The verse on an equitable income distribution have been put forward his word Allah in Sura al-Hashr verse 7 which reads: It mean: *so that it may not circulate among the rich among you.....* (Q.S. Al Hasyr (59): 7). Furthermore, the word of Allah in Surah Adh-Dzariyat paragraph 19 of the most property owned by the rights of the poor: It means: *And in their wealth there is a right to ask the poor and the poor who have no part.* (Q.S. Adz-Dzariyaat (51): 19).

Islamic concept guarantees an income distribution would provide an overview of the mandate of the wealth given by God Almighty to some people who are able. So when the distribution of income and wealth to do, this is certainly a form of implementation in conveying the trust of Allah SWT to be given to those entitled. For the realization of justice is to implement the right of every creature of God to meet their needs.

This difference can be seen from the orientation in the growth performance is terhadinya increase in Gross Domestic Product by using an indicator of an increase or decrease in GDP (Gross Domestic products) and per capita. But Islam is certainly viewed from all aspects not only in the economic growth, but how that growth will reach a comprehensive equalization in public life. So when economic growth occurs must be accompanied by economic equality. For the purpose of economic growth is basically the social and economic changes for the whole community activities, such as improving the lives of the poor, vast employment opportunities, social facilities and the religious establishment, as well as the improvement of moral character and society as a whole.

Implementation of Economic Growth In Islam

Human beings as creatures of Allah SWT has a central role in carrying out its activities in this earth as *khafutu fil ardi*. It is caused by humans has the potential to develop and progress in achieving the goal of his life in the welfare of the essentials. So do a variety of human creativity as economic actors are an integral part of the important factors of human created, in addition devoted to Allah SWT. Therefore, a change from what humans do in carrying out economic activities back to the people themselves to make changes if you want to get success or failure in the world and the hereafter, this only goes back to the nature of human life itself. Word of Allah in Surah ar-Ra'd. It means: *Allah does not change the state of a people so that they change state.....* (Q.S. Ar Ra'd (13): 11).

The essence of the above verse that humans are required to always perform a repair or change it upon himself to better our future. The role of human beings as a central point in making a change of course can be used as a driving force in economic growth activities.

Humans can perform a variety of economic activities that can support for the benefit of themselves and society as a whole.

Islam regards economic growth oriented to synchronize balance between growth and equity. For equalization will have a positive impact for the improvement of the life of the whole society. Then Ibn Hazm lived (Sadeq and Ghazali, 2006) gives arguments about equity in economic activities should be based on social orientation where their activities can contribute to human welfare. Meanwhile, the need for social security for the poor and not able to realize the income distribution. Because poverty may adversely affect the occurrence of a gap (distance) in the social life of society between rich and poor.

In economics it is fundamentally always create growth through the circulation of unlimited wealth. Even Allah has mandated the government to always intervene in case of an imbalance in the distribution of wealth as economic activity that the success of an economic development is how much equalization of wealth enjoyed by all levels of society in meeting their needs in both the physical and spiritual needs. Then when the success of the economic growth seen from the aspect of worldly and hereafter, keywords can be concluded that, a successful economic growth successfully when, first, the economic activity carried out Muslims in addition to meeting their needs also aim to worship Allah SWT, second, the wealth acquired a wealthy individual can be distributed evenly in accordance with the principles of Islam through zakat, infaq, sadaqah, hibab, heritage, waqaf, and so, thirdly, the economic activity in the real sector is balanced by avoiding the element of riba, maysir, gharar, the circulation of wealth not only enjoyed the rich, the fourth, the improvements in public infrastructure in both the physical and spiritual aspects, by instilling a sense of brotherhood and equality in getting the blessing of Allah kaffah.

V. Conclusion

Economic growth is often synonymous with economic development where the increased production of goods and services. Even more specifically the increase in national income per capita of society on the one hand and rising real incomes domestic gross domestic product. In the Islamic economic growth often aligned on economic equality where no gap between rich and poor with basic orientation adalah equity income distribution of wealth creation.

Various thoughts about the concept of economic growth have been analyzed Islamic scholars both classic and contemporary. But the problem that arises is the exploration of the ideas put forward Islamic scholars often have problems in understanding and appreciate the nature of a science that is presented. This is due to limitations in reference sources and a limited command of the language.

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THE INFLUENCE OF PERCEIVED TRUST, PERCEIVED RISK AND PERCEIVED EASE OF USE ON ONLINE PURCHASE INTENTION TO CONSUMERS IN PADANG

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Abstract

This research is aimed to investigate how perceived trust, perceived risk and perceived ease of use influence online purchase intention to consumers in Padang. It was a causative research. The population is citizens of Padang who knows about online shopping and has been visited the online store but never did an online purchasing. As many as 200 respondents are represented as a sample. The data was collected by questionnaire. Using Structural Equation Modeling (SEM), the results revealed that perceived trust and perceived ease of use affect online purchase intention as long as perceived risk affect perceived trust, while perceived risk did not show the effect towards online purchase intention. Thus, the data reflects that consumers in Padang have an intention to shop online.

Keywords: Perceived trust, perceived risk, perceived ease of use and online purchase intention.

I. Introduction

Nowadays, the Internet development is growing rapidly and helpfully helps and facilitates our society in order to fulfill their various daily needs, starting from reading the news to shopping. Shopping through the Internet or also known as online shopping is one of many activities that can be done using Internet. The online shopping activity is a form of electronic commerce where there is a transaction between seller and seller or between buyers and seller (Turban *et al.*, 2012).

In 2014, Association of Internet Service Provider in Indonesia (APJII) has conducted a survey which shown that 34% Internet user in Indonesia use Internet to search for an information about the product or service they are willing to buy, 27% user confessed that they have been shop online and the rest used the Internet for another needs. This situation explains that more than half citizens of Indonesia use the Internet to something related with online shopping. However, the high intention to buy online, in fact, does not meet the proportion of user who has done an online shopping.

Research conducted by Brand & Marketing Institute (2015) showed only 24% from total Internet user who has done an online shopping. This is also supported by the information accessed from alexa.com on September 22, 2015 who has summarized the percentage of visitors who accessed several popular online sites in Indonesia. It shows that more than 50% user has visited the popular sites such as kaskus.co.id, bukalapak.com, lazada.co.id, tokopedia.com, olx.co.id, or zalora.co.id. Yet, the total of visitors who has been done an online transaction less than a half of those who has been visited the sites. It is necessary for the seller and the online shops' owner all at once to know the factors influencing consumers' intention to purchase online.

II. Teoritical Framework

Online Purchase Intention

Online purchase intention can be defined as a condition when customer intend and have the willingness to engage in an online transaction (Pavlou, 2003). In this case, online

transaction can be referred to an activity where information retrieval, information transfer and product purchase are about to happen. Online purchase intention is concerned about the likelihood to purchase products online (Ganguly *et al.*, 2009). Based on definitions above, it can be concluded that online purchase intention is customers' willingness to engage with purchasing transaction online through an online shop or a website.

The dimensions of online purchase intention consist of (1) the willingness to purchase products online, (2) providing time to purchase online, (3) the willingness to purchase online in short time and (4) consideration to shop online (Utomo *et al.* in Prahardikatama, 2013).

Perceived Trust

Trust defined as the willingness to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party (Mayer *et al.* in Büttner & Göritz, 2008). Using Mayer *et al.* terminology, we will refer to this belief-based conceptualization of trust as perceived trust. Therefore, it can be concluded that perceived trust is a firm belief or a hope from customer towards a website or an online shop in a purchase transaction, especially the online purchase transaction.

There are four dimensions of perceived trust; ability, benevolence, integrity and predictability (Büttner & Göritz, 2008). Ability refers to the trustee's competence to fulfil promises given (in this case is the seller or the owner of online shop). Benevolence denotes that the trustee is interested in the trustor's well-being (it is mentioned customer), where the seller will try to give the best service towards its customer. Integrity means that the trustee follows a set of desirable principles while predictability is a prediction towards the behavior that might be shown by a trustee.

H1 : Perceived trust has positive influence towards online purchase intention.

Perceived Risk

Perceived risk is the uncertainty that consumers face when they cannot foresee the consequences of their purchase decisions (Schiffman & Wisenblit, 2015). Perceived risk exists in a consumer's decision process when he or she cannot foresee the purchase outcome and then uncertainty takes place (Hoover *et al.* in Wang & Tsai, 2014). In addition to lowering the online purchase intention, perceived risk also has a negative relationship towards trust (Kimery and McCord, 2002) or in this research it has a negative relationship towards perceived trust. Higher level of trust will affect to the lower level of risk to be happened. In the same way, the reduction of perceived risk will influence the trust level and attitude towards online purchase, which can increase the customers' intention to buy online (Mansour *et al.*, 2014).

In most situation, the consumers' perception towards risk denotes the function of several elements from perceived risk (Liu *et al.*, 2013). These elements are financial risk, product risk, time risk and psychological risk. Based on those elements of perceived risk, then it will be the indicators for this research.

H2 : Perceived risk has negative influence towards online purchase intention.

H4 : Perceived risk has negative influence towards perceived trust.

Perceived Ease of Use

The term perceived ease of use firstly introduced by Davis (1989) in Technology Acceptance Model (TAM). In this model, Davis introduced perceived ease use as one of two variables which forms TAM, with perceived usefulness as the second variable.

Perceived ease of use refers to the degree to which a person believes that using a particular system would be free of effort (Davis, 1989). Perceived ease of use concept directly explains the purpose of utilizing the information system and facilitating system utilization so that it will fit the consumers' need where in using an online shopping site; there is no need for the consumers to do more effort to understand the site and use it.

There are several indicators on perceived ease of use for a shopping website such as (1) easy to use, (2) easy to learn, (3) easy to become skillful and (4) clear or understandable (Segars & Grover, 1993).

H3 : Perceived ease of use has negative influence towards online purchase intention.

As the above explanation, the conceptual model of this research will be shown as below.

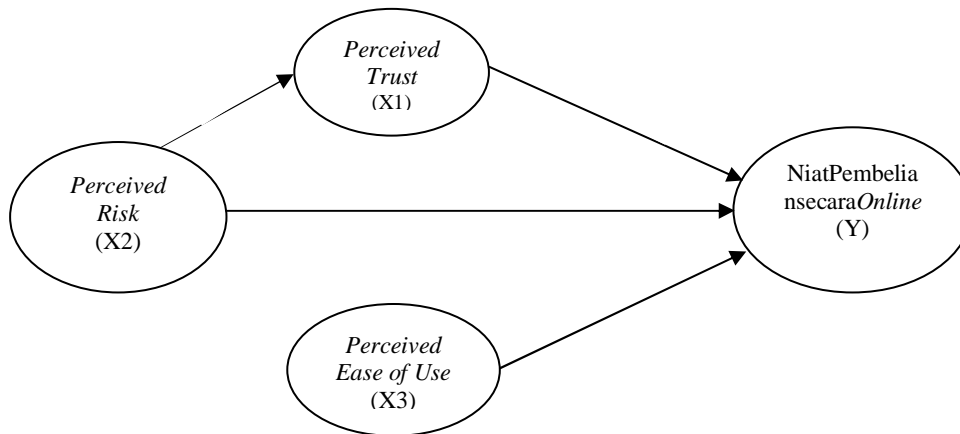


Figure 1: Conceptual Model

III. Research Methods

This study employs causative research with one time collection of information from the respondents. Target population of this study is citizen in Padang which is knowing about online shopping activities and have visited online shop or online website yet they still have not done an online purchase. The sample was drawn using non-probability sampling method and accidental sampling technique. Accidental sampling is a technique to draw a sample based on spontaneous factor where possible respondents whose match with the characteristic may become a respondent or here we call them as a sample (Riduwan, 2008).

A research instrument i.e. questionnaire was constructed based on the past studies. The questionnaire consists of three components which are respondents' identity, pre-statement and statement for research variables. It was given in a list of question using closed-ended questions system with five-point Likert scaling techniques. Respondents may respond to the questions by choosing one option from several alternative choices written in the questionnaire.

For a brief explanation of operational definition for each variable, online purchase intention is related to consumers' plan or willingness to do an online transaction while perceived trust was measured as consumers' belief towards the seller or the owner of online shop to do an online purchase transaction. Moreover, perceived risk measures consumers' perception towards uncertainty which is dealt when the consequence of the online purchase transaction cannot be predicted and perceived ease of use was measured as

how far the consumers feel that online purchase transaction is not as difficult as it may seem.

Data Analysis

A total of 200 questionnaires were distributed and retrieved from 200 respondents in Padang. More than half of the respondents (63 per cent) were female. The majority of respondents were in the 21-25 age group (56.5 per cent). Most (52 per cent) were student. All respondents reported knowing the online shopping activities and nearly 90 per cent respondents (86 per cent) were having intention to shop online. Almost half of the respondents reported earnings IDR 1,000,000 – IDR 2,000,000 per month (22 per cent) and IDR 2,000,000 – IDR 4,000,000 per month (20.5 per cent). Lazada.co.id (16.89 per cent), Tokopedia.com (13.46 per cent) and OLX.co.id (12.66 per cent) were the most visited online sites by respondents.

IV. Result And Discussion

This research model was tested with Structural Equation Modeling using SMART-PLS 3.0. This section included validity test, reliability test, hypotheses testing and indirect effect. We represent each items in these parts below.

Validity Test

In this test, we will measure how well an instrument that is developed measures the particular concept it is intended to measure (Sekaran & Bougie, 2013). A construct is considered to be distinctive from another constructs if the square root of Average Variance Extracted (AVE) from it is greater than its correlations with other latent constructs (Fornell & Larcker, 1981). The following table presents the square root values of each constructs.

Table 1. Square Root of Average Variance Extracted (AVE)

Items	Online Purchase Intention (Y)	Perceived Ease of Use (X ₃)	Perceived Risk (X ₂)	Perceived Trust (X ₁)
Online Purchase Intention (Y)	0.809			
Perceived Ease of Use (X ₃)	0.531	0.732		
Perceived Risk (X ₂)	-0.089	-0.083	0.722	
Perceived Trust (X ₁)	0.470	0.439	-0.212	0.716

The correlations indicate the internal consistency of each construct. It is shown that the square root values of AVE are higher than the correlation values below it. Therefore, the estimated model can be assumed valid.

Reliability Test

Reliability is a test of how consistently a measuring instrument measures whatever concept it is measuring (Sekaran & Bougie, 2013). Reliability can be measured by seeing the value of Composite Reliability and Cronbach's Alpha which is shown below.

Table 2. Composite Reliability and Cronbach's Alpha

Items	Composite Reliability	Cronbach's Alpha
Online Purchase Intention (Y)	0.850	0.739
Perceived Trust (X ₁)	0.863	0.814
Perceived Risk (X ₂)	0.922	0.911
Perceived Ease of Use (X ₃)	0.873	0.830

Table 2 shows the value of both Composite Reliability and Cronbach's Alpha of each construct. From the table above it can be seen that each construct has value over 0.7. Refer to the rule of thumb of Composite Reliability and Cronbach's Alpha value that must be bigger than 0.7 (Hair *et al.*, 2006) it can be stated that the measurement used in this research is reliable.

Hypotheses Testing

This research evaluates four hypotheses for direct correlation between independent variables towards dependent variables. The test was done using SMART-PLS version 3.0 and the followings are summary of hypotheses test output of all variables in this research.

Table 3. Output of Hypotheses Testing

	Hypotheses	Sig.	Result
H1.	Perceived trust has positive influence towards online purchase intention.	0.000	Supported
H2.	Perceived risk has negative influence towards online purchase intention.	0.933	Not Supported
H3.	Perceived ease of use has positive influence towards online purchase intention.	0.000	Supported
H4.	Perceived risk has negative influence towards perceived trust.	0.035	Supported

Based on the output above, the correlation between perceived trust and online purchase intention is positive. The result revealed that the path between these two constructs was indeed positive ($\beta=0.000$, $p < 0.05$) and lead H1 as a supported hypothesis. The proposed positive relationship also can be seen on perceived ease of use and online purchase intention as H3 ($\beta=0.000$, $p < 0.05$) which make it as the second hypothesis supported.

For perceived risk, H4 hypothesizes the negative relationship between perceived risk and perceived trust ($\beta=0.035$, $p < 0.05$) and it was also supported. Meanwhile, the negative relationship between perceived risk and online purchase intention (H2) found to be not supported ($\beta=0.933$, $p < 0.05$). Thus, it can be concluded that out of four hypotheses proposed, three hypotheses are supported and one hypothesis is not supported.

Indirect Effect

The addition of a third variable to the independent variable and dependent variable relationship, which enables the independent variable to cause the mediator and the resulting mediator variable to cause the dependent variable is called indirect effect or mediation model. It should be noted that the relationship between independent variable and dependent variable is via the direct and mediated effect indirectly causing independent variable to affect dependent variable through mediator variable (Jenatabadi, 2015). The following is the output of indirect effect found in this research.

Table 4. Output Indirect Effect

Items	Original Sample (O)	Sample Mean (M)	Standard Error (STERR)	T Statistics (O/STERR)	P Values
Perceived Ease of Use (X_3) \rightarrow Online Purchase Intention (Y)					
Perceived Risk (X_2) \rightarrow Online Purchase Intention (Y)	-0.062	-0.068	0.034	1.855	0.064
Perceived Risk (X_2) \rightarrow Perceived Trust (X_1)					
Perceived Trust (X_1) \rightarrow Online Purchase Intention (Y)					

The result shown in the table above indicates that perceived risk does not have indirect effect towards online purchase intention through its mediator variable, perceived trust ($\beta=0.064$, $p < 0.05$). In summary, perceived trust cannot be a mediator variable for perceived risk and online purchase intention.

Discussion

Based on the result of hypotheses testing, perceived trust found to give a significant and positive influence towards intention to purchase online. This indicates that the higher consumers' perceived trust the higher the customers' intention to purchase goods and services online. This signifies that in online purchasing context, consumer has a good level of trust which can affect their online purchase intention. This research was confirmed the initial researches which explained that perceived trust has positive significant effect towards intention to purchase online (Büttner&Göriz, 2008; Setiawan&Achyar, 2012). The result above also proved that the consumers' intention to do an online transact positively related to trust (Pavlou, 2003).

Another result found in this research is perceived risk did not influence the consumers' online purchase intention. In general, perceived risk should have a negative influence towards online purchase intention where the higher the risk perceived, the lower the consumers' intention to purchase online will be. It can be said although the online shopping seems to contain risk, the consumers' in Padang will keep their intention to shop online. To support this research there was previous study proved that online purchase intention did not significantly influenced by perceived risk (Wang & Tsai, 2014).

Even though the relationship between perceived risk and online purchase intention has no influence, perceived ease of use reported to have significant and positive influence towards online purchase intention. The result revealed that perceived ease of use can become an important factor which can increase the intention to purchase online to consumer in Padang. It is also supporting the proposed hypothesis where the more consumers find an ease on using online shop or online website, the more they will have intention to shop online. The significant influence given by perceived ease of use towards online transaction suggesting that Technology Acceptance Model (TAM) could also extend into consumer online behavior to explain acceptance of business-to-consumer (B2C) ecommerce (Pavlou, 2003).

Finally, the result provided from the last hypothesis testing showed that there are negative and significant influence on consumers' perceived risk towards consumers' perceived trust in Padang. This supports the observation that the more online risk perceived by consumers it will reduce their perceived trust. Several risks such as financial risk, product risk, psychological risk and time risk may appear as consideration towards consumers in Padang. It is also quite possible that the relationship between risk and trust may be non-recursive and each may cause each other in the decision making process of organizations and consumer in online transaction (D'Alessandro *et al.*, 2012). An indirect effect also found in this research although it does not give any contribution towards online purchase intention.

V. Conclusion

This research shows that perceived risk does not have any influence towards online purchase intention. It shows that even online shopping perceived to be risky, most citizen in Padang tend to continue their online shopping experience. On the other hand, perceived trust and perceived ease of use showed to have positive correlation towards online purchase intention which means the more trusted and easier an online website, the more intention to purchase online increases. This research also proved that perceived risk

inversely reflect perceived trust or it can be said that it has negative relationship towards perceived trust. It can be concluded that the consumers' trust will be perceived higher if the risk perceived to be low.

There are several limitations for this research that may differ the previous research. The overall smaller size of sample may cause the high sampling error that would be expected. The results obtained from 200 respondents may lack generality, although they were retrieved from the population which met the characteristic for this research. Other than that, since this research was conducted in Padang, the findings found here may not generalize to other areas such as big cities in Indonesia or even the cities abroad. In order to enhance the better result, a rigorous study may be needed to improve the findings of this research in the future. Furthermore, it is necessary to add several suitable factors that may give a better effect and performance towards the intention of purchasing online (e.g. interview or else). Future researchers are encouraged to explore online shopping activities since this is a next interesting topic to be discussed and the expansion seems to be more rapid than today.

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THE RELATIONSHIP BETWEEN EXTERNAL ENVIRONMENT AND BUSINESS PERFORMANCE AT SMALL AND MEDIUM ENTERPRISES (SMES): A LITERATURE REVIEW

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Abstract

The paper is to analyze the the relationship between external environment and business performance at Small and Medium Enterprises (SMEs) in a literature review context. Successful achievement of business performance is not only determined by the ability to manage internal environment well. Efforts to address external environment changes which are turbulent, dramatic and uncertain need to be done through quick response and good adaptation so that the company survives and remains profitable for shareholders. The measurement of the company performance must be defined with clear indicators so that the company's goal can be achieved. The indicator of SMEs performance is measured in terms of financial and nonfinancial. From this study, it can be concluded that there are different views on the influence of external environment on business performance. Some research proved that external environment affected the business performance, while others countered them

Keywords: *external environment, business performance, SMEs*

I. Introduction

Globalization causesthere is no difference of space and distance between companiesin the world. Environment changes rapidly, only companies that are able to adapt can survive.Innovation happens all the times so that products which categorized asleaders excel only second. The job responsibilities are not only on the experts but also can be done by everyone because of the availability of technology. Information without limitation of space causes dramatic changes which occur at any time, so a quick response is needed if the organization wants to survive. Everyone can be a decision maker without having to wait order from superior since he/she may access the information to get the data and make the right decision. So, the decision is no longer absolute in the hands of the leaders (Shafritz & Ott, 1987). The purpose of the company which originally was only profit turns into to survive and be profitable for shareholders. The measure of success must be translated clearly so that every member of the organization has the same mission to achieve it. The measurement of the company performance using appropriate indicators and practices is an urgent matter so that the company knows its ability as a self-evaluation and improvement material in the future.

Small and Medium Enterprises give signifikan contribution to the growth and stability of economy in Indonesia. In Indonesia, there are 57.875.721 units of Small and Medium Enterpriseswhich can absorb 114.144.082 labors and give 3,1% shares of Gross Domestic Product (BPS, 2013). The large number would not be meaningful if they did not have the ability to survive in a very tight competitive environment. The challenge for small and medium enterprises comes from globalisation, increased customer expectation, technological advance and increased competition (Banham & College, 2010).

The ability to understand the risk of chaotic environmental movement is needed so that the Small and Medium Enterprises are able to predict what strategy to use in order to gain good performance. So far, small and medium enterprises are only focus to gain short-term profit and ignore the response to the external environment (McAdam, 2002). This paper will review conceptually how external environment affects business performance especially for Small and Medium Enterprises.

II. Teoritical Framework

External Environment

Studies on the importance of considering environmental aspect around the company have been started since Neo classical Management Theory. Different from Classical theory which considers an organization as a closed system which is more oriented to economic factors and efficiency, Neo-classical theory starts to consider organization as an open up system. Humanist approach which becomes central issue of this theory considers the necessity of interaction of the organization internally or externally. (Selznick, 1948) insisted that an organization consisted of individuals whose goals and aspirations were not necessarily in accordance with the formal goal of the company, bargaining with the environment in order to achieve the goals was important to do. Adaptation of the organizational structure not only was based on the desire of individuals but also should pay attention to environment. Hugo, (1913) emphasized the differences in the characteristic of individuals in the organizations, and the influence of social and cultural factors against organization was something that could not be avoided. The research Mayo, (1933) in Western Electric concluded that the working conditions of employees and social interaction in the working group were considered as important factors in increasing productivity compared to other factors

An organization is not a closed system related to a stable environment. On the contrary, it is an open system which interacts with the environment, and in order to survive the organization has to modify its structure to be more flexible. An organization needs not only a system but also ecology, which means it also needs a place to live. Environment will select organizations which can survive. The form of the organization must be in accordance with the environment, otherwise it will fail. The survival of the organization is predominantly influenced by the capacity and the stability of the environment of the organization

Environment is everything which is outside of the organization (Robbins, 1994). In the management of environmental strategy context, environment is defined based on near and far the environment from the organization, or based on direct and indirect environmental influence to the organization. The closest environment of the organization, also called *task environment*, *industry environment* (Hitt, Ireland, & Hiskisson, 2001), *specific environment*, (Robbins, 1994) is the environment which directly influences the strategy, covering competitors, suppliers, customers and labor union. Furthermore, the environment which indirectly influences strategy is called *general environment* (Robbins, 1994), remote environment (Pearce & Robinson, 2013).

Pearce & Robinson, (2013) categorized environments into *remote environment*, *industrial environment* and *operational environment*. Wheelen & Hunger, (2000), differentiated environment into external and internal environment. Internal environment consists of structure, culture, and resources. Internal environment needs to be analyzed in order to find out the strengths and the weaknesses of the organization.

External environment is the environment outside of the organization that can create opportunities and threats to the existence of the organization. External environment consists of macro environment and industrial environment (competitive environment).

Macro environment consists of political and legal environment, macroeconomic, technological environment, and social environment. The overall strengths in macro environment have direct influence on the company's prospect, but at the same time they also have indirect influence (Wheelen & Hunger, 2000). Industrial environment according to Porter is influenced by five factors which are the threat from the influx of newcomers, bargaining power of the suppliers, bargaining power of buyers, the threat from substitutional products and the intensity of competition.

Related to the external environment of small and medium enterprises, the opportunities and threats that they face according to (Banham & College, 2010) are Technological Advance (Availability of New Technology, Affordability of New Technology), Customer Expectation (Customer Expectations on price, quality, product or service), Supplier Requirement (Major Supplier Requirement), Regulatory Changes (North American Free Trade Agreement, Exchange Rate Fluctuation, Change in Government Regulation), Increasing Competition (Erosion of Profits, increased competition in market place, Export Market opportunity, desire to compete globally). According to (Ahmad, Halim, & Zainal, 2010), external environment that must be considered by small and medium enterprises are Market Turbulence, Technology Turbulence and Competitive Intensity.

The performance of the organization

Business performance has started to be a hot topic to discuss and has been well applied in both practice and research since 1987, precisely when Johnson and Kaplan published their book entitled *Lost-the Rise and Fall Management Accounting* ((Bititci, et al., 2009).

The attention on performance has been started since the year of 770 when Abu Yusuf pioneered administration in Islamic Government, in terms of financial policy, tax and criminal justice (Shafritz & Ott, 1987). In the classical era, the rules of working measurement were clearer and more accurate, with clear mechanical approach and formal rules so that the work result can be measured efficiently without doubt. The principles put forward by Fayol and Taylor aim to achieve the efficiency of the company through divisions of work which lead to specialization so that the employees can work faster and gain more result. At the beginning of the twentieth century, the role of manager and owner began to separate, so that the owner only monitors the performance and the manager tries to achieve it. Performance assessment is done through financial measurement (Kennerley & Neely, 2003). Work assessment is expanded from production factor to other parts of the organization and also outside the organization throughout the supply chain. The work assessment is in accordance with strategic objectives, where the number of indicators increases simultaneously in order to improve quality and flexibility (Sinisammal, et al 2012).

Rivai & Fawzi, (2005) defined performance as "the work result that can be achieved by a person or by a group of people in a company according to his/her responsibility and authority in order to achieve the company's objective legally, without breaking the law, and without conflicting against moral and ethics". "Performance is defined as the record of outcomes produced on a specified job function or activity during a specified time period" (Russel & Bernadine, 1998). According to Neely in (Bititci et al., 2009), work assessment is a measurement process of effective and efficient action which have been applied in various sectors for more than 2 centuries. Efficient work is measured from how good the resource is used, while effective work is measured from whether the objective is achieved or not. The work performance which is often called as performance is also known as result.

The assessment of financial performance is considered insufficient to compete in modern market. The increasing demand from customers and the more competitive market need big responsibility and focus on external environment. Financial accounting system indicates that performance is the result of the company activity providing a little clue on how the performance is achieved and improved (Kennerley & Neely, 2003), thus arose the concept of performance measurement which considers the balance between financial and non financial performance namely Balanced Score Card concept. It consists of two words, scorecard and balanced. Scorecards are cards used to record the result of someone's work performance. Score cards can also be used to plan the score to be realized by personnels in the future. Balanced is intended to show that the performance of a personnel is measured in a balanced way from two aspects which are financial and non financial, short term and long term, internal and external environment. Balanced score cards are contemporary management tools used to jack up the ability of the organization to double financial performance. Balanced score cards complete a set of past financial performance measures with future drivers performance measures. This concept was popularized by (Kaplan & Norton, 1996) and is still used so far so that the performance of the company is measured internally and externally, financially and non financially. Balanced scorecards develop a set of business unit objectives which are beyond final measures. The executives of the company can measure how much value their business units create for customers today and in the future, and how much internal capability and investment the company needs to improve in human resource, system and procedure which are needed to increase future performance. The objectives and the measures of the scorecards are derived from vision and strategy. At the beginning, Balanced scorecards were created to overcome problems about the weakness of the executives' performance measurement system which focused on finance. Then, Balanced scorecards developed in its implementation, not only worked as a tool to measure the performance of the executives but also expanded into an approach in organizing strategic plan. Balanced scorecards consist of 4 perspectives, among others: 1). Financial perspective, related to profitability through the measurement of operating profit, *return on capital employed* (ROCE) or *economic value added*. 2). The perspective of the customers, the main measure is customers' satisfaction, customers' retention, new customers' acquisition, customers' profitability, and market share in target segment. 3) the perspective of Internal Business process. The measure of internal business process focuses on various internal processes which will give major impact on customers' satisfaction and the achievement of the company's financial objective. 4) the perspective of learning and growth, The main resources of the company learning and growth are the human, system, and the company procedures (Kaplan & Norton, 1996).

In the business world of Small and Medium Enterprises, the assessment or the measurement of work performance no longer focuses on financial indicator only. There are many literatures which complete financial measure with a softer measure or subjective and objective measures. According to Murphy, et. al, in (Watson & Newby, 2006), it is not adequate to measure the performance of financial measures, so that non financial measures should also be emphasized.

The concepts of measurement using both economic indicators which is 'hard' measure/objective measure, and satisfaction indicator which is 'soft' measure/subjective measure are generally applied widely in measuring the performances of big companies, but this concept is not necessarily usable to measure the performance of small companies, because one of small and medium enterprises weaknesses is they do not have financial record, so it is difficult to measure in financial / hard measure context. So there arose a few studies about suitable indicators in measuring the performance of Small and Medium Enterprises, among others: (Hakinson, 2000) who identified key factors which influenced

the performance of small companies such as behaviour and style, skill and capabilities, management method, motivation, future perspectives, small firms and bank relation, and identity.

From the survey done by (Kuratko, Michael, & Goldsby, 2004) to some entrepreneurs, it was identified that there were fifteen items which can be grouped into four factors that the entrepreneurs would like to achieve 1) Extrinsic Rewards (to acquire personal wealth, to increase personal income, to increase income opportunity), 2). Independence/autonomy (to maintain personal freedom, to maintain personal security, for self employment, to be the boss, to control own employment destiny), 3). Intrinsic Rewards (to gain public recognition, to meet the challenge, to enjoy the excitement, for personal growth, to prove ability), 4). Family security which is to secure the future of family members, to build a business to pass on.

Maysami and Goby in (Watson & Newby, 2006) identified that there were ten factors which became the main motivation for the entrepreneurs (female business owners), namely 1). Job satisfaction, 2). presence of opportunities, 3). Desire to be one's boss, 4). Freedom and flexibility, 5). The need to make more money, 6). Independence, 7). Desire to realize an ambition, 8). To put knowledge into use, 9). Personal challenge, and 10). Achievement.

Hien, (1999) promoted elements that could be used to measure the performance of SMEs, among others: More than 2 years of existence, Growth of market share, Workplace Safety and Good Atmosphere among staff, Market expansion abroad, Marketing a new product or service, long term employee benefits, Existing Utilities, Contribution to the improvement of the social environment.

Florida, et al., (2015) in their research developed 15 indicators to measure the business performance of SMEs, among others; 1) product quality / service, 2). Customer satisfaction, 3) the image of the company and its products and services, 4). Truancy reduction of work. 5). The speed of adaptation to the needs of market, 6). Efficient internal business processes, 7). Organization staff task, 8). Reducing staff turnover, 9). Increased productivity, 10). Increased market quote, 11). Ground workers satisfaction, 12). Increased profitability.

According to Ozer and Tinaztepe, (2014), there are several indicators that can be used to measure the performance of SMEs such as Qualified labors, commitment of the employee job satisfaction of the employees, new product / service development capability, product / service quality, customer satisfaction, Sales growth, Market share growth, Return on sales, Return on assets, and overall profitability.

III. Research Method

The relationship between external environment and business performance At small and medium enterprises (SMES) were investigated through a systematic literature review by reviewed various research paper, articles, books and web links.

IV. Result and Discussion

The Relation between External Environment with the Performance of the Organization

A lot of research have empirically examine the relation between external Environment with the organization performance of SMEs. From the result of (Alkali & Hassan, 2012). It was concluded that external factors such as the goverment support and accesss to financial institutions influenced the business performance of SMEs in Bauchii State. This indicates that SMEs need the goverment attention, one of them is in term of capital, so that SMEs can run their business well.

Ahmad et al., (2010) concluded that external environment influenced significantly as a moderator variable between Entrepreneurial competency and business performance. This indicates that entrepreneurs that have strong Entrepreneurial competency will have a better position when dealing with business environment which moves rapidly and is full of uncertainty. Entrepreneurs who have appropriate competence have the ability to minimize the negative effect of the turbulent and hostile environment to business performance.

Okeyo, (2014), did a research in Kenya and concluded that basically organization effectivity was conditioned by business environmental factors such as politics, economy, social, culture, technology, ecology and law / regulation. The dynamics, complexity and munificence of environmental factors become vital things to achieve the organization' objective and performance.

The result of empirical research shows that SMEs performance is influenced by dynamic business environment where dynamism consists of six things namely politics, economy, technology, socioculture, ecology, and legal. Complexity also influences business performance. Environmental munificence has significant influence to the performance of the organization.

From the research of Olarewaju & Folarin, (2012) in food and beverage Industry, it can be concluded that external business environment affected the organization performance. External business environment is measured with economics and political environment as indicators. Meanwhile, organization performance is measured from the effectiveness, efficiency, increase in sales and achievement of corporate goals.

Not all research support the statement that external environment influences business performance. Some research actually counter the statement. The research of (Aziz & Yasin, 2010) about the influence of market orientation on performance and external environment as moderator variable in SMEs in Agro-Food Sector in Malaysia, it was concluded that external environment which was market and technology turbulence along with competitive intensity could not increase the strength in affecting customer-competitor orientation and information dissemination on performance. It means that external environment is not considered as an influence mediator of market orientation and performance in SMEs / the Agro Food Sector in Malaysia. The same idea was also expressed by (Moric Milovanovic & Wittine, 2014) on their research about the influence of entrepreneurial orientation on business performance with external environment as the moderator variable in SMEs in Italia, concluding that there was no influence of entrepreneurial orientation on business performance which was moderated by external environment. External environment consists of turbulence, hostility and dynamism. (Sulistiyowati & Salim, 2013) in their research also concluded that external business environment did not influence the company performance with competitive strategy as controlled variable. Other research which suggested the same idea is from (Dragnić, 2014) and (Okeyo, 2014) in Kenya.

V. Conclusion

The success of SMEs nowadays is not only measured from the profit but also from the ability to survive. One factor that must be considered to survive is the ability to manage turbulent external environment through good adaptation. There are several indicators which can be used to measure external environment among others: political and legal environment, macroeconomics, technological environment and social environment, etc.

The measure of business performance in SMEs does not only use financial measure, because one of SMEs weaknesses, especially in Indonesia, is that they do not have financial record so that financial achievement is difficult to measure. To overcome

this situation, some experts have formulated non financial indicators / subjective measure such as: satisfaction, independence, the desire to be the boss, taking advantage of opportunity, satisfying personal ambition, achievement etc.

Some empirical research proved that external environment significantly influenced the business performance of SMEs while others countered them.

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THE COMPETENCY IMPROVEMENT OF SMALL AND MEDIUM ENTERPRISES THROUGH THE HUMAN RESOURCES CAPACITY DEVELOPMENT

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Abstract

This study aims to: 1). analyze the constraints faced by small industries in Panti Saints and Tutul Balung Jember Regency progress in developing small and medium enterprises, 2). assess the human resource development through the adoption of innovative technology for small industries in Panti Saints and Tutul Balung Jember and 3). examines the development of human resources through improved communication skills for small industries in Panti Saints and Tutul Balung Jember district and 4). determine what strategies need to be done with respect to the development of human resources with the adoption of technological innovation and improvement of communication skills. The analytical tool used in this research is Structural Equation Models. The population is all artisans in Panti Saints and Tutul Balung Jember. The sampling technique used purposive sampling. The study provides information and considerations for the various interested parties, among other considerations Jember District Government in taking strategic policy relating to human resource development planning on increasing advancement of small and medium industries in Jember.

Keywords: communications, human resources, industry, strategy

I. Introduction

Small and Medium Enterprise (SME) in Indonesia is one of the national economic drivers, especially after the 1997 economic crisis. The main superiority of SME is its ability to employ many workers due to its minimum job qualification requirement (e.g., employing the non-educated workers) as the job descriptions are not complicated. According to Euis Saedah (2013), the number of total SME in Indonesia in 2013 was 3.9 million units and the employment capacity was 9.14 million workers. But, 75% of the SME is still concentrated in Java Island, while the other 25% is outside of Java Island. In the eastern part of Indonesia, the SME's growth is still below 5%.

One of the regions in Indonesia with the fastest industry development is Jember Regency. The potential of industry and trade sectors in Jember has significant contribution for the local economy. The results of the small, medium, and big industries that are mainly based on agro and non-agro business, and also the results of the local, regional, and export trading activities, are the driver in transforming Jember into an "economic magnet" for its surrounding regions.

According to the industry growth in Jember, particularly in Panti Suci Village and Tutul Balung Village, the development of human resources is required to improve the living standard of the local craftsmen. All human resources programs should be well designed in order to increase the level of human prosperity. Human resources development is sorely needed as it contributes positive impact on increasing the human resource productivity level, which is also in line with the objective of achieving the sustainable development of the nation.

There are two indispensable efforts in developing the craftsmen's ability; the adoption of technology, and the improvement of communication skills. The information technology is considered as an innovation with two sides diffusion process: the supply-side

and the demand side (Peter, 1992). The supply side is related to the creation, production and the diffusion of innovation, while the demand side is focused on the adoption and application of innovation. Diffusion and adoption are the mediators of both sides. The adoption of innovation in technology is needed to develop the SMEs as well as to improve the communication skills of the craftsmen or local businessmen in order to increase their prosperity level.

Referring to previous explanations, the problem formulation of this research is the followings: a. How is the implementation of human resources capacity development through the increased adoption of technology innovation and communication skills for the small industry in Panti Suci Village and Tutul Balung Village Jember? b. What are the strategies needed for the human resources development programs which in line with the adoption of technology innovation and the improvement of communication skills in Panti Suci Village and Tutul Balung Village Jember?

II. Theoretical Framework

Criteria for Micro, Small and Medium Enterprises (MSMEs) have been regulated by the Anas Hidayat (1994). MSME is defined as a productive business opportunity owned by individuals or entities that meet the criteria of micro business as stipulated by the law. Small business is the independent and productive business opportunity run by an individual or a business entity. It is neither a subsidiary nor a branch of the company owned, controlled, or part of, either directly or indirectly, the medium or large business, that meet the small business criteria as defined in the legislation. According to the MSME criteria, micro business should have maximum asset of IDR 50 million with the maximum turnover of IDR 300 million per year. Small business should have assets of more than IDR 50 million- IDR 500 million with the turnover of more than IDR 300 million- IDR 2.5 billion per year. Meanwhile, the medium business should have assets of more than IDR 500 million- IDR 10 billion, with the turnover of more than IDR 2.5 billion- IDR 50 billion per year.

MSME consists of an individual business or a partnership business such as firms, limited partnership (CV or *commanditaire vennootschap*) as well as limited liability company or corporation. From the international perspective, it is recognized that MSMEs play a very crucial role in the development and economic growth of a nation, not only in developing countries, but also in developed countries. Both in the developed and developing countries, the MSMEs absorb most of the labor compare to the larger businesses. Its contribution to the formation or growth of the gross domestic product is bigger than the contribution of the large enterprises.

Referring to Lexy Moleong (2005), SMEs have different characteristics compare to the big enterprises. Those characteristics are: (1) The numbers of SMEs are a lot bigger than the big enterprises, particularly for the numbers of micro and small enterprises. (2) SMEs have a very high potential employment growth. (3) Many SMEs can grow rapidly. Therefore, this kind of business group is considered as the basis for the development of the bigger enterprises. (4) The SMEs could be a starting point for the mobility of savings/investment in rural areas while at the same time, this kind of business groups can serve as the media to practice, to test, and to improve the entrepreneurship skills of the villagers.

III. Research Methods

This research is a descriptive study. Sofjan Assauri (1993) stated that the descriptive method could be interpreted as a troubleshooting procedure investigated by

describing or depicting the state of the subject or object of the research (e.g., a person, an institution, a community, etc.) at the present time, based on the existing facts.

The basis of primary information in this study was focused only in Jember Regency. This research was conducted in the Panti Suci Village and Balung Tutul Village. Primary and secondary data were analyzed proportionally. Data were collected from the craftsmen working on small and medium industries.

In the collecting data process, the selection of informants is adjusted according to the needs and the discretion of researchers. The main concern for the qualitative researcher is the completion of the information acquisition with diversity in data variation, not in the number of samples or data sources (Sugiyono, 2008: 57). The selected informants were including the craftsmen in Panti Suci Village and Tutul Balung Village, the head of Industry Department in Jember, the heads of the villages, and the local communities living in the Panti Suci Village and Tutul Balung Village.

This research employed the following data collection techniques : (a). Interview : Interviews were conducted in a structured or unstructured pattern, through the face to face or telephone communication. (b) Observation : Observations were the process of observing and memorizing data from the primary and secondary sources.

IV. Results And Discussion

According to primary data collected from the interview, the craft beads in Balung Tutul Village started in 1970, when there was a lot of piles of wood from the logging that were initially used only as the firewood. It is still unknown who started the initiative in transforming the wood into value-added products in form of bracelet and beads. The expertise of creating such products was inherited from generation to generation. And now, the second and the third generations are in charge for developing the business. These generations have higher creativity, innovation, and quality of producing the products compared to the first generation. Initially, the villagers of Balung Tutul Village made the beads only as the sideline jobs while they were waiting for the harvest or the planting time because most villagers worked as labors in agriculture sector. According to the local government data, in 2014, 2,045 villagers of Tutul Balung Village worked in the agricultural sector, meanwhile 989 villagers worked in the home industry sector producing the beads handicrafts.

Based on the interview with the craftsmen of beads and accessories made from coral, fiber and rocks, most of them were initially worked as the farming labor and it was not easy to get a job due to their inability to adapt to the technology development as well as the land conversion in agricultural sector. Then, they started to find another job by making the beads handicrafts. The market responded positively. As the demand for the products increased, the villagers began to develop their creativity in producing the handicrafts. Starting with the use of color paint, the modification of raw material, and the creativity in making various forms of beads to make it more attractive, but did not change the originality characteristics, the uniqueness, and the motifs of the product itself. The raw material used was initially from the wood waste. But then the craftsmen used the animal bones (Buffalo, Cow), fiber, and timber with the best quality (e.g., sandalwood and aloe wood).

Recently, the economic condition of Balung Tutul Village has been different from the previous years. The craftsmen are no longer productive as they were before due to the declining market demand for the products as the result of tough competition from other manufacturing producers. The competitors offer a much cheaper price lead to lower sales of handmade handicrafts produced by the craftsmen of Balung Tutul Village. The local craftsmen then started looking for another job. The procedures in obtaining the fund to run

the business are very complicated. They are depending mostly on the sales revenue to develop the business.

So far, the promotion efforts have been quite succeed in gaining the customers asconfirmed by several informants, who are also the craftsmen. Within a month, there is at least one order for the product in large numbers which is usually about 1000 pieces of beads (prayer beads, bracelets, and necklaces). The craftsmen give the best quality products and services to their customers. Lack of technology absorption in marketing the products through the internet media is due to the limited knowledge and ability of the craftsmen. The problems encountered during the field research show that the quality of craftsmen, especially in developing the technology and the communications skills, is still low and lead to bad marketing system causing the decrease in product sales.

Panti Suci Village also has a home industry producing tools and kitchenware, aluminum, and stainless steel equipments. Most of the villagers work in the small home industry producing kitchenware. The home industry is also able to open work employment especially for the youth living in the surrounding villages. The aluminum material can be utilized to produce some kitchenware such as frying pan, baking oven, cake mold, pan, saucepan, and others.

Based on the field interviews, there were some problems in the development of handicraft industry in Panti Suci Villagesuch as the small coverage of marketing areasdue to the limited efforts in its marketing system and the lack of technology adoption by the craftsmen. The craftsmen have limited ability in obtaining and absorbing the information from the new technology, lack of speed in adjusting with the new technology inventions, limited ability and knowledge in modifying their own technology, late response to the quality change due to the change in customers' preferences, and also limited ability in communication skill especially in marketing their products.

V. Conclusion

The results of the study provide information and considerations for the related parties. It can be taken into considerations by the local government of Jember in creating strategic policies related to the planning of human resources development especially in improving the small and medium industries. It can also increase the ability of researchers in analyzing the problems of human resources development for the improvement of SMEs in Jember, also as the source of information and references for further research or other parties such as investors.

Based on the preliminary results of the study, it is necessary to collect information on the quality of human resources in adopting new technologies and in developing the communication skills that support the advancement and the sustainability of handicraft industries.

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DETERMINANT OF ENTREPRENEURIAL ORIENTATION: AN EMPIRICAL INVESTIGATION ON SME

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Abstract

The aim of this study was to determine the level of interest entrepreneurial orientation criteria on SMEs in Payakumbuh. This study was conducted in June 2016. The population of this study were all Small and Medium Enterprises (SME) in Payakumbuh especially for commodity of eminent product and service business such as crackers and similar business, embroidery business, cakes and snacks, and also furnishing business. The data collection technique is by distributing questionnaires. In this study, the data was processed by using Analytical Hierarchy Process (AHP). After data processing, weight was obtained for each of the criteria in order to know the scale of priorities for each criterias of entrepreneurial orientation in Payakumbuh. The results of this study showed that the priorities were used by SME in Payakumbuh for entrepreneurial orientation with the highest score among others: proactive, innovation, and risk taking.

Keyword: *Innovativeness, Proactiveness, RiskTaking, Analytical Hierarchy Process (AHP)*

I. Introduction

Commonly, the small and medium industries have key position in propping up Indonesian's economy. In Indonesia, the small and medium industries are getting off the ground in gather way of unit quantity, labour and contribution to PDB in pricing. This is based on the report of cooperative and small and medium industry ministry of Indonesia. First, the quantity of trade unit is increased from 55.206.444 in 2011 to 56.534.592 or 2.41 %. Second, the quantity of labour absorption in 2011 is increased from 101.722.458 to 107.657.509 or about 5.38 %. Third, PDB for pricing in 2011 is increased from 4.321.830 to 4.869.568, 10 or 13.15 % in 2012.

However, the contribution of small and medium enterprises (SME) by aggregate is not decisive the good work yet in Indonesia. The result of report of Indonesian industrialist association (APINDO) in ASEAN industrialist conference in Singapore May 14, 2012 said that the small and medium industries in Indonesia have not competitiveness yet in facing rivalry because of low entrepreneurship ability especially in product innovation. Second, low of level of expertise in facing organisation problem and management, so incompetent in producing efficiently, flexibility and competitiveness. Third, less of networking soit will be bounded the information access, market and input than SMEs in the other countries. Fourth, linkage restrictiveness, so it has difficulties to exploitation in national and regional market. Fifth, less of financial access so it will give some difficulties in faster developed. Commonly, from the explanations above are the small and medium industries (SME) in Indonesia have not entrepreneurial orientation clearly yet.

The small and medium industry's activity also observable directly in West Sumatera Province that small and medium industry as basic economy of them, especially, the scale small industry is source of income about 80 % from house hold income in west Sumatera (Bank Indonesia, 2012). Some difficulties involved by the doer of small and medium industry cause the majority of SMEunable to increase their income for their needs and industry. Thiswas related to industrial characteristic that have done by industrialist till now; so much more moved in labour intensive house hold industry with lower rank technology. Agree with the report of Indonesian Bank (Bank Indonesia) about preminent

commodity SME of West Sumatera in 2012 said that the highest preeminent industry commodity is crackers, embroidery industry, cake and snack, fermented soybean cake and furniture. Based on the illustrated of the preeminent commodity result, said that four of five preeminent industries have not strong competitiveness yet than the other product in market. Whereas competitiveness intensity of industry is high enough whether the home made product or outside of regional product. The high competitiveness intensity can strengthen and weaken the relationship between capability of entrepreneurial and the doer of small and medium industry in working in West Sumatera, because logically the doer of small and medium industry who has understand about the high competitiveness are increasingly in developing of capability entrepreneurial by innovation, more proactive and risk taking (Forbes, 2005; Rauch, dkk, 2009)

From the illustrated above, it must do a much deeper study about entrepreneurial orientation priority that will be chosen by the doer of SMEs in working. Entrepreneurial orientation consists of (1) innovation by indicator: invention and developing product, superiority of technology, many of line products, change of line products quickly (2) proactive by indicator: quick response to competitor, technology innovated, innovative, and competitive for competitor (3) risk taking by indicator : risker, working in many ways, turn opportunities into potential industry. So that, the aim of this study was to determine the level of interest entrepreneurial orientation in innovation, proactive and risk taking of the doer of SMEs in Payakumbuh.

II. Theoretical Framework

Small and Medium Enterprise (SMEs)

According to small business administration (SBA), SMEs is a business that operated independently and independent property, not dominant in an industry (D' Amboise & Muldowney, 1988; Peterson et al., 1986). Whereas according to the laws number 20 in 2008 said that SMEs is productive economy business that stand-alone, operated by individual alone or business group that not Subdiary company directly or indirectly of small and medium industry as mentioned in the law. The stressing point of the meaning above is certain criteria. Especially the small and medium industry criteria according to the laws number 20 in 2008 was measured by business net worth or sales per year. SMEs have net worth more than Rp 50 million – Rp 500 million (exclude land and business building) or it have income more than Rp 300 million- Rp 2,5 billion per year. SMEs criteria can change suitable with economic developing and regulated by regulation of president. Some meanings and criteria of SMES in Indonesia are also made reference to the laws number 20 in 2008, such as the meaning and criteria according to *Bank Indonesia* said SMEs that company that independent property and operated independently and suitable with criteria of the laws in Indonesia. Based on some meanings above, the writer can conclude that small and medium industry is business that operated and independent property, it have net worth more than Rp 50 million- Rp 500 Million (exclude building and land) or sales per year more than 300 million- 2,5 billion per year

Entrepreneurial orientation

Entrepreneurial orientation is so to speak that the entrepreneurial orientation business when willing innovation, proactive in run the new chance and braveness in risk taking. In this research, the writer was using the Miller's opinion (1983) who introduced specific dimension of business orientation that consists of three dimensions that is innovativeness, proactiveness and risk taking.

Innovation is willing to the newness and novelty by experiment process a creativity to developing product, new service and new process (Dess and Lumpkin, 2005). The first

indicator of entrepreneurial orientation is innovation to reflection the business trends for using and supporting the new ideas, novelties, experiments and creative process to new product, new service, and new technology's process. According to Thompson and Hult (1998) that innovation classically is new concept of novelty implementation, product and new process. In the same meaning, Zaltman et al. (1973) said that innovation is a practice idea and new material of relevant adoption unit. In the other wise, Amabile (1996) definition of innovation is as success implementation of a creative idea in organization or company. Although the trends of innovation are variety by measurement (Hage, 1980) innovation is basic of will to leave the old technology and practice, and seek the novelty to the good way (Kimberly, 1981).

Proactive is characteristic of forward-looking that have foresight for opportunity to anticipate future demand (Dess and Lumpkin, 2005). According to Webster's (1991) proactive is action to anticipate the future problems, needs or opportunities. Based on those definitions, proactiveness is important to entrepreneurial orientation because it will give some forward perspectives that participate in innovative or new opportunities. Miller and Friesen (1978) give the word proactive for company that introduced the new product, new technology, new administrative technique and reactive company for the company that give some responses when competitors do action. The last, proactive is use to illustrating the company that do action fastest to innovation and be the first who introduce the new product or service. Proactive criteria can illustrate by indicator as follow:

Risk taking is readiness of company to decide and do action without certainty of knowledge of income possibilities and do speculation in personal risk, financial and business (Dess and Lumpkin, 2005). The risk taking is indicating of the willing of company to support the innovative project and risk, although the result of that action is indefinite (Wiklund, 1998). The risk has some meanings, depend on implementation of the risk. Definition of risk taking is in definitiveness and it use commonly in types of risk that often discussed in literature of entrepreneurial like personal risk, social risk or psychologies risk (Gasse, 1982). As the inside of financial analysis, the risk is use in business risk; it means that capability of profitability especially. The company with entrepreneurial orientation is related to risk taking such as lend many funds for developed business, to get the higher result by take the chance in the market.

III. Research Method

The type of this research is descriptive research. Malhotra (2005: 93) "descriptive research is the total of one type of conclusive research that has main purpose in explains something. Descriptive research gives some actual facts and characteristics of population systematically and scrutiny. The aim of this study is to collect the data and information to arranged, explained and analyzed. Usually, this research is without hypothesis, if be present the hypothesis so it will not be tested according to statistical analysis (Margono, 2007:8).

Population of research is association of all individual or object of the study that have quality and characteristic which has been set. Based on the quality and characteristic above, we can understand that population is as group of individual who have one similarity characteristic minimal (Cooper and Emory, 1995). The population of this study is all of small and medium industries in Payakumbuh, commodities of eminent product and services business are crackers, embroidery, cake and snacks, and furniture industry.

In this study, the data collection technique is based on probability sampling technique and purposive sampling technique, that is determine sampling technique with a certain considerations (Sugiyono, 2011: 66). The sample in this study is commodities of eminent product and services business of small and medium industry in Payakumbuh. In

this study that into consideration in determining the sample is a sample selected was the subject of small and medium industry such as crackers, embroidery, cake and snacks, and furniture with total 100 samples.

The type of the data in this study is primer data. Primer data is the data that acquired directly from the first source and unworked by either party to certain a study (Cooper & Schindler, 2006). In this study, the primer data is the answers of questioners of leader or owner the small and medium industry of eminent commodity and service business in Payakumbuh.

The writer will get the data by distributing of questioner; that is to collect the data by distributing the list of questions to manager or staff of SMESs as respondent that will study here. The aim of list of questions is to get the information about criteria or sub-criteria of entrepreneurial orientation.

The data analysis technique is using Analytical Hierarchy Process(AHP). Classically, AHP is determination of priority from difficulties involved, whether on criteria or alternative and AHP is using to solve the complex problems. By the decision structure and calculation procedure, so it will get priority recommendation or quality of decision in every offering alternative (Noer, 2010:9).

Analytical Hierarchy Process(AHP) was developing by Saaty. AH is using to solve the problem of complex multi criteria decision. AHP is needed by decision maker to make valuation about criteria and then to determine preferences for every decision alternative by using every criteria. The results of AHP are priority level of decision alternative based on all of preference from decision maker (Nugroho, 2012:261).

The operational definitions of variable of the study areas below. First, entrepreneurial orientation is manager perception of their readiness in innovating, proactiveness and risk taking in business. Second, innovation is readiness to introduce the newness and novelty by experiment process and creativity for product developed whether services or new process. Third, proactive is perspective characteristic that forward-looking of foresight in opportunities to anticipating future demands. And the last, the braveness of risk taking is readiness of company to decide and operate the business without certainty of knowledge from possibilities income and do speculation in personal risk taking, financial and business.

IV. Result and Discussion

General view of study's object of small and medium industry is productive economy business that stand-alone and operated by individual or business group that not subsidiary of company directly or indirectly of medium or great industry that fulfil of SMES's criteria (the laws number 20 in 2008). The short profile of SMES in Payakumbuh is average of age more 10 years by owner age is about 35 years. And average of last education is senior high school, and then income per year of SMES in Payakumbuh is about 150 million per year.

Determined of respondent's criteria in this study is someone who can be representative of information about eminent commodity and service business of SMES in Payakumbuh. Respondent is someone who has experiences in industry's processing and makes decision in company or business. That was determined because respondent will be the true subject that has many characteristics of population.

The valuations of AHP method are; first hierarchy's arranging after doing the study's literature and discussing with owner of SMES. So it will appear some criteria that will be chosen and arrange it in problem's hierarchy with every level is covering some homogeny criteria. Second, priority's arranging in every entrepreneurial orientation criteria. That data that got from questioner to the owner, manager or staff of business in

Payakumbuh was collected and processed by matrix of pairwise comparisons and then give some valuations and consistencies' testing.

Table. 1 pairwise comparisons of SMEs entrepreneurial orientation criteria in Payakumbuh

Criteria	Innovation	Proactive	Risk
Innovation	1	0.914967	1.567239
Proactiveness	1.092936	1	1.636565
Risk	0.611415	0.611036	1

Furthermore, going to do quality's calculation in every entrepreneurial orientation criteria.

Table 2. The quality in every entrepreneurial orientation criteria in Payakumbuh

Criteria	Innovation	Proactive	Risk	Average of Geometry	Quality
Innovation	1	0.914967	1.567239	1.127665	0.368305
Proactive	1.092936	1	1.636565	1.213881	0.396464
Risk	0.611415	0.611036	1	0.720224	0.235231
Total	2.70435	2.526003	4.203804	3.06177	1
				λ maks	2.98636
				CI	-0.00682
				CR	-0.01176

Valuation of criteria

The result of this average of geometry is used as basic in calculation of criteria's quality. Criteria's priority based on quality in every criteria as below:

Table 3. Criteria's priority in sequence

No	Criteria	Sub-Criteria	Quality	Local Quality
1		Rapidly in facing competitor		0.107862
2	Proactive	Introducing the new technology	0.396464	0.158961
3		Very competitive for competitor		
4		Invention and developing product		
5	Innovation	Superior technology	0.368305	0.031095
6		Many product line		
7		Change the product line quickly		0.057565
8	Braveness of	Loving to the risk taking		0.107578
9	Risk taking	Brave in action with many ways	0.235231	0.083021
10		Brave in potential of new opportunities		
		Total	1	1

Based on the Table 2 the prime priority of SMES's entrepreneurial orientation in Payakumbuh, said that proactive criteria as many 0.397. Then SMES's entrepreneurial orientation priority of criteria is innovation as many 0.368. The last criterion is braveness of risk taking in SMES's entrepreneurial orientation as many 0.235. The highest quality of sub-criteria is introducing the product, technology and new ways. The lowest quality of sub-criteria is superior technology.

A proactive criterion is the highest priority, because according to the owner of SMES in Payakumbuh, SMES's ability in facing competitiveness is so influence the business survival. Because of that, a proactive criterion is the prime priority that must fulfil beside of the others criteria.

The second criteria in SMES's entrepreneurial orientation in Payakumbuh is innovation as many 0.368. The highest sub-criteria is invention and developing product as many 0.148 and the lowest is superior technology as many 0.031. It means that as many 36.8 % of SMES's entrepreneurial orientation is innovation. According to the owner of

SMES in Payakumbuh, innovation is important because of the innovation can defend the consumer taste that is constant.

The last criteria in SMES's entrepreneurial orientation of priority in Payakumbuh is braveness in risk taking as many 0.235. It means as many 23.5 %, the braveness in risk taking criteria is being the SMES's entrepreneurial orientation in Payakumbuh. The highest sub-criteria is loving to the risk taking as many 0.11 and the lowest sub-criteria is many line product as many 0.04. In this case, the braveness in risk taking is not interfering too in SMES's entrepreneurial orientation in Payakumbuh. The opinion of SMES's owner in Payakumbuh, braveness in risk taking criteria is not important too because the high risk can be disadvantageous moreover bankruptcy and it will give some influences for business survival.

V. Conclusion

Based on discussed above, the writer can conclude that the prime priority in SMES's entrepreneurial orientation criteria in Payakumbuh is proactive criteria with sub criteria (1) invention and developing product (2) superior technology (3) many product line. And then, innovation criteria with sub-criteria (1) rapidly in facing competitor (2) introducing the new technology (3) very competitive for competitor. And the last is the braveness in risk taking with sub-criteria (1) loving to the risk taking (2) brave in action with many ways (3) brave in new potential opportunities. So, the suggestion for the doer of SMES is carries out the formulation of entrepreneurial orientation that based on some criteria that explained in this study. The doer of SMES had better to know entrepreneurial orientation criteria. The clear scale in SMES's entrepreneurial orientation criteria can be reference to the doer of SMES in improving action and developing business.

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INFLUENCE OF MONITORING POLITICAL CONSTELLATION ON THE PERFORMANCE OF REGIONAL GOVERNMENT

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Abstract

This quantitative research tries to empirically examine the effect of parliament members' support and vote in regional elections on the performance of regional government, both financial and non-financial performance. This study uses multiple regression analysis established in 31 provinces in Indonesia from 2008 to 2011. The results of this study demonstrate that the proportion of parliament support for the government positively affects the performance of regional governments, in both financial and non-financial performance. Government performance variables that are most predominantly influenced by the proportion of parliament members' support are the effectiveness of regional revenue (PAD), fiscal independency, fiscal dependency, and domestic investment. This study also finds that the proportion of popular support positively affects the performance of regional governments, especially the non-financial performance. This study uses local characteristics variables such as the number of civil servants, the amount of local revenue, and human development index (HDI) as controlling variables.

Keywords: *parliament, regional government performance, votes in local elections.*

I. Introduction

The purpose of this study is to empirically examine the influence of the support from the members of the Regional Representatives (DPRD) and the vote in the local elections on the performance of regional government, both financial and non-financial performance. This study is based on the condition where the central government only has a minor support (37%) in the House of Representatives (DPR). According to Natsir, Vice Chairman of Indonesian Chamber of Commerce (Kadin), the parliament coalition dominated by the Koalisi Merah Putih (KMP), which is the opposition of the government, can disrupt the government's performance (www.liputan6.com). Ikrar Nusa Bakti, a political analyst from the Indonesian Institute of Sciences (LIPI), added that the strength of Koalisi Merah Putih in the parliament could disrupt the performance of Jokowi-JK's administration (government), particularly in matters relating to legislation and the budgeting. (www.voaindonesia.com).

The phenomenon that occurs in the central government also happens in regional government. There are many declarations of KMP, which is formed to strengthen the functions of monitoring and budgeting in regional government. However, according to political observers of Center for Strategic & International Studies (CSIS), J Kristiadi, the declaration of Koalisi Merah Putih (KMP) committee in regional level would hamper the performance of Jokowi-JK's government and the performance of regional governments led by KIH (www.aktual.com). Several other studies also show that the performance of regional governments is also influenced by communication with parliament (Bushor, 2013, Zhonghua& Wang; 2012).

In this research, measurement is carried out on financial and non-financial performance. Financial measurement is done by measuring the accountability of financial management carried out by the BPK (Indonesian Audit Agency) based on Regulation Number 15 of 2006 About BPK, the agency in charge of examining the management of the state's financial matters. Non-financial performance measurement is conducted by the central government through the Ministry of Home Affairs. This is in accordance with Government Regulation No. 6 of 2008 on Guidelines for Regional Government Evaluation and Regulation No. 73 Year 2009 on Procedures for Regional Government Performance Evaluation.

Referring to the results of Bourdeaux and Chikoto (2008), that state that members of the legislature (DPRD) have an important influence in the process of administrative reformation, the level of legislators' support will affect the acceleration of budgeting process. M.Saiegh, who conducted the research in 64 countries (2002), found that, if the executive has the support from majority members of the legislature, the budget will be quickly approved and the principle of reciprocity will not be needed. However, if the government does not have major support, they must provide compensation to members of the legislature during the budgeting process. This study assumes that greater support of parliament members can improve the performance of regional government, in both financial and non-financial areas. The improvement of regional government's performance takes place due to the ease in the budgeting process, resulting in the acceleration of government programs' implementation.

This study proves that the support of Parliament to the government have a positive influence on the performance of regional governments, both financial performance and non-financial performance. Variables of regional government performance which are predominantly influenced by the support of parliament members is the effectiveness of regional revenue (PAD), fiscal independency, fiscal dependency, and domestic investment. This study also finds that the proportion of popular support positively affects the performance of regional governments, especially the non-financial performance. This study uses local characteristic variables, such as the number of civil servants, the amount of revenue, and human development index (HDI), as controlling variables.

This research is the first study that observes the proportion of legislators supporting the election of regional leader on the performance of regional government. In addition, this study uses proportion of popular support variable in the election of regional leaders as the variable that can improve the performance of regional government. Finally, this study uses two measurement models, financial and non-financial performance, as the indicators of regional government's success.

II. Teoritical Framework

Agency Theory

Imbalance breadth of information will lead to a condition known as asymmetric information (information asymmetry). Therefore timbulah agency cost in order management to act in harmony with the purpose of the owner, agency cost arising from agency theory (Jensen and Meckling; 1976) defines a contract between one or several principals who delegate authority to another person (the agent) to make decisions in the running company. According to Lane (2000) agency theory can be applied in public organizations, and the modern democratic state based on a series of principal-agent relationship. The same is stated by Moe (1984), which explains the concept of the economics of public sector organizations using agency theory. Similarly, Bergman and

Lane (1990) states that the principal agent relations framework is an approach that is very important to analyze public policy commitments.

Based on agency theory local government management should be monitored to ensure that the management is done with full adherence to the rules and regulations. One form of such supervision, in Indonesia in ketata nationality by the Parliament and the CPC. Examination conducted by the Supreme Audit Agency (BPK) consists of a financial audit, performance audit and examination with a specific purpose. While oversight by the Parliament could be a hearing, the right of inquiry and also the right of interpellation.

Performance

Performance is the result or the level of a person's success as a whole during a certain period in the duty compared with a range of possibilities, such as the standard of the work, the target or targets or criteria that have been determined in advance and have been agreed (Rival and Ahmad Fawzi; 2005), In line with the Bernardin and Russel (1993) adds that the performance is a record about the outcome or end result of an activity within a certain time unit. In the context of the public sector, performance is the result of the production process where input transformed into outputs through activities and finally to various outcomes (Helden and Reichard; 2013).

Performance of local governments basically refers to the process of financial management and how outcomes can be achieved, in order to make an assessment then used several indicators, both financial indicators and non-financial indicators. Some financial indicators, among others; (1) Independence of fiscal areas reflected in the PAD as a power potential development areas and sources of funding, (2) the reliance Fiscal measured by how much financing capabilities when fully funded by the Local Revenue and Profit Sharing, (3) Ratio Effectiveness PAD illustrates the ability of Local Government in the realization of PAD based on predetermined targets, adapted to the real potential of the region, (4) Opinion CPC is a professional statement as a conclusion regarding the level of fairness examiner information presented in the financial statements.

While the Non-Financial Indicators, among others; (1) Evaluation of Regional Government in accordance with Government Regulation No. 6 of 2008 on Guidelines for Method of Performance Evaluation of Regional Government (EKPPD) provincial / district / city, carried out by calculating and assessing composite index on two main variables, namely Index Outcomes and Performance Index material suitability. (2) Regional Investment Aspects consisting of the amount of capital investment in the country and the amount of foreign capital investment.

Proportion of Assembly Members Support and Performance of Local Government.

The legislature or the Regional Representatives Council (DPRD) is an institution that has a strategic position and role related to the supervision and financial budgeting area (Bourdeaux and Chikoto (2008) and M. Saiegh (2002). The legislative body should be concerned about how much local government spending that will be done and how much revenue will be accepted. the local governments that generate large revenues and expenditure is small, it can be said that the local government has a good performance (Hamzah, 2009). parliament oversees local government to local government can allocate budgets there is to be more valuable.

A large number of members of parliament from political parties bearers of regional leaders are expected to improve the speed and accuracy of the budgeting process in the absence of reciprocity between the legislative and executive branches as well as the research results Saiegh M. (2002). Weak coalition government supporters in the legislature will also have an impact on the increase in unemployment, inflation (Lijphart and Crepaz; 1991 and Crepaz; 1996 Schaltegger et al; 2009). Broad-based coalition government must

follow fiscal policy, which represents a large part of the population. As such, and in accordance with the theory by Alesina and Rosenthal (1996), the government has bias support in the legislative minority tend to be vulnerable to the threat of small interest groups. Based on this argument, it can also stated that the acceptance of higher policy decisions when they reflect the preferences of the vast majority of voters. This, for instance, occur in democracies consensus. Based on this it can be concluded that the greater number of legislators bearers of regional leaders will have positive influence on the performance of the local government. From the above description, the research hypothesis is:

H1: There is a positive influence on the number of legislators bearers of regional leaders on the performance of financial and non-financial government.

Proportion of Total Vote In Regional Head Election and Local Government Performance.

The local government is an agent of the people as the principal, so that in the context of the public sector, the government is the recipient of the mandate of the people expected to be able to provide services to them, good health, safety and education. With the support of many people to be one of the principal indicators of support to his agent. With the support of the majority of the people, it is expected that less pressure from small groups that could undermine local government streets.

Inman and Fitts (1990) states that the size of the people's representation in local government, it will be a budget that is issued by the local government, and also impact on the performance of local governments. So from these results we can conclude that more and more people's representation in the municipal elections, the greater the budget will be focused on the people, which is expected to improve the performance of local governments. From the above description, the research hypothesis is:

H2: There is a positive influence turnout in local elections bearers of regional leaders on the performance of financial and non-financial government.

III. Research Methods

The population of this study is provincial governments in Indonesia which have held direct regional leader election in 2009 that represent elements of supporting parties in parliament. The samples of this study were selected through purposive sampling method in order to obtain representative samples in accordance with the specified criteria. The criteria are as follows, (1) Regional governments that have organized direct regional leader elections from 2008 to 2011. (2) Regional governments that hold general elections in 2009. The following is the model to be tested.

$$\text{Perfom}_{i,t} = \alpha_0 + \alpha_1 \text{ProDUK}_{i,t} + \alpha_2 \text{ProSUR}_{i,t} + \alpha_3 \text{LN_SIZE}_{i,t} + \alpha_4 \text{LN_WELTH}_{i,t} + \alpha_5 \text{PNS}_{i,t} + \alpha_6 \text{IPM}_{i,t} + e_{i,t}$$

Note: Perform: Performance (Financial & Non-Financial), ProDUK: Proportion of support for the regional leader in the parliament, ProSUR: Proportion of votes of elected regional leader, LN_SIZE: Total Asset of Regional Government, LN_WELTH: Total Income of Regional Government, PNS: The number of civil servants working for Regional Government, IPM: Human Development Index in each Regional Government

The data used in this study is secondary data, which is collected through documentation and literary studies. Documentation is a process of document procurement through collecting and studying the document. The document procurement process is done by browsing to websites of KPU (Indonesian Election Commission) in both national and regional level, national media, BPS (Indonesian Statistic Agency), and regional governments. The data is also acquired through the website of related institution and direct visit to Public Relation Department of BPK, which requires the data to be taken in person (audit report of LKPD – financial statement of regional government – in 2008 and 2012 by BPK).

The data about the indices of EKPPD (Evaluation of Regional Government's Performance) is downloaded from Ministry of Home Affairs website. The data of financial statement is downloaded from the website of DJPK (Ministry of Finance's Directorate General of Financial Balance). The data is then processed according to the aforementioned research model using Eviews 6.

IV. Result and Discussion

The object of the research is all provinces in Indonesia that meet the predetermined criteria. Based on the data obtained from BPS, BPK, KPU, Directorate General of Regional Autonomy, this study uses the data from 31 Indonesian provinces from the year of 2008 and 2011. The excluded samples are the Special Region of Jogjakarta and the province of Nanggroe Aceh Darussalam.

The analysis on the descriptive statistics of relevant to the research model, which is aimed to give description about data observed from the minimum, maximum, average, and standard deviation value of each research variable. The result analysis on the descriptive statistics, which employs Eviews 6 software, is as follows.

Table 3.1 Descriptive Statistics

Var	Mean	Median	Maximum	Minimum	Std. Dev.
PRODUK	0.307613	0.289	0.565	0.15	0.128006
PROSUR	0.427452	0.422	0.621	0.289	0.094965
LN_SIZE	26.89974	26.721	30.582	25.14	1.053364
LN_WELTH	13.52981	13.35	15.637	12.303	0.809597
PNS	138188.6	94636.25	523077	30342.75	132211.8
IPM	70.75419	70.38	77.03	64	3.061637
KMF	0.405645	0.392	0.702	0.041	0.18965
GTF	0.570548	0.6072	0.958	0.2951	0.182095
EFTP	1.483774	1.525	2.032	0.913	0.284998
OPN	0.290323	0	1	0	0.461414
EKPPD	2.248284	2.2188	3.057	1.372	0.372479
INV_DN	2167.913	946.4	10895.65	1.75	2978.758
INV_LN	570.9401	274.1	5217.975	5.5	1070.658

Source: Eviews 6 (processed)

PRODUK (Proportion of support for the regional leader in the parliament) is the proportion of parliament members calculated based on the election of 2009 coming from the parties proposing their representatives to become regional leader **PROSUR** (Proportion of votes of elected regional leader) is a proportion calculated from the percentage of regional leader's vote from the regional leader election of 2008 to 2011. **LN_SIZE** (Log Size) is the proxy of regional asset and wealth calculated from the average number of assets during the four years of 2008-2011, which is then put into logarithm. **LN_WEALTH** is a proxy in measuring wealth using regional income, even though the contribution of regional income to regional government is small. This proxy is derived from the total amount of regional income. **PNS** (The number of civil servants working for Regional Government) is a proxy of internal support in improving performance. The

number of civil servant is calculated from the data of BPS. **IPM**(Human Development Index) is an index representing the achievement of development based on several basic components of life quality. **KMF** (Fiscal independency) is the ratio between Regional Income and the total of the region's income. **GTF** (Fiscal dependency) is a proxy of financial performance/ability of regional government that measures the readiness of regional government in anticipating regional autonomy, especially in financial matters (Total of Transfer/Total of Income). **EFTP** (Income Effectiveness) is a proxy of regional government's capability in realizing Regional income based on the predetermined target, which is adapted to the real potential of the region. **OPN** (Accountability) is the opinion given by BPK which is categorized into 4; they are WTP/unqualified opinion (scores 4), WDP/Qualified opinion (scores 3) TW/Adverse opinion (scores 2) and TMP/Disclaimer opinion (scores 1). **EKPPD** (Evaluation of Regional Government's Performance) is the index issued by Ministry of Home Affairs consisting two main variables (Performance Achievement Index and Material Appropriateness Index). **INV_DN** (Domestic Investment) is the amount of domestic investment recorded in BPS. **INV_LN** (Foreign Investment) is the amount of foreign investment recorded in BPS.

The results of the descriptive analysis in Table 3.1 shows that the number of samples (N) of the study is 31 samples from 33 provinces. Based on the 31 samples, the smallest value of legislator support is 0.15 percent, and the largest is 0.565 percent, with the average of 30.7 percent, and the deviation standard of the variable is 0.12.

The smallest value of the proportion of popular support in local elections is 0.28 percent, and the largest value is 0.68 percent, with the average value of 0.42, and the standard deviation of these variables is 0.09. For variable KMF (Fiscal Independency Ratio), the minimum value of 0:04 is in the province of West Papua, while the maximum value of 0.70 is in the province of East Java, with an average value of 0.40, and the standard deviation of the variable is 0.18.

The research model is divided into two models, each of which represents the existing independent variables, namely financial and non-financial performance. Based on Table 3.2, this study finds positive and significant relationship between the proportion of the number of legislators who proposed regional leaders and financial performance ($p < 0.15$). On the examination of the relation between the proportions of Parliament members who propose regional leaders and fiscal independency, the test results are significant at the level of 15% with the coefficient of 0.38 and Adjusted-R² of 60%. Meanwhile, the examination on the proportion of legislators who propose regional leaders and fiscal dependency, the test results are significant at the level of 15% with the coefficient of (0.40) and Adjusted-R² of 55%. On the examination on the influence of the relationship between the proportion of legislators who propose regional leaders and the effectiveness of PAD, the results of these examination indicate significance at the level of 15% with the coefficient of 0.65 and Adjusted-R² of 38%. Meanwhile, the examination on the relationship between the proportion of legislators who proposed regional leaders and BPK's opinion, the results of this study indicate that there is no influence from the relation between proportion of the number of legislators who proposed regional leaders and the BPK's examination, which is in the form of opinion on the financial statements of the local government.

Table 3.2 Regression Result of Influence Assessment on Financial Performance

Var	Financial			
	KMF	GTF	EFTP	OPN
PRODUK	0.1216***	0.0993**	0.1508***	0.63
	0.38	(0.41)	0.65	(0.35)
PROSUR	0.57	0.71	0.43	0.58
	-0.16	0.11	0.41	(0.48)
LN_SIZE	0.88	0.66	0.0215*	0.67
	-0.01	0.03	(0.33)	0.09
LN_WELTH	0.76	0.73	0.0046*	0.70
	0.03	(0.03)	0.57	(0.12)
PNS	0.005*	0.0042*	0.39	0.0388*
	0.00	(0.00)	(0.00)	0.00
IPM	0.33	0.40	0.99	0.88
	0.01	(0.01)	0.00	0.00
Adjusted-R²	0.501672	0.557441	0.389514	0.355451

Notes:

***= signifikan dalam 15%

**= signifikan dalam 10%

*= signifikan dalam 5%

Source: Eviews (processed)

The results of this study support the hypothesis (H1) who stated that there is influence of the proportion of legislators who proposed regional leaders on the financial performance of government in Indonesia. This means that the test concludes to not reject H0. The results support the argument of Bourdeaux and Chikoto (2008) and M. Saiegh (2002), who state that the support of members of legislature (DPRD) will improve the performance of government. The results of this study are also in accordance with the conditions in the provincial governments in Indonesia, such as in East Java. During the gubernatorial election in 2008, Soekarwo and Sayfullah Yusuf were elected. They were promoted by the Democratic Party, PKB, and PAN, which, in the 2009 elections, the parties managed to control 35% of the seat in East Java's Provincial Parliament. The provincial government of East Java shows quite prominent financial performance, in terms of fiscal independency, fiscal dependency to the central government, and effectiveness of PAD. Related to the opinion of BPK, East Java has always received unqualified opinion.

This evidence suggests that the effect of the presence of a representative or local government representation in the legislature (DPRD) affect the financial performance of local governments. Thus, it is normal that various groups in Indonesia, such as political analysts, economic analysts, and researchers, express their concern over the strengthening of the KMP, which is an opposition government, which can degrade the performance of Jokowi's administration. The implications of this research are expected to improve the support of parliament, so that the performance of the government can increase and turbulence in the political arena in Indonesia can be reduced. This study coincides with findings of Lijphart and Crepaz (1991), Crepaz (1996), Schaltegger et al. (2009), Alesina and Rosenthal (1996), Bourdeaux and Chikoto (2008) and also M. Saiegh (2002).

Based on Table 3.2, this study does not find any relation between the proportion of the vote in the election of regional leaders and the financial performance. In the assessment on the relationship between the proportion of votes in the election of regional leaders and fiscal independency, fiscal dependency, effectiveness of PAD, and BPK's opinion, the

results show that the absence of the influence on the four variables of financial performance is influenced by the proportion of the number of votes in the election of regional leaders.

The results of this study do not support the hypothesis (H2) of this study, which states that there is an influence of the proportion of the vote in the election of regional leaders on the financial performance in Indonesia. This means that the results of this assessment reject H0. The results of this study do not support the argument of Inman and Fitts (1990), who stated that smaller representation of people in the local government will lower the budget issued by the local government and degrade the performance of the local government.

The results of this study are consistent with the phenomenon in the provincial government of South Sumatra. In the gubernatorial election in 2008, Alex Nurdin gained 52% of the vote, but the financial performance in the Provincial Government of South Sumatra was still bad. The researcher recognizes that there are other variables causing the poor performance of the Provincial Government of South Sumatra, such as the high level of corruption committed by local government officials.

Table 3.3 Regression Result of Influence Assessment on Financial Performance

VAR	Non-Financial		
	EKPPD	INV_DN	INV_LN
PRODUK	0.272	0.0359*	0.20
	0.538	6221.31	1,671.92
PROSUR	0.179	0.09386**	0.67
	(0.791)	260.24	643.55
LN_SIZE	0.566	0.72	0.1247***
	0.086	(312.56)	620.20
LN_WELTH	0.542	0.16	0.84
	(0.123)	1683.97	106.81
PNS	0.007*	0.0017*	0.67
	0.000	0.01	0.00
IPM	0.1476***	0.97	0.76
	0.030	5.04	(16.49)
Adjusted-R ²	2.248	0.568321	0.632938

Notes:

***= signifikan dalam 15%

**= signifikan dalam 10%

* = signifikan dalam 5%

Source: Eviews (processed)

Based on Table 3.3, the study finds positive and significant relation between the proportion of the number of legislators who propose local leaders and non-financial performance ($p < 0.05$). On the examination of the relation between the proportion of legislators who proposed regional leaders and domestic investment, the results of this test is significant at the level of 5% with the coefficient of 0.638 and Adjusted-R² of 56%. The examination on the relationship between the proportion of legislators who proposed regional leaders and EKPPD and Foreign Investment, the test results show no influence generated from the relation between the proportion of legislators who propose regional leaders and the two non-financial indicator variables.

The results support the hypothesis of this study (H1), which states that there is influence of the proportion of legislators who proposed the performance of regional leaders on non-financial performance in Indonesia. This means that the assessment cannot reject H0. The results are consistent with the argument of Bourdeaux and Chikoto (2008) and M. Saiegh (2002), who state that considerable support from members of the legislature (DPRD) can improve the performance of the government.

The phenomenon about the results of this study is in accordance with the conditions of the provincial government in Indonesia, such as East Java. In 2008, Soekarwo and Sayfullah Yusuf, promoted by the Democratic Party, PKB and PAN, were elected governor and deputy governor. In the 2009 elections, the three parties managed to control 35% of the seats in the parliament of East Java. Non-financial performance of the Provincial Government of East Java is very prominent. They have always ranked first in EKPPD, and the level of investment, both domestic and foreign investment, is high.

Based on Table 3.3, the study finds positive and significant relation between the proportion of the vote in the election of regional leaders and non-financial performance ($p < 0.1$). On the examination of the relationship between the number of votes in the election of regional leaders and non-financial performance and the level of investment in the country, the test results are significant at 10% with the coefficient of 0.26 and Adjusted- R^2 of 60%. Meanwhile, the examination on the influence of the proportion of parliament members who promote the regional leaders on fiscal dependency, the test results are significant at the level of 15% with the coefficient of 0.40 and Adjusted- R^2 of 55%. On the assessment on the effect of the relation between the proportion of the vote in the election of regional leaders and the results EKPPD and foreign investment, the results of this study show no influence generated from the relation between the proportion of vote in the elections of regional leaders and the two non-financial performance indicators.

The results of this study support the hypothesis (H1), which states that there is influence on the relation between the proportions of the vote in the election of regional leaders on non-financial performance in Indonesia. This means that this assessment cannot reject H0. The results support the argument of Inman and Fitts (1990), who state that the low representation of people in local government will reduce the budget issued by local governments and degrade the performance of local government.

The phenomenon about the results of this study occurred in East Kalimantan's gubernatorial election, with the election of AwangIshakFaroek by the vote of 47%. East Kalimantan provincial government showed a good performance in terms EKPPD and the level of domestic and foreign investment. This evidence shows how the support of the people can improve the performance of local governments. This result is in accordance with Lijphart and Crepaz (1991), Crepaz (1996), Schaltegger et al. (2009), Alesina and Rosenthal (1996), Bourdeaux and Chikoto (2008) and also M. Saiegh (2002).

Table 3.2 and Table 3.3 show the test results about the relation between Size, Wealth, HDI, and the number of civil servants, which are the controlling variables of this study. This additional test results show that the four controlling variables affect the performance of local governments, both financial and non-financial performance. However, the greatest level of significance is on the number of civil servants working for the local government. The number of civil servants is the proxy of internal support in improving performance. The number of civil servant is calculated based on the data from BPS. The results of this study conclude that the number of civil servants significantly affect both financial and non-financial performance of the local government.

V. Conclusion

Empirically, the results of this study illustrate that the proportion of legislators who promote regional leaders and the proportion of the vote in the election of regional leaders have a significant effect on the financial and non-financial performance of the local government. In addition, the controlling variables also have a significant effect on the financial and non-financial performance of the local government.

This study complements the results of Lijphart and Crepaz (1991), Crepaz (1996), Schaltegger et al. (2009), Alesina and Rosenthal (1996), Bourdeaux and Chikoto (2008) and also M. Saiegh (2002), who state that legislative support to the financial and non-financial performance of local government is important. The amount of support from the legislature (DPRD), especially in the budgeting process, makes the budgeting process easier. Local government programs that are listed in the APBD (Regional Government Budget) can run well in accordance with the vision and mission of the regional leader.

This study implies that regional leaders need to establish good communication with legislators because the support of legislators can improve the implementation of the government's programs, so the local governance can run well. In addition, the support from people is very important. Although the vote obtained from the regional leader election were not significant, the regional leader must always communicate with his citizens in order to gain significant support to improve the performance of local governments.

This study is limited in the secondary data that only includes the data from the elections in 2009, which is originated only from 31 provinces in Indonesia. Not all local governments in Indonesia are covered by this study. This is due to the fact that national and local elections that can be used to prove the hypothesis of this study is limited to the results of the election of 2009. The results of the elections in 2014 cannot be used as the sample of this study because election of regional leaders has not been done in 2014.

This study contributes to the use of the proportion of legislators who promote regional leaders and the use of the proportion of vote in regional leader election in the research of measurement performance of management in public sector, which are still rarely used as the variables that support or reject the research results.

This study can be used as a consideration for the leaders of local governments to regulate and strengthen the performance of local authorities, so that the goal of improving financial and non-financial performance of local government in Indonesia can be realized well.

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MULTIPLE LARGE SHAREHOLDER, TAX AVOIDANCE AND COST OF EQUITY

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Abstract

This research aims to examine the relationship between multiple large shareholders (MLS, particularly shareholders of first and second largest), tax avoidance, and the cost of equity capital on 183 companies listed in BEI during period 2009-2011. Analysis in this study uses the Panel Regression Fixed Effect method. The result shows that the ratio of the second shareholders to first shareholders has negative effect on cost of equity capital, and weaken the relationship between tax avoidance and cost of equity capital. The implication of this research is that the existence of the second largest shareholder in the company can improve the control over the first largest shareholder thus reducing the negative impact of tax avoidance on the cost of equity capital.

Keywords: *Multiple Large Shareholder, Tax Avoidance, Cost of Equity Capital*

I. Introduction

Previous studies prove that corporate governance has positive effect on value of the firm (Gompers et al., 2003; Bhagat & Bolton, 2008). Some research also raised the important issue of whether large owners contribute in overcoming agency problems or on the contrary (Shleifer & Vishny, 1997; Becht et al., 2000), and according to Holderness (2003) a question that often comes up is still whether the existence of large owners in fact improve the performance of the firm. Thomson et al. (2006) using Granger Causality Tests proves that on civil law country, blockholder ownership has negative impact on the value of the firm.

Some research has also been trying to understand the economic impact of the separation between the ownership and voting rights of the shareholders. Study which focus on the impact of multiple large shareholders (MLS) on value of the firm was conducted by Maury & Pajuste (2005), their study show that the existence of the MLS can increase the value of the firm. Attig et al. (2008) have examined the relationship between MLS and cost of equity capital. The results indicate that the presence of the MLS can lower the cost of equity capital with cross country sample. These results complement Laeven & Levine (2008) and shows that the MLS has an important role in monitoring and reducing the problem of information asymmetry.

This research aims to add to the literature with respect to the effect of the MLS on cost of equity capital when the company did a strategy of tax avoidance (tax aggressive). According to Desai & Dharmapala (2006) tax avoidance tends to occur because of bad corporate governance.

Hanlon and Slemrod (2009) investigated the effect of tax aggressive on share price and found evidence on average there is a decline in stock prices linked to news of the company's involvement over tax avoidance. Kim, Li and Zhang (2011) analyzed the relation between tax avoidance undertaken by the company with stock prices crash risk, they found strong and robust evidence that corporate tax avoidance is positively associated with firm-specific stock price crash risk. The research shows that aggressive tax behavior

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can lead to a decline in the stock price, thereby indirectly causing cost of equity capital will rise. This shows the influence of tax avoidance against the cost of equity is positive

This research follows Attig et al. (2008) aims to investigate the relationship between MLS and costs of equity capital in Indonesia. In contrast to previous research, this study provides additional literature about the role of MLS on the company that does tax avoidance, does the MLS will weaken the relationship between tax avoidance and cost of equity capital, or otherwise.

II. Literature Review and Hypothesis

Multiple Large Shareholder and Cost of Equity

Corporate governance is the mechanism used to reduce the agency problem by improving the monitoring of management, restrict opportunistic behaviour of managers, and reduce the risk of information being borne by shareholders. Some previous research proves that companies with better corporate governance have a lower cost of equity (Derwall and Verwijmeren, 2007; Turns out et al., 2008). Other studies show that firms with family ownership as majority shareholder have higher cost of equity than other companies (Yao and Sun, 2008). Controls that are owned by the majority shareholder and the opportunities to obtain a personal benefit more, make investors require a higher rate of return to compensate for the risk (Dyck and Zingales, 2004).

Attig et al. (2008) proved that the existence of the MLS negatively impact the cost of equity capital. This means that the MLS has acted well in monitoring the companies so that investors appreciate by providing low cost of equity capital. Using data of firms in 8 the East Asian and 13 Western Europe countries, they find that the cost of equity capital is decreased in the presence of the MLS. It also found that the second largest shareholder is associated with negative equity cost of capital. Based on such research, then the hypothesis proposed is:

- H1a : The presence of multiple large shareholder has negative impact on cost of equity capital**
- H1b : The presence of first large shareholders has negative impact on cost of equity capital**
- H1c : Ratio second large shareholder to first large shareholder has negative impact on cost of equity capital**

Tax Avoidance and Cost of Equity Capital

Many studies prove that both individuals and companies have a tendency to strive so that the tax payable can be smaller than it should be. The effort to minimize tax payable by firm may through tax planning, with legal (tax avoidance) or illegal action (tax evasion). Lim (2011) defines a tax avoidance as tax savings arising by utilizing the provisions of the taxation of legally done to minimize tax payment. Tax avoidance is a part of tax planning is done with the goal of minimizing tax payments. Tax avoidance legally not prohibited but the tax office may pay attention on it because it is considered to have a negative connotation.² Research on the tax avoidance on firms level examined in several studies. Research conducted by Desai and Dharmapala (2009), regarding Corporate tax avoidance and firm value, show that there were no significant correlation between tax avoidance (as measured by abnormal book tax differences) and value of firms (measured by market to book). Kim, Li and Zhang (2011) argued that tax avoidance (as measured by the Effective Tax Rate) has a relationship with stock price crash risk, because it gives managers a way to hide the company's condition and report financial performance which is

²In contrast, tax evasion which are the efforts to minimize the amount of tax by breaking the tax provisions in force, Perpetrators of tax evasion may incur administrative penalties or criminal sanctions.

not in accordance with the actual conditions. When managers hide negative information and accumulated in a long time then stock price became very overload and potentially for the crashes. Jin and Myers (2006) and Hutton et al. (2009) showed that the company's share price can fall when the accumulation of negative information company suddenly noticed by the public. Research that tests a direct relationship between tax avoidance and cost of equity capital in Indonesia recently conducted by Masri (2012), the result is the positive effect of tax avoidance against the cost of equity capital.

Based on previous research, the hypotheses proposed is:

H2: Tax avoidance has positive impact on cost of equity capital

Multiple Large Shareholder, Tax Avoidance, and Cost of Equity Capital

OECD (1999) describes the corporate governance as a set of relationships between Corporation Board of Directors, shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means to achieve those objectives and monitoring performance are determined.

According to Desai and Dharmapala (2009) and Hanlon & Slemrod (2009) tax avoidance can lower the value of the firm. But Desai and Dharmapala (2009) study did not prove the negative relationship between tax evasion and the value of the firm. Desai and Dharmapala (2009) and Hanlon & Slemrod (2009) argue that to reduce the negative impact of the activities of tax avoidance, it takes good corporate governance mechanisms. Good Corporate Governance will prevent the Manager doing tax avoidance that opportunistic for the benefit of him and the detriment of shareholders. Richardson & Lanis (2011) showed that the proportion of independent Commissioners lowered the company's involvement in the conduct of the activities of tax shelters.

Research on how the influence of the MLS of the relationship between tax avoidance and the cost of equity capital has not been found. However, research results Kim, Li and Zhang (2011) found that when strong external monitoring, it will weaken the relationship between tax evasion with risk of fall of stock prices. By taking the intuitive of the relationship that the fall of share prices will increase the cost of equity capital, then subsequent hypothesis is:

H3 : The presence of multiple large shareholder will mitigate the positive correlation between tax avoidance and cost of equity capital

III. Research Methodology

Data and Sample

This research uses data with sampled throughout the companies listed on the Indonesia stock exchange, does not include industrial finance company because has different operational characteristics with others. Research data will be retrieved from the Data Stream FE UI, the Bloomberg Data Stream at Bapepam-LK/OJK, as well as the annual financial reports are published.

Research Model

To answer Hypotheses 1a and 1b, we developed Attig et al. (2008) models as follows:

Hypothesis 1

$$COEt = \alpha_0 + \alpha_1 \text{Presence}_t + \text{Control Variable}$$

$$COEt = \alpha_0 + \alpha_1 \text{Own5}_1_t + \text{Control Variable}$$

$$COEt = \alpha_0 + \alpha_1 \text{Own5}_2_t + \text{Control Variable}$$

To answer Hypotheses 2, we developed Attig et al. (2008) models as follows:

Hypothesis 2

$$COEt = \alpha_0 + \alpha_1 \text{ETR}_t + \text{Control Variable}$$

To answer Hypotheses 3, we developed Attig et al. (2008) models as follows:

Hypothesis 3

$$COEt = \alpha_0 + \alpha_1 ETR_t + Presence5_t + ETR * Presence5_t + \text{Control Variable}$$

$$COEt = \alpha_0 + \alpha_1 ETR_t + Own5_1_t + ETR * Own5_1_t + \text{Control Variable}$$

$$COEt = \alpha_0 + \alpha_1 ETR_t + Own5_21_t + ETR * Own5_21_t + \text{Control Variable}$$

Variable of Research

Dependent Variable

The dependent variable in this study is the cost of equity capital (COE). The measurement of the cost of equity capital in this study using data already available in the Data Stream Bloomberg Bapepam-LK/OJK. As for the calculations using the CAPM approach, i.e. the market price of the stock portfolio as follows:

$$COEt = R_{ft} + \beta (\text{country risk premium})$$

Where:

R_{ft} = Risk free rate return obligation 10 years, β = Beta market, as systematic risk firm i. Beta data already available in the Data Stream Bloomberg Bapepam-LK/OJK.

Country Risk Premium = as portofolio from all risk asset

Independent Variable

The independent variable in this study is : (1) Presence5, follow Attig et al. (2008), a dummy variable is 1 if there is at least 2 ownership above 5% and 0 if not. These variables expect has negative effect on the cost of equity capital, which means the existence of MLS is consistent with efficient monitoring. (2) Own5_1, is the percentage of first largest shareholder. This variable predicted has negative relationship with the cost of equity capital. (3) Own5_21, is the ratio of the percentage comparison between the second largest shareholders divided by the percentage of the first-largest shareholder. The greater the value of the ratio indicates stronger second largest shareholder control over major shareholders. This variable expect has negative effect on the equity cost of capital. (4) ETR is the Effective Tax Rate i.e. the number of tax burden paid by the company divided by the statutory tax rate. ETR data retrieved from Data Stream PDEB FE UI. ETR is a proxy for corporate tax avoidance. The smaller the value of ETR shows more likely corporate tax avoidance. These variables predicted has a negative associated with cost of equity capital. This means that the more companies do tax avoidance (shown with ETR is low) then the greater the cost of equity to be provided by investors

Control Variable

Three control variables used are Beta; Leverage (ratio total debt ratio to total assets); MTB (the ratio of stock market value to the book value). Beta is a measure of nonsystematic risk. Beta market obtained from regression between the return of the company with the market return. The data obtained from the Bloomberg database beta available at Bapepam-LK/OJK. The larger the risk the company will lead to increasingly greater company cost of equity capital, then beta predicted will positive associated with the cost of equity capital.

Leverage is the ratio of total debt to total assets. This ratio shows how many total assets can cover the company's debts. A good leverage will cause the company to avoid the problem of financial default or bankruptcy. The greater the leverage of the company then it is more likely to fail to pay at a later date. Then leverage predicted has positively associated with the cost of equity capital. Market to Book Ratio (MTB) is the ratio between the market value of the company's equity compared to the book value of equity. The larger the value of MTB pointed out that the company's equity market value higher than the value

of his book so that it shows the good performance of the company. Thus we predicted that the MTB will be associated with negative cost of equity capital.

IV. Data Analysis and Discussion

Sample Selection

Based on the criteria that has been set, the samples taken from the manufacturing companies listed in BEI in 2009-2011.

Tabel 1. Sample Selection

Description	Observation
Firms listed from 2009-2011	463
Financial Institution	(75)
Firms do not have complete data	(212)
Selected firms as a sample	176
Years	3
Observation firms years	528

Descriptive Statistics

Tabel 2. Descriptive Statistics

	Mean	Median	Maximum	Minimum	Std. Dev.
COE	13.32764	13.35875	19.3909	5.5224	2.78354
ETR	26.53585	25.14	103.1	-8.72	19.60789
PRESENCE5	0.710227	1	1	0	0.454087
OWN5_1	45.84615	45.2	99.74	0	23.06319
OWN5_2	11.77243	10.035	43.84	0	10.24183
OWN5_21	0.346166	0.25549	1	0	0.324266
BETA	0.733345	0.7327	1.4911	-0.1183	0.314171
LEVERAGE	0.429046	0.254207	4.617604	0	0.790282
MTB	11.83002	4.242407	165.9188	0.034186	19.45594

COE is cost of equity, ETR is Effective Tax Rate, Presence5 is dummy variabel with 1 if firm have at least 2 largest shareholders and 0 if not, Own5_1 is first largest shareholders, Own5_2 is second largest shareholders, Own5_21 is ratio Own5_2 to Own5_1, Beta is non-systematic risk firm i, Leverage is ratio total debt to total asset, MTB is ratio Market to Book Value

Descriptive statistics research data are presented in table 2. In addressing outlier the author does winsorize 1%. Results of descriptive statistics show the value of the cost of equity capital (COE) on average for the whole sample of the company is 13.32764%, with the maximum value is 19.3909% and the lowest value is 5,5224%. Further ETR company average is of 26.53585. When we broken down per year, then in 2009 with tax rate 28%, the average is 18% of ETR. Then in that year they are not indication corporate do tax avoidance. While in 2010, with a tax rate of 25% is obtained on average company ETR is 25.9%. Thus on average the company not doing tax avoidance in that year. While in the year 2011 with a tax rate of 25%, obtained an average company ETR was 24.7% so there is a possibility of tax avoidance by the firm.

The average company beta is 0.73, while the average Leverage 0.429 shows sample company highly varied in capital structure, and on average MTB sample firm is 11.83, all of them having done winsorize 1%.

Correlation Test

The correlation test can be seen in table 3. Be seen that the overall MLS variable have negative associated with COE. Beta is associated positively with the COE, the leverage associated with negative and positive with MTB and COE. There is a high correlation between COE and Beta, i.e. of 0.83. The correlation is because both are equally associated with risk so that there is a rather high correlation between the two.

Tabel 3. Correlation Matrix

	COE	ETR	PRESENCE5	OWN5_1	OWN5_2	OWN5_21	BETA	LEV	MTB
COE	1	0.06	-0.15	-0.07	-0.16	-0.10	0.83	-0.03	0.11
ETR	0.06	1	-0.02	0.10	-0.04	-0.12	0.01	-0.03	-0.03
PRESENCE5	-0.15	-0.02	1	-0.29	0.73	0.68	-0.19	0.08	-0.01
OWN5_1	-0.07	0.10	-0.29	1	-0.26	-0.55	-0.09	-0.04	-0.08
OWN5_2	-0.16	-0.04	0.73	-0.26	1	0.83	-0.20	0.08	-0.06
OWN5_21	-0.10	-0.12	0.68	-0.55	0.83	1	-0.10	0.06	-0.03
BETA	0.83	0.01	-0.19	-0.09	-0.20	-0.10	1	-0.04	0.13
LEVERAGE	-0.03	-0.03	0.08	-0.04	0.08	0.06	-0.04	1	0.53
MTB	0.11	-0.03	-0.01	-0.08	-0.06	-0.03	0.13	0.53	1

Hypotheses Testing

Hypotheses 1 Testing Result

Table 4. Hypotheses 1 Testing Result

Dependent Variabel: COE							
Variable	Estimation	Presence5		Own5_1		Own5_21	
		Coeffisient		Coeffisient		Coeffisient	
C		8.17666 (0.000)		4.166025 (0.000)		9.820549 (0.000)	
Presence5	(-)	1.3040 (0.0144)	***				
Own5_1	(-)			0.102934 (0.000)	***		
Own5_21	(-)					-2.1209 (0.0068)	***
Leverage	(+)	-0.0341 (0.000)	***	-0.03438 (0.000)	***	-0.034203 (0.000)	***
MTB	(-)	0.00155 (0.000)	***	0.00183 (0.000)	***	0.001550 (0.000)	***
Beta	(+)	6.77337 (0.000)	***	6.96664 (0.000)	***	6.95822 (0.000)	***
R-squared		0,8561		0,8735		0,86142	
Prob(F-stat)		0,0000		0,0000		0,0000	

COE is cost of equity, ETR is Effective Tax Rate, Presence5 is dummy variabel with 1 if firm have at least 2 largest shareholders and 0 if not, Own5_1 is first largest shareholders, Own5_2 is second largest shareholders, Own5_21 is ratio Own5_2 to Own5_1, Beta is non-systematic risk firm i, Leverage is ratio total debt to total asset, MTB is ratio Market to Book Value

Hypothesis testing is done with panel data fixed effects. The results of testing hypotheses 1a, 1b, and 1c can be seen in table 4. From the test results in table 4 showed the presence of multiple large shareholders (Presence5) has significant negative effect on cost of equity capital. This result is inconsistent with the hypothesis 1a. The existence of the MLS may not necessarily be viewed by investors as an effective monitoring. Furthermore major controlling shareholder (Own5_1) associated with positive equity cost of capital. The results also do not support the hypothesis 1b. The main controlling shareholder was not led to lower the cost of equity investors that they wear. In the last equation it can be seen that the greater proportion of the second-largest shareholder in comparison to the ultimate owner (Own5_21), then the cost of equity capital that investors become worn down. These results support research Attiq et al. (2008) documented that proportion the second largest shareholder of the largest compared to first have a negative relationship with the equity cost of capital. The stronger the second largest shareholders in control of the ultimate owner, then the lower the capital costs of equity imposed by investors against the company.

Leverage have negative relationships with cost of equity capital, this may be due the investors consider the increase in the company's leverage is not an indication that the company was going into bankruptcy so that investors do not responded with higher equity cost of capital. Coefficient MTB in contrast to predictions, this may be due the investors looked at a high market value compared to the book value of equity rather than as a guarantee that the company has good performance. While the Beta has a positive coefficient variable meaning in accordance with the predictions. The greater the beta means the larger the risk the company, then the greater the equity cost of capital.

Hypotheses 2 Testing Result

To test Hypothesis 2 we usefixed effects panel data. The results of testing hypothesis 2 can be seen in table 5.From the results of testing hypothesis 2, it revealed a significant positive effect of coefficient ETR on COE. This means that companies do not do tax avoidance, but the cost of equity imposed by investors increased. This might be due to the sample in the study there is a change in tax rate from 28% to 25%, so these results became bias.

Tabel 5. Hypotheses 2 Testing Result

COEt = a₀ + a₁ETR_t + Kontrol Variabel				
Variable	Estimasi	Koefisien	Prob.	
C		8.3270	0.000	
ETR	(-)	0.026227	0.0000	***
Leverage	(+)	-0,03380	0.0000	***
MTB	(-)	0.001582	0.0000	***
Beta	(+)	6.903277	0.0000	***
Adjusted R-squared		0.84423	0.000	
Prob(F-statistic)		0.000034		
COE iscost of equity, ETR is Effective Tax Rate, Beta isnon-systematic riskfirm i, Leverage is ratio total debtto total asset, MTB is ratio Market to Book Value				

Hypotheses 3 Testing Result

To test Hypothesis 3 we usefixed effects panel data. The results of testing hypothesis 2 can be seen in table 6.Table 6 show that MLS and the presence of first largest shareholders are not weakens the relationship between tax avoidance and cost of equity capital. But the presence of the second-largest shareholder may affect the relationship

between tax avoidance and cost of equity capital. The presence of the second-largest stakeholder can reduce the effects of tax avoidance on cost of equity capital. This indicates that investors believe the existence of the second-largest owner in the company can reduce the likelihood of companies engage tax avoidance.

V. Conclusion, Implication, Suggestion, and Limitation

Following Attig et al. (2008) this research aims to analyze the relationship between MLS and costs equity capital in Indonesia. This study provides additional literature about the role of MLS on the company that do tax avoidance, does the MLS will weaken the relationship between tax avoidance and cost of equity capital or otherwise.

Tabel 6. Hypotheses 3 Testing Result

Dependent Variable: COE							
Variable	Estimation	Presence5		Own5_1		Own5_21	
		Coefficient		Coefficient		Coefficient	
C		7.6545 (0.000)		4.05285 (0.000)		9.0099 (0.000)	
ETR	(-)	0.0232 (0.000)		0.01632 (0.2065)		0.01323 (0.0878)	*
Presence5	(-)	1.0165 (0.0924)	***				
Own5_1	(-)			0.09143 (0.000)	***		
Own5_21	(-)					-2.5659 (0.0015)	**
ETR*Presence5	(+)	0.00257 (0.8314)					
ETR*Own5_1	(+)			0.000138 (0.5511)			
ETR*Own5_21	(+)					0.050442 (0.0186)	**
Leverage	(+)	-0.00337 (0.0000)	***	-0.03409 (0.0000)	***	-0.0333 (0.000)	
MTB	(-)	0.00158 (0.000)	***	0.00185 (0.0000)	***	0.001566 (0.000)	
Beta	(+)	6.879023 (0.000)	***	7.1141 (0.000)	***	6.933077 (0.000)	***
R-squared		0,8449		0,86439		0,84538	
Prob(F-stat)		0,0000		0.0000		0.0000	

COE is cost of equity, ETR is Effective Tax Rate, Presence5 is dummy variabel with 1 if firm have at least 2 largest shareholders and 0 if not, Own5_1 is first largest shareholders, Own5_2 is second largest shareholders, Own5_21 is ratio Own5_2 to Own5_1, Beta is non-systematic risk firm i, Leverage is ratio total debt to total asset, MTB is ratio Market to Book Value

The result shows that investors assume the existence of the MLS may not an effective monitoring. The presence of first largest shareholder was not led to lower the cost of equity capital. However, these results support research Attiq et al. (2008) documenting that the proportion of second largest shareholders to first largest have negative impact on cost of equity capital. The stronger the second largest shareholders in control of the ultimate owner, then the lower the capital costs of equity imposed by investors.

We investigate the effect of tax avoidance on the cost of equity capital, but the result shows that firms which not do tax avoidance the cost of equity increased. This might be due to the sample in the study there is a change in tax rate from 28% to 25%, so these results became bias.

The last test shows that the existence of the second-largest shareholder may affect the relation between tax evasion with cost of equity capital. The greater the power of the owner of the second-largest shareholder then it can reduce the effects of tax avoidance on cost of equity capital. Investors believe that the existence of the second-largest owner in the company can reduce the likelihood of companies doing tax avoidance.

The implication of this research is that the existence of the second largest shareholder in the company can improve the control over the first largest shareholder thus reducing the negative impact of tax avoidance on the cost of equity capital.

This study has several limitations, in measuring the presence of first and second largest shareholders solely judging from how much percentage of the shares of the biggest existing in the company, the study did not examine further whether there is a relationship between the first and second largest shareholder. Further research can distinguish characteristics between the two, see the relationship between the two, so the more enriching research results.

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PRODUCTION, PREFERENCE'S AND MARKET OF SOY PRODUCT IN SOLOK REGENCY

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Abstract

This study aims to mapping the problem of Soybean farmers in Solok, optimization of soybean production in Solok Regency, the existence of soybean farmers and markets in Solok Regency. The study used survey methods to soybean farmers and consumers in Solok Regency. This research using descriptive quantitative and qualitative approach of the various aspects of economic concepts. This study was analyzed using descriptive analysis that aims to see problem of Soybean farmers in Solok and the level of consumer preferences to processed soy products in Solok Regency. Furthermore, inductive analysis was analyzed using multiple linear regression analysis with OLS method that aims to look at the determinants of the production and demand for processed soy products in Solok Regency. The study shows that (1).The Problems of the soybean farmers in Solok are capital, seedlings, land, fertilizer, maintenance, harvesting, post-harvest, labor and government policies. (2). Seedlings and fertilizer has significant infact soybean production in Solok but with the condition of decreasing returns to scale (3) Soybean farm in Solok as economically unprofitable. (4) the processed soy products most in demand by the society in Solok Regency are tofu and tempeh. (5) The number of household members, education of wife and job sector of husband affect significantly on the demand for tempeh in Solok Regency, while income, marital status, education of husband and job sector of wife do not affect significantly on the demand for tempeh in Solok Regency. (6). The number of household members and job sector of husband affect significantly on the demand for tofu in Solok Regency, while income, marital status, education of husband, education of wife and job sector of wife do not affect significantly on the demand for tofu in Solok Regency.

Keywords: *Production, Consumer Preferences, Demand, Soy*

I. Introduction

Soybean is a plant that originated from Manchuria and parts of China where there are many types of wild soybean. Then, it spread to tropical and subtropical areas. After breeding, many types of superior soybeans produced were cultivated. The harvesting age of soybean plants varies depending on the variety but generally range between 75 and 105 days.

In terms of food and nutrition, soybean is the most inexpensive source of protein in the world, in addition to producing oils with good quality. The varieties of soybean that exist in Indonesia include Otau, Ringgit, Sumbing, Merapi, Shakti, Davros, Taiching, TK-5, Orba, Galunggung, Lokon, Guntur, and others, have a protein content of 30,53 until 44 percent while fat content of 7,5 until 20,9 percent.

Currently, the demand for soybean experiences an increase. This is because soybean has many benefits. Increase in the demand for soybean causes the producers to increase the number of soybean production. On the other hand, the production of local soybean has a decrease; this is caused by the lack of interest of farmers to grow soybeans in addition to the insufficient land to cultivate them. Therefore, to meet the uncontrollable demand for soybeans, the government imports soybeans. This is exactly what caused the dependence of imported soybean in Indonesia higher.

This is supported by the study of Aimon et al (2013) that showed that various problems were faced by soybean farmers in Solok Regency. The problems ranged from

problems of capital, production process, harvest and post-harvest as well as government policy issues. Post-harvest problem faced by soybean farmers in Solok Regency was the relatively low selling price of soybean which caused the profit obtained by farmers relatively small. As a result, soybean farmers chose to grow other crops resulting in the decline of soybean production. Furthermore, the production of local soybean also could not meet the local demand, hence triggering the increase of soybean import into the country. This condition is actually an opportunity to increase the production of soybean with better quality so it can meet local demand.

In addition, to resolve the problems of post-harvest it is necessary for creation of new home industries in order to increase added value of soybeans as well as increasing the economy of families of soybean farmers. Moreover, these activities can create soy product differentiation (product differentiation) so it has added value economically with a high quality of output with regards to downstream industries/home industries as user of soybean as raw material of the industry, as well as making them as new home industries. Furthermore, the market response on the demand for processed soy products in Solok Regency needs to be seen in advance.

On the other hand, in terms of production based on the study conducted by Faculty of Economy Research Team, Universitas Negeri Padang (2011) in cooperation with Bank Indonesia branch Padang concluded that soybean is one of the superior KPJu across sectors in Solok Regency. The elected superior KPJu across sectors shows that the orientation of economic activities in Solok Regency, which is based on agricultural sector, can develop small and medium industry sectors in the region. The result of this study also shows that soybean in Solok Regency has good prospect and potential to be developed in the future. Potential areas of agriculture, plantation and farm covers sub-districts of IX Koto Sungai Lasi, Junjung Sirih, X Koto Diatas, Payung Sekaki and Tigo Lurah. The GRDP of Solok Regency in 2009 at current prices amounted to Rp 4.639.066,332 billion or an increase of 14,75% compared to 2008 of Rp 4.042.808,21 billion. The economic structure of Solok Regency when viewed based on GRDP at current prices in 2007 is still dominated by agricultural sector (44,73%), especially from food crop and horticulture sub sectors.

In addition, this study is based on the study by Putra (2009) which showed that the relatively low welfare of farmers will determine the prospect of the development of agricultural sector in the future as one of the sectors which contribute quite substantially to the economy. This welfare is determined by several factors, among others (1) Most farmers do not have productive factors, (2) Narrow land area of farmers, (3) Limited access to financial services support, (4) Limited access to information and technology, (5) Inadequate infrastructure of production, (6) Unfair and exploitative market structure due to very weak bargaining position, (7) Inability, weakness or unawareness of the farmers themselves. Without a fundamental and comprehensive solution to the above, the welfare of farmers will be threatened and very difficult to achieve. Thus, here lies the role of community empowerment which is managed starting from households.

This article aims to look at the determinants of the soybean production, consumer preferences to processed soy products in Solok Regency, and the determinants of the household demand for processed soy products in Solok Regency.

II. Teoretical Framework

Production and Production Optimization

According to Dabertin (2002), production function explains the technical relationship that transforms input (resource) into output (commodity). Mathematicians define a function as a rule to determine every value in a set of variables (domain) function

with a single value of set of other variables which becomes the function range. In general, the function is written mathematically as following:

$$y=f(x) \dots\dots\dots(2.1.)$$

Where y is output and x is input. Domain function is the whole value of x that is greater than or the same as zero. Range function consists of output level (y) that is obtained from the use of each input level (x).

Meanwhile, according to Burket (2006) production function is the equation that describes maximum output producible from each combinations of input. In general, production function describes net output or value added from each combination. Based on this opinion, it shows that production function is the relationship between input and output in the production process.

Variable input is the production input which usage level can be controlled by farmers as the farm managers. This implies that farmers have sufficient time to adjust the amount of variable input used. On the other hand, fixed input is defined as the production input which usage level can not be fully controlled by farmers. In agricultural production process land is often categorized as fixed input due to a number of reasons farmers are not able to increase their land area in a short time. The categorization of fixed input and variable input is closely related with the concept of time. Economists typically use the term *long run* to define the fairly long time period so that all production inputs (including fixed input) can be treated as variable inputs.

Short run is defined as the fairly short time period so that all production inputs are fixed inputs. The periodization of other agricultural production is intermediate run that shows a fairly long time period so that several production inputs can be categorized as variable inputs but are still considered short, thus several production inputs with high economic value (such as land and agricultural machinery) can be considered as fixed inputs.

Moreover, another important concept in production context is *the law of diminishing returns*. According to Dabertin (2002), *the law of diminishing returns* states in accordance with the addition of a variable input, after a certain point, additional production output will decrease. *The law of the diminishing returns* does not imply that the addition of variable input will result in the lessening of total product. The total production remains to increase along with the addition of production input but the amount of this additional production will decrease. Based on graphical approach, *the law of diminishing returns* can be represented as *the rate of change in the slope of the production function*. The degree or rate of change in the slope of this production function is a curvature or curve of production function.

Demand

According to Case and Fair (2007), demand is the quantity of goods/services that consumers are requesting or willing to purchase at a certain price level. The demand curve is a curve/graph that illustrates the relationship pattern between quantity of goods/services requested by consumers and the price level.

Demand Function is a function that states the relationship between price and quantity of goods/services requested or purchased by consumer, if the other variables remain constant [*ceteris paribus*].

$$\text{Formula: } Q_d = f(P_x, Y, P_y) \quad (1)$$

Where Q_d is the quantity of demand for goods, P_x is the price of the goods in question, Y is the income and P_y is the price of substitute goods.

Asumption: only the price variable of the goods is considered, while other variables are assumed constant [*ceteris paribus*], hence the above formula becomes: $Q_d = f(P)$ or $P = f(Q_d)$.

In the theory of demand, price affects negatively on demand, while price of other goods and income affect positively on the demand for goods and services. Graphically the influence of prices of other goods and income can be seen in Figure 1.

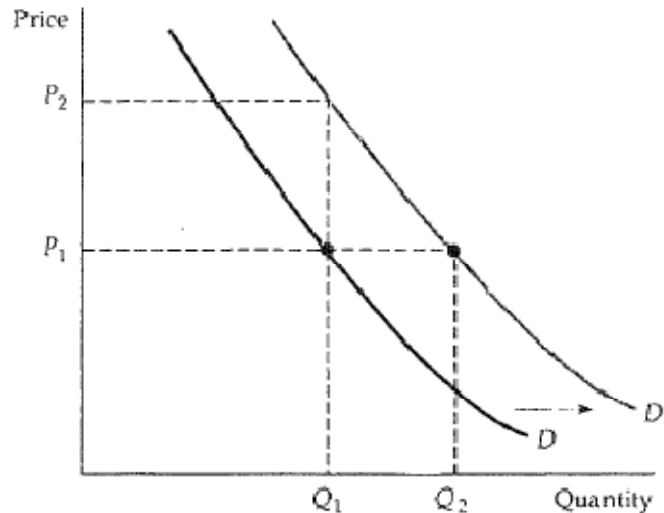


Figure 1. Shift of Demand Curve

Figure 1 shows that when income increases it will lead to the demand for goods and services, thereby causing the demand curve to move from D to D' . Meanwhile, if the income of the society decreases then the demand curve will shift to bottom left; so is the case with the prices of other goods.

III. RESEARCH METHOD

Data and Source of Data

Data in this study consists of primary data and secondary data. The primary data was obtained directly from the main sources, namely the soybean farmers and consumers of soybean and the households of soybean farmers in Solok Regency, as well as the home industries that use raw material of soybean as the main raw material of their products and the bureaucracy in Jorong, District and Regency. Meanwhile, the secondary data was obtained from literature review and related institutions that can support this study. The implementation of this study referred to the information of agricultural statistical data in Solok Regency, results of the previous studies, and data obtained in the field.

Technique of Data Analysis

Soybean Production

This study used survey methods on the soybean farmers in the center of soybean production located in Solok Regency. The location chosen as the place of study is sub-district of Pantai Cermin, Payung Sekaki, Kubung. The method of determining the sample in this study used *purposive random sampling* technique. Data was analyzed using (1) Cost Analysis, covering variable costs namely seed and fertilizer, as well as fixed costs which consist of land and labor. (2) Production Model of Soybean Farming by using *Cobb-Douglas* function with model $Y = aX_1^{b_1}X_2^{b_2}e$. Furthermore, data was analyzed using OLS (*Ordinary Least Square*) technique. (3). Analysis of Economic Efficiency of the Usage of Production Factors and Determination of Optimal Production by using various combinations of input. Efficiency test is used to see whether the input or production factors used in soybean farming in Solok Regency are already efficient or not. The efficiency used

in this study is economic efficiency. Meanwhile, the determination of optimal output is based on the use of production input of soybean in Solok Regency.

Demand for Soybean

Data analysis was performed by descriptive quantitative and qualitative through the approach of economic concepts from various aspects, and also adapted to the condition of physic and economic, as well as government policy. To see the demand of society for the processed soy products, multiple linear regression analysis was used by using several variables of demand function that can be seen from the consumer preferences in Solok Regency.

The demand model used is:

$$\text{Log } Q = b_0 + b_1 \log(\text{Inc}) + b_2 \text{Pop} + b_3 \text{Married} + b_4 \text{EDUH} + b_5 \text{EDUW} + b_6 \text{SPUH} + b_7 \text{SPUW} + e \quad (2)$$

Where Q is the demand for processed soy products, Inc is the income of the household, Pop is the number of household members, Married is the marital status of the household head, EDUH is the last education of the husband, EDUW is the last education of the wife, SPUH is the job sector of the husband and SPUW is the job sector of the wife.

More details can be seen in the following table:

Table 1. Operational Definition

Variable	Definition
1. Demand (Q)	Household demand for processed soy products measured in kg
2. Income (inc)	Total income obtained by household per month
3. Married	Marital status of the household head 1. Married 0. Others
4. EDUH	Last education of husband measured in years
5. EDUW	Last education of wife measured in years
6. SPUH	Job sector of husband with following category: 1. Formal 0. Others
7. SPUW	Job sector of wife with following category: 1. Formal 0. Others

IV. Result and Discussion

Problems in Soybean Farming In Solok Regency

Soybean farming in Solok Regency also faces many problems including capital, seed, land, fertilizer, maintenance, harvest, post-harvest, labor and government policy. In terms of capital the dominant issue faced by soybean farmers in Solok Regency is the difficulty to obtain capital loan from banks and non-bank institutions. This problem is also in line with the establishment of a high interest rate making it not profitable for the farmers and the high amount of return to be paid by the farmers.

Furthermore, the problem that arises in terms of seed is the difficulty to obtain the seed so the quality used is also not good. This needs to be addressed by developing soybean seed industry system so that the quality of seed planted by farmers can optimize the soybean production. Problems in land and fertilizer also become problems for soybean farmers in Solok Regency. Problem in land management in Solok Regency is also a major issue faced by the farmers. Based on interviews with the farmers, most of them cultivate soybean in hilly areas and need to open up new lands thus requiring longer time before the growing season. Moreover, the high prices of fertilizer and pesticide are also dominant problems for soybean farmers in Solok Regency. These problems are associated with

government policy in the provision of fertilizer subsidies for farmers as to reduce production cost.

Based on the survey result conducted that the maintenance process is the main problem faced by farmers, namely pest and plant diseases, irrigation and also weather effect so that farmers frequently faces crop failure which leads to losses. In addition, the problem of labor training is also one of the major problems faced by soybean farmers. This is related to the problem of skill and knowledge in managing soybean farming in Solok Regency.

In addition, the post-harvest problem also becomes an obstacle for soybean farming in Solok Regency. This problem emerged as effect of the lack of quality of seed and soybean produced by farmers, causing the price to be low. Moreover, government policy becomes a problem that needs to be faced by farmers including lack of partisanship from government policy on soybean commodity since the focus is more on rice self-sufficiency, fertilizer subsidies and seed aid. This matter impacts to the problem of marketing of soybean products in Solok Regency and the entry of imported soybean into Indonesian territory. This problem is in line with the elimination of customs duties of imported soybean thereby resulting in the decline of domestic soybean production; since imported soybean price is cheaper, planting soybean leads to losses for farmers thus the government should establish a fair price which will benefit national soybean farmers.

Along with these problems, a strategic step that should to be done immediately is to boost increase in local production. Soybean production should be increased with ensuring incentive for farmers who grow soybean. Increase the production land area and provide training as well as support input for soybean farmers. This has to be supported with infrastructure development such as road, irrigation and bridges accompanied with good quality of seed, agricultural technology and a reasonable price guarantee for small producers/farmers.

Based on the problems faced by soybean farmers then important strategies that should be done to ensure the achievement of optimal soybean production are: (1) Improvement of Selling Price, (2). Utilization of Land Potential, (3) Improvement of Production Process, (4). Consistency of Program and Seriousness of Officials.

Soybean Production in Solok

Factors that influence the soybean production (output) in this study are land area, labor, seed and fertilizer by using *Cobb Douglas* production function. Nevertheless, this production function uses the assumptions; (a) that the production (output) is per hectare of land. Thus, the variable of land area becomes constant so for each respondent (farmers) the use of seed and fertilizer in generating output becomes per hectare of land, (b) labor is also constant since for almost all respondents the total labor used in this study are husband and wife, making the variable of labor also constant.

In accordance with these assumptions then the production function of this study becomes $Y = f(X_1, X_2)$ which is transformed into *Cobb Douglas* structural equation $Y = AX_1^\alpha X_2^\beta$, then transformed again into the form of *Double Log* structural equation which is $\log Y = \log A + \alpha \log X_1 + \beta \log X_2 + \varepsilon$ where Y is the production (output) of soybean per hectare of land, A is a constant (intercept) that represents technology and climate, X_1 is the use of seed per hectare of land, and X_2 is the use of fertilizer per hectare of land.

Furthermore, before the estimation result above is discussed further some prerequisites classic assumption tests were conducted including; Residual Normality Test, Autocorrelation Test, Heteroscedasticity Test and Multicollinearity Test

The classic assumption tests results show that based on residual normality test, the distribution data is not normal. However, since the data of this study are from 62

respondents then this condition can be continued. Meanwhile, the result of autocorrelation, heteroscedasticity and multicollinearity tests did not violate the rules of the test results.

The estimation result of soybean production function above can be written mathematically in the form of structural equation as follows;

$$\text{Log Output (Y)} = 2,5 + 0,6 \log \text{Seed (X}_1) + 0,2 \log \text{Fertilizer (X}_2) + \varepsilon$$

$$\text{Or} \\ Y = 2,5 X_1^{0,6} X_2^{0,2}$$

The structural equation of soybean production (output) above shows that the production condition of soybean is “*decreasing return to scale*”, where every additional inputs of 1 (one) percent will only increase the output by 0,8 percent. Additionally, the coefficient of seed (X_1) of 0,6 is significant on $\alpha = 1$ persen, and the coefficient of fertilizer (X_2) of 0,2 is significant on $\alpha = 10$ persen. Both variables have contribution to the soybean output by 22,73 percent while 77,37 percent is the contribution of other variables not included in the production estimation (output) of soybean.

The coefficient of seed of 0,6 means that every additional input of seed of 1 percent will increase the output of soybean by 0,6 percent and the coefficient of fertilizer of 0,2 means that every additional input of fertilizer of 1 percent will increase the output of soybean by 0,2 percent. In addition, technology and climate have shares on the production (output) of soybean of 2,5 percent which is reflected by a constant.

Production Cost of Soybean

Production cost of soybean that is examined here is specifically for variables of seed and fertilizer per 1 hectare of land of soybean which will be explained through identity equation of production cost of soybean for both variables as follows

$$C = P_{X_1} X_1 + P_{X_2} X_2$$

where C average production cost per 1 hectare of land, P_{X_1} average price of seed per kg per 1 hectare of land, X_1 use of fertilizer per 1 hectare of land, P_{X_2} price of fertilizer per kg per 1 hectare of land and X_2 use of fertilizer per 1 hectare of land

Based on the collected data, the average total production cost of soybean per 1 hectare of land is Rp. 5.020.000,- which consists of fixed cost Rp. 4.500.000,- (labor cost of spouses Rp. 4.000.000,- and land cost Rp. 500.000,-), while variable cost is Rp. 520.000,- which consists of the cost of seed (X_1) and the cost of fertilizer (X_2). Seed input with an average price of seed per kg of Rp. 6.750,- and an average price of fertilizer per kg of every type fertilizer used is Rp. 4.500,-. Accordingly, the identity equation of soybean production cost per hectare of land is as follows;

$$5.020.000 = 7000 X_1 + 4500 X_2$$

This means that every hectare of soybean land requires production cost of Rp. 5.020.000,- with an average seed price per kg of Rp. 6.750,- and an average fertilizer price per kg of Rp. 4.500,-.

Optimal Production of Soybean

If the soybean farmers aim to maximize output of soybean per hectare of land, with a constraint in production cost, then by using *Langrangian* principle the amount of seed input and input used per hectare to obtain optimum output can be calculated;

$$L = 2,5 X_1^{0,6} X_2^{0,2} + \pi (5020 - 6,75X_1 - 4,5X_2)$$

The production cost value is reduced by dividing a thousand. Then, the result of differential on X_1 , X_2 , and λ is;

$$\frac{dL}{dX_1} = 1,5 \frac{X_2^{0,2}}{X_1^{0,4}} - 6,75\pi = 0$$

$$\frac{dL}{dX_2} = 0,5 \frac{X_1^{0,6}}{X_2^{0,8}} - 4,5\pi = 0$$

$$\frac{dL}{d\pi} = 5020 - 6,75X_1 - 4,5X_2 = 0$$

By dividing the differential result it is obtained;

$$\frac{X_2^{0,2}}{4,5X_1^{0,4}} = \frac{X_1^{0,6}}{9X_2^{0,8}}, \text{ Thus } 9X_2 = 4,5X_1 \text{ or } 2X_2 = X_1 \text{ or } X_2 = \frac{1}{2} X_1$$

Furthermore, to obtain the quantity of seed input (X_1) and fertilizer input (X_2) used to generate optimal production (output) of soybean, the result is substituted alternately to obtain the number of each input used in the production.

Use of seed input (X_1);

$$5020 - 6,75 X_1 - 4,5 X_2 = 0, \text{ substitute } X_2 \text{ with } X_1$$

$$5020 - 6,75 X_1 - 4,5 (1/2X_1) = 0$$

$$5020 - 6,75 X_1 - 9 X_1 = 0, \text{ Thus, } 5020 = 15,75 X_1 \rightarrow X_1 = 318,73 = 319 \text{ kg}$$

Use of fertilizer input (X_2);

$$5020 - 6,75 X_1 - 4,5 X_2 = 0, \text{ substitute } X_1 \text{ with } X_2$$

$$5020 - 6,75 (2X_2) - 4,5 X_2 = 0$$

$$5020 - 13,5 X_2 - 4,5 X_2 = 0, \text{ Thus, } 5020 = 18 X_2 \rightarrow X_2 = 278,89 = 279 \text{ kg}$$

Therefore, to obtain the output per hectare of land, a seed input of 319 kg and fertilizer input of 279 kg are used. If the input use is carried according to the findings of this study, the soybean output will be optimal with Y (output) = $2,5 X_1^{0,6} X_2^{0,2}$, with use of input then equation Y (output) = $2,5 [(319)^{0,6} (279)^{0,2}] = 2,5 \times 31,79 \times 3,08 = 244,78$ or 245 kg per hectare. If the average price of soybean output per kg is Rp. 12.000,- then the revenue per hectare becomes Rp. 2.940.000,-.

Determination of Efficiency of Use of Input

To see the use of input of seed and fertilizer per hectare of land then the cost included in the calculation is the variable cost of Rp. 520.000,- as this cost can be made efficient. Accordingly,

Use of seed input (X_1);

$$520 - 6,75 X_1 - 4,5 X_2 = 0, \text{ substitute } X_2 \text{ with } X_1$$

$$520 - 6,75 X_1 - 4,5 (1/2X_1) = 0$$

$$520 - 6,75 X_1 - 9 X_1 = 0, \text{ Jadi, } 520 = 15,75 X_1 \rightarrow X_1 = 33,02 = 33 \text{ kg}$$

Use of fertilizer input (X_2);

$$520 - 6,75 X_1 - 4,5 X_2 = 0, \text{ substitute } X_1 \text{ with } X_2$$

$$520 - 6,75 (2X_2) - 4,5 X_2 = 0$$

$$520 - 13,5 X_2 - 4,5 X_2 = 0, \text{ Jadi, } 520 = 18 X_2 \rightarrow X_2 = 28,89 = 29 \text{ kg}$$

Therefore, the use of seed input per hectare of land is 33 kg and fertilizer input is 29 kg. In one period of soybean planting per hectare of land, the farmers will be able to optimally produce soybean output per hectare of land with the amount of 245 kg with an average price of @ Rp. 12.000,-, and hence the total revenue is Rp. 2.940.000,-. Meanwhile, the variable cost (seed and fertilizer) is Rp. 520.000 so there is a margin of Rp.

2.420.000,- while the fixed cost (labor and land) is Rp. 4.500.000,- so the margin earned can not cover the fixed cost of Rp. 2.080.000, -. This means that it is not economically profitable to plant soybeans for soybean farmers in Solok Regency.

The result of this study is not in line with the study conducted in 2010 in Solok Regency. The result of the study in 2010 stated that soybean was one of the superior commodity in Solok Regency. However, after conducting a financial analysis, it is found that soybean farming is not economically profitable. This is due to the efforts undertaken by soybean farmers have not been maximal in the cultivation of soybean in Solok Regency. In addition, it is also caused by various problems faced by the soybean farmers in the cultivation of soybean. Moreover, the level of education and training of the soybean farmers in the Solok Regency is relatively low; mostly are graduates of elementary school so the ability to adopt technology is quite low and as a result the production has not been able to be optimized.

Consumer Preferences

Consumer preference is a choice to like or dislike by someone to consumed products (goods or services). Consumer preference shows consumer liking from a wide variety of products available. This study looks at the consumer preference to the processed soy products in Solok Regency.

Table 2 shows that there are no respondents who dislike tofu, 4,52 percent of respondents are less fond of tofu compared with tempeh. Respondents prefer tofu and tempeh compared with other processed soy products. Respondents equally like tofu and tempeh which can be seen from the consumer preference to tofu and tempeh of 57,29 percent. In addition, 30,65 percent of respondents like tofu more than tempeh, and only 7,54 percent of respondents who really like tofu compared with tempeh. Furthermore, this is also shown by the amount of budget spent by households to buy tofu and tempeh compared with other processed soy products. In average all households buy these two products for consumption. Additionally, based on the average answer of respondents, a value of 3,40 percent was obtained; this means that the respondents in Solok Regency equally like tofu and tempeh.

Table 2. Consumer Preference to Processed Soy Products in Solok Regency

Preference	TOFU				
	tempeh	Tauco	Soy Milk	Soy Flour	Beancurd
Dislike	-	0.50	1.01	1.51	1.09
Less likely	4.52	2.01	4.02	3.02	3.80
Moderate	57.29	30.65	31.16	12.56	10.33
Likely	30.65	50.75	49.75	56.78	47.83
More likely	7.54	16.08	14.07	26.13	36.96
Total	100.00	100.00	100.00	100.00	100.00
Average	3.40	3.78	3.70	4.01	3.83

Moreover, judging from consumer preferences to the choice of tofu and tauco, only 0.50 percent of respondents who dislike tofu but really like tauco and 2.01 percent are less fond of tofu but like tauco, while 30,65 percent equally like tofu and tauco. Nevertheless, 50.75 percent of respondents like tofu and are less fond of tauco and only 16.08 percent of respondents really like tofu and dislike tauco. By looking at the average value of 3,78 this means that the respondents like tofu more than tauco.

Furthermore, judging from consumer preferences to the choice of tofu and liquid soy milk, soy flour and beancurd, the respondents like tofu more dominantly than liquid

soy milk, soy flour and beancurd with an average value each of 4. Therefore, it can be concluded that in overall the consumers in Solok Regency equally like tofu and tempeh but prefer tofu compared with tauco, liquid soy milk, soy flour and beancurd.

Table 3. Consumer Preference to Processed Soy Products in Solok Regency

Preference	Tempeh			
	Tauco	Soy Milk	Soy Flour	beancurd
Dislike	2.03	1.52	2.04	2.76
Less likely	5.58	8.12	4.59	4.42
Moderate	34.01	28.93	17.35	13.81
Likely	48.22	50.76	59.18	50.28
More likely	10.15	10.66	16.84	28.73
Total	100.00	100.00	100.00	100.00
Average	3.54	3.56	3.77	3.60

In addition, when seen from Table 3 about the preference of society on tempeh compared with other products, it appears that the respondents prefer tempeh compared with tauco, soy milk, soy flour and beancurd. This proves that tempeh is the product more in demand by the society in Solok Regency. Out of the five processed soy products, tofu, tempeh and tauco are the more desirable products by the society compared with soy milk, soy flour and beancurd.

Table 4. Consumer Preference to Processed Soy Products in Solok Regency

Preference	Tauco		Soy Milk		Soy Flour
	Soy Milk	Soy Flour	Beancurd	Soy Flour	Beancurd
Dislike	14.05	13.19	12.21	14.79	20.49
Less likely	19.46	21.43	16.86	15.38	27.05
Moderate	24.86	15.93	16.28	16.57	18.85
Likely	38.38	41.21	39.53	43.79	31.15
More likely	3.24	8.24	15.12	9.47	2.46
Total	100.00	100.00	100.00	100.00	100.00
Average	2.75	2.82	2.83	2.69	1.64

Result of the study shows that the processed soy products most desirable by the society of Solok Regency are tofu and tempeh. The society prefers these two products compared with other processed soy products such as tauco, soy flour, soy milk and beancurd. This means that tofu and tempeh can be used as comestibles of society that are rich in vegetable protein. Additionally, tofu and tempeh can be used as side dishes that can be consumed with rice as staple food. On top of that, the high demand of society for both of these products is due to the relatively low selling price so it can be affordable by the entire society.

This can be seen from the amount of budget spent by households for tofu and tempeh. From 200 respondents, more than 90 percent only allocate budget to buy tofu and tempeh without buying other processed soy products.

Nevertheless, the other processed soy product that is quite attractive to the society is tauco. The use of tauco is only as an ingredient in the making of curry/goulash. However, the use of this product is very small except for breakfast merchants or during

religious holidays. Soy flour and soy milk are also food that is not regularly consumed by the society. This means that most of the society is less interested in these processed products; so is the case with beancurd which is very rarely consumed by society.

Based on the consumer preferences, it can be seen that tofu and tempeh are the products more in demand by the society. Thus, the derivation of processed soy products that needs to be developed in Solok Regency is the development of home industries that process soybeans into tofu and tempeh, thereby increasing the added value of soybeans produced by local farmers. Additionally, it can improve the welfare of farmers and resolve the post-harvest problems often faced by farmers. The development of home industry is also expected able to absorb workforce as well as reducing the unemployment rate in rural areas which is identical to the agricultural sector and also reducing poverty.

Demand for Processed Soy Products

The following is the regression analysis result of the demand of the society for processed soy products in Solok Regency

Table 6. Result of Regression Analysis of the Demand for Processed Soy Products

Variable	TEMPEH		TOFU	
	Coefficient	Prob.	Coefficient	Prob.
LOG(INCOME)	0.057	0.4769	0.121	0.1749
MARRIED	0.090	0.5650	0.045	0.7947
POP	0.101	0.0011**	0.163	0.0000*
EDUH	0.007	0.6952	-0.011	0.5845
EDUW	-0.042	0.0288**	-0.0002	0.9904
SPUH	-0.311	0.0115**	-0.265	0.0487**
SPUW	0.078	0.5150	0.054	0.6873
C	-1.545	0.1443	-2.526	0.0316
R-squared	0.1251		0.1575	
F-statistic	3.7184		5.0734	
Prob(F-statistic)	0.000873		0.000027	

Description:

* : significanton $\alpha = 0,01$

** : significanton $\alpha = 0,05$

Utility of Processed Soy Products

Table 5 shows that in terms of utility, 57 percent of respondents in Solok Regency equally like tofu and tempeh. However, if seen from the amount of consumption of tofu and tempeh, the respondents consume in greater amount than the median value which is 3,6 kg per month for tofu and above 2 kg per month for tempeh with each value of 31,5 percent and 40,50 percent.

Table 5. Utility of Tofu and Tempeh

		q tofu		q tempeh		Total
		<3.6	>=3.6	<2	>=2	
Utility	More Likely	3.0%	4.5%	3.50%	4.00%	7.50%
	Likely	15.5%	15.5%	22.00%	9.00%	31.00%
	Moderate	25.5%	31.5%	16.50%	40.50%	57.00%
	Less likely	4.0%	.5%	2.50%	2.00%	4.50%
Total		48.0%	52.0%	44.50%	55.50%	100.00%

Classic Assumption Test

Based on the classic assumption test, it was obtained that the equation model of multiple linear regression for the demand for tempeh and tofu is free from heteroscedasticity problem. For the regression analysis result for the demand for tofu, the value of Prob. Chi-Square = 0.6450 was obtained and Prob. Chi-Square = 0.4301 for the demand for tempeh. Thus, the model is free from the problem of heteroscedasticity.

Multiple Linear Regression Analysis and Hypotheses Testing on the Demand for Processed Soy Products Demand for Tempeh

Based on the output from table 6, the regression equation of demand for tempeh is as following:

$$\text{Log } Q = -1,545 + 0,057 \log(\text{Inc}) + 0,101 \text{ Pop} + 0,090 \text{ Married} + 0,007 \text{ EDUH} - 0,042 \text{ EDUW} - 0,311 \text{ SPUH} + 0,078 \text{ SPUW} \quad (1)$$

$$R^2 = 12,51 \%$$

Based on equation 1, it is shown that the income of household affects positively but not significantly on the demand for tempeh in Solok Regency with a regression coefficient of 0,037, which means that an increase in the income of household of 1 percent will increase the demand for tempeh by 0,037 percent.

Moreover, the number of household members affects positively but insignificantly on the demand for tempeh in Solok Regency; if the number of household member increases by one person then it will increase the demand for tempeh by 0,101 percent.

So is the case with marital status; marital status affects positively and significantly on the demand for tempeh in Solok Regency. If a household is married then it will increase the demand for tempeh by 0.090 percent.

Furthermore, the education of husband affects positively but not significantly on the demand for tempeh; if the education of husband increases by 1 year then it will increase the demand for tempeh by 0.007 percent, while the education of wife affects negatively and significantly on the demand for tempeh in Solok Regency. If the education of wife increases by one year then it will decrease the demand for tempeh by 0,042 percent.

Next, the job sector of husband (formal/non formal) affects negatively and significantly on the demand for tempeh in Solok Regency; if the husband works in the formal sector then it will decrease the demand for tempeh by 0,311 percent. Meanwhile, the employment status of wife affects negatively but not significantly on the demand for tempeh in Solok Regency; this means if the wife works in the formal sector then it will increase the demand for tempeh by 0.078 percent.

Demand for Tofu

Based on the output from table 6, the regression equation of demand for tofu is as following:

$$\begin{aligned} \text{Log Q} = & -2,526 + 0,121 \log(\text{Inc}) + 0,163 \text{ Pop} + 0,045 \text{ Married} - 0,011 \text{ EDUH} - 0,002 \\ & \text{EDUW} - 0,265 \text{ SPUH} + 0,054 \text{ SPUW} \quad (2) \\ R^2 = & 15,75 \% \end{aligned}$$

Based on equation 2, it is shown that the income of household affects positively but not significantly on the demand for tofu in Solok Regency with a regression coefficient of 0,121, meaning that an increase in household income by 1 percent will increase the demand for tofu by 0,121 percent.

Furthermore, the number of household members affects positively and significantly on the demand for tofu in Solok Regency; if the household member increases by one person then it will increase the demand for tofu by 0,163 percent.

Marital status affects positively but not significantly on the demand for tofu in Solok Regency. If a household is married then it will increase the demand for tofu by 0.045 percent.

Moreover, the education of husband affects negatively but not significantly on the demand for tofu; if the education of husband increases by 1 year then it will decrease the demand for tofu by 0.011 percent, and the education of wife affects negatively but not significantly on the demand for tofu in Solok Regency. If the education of wife increases by one year then it will decrease the demand for tofu by 0,002 percent.

Next, the job sector of husband (formal/non formal) affects negatively and significantly on the demand for tofu in Solok Regency; if the husband works in the formal sector then it will decrease the demand for tofu by 0,265 percent. Meanwhile, the employment status of wife affects positively and insignificantly on the demand for tofu in Solok Regency; this means if the wife works in the formal sector then it will increase the demand for tofu by 0.054 percent.

V. Discussion

Analysis of Consumer Preferences to the Processed Soy Products in Solok Regency

The result of the study shows that the society in Solok Regency prefer tofu and tempeh compared with other processed soy products such as tauco, soy milk, soy milk flour and beancurd. This indicates that these products can be developed as downstream products of soybean in Solok Regency. Accordingly, this means that it is necessary for the development of home industries among the farmers that aims to increase added value of processed soy products in Solok Regency.

This is consistent with the theory of consumer behavior that the behavior of consumer demand for goods and services will be influenced by several factors, among others: income, consumer's taste, and price of the goods, when other conditions are not changed (*ceteris paribus*). This consumer behavior is based on the theory of consumer behavior that explains how a person with earned income can buy a variety of goods and services in order to reach a certain satisfaction according to what is expected.

Analysis of Demand of Society for the Processed Soy Products in Solok Regency

The result of the study shows that the number of household members affects significantly and positively on the demand for tempeh and tofu in Solok Regency. This means that the greater number of household members, the greater the demand for tempeh and tofu in Solok Regency and vice versa; the smaller number of household members then the smaller demand for tempeh and tofu in Solok Regency with the assumption of *ceteris paribus*.

The education of wife affects significantly on the demand for tempeh in Solok Regency but the effect is not significant on the demand for tofu in Solok Regency.

The job sector of husband affects significantly on the demand for tempeh and tofu in Solok Regency. If the husband works in the formal sector, the demand for tempeh and tofu will decrease in Solok Regency. Job sector is closely related to the level of income received by a household so it will impact to the size of a person's demand for goods and services. This result is consistent with the views expressed by Kotler (2000) that states demand for goods and services is influenced by personal factors, namely job and economic environment. This means that the type of work will determine a person's decision in consuming goods and services available.

Nevertheless, income does not affect significantly on the demand for tempeh and tofu in Solok Regency. It means that the size of income level earned by a household will not give meaningful effect to changes in the society's demand for tempeh in Solok Regency. The insignificant effect of income on the demand for tempeh and tofu is caused by the relatively low selling price of tempeh and tofu so that it can be reached by the whole society in Solok Regency.

This result of study is not in accordance with the theory advanced by Case and Fair (2008) that the size of the demand is determined by income. If the goods are normal goods, the increase in society's income will cause the increase in society's demand for goods and services. But if the goods are inferior goods, the increase in society's income will decrease the demand for goods and services.

Furthermore, marital status, education of husband and job sector of wife do not affect significantly on the demand for tempeh and tofu in Solok Regency. The insignificant effect of marital status, education of husband and job sector of wife indicates that tempeh and tofu are products that are well known by the whole society so these products are in high demand by the society. Therefore, changes to these variables will not affect the consumer's decision to consume the goods and services available in the society.

VI. Conclusion

The results of the study found that (1). The problems faced by soybean farmers in Solok Regency ranged from problems of capital, seed, land, fertilizer, maintenance, harvest, post-harvest, labor and government policy. (2). Factors that influence the production of soybean in Solok Regency are seed and fertilizer with a contribution of 22,73 percent, but with the condition of *decreasing return to scale*, which means that increase of input is greater than the increase of generated output, (3). The average total production cost of soybean per 1 hectare of land in Solok Regency is Rp. 5.020.000,- which consists of fixed cost of Rp. 4.500.000,- (labor cost of spouses Rp. 4.000.000,- and land cost Rp. 500.000,-), while variable cost is Rp. 520.000,- which consists of the cost of seed (X_1) and the cost of fertilizer (X_2). Seed input with an average price of seed of Rp. 6.750,- per kg and an average price of fertilizer per kg of every type fertilizer used is Rp. 4.500,-. (4). The analysis result of input efficiency of soybean farming in Solok Regency is the use of seed input per hectare of land of 33 kg and fertilizer input of 29 kg. In one period of soybean planting per hectare of land, the farmers will be able to optimally produce soybean output per hectare of land with the amount of 245 kg with an average price of @ Rp. 12.000,-, and hence the total revenue ie Rp. 2.940.000,-. Meanwhile, the variable cost (seed and fertilizer) is Rp. 520.000 so there is a margin of Rp. 2.420.000,- while the fixed cost (labor and land) is Rp. 4.500.000,- so the margin earned can not cover the fixed cost of Rp. 2.080.000,-. This means that soybean farming in Solok Regency is economically unprofitable. (5). The processed soy products most in demand by the society in Solok Regency are tofu and tempeh. (6) The number of household members, education

of wife and job sector of husband affect significantly on the demand for tempeh in Solok Regency, while income, marital status, education of husband and job sector of wife do not affect significantly on the demand for tempeh in Solok Regency. (7). The number of household members and job sector of husband affect significantly on the demand for tofu in Solok Regency, while income, marital status, education of husband, education of wife and job sector of wife do not affect significantly on the demand for tofu in Solok Regency.

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THE INFLUENCE OF EVENT ATMOSPHERE (AMBIENCE AND LAYOUT) ON TOURIST'LOYALTY TOWARD SPORT EVENTS IN WEST SUMATERA

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Abstract

The combination of sports and tourism has formed a new global trend phenomenon. They have not only provided an economic stimulus along with social and cultural benefits to the community, but also played a role in increasing the tourism appeal to nonlocal visitors. Considering the significance of the sport events to its hosting and visitors, attracting and keeping a flow of visitors has been of great importance for both the organizers and destination marketing organizations. In this respect, identification with and retention of loyal visitors who are psychologically committed to the events are a practical means for ensuring a consistent number of visitors to that events. The purpose of this study was to investigate sports tourists' perceptions of event atmosphere in relation to their loyalty while attending international sport events in West Sumatera. Through an onsite survey, data were collected during June –July 2014 from sport tourist to two international sport events in West Sumatera. The study results revealed that event atmosphere had a positive direct effect on tourist'loyalty. Additionally, the findings also revealed that these sport tourists do state that (1) they will positively promote the sport events, (2) they will recommend it to a friend, (3) that they are resistant to other destination offers and, as a consequence, (4) that they will repurchase more than once the sport events in a near future. This study has important implications regarding atmosphere of the sport event. The findings indicate that the designing and managing optimal environment can be a valuable means to provide and enhance visitor experiences which, in turn, influence sport tourist' loyalty.

Keywords: *Sport Event , Event Atmosphere, ambience ,layout/design, Tourist' Loyalty*

I. Introduction

Various attempts have been made by the government to boost total number of visits, one of the efforts undertaken by the government is to encourage sport tourism sector in several destinations in Indonesia. One of the main destinations that served as the sport tourism destination is West Sumatera. With the wealth of natural resources and local culture, West Sumatera is a potential destination that can be developed as one of sport tourism spots.

Beginning in 2009, there are two major international sporting events that arranged by the government to attract more tourists to come, namely Tour de Singkarak and International Dragon Boat Championship. In 2010, the sporting events that took place in West Sumatera had helped in attracting tourists to come. The quality of the events in conjunction with the natural beauty, rebuilt infrastructures , and the hospitality of the local community have put West Sumatera as one of the best sport event destinations in Indonesia. In fact, the growth of total visits slightly increased to nearly 8 % in 2010 (<http://www.suarapembaruan.com/january> 2012).

In 2011, the sporting events have also helped the promotion and development of the destinations. During the event in 2011, the total number of visits significantly increased to nearly 13.2 %. The number was much better than the average number of total growth of

visits in Indonesia (average total growth nearly 8.9 %). (<http://www.suarapembaruan/jan12>). In 2012, the same strategy has also helped in promoting West Sumatera as one of the sporting tourists' destinations, and the total number of visits have increased significantly to nearly 15 %. One of the sporting events called Tour de Singkarak has been approved by the union of international cycling as one of international cycling series and was stated on the calendar of UIC (United of Internationale Cyclist). Moreover, also in the 2012, the grade of Tour de Singkarak was raised from 2.0 to 2.2 (the grade is related to the total number of countries that could join the event, the highest grade the more country could join). 26 countries have sent their cyclist groups to the event. In 2013, the same strategy has also helped in promoting West Sumatera as one of the sporting tourist destination, and the total number of visits has increased significantly to nearly 10 %. Apparently, sport events that have been conducted for the last 5 years had surely helping in promoting West Sumatera as a sport event destination.

Respectively, identification of repeat visitors who are psychologically committed to the event is a practical means for ensuring a consistent number of visitors to the event. As suggested by Lee et al. (2008), loyal visitors who are psychologically committed repeat visitors are considered desirable to a community for guaranteeing long-term income by retaining a certain level of tourist arrivals and for providing participatory opportunities that nurture and sustain a strong sense of place.

In fact, many visitors rely on informal sources for their information search (Getz, 2008), the importance of loyal visitors cannot be overemphasized for attracting potential visitors. Therefore, it is important to recognize and maintain loyal visitors by creating more memorable experiences and offering high quality tourism products and services. Otherwise, they will cease to use our products and switching to other products or services, even worse they become bad campaign for companies to provide information that could be detrimental to the provider, which in turn will reduce total number of visits (Lee (2009), Huang (2011)).

Then, the question of how these memorable experiences are developed at sport event is arized. How can those memorable experiences be engendered at sports events? Can experiences created at the sport events lead to loyalty to those sport events? The present study attempts to answer these questions.

The main objective of this study is to examine factors that influence tourist loyalty of sport tourism events in West Sumatera. The researcher believes that a better understanding of sports tourists' perceptions of event atmosphere and tourist' loyalty and the causal relationship among these factors will allow sport event practitioners and academic researchers to develop a better sport event.

II. Theoretical Framework

The fact that the importance of the physical and social environment in the consumption of live sport events is widely recognized (Tombs & McColl Kennedy, 2003; Wakefield & Blodgett, 1996; Wakefield & Sloan, 1995; Westerbeek & Shilbury, 1999). According to the literature on sport marketing, the special atmosphere in sport event is one of the most important reasons why people attend events (Bauer, Sauer, & Exler, 2005; Holt, 1995; Pfaff, 2002; Wochnowski, 1996). However, previous research into the phenomenon of atmosphere has almost exclusively focused on retail stores (Turley & Milliman, 2000).

As pointed out by Kotler (2001), one of the most significant features of the total products is the place where it is bought or consumed. Moreover, in some cases, the place, more specifically is the atmosphere of the place, is more influential than the product itself

in the purchasing decision. In some cases, the atmosphere is the primary product. This aspect of place, what was originally called “atmospherics” by Kotler, has become an effective marketing tool for service organizations.

Definition of Atmospherics

Atmospherics can be defined as visitors’ perception of “the conscious designs of buying environments to produce specific emotional effects in the buyer that enhance his purchase probability” (Kotler, 1974, 2001). It is often used to describe the quality of the surroundings and is apprehended through the main sensory channels such as sight, sound, scent, and touch.

It has been suggested that the atmospherics in various contexts (e.g., servicescape and festivalscape) are significantly related to environmental preferences, perceptions/evaluations of the product offerings, and consumers’ behaviors (Bitner, 1990; Lee et al., 2008, Farias, 2010; Hsieh and Chen, 2013).

Furthermore, according to Kotler (2001) there is an important distinction between an intended atmosphere and a perceived atmosphere. The intended atmosphere is “the set of sensory qualities that the designer of the artificial environment sought to imbue in the space” (p. 51). Spatial aesthetics in the intended atmosphere can be particularly effective as a marketing tool for the service organizations because the “products” have intangible characteristics and are produced and consumed simultaneously (Boon & Bitner, 1982). The atmosphere also plays a key role in communicating the images and purposes of the organizations. A good example of the intended atmosphere is a chain restaurant that conveys an inviting atmosphere by furnishing the dining areas with comfortable chairs and using bright paint in pleasing primary colors (i.e., yellow at MacDonald’s and red and white at TGI Friday’s).

The intended atmosphere in the service environment contains three components: ambience, layout/design, and social service environment (Bitner, 1990; Bonn et al., 2007; Chien and Hsieh, 2013).

Ambience

Several authors pointed out that ambient condition affect human perception and response of the environment (Baker, 1986; Russel and Snodgrass, 1992; Wineman, 1982; Bitner, 1992). According to Baker (1986), ambient cues deal with attributes of temperature, music, noise, and lighting. According to Bitner (1992) ambience deals with non-visual, background elements of atmospherics that influence the senses by manipulating attributes such as lighting, music, noise, temperature, signage, and wall color. Based on these two definitions, it can be concluded that, as general rule, ambient factor effect the five senses of human. In the case of sport event, organizers can manipulate program content and types of food to create a pleasant atmosphere and ensure visitors’ positive experience.

Layout/design

Layout is associated with functionality and aesthetic aspects of the physical environment. According to Baker (1986) layout factor referring to those aesthetic feelings that could be perceived by customers directly, including style, lay out and architectural etc. according to Bitner (1992), layout factor refer to spatial lay out and functionality. Spatial arrangement means the layout of mechanical equipments, facilities, furnitures and furnishing, as well as their spatial correlations. This element is useful because it helps to

attract and hold consumers' attention (Marans & Spreckelmeyer, 1982), thereby creating a positive image of provider and encouraging their purchase (Buttle, 1984). In a sport event context, it encompasses the efficient layout of many venues (e.g., food and attractions venues, parking lots, and restrooms) that facilitate traffic flow and ensure visitors' comfort as well as effective and informative signage.

The social service environment

The social service environment involves service encounters and social interactions between visitors and employees. The social environment includes visitors' evaluations of employee service quality and experiences through interaction with other visitors (Bitner, 1990).

Definition of Tourist Loyalty

The concept of consumer loyalty has been extensively investigated in the marketing literature (Sheth and Parvatiyar, 1995); with the underlying goal of understanding customers' needs and wants so as to secure repeat purchase of particular brands and products. Scholars have adopted a variety of approaches to address definition and measurement of loyalty.

Dick and Basu (1994, p.99.) define loyalty as a combination of strong relative attitude and high repeat patronage. Oliver (1999, p. 34.) argues that loyalty is a deeply held commitment to re buy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to causes switching behavior.

Few years later, Reichheld (2003, p. 3.) defines loyalty as —willingness of someone – a customer, an employee, a friend - to make an investment or personal sacrifice in order to strengthen a relationship. In other words, to stick in long term with particular supplier who gives to customer good value of product or service, even though supplier does not offer the best available price (Reichheld, 2003).

Even though loyalty has been widely investigated in recent decades, there is no best way to define and measure customer loyalty (Bustos-Reyes and González-Benito, 2008) as the conceptualisation of the loyalty has become more complex nowadays. The vast majority of market researchers view loyalty as a multi –dimensional concept, however there is debate as to how many dimensions, this is two or three. For instance Reichheld (2003) maintains that for many of the service organisations he investigated the results showed that loyalty can be measured by utilising only one indicator –willingness to recommend. Thus his result convey a one-dimensional conceptualisation of loyalty.

A further perspective of customer loyalty is that of Chitty, Ward and Chua (2007) who argue that loyalty be conceptualised by two dimensions, that is behavioural loyalty, indicated by repeat-purchase behaviour and attitudinal behaviour, indicated by the inherent effective and cognitive facets of loyalty. Zins (2001) study of the airport sector brought this a step further, identifying three distinctive approaches to measure loyalty behavioural measurements, attitudinal measurements, and composite measurement.

In the early days, the majority of literature focused on the behavioural aspect of loyalty and ignored other customer factors (Transberg and Hansen, 1986; Jacoby, 1971;Tucker,1964). The behavioural approach involves the individual altering their behaviour, showing strong intentions to repurchase from one service provider over alternative service providers. Both the marketing and psychological literatures indicate that behavioural loyalty is measured by re-purchasing intentions, switching intentions, and

exclusively purchasing intentions (Jones and Taylor, 2007). However, several authors have criticised behavioural definitions for being vague and limited. Dick and Basu (1994) argue that behavioural measures are unable to explain the reasons or factors that may influence a consumer's purchase decision making process as purchase frequency is the only measurement; they also criticise the behavioural approach for a lack of conceptual basis; and for having too much of an emphasis on outcomes.

Further, Reichheld (1994) states that much of the behavioural loyalty research has substituted loyalty with consumer retention, as customer retention has a precise and calculable net present, while TePeci, (1999) argues that repeat purchase is not always the result of deep psychological commitment; for instance, a visitor may stay at a hotel due to its convenient location, but will switch when a second hotel, which offers better values, open nearby. Repeat purchase does not always mean commitment or indeed loyalty. The second loyalty measure is attitudinal.

The attitudinal approaches consider both the emotional and psychological aspects inherent in loyalty. The attitudinal perspective reflects a sense of loyalty, engagement and allegiance. For instance, an individual may have a favourable attitude towards a hotel, and may even recommend it to others, but they will not stay at that hotel because it too expensive for them. Building attitudinal loyalty towards a product/service or business takes more than a basic marketing transaction inducement. Positive attitude towards the product/services or business must be developed over a longer period of time (Kumar and Shah, 2004).

The impact of atmosphere on customer loyalty

Various environmental stimuli in the atmosphere of a set of surroundings have been examined to uncover their impact on people's behaviors toward and within an environment. The stimuli that Mehrabian and Russell (1974) empirically tested were noise, unpleasant odor, chemical pollutants, and crowding in particular settings. They discovered that these environmental qualities lowered pleasure and increased arousal, thus resulting in avoidance behaviors to those settings. Study by Mehrabian and Russell's has inspired other researchers in retail and services marketing to investigate the effect of various in-store atmospherics on consumers' shopping behaviors.

Previous studies have proved that the atmospherics in various contexts (e.g., servicescape and festivalscape) are significantly related to environmental preferences, perceptions/evaluations of the product offerings, and consumers' behaviors (Bitner, 1990; Lee et al., 2008, Farias, 2010; Hsieh and Chen, 2013). Unfortunately, the importance of atmosphere as a marketing tool in influencing customer evaluation of the product and in turn predicting customer behavioral intention has not yet been explored in sport tourism context. Therefore the following relationships can be derived:

Hypothesis: event atmosphere have a positive and significant effect on tourist' loyalty

III. Research Method

At first, exploratory research was performed by means of literature survey. This enables us to be familiar with concepts and terminology of event atmosphere and tourist' loyalty. In the second stage, descriptive research by means of survey performed on a representative sample of current sport tourist. This enables us to obtain sport tourist' opinions on event atmosphere attributes and their loyalty intentions for that sport event.

Sampling

Subjects for this study including competitive sport tourists that attended Padang International Dragon Boat festival XI that was held in Padang, West Sumatera, on June 2013 and Tour de Singkarak that was held in West Sumatera on July 2013. In this study, the definition of sports tourists adapted from Hinch and Highman (2001), competitive sport tourist as individual/group of tourists, that are staying at West Sumatera and the main purpose of the visit is to join the competition.

Sample Size

This study employed the structural equation model method for data analysis which required a large sample size. The general rule of thumb is 20 cases for each free parameter, but 5 is a more likely target (Schreiber, 2008). Thus, sport tourists should have a total sample of at least 85 (17 items multiplied by 5 observations).

Methods of Data Analysis

The questionnaire of 27 variables, which were , administrated through advanced data analysis utilities of SPSS 16 for Windows. First, factor analysis for event atmosphere scale is performed. Secondly, the reliability of those factors are investigated. Also the reliability analysis is performed for dependent variable, which is tourist'loyalty. Thirdly the correlation analysis is performed to find out if the hypothetical relation between independent and dependent variable exist.

IV. Results

The study results revealed that event atmosphere had a positive direct effect on tourist'loyalty. Additionally, the findings also revealed that these sport tourists do state that (1) they will positively promote the sport events, (2) they will recommend it to a friend, (3) that they are resistant to other destination offers and, as a consequence, (4) that they will repurchase more than once the sport events in a near future

V. Conclusion

Confirmation that the best way to measure tourism loyalty is through word-of-mouth, recommendable place, multiple repurchase (past and future) and resistance to counter persuasions. As so, event organizer knows how to measure tourist loyalty, so that they can take into account these factors to maintain loyalty in the future.

This study has important implications regarding atmosphere of the sport event. The findings indicate that the designing and managing optimal environment can be a valuable means to provide and enhance visitor experiences which, in turn, influence sport tourist' loyalty. Event atmosphere that facilitate social interaction among and between sport tourist and event organizer staff members and volunteers are also conducive to directly build loyalty to sport event. So, event organizer should develop strategies for improving service quality of technical, environmental, and functional attributes as suggested by Koo et al. (2009) and Huang (2011).

This study also found that sport tourists who focus his attention to the game are likely to have high expectation about facilities. Hence, management need to be aware of the important of some technical attributes such as easy access to parking lots, cleanliness of the event site, available restrooms and site, proper signage for site direction, and safe and well-maintained equipment and facilities. According to Kaplanidou and Gibson

(2010), aspects of disorganization and lack of signage were noted as particular dislikes of a sporting event. So it is highly recommended that event organizer should pay attention to the detail of the event organization to enhance effectiveness and efficiency.

Organizers need to enhance quality of entertainment, availability of type of food / refreshments, availability of various souvenirs/ product. Related to quality of entertainment, food and souvenirs, which management can not fully controlled, they need to arrange collaboration with other parties which have capability to provide unique and fresh entertainment, to create atmosphere that could enhance visitor experiences and contributes to attaining visitor' loyalty. Hence, event organizers need to ensure high quality of event atmospheres in order to convince sport tourists that this sport event is worth to attending for.

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MODEL DEVELOPMENT OF CUSTOMER LOYALTY USING THE CUSTOMER RELATIONSHIP MANAGEMENT (CRM) IN BANK CUSTOMERS IN THE PROVINCE OF LAMPUNG

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Abstract

This study is aimed at finding a prototype of customer loyalty-based customer relationship management (CRM) is the right of the bank owned by the government through the economic empowerment of institutions Household Industry, Business Group, and Micro, Small and Medium area of Lampung Province. The study used survey method by using the data from the customer selected as samples, as well as interviews with various sources in order to identify the model, using descriptive qualitative and quantitative method. The results of this study is to identify the factors in customer relationship management that can affect customer loyalty groups, Household Industry, Business Group, and Micro, Small and Medium-sized banks owned by local governments of Lampung Province, and to obtain a model of customer loyalty using customer relationship management through empowerment poor society.

Keywords: *Customer Relationship Management, Customer Loyalty*

I. Introduction

Many strategies are implemented by the banks to bind customers to remain loyal. Starting from the concept of conventional such as conducting sales promotion (sales promotion), advertising (advertising), until the sale of private (personal selling) that promotes encounters between individuals, between envoys of the bank management, the owners of capital or the target is the target bank intensively. Various attempts were made to win a lot of competition among banks in the province of Lampung. Competition among banks was considered by the growth of private banks that promised benefits more attractive, competitive interest, and any other attraction which is very pampering customers. But all that, when seen from the existence and ownership of the bank, in fact only bank is the government, especially local government-owned bank, which is not entirely of profitability (profit-oriented) in marketing their products compared to similar banks.

One of the bank's strategy to increase customer loyalty (customer loyalty) to not solely concerned with profit and through the empowerment of the poor is through community empowerment programs at the same time increasing revenue is through a management strategy customer (customer relationship management). Many experts and practitioners who put forward various definitions of customer relationship management. Kamakura, and Sun, Boahong argues, customer relationship management involves tracking individual customer behavior over time, and use that knowledge to find solutions precisely tailored to customer needs. Ideally, it follows the progress of each individual customer and combination of multisegment, multi-stage and multi-channel.

The decision customer relationship management (CRM) is to maximize the amount of profit a customer for life. As said by Fullerton, Gordon, that customer relationship

management program is now in vogue and is an official mechanism introduced program opeh company with the goal of improving the customer's right.

II. Teoritical Framework

The Concept of Customer Relationship Management

Customer relationship management (CRM) is as a unit of sales, marketing and service strategies that prevent work activities are not coordinated between parts well and it depends on the actions of companies coordinated Kandampully. CRM concentrate on what is valued by the customer, not on what the company wants to sell. Customers do not want to be treated equally, but they want to be treated individually.

Basically, CRM is a way to analyze the behavior of customer-owned company, the analysis can help the customer determine how to serve customers in a more personalized, leading to customer loyalty to the company. The main target of CRM is not located on customer satisfaction, but rather leads to customer loyalty. The point is that customers are not only satisfied when using the company's products, but rather enhance customer loyalty to the company, Jon, Anton.

Advantages of Using CRM

The advantage of using CRM is faster servicing, reducing prices, boosting profitability, a sense of ownership, improving team coordination, higher customer satisfaction, increase customer loyalty, Yahya. The potential business benefits of customer relationship management very much. For example, CRM allows a company to identify and focus on their best customers, those who are the most profitable for the company, so that they can be retained as a customer for life for greater service and benefit. Customer relationship management allows for more customization and personalization of real-time over a wide range of products and services based on the desires, needs, buying habits and life cycle of the customer.

Marketing and Order Fulfillment at CRM

CRM systems help marketing practitioners completed direct marketing campaigns by automating tasks such as marketing qualifying at the target, and scheduling as well as searches of direct marketing mailings. Then, the CRM software will help marketing practitioners to capture and manage data response of customers and potential customers in the CRM data base, as well as analyze customer value and business value of the company's direct marketing campaign. CRM also helps in meeting potential customers and customer response to precisely schedule your sales contact and provide appropriate information on products and services for them, while catching the relevant information to be stored into the data base CRM, Zeithaml.

Customer Relationship Management Strategies

Ideally, CRM follows the progress of each individual customer and combination of various segments, and a variety of channels, Suharto. The decision of customer relationship management is to maximize organizational performance throughout the product life cycle. Organizations can take these programs because they believe that they facilitate the development and improvement of their customer relationships.

Brown, Stanley, stating that the strategy is a marketing channel, and segmentation. This is pricing which have the most impact. Will determine how customer segmentation, and finally marketing organization will be formed. Strategy setting policy is the largest single differentiator in the market will determine how the services and the deals will be delivered to the customer in the long term.

Research Hypothesis

Based on the above, it can be presumed that : (1) Model of customer loyalty using a customer relationship management applied by the local government-owned bank in the segment Business Group, Household Industry, and Micro, Small and Medium Enterprises has been implemented properly. (2) Communities in segments Business Group, Household Industry, and Micro, Small and Medium Enterprises to actively participate in responding to increase customer loyalty program using the customer relationship management applied by banks owned by the Provincial Government of Lampung.

III. Research Methods

Research Methods

The methods used in this study are: (1) Action Research, (2) Technical Participatory Rural Appraisal and (3) Triangulation, Lexy J., Moleong. The data used in this study are primary data comprising social, economic, Micro, Small and Medium Enterprises. Meanwhile the method of data collection was done by using a structured interview by using questionnaires. The use of techniques PRA (Participatory Rural Appraisal) is aimed at deepening and clarifying the information that has been obtained. Interviews were conducted with due regard to heterogeneity and social strata of society and viewed within residence of impact sources. Besides interviews were also used a structured questionnaire related to the aspects to be studied. Respondents in this study consisted of Micro, Small and Medium Enterprises which are the object of study with stratified sampling system.

Data Processing and Analysis

Data were collected through direct interviews in depth with relevant sources identified and ranked according to their group. The results of data processing, were processed using descriptive qualitative analysis tools, namely by using analysis of strength, Weakness, Opportunities, Threats (SWOT). SWOT is an acronym for strength (Strength), weakness (Weakness), opportunities (Opportunities) and threats (Threats) of the external environment. SWOT is used to assess the strengths and weaknesses of the resources of the company and the external opportunities and challenges faced.

According to David, Fred R. All organizations have strengths and weaknesses in the functional areas of business. No company is strong or weak in all business areas. Strengths / weaknesses internal, coupled with the opportunities / threats from external and a clear mission statement, the basis for goal setting and strategy. Strategy set out with the intention of utilizing the internal strengths and overcome weaknesses.

Explanation of SWOT ie According to Payne, A, SWOT matrix can clearly describe how external opportunities and threats facing the company can be customized with its strengths and weaknesses. This matrix can produce four sets of alternative strategic possibilities.

IV. Result And Discussion

Joint Business Group, Household Industry, Micro, Small and Medium Enterprises and Regional Government Bank Management Program Business Group (KUBE)

Business Group (Kube) is a group of citizens or socially assisted family formed by citizens or socially assisted family that has been fostered through the process of Social Welfare Program (PROKESOS). The program is to improve social welfare and economic business model through customer loyalty among groups by using customer relationship management implemented by the Local Government Owned Banks, most have been

implemented. That is, the stimulus funds disbursed by Bank Owned Local Government, known by administrators of other groups, both in terms of the requirements in obtaining loans, the maximum amount, as well as other requirements needed in order to obtain business credit.

Model of customer loyalty, or loyalty between groups, or between members of the group using a customer relationship management applied by banks owned by the Provincial Government of Lampung, can enhance the role of the group in giving lessons to other groups. Opinion of the lengthy bureaucratic process credit applications that have been in the minds of members of the group and the community in general, can be covered by their customer loyalty as a result of the implementation of customer relationship management program implemented by the Regional Government-Owned Bank.

Small Industry

Small Industries, or Home Industry means home, dwelling, or hometown. Medium Industry, can be interpreted as a craft, business or the company's goods and products. In short, Home Industry (or usually written / spelled "Home Industries") is a home business products or also small companies, which have business with net assets of more than Rp. 200 million.

The efforts made by the Regional Government-Owned Bank in improving people's business credit through customer loyalty models using customer relationship management is the establishment of advocacy groups that play a role in the smooth credit application. Bureaucracy faced by small industry in obtaining credit, as well as the limited ability of human resources, is an important factor in the failure of a small industry because of lack of capital.

Customer relationship management programs which are implemented by the local government-owned bank in a group discussion for lack of human resources has the competence, carried out according to the needs of small industry group. Facilitated group discussions conducted by the bank management and the inter-group cooperation that aims to reduce gaps in the knowledge of each member of the small industries.

SMEs

Small Medium and Micro Enterprises is a productive enterprise belonging to individuals and / or entities that meet the criteria of individual businesses, Micro, is the target of the implementation of an increase in customer loyalty through customer relationship management. The program performs emphasis on the behavior of members of the group carried out continuously. Some small industries that have been relatively successful in the implementation of the management compared with the small industries were other, Banks Local Government tracking the behavior of individual customers.

Weaknesses, constraints, challenges and opportunities faced by small industrial businesses, inventoried according to the type and criteria for their respective businesses. The weakness of the small industry gives benefit for the other small industries. Focus groups run by the regional government bank management to set goals and guide the discussion group to increase loyalty for each small industry.

Local Government Bank Management Program

(1) With regard to the consolidation strategy of the Small Industry and Business Group, Bank Regional Government make efforts to improve the professionalism, competence, human resources and perform regeneration through training and implementation of corporate values, performance culture, sales and risk culture, and customer relationship management. (2) To develop the business by expanding its branch network / micro

(Branchless Banking) and the Sharia to reach small industry and business groups in remote areas. (3) To meet the needs of Small and Business Group on banking services, providing qualified human resources highly competent, have a strong capital structure. (4) To increase customer loyalty through improved quality of customer relationship management, the Small Industries and the Joint Business Group.

Description Model Profile.

Credit Program Bank Regional Government provided in order to accelerate the growth of credit, and programs Business Group, Household Industry, and Micro, Small and Medium Enterprises as a target Kredit Usaha Rakyat (KUR) disbursed by the Bank of Local Government in the form of Loan Product Aneka Guna and credit Multi Guna. Credit is implemented based on the proposed credit objects, and analyzed by conventional analysis, namely, place, volume, and business activities that have been done during the past year.

Customer relationship management strategy, which involves customer business credit has not been carried out to the maximum by bank management. So most of the entire applications of loan is analyzed using a feasibility study based on considerations of financial management, and not based on the guarantee of the group members.

V. Conclusion

Bank of local governments is making efforts to use customer loyalty development model of customer relationship management on customer Business Group, Domestic Industry and Small and Medium Enterprises as a partner bank in the empowerment of the poor in the province of Lampung. Most of the Local Government Bank credit products given in the form of business credit products, distributed in a program that is consumptive and productive, but has not been fully used indicator of customer loyalty with customer relationship management approach, as well as the still weak from the context of facilitation.

Based on the findings of the census data and interviews with the respective businesses, Business Group, Domestic Industry and Small and Medium Enterprises, required a thorough discussion of the roots of the problems faced by Bank Owned Local Government in launching a business credit. Due to the optimization of the launch of the People's Business Credit, both in terms of quality and quantity, is not only determined by the attitude of how the recipients of business credit, but also determined by the model program created by the management of Bank Owned Local Government, and can reduce the number of poor people in the province of Lampung.

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EMOTIONAL PERFORMANCE AS CONSEQUENCE OF EMOTIONAL DISPLAY RULES: MULTIFOCI AND CROSS-LEVEL APPROACH

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Abstract

Emotions are an important part of the workplace. Emotional display rules describes expectations about the emotion that should or should not be displayed while social interaction. Emotional display rules as group norm are powerful means of social influence, employee understand and follow them even when they are not stated explicitly. The present study propose and test a cross-level multifoci model of emotional display rules on emotion performance. They crossed 2 types of display rules (positive emotion display rules and negative emotion display rules) with 2 foci (supervisor and coworker) and aggregated to the group level to create 4 distinct emotional display rules variable (positive emotion display rules with supervisor target, positive emotion display rules with coworker target, negative emotion display rules with supervisor target, negative emotion display rules with coworker target). They then tested for the effect these variable on emotional performance. The author also tested deep acting and surface acting as mediator variable of these relationship.

The research was conducted using a survey research design in six organizations with a total number of 491 respondents from 50 work units in Jogjakarta. Emotional display rules are measured at the unit level and tested using inter-rater agreement (IRA) and intra-class correlation (ICC). Deep acting, surface acting, and emotional performance, were measured at the individual level. Hierarchical linear modeling (HLM) was used to test the cross-level effect of emotional display rules on outcome variable. Important empirical contribution of this research are emotional display rules with supervisor and coworker target as group phenomenon and cross-level effect of emotional display rules with target of supervisor and coworker have significance effect on emotional performance. Deep acting mediate positive effect of positive emotional display rules with supervisor and coworker target on emotional performance.

Although our study possesses a number of strengths (e.g., the use of group reference), there are of course some limitations. First, all variables were assessed from the same source, leading to the potential for common method variance in biasing the observed relations. Second, some of our study variables (e.g., deep acting and surface acting) may well vary within persons over time, suggesting that using experience sampling to assess key constructs could yield important insights. Finally, cross sectional nature of the study did not allow us to be sure of the temporal order and direction of causality between the observed variables.

These results suggest that emotion management at work has normative component that may be leveraged by organizations to facilitate positive outcomes for employees and work group. That is, work group may work to build positive emotion norms by teaching managers to be effective display rule “regulators” and providing formal training to employees in how to handle emotional situations while social interaction. These results suggest that organizations seeking to increase emotional performance should consider the role of unit-level emotion norms.

Keywords: *Emotional performance, Emotional display rules, Deep acting, Surface acting, Multifoci, Cross-level.*

I. Introduction

In today’s competitive work environment, management has begun to focus more on how interpersonal interactions impact team success. How employees speak and act toward others (e.g., supervisors and coworkers) can affect important outcome variables (e.g.,

performance team, quality of team decisions). Because emotional displays are an important aspect of interpersonal interactions, many teams prescribe how emotions should be presented to others through the use of display rules. Display rules provide the standards for the appropriate expression of emotions on the workplace. Researchers have described display rules as varying along two main dimensions: demands to express positive emotions and demands to suppress negative emotions (e.g., Brotheridge & Grandey, 2002; Schaubroeck & Jones, 2000).

The person with whom an employee is interacting also is an important part of the situation and thus should be a key influence on emotional display rule that is adopted. We argue that emotional display rules will vary in systematic ways related to the horizontal and vertical dimensions of the employee's relationship with the target (e.g. Locke, 2003). The horizontal dimension of interpersonal relationships (also referred to as the solidarity dimension) includes liking, psychological closeness, and interdependence. This aspect of relationships tends to be based on similarity in personal characteristics, experiences, and attitudes, as well as physical proximity and the amount of time spent together. The vertical dimension of interpersonal relationships (also referred to as the status dimension) includes perceived power, status, and dominance differences. However, empirical research has yet to examine whether emotional display rules with supervisor and coworker target have effect on emotional performance.

The present study extends the literature on emotional display rules in three ways. First, we develop the idea that display rules are, in part, shared norms derived from unit- or group-level characteristics, as implied by previous authors (Bartel & Saavedra, 2000; Kelly & Barsade, 2001). We focus on emotional display rules as group norm. Individuals are usually aware of existing norms in a group and act in accordance with them.

Second, we adopt a multifoci approach on emotional display rules. They are Positive emotion display rule with supervisor target, Positive emotion display rule with coworker target, Negative emotion display rule with supervisor target, and Negative emotion display rule with coworker target. Positive emotion display rule with supervisor target describe the expression of positive emotions that should be expressed by employees when interacting with supervisor. Positive emotion display rule with coworker target show that expression of positive emotions that should be expressed by employees when interacting with coworker. Negative emotion display rule with supervisor target describe expectations for employees to suppress negative emotions when interacting with the supervisor. Finally, Negative emotion display rule with coworker target describe expectations for employees to suppress negative emotions when interacting with coworker.

Third, we adopt a cross-level approach for consequence of emotional performance. Although display rules are believed to impact performance (Ashforth & Humphrey, 1993), little research has examined cross-level effect of display rules as group norms on actual behavior. We also test cross-level mediation. This research focuses on model 2-1-1. Independent variable as level 2 (group), mediator variable and dependent variable as level 1 (individual). Testing cross-level mediation used hierarchical linear modeling (HLM).

Emotional Display rules with Supervisor and Coworker as a Unit-Level Concept

Although typically studied as individual-level perception, emotional display rules have been argued to vary at both group and organizational levels (Diefendorff, Erickson, Dahling, & Grandey, 2011; Kelly & Barsade, 2001). Understanding emotional display rules as a collective property of work groups is critical for both theoretical and practical reasons. A basic principle in work group research is that coordinated action is best accomplished when individuals can synchronize their thoughts, feelings, and behavior (Hackman, 1992).

Work groups have similar interests in monitoring and moderating the emotions of their members in order to achieve group performance goals and maintain group harmony. Therefore, developing emotion-regulating norms should be a core consideration in many groups (Yang & Mossholder, 2004). These group level norms can arise through normative rules that are enforced through sanctions or through collective support and encouragement (Kelly & Barsade, 2001).

Emotional display rules for supervisor. Emotional display rules strongly depends on the type of interaction partner (Diefendorff & Greguras, 2009). To reach goals, people are likely to selectively focus their emotion regulation behavior toward more important interaction partners, especially those who have power and control over their outcomes in organizations. Glaso, Ekerholt, Barman, and Einarsen(2006) have reported from a qualitative study that emotional display rules play an important part when leaders and followers interact. For instance, leaders and followers share the same expectations of suppressing anger or expressing a positive attitude towards each other despite inner feelings of boredom or irritation.

Emotional display rules for coworkers.

Theory suggests that emotional display rules will exist between coworkers to improve performance and maintain harmony (Cropanzano et al., 2004; Grandey, 2000; Hochschild, 1983). Keltner and Haidt (1999) argued that displayed emotions help to coordinate social interactions by conveying information about (a) what the sender is feeling, (b) the sender's social intentions, and (c) the sender's position in the relationship. Further, emotional displays can spread emotions throughout workgroups via contagion processes (Bartel & Saavedra, 2001; Barsade, 2002). Thus, a display rule to express positive emotions might improve interpersonal interactions among employees.

Emotional display rules and emotional performance

Emotional performance refers to how well individuals expressed positive emotions and suppressed negative emotions in their displays at work (Diefendorff, Richard, & Croyle, 2006). Empirical evidence is beginning to accumulate that identifies emotional performance as an outcome of emotional display rules. Specifically, research shows that a positive relationship exists between emotional display rules and emotional display (Diefendorff & Richard, 2003).

Positive emotion display rules with supervisor target motivate employee to learn how one should display positive emotion with supervisor. Supervisor who have power and control over their outcomes in organizations stimulate employee to show positive emotion. Displayed positive emotions signals tendencies to approach a goal, social readiness, and the intention to engage in pleasant social interactions (e.g., Keltner and Kring, 1998); these elements are likely to influence an interaction partner to react favorably

Positive emotion display rules with coworker target can improve relationship quality. Relationships with coworker can be characterized by their common task and social interaction, which communicate on the job information, provide feedback, evaluate achievements, and provide personal feedback. Coworkers may exchange information regarding the terms of employment, social support, and provide advice without formally evaluate the performance of coworkers. The expression of positive emotions of employees can spread to coworker (Bartel & Saavedra, 2000). When the employee can show excitement and enthusiasm when interacting with coworker, it will be able to trigger excitement and enthusiastic coworker.

Negative emotions display rules with supervisor target describe expectations for employees to suppress negative emotions when interacting with the supervisor.

Suppressing negative emotions when interacting with the supervisor is a form of social influence in inducing a response and a positive impression on the supervisor. When employees experience feelings of anger at the supervisor, they are trying to control not to show the supervisor. Employees are more often experience negative emotions with supervisor (Bono et al., 2007). In addition, the employee interactions with supervisors tend to create a feeling controlled and monitored (Zhou & George, 2001). Supervisor is an individual that directly evaluate the performance of employees so that interaction with the supervisor can create concerns with the performance. A wide range of emotions in the work environment research has linked the interaction of employees by supervisors with negative emotions. Fitness (2000) has interviewed employees about the experience of anger and find that they are treated unfairly by supervisors. Research Diefendorff and Richard (2003) showed that expectations of the supervisor can make individual limit expression of emotions. Miner, Glomb, and Hulin (2005) have tested the supervisor interaction with employees and found that 20% had an unpleasant mood with a supervisor. Glaso and Einarsen (2006) found a negative affective factors relevant to the supervisor and subordinate relationships, namely frustration, offense, and uncertainty.

Negative emotions display rules with coworker target aims to avoid relationship conflict. Negative emotions of employees can spread to his colleagues that threaten harmony among them. Therefore, the negative emotions experienced by employees should be suppressed or not expressed when interacting with coworker. Yang and Mossholder (2004) states that this rules have highly effective for reducing conflict relations in the working group.

Emotional display rules as group norm are guidelines for acceptable and unacceptable behavior that develop through interactions among group members and are informally agreed on by group members (Cialdini & Trost, 1998). According to social cognitive theory, people learn by observing others' behavior (Bandura, 1986). Specific to the work environment, individuals can look to their coworkers as models of behavior and can learn what behaviors are appropriate. This learning process allows employees to have knowledge in emotional display. Once they learn the rules, they can use them to judge events and to generate courses of action that go beyond what they have seen or heard (Wood & Bandura, 1989). Thus, this study propose hypothesis:

Hypothesis 1. Positive emotion display rule with supervisor target is positively related to emotional performance

Hypothesis 2. Positive emotion display rule with coworker target is positively related to emotional performance

Hypothesis 3. Negative emotion display rule with supervisor target is positively related to emotional performance

Hypothesis 4. Negative emotion display rule with coworker target is positively related to emotional performance

Emotional display rule, emotional labor, and emotional performance

Hochschild (1983) argued that individual performs emotional labor in one of two ways. First, he or she may comply with display rules through surface acting. Surface acting involves simulating emotions that are not actually felt, which is accomplished by careful presentation of verbal and nonverbal cues, such as facial expression, gestures, and voice tone. In this way, individual feigns emotions that are not experienced. The second means of complying with display rules is through deep acting, whereby one attempts to actually experience or feel the emotions that one wishes to display.

Positive emotion display rules with supervisor and coworker target trigger employee showed positive emotions by trying to modify the feeling or deep acting.

Motivation of employees engage in deep acting may be influenced by factors of social influence, social acceptance, and performance (Tamir, 2015). When employees want to show appropriate emotional display, they tend to refer to the emotional display rules that can stimulate the deep acting. Hochschild (1983) stated that feelings do not explode spontaneously through the characterization, but is triggered by environmental factors. Individuals involved in deep acting in trying to feel the emotion that is expected by the rules of emotional expression.

Deep acting can produce authentic emotions. Authentic emotions that can make the individual experiencing emotional harmony (Rafaeli & Sutton, 1987). In addition, authentic emotions that can improve the quality of interpersonal relationships with supervisor and coworker. This emotion is considered something sincere. Employees who are sincere in expressing his emotions to her supervisor and coworker will get a positive affect, causing job satisfaction.

Surface acting is way of modifying expressions to meet the emotional display rules. To perform surface acting, employees need guidance to manage emotions. When employees want to show appropriate emotional display, they tend to refer to the emotional display rules that can stimulate the surface acting. The consequence is that surface acting can produce the appropriate emotional expression behavior when employees interact with supervisor and coworker.

Surface acting can be caused by negative emotion display rules with supervisor target. Interaction with supervisor to trigger individual experiencing negative emotions. For example, employees receive unfair treatment from the supervisor so that experience negative emotions. When the individual experiencing negative emotions, they are expected to suppress this emotions. According to the theory of emotion regulation, an individual can change or modify his emotions by surface acting. Research also shows that when an individual experiencing negative emotions, they tend to engage in surface acting (Beal et al., 2006). Surface acting is the way individual emotional expression without changing the emotion experienced (Grandey, 2000).

Surface acting can also be caused by negative emotion display rules with coworker target. Employee make effort to suppress anger, contempt, and disgust when interacting with coworker. Motivation of employees engage in surface acting may be influenced by factors of avoid conflicts. Individual conducting surface acting using strategies to pretend to show emotions right through the modification of voice, facial expressions, and other body movements.

Indeed, although considerable research has shown that surface acting is often related to higher stress, strain, and emotional exhaustion, several recent studies have shown that in emotionally demanding situations, surface acting can facilitate effective action (for a review, see Chi, Grandey, Diamond, and Krimmel (2011). First, an experience-sampling study with cheerleading camp instructors, Beal, Trougakos, Weiss, and Green (2006) found that instructors who felt negative emotions received higher emotional performance ratings when they engaged in surface acting. This evidence suggests that surface acting can be a productive strategy for managing negative emotions and engaging in effective interpersonal behavior. Second, in a field study of restaurant servers, Chi et al. (2011) found that surface acting was associated with significantly higher tips for extraverted servers, presumably because extraversion enables employees to derive greater benefits from their emotion regulation (Rubin, Munz, Bommer, 2005). Third, in a laboratory experiment in which participants played the roles of university tour guides and debt collectors, Bono and Vey (2007: 188) found that after accounting for stress, surface acting predicted higher independent performance ratings: "Surface acting is negatively associated with emotional performance only to the extent that it causes stress. Once we control for

stress, all types of acting may aid in effective emotional performance.”Thus, this study propose hypothesis:

Hypothesis 5. Deep acting mediates the positive relationship between positive emotion display rule with supervisor target and emotional performance

Hypothesis 6. Deep acting mediates the positive relationship between positive emotion display rule with coworker target and emotional performance

Hypothesis 7. Surface acting mediates the positive relationship between negative emotion display rule with supervisor target and emotional performance

Hypothesis 8. Surface acting mediates the positive relationship between negative emotion display rule with coworker target and emotional performance

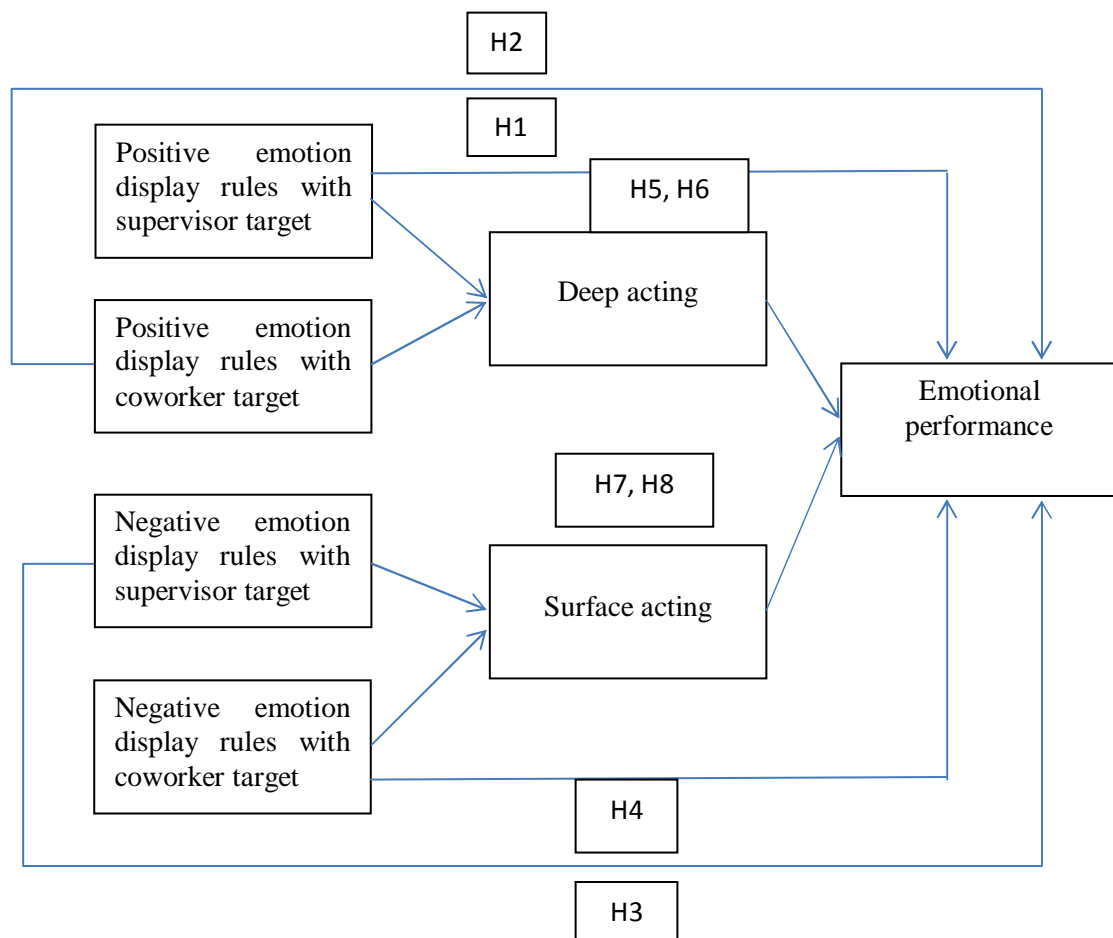


Figure 1. Hypothesized Multifoci Cross-level Model of the Relationship among Emotional Display Rules, Deep Acting, Surface Acting, and Emotional Performance

II. Methods

Participants were registered nurses working for a health care system consisting of 50 work units in 6 hospitals which located in Jogjakarta. Every unit was managed through one nursing staff. Written questionnaire, with an accompanying letter describing the study, were distributed to registered nurses at their place of employment (N = 625). Surveys were returned directly to the researchers through nursing staff. 86% of the potential respondents returned a completed questionnaire (n = 538). To hold constant the occupation, only completed questionnaires from direct care nurses included, resulting in a sample size of 429 respondents.

Of the 491 respondents, 91 % were female and 9 % male. The nurses were distributed across 50 work units, resulting in an average of 10 nurses per unit. 0,2% had earned a graduate degree in nursing, 9,2% had earned undergraduate in nursing, 88,2% had completed a bachelor's degree, and 2,4% had completed a senior high school. The mean age of the participants was 34 years old, with an average tenure of 10 years as a registered nurse.

Measures

Unit level – Positive emotion display rules with supervisor target. 4 items measuring positive emotion display rules with supervisor target were adapted from Best, Downey, and Jones (1997). Due to this study focus on interaction of employee with supervisor, we modified this item scale that can be used to measure this variable. A sample item is “When interacting with supervisor, nurses in my work units should express friendly emotion” (1 = not at all required; 5 = always required, $\alpha = 0,776$)

Unit level - Positive emotion display rules with coworker target. 4 items for measuring positive emotion display rules with coworker target were adapted from Best et al (1997). Due to this study focus on interaction of employee with coworker, we modified this item scale that can be used to measure this variable. A sample item is “When interacting with coworker, nurses in my work units should express feeling of sympathy (eg. Saying you understand)” (1 = not at all required; 5 = always required, $\alpha = 0,754$).

Unit level - Negative emotion display rules with supervisor target. 3 items measuring negative emotion display rules with supervisor target were adapted from Best et al (1997). A sample item is “When interacting with supervisor, nurses in my work units should hide their anger or disapproval about something supervisor has done” (1 = not at all required; 5 = always required, $\alpha = 0,700$).

Unit level - Negative emotion display rules with coworker target. 3 items for measuring negative emotion display rules with coworker target were adapted from Best et al (1997). A sample item is “When interacting with coworker, nurses in my work units should hide their fear of coworker who appears threatening” (1 = not at all required; 5 = always required, $\alpha = 0,722$).

Deep acting and Surface Acting. Employees completed measures of deep and surface acting using the scales developed by Diefendorff, Croyle, and Gosserand (2005). The survey asked employees to indicate their agreement with a series of statements about how they respond to emotional display rule with supervisor and coworker target. 8 items for measuring deep acting and 12 items for measuring surface acting. Participants rated each item using a 5-point Likert scale (1= strongly disagree; 5 = strongly Agree; Deep acting $\alpha = 0,889$; Surface acting $\alpha = 0,891$).

Emotional performance. Emotional performance was assessed using a six-item scale developed by Diefendorff and Richard (2003). A sample item is "Remains positive at work even when he/she may be feeling otherwise" (1 = strongly disagree; 7 = strongly agree; $\alpha = 0,793$)

III. Results

Means, standard deviations, and zero-order correlations among the study variables are reported in Table 1. Hierarchical linear modeling (HLM 6.0; Raudenbush, & Bryk, 2002) was used to test all of the hypotheses, which involved simultaneously examining the effects of work unit-level emotional display rules predictors (Positive emotion display rules with supervisor target, Positive emotion display rules with coworker target, Negative emotion display rules with supervisor target, and Negative emotion display rules with coworker target) on emotional performance. We followed Enders and Tofighi's (2007)

recommendations for centering Level 1 (individual level) and Level 2 (unit level) variables. For level 2, we used grand mean centered.

Table 1. Means, Standard deviations, and Correlations of individual-level variable

No	Variable	Mean	Dev. Std	1	2	3
	Level Individual					
1.	Surface acting	2,32	0,64	-		
2.	Deep acting	3,62	0,64	-0,07	-	
3.	Emotional performance	5,67	0,63	0,06	0,232**	-

Note N = 491 for all variables. ** $p < 0,01$

Before testing our hypotheses, we examined whether there was statistical evidence to support aggregating positive emotion display rules with supervisor target, positive emotion display rules with coworker target, negative emotion display rules with supervisor target, and negative emotion display rules with coworker target ratings to the unit level of analysis. In essence, we wanted to know whether (a) the emotional display rule ratings had sufficient between-unit variance, (b) units could be reliably differentiated, and (c) individuals within a unit agreed (Bliese 2000). The intraclass correlation (ICC[1]), ICC(2), and r values provide this information, respectively. ICC(1) is the proportion of variance in individual responses that is accounted for by unit membership.

Table 2. Testing Data of Unit Level

No.	Variabel	ICC (1)	ICC (2)	r_{WG} (mean)	r_{WG} (med)
1.	Positive emotion display rules with supervisor target	0,188	0,935	0,838	0,838
2.	Positive emotion display rules with coworker target	0,309	0,966	0,883	0,894
3.	Negative emotion display rules with supervisor target	0,106	0,842	0,881	0,899
4.	Negative emotion display rules with coworker target	0,423	0,970	0,861	0,873

Note: ICC = Intraclass Correlation Coefficient, r_{WG} = Interrater Agreement, med = median.

James (1982) reported a median ICC(1) value of 0.12, and Glick (1985) suggested an ICC(2) minimum of 0.60. Thus, our ICC values are comparable with these guidelines as well as values used to justify aggregation in previous research (Liao & Chuang, 2004; Schneider, White, & Paul, 1998). We computed r_{WG} values for display rules for each unit to determine the extent to which individuals within a given unit agreed on emotional display rules. The mean r_{WG} and median r_{WG} have range 0.838 to 0.899. These values are all above the conventionally accepted value of 0.70. In summary, these results provide evidence that positive emotion display rules with supervisor target, positive emotion display rules with coworker target, negative emotion display rules with supervisor target, and negative emotion display rules with coworker target exist at the work unit level of analysis in our sample, supporting the assumption in the emotional labor literature that display rules represent shared expectations for emotional expression.

Emotional display rules and emotional performance: Direct and Indirect

Before testing our hypotheses, we inspected the results of null models in HLM (regressions with no level 1 or 2 predictors) for each level 1 variable to determine whether there was within-unit variance to explain. Null models separate the variance in a given level 1 variable within and between unit, and the intercept represents the average level (i.e., mean) of the variable for the days of data collection. A lack of within-group variance in the outcome variables and the presence of only between-group variance would have indicated that HLM was inappropriate because there was only one level of variance (between-group) to explain.

Table 3 shows the results for each null model, indicating a significant amount of between-unit variance in each outcome. However, the outcomes also varied within unit, as 35,1 percent of the variance in deep acting, 30,9 percent of the variance in surface acting, 38,4 percent of the variance in emotional performance. The above results suggest that HLM was appropriate and that there was between-unit variance to be explained.

Table 3. Parameter Estimates and Variance Components of Null Models for Level 1 Variables

Variable	Intercept (γ_{00})	Within-unit variance (σ^2)	Between-unit variance (τ_{00})	% Total variance between units
Deep acting	3,618***	0,351	0,065***	23,32
Surface acting	2,312***	0,309	0,106***	32,20
Emotional performance	5,665***	0,384	0,046***	15,76

Note. Percentage of total variance within-unit was computed with the formula $\tau_{00}/(\sigma^2 + \tau_{00})$ (γ_{00})

*** $p < 0,001$

Hypothesis 1, 2, 3, 4 proposed that the effect of positive emotion display rules with supervisor target, positive emotion display rules with coworker target, negative emotion display rules with supervisor target, and negative emotion display rules with coworker target on emotional performance, whereas hypothesis that the effect are mediated through surface and deep acting. Table 4 show a summary of the results of hypothesis for cross-level direct effects of emotional display rules on emotional performance. These results support hypotheses 1 showing that positive emotion display rules with supervisor target have significantly positive effect on emotional performance ($\gamma = 0,319$; $p < 0,001$). Positive emotion display rules with coworker target have significantly positive effect on emotional performance ($\gamma = 0,235$; $p < 0,05$) so that support hypotheses 2. These results so support hypotheses 3 and 4 that showing negative emotions display rule with supervisor target have significantly positive effect on emotional performance ($\gamma = 0,289$; $p < 0,01$). Negative emotions display rules with coworker target have significantly positive effect on emotional performance ($\gamma = 0,251$; $p < 0,01$).

Hypothesis 5, 6, 7, and 8 predicts that the indirect effect of emotional display rules on emotional performance through deep acting and surface acting. We tested for mediation following the three-step procedure outlined by Baron and Kenny (1986). For Hypothesis 5, we found significant relationship positive emotion display rules with supervisor target and deep acting ($\gamma = 0,260$; $p < 0,001$), positive emotion display rules with coworker target and deep acting ($\gamma = 0,430$; $p < 0,001$). In step 2, We found significant relationship deep acting and emotional performance ($\gamma = 0,203$; $p < 0,001$). Finally, in the presence of positive emotion display rules with supervisor target and deep acting were significantly related emotional performance ($\gamma = 0,254$; $p < 0,01$). It means deep acting partially mediate

the positive relationship between emotion display rules with supervisor target and emotional performance

Table 4. Summary of Output HLM

Variable	Emotional performance		Surface acting		Deep acting	
	γ	S.E	γ	S.E	γ	S.E
Positive emotion display rules with supervisor target	0,319***	0,089			0,260***	0,084
Positive emotion display rules with coworker target	0,235*	0,090			0,430***	0,092
Negative emotion display rules with supervisor target	0,289**	0,091	0,281*	0,135		
Negative emotion display rules with coworker target	0,251**	0,081	0,132(ns)	0,121		
Surface acting	-0,016 (ts) 0,080					
Deep acting	0,260*** 0,067					

Note: *** $p < 0,001$; ** $p < 0,01$; * $p < 0,05$; ns = not significant

For Hypothesis 6, we found significant relationship positive emotion display rules with coworker target and deep acting ($\gamma = 0,430$; $p < 0,001$). We found significant relationship deep acting and emotional performance ($\gamma = 0,203$; $p < 0,001$). Next step, the presence of positive emotion display rules with coworker target and deep acting were no longer significantly related emotional performance ($\gamma = 0,144$; $p = 0,151$). Thus, we found strong support for hypothesis 6 positive emotion display rules with coworker target affect emotional performance through deep acting.

Hypothesis 7 and 8 were not supported because requirements to test of mediation were not fulfilled. We found not significant relationship surface acting and emotional performance ($\gamma = -0,015$; $p = 0,845$).

IV. Discussion

This study contributes to emotional display rules literature by demonstrating that emotional display rules with multifoci are shared by individual who work in the same unit. These shared perceptions relate to emotional performance and indirectly through deep acting. This study explores the emotional management of employees to the internal customer, the supervisor and coworker. Employee interactions with supervisor who have a role as a leader and resource controllers can affect how employees express their emotions with supervisor. Employee interactions with coworker who can support, feedback, and information sharing can influence how employees express their emotions with coworker.

Overall, our findings suggest that positive emotion can be expressed and negative emotion must be suppressed with supervisor and coworker. Consistent with emotional display rules research (Diefendorff & Greguras, 2009), our findings support that emotional display rules toward supervisor are uniquely constraining, requiring more emotional control and regulation compared with other work interactions (Tschann, Rochat, & Zapf, 2005). As discussed earlier, theory suggests that specific display rules will exist two main relational dimensions are status (also called power or dominance) and familiarity (also called solidarity or intimacy) (Locke, 2003). Importantly, these target characteristics of status and familiarity have been shown to influence the display rules that are held about different targets.

This research showed that emotional display rules had positive effect on emotional performance. Emotional display rules with supervisor and coworker target as group norms are powerful means of social influences, as members understand and follow them even when they are not stated explicitly. Norms for emotion expressions can communicate context-specific information about what constitutes customary social behavior in a given setting. Such norms can guide the breadth (type of emotion), depth (number of nuances in behavioral expression), or intensity (how strongly it is expressed) of emotion that members exhibit while performing their tasks. Norms for emotion expressions influence individual behavior in a work group because they provide consensus information about actions that have a high probability of being conventional (Cialdini, Reno, and Kaligren, 1990). When most members of a work group respond similarly to a specific situation, it signals that the behavior is appropriate.

In this study, surface acting was not mediator variable of relationship between negative emotional display rules and emotional performance. This is because of our study focus on individual with Javanese culture. Based on this culture, surface acting is something unethical to do when interacting socially with others. Grandey, Rafaeli, Ravid, Wirtz, and Steiner (2010) stated that emotion regulation are influence by culture.

Theoretical Implication

The results of this study advance emotional display rules theory in several respects. First, the results demonstrated that member unit who worked in the same unit exhibited agreement in their display rule multifoci perceptions and that work units differed in the level of display rules present. This is the first study to demonstrate that display rule multifoci perceptions exhibit group-level properties.

Second, the present study also advances emotional display rules theory by demonstrating how emotional performance is influenced by a complex set of direct and indirect effects of unit-level display rules multifoci. Generally, we compared the social cognitive view, which proposes direct effects, and the emotion regulation view, which suggests indirect effects through surface acting and deep acting, to examine the relation between display rules and emotional performance. We found support for both perspectives. The effect of unit-level display rules multifoci was direct on emotional performance. The indirect effect of deep acting on relationship positive emotion display rules with supervisor and coworker target and emotional performance.

A third, our study is the first take measure display rules referenced the the work unit. Prior research used display rules referenced the the individual unit We found that display rules exhibited group-level properties. The effect of our choice of measurement at the group level showed that differences within-unit and between-unit variability.

Implication for Practice

The results of this study also have implications for practitioners. First, we demonstrated the existence of emotional display norms with target and showed how these norms influence individual-level affect regulation and performance. These results suggest that emotion management at work has normative component that may be leveraged by work group to facilitate positive outcomes for employees and group. That is, work group may work to build positive emotion norms by teaching managers to be effective display rule “regulators” (Wilk & Moynihan, 2005) and providing formal training to employees in how to handle emotional situations. Such training may also provide opportunities for display rules to emerge in a bottom-up fashion by encouraging employees to share with each other the ways they manage emotions in prototypical emotional situations. Such sharing of best practices and use of individual employee experiences to develop a shared

understanding of what works in emotional situations could be especially beneficial for newer employees who are trying to navigate the emotional environment at work.

Finally, these results suggest that organizations seeking to increase emotional performance should consider the role of unit-level emotion norms. To the extent that display rules, deep acting are associated with emotional performance, policy aimed at increase positive behavior. Given that these display rules are relevant for effective functioning with supervisor and coworker, management should identify ways to increase performance.

Limitation

First, all variables were assessed from the same source, leading to the potential for common method variance in biasing the observed relations. We adopted practices to address this issue (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003), including the use of different response scales across constructs and ensuring the anonymity of responses. Also pertaining to operationalization, some of our study variables (e.g., deep acting and surface acting) may well vary within persons over time, suggesting that using experience sampling to assess key constructs could yield important insights

I also acknowledge several limitations of the field study data collection approach. For one, the cross sectional nature of the study did not allow us to be sure of the temporal order and direction of causality between the observed variables. The predicted mediating link between surface acting and emotional performance was not found. This broke the theoretical logic linking emotional labor to the outcomes variables. A future experience study would help to resolve this shortcoming and could significantly advance our understanding of the relationship between emotional labor and emotional performance.

V. Conclusion

Our study demonstrated the existence and importance of emotional display rules in work group. This purpose of this study was to explore an expanded conceptualization of group emotional display rules in a field setting for an occupation with high emotional demands and relatively interdependent teams. The findings of this study demonstrated that group level display rules and emotional labor can evolve and have important consequences for work outcomes at the individual level. We showed that unit-level display rules had direct effects on emotional performance. We also show that indirect effect (through deep acting) positive emotion display rules with supervisor and coworker on emotional performance.

Finally, although nurses are an appropriate sample because of the high emotional labor demands they face (Glomb, Kammeyer-Mueller, & Rotundo, 2004), we caution that nursing is a changing field, with many nurses increasingly viewing their profession as one that emphasizes technological skill as much as emotional caring (Erickson & Grove). Nonetheless, we expect that emotional display norms with multifoci will continue to be an essential feature of occupations involving “people work” but that the nature of these norms and their effects on emotion regulation and emotional performance vary across occupational groups.

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ORGANIZATION AND PROFESSIONALISM COMMITMENT AGAINST AUDITOR PERFORMANCE

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Abstract

This research is intended to prove empirically: (1) The influence of organizational commitment on the auditor performance; (2) The influence of professionalism on the auditor performance; (3) The influence of organizational commitment and professionalism on the auditor performance. In this research, to get the accurate result, the writer uses associative approach. The population in this study are all auditors working in the public accounting firm in North Sumatera while sampling is saturated sample. While technique in collecting data, it is used directly questionnaire to respondents, and the method of data analysis is multiple linear regression. The result shows that: (1) organizational commitment significantly influences the performance of the auditor, (2) professionalism also influences the auditor performance, (3) organizational commitment and professionalism also give a great effect on the auditor performance.

Keywords: *Organizational Commitment, Professionalism, Auditor Performance*

I. Introduction

Public accounting firm (KAP) is an entity that has obtained permission from the minister of finance as a conduit for public accountants in providing services. Public accounting firms have two services: Firstly, attestation services which include a general audit of the financial statements, examination of prospective financial statements, examination of *the pro forma* financial information, a review of the financial report and audit, and other attestation. Secondly, non-attestation services which include services related to accounting, finance, management, compilation, taxation and consulting.

As an agent of succeed in carrying out its duties and functions properly, it is needed professional auditors. Auditor performance is the result of a public accountant who can meet the quality, quantity and on-time. Quality of work is the quality of auditor in doing every difficult job in an excellent result, while quantity of work means that although the auditor has many works to be done but he still can do it in the best way and on-time means, the job can be finished at the time which has been set up. So auditor performance is very important for his profession (Adelia, 2014). Furthermore, Mangkunagara (2005:67) suggests that the performance is the result of the quality and quantity of work accomplished by an employee in performing their duties in accordance with the responsibilities given to him. This term is often used to describe the performance achievement or a success rate of individuals or groups of individuals.

The position of public accountant as an independent party providing a fairness opinion on the financial statements creates many questions, especially after it is supported by evidence of increasing lawsuits against accounting firm. The lack of independence of auditor and the rise of corporate accounting manipulation makes the users of financial statements rising some questions against the existence of Certified Public Accountants as independent parties. As we know that accounting profession has an important role in the provision of reliable financial information for the government, investors, creditors, shareholders, employees, debtors, as well as the public and other parties concerned.

In the case of corruption and money laundering on the billing of Tirtanadi in 2012, the public accounting firm, Paul Hadiwinata, Hidajat, Arsono, Ade Fatma & Partners did a

general audit of financial statements in 2012 by number of: PHHAAF / 36 / CM / AF / FM / 2013, 4 June 2013. It informs that the financial statements of fiscal in 2012 is declared "Fair With Exceptions". (Delinews.com, 14.02.2014). Then on July 2, 2013, published by the audit reports in order to counter the financial losses over allegations of corruption on the activities at Tirtanadi, North Sumatra Province in 2012 with a number SR-77 / PW02 / 5/2013 by Chief Representative Financial Supervisory Agency (BPKP) North Sumatra Province. Where in the report, it is described the existence of irregularities causing financial losses of Rp 5,277,714,368.00 (five billion, two hundred and seventy-seven million, seven hundred, fourteen thousand three hundred and sixty-eight rupiah).

The case on the District Court (PN) Medan sentenced Azzam Rizal as President Director of PDAM Tirtanadi with 5 years prison, and after the process of appeal in the Supreme Court (MA), Azzam Rizal is sentenced 6 years in prison. (Sumutonline.com, 03.18.2015). Public Accounting Firm, Paul Hadiwinata, Hidajat, Arsono, Ade Fatma & Partners as external auditor have a different opinion compared by the BPKP. Differences in opinion are issued due to a lot of assessment and recognition of expense costs which, according BPKP, does not appropriate and the calculations performed by BPKP finds some payment which have no any documents or evidence of payment done.

The second corruption case is at the Former Secretary in Langkat. The public prosecutor Corruption Court (Tipikor) prosecutes The Former Regional Secretary (Secretary) in Langkat Regency, Surya Djahisa, by 7,5 years in prison and the Head of Public Accounting Firm (KAP) Hasnil M Yasin & Partners is sentenced 8 years in prison. Prosecutor said, Surya is guilty when he has a position as head of finance in Langkat Regency. He signs a letter of agreement with the Head of Public Accounting Firm (KAP) Hasnil M Yasin & Partners to formulate changes in income tax rates PPH article 21 for fiscal 2001 and 2002 to conform with the new rates. Corresponding letter of agreement, KAP Hasnil M Yasin & Partners, gains honorarium of 20 percent. This honorarium stipulates of 20 percent of compensation or restitution of tax assessed contrary to article 28 paragraph 7 of Presidential Decree No. 18 2000. The contract applies only to the percentage of implementation consulting services in the field of construction and certain occupations. Head of the Public Accounting Firm (KAP), Hasnil M Yasin & Partners, is also prosecuted to 8 years in prison of being involved in corruption procurement procedures. Furthermore, Langkat Regency obtains compensation or restitution funds of 5.9 billion. Corresponding letter of agreement, KAP Hasnil M Yasin & Partners, gains honorarium of 20 percent from 5.9 billion that is 1.19.

Of the few cases of financial and BPKP findings, it seems that the auditor performance begins to be questioned. The performance assessment is basically a periodic determination of the operational effectiveness of an organization and its personnel is based on the objectives, standards and criteria established in advance. The performance assessment is useful to improve performance in the future, giving feedback about the quality of the work to the progress of the desired improvement in performance (Elya, 2010). The working condition less conducive will affect the performance of auditors. It will affect public trust in public accounting as an independent party in auditing financial statements.

Mangkunagara (2005) says that a person performance can be affected by several factors: 1) the individual factors: the ability, skill, family background, working experience, level of social and demographic of someone, 2) psychological factors are: perception, role, attitude, personality, motivation and job satisfaction, and 3) organizational factors, namely the organizational structure, job design, leadership and achievement system.

To improve auditor performance, it should start from a good building organizational commitment. Organizational commitment is often defined individually and is associated

with involvement of the organizations concerned. Employee commitment to the organization is one attitude that reflects the feeling of like or dislike of an employee in organization where he works.

Victor (2010) states that organizational commitment tends to be defined as a blend of attitude and behavior. Organizational commitment involves three attitudes namely; sense of identifying with organization objective, a sense of involvement with the task of organization, and a sense of loyalty to the organization. Commitment is a situation where an employee favoring certain organizations as well as the goals and desires to retain membership in the organization. So auditors should work with full dedication to the organization and will do his job sincerely and work better. In addition to building organizational commitment, the firm should employ an auditor who has a high level of professionalism. This is due to the professional auditor which has a big responsibility, not only to the client but also to the public.

An error in the examination of financial statements prepared by the auditors in such cases, it means that the auditors have low professionalism. According to Nizar Moch Akbar (2015), professionalism is a responsible attitude toward what it has been assigned to him. The professionalism of an auditor can be seen by 5 basic concepts revealed by Hall in Yola (2015), namely: Dedication to the profession, social obligations, independence, confidence in the regulatory profession and relationship with professional colleagues. Professionalism also requires three things: qualified, professional duties by adapting to the general standards and abide by the professional ethics of the profession (Lekatompessy, 2003). By following all of the criteria above, auditors would be professional. Based on the background of the problem above, the writer is interested in doing the research entitled, "Organization And Professionalism Commitment Against Auditor Performance", At The Public Accountant In North Sumatra.

II. Teoritical Framework

Auditor Performance

The term of performance is derived from job performance or the actual performance, which relates in quality and quantity of work accomplished by an employee in performing their duties in accordance with the responsibilities given to him. Victor (2010) states that auditor performance is the result of auditor work in conducting audit of state finances in a government organization which is the process of an organization as a whole. Performance also the result of a person or group of people within an organization in accordance with the responsibility and authority that has been given.

Furthermore, Sri Trisaningsih (2007) states that: auditor performance is carrying out a public accountant examination assignment or other organizations for the purpose of determining whether the financial statements are presented fairly in accordance with generally accepted accounting principles. Based on the above understanding, it can be concluded that the auditor performance is the result of work that has been completed by an auditor in carrying out the duties imposed to him on the basis of skills, experience, quantity, quality and timeliness. Auditor performance can be measured by a particular measurement (standard) where the quality is associated by the quality of work produced, while the quantity is the amount of work generated by a certain time, and punctuality.

Agus Dharma (2003) suggests that there are three dominant things considering to the performance assessment, namely: (1) Quantity, which is the amount that must be completed or accomplished. Quantitative measurement involves the calculation of the output of the process or the execution of activities. It is related to the number of outputs or implementation of activities. (2) The quality, the quality of which must be produced (good or not), qualitative measurement reflects measurement "satisfaction level", ie how well the

finishing. (3) Timeliness, ie the suitability of the planned time. The measurement of time is a special type of quantitative of determining the timing of the completion the activity.

Organizational Commitment

Organizational commitment is often defined individually and associated with involvement of the organizations concerned. Employee commitment to the organization is one attitude that reflects the feeling of like or dislike to the employee of the organization where he works, Sukma Lesmana and Heny Triastuti Kurnia Ning (2010) states that: Commitment is a situation where an employee concerns to certain organizations as well as the goals and desires to retain membership in the organization".

Arfan Ikhsan Lubis (2011: 55) argues that there are three components of organizational commitment, among others: (1) Affective commitment, it occurs when these employees become part of the organization because of their emotional attachment or psychologically to the organization. (2) Commitment to continue arise if employees remain in an organization because it requires benefit salaries and other or because the employee does not find any other job. In other words, these such employees require organization. (3) Normative commitment, it arises from the value of the employee. Employees endured a member organization because they have awareness such as commitment to the organization and it should be done. So, these employees stay to the organization because he obligates to do it.

These three types commitment are the most desired by the company. Employees have a loyalty to the company. To create loyalty, companies do several ways: (1) Provide a competitive compensation (wages, salaries and benefits) when it is compared with other companies. (2) Make a challenging and exciting task conditions. (3) Open management and participatory management. (4) Taking into account the issues that are important to employees and maintain fairness treatment of employees in the company.

Professionalism

The term *professionalism* comes from the word *profession* which means jobs that require knowledge, including skills and methods. Professionalism is an attitude or behavior indicating a person to be responsible for the work presented and done well and sincerely the team to achieve good performance with certain standards in accordance with the laws governing the professions.

Arens (2010) informs that professionalism is a responsibility imposed upon him, more than just fulfill the responsibilities. Furthermore Lekatompessy (2003) states that in a general sense, a person is said to professionalism if he has three criteria of having the expertise to carry out tasks with the field, to embody a duty or profession by setting standards in the field of professions concerned and stints profession to adhere to professional ethics set.

According to Hall, James A and Tommie Singleton (2007), there are some indicators include in the professionalism, namely: (1) Dedication to the profession, It can be mirrored from his dedication to his profession by using the knowledge and skills possessed. (2) Confidence in the profession regulations/standards of the profession, It is belief that authority to assess the work of professionals is senior profession. (3) Social obligations, This view of the importance of the profession and the benefits for both people and professionals with this profession. (4) Independence, the ability to make their own decisions without any stress and pressure from other parties. (5) Relationship with the same profession, we can use professional associations as a reference and build awareness for the professionalism.

In the SPAP (IAI KAP, 2001) stated that "in the conduct of the audit and the preparation of its report, the auditor shall use the professional skills carefully and thoroughly". This standard leads independent auditors to plan and carry out their work using professional skills. The use of professional expertise with precision and thoroughness emphasizes the responsibility of every professional working in the organization of independent auditors to observe standards of field work and reporting standards. An auditor must have "skill level that is generally owned" by the auditor generally and must use these skills with "reasonable care and precision".

Conceptual Framework

Organizational commitment is indispensable for building commitment that would involve all the people working within the organization regarding psychic person and giving a sense that the organization is everything (Chong dan Chong, 2002).. By growing commitment within the organization, it will have a positive impact to performance. There are three aspects that can be seen in building organizational commitment namely, identification, engagement and loyalty. Identify how the auditor in the workplace to support each other with colleagues, building a pleasant working atmosphere and no ambience pressed together with one another. In this way, the auditors who work will feel comfortable in the work environment. Involvement how to engage the auditors to build organizations that work to get involved in its organization. Involving everyone in the organization and assume everyone that is important to the life of an organization. Loyalty, build a sense to have because the auditor has involved himself in the organization. There will be a sense that the organization is everything. He will work well to lift their performance. The results of studies that prove that organizational commitment positively affects the performance of an auditor. In the researches of Sri Trisnaningsih (2007), Elya Wati (2010), Nurul Arifah (2012) inform that organizational commitment has positive influence on the performance of auditors. Organizational commitment positively affects the performance of an auditor. Furthermore, in carrying out any work, a person is required to be professional, not to mention an auditor. One good measure of performance auditor, if the auditor is able to obtain reasonable assurance regarding the audited financial statements, free of misstatement whether caused by error or fraud. It can be obtained by using the professionalism of auditors, using the professional skills carefully and thoroughly (Sumardi and Hardiningsih, 2012).

Professionalism is the current quality of work, also attitudes and behavior as he worked. There are five things that must be considered in improving the professionalism of someone, namely devotion, social obligations, self-reliance, confidence in the profession and relationships with colleagues. Devotion shows that the auditors devoted himself to the ability he possesses in totality. Social obligation is awareness auditor that the profession is very important to be protected and useful for the public with full responsibility to run. Further showing that auditor independence should not be intended to make mistakes, to be honest and independent in acting. Confidence illustrates that the auditor believes protects it from any profession and to provide security for him. Relations colleagues shows that the auditor considers peers and professional organizations as a major source of employment so that working becomes more thoughtful and deliberate in making decisions in his work. If these five characters exist within oneself auditor, it will naturally improve its performance. Research proves that professionalism is a positive influence on the performance of an auditor. Adelia Lukyta (2014) and Moch Nizar Akbar (2015) state that the auditor professionalism will give a positive effect on the performance of auditors.

Hypothesis Formulation

Based on the description presented above, the research hypothesis can be formulated as follows: (1) Commitment to the organization affects the performance of auditors, (2) Professionalism effects on the performance of auditors, (3) Organizational commitment and professionalism affects the performance of auditors

III. Research Methods

The Research Approach

Type of research used in this research is descriptive and verificative. Descriptive study is conducted to obtain an overview of the organization's commitment, professionalism, and performance of auditor. While verificative study is aimed to determine the relationship between the study variables. The method used in this study is a survey research. Method survey is conducted by taking a sample of the population and using questionnaires as a data collection tool.

Operationalization Variable

The variables and indicators of research used in this study are described as follows:

Variable	Indicator	Scale
Organization commitment	1. Affective commitment	Ordinal
	2. Continue commitment	
	3. Normative commitment	
Profesionalism	1. Devotion	Ordinal
	2. Professional standar confident	
	3. Social responsibility	
	4. Independency	
	5. Affiliation	
Auditor performance	1. Employee quality	Ordinal
	2. Working quantity	
	3. Timeliness	

Population and Sample

The population in this study is the auditor who works on a public accounting firm in North Sumatra which is obtained from the website www.ppajp.depkeu.go.id. Total auditors found in North Sumatra are 136 people. While sampling used in this research is techniques saturated.

Type, Source and Technique Collecting Data

The data used in this study is qualitative data, while the data source collected is primary data using questionnaires.

Testing Instrument Research

Tests on the measuring instrument research is to prove whether the measuring instruments used have validity and reliability to measure what should be done using the measuring function of respondents.

Analysis and Testing Hypotheses

Data analysis techniques used in this research is multiple linear regression analysis and hypothesis testing using the form and the *t test* and *F test* and measure the coefficient of determination (R^2) to find out how much the independent variables in explaining the variation of the dependent variable.

IV. Result And Discussion

Respondents in this study is the auditor who works at public accounting firm (KAP) in North Sumatra. The questionnaire submitted to the respondent is accompanied by a written request to be respondents and giving explanation about the objective of this research. Questionnaires which have been filled by the respondents, examined the data and for the incomplete data, it must be completed. There are 136 questionnaires distributed to the respondents and 105 questionnaires are returned. 5 of them are not fully in charge. So there are only 100 complete respondents. Based on the data which has been processed with *SPSS software ver.21*, then it is obtained a multiple linear regression model as follows:

Table.2. Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	8,583	2,113		4,063	,000
1					
Organizational commitment	,151	,063	,210	2,388	,019
Professionalism	,443	,082	,478	5,435	,000

a. Dependent Variable: Auditor Performance

Based on the table above, the result using SPSS software program as follows:

$$Y = a + b_1X_1 + b_2X_2$$

$$Y = 8,583 + 0,151 X_1 + 0,443X_2$$

Interpretation of the above regression equation is: Constants (a) is the regression of 8.583, it means that if the variable of organizational commitment (X_1) and professionalism (X_2) is considered zero, then there is an increase of 8.583 auditor performance. Organizational Commitment (X_1) has a regression coefficient of 0.151, it means that any increase in the organization commitment variable (X_1) of 1%, then there will be increase in auditor performance of 15.1%. Professionalism (X_2) has a regression coefficient of 0,443, it means that any increase in the professionalism of the variable (X_2) of 1%, then there will be increase in auditor performance by 44.3%.

Furthermore, based on Table 2, we can do partial hypothesis testing to variable organizational commitment through a significance value of $= 0.019 > 0.05$. It means that organizational commitment is significantly influence the performance of auditors. While testing the hypothesis partially for variable professionalism demonstrated by the significant value $= 0.000 > 0.05$. It means professionalism has a significant effect on the performance of auditors.

Results of regression calculations simultaneously obtained in the following Table: Table 3. Based on Table 3, we can take hypothesis testing together with a probability value of *the sig* is $0,000 < 0,05$. Thus the conclusion of organizational commitment and professionalism has significant effect on the performance of auditors. The coefficient of determination is used to determine how much influence of the independent variables on the dependent variable. The coefficient of determination is determined by the adjusted R-square.

Table 3. ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	195,250	2	97,625	25,219	,000 ^b
1 Residual	375,500	97	3,871		
Total	570,750	99			

a. Dependent Variable: Auditor performance

b. Predictors: (Constant), Professionalism, organization commitment.

From processing data above, it shows that the coefficient of determination (as seen from Adjusted R Square) of 0.329. It means 32.9% variation in the performance of auditors is determined by variations in the value of the organization commitment and professionalism, while the remaining 67.1% influenced the performance of auditors by other variables not examined in this study.

Table 4. Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,585 ^a	,342	,329	1,96752

a. Predictors: (Constant), Professionalism, Organization commitment

b. Dependent Variable: Performance

The Influence of Organizational Commitment to the Auditor Performance

The results shows that organizational commitment is significantly influence the performance of auditors. It proves that the affective commitment makes an auditor feels has, devoted, finishing work happily and do anything for the sake of organization, commitment to continuous that where an auditor was recognized in the organization and was not ready to leave the organization, commitment normative where an auditor feels the organizational issues are a problem and he is also not ready to leave the organization because the organization considers important to improve the performance auditor at KAP in North Sumatra.

The research result is consistent with the research conducted by Astuty (2014); Bunga Nur (2012); Yusufah Ningrum and Ghozali (2005) which informs that organizational commitment affects the performance because organizational commitment is defined as the relative power of an individual. It is recognized in the organization aligned with Arfan Ikhsan in his book that one of the three characteristics related to organizational commitment, that is confidence and strong acceptance of the values and the organization goals. Here, the auditors will finish his job with pleasure. So, the result of this research supports the previous research.

The Influence of Professionalism on Auditor Performance

The results shows that professionalism effects significantly on the performance of auditors. It proves that the consecration of an auditor doing his job professionally without pressure and in accordance with the rules used such as, professional standard confidence, social obligation, independent and an affiliate relationships with other professions and always support the decision of the professional organization. It can improve auditor performance in KAP, North Sumatra. That is why, the increasing professionalism of auditors will also increase the performance of auditors. An auditor is always honing his knowledge, received from fellow appraiser profession and maintain his professionalism, so he will be trusted by the public.

The result of this research is consistent with the results of research conducted by Ramadhanty (2013) which states that the professionalism associated with public confidence in the quality of services and will improve the performance of auditors. It is still similar with the research done by Putri (2015) and said that professionalism has an influence on the performance of auditors. High professionalism of an auditor can improve his performance.

The Influence of Organizational Commitment and Professionalism on Auditor Performance

The results shows that organizational commitment and professionalism have a significant influence on auditor performance. The result shows the determination coefficient indicating the value of 32.9%. It means that the influence of organizational commitment and professionalism are only 32.9%. It is a very low percentage for the remaining balance of 67.1% influenced by other variables which are not used in the study. It is possible because less loyal auditor to his job is evidenced by lower score of respondent respect to its intention. An auditor is ready to come out if the organization is in trouble, and he regards that organization is not his personal affairs. It is consistent with the results of Ratih (2015) in her study, where the smallest score is less loyal to the organization.

V. Conclusion

Based on the analysis of organizational commitment, professionalism and auditor performance performed at public accounting firms in North Sumatra, it is obtained the following conclusions: (1) Commitment to the organization has a significant effect on the auditor performance. (2) Professionalism of auditor has a positive effect on his performance. (3) Organizational commitment and professionalism have jointly significant effect on the auditor performances.

Based on the conclusion obtained in this study, the writer would like to give suggestions to strengthen auditor performance at KAP in North Sumatra: (1) To improve the auditor performance at KAP in North Sumatra, the leader should have some abilities such as supervisor, intelligence, assertiveness, self-confidence and initiative so the auditor will feel comfortable because they have a good leader. (2) It needs to raise awareness of auditor for his commitment to his profession by giving training. (3) In doing his duty, the auditor should work professional that has been envisioned by the professional organization, so do not act according to the wishes and personal interest only. (4) The writer also would suggest the readers who would like to make the same research by adding sample, either by expanding the area, as well as the type of auditors such as the internal auditor from a private company or government agency.

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IMPLEMENTATION PRACTICES OF PUBLIC PROCUREMENT PLANS AND POLICIES IN BITUNG CITY OF NORTH SULAWESI PROVINCE

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Abstract

Public procurement issues have drawn many concerns and became a public debate because the rules and regulations are constantly reformed and restructured. Public procurement contributions in the world economy are very significant. In Indonesia, according to the Ministry of Finance, public procurement spending for 2009 was 33.4 percent of total government spending. This study aims to determine implementation practices of Public Procurement Plans or Rencana Umum Pengadaan (RUP) in Bitung City of the North Sulawesi Province. The multiple statistical regression equation is used to process data from 47 respondents from regional apparatus task forces (SKPD) and the results show that the influence of independent variables (X) on dependent variable (Y) is 87.3 percent (R^2), while 12.7 percent is influenced by other factors. The result of F-test shows that $F\text{-result} = 36.231 > F\text{-table} = 3.21$. The calculated probability value is 0.000 which is smaller than 0.05. The partial test (t-test) from 9 independent variables (X) identifies 7 variables that have significant effects on the scores of RUP implementation (Y), while the other two variables have no significant effect. The overall results of t-test show that the implementation practices of public procurement plans have significant effects on the output of goods and services in the administrative district of Bitung City, which is a direct effect of the higher compliance rates of the bureaucratic apparatus performances in implementing public policies.

Keywords: *Policy Implementation, Public Procurement, Bureaucratic Reformation, Bitung City.*

I. Introduction

World Bank (2003) in its study reported that around 50-70 percents of state budget (APBN) were related to public procurement. An efficient procurement system can secure a significant amount of value for money spent by the government and also plays an important part in tackling huge challenges brought about by developments (Ameyaw et al, 2012:55). Several studies, such as Mahmood (2010) confirmed that public procurements amounted to as much as 18.42 percents of the world's Gross Domestic Product(GDP). In developed countries (Basheka & Bisangabasaija, 2010), the importance of public procurements has been much acknowledged as providing services and contributing a high proportion of total spending (Badaso, 2014: 56). Furthermore Badaso (2014: 56) mentioned that public procurement of goods and services contributes to 60 percent of public spending in Kenya, (Akech, 2005), 58 percent in Angola, 40 percent in Malawi and 70 percent in Uganda (Wittig, 1999; Ugandan Government, 2006). Meanwhile, in Indonesia, in Jacob (2014:5), the Ministry of Finance reported that the amount of public procurement spending for 2009 was 33.4 percents of total government spending.

Therefore, according to World Bank (1995) in Onyinkwa (2013:561), throughout the world public procurement issues have drawn many concerns and became a public debate because the rules and regulations are constantly reformed and restructured. Public procurement refers to the acts of procuring goods, services and constructions by governmental agencies and in doing so spending government fund. Badaso (2014: 56) in

citing Roodhooft & Abbeele (2006) mentioned that governmental agencies have always been the largest buyers or spenders in procuring goods and services because they have large budgets. Hui et al (2011) stated that because of the large amount of money spent in public procurements and the fact that the money is the people's money, transparency and accountability are necessary in managing that huge amount of money (Badaso (2014: 56)).

Even though some developed countries have taken measures to reform their procurement systems, still the processes are laden with secrecy, inefficiency, corruptions and weaknesses, resulting in a loss of resources. Hui et al (2011) in Badaso (2014: 56) who studied procurement problems in Malaysia, stated that many officials conducted wrong doings and exhibited an uncompliance against procurement policies and procedures. A study by Bukhala (2003) in Kenya, as reviewed in Mwangi (2013: 67), showed that the practices of public procurement system in 1999 created many gaps because lack of sanctions and penalties for the perpetrators, aside from internal disciplinary sanctions there were no strict enforcement of regulations and as a result many of the code of conduct were not complied accordingly. Also, the procurement system cannot be reliably used to confirm the fairness and transparency of its implementation.

World Bank, in Setiawan (2014:3092-3093), mentioned several factors that influenced procurement practices in Indonesia such as lack of regulations for public procurements, low in implementation brought about by lack of procedural knowledge, weaknesses in law enforcement against any unlawful actions, low capacity of field implement weak in control and monitoring, and the lack of transparency in tender offers. Aside from bureaucratic factors, the problems of public procurement may arise from the lack of understandings about the rights and duties of goods and service providers. To win tender offers in order to secure a business order, providers often act in unfair and unlawful conducts such as by promising "yields sharing" or manipulating tender processes which are popularly known as "arisan tender".

The Corruption Eradication Commission of the Republic of Indonesia or Komisi Pemberantasan Korupsi (KPK) revealed that the dominant causes of corruption crimes in Indonesia, about 77 percents are related to public procurements (Hardjowiyono in Yuwinanto, 2013: 212). Business Competition Supervisory Commission of the Republic of Indonesia or Komisi Pengawas Persaingan Usaha (KPPU) in Yuwinanto (2013: 212) found that collusion in a tender offer usually starts in the procurement planning process or from the very beginning of the procurement process. In a procurement planning, it is important to prepare and define in details the target, scope of the job, working environment, human resources, timetables, standard of quality, costs and benefits that will be used as the main guidance in implementing public procurement plans in the form of job packets.

It is acknowledged that preparing procurement plans is not an easy task. It is important to have the necessary knowledge to prepare it neatly with much accuracy. Other important factors that influence the rate of success of any governmental agency in securing the necessary goods and services are the compliance level towards the procurement policies and rules and the behavior of the human resources involved in the process. Compliance in implementing public procurement plans and policies as mandated in Presidential Decree, Number 54, 2010 and its amendments is the first necessary step for achieving a good bureaucratic performance in the management of the public procurement process that will lead to an institutional ordinance and the development of a good governance, which according to Irawati (2013:103), both the institutional ordinance and the development of a good governance are often interpreted as indicators of the realization of bureaucratic reformation with the fulfillment of principles such as, public participation, full enforcement of law supremacy, transparency, attention towards stakeholders,

consensus-oriented, equality, effective and efficient, accountable, and have the strategic vision.

Objective of the Study

Based on the aforementioned background, a study was conducted in Bitung City of North Sulawesi Province. Bitung City was chosen because it is a model autonomous district for other autonomous districts for its success in the management of the regional fund, which qualifies it to receive audit, evaluation esteem as Exception Devoid Equitable or Wajar Tanpa Pengecualian (WTP) from the Audit Board of the Republic of Indonesia (BPK). Is the WTP evaluation will be linearly correlated to the reformation of governmental bureaucracy, especially in the implementation practices of public procurement policies?

Research Hypothesis

A research hypothesis is proposed that the implementation of Public Procurement Plans or Rencana Umum Pengadaan (RUP) in Bitung City has been performed according to Presidential Decree, Number 54, 2010 and its amendments.

II. Teoretical Framework

Public Procurement

Procurement is an activity to procure materials or goods and services in a transparent, efficient and effective manner according to the needs and demands of its users. The goods here include equipment and building constructions for either private or public uses. World Bank (1995) in Jacob (2014: 27) defines public procurement as an act of buying or renting to procure materials, constructions, and services by public sector by way of contracting or other methods. Procurement is an acquisition process to procure materials, constructions and services by spending public/state resources (financial/budgets) taken from national budgets or Anggaran Pendapatan Dan Belanja Negara (APBN), regional budgets (APBD), or by getting loans in the form of domestic loans or secured foreign loans, or by getting it from foreign grants, or income from national economic activities. Hence, World Bank concludes that public procurement is an act of procuring goods by the government using government funds.

According to Edquist et al (2000) in LKPP (2011:12), essentially, public procurement is an acquisition process managed by the government and public institutions to procure goods, works, and services in a transparent, effective and efficient manner according to the needs and demands of its users. In this regard, the users can be individuals (state officials), organizational units (agencies, faculties, hospitals, etc), or communities at large. Therefore, public procurement as suggested by Turpin (1972) in Jacob (2014: 26) carries a very important function in an economy. Turpin mentioned, "a substantial part of this procurement is concentrated upon crucial sectors of an industry whose welfare is of national importance, and much government contracting takes place at the forefront of technological advance. It will be realized that the way in which government procurement is carried out can have a significant effect on growth, competitiveness and efficiency..." Turpin briefly stated that the public or government procurement will bring significant effects on growth and development, competition, and efficiency. A similar opinion was suggested by Callender & D. Mathews (2000) in Jacob & Indah (2014: 262) that public procurement carries an important function because a large amount of spending associated with it has a huge impact on the economy that it should be carefully managed.

Good governance is essential for a successful implementation of the public procurement process. Good governance must be strictly maintained according to the principles of public procurement, which are effective, efficient, transparent, open, competitive, fair and indiscriminate, and accountable. These principles will enhance public

confidence towards the process of public procurement, in which the outputs can be held accountable to the public for administrative, technical and financial aspects. And to do that, all the participants that are involved in the procurement process must comply with the formulated code of conduct (Jacob, 2014:28-29).

The code of conduct in the procurement process implies a sense of philosophy, ethics, and professionalism in the practice of procuring. The operational code of conduct for the procurement process typically has been formulated and put forth in the legislation in the form of rules, regulations, guidance, directions, and other statutes products (Sutedi, 2012: 11). Hence, in all over the world the performance of procurement practice has become a challenge that draws the attention of scholars, practitioners, academic communities and researchers alike to scrutinize and examine it since the practice itself often shows underperformance caused by non-compliance towards the formulated processes and procedures (Amemba, et.al, 2013:41).

Implementation of Procurement Policies

The definition of implementation has been put forward by many scholars of public policy, such as Meter & Horn (1975) in Hendrawangsa (2013:5-6). Meter & Horn stated that, “policy implementation encompasses those actions by public and private individuals (and groups) that are directed at the achievement of goals and objectives set forth in prior policy decision”. This statement suggests that policy implementation encompasses those actions that are happening between policy formulation and the actual impacts brought about by those actions, and those actions are not limited to the actions of bureaucracy apparatus, but also include parties outside the bureaucratic domain, such as social organizations, and even individuals as the policy implementers. Shafritz, Russel & Borick in Jacob (2013:25) define policy implementation as a process of putting government programs into the process of mandate manifestations in the form of regulations and legislations with the purpose as structured directions and programs in a service delivery or in providing goods and services. In a broad sense, policy implementation according to Hardiyansyah and Rahmad (2014:109) is the execution of a policy process immediately after the legislation or regulation is set forth by the authorized institution. These activities are carried out by the government, private individuals or groups with the aim to fulfill the desired target. In performing these activities there should be synchronous correlations between the formulated targets and the outputs or the realization that will be or have been reached.

In implementing procurement policies as mandated in Presidential Decree, Number 54, 2010 and its amendments, the principles and ethics of its implementation shall be strictly applied and complied. Procurement principles as put forth in paragraph 5 Presidential Decree, Number 54, 2010 are efficient, effective, transparent, open, fair, and accountable. Procurement ethics as put forth in paragraph 6 Presidential Decree, Number 54, 2010 declare that all the participants that are involved in the public procurement shall comply with the ethics as follows: (a) performing their tasks dutifully and in an orderly manner, with a sense of responsibility to fulfill the objectives of procurement process as timely and accurate as possible; (b) performing their tasks professionally and independently with a sense of honesty, guarding the confidentiality of procurement documents to prevent misconducts and deviations; (c) manipulating in any ways, both directly and indirectly, is strictly prohibited to prevent unhealthy competition; (d) accepting and taking responsibility for all the decisions that have been made as agreed by all the parties involved; (e) preventing and avoiding conflict of interest among all the parties involved, both directly and indirectly, during procurement process; (f) avoiding and preventing inefficiency and leakage of government fund during the procurement process;

(g) preventing and avoiding power abuse and/or collusion in favor of personal, group or other interest that will potentially inflict a financial loss; (h) accepting, offering, or promising to give or receive rewards, gifts, bribery, rebate, etc. from and to anyone or parties that are known or allegedly have any involvement in the procurement process are strictly prohibited.

According to A.S Hornby in Hendrawangsa (2013: 8), efficient is a capability to generate something that is needed with a satisfying outcome. And, effective is a capability to generate something that is desired or needed (even when under pressure). Efficient is a process of generating output, and that process should result in something good. The efficiency of the process is measured by cost and time. Hence, efficient must be in a quantitative term, so it can be measured. On the other hand, effective is more oriented towards target achievement, accurately rather than not. In the procurement process, Rahayu, et al (2012:174) suggested that efficiency can be perceived based on a number of goods and services procured, time optimality in the procurement process, and interaction opportunities between procurement committees and the potential providers of goods and services. Transparency can be judged based on the security of offering data, the clarity of procurement processes and procedures, and distribution of procurement information.

According to Schapper (2008) in Jacob (2014:34) transparency in the procurement process is associated with access information. Access to information about the procurement process becomes a key point for the public, media, and other stakeholders in order for them to be able to directly observe, and act if necessary, on the accountability of the procurement process. Transparency is also considered as the most economical method to gain a bigger accountability. A similar statement was also suggested by Nirwandar (1997) in Duadji (2012:208) that transparency is a principle to guarantee access or freedom for the public to get information about administrative implementation, information about policies, the process of policy-making and its implementation, and the realized outcomes.

According to Thai (2001) in Amemba, etal (2015:271) the basic principles of good procurement practices includes accountability as an effective mechanism that allow procurement entities to use the already limited resources carefully and responsibly, especially their accountability to public; the competitive supply necessitates the procurement process to be performed competitively except when there are certain reasons to have it done directly; consistency to treat all tender participants equally regardless of their races, nationalities or political affiliation. According to Jeppesen (2010) in Jacob (2014: 34) explained that accountability is the main buffer for every procurement system. Without transparency and accountability, the occurrence of corruption and misappropriation of funds will surely increase. Monitoring by the public will help identify inefficiency in the use of resources in order to improve the efficiency and effectiveness of the procurement process that will lead to the improvement of public services.

Likewise, the principles of procurement also concern with the ethics that must be followed by all the participants in the procurement process. According to Wee (2002) in Amembaet al (2013: 42) ethic is a moral principle or values that guide all government officials in all their job aspects. Ethical behavior includes honesty, integrity, diligence, fairness, confident, respectful, and consistent. Ethical behavior also includes avoiding conflict of interest, and shy away from abusing power for private benefits. According to Alex Sobur (2001) in Gani Rita (2006: 117-118) defines ethics as values, norms, and moral principles that act as a widely-accepted guidance in determining the goodness or badness of human behaviors as a human being. The material object of ethic is human behavior (behavior that is consciously and freely acted), while the formal object of ethic is the goodness or badness of that behavior act.

In the procurement process, according to Hendrawangsa (2013:16) that ethic in the procurement process is good behaviors shown by all participants involved in the procurement process. Those good behaviors include respectful towards tasks and functions of others, performing tasks professionally, and not doing manipulation with a bad intention to inflict harm on others or with the intention to gain personal benefits. Specifically, the purpose of procurement ethics as explained by Kuncoro (2013:14) is to avoid conflict of interest, to prevent participants to assume or gain access to multiple functions, to avoid and prevent inefficiency and financial loss in the procurement process, to prevent power abuse and/or collusion in favor of personal, groups or other interest, that will directly and indirectly, inflict financial loss for government fund, and lastly, accepting, offering, or promising to give or receive rewards, gifts, bribery, rebate, etc, from and to anyone or parties that are known or allegedly have any involvement in the procurement process are strictly prohibited.

Preparing Public Procurement Plan (RUP)

In order for procurement process to be implemented effectively and effectively, a procurement plan is needed. Procurement plan needs to be prepared in advance to ensure that the procurement process will run smoothly and to obtain goods and services that are really necessary to improve the performance of governmental institutions. Preparing public procurement plan is the first vital step to avoid any misconducts in the procurement process that may harm or obstruct the process of obtaining goods and services for governmental institutions. As stated in paragraph 22 Presidential Decree, Number 70, 2012 which is the second amendment of Presidential Decree, Number 54, 2010, the preparation and validation of RUP is under the authorization and as the duty of Budget User or Pengguna Anggaran (PA)/Budget User Authority or Kuasa Pengguna Anggaran (KPA). The steps for preparing public procurement plans are as follows: (1) Identifying the goods and services that are needed and necessity; (2) Formulating and validating the budget plan; (3) Validating the public procurement plan; (4) Preparing Task Referential Framework or Kerangka Acuan Kerja (KAK); and (5) Announcing RUP. Subsequently, RUP that has been prepared by PA/KPA in accordance with paragraph 34 Presidential Decree, Number 54, 2010 needs to be reevaluated and revalidated by working together with PPK, Procurement Services Unit or Unit Layanan Pengadaan (ULP) and Procurement Officials. The purpose of RUP reevaluated is to confirm that: (1) RUP that has been prepared by PA/KPA concerning the requirements and allocations of funds must comply with accounting codes, the allocated fund must be enough to support the implementation of tasks, and there must also be a backup fund for conducting providers/supplier selection; (2) Ensuring that KAK clearly elaborates the details of activities concerning: (a) details of types, contents, and the number of reports that have to be prepared; (b) details of implementation timetables; (c) Tasks implementation timetables; (d) detailed specifications of goods and services; (e) detailed estimations of the amount of cost incurred; (f) the prerequisites of basic materials that will be used; (g) the desired criteria for product performance; (h) the duration of warranty certification and maintenance periods; and (i) design pictures or photos of the products when needed.

III. Research Methods

This study was conducted in July 2015 in Bitung City of North Sulawesi Province, using samples from regional apparatus task forces (SKPD) from 47 agencies. Data were collected in the form of both quantitative and qualitative data. Quantitative data were collected using questionnaires, as a source of primary data that were collected directly from respondents who answered in written a list of questions that has been prepared earlier by the researcher. Respondents in this study were Commitment Maker Officials or Pejabat

Pembuat Komitmen (PPK)), and/or Procurement Officials or Pejabat Pengadaan (PP)), and/or Procurement Committee or Panitia Pengadaan from 47 agencies in Bitung City. Several questionnaires were uncompleted because there were some items in the questionnaires that were not fully understood by the respondents. These questionnaires were then reevaluated upon returned. Qualitative data were collected during recheck by interviewing respondents face-to-face or by phone.

Responds from respondents in the questionnaires were scored using a conventional scale Al-Qu'ayyid, 2008: 10) by evaluating respondents' perceptions about an object using scores 1 to 10. The scoring results were then incorporated into a multiple statistical regression equations and analyzed using Software SPSS Version 19.

The equation is: $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \beta_9 X_9 + \mu_i$, where, Y = the score of implementation of RUP; β_0 = Constant; β_i = intercept or regression coefficient of each variable; μ_i = Residual, X_1 = RUP is prepared according to directions in Presidential Decree, Number 54, 2010; X_2 = RUP is prepared according to standards in Presidential Decree, Number 54, 2010; X_3 = RUP is prepared according to job packets in Presidential Decree Number 54, 2010; X_4 = RUP is prepared according to procurement instructions in Presidential Decree, Number 54, 2010; X_5 = RUP has been reevaluated before public announcement; X_6 = RUP is prepared according to identified necessities; X_7 = RUP is prepared according to available budget; X_8 = RUP is prepared according to Task Referential Framework or Kerangka Acuan Kerja (KAK); and X_9 = RUP is prepared according to organizational structure.

In hypotheses testing and analyzes, the data were processed using statistical software SPSS.19. Next, the processed data were tested using both F-test and t-test. **F-test.** To determine whether all independent variables X_1 to X_9 have significant influences on dependent variable Y, the regression coefficients were tested using degree of significance F value. If $H_0: \beta_1 = \beta_2 = \beta_3 = \dots = \beta_9 = 0$. It means that all independent variables have no significant effects on the dependent variable. If $H_0: \beta_1 \neq \beta_2 \neq \beta_3 \dots \neq \beta_9 \neq 0$. It means that all independent variables have significant effects on the dependent variable. The criteria for decision making are as follows: H_0 is accepted when $F\text{-result} < F\text{-table}$ which is $F(k-1, n-k)$ at $\alpha = 0,05$. And, H_0 is rejected when $F\text{-result} > F\text{-table}$ $F(k-1, n-k)$ at $\alpha = 0,05$. Where $F(k-1, n-k)$ is a critical F value at significance level and degree of freedom (df) with the numerator ($k-1$) and degree of freedom (df) with denominators ($n-k$).

IV. Result And Discussion

Multiple Regression Analysis

According to the under summary output of SPSS model, it can be seen that the value of adjusted R^2 is 0.873, which indicates that 87.3 percent of the variations in RUP value (Y) as a dependent variable can be explained by variations in all nine independent variables (X_1 to X_9). While the rest percentages ($100 - 87.3 = 12.7$) or 12.7 percent are explained by other factors beyond the model.

The results from multiple regression analysis are presented in Table.1 below:

Table 1: Model Summary of Multiple Regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistic		
					R Square Change	F Change	Df 1
1	,948 ^a	,898	,873	2,268	,898	36,231	9

Source: Processed of primary data

Simultaneous Testing (F-test)

The results of simultaneous analyses are presented in Table 2 below:

Tabel 2: Simultaneous Significance Test (Uji-F)

Model	Sum of Square	df	Mean Square	F	Sig
1 Regressions	1677,105	9	186,345	36,231	,000 ^a
Residual	190,299	37	5,143		
Total	1867,404	46			

Source: Processed of primary data

As can be seen from the table of ANOVA test or F-test above, the value of F-result is 36.231 with probability value 0.000. Since the probability value is smaller than 0.05, it can be inferred that the regression coefficients of all the independent variables are not the same as zero, or that all nine independent variables simultaneously influence RUP value. This also means that the determination coefficient of R^2 is not the same as zero or significantly.

Partial Testing (t-test)

The results of partial analyses are presented in Table 3 below:

**Table 3: Individual Parameter Significance Test (t-test)
Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		
(Constant)	-9,887	5,998		-1,648	,108
RUP ₁	1,020	,516	,196	1,978	,055
RUP ₂	1,807	,577	,241	3,130	,003
RUP ₃	,435	,431	,067	1,008	,320
RUP ₄	1,470	,602	,169	2,444	,019
RUP ₅	,882	,360	,141	2,449	,019
RUP ₆	1,682	,604	,229	2,787	,008
RUP ₇	1,668	,581	,201	2,871	,007
RUP ₈	,768	,515	,135	1,492	,144
RUP ₉	,802	,428	,128	1,875	,069

Source: Processed of primary data

From the table 3 of Uji-t above, it can be explained that: (1) For variable X_1 (RUP₁), the t-result value of 1.978 relative to the t-table value of 1.679 at dk 45 and significance level 0.05, thus because $t\text{-result} > t\text{-table}$, hence H_0 is rejected and H_a is accepted. This means that variable RUP₁ has a significant effect on RUP value; (2) For variable X_2 (RUP₂), the t-result value of 3.130 relative to t-table value of 1.679 at dk 45 and significance level 0.05, thus because $t\text{-result} > t\text{-table}$, hence H_0 is rejected and H_a is accepted. This means that variable RUP₂ significantly influences RUP value; (3) For variable X_3 (RUP₃), the t-result value of 1.008 relative to t-table value of 1.679 at dk 45 and significance level 0.05, thus because $t\text{-result} < t\text{-table}$, hence H_0 is accepted and H_a is rejected. This means that variable RUP₃ does not significantly influence RUP value; (4) For variable X_4 (RUP₄), the t-result value of 2.444 relative to t-table value of 1.679 at dk 45 and significance level 0.05, thus because $t\text{-result} > t\text{-table}$, hence H_0 is rejected and H_a is accepted. It means that variable RUP₄ has a significant effect on RUP value; (5) For variable X_5 (RUP₅), the t-result value of 2.449 relative to t-table value of 1.679 at dk 45 and significance level 0.05, thus because $t\text{-result} > t\text{-table}$, hence H_0 is rejected and H_a is accepted. It means that variable RUP₅ significantly influences RUP value; (6) For variable X_6 (RUP₆), the t-result value of 2.787 relative to t-table value of 1.679 at dk 45 and

significance level 0.05, thus because $t\text{-result} > t\text{-table}$, hence H_0 is rejected and H_a is accepted. It means that variable RUP_6 significantly influences RUP value; (7) For variable X_7 (RUP_7), the $t\text{-result}$ value of 2.871 relative to $t\text{-table}$ value of 1.679 at dk 45 and significance level 0.05, thus because $t\text{-result} > t\text{-table}$, hence H_0 is rejected and H_a is accepted. It means that variable RUP_7 significantly influences RUP value; (8) For variable X_8 (RUP_8), the $t\text{-result}$ value of 1.492 relative to $t\text{-table}$ value of 1.679 at dk 45 and significance level 0.05, thus because $t\text{-result} < t\text{-table}$, hence H_0 is accepted and H_a is rejected. It means that variable RUP_8 has no significant effect on RUP value; (9) For variable X_9 (RUP_9), the $t\text{-result}$ value of 1.875 relative to $t\text{-table}$ value of 1.679 at dk 45 and significance level 0.05, thus because $t\text{-result} > t\text{-table}$, hence H_0 is rejected and H_a is accepted. It means that variable RUP_9 significantly influences RUP value.

Regression Coefficients

The linear regression equation can be obtained from not standardized beta coefficients as shown in Table 3 above. Thus the regression equation is: $Y = -9.887 + 1.020RUP_1 + 1.807RUP_2 + 0.435RUP_3 + 1.470RUP_4 + 0.882RUP_5 + 1.682RUP_6 + 1.668RUP_7 + 0.768RUP_8 + 0.802RUP_9 + \mu_i$. The constant value () at -9,887 indicates that when there is non-compliance towards implementation practices of RUP as mandated in Presidential Decree No. 54, 2010, the RUP implementation value of -9,887 indicates a negative outcome. On the other hand, with compliance towards implementation practices of RUP, the value of RUP implementation will be positive. The regression coefficient for each independent variable (RUP_1 to RUP_9) shows a positive value. It means that all independent variables have positive effects on the dependent variable (RUP value).

Problems and obstacles in public procurement processes may hindrance an autonomous district to be proclaimed as having good governance systems. The administrative echelons of Bitung City have taken measures to improve and reform the administrative bureaucracy, among others, in the management and practices of public procurement systems. The change of procurement tender system from a manual system to electronic procurement system (e-procurement) has made Bitung City to become a model city for the administrative reformation system in North Sulawesi Province. In his study, Jacob (2014: 302) found that Bitung City shows better compliance from its administrative bureaucratic apparatus in practicing good governance principles in the management of public procurement processes. Factors that play as reminders and leverages for the high performances of bureaucratic apparatus in the procurement processes are: (1) Religious attitude as the basic capital. Religious principles and teachings become the foundation in performing tasks and in delivering services; (2) Cultural and customary attitudes towards local wisdom. The majority of bureaucratic apparatus and citizens of Bitung City are Minahasanese. Minahasanese people and its culture have open-minded characteristics and show great welcome to anybody. The Minahasanese has a life principle called, “*Si Tou Timou Tumou Tou*” which means that every Minahasanese is obliged to help others in need to be better; and lastly, (3) Government Regulations. Regulations concerning public procurement processes and practices issued by the central and regional administrative agencies are strictly followed and complied.

Based on the results of the multiple statistical regression analysis using SPSS.19, it can be concluded that the implementation practices of RUP in Bitung City have been carried out according to Presidential Decree, Number 54, 2010 and its amendments. This is shown by the large effects of independent variables (X_1 to X_9) on the dependent variable (Y) as estimated in RUP implementation value at 0.873, or 87.3 percents, while the rest of 12.7 percents are influenced by other factors. This means that administrative bureaucratic apparatus has done great in the implementation practices of RUP, which have been carried out according to regulations. This is consistent with the results of F-test (ANOVA), where

the estimated F-result is 36.231, and F-table is 3.21 with measurement probability at 0.000, and probability value at 0.05. Because $F\text{-result} > F\text{-table}$ $36.231 > 3.21$, it means that H_0 is rejected. The measurement probability value of 0.000 is also much smaller than 0.05. It can be concluded that the performances of administrative bureaucratic apparatus in implementing RUP have significant correlations or significant effects on RUP value for procurement practices in Bitung City.

From partial test (t-test) results, it is found that of all nine independent variables (X), there are seven variables that have significant effects on RUP value, while the other two have no effects. Independent variables that show significant effects from the highest to the lowest are: (1) RUP₂, that the RUP has been prepared according to standards in Presidential decree 54, 2010 which is $t\text{-result} > t\text{-table}$ $3.130 > 1.679$; (2) RUP₇, that the RUP has been prepared according to the available organizational budgets, which is $t\text{-result} > t\text{-table}$ $2.871 > 1.679$; (3) RUP₆, that RUP has been prepared according to the identified organizational needs, which is $t\text{-result} > t\text{-table}$ $2.787 > 1.679$; (4) RUP₅, that RUP has been reevaluated before public announcement as directed in Presidential decree No. 54, 2010, which is $t\text{-result} > t\text{-table}$ $2.449 > 1.679$; (5) RUP₄, that the RUP has been prepared according to procurement methods as indicated in Presidential decree No. 54, 2010, which is $t\text{-result} > t\text{-table}$ $2.444 > 1.679$; (6) RUP₁, that RUP has been prepared according to directions in Presidential decree No. 54, 2010, which is $t\text{-result} > t\text{-table}$ $1.978 > 1.679$; (7) RUP₉, that the RUP has been prepared according to organizational structures, which is $t\text{-result} > t\text{-table}$ $1.875 > 1.679$. The overall t-test results show that the RUP implementation practices significantly affect procurement outputs in the administrative district of Bitung City, because the administrative bureaucracy apparatus show a relatively high compliance in implementing public policies. However, since there are two independent variables that show no significant effects on RUP value, based on statistical analysis, which are: (1) RUP₃, that the RUP has been prepared according to job packets in Presidential Decree, Number 54, 2010, which is $t\text{-result} < t\text{-table}$ $1.008 < 1.679$; and (2) RUP₈, that RUP has been prepared according to KAK $t\text{-result} < t\text{-table}$ $1.008 < 1.679$, it means that there are some improvements need to be done in regulating and allocating job packets and KAK for procurement practices in Bitung City.

For improvement measures concerning goods and services packets, PA/KPA must formulate and allocate as many job packets as possible for Small & Micro Enterprises (SMES) and Small Cooperatives as mandated in paragraph 100 Presidential Decree, Number 54, 2010. In addition, PA/KPA must decide whether the procurement of goods and services must be self-provided or self-made by the appointed enterprises or obtained via other suppliers of goods and services, either of which the emphasizes is on improving the utilizations of domestic products. In the preparation of RUP, it was noted that SMES and Small's Cooperatives were still largely ignored. The bureaucratic apparatus as the users of goods and services preferred using imported products. The government efforts to empower Medium & Small Micro Enterprises as mandated in the Legislation No. 20, 2008, can actually be realized through procurement practices so long as the job packets and budget allocations for SMES and Small Cooperatives in the preparations of RUP are formulated rightly so. The utilization of domestic products in the preparation of RUP will enhance the growth of economics rates, create job opportunities, increase incomes, consumptions, and public savings, raising accumulation of investments, and increasing state incomes from taxation.

Task Referential Framework (KAK) is a document which contains descriptions of guidelines that must be strictly followed in the implementation practices of public procurement plans. In reevaluating and revising the preparations of KAK, attention should be focused on the details of activities that need to be performed, the time of execution that

must be accomplished within or before the end of the fiscal year, the place where the goods and services must be delivered, technical specifications of goods and services required, and the amount of allocated funds that can be spent on buying goods and services required and also backup funds for facilitating the procurement process. A well-prepared KAK will ensure the procurement of goods and services as required by organizations (SKPD), effective and efficient use of budgets, and the precise time when the goods and services will be delivered and received by organizations, and these will ensure the improvements of bureaucratic apparatus performances.

V. Conclusion

Based on this study, it can be concluded that to ensure the successfulness of public procurement practices the first vital requirement is a strong commitment from bureaucratic apparatus to conduct and comply with good governance principles in the implementation practices of public procurement processes. Results from this study show that implementation practices of RUP in the administrative district of Bitung city indicate a good compliance level. Results from interviews with bureaucratic apparatus in 47 SKPD show that there are several factors that functioned as reminders and leverages for the high performances of bureaucratic apparatus in the procurement processes, which are: (1) Religious attitude as the basic capital. Religious principles and teachings become the foundation in performing tasks and in delivering services; (2) Cultural and customary attitudes towards local wisdom that influence behaviors and activities of bureaucratic apparatus and citizens of Bitung City which predominantly are Minahasanese. Minahasanese people and its culture show great welcomeness to anybody with their life principle called, “*Si Tou Timou Tumou Tou*” which means that every Minahasanese is obliged to help others in need to be better; and lastly, (3) Regulations concerning public procurement processes and practices issued by the central and regional administrative agencies are strictly followed and complied. The theoretical implications of this study open up new areas for policy implementations in the practice of RUP preparation using good governance principles which are: effective, efficient, transparent, open, competitive, fair and indiscriminate, and accountable. All of which should be in accordance with the procurement ethics as mandated in the Presidential Decree, Number 54, 2010 and its amendments.

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ECONOMIC PRICE AND PURCHASING POWER ANALYSIS OF THE TRANS PADANG BUS SERVICE

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Abstract

This study aims to determine the economic price and to analyze the purchasing power of the Trans Padang bus service. The economic price is calculated by finding an equilibrium price determined by the ability to pay and willingness to pay for the Trans Padang service. The purchasing power is calculated by using analysis of the willingness to pay and the ability to pay for the Trans Padang service. In relation to the analysis, this research divides the passengers into two categories. First, passengers whose ability to pay is greater than their willingness to pay. Second, passengers whose ability to pay is smaller than their willingness to pay. The results of this research show that average bus tariff based on ability to pay (ATP) is at IDR 6,118. When this fare is charged, only 44 percent of respondents has the ability to pay. The willingness to pay (WTP) of the respondents is at IDR 4,401. When this fare is charged, only 69 percent of respondents has a willingness to pay, and 31 percent of respondents have no willingness to pay. The economic price analysis provides two categories as follows. First, the bottom price for students, the equilibrium price for it occurs in the range of IDR 1,500 to IDR 2,500, which is consistent with the current applied fare for students is set at IDR 1,500. Second, the upper price for public passengers, the equilibrium price for it occurs in the range of IDR 4,500 to IDR 5,499. The applied fares for public passenger at present is set at IDR 3,500 which is lower than the equilibrium price. The analysis of purchasing power divides passengers into two groups, namely, 32 percent of respondents included in the category of *captive riders* where the ability to pay greater than the willingness to pay ($ATP < WTP$) and 68 percent belong to the category of *choiced riders* where the ability to pay less than the willingness to pay ($ATP > WTP$). This indicates that the bus fares at present are set a lower level of the passengers' ability to pay.

Keywords: *Ability to pay, Willingness to pay, Economic price, Purchasing power*

I. Introduction

The town growth always close relation to the increase of urban activity. The increasing activity will encourage the growth of urban population. Padang is a city in transition from marginal to the metropolitan city. Padang have high accessibility to the port and the airport as a key channel mobility of people connecting with other provinces on the island of Sumatra. Besides mobility within the city as part of the urban activity also, especially on the weekday, then it is possible for the increasing demand for transport modes as the daily needs of the community. During the last 10 years, the use of public transport and private transport highly inversely, private transport has increased rapidly but public transport vehicles has declined. The booming in the use of private transport occurred in 2005-2006, namely by 49% in 2005 and increased sharply in 2006 about 53%. The opposite occurs in the use of public transport, in 2005 the use of public transport around 51% and declined in 2006 to approximately 47% (*instran.org, 2013*). However, with the widespread use of private transport by the community, this will cause congestion at the highway that ultimately lead to transportation problems such traffic and congestion.

Tamin (2000), argue that traffic problems or congestion cause negative externality to road users, particularly in terms of wasted time, wasted fuel, and low power wastage and increase pollution both voice and air pollution. In addition, according to Basuki (2008),

while the loss of the most basic of traffic congestion is the loss of travel time which will result in wastage of fuel so that the operating costs of the vehicle increases. With increasing vehicle operating costs caused by congestion, then this is where the government took the right policy for setting public transport fare is cheaper than using private vehicles. It can attract people to switch to using public transport rather than private transport. In Table 1 below shows the public transport fares in Padang.

Table 1. Public Transport Fares in Padang

No	Transportation Modes	Fares
1.	Minibus	Rp 3000 /trip
2.	Bus	Rp 4000/ trip
3.	Taxi	Rp 3000-6000/ km

Source : *padang.go.id* (2015)

Table 1 shows that the lowest transport fares are economy class public transportation such as minibus and bus, taxi is more expensive with better facilities. Therefore, the city government and transportation service providers are required to further improve the quality of transportation services that people prefer to use public transport rather than private vehicle. Bus Rapid Transit (BRT) are popularly used in major cities of Indonesia to address the problem of congestion. Bus Rapid Transit is one type of public transportation provide services faster and more efficient than other similar means of transport. Bus Rapid Transit (BRT) or better known to the public city buses Trans Padang is newly opetariffd in 2014 precisely in February 2014. The BRT is using the new system is expected to provide better quality of service than other public transport existing , Trans Padang opetariffs from 06.00 until 20.00 pm, with the purchase of tickets is done at the stop with a tariff for students and public of Rp 1,500 to Rp 3,500 one trips. Actually pricing should consider various aspects, economically pricing can be seen from the equilibrium price of transport, then pricing must consider the aspect of purchasing power and the ability to pay the passengers.

II. Theoretical Framework

The Economic Principle Of Tariffs

The demand for transportation services is referred to as a derived demand for any other commodity or service. Basically the demand for transportation services is derived from (1) The need for a person to walk from one location to another to activity (eg, work, shopping), (2) Demand for transport of certain items that are available at the willingnessd place. (Morlok, 1991)

The amount of transport demand related to socio-economic activities of the community, a system activity that can usually be measured by the intensity of land use. Relationships that are on the transport system and land-use system according Frazila (1998), namely (1) changes/ improvements in land use will raise the journey, (2) The increased arousal will raise the level of demand for the movement that ultimately require the provision of transport infrastructure, (3) Procurement of infrastructure will increase the partial circuit, (4) The increase in the power circuit will increase the price / value of the land, (5) The determinateon of site selection which eventually resulted in a change in the land use system.

Morlok (1991), argues that there will be the fulfillment of the public transport is influenced by: (1) Revenues of each person, (2) Health, (3) The purpose of the trip, (4) Type of travel, (5) The number of passengers (group / individual), (6) Travel urgent.

Transportation demand can not be separate from the principle of demand for goods and services in general, where there are several factors that influence the demand for them

is consumers taste. Consumer taste for transportation demand associated with the quality of the services provided by the provider of transportation modes.

In general a function of supply determines the relationship between the market price of a commodity by the number of commodities to be produced and sold by the manufacturer. The basic shape starts from the premise that the price increase resulted in an increased amount produced and offered for sale (Samuelson, 1958 in Morlok, 1991). Reality is a lot happening in the transportation offered at a specific price level that is very influenced by the prices involved. The prices involved, for example: the cost of terminal (terminal cost) and the cost of movement (movement cost) (Cahyo and Made, 2008). Thus we can see that there is a tendency of increasing the volume or quantity of the trip it will increase the amount of the price or tariff charged. The increase in travel volume will also increase the queue itinerary, retrieval time and decreasing passenger traffic density and others. So that will increase vehicle operating costs which as a result will increase transport fares.

In simple economic thinking, the process of exchange of goods and services may occur as a result of a combination of demand and supply. Point of balance combination of these two things explain the price of goods to be traded and the quantities on the market (Tamin, 1997). The balance point (p^* , q^*) obtained if the marginal cost of production and sales with its marginal profits. This can be explained by the chart as written by Morlok, 1991 follows:

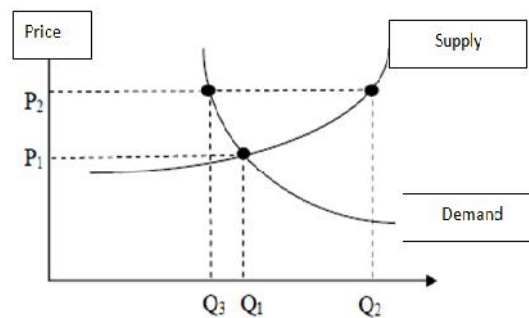


Figure 1. Equilibrium Transport Price

Analysis Of Purchasing Power

The relationship between ATP and WTP provides an overview grouping of service users into three groups, 1. $ATP > WTP$, This condition shows that the ability to pay is greater than the willingness to pay services. This occurs when users have relatively high incomes but the utility of the services is relatively low, the condition is called choiced riders. 2. $ATP < WTP$, This condition is the opposite of the above conditions, which the user willingness to pay for these services is greater than the ability to pay. It allows occurs for users who have a relatively low income but the utility to such services is high, so that the user wishes to pay for these services tend to be more influenced by the utility, the user of this condition is called captive riders. 3. $ATP = WTP$, This condition shows that the ability and willingness to pay services consumed by the same user, in this condition they are in balance with the user utility costs incurred to pay for these services.

III. Research Methods

Based on the problems and research objectives, this study classified the descriptive study. quantitative. The population in this study were all Trans Padang passengers, and sample size was 96 respondents. To analyze the economic price and analyze the purchasing power passenger buses used Trans Padang calculation approaches Ability to pay (ATP)

and Willingness to pay (WTP). WTP can be defined as the average amount of rupiah that are willing incurred by passengers as the payment of a unit service enjoys

$$TWTP = \sum_{t=1}^n WTP_i \left(\frac{ni}{N} \right) P \quad (1)$$

$$ATP = \frac{I_t \cdot P_p \cdot P_t}{T_t} \quad (2)$$

IV. Results and Discussion

Variable Description

Quality of service is the users' expectations about the services provided. The results showed that 72 percent of respondents doubt that the quality of service provided has been excellent, while 20 percent of respondents disagree with the opinion that the quality of service provided has been very good, and only 8 percent of respondents said that the quality of the bus service Trans Padang has been very good.

Based on the dimensions of service quality according to Gaspersz (1997), then developed some clustering dimensions associated with the quality of the research that dimensions of quality bus stops, driver, bus condition with each indicator associated with the dimensions of service quality. Research results showed that on average 72 percent of respondents said that the quality of bus stops, driver, and bus condition has reached 4 or has been categorized good. Based on the dimensions of quality bus stops, respondents said that the quality of the bus stop Trans Padang is still quite good category with a score of 3.3, due to his lack of seat facility at bus stops, bus stop locations that are difficult to reach, stop steep, and the gap is wide enough between bus stops with bus while it stop. Based on the dimensions of the quality of the bus, then the respondents said that the quality of the Trans Padang categorized quite good, with a score of 3.5. This statement is related to the lack of timely arrival of the bus, the air conditioner is not adequate, passenger capacity does not match the number of seats and handrails, as well as other supporting facilities are lacking. Based on the dimensions of the quality of personnel, the respondents said that the quality of the bus attendant Trans Padang has categorized both by a score of 4, which means that the bus attendant has been providing outstanding service passengers.

Amount of revenue related to the ability to pay for services provided. The results showed that of the 100 respondents mostly or as much as 70 percent of the respondents have incomes between Rp. 1,512,501 to Rp. 2.725.000, and only one respondent have income between Rp. 8,787,501 to Rp. 10,000,000.

Respondents in this study is divided into two categories, the student and general category. The results showed that 67 percent of respondents are students while 33 percent are general. Distribution of respondents with respect to the purchasing power of the bus service, where respondents students usually have low income levels, so that we can be sure to have the purchasing power that is too low. Referring to the income distribution where 70 percent of respondents are in the category of income between Rp. 1,512,501 to Rp. 2.725.000, and it turns out most of the research respondents are students.

Travel frequency is the number of trips made respondents in the last one-month period. The results showed that from the 100 respondents then as much as 46 percent or as much as 46 respondents traveling less than 50 times as much as a trip in the last month or included in a category often used. This indicates that most respondents use Trans Padang as the main mode of transportation. Mean while respondents who use the Trans Padang as a mode of transportation by less than 20 times in just six respondents.

Analysis of Ability to Pay

At the current tariff charged on a Trans Padang passenger is divided into two categories, the student category fares as Rp. 1,500 and Rp general category fares as Rp. 3,500. Based on the analysis of ATP result that as many as 81 percent of respondents only have the ability to pay a tariff of Rp. 3,500. While only 19 percent of respondents have the ability to pay if the tariff is set greater than the current tariff. The study also provides the results of ATP minimum of Rp. 500 and a ATP maximum of Rp. 6.667, it means that users have the ability to pay the lowest tariffs of 500 rupiah and the ability to pay the highest tariffs amounted to Rp. 6.667 rupiah. While the average respondent's ability to pay is Rp. 6.118, when the tariff charged by ATP then averaged only 44 percent of respondents who have the ability to pay.

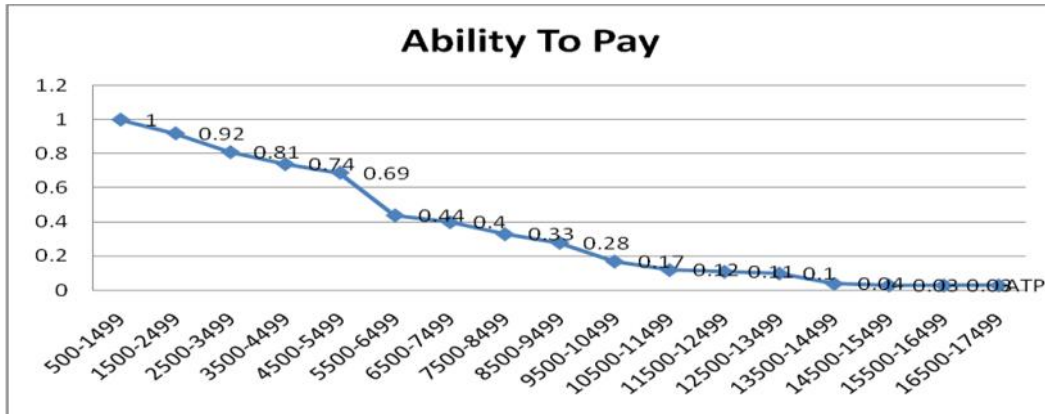


Figure 2. Ability To Pay Curve

Analysis of Willingness to Pay

The results showed that 89 percent of respondents were willing to pay for Rp. 3,500 at this time, while only less than 11 percent of respondents were willing to pay a tariff of more than Rp. 3,500. Referring to the results willingness to pay has been described in the previous section, studies show that approximately 8 percent of respondents were willing to pay more than the prescribed tariff at the moment but do not have the ability to pay more than the tariff determined at this time.

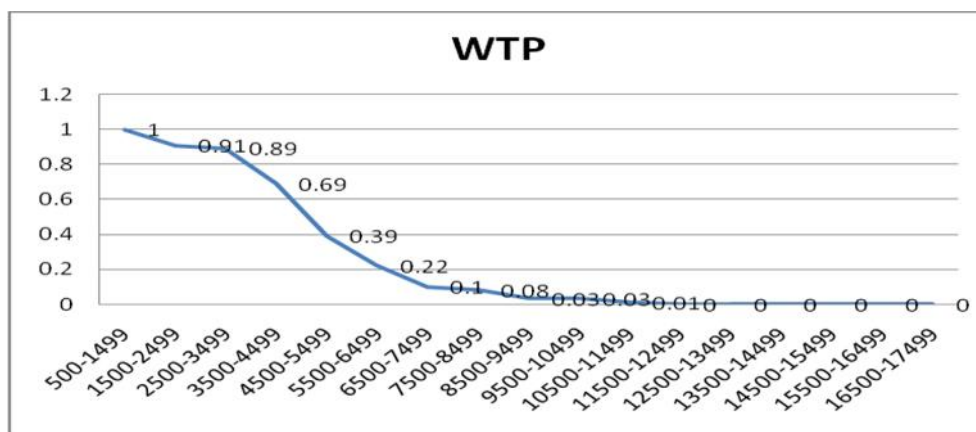


Figure 3. Willingness To Pay Curve

The results also showed a willingness to pay the lowest respondent is Rp. 635 and the highest willingness to pay respondent is Rp. 11.423. Average willingness to pay is Rp 4,401, meaning that if tariff tariffs charged for the average WTP then only 69 percent of respondents were willing to rest as much as 31 percent of respondents are not willing to pay

Analysis of Economic Price

Analysis of the economic prices linked to some conditions depending on the target group imposition tariff. The first condition is called the condition under which the riders choiced this condition suggests that the ability to pay is greater than the willingness to pay or $ATP > WTP$ means that users actually have a high income to pay for more than tariff but the utility of the services are relatively low. The second condition is called the condition under captive riders where in this condition the user does not have the ability to pay is greater than the tariff but have a willingness to pay more or $ATP < WTP$, meaning users have low incomes that has the capability to pay less but have a willingness to pay greater than the prescribed tariff. The third condition is a condition equilibrium tariffs for service Trans Padang users, where conditions equilibrium be achieved if the ability to pay coupled with the willingness to pay Padang Trans bus services or utilities are in balance with the costs incurred users to pay according to specified tariffs

Based on Figure 2, when the tariff is set at an average of ATP is Rp. 6118, the number of bus passengers of Trans Padang only 22 percent who have a willingness to pay. If the tariff is set at the average WTP is Rp. 4,401 the 69 percent of bus passengers of Trans Padang who have a willingness to pay.

There are two bus equilibrium Tariffs Trans Padang at lower tariffs and upper tariffs. At the lower tariffs that cater to students, equilibrium tariffs occur in the range of Rp. 1,500 to Rp. 2500 where the number of Trans Padang passengers, which have the ability to pay (ATP) as much as 92 percent while the number of Trans Padang passengers who have a willingness to pay (WTP) as much as 91 percent, fares for students currently set at Rp. 1,500. Tariffs above equilibrium that cater to general passengers is in the range of Rp 4,500 to Rp 5,499 where the tariff ranges of the Trans Padang passengers who have the willingness to pay (WTP) as much as 69 percent, while the Trans Padang passengers, which have the ability to pay (ATP) as much as 69 percent. These tariffs are higher than the tariffs stipulated in the current Rp. 3500 to the general passengers.

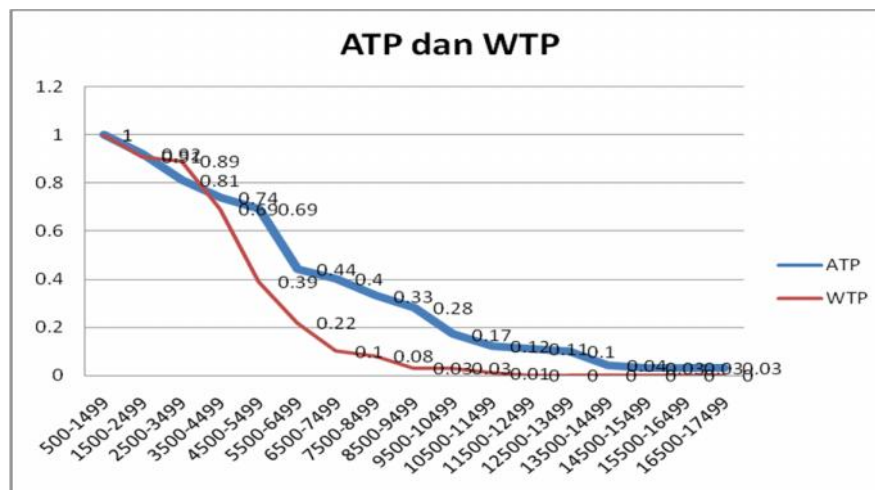


Figure 3. Economic Price of Trans Padang

Analysis of Purchasing Power

Analysis of purchasing power refers to studies conducted by consultants Mechanical Dardela Yasa Guna (2012), where the purchasing power of passengers divided passengers were categorized choiced riders where this condition suggests that the ability to pay is greater than the willingness to pay or $ATP > WTP$ means that users actually have high incomes to pay more greater than the prescribed tariff, but the utility of the bus services are relatively low. And passengers were categorized captive riders where in this condition the

user does not have the ability to pay is greater than the prescribed tariff but have a willingness to pay more or $ATP < WTP$ meaning users have low incomes that has the capability to pay less but have a willingness to pay more of the prescribed tariff.

Results showed that 32 percent of respondents included in the category of captive riders passenger where the ability to pay greater than the willingness to pay ($ATP < WTP$) and 68 percent belong to the category of choiced riders passenger where the ability to pay less than the willingness to pay ($ATP > WTP$), this indicates that the tariff currently set is included in a lower category than the ability to pay the Trans Padang passenger, but passengers are not too have a willingness to pay more than the tariff determined at this time due to the quality of service is not adequate, in which only the dimensions of attendant included in both categories while dimensions and the bus stop is only categorized quite good, besides that respondents who expressed doubts about the quality of Trans Padang services as much as 72 percent of total respondents.

Categorization of passengers related to the determinant of purchasing power which in this study consisted of four determinant is the quality of service, income, passengers category and travel frequency. Based on the factor of quality of service, 32 percent of respondents were included in the category of captive riders or the willingness to pay more, where 15 percent of them have no willingness to pay more because the quality of Trans Padang services felt already are above the average, while 17 percent of respondents were included into the captive riders willing to pay despite the quality of Trans Padang service is still below the average. Still based on factors of quality of service, 68 percent of respondents included in the category of choiced riders who have the ability to pay more, where 40 percent of them have the ability to pay is driven more by the quality of Trans Padang services has to be above average ATP, while 28 percent of respondents have the ability to pay more although the quality of service is below average.

Based on factor incomes, 32 percent of respondents included in the category of captive riders or the willingness to pay more, where 15 percent of respondents have no willingness to pay income driven by factors that have been above average, while 17 percent of respondents had a willingness to pay more despite having incomes below the mean Avg. Still based on factor incomes, 68 percent of respondents including the category of choiced riders or has the ability to pay more, where 47 percent of them have the ability to pay more because they have incomes above the average, while 21 percent of them have the ability to pay more even though they have income below average.

Based on the passenger type, 32 percent of respondents fall into the category of captive riders or have the willingness to pay more, where 24 percent of captive riders are student and the remaining 8 percent of the general. Respondents who fall into the category choiced riders or who has the ability to pay more as much as 68 percent, with 43 percent of them are students while 25 percent are general type.

Based on trip frequency factor, then 32 percent of the respondents fall into the category of captive riders or the willingness to pay more, while 19 percent among captive riders or the willingness to pay more because it has a frequency of its journey above the average. While 13 percent of respondents that included captive riders or the willingness to pay more despite having a frequency below the average trip.

Table 2. Purchasing Power of Trans Padang Passengers

		Purchasing Power		Total
		ATP < WTP (Captive Rider)	ATP > WTP (Choice Rider)	
quality of service	< Median	17.00%	28.00%	45.00%
	Median	15.00%	40.00%	55.00%
Total		32.00%	68.00%	100.00%

Income	< Median	17.00%	21.00%	38.00%
	Median	15.00%	47.00%	62.00%
Total		32.00%	68.00%	100.00%
passengers type	Student	24.00%	43.00%	67.00%
	General	8.00%	25.00%	33.00%
Total		32.00%	68.00%	100.00%
trip frequency	< Median	13.00%	23.00%	36.00%
	Median	19.00%	45.00%	64.00%
Total		32.00%	68.00%	100.00%

Source : survey, 2015

V. Conclusions

This study provides the following conclusions, (1) Average of ability to pay (ATP) of respondents are at a tariff of Rp. 6118, when the tariff charged by ATP then averaged only 44 percent of respondents who have the ability to pay. (2) The average respondent willingness to pay (WTP) to Rp 4,401, if the tariffs charged by the average tariff WTP then only 69 percent of respondents were willing to pay the remaining 31 percent of respondents are not willing to pay. (3). Analysis of the economic price gives two categories, namely lower tariff which cater to students, in which the equilibrium tariff occurs in the range of Rp. 1,500 to Rp. 2,500. fares for students currently set at Rp. 1,500. Furthermore, tariffs on equilibrium that cater to general passengers is in the range of Rp 4,500 to Rp 5,499, the tariff for general passenger is currently set at Rp. 3,500. (4). Analysis of passengers purchasing power split into two groups: 32 percent of respondents included in the category of passenger captive riders where the ability to pay greater than the willingness to pay ($ATP < WTP$) and 68 percent belong to the category of passenger choiced riders where the ability to pay is smaller than willingness pay ($ATP > WTP$). This indicates that the bus fares at present are set a lower level of the passengers' ability to pay.

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pINTERNAL MARKETING AND ORIENTATION TO CUSTOMER SERVICE QUALITY

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Abstract

This study is intended to obtain the result of the interpretation in the effect about internal marketing and customer orientation against service quality to inpatient in general hospital in the city of Medan. This research uses marketing management service approaches. This type of research are *descriptive verificative* and *explanatory survey*. Research technique is cross section, that is the research is carried out in a given period using a questionnaire. Sampling technique in this study is the use of multistage sampling technique (gradually double sampling) to combine stratified and cluster sampling technique at the general hospital in the city of Medan. Analysis of the data used is descriptive and structural equation model (SEM) with the help of LISREL 8:30 program. The results of this study reveals that: internal marketing and customer orientation either partially or simultaneously are significant effect on the quality of inpatient care at a public hospital in the city of Medan.

Keywords: *Internal Marketing, Customer Orientation, and Quality of Service*

I. Introduction

Hospital as a health care industry engaged in the service has its unique features, one of them is the degree of dependence of patients which is very high on hospital services. Generally, such services are provided in a package of services such as diagnosis, treatment, therapy, and health advice. The high degree of dependence of these patients requires professional service quality of medical personnel and professional manner. Paramedics should create satisfaction for patients. To create an excellence quality service, the medical staff, a nurse, needs to be managed.

Since the enactment of Law No. 23 year 1992 about health in lieu of Law No. 9 of 1960 on the main points of health, the health condition in Indonesia is getting out of control. Increasingly difficult situation of health care, the hospital slowly begins to eliminate its social responsibility (Yahya 2008 in Kompas.com, October 2008). This condition can be seen by the loss of responsibility in the provision of hospital in giving fee service for the patient stayed at the 3rd room either owned by the government and private sectors.

The positive impact of these regulatory changes is the higher rate of growth of private hospitals in Indonesia, namely during the years 2005-2007 grew by 2.9%. As for the government hospital growth reaches only 1.25% annually (www.depkes.co.id, 2008). So in the city of Medan also, based on data from Health Department (Dinkes) of Medan in 2014 showed the number of hospitals increased to 59 with the addition of two in 2014, namely General Hospital (RSU) Madani and RSU Royal Prima. A large number of hospitals do not guarantee giving an excellent health care in that area. To ensure public health services, government already implements standardization through accreditation. The factor that determines whether or not a hospital to obtain accreditation in accordance with the Act. No. 36 of 2009 is based on five variables, namely the emergency room (ER),

nursing, medical records, medical services and administrative services and all that have to do with the service.

Hospitals are known to experience a decrease in performance during the period January to April 2014. The decline in performance is assessed based on the indicators of hospital services (Depkes, 2005), which reflects the level of utilization, quality, and efficiency of hospital services. Preparation of a strategy map is expected to improve hospital service system so that the performance degradation problem will find a solution and does not happen again. In addition to finding a solution performance degradation, the role of the strategy map is specifically designed to deal with the competitive environment that is increasingly competitive.

Departing from the things mentioned above and considering the internal dynamics of the organization and the demands of the growing external side, the hospital faces in efforts to respond the dynamics of adjustment of external and internal integration potential in carrying out the task more complex. This effort must be made if the organization wants to maintain its performance in the form of health care to the community while gaining sufficient funding for the survival of the organization. Therefore, organizations (hospitals) cannot ignore the human resources, especially doctors and nurses that have included attention to this satisfaction.

In that context, an understanding of the demand and need of human resources needs to be taken so that the motivation and their performance can be improved. Increased attention to the employees will be able to support the creation of excellent service in the organization. This is consistent with the opinion of Bowen & Johnston (1999) which states that the service organization must be able to understand the desires and expectations of employees to failures in service delivery can be minimized. Understanding the needs and desires of employees of which this is with respect to the compensation system and fair incentives, employee empowerment, and also good communication within the organization (Ahmed and Rafiq, 2003).

In line with the paradigm shift hospital then the concept of service that the hospital should also changing. Hospital management has been duly looked at the patient as a key element and important for the life of the organization. To that end, the hospital should be able to create a patient-oriented services and in addition the system intelligence companies need to work in order to monitor the action of competitors. When these two aspects run with both the quality of service, patient satisfaction will be improved.

Furthermore, this underlying is that the higher the competitive conditions in the healthcare industry, especially in hospitals. In the case where in order to obtain a relatively large number of patients, the hospital management should be able to respond the needs of patients with quality services. For management, it is required to prepare the excellent medical staff especially nurses and doctors who have high interaction with the patient. This is in line with the opinion of Djojosingito (2001) that the medical staff, paramedics and other employees are our most important asset and should be empowered in hospital. Quality health care process will only be increased if the employee has the commitment and competence on the job. It implies that management should be able to meet the need of both nurses which have knowledge and skills in their work as well as their individual needs (awards) so that it has the competence expected to create a quality service and of course will be followed by patient satisfaction.

Based on the various health care phenomenon described above, it shows that on the one hand people feel and perceive that health care is not adequate. It is marked by there is still poor quality of existing services in hospitals as well as various violations of medical procedures performed in hospitals that is why the public response to the desire to be treated in hospitals tends to be low. But on the other hand, the government continues to

encourage the hospitals to provide adequate service quality through various laws and regulations. On the other hand, the hospital manager likes or dislikes shall follow the rules set by the government with legal consequences. To that end, the manager of the hospital both government hospitals and private should seek to develop the service system in accordance with the provisions set by the government in order to provide a good service and equitable for all levels of society. The implication of that is that the hospital needs to improve the guidance system to its employees (internal marketing) so that employees, especially medical and paramedical personnel are qualified and highly motivated in serving patients. On the other hand, from the coaching staff will be able to encourage the creation of service-oriented patient (customer orientation) so that the services provided are of good quality as expected of patients. The impact of it, will fulfillment of patient satisfaction provided by the manager of public hospitals, especially in the city of Medan.

With regard to consumer orientation in the hospital, Sudirman (2001) stated that today the hospital as health services should focus on the consumer. This is because of the increasing sophistication of consumers of health services so that the level of expectation will be of their services. To that end, the hospital's ability to survive in a highly competitive market requires an understanding of the need of the market (consumers) and utilization of information to present high value for the patient. Therefore, medical personnel in hospital is required to have high competency with high creativity in providing services. In this case, the manager should be able to empower and utilizing existing resources effectively and efficiently to maximize the value of the services offered to the patients targeted (Sudirman, 2003).

Departing from the phenomenon described above, if connected with the concept of service management that one key to success in winning the competition in the health services industry, especially in hospital services is to provide specific services in the hospital. A unique service in the hospital to do when medical personnel have orientation on the consumer (patient) through the improvement and increased attention on the employee front row. On that basis, the study wants to know about the internal marketing and customer orientation and the effect on quality of care in public hospitals, especially public hospitals in the city of Medan.

Based on the background of the problems set forth above, then the problems are formulated as follows: (1) Is there any influence of internal marketing performance to service quality inpatients in public hospitals?, (2) Is there any influence to the consumer orientation toward service quality inpatients in public hospitals? and (3) Is there any influence of internal marketing performance and customer orientation with the quality of services inpatients in public hospitals?

II. Teoretical Framework

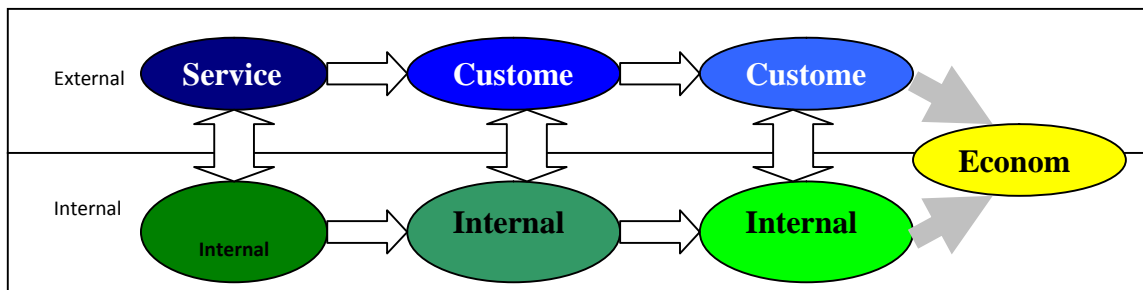
Internal Marketing

The appearance of internal marketing concept is an implication of the organization attention on the importance of every individual involvement in the organization as a service encounter in producing the increased interaction between consumers and employees. Internal marketing concept is firstly introduced by Berry and Grnroos (Kang et.al, 2002).

Internal marketing is intended as an approach that allows to motivate all members of the organization in order to assess their role and adopt a consumer awareness-oriented. Gudmundson and Lundberg (2002) argues that the concept of internal marketing attention to the quality of service (service quality) of activities that run the company is important. This is because the provision of the best service by the consumer organization is largely

determined by the services provided by consumers internal (employees) that serves as a service provider.

Bruhn (2003) illustrates the process chain quality of services for achievement of organizational goals not only give attention to external customers only but should be in line with the provision of services to internal customers as shown in Figure 1 below.



Source: Adapted from Bruhn (2003)

Figure. 1. Relationship Quality of Services to Achieving Organizational Objective

Furthermore, Kotler, P and L. Keller (2008), suggest that it is unrealistic to promise superior service to consumer before the employees in the organization to get service from the management. Thus, the provision of good quality services to the employees will be able to create employee satisfaction in their work and also will increase their loyalty to the organization. Ultimately, it will be able to create high performance in providing the best service for external customers.

The best efforts in supporting the best service to external customers, Bowen and Johnston (1999) suggest that the service organization must be able to understand the wishes and expectations of employees that failure of the delivery of services for consumers which can be minimized. It can be done through the following points: (1) Create internal awareness of the existence of internal customers. (2) Work on the identification of internal customer and supplies. (3) Identify the expectation of internal customer. (4) Communication these expectation to internal suppliers in order to discuss their own capabilities and/or obstacles to meeting these requirements. (5) Internal suppliers should work to make the necessary change so as to be able to deliver the level of service required. (6) Obtain a measure for internal customer satisfaction, and feedback should be given to internal supplier if services are to be improved.

Marketing experts and human resources have examined a variety factors that play a role in internal marketing, among others, performed by Doukakis (2002), Naude et.al (2003), Gronroos (2001), and Rafiq and Ahmed (2000). In general, from a variety of expert opinion, it can be noted that the dimension of the internal marketing system includes reward system, internal communication, training and development, organizational structure, management support, physical environment, senior leadership, interfunctional coordination, internal process of change, and empowerment.

In regard to this study, which observed aspects focused on some of the components that are relevant to the object of research which includes a system of remuneration (reward system), internal communication and empowerment.

Customer Orientation

The concept of consumer-oriented marketing service business is the terminology of the reduction in the concept of total quality management. In halmana consumer orientation

on the services sector aims to meet customer satisfaction according to his wishes and it is placed on the most important position on the level of achievement of organizational goals.

According to Winner (2001), a customer oriented strategy builds good relationships with customers in the long term by combining the ability to respond and serve customers with high interaction. To support the implementation of the strategy of customer orientation, we need a device such as management approach, the management of customer-oriented.

Dimension of customer orientation is strongly influenced by the culture of the organization. As it said by Homburg and Pflesser (2000) that "most research on customer orientation is conducted by cultural perspective and typically measured customer orientation in terms of behavior." In line with this opinion, the approach to consumer orientation which is developed by Best (2009) can be used as a dimension in which case the approach is based on a behavioral approach. The dimensions includes (1) **Customer Orientation**, includes providing active support for their comments and complaints from consumers, giving attention to the service after the sale, an evaluation on a regular basis in order to create value products and superior services, and measure customer satisfaction levels on a regular basis. (2) **Focus on Competitor**, this aspect consists of monitoring competitor activity and the creation of a superior quality of service compared to competitors' products.

Deshpande, R., and Farley, J.U. (1998) develops a measure of the consumer orientation by using nine items measuring from four dimensions of the product value, service value, personnel value and image value.

Consumer orientation measurements in this study use scale approach as stated by Deshpande, R., and Farley, J.U. (1998) with modifications according to the object of research. In this case, modifications are made with respect to the measurement object, which is directed at the viewpoint of patients who have been hospitalized. This is done in order to achieve uniformity source of research data. Therefore, in the measurement of consumer orientation in this research is used the dimension value and the value of service personnel. This is in accordance with the environmental conditions of the research object that hospital patients who receive nursing care at inpatient installation. Consumer orientation measurement is performed based on the dimensions of the patient's perception measured.

Service Quality

Quality of service is addressing the need and desire of customers as well as accuracy in delivery to compensate customers' expectations. Tjiptono (2005) states that the determination of the quality of the services which should start from the need of customers and ends on customer satisfaction with the positive perceptions. According to Wyckoff, D. D. (1984), quality of service is above the expected level of excellence control to the quality of service to meet customer desires. This is in line with the opinion of Zeithaml and Bitner (2003), that "Service Quality is the delivery of excellent or superior relative to customer satisfaction".

Quality of service is the dominant role in the field of marketing activities of a company, especially companies engaged in the service. Therefore, the quality of service will determine the success of a company's competitive advantage. It is confirmed by Lovelock (2002), which states that: "poor quality places a firm at a competitive disadvantage".

According to Tjiptono Fandy (2001), there are ten dimensions of service quality in the areas of marketing, namely: (1) Reliability, covers two main things that is consistent (performance) and the ability to be trusted (dependability). In this case, the company

provides its services right from the first moment (right the first time) and fulfill his promise. For example, delivering the services on schedule. (2) Responsiveness, ie the willingness or readiness of employees to provide services required by the customer. (3) Competence, meaning that, everyone in the company has the knowledge and skills required to provide such services. (4) Access, which includes ease of contact and encounter. It means the service facilities are within easy reach, the wait times are not too long, easy corporate communication channel to be contacted, and so forth. (5) courtesy, which includes politeness, respect, caring and friendliness that is owned by the contact personnel. As officers receptionists, telephone operators, and so forth. (6) Communication, means providing information to customers in a language that is easily understood, and always listen to suggestions and complaints. (7) Credibility, that being honest and trustworthy. Credibility covers the company name, company reputation, personal characteristics contact personnel, as well as interaction with customers. (8) Security, which is safe from danger, risk, or doubt. These aspects include physical safety, financial security, confidentiality. (9) Understanding knowing the customer is the effort to understand customer needs. (10) Tangible, ie physical evidence of services that can include physical facilities, equipment and supplies used, as well as the physical representation of the services.

While Kotler, P and L. Keller (2008) describe the dimensions of service quality as follows: (1) Reliability, ie relating to the ability to present the performance of the service as promised with reliable and accurate. (2) Responsiveness, meaning that the willingness to help customers and provide service quickly. (3) Assurance, means that the guarantee covers the knowledge, courtesy, and the ability of the staff to build customer confidence. (4) Empathy is a form of care and personal attention to consumers. (5) Tangibles or physical evidence, a tangible displays the services sector which includes physical facilities, equipment, physical appearance of employees, as well as means of communication.

Regarding to hospital services, Wisniewski and Wisniewski (2005) stated that the quality of medical services has two elements, namely technical and functional. Quality of technical services focuses on the technical accuracy of medical diagnoses and procedures. While the quality of the functional services show the way or how the process of medical action undertaken. Patients who do not have sufficient knowledge and experience in the medical action is more likely to understand the functional aspects. This is consistent with the statement given by Wisniewski and Wisniewski (2005) that "*functional quality may be sees by customer as the most important factor in service transaction, given their frequent inability to judge technical quality.*" Therefore, patients rate the quality of health services (medical) of the functional aspects of a medical procedure.

Internal Relationship Marketing, Customer Orientation, and Quality of Service Done by Employees

Improving quality of service to the internal customer can be done through various approaches, including through a system approach to remuneration, internal communication systems, education and training, and empowerment employees. Through management of internal marketing dimension, it is the competence of employees increased. And in the end, they will have a high quality work in serving consumers.

Based on research conducted by the Lings (2002) found that there is a significant relationship between the internal market and external market orientation. From the findings, it is concluded that the development of consumer orientation for an organization is dependent upon the behavior of individual employees. On the other hand, Chung and Kim (2002) found that internal marketing has a positive and significant correlation to

consumer orientation. In this study, the measured variables include reward system, empowerment, education and training, and management supports.

Compensation as a one-dimensional internal marketing as a major element of concern to every employee in establishing a work contract with the organization. Compensation objective will be able to boost productivity of employees in achieving organizational goals. Determination of fair compensation can improve the behavior of the employee. This is consistent with the statement of Robert (1996) which states that the compensation is a system to individuals, as the implications of their performance to organizational performance. In other words, the provision of fair rewards for employees will have an impact on the behavior of employees in providing services to customers.

On the other hand, the smooth communication within the organization will also have an impact on the quality of work done by employees. Corresponding opinion and tourish Irving (1994) stated that internal communication is a key factor in driving the achievement of organizational goals. Internal communication is a form of communication from management to employees in an organization. A system of internal communication is good then the management will be able to motivate and influence the attitude of the employees in accordance with the organization's culture. This is in line with the opinion of Lovelock (2002) which states that the purpose of internal communication is to assure the distribution of services in an efficient and satisfactory; achieving harmonious labor relations and productive; and build trust, respect and loyalty of employees to the company. It will be able to create quality employees better and reliable.

Empowerment as a dimension of the internal marketing also plays an important role in shaping the quality services in the business services sector. According to the nature of business services, in the period of production and consumption, there is no grace period. The quick decision made by employees is highly expected by the customer. This is consistent with the opinion of Daft (2003) which states that in a service business, decision must be made quickly by the employee so that the consumer desires can be fulfilled. On the services of the hospital, the nurses are required to make quick decisions, especially in the face of the patient's condition which is critical, even though the nurses have limited authority to perform certain actions. Employee empowerment is an attempt to share power, delegation of power or authority to subordinates so that employees can make decisions quickly and flexibly to the task (Daft, 2003). Implementation of empowerment will affect the quality and employee satisfaction. This is because employees are given the power to act in providing the best service for consumers. Therefore, empowerment positively impact both the organization and for employees.

From the description set forth above shows that internal marketing has a huge impact on the success of the service activities to meet the expectations of consumers. In other words, internal marketing is one of the key factors in providing superior services for consumers. Grönroos (2001) stated that internal marketing can help employees to understand its position significantly and to create awareness of how relationships within the organization are aligned so that an increase in cross functional coordination within the organization.

Nurses as spearhead the implementation of the service, especially at the inpatient of the key factors forming patient satisfaction. Services for 24 hours resulted in a very high interaction between nurses and patients. If the nurse does not have a high competence in providing services to patients, the level of patient satisfaction tends to be low. On that basis, the nurse management of internal pamasaran corner is one of the things that are essential in determining business success, especially in the hospital inpatient.

Nurses have the attitude, behavior and high competence likely to provide professional nursing care. In this case, Peplau in Nurachmah (2001) states that the

professional relationship of nursing care is initiated by nurses through empathy and respond to the wishes and desires to help patients.

When viewed from the links between internal marketing and service quality of employees, Thuong (1998) states that: "Effective internal marketing is key to customer satisfaction and loyalty." Effective internal marketing is the key to customer satisfaction and loyalty. Furthermore, Oliver (1997) states that: "Satisfaction is a central pursuits for human beings". It implies that satisfaction is a primary goal of human life.

Furthermore, Conduit and Quigg (2003) inform that there is a positive relationship between the quality of work of employees and internal marketing. A similar study is also conducted by Babakus et.al (2002), which concluded that internal marketing has a significant relationship and positive impact on the quality of service of employees the front row.

Customer Orientation Connected by Quality of Service

Customer orientation and quality of service are two things interrelated in creating customer satisfaction and loyalty. Consumer-oriented service organization prioritizes the creation of loyalty quality through employee empowerment front row. It is done to provide employees with the skills and knowledge regarding the duties and responsibilities. In other words, employees are expected to have high competence in serving consumers. So that employees can be optimized in giving service quality. The company and its employees are required to have an orientation toward consumers. Basically, a company's customer orientation is a collection of consumer orientation of individuals aimed at promoting the organization (Best, 2009). Employees who have an orientation towards the needs of consumers are likely to be able to create quality services to satisfy consumers.

The description above is in line with the opinion of Conduit, Jodie and Justin Quigg (2003), which declare that essentially the organization that runs the concept of customer orientation will encourage its employees to have proper behavior so as to create optimal value services to customers. On that basis, it can be concluded that consumer orientation has a positive relationship to the quality of service of employees.

On the other hand, Samat and Ramayah (2002) in their researches concluded that there is a significant relationship between customer orientation with service quality and organizational performance. In this case, it is also found that service quality has a significant relationship with organizational performance.

Based on the theoretical basis and framework outlined above, and to answer all issues raised in the formulation of the problem, the research paradigm can be formulated as shown in Figure 2 below.

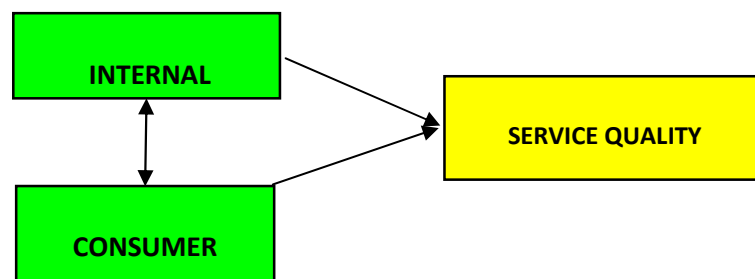


Figure 2. Paradigm of Research

Hypothesis Formulation

Based on the framework set forth above, then the hypothesis is formulated as follows: (1) There is an influence of internal marketing performance to service quality inpatients in public hospitals. (2) There is an influence of consumer orientation toward service quality inpatients in public hospitals. (3) There is an influence of internal marketing performance and customer orientation together with quality of services inpatients in public hospitals.

III. Research Methods

Research Approach

Research method used in this research is descriptive and descriptive verificative. Descriptive research is used to get an explanation of the knowledge of the accounting information system management and control style of management by the manager. While verificative research is aimed to determine the relationship between the study variables. The method used in this study is a survey research. Method survey is conducted by taking a sample of the population and using questionnaires as a data collection tool.

Variable Operationalisation

Variables and indicators of research used in this study are described as follows in Table 1.

Population and Sample

The unit of analysis in the study were inpatients in inpatient general hospital in the city of Medan totaling 21 units. Population and unit of analysis in this study were all patients in inpatient general hospital in the city of Medan. The criteria of inpatients being sampled in this study are: (1) The patient is doing inpatient treatment in inpatient of a hospital in the city of Medan. (2) The patient has done inpatient treatment for at least 2 days.

Under conditions of the respondents (patients) are not able to respond to questions submitted via the questionnaire, the questionnaire can be addressed by families of patients who wait for patients intensively. This is possible because the patients were not able to give an answer for the pain.

Sampling techniques in this study is the use of multistage sampling technique (gradually double sampling) is to combine stratified and cluster sampling technique. Stratification is done by taking a sample of the patient based on the class of inpatient services which include VIP, class I, II, and III. While clustering is done by taking a sample of the patient by the hospital. On sampling techniques are such that population units in this study of patients from a public hospital in Medan, amounting to 34 710 subscribers. To determine the minimum number of samples (n) used Yamane formula , namely:

$$n = \frac{N}{1 + Ne^2} \qquad n = \frac{34.710}{1 + 34.710 (0,07)^2}$$

$$= 202,88$$

$$= 203$$

Where: n = number of samples, N = Total Population and ϵ = Precision

Table 1. Operationalisation and Variable Measurement

variabel/ Dimension	Indicator	Unit Of Measurement	Skala
Internal Marketing (X₁)	Look employees as internal customers and encourage product offerings in order to satisfy external consumer wants and needs conducted by motivating all members of the organization in order to achieve organizational goals (Doukakis, 2004; Naude et.al, 2003; Grönroos, 2001; and Rafiq and Ahmed; 2000)	Sustainability impression felt by the patient	Ordinal
<i>Internal Communication</i>	a) <i>The relationship of communication and interaction between the leader/supervisor and nurse</i> b) <i>Communication between doctors and nurses</i> c) <i>Communication between colleagues</i>	a) Perception in communication Level b) Level of clarity in communication c) Level of clarity of communication	Ordinal
<i>Employee Compensation</i>	a) Financial incentives, excluding salaries b) Other incentives non financial	a) Perception of the adequacy of financial incentives b) Perception of the adequacy of incentives non financial	Ordinal
<i>Employee Empowerment</i>	a) Authority of nurses in doing paramedic treatment b) Authority in finishing patient problem.	a) Perception of the level of authority of nurses in the medical act b) Perception authority level nurses in solving problems	Ordinal
Consumer Orientation (X₂)	Meaning of customer oriented strategy is to build a good relationship with the customers in the long term (Deshpande, R., and Farley, J.U., (1998)		Ordinal
<i>Consumer Focus</i>	a) Fulfill patient satisfaction b) Commitment to provide services as needed c) Responding to the patient's wishes d) Assess the quality of service	a) Perception of the level of compliance of patient satisfaction b) Perception of the level of commitment c) Perception of the response rate the patient's wishes d) Perception of the level of quality assessment	Ordinal
<i>Orientation at Rivals</i>	a) Monitoring Competitors b) Have a good quality service	a) Perception of the level of monitoring of competitors b) Perception of the level of service	Ordinal
Service Quality (Y)	Evaluate patients for the product or service, the product or service that meets the needs and expectations compared to the costs incurred (Kotler, 2008; Fandy Tjiptono, 2001)	Level of concordance between performance and expectations	Ordinal
<i>Tangible</i>	a) Availability of medical equipment b) Appearance of physical facilities c) Appearance of nurses d) Appropriateness of equipment owned	a) The level of availability of equipment b) The level of physical appearance c) Level of appearance nurses d) Sustainability equipment	Ordinal
<i>Empathy,</i>	a) Attention nurses towards patients b) Concern nurses to patients' needs c) Sincerity nurses in providing care for patients	a) Level of attention to the patient b) Level of awareness of the needs of nurses c) Level of sincerity nurses	Ordinal
<i>Responsiveness</i>	a) Readiness of nurses in providing relief to patients' needs b) The ability of hospitals to provide services quickly and accurately to the patient	a) Level of satisfaction of the needs b) The extent to which hospitals provide services	Ordinal
<i>Assurance</i>	a) The security of patients b) The hospitality and courtesy clerk	a) Level of security b) Level of hospitality and courteous clerk	Ordinal
<i>Reliability</i>	a) Increased reliability of services provided officers b) Timeliness in providing nursing care to patient c) Compliance with the promised services	a) Level of service reliability b) Timeliness c) Sustainability services	Ordinal

The formula is based on the total sample of patients hospitalized in a public hospital in the city of Medan is as much as 203 people. To anticipate the data outliers, the number of samples to be taken are as many as 230 respondents. Based on data collection from the field, the number of sample was 218 respondents. Thus there are 12 data from respondents should be issued as samples for up to scrutiny questionnaire was not answered carefully.

Testing Instrument Research

Tests on the measuring instrument research to prove whether the measuring instruments used have validity (validity) and reliability (reliability) to measure what should be done using the measuring function of respondents as a measure through validity and reliability test.

Technique Analysis Data

The analytical method used to obtain an overview of internal marketing, customer orientation and quality of service is descriptive analysis method. While verification analyzes conducted to examine the effect of internal marketing and customer orientation of service quality using Structural Equation Model (SEM) with the help of program LISREL 8:30.

IV. Results And Discussion

The research model developed from the problems studied were calculated using Structural Equation Model (SEM) with the help of program LISREL 8:30. Based on the hypothesized structural model obtained on the calculation model of the effect of internal marketing and customer orientation of service quality that is expressed in the following parameter estimates:

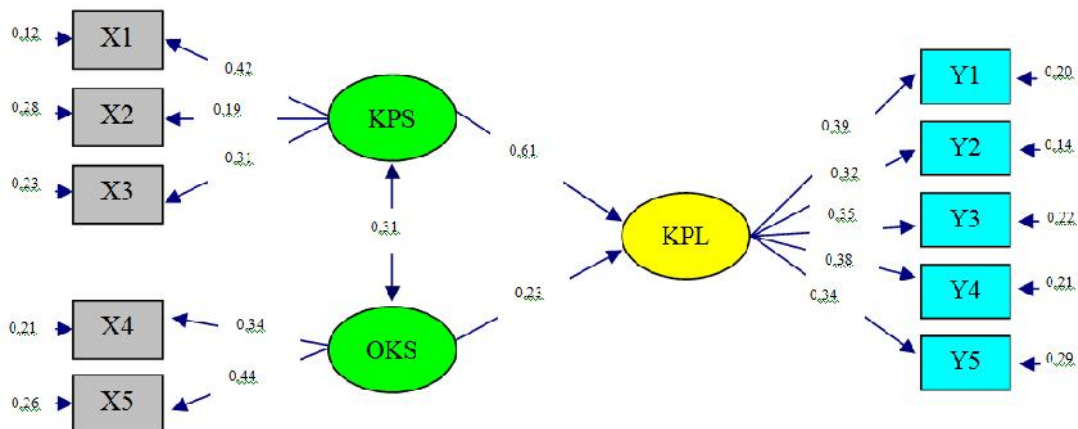


Diagram 1. Diagram of Effect in Line Internal Marketing and Orientation Consumers on the Quality of Service

Variables are presented in Table 2:

Table 2. The Effect of Internal Marketing and Customer Orientation Against Service Quality

No.	Variable	Coefecient line	Standar Error	Value t _{hit}	Result (r)	R ²
1.	Internal Marketing (ξ_1)	0,6141	0,1328	4,6255	Sig	
2.	Consumer Orientation (ξ_2)	0,2302	0,1047	2,1996	Sig	0,5179

Source: Data compiled from the result of the research, 2015

Based on the results of data processing in table 2 above, it shows that 1) the coefficient line of internal marketing variables (ξ_1) connected with the consumer orientation (ξ_2) gives a significant influence to the service quality (η_1). It means that internal marketing (ξ_1) and consumer orientation (ξ_2), either simultaneously or partially on the level of confidence (α) 5 %, significantly affects to the quality of service. It is shown by the value of the coefficients of both variables that t_{count} for both two lines are 4.6255 and 2.1996. Both of these coefficients have a greater value on the level of confidence used where t_{table} is 1,96.

The results of this study suggest that internal marketing and customer orientation effect on the provision of quality services for inpatient care in a public hospital. The influence of these two variables is not big enough, especially on variable consumer orientation, but quite decisive for the formation of the quality of service that can be felt by the patient. This is because the relatively low value of the hospital as an organization serving the sick has its own uniqueness in carrying out its functions. Therefore, a paradigm shift hospital services not optimally oriented to customer service thus increasing the quality of hospital services is not running optimally.

Furthermore, based on the results of hypothesis testing proving that internal marketing variable (ξ_1) and consumer orientation variable (ξ_2) simultaneously affect the quality of service (η_1). The influence level of internal marketing variables (ξ_1) and consumer orientation (ξ_2) to the quality of service (η_1) is 51.79%. The remaining of 48.21% is caused by other factors which is not examined in this study.

The influence of the two variables this way gives significance for the development of hospital services, especially in the city of Medan. In accordance with the existing theory, internal marketing and customer orientation should strongly influence improved quality of service (Conduit & Quigg, 2003; and Samat & Ramayah, 2002). The results of this research in line with the opinion of Narver and Slater (1990) which states that essentially the organization that runs the concept of customer orientation will encourage its employees to have proper behavior so as to create optimal service quality to customers. In other words, that the consumer-oriented activity that requires good management employees so that they have a good quality service to customers. This suggests that internal marketing and customer orientation have an impact on improving the quality of service to customers externally.

Furthermore, Conduit and Quigg (2003) stated that internal marketing activities affect the quality of service and encourage the creation of customer satisfaction, and also a way within the organization to support the activities of consumer oriented. Based on the research results show that internal marketing and customer orientation have a significant effect on the quality of service.

Companies can affect labor productivity through internal marketing activities that will ultimately have an impact on changing attitudes of consumer-oriented employees better and the creation of quality of service according to customers' demands. This shows that the implementation of internal marketing and organizational activities of consumer-oriented hospital has a positive effect on the smooth running of various service activities undertaken by the hospital. The influence of the internal marketing will mainly have an impact on employee behavior change towards a more productive communications accordance built by the organization in line with the planned service orientation. This is in line with the opinion of Mills (1998) which states that the management of service quality should be based on positive change of behavior of employees. Achieving change employee behavior certainly needs to be planned well. Implementation of new internal marketing is

one management approach to influence the behavior of employees to have a work ethic and a good performance.

On the side of the consumer orientation and service quality, relations between the two variables is implied from the statements Heiens (2000) which states that the existence of customer orientation is to direct the organization's activities focus on the efforts of individuals and departments within the organization to create a service-oriented customer is. As the desires of consumers in general, that in the transaction always want products and quality services. Therefore, the consumer-oriented company that always creates products and quality services.

It is also consistent with the statement of Asif and Sargeant (2000) states that the quality of employees affect the quality of care and ultimately will affect the effectiveness of the program relationship with the consumer. It is claimed that the internal management of marketing activities will be able to increase the motivation and quality of work of employees who were implicated of quality service to consumers. Thus the internal marketing has contributed significantly to the quality of service.

The same was done by Chang and Chen (1998) who developed the model variables regarding customer orientation, service quality and profitability of the business with the object of research is ritail stock broker in Taiwan. Approach to the analysis done by identifying three relationships, the relationship of customer orientation and quality of services, the relationship of service quality and organizational performance, and the relationship of market orientation and organizational performance. The results of this study stated that consumer orientation has a positive and significant relationship to service quality and organizational performance. The results of this study are also in line with the opinion of Gummesson and Christine (2002) which states that the good relationship between internal marketing in delivering service to customers is determined by the management of the internal relations of employees in the organization. To that end, the management of internal customers (internal marketing) affect the delivery of quality services for external customers.

Of the various studies conducted on the research results and the statements of the experts mentioned above, it reinforces the results of research done at the public hospital in North Sumatra, which proves that the internal marketing and customer orientation have influence a close and significant impact on the quality of service. The influence of these two variables of service quality simultaneously is equal to 51.79% and the remaining 48.21% is caused by other factors not examined in this study. Partially, internal marketing and customer orientation have influence on the quality of service respectively by 61.41% and 23.02%. This shows that the internal marketing has a greater influence on the quality of service compared with the variable consumer orientation.

V. Conclusion

Based on the analysis of the performance of internal marketing, customer orientation, and the quality of services performed in inpatient general hospital in Medan obtained the following conclusions:

Internal marketing and customer orientation, both simultaneously and partially have a significant influence on the quality of service. The results of this study suggest that internal marketing and customer orientation effect on the provision of quality services for inpatient care in a public hospital. The influence of these two variables is not big enough, especially on variable consumer orientation, but quite decisive for the formation of the quality of service that can be felt by the patient. This is because the relatively low value of

the hospital as an organization serving the sick has its own uniqueness in carrying out its functions

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USING LEARNING MEDIA IN IMPROVING STUDENTS' LEARNING INDEPENDENCY AND MOTIVATION

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Abstract

The objective of this study is to find an empirical evidence of how independence and motivation of learning change due to the use of CD learning platform of Macromedia Flash. The background of this study is the low self-reliance and motivation of students in learning in which phenomenon is obtained from observations at school. The main problem is whether the usage of learning platform or media can improve students' independence and motivation in learning. The research was conducted at the BM vocational school in Medan with purposive sampling method. Research instrument used was questionnaire with validation and reliability testing beforehand. In analyzing problem and result, researcher used descriptive analysis techniques. The results showed that the students' learning independence counted an average of 2.75 and motivation to learn of 2.88. The conclusion of this study is that the independence and student motivation is still in the high category.

Keywords: *Learning Media, Independence and Motivation of Learning*

I. Introduction

According to the Acts of teachers and lecturers, teachers and lecturers is a profession, a teacher and lecturer said to be professional if it already has a professional certificate and have been through the selection levels of professionalism. Professional teacher is a teacher who is able to package and design a good learning method so that students feel happy and do not get bored during a learning process. To create such atmosphere, one of the ways is using media or platform for learning. Learning platform or media is a tool used that served to facilitate the delivery of information to students, and conversely students also can easily receive the information presented by the teacher. Through media of learning, students usually will not feel bored during the class so that they are expected to get a better result. Learning media in this study refers to CD platform which not only beneficial for teachers in during the learning process but also beneficial for students in doing independent learning.

Self-learning does not mean learning alone. People often confuse about the meaning of it and tend to refer it to learning by yourself. Chapter II of Law No. 20 Year 2003 on National Education System (Ikapi, 2003: 15) states that national education purpose is to develop the ability and character and civilization of the nation's dignity in the context of the intellectual life of the nation. In the other words it aims to develop students' potentials as well to become faithful and devoted to God Almighty, noble, healthy, knowledgeable, skilled, creative, independent, and become citizens of a democratic country and being responsible. It is clear that the word "independent" has emerged as one of our national education goals. Therefore its handling requires special attention from all teachers due to no specific subject about independency.

The learning process will be difficult for teachers if the independency of student in learning is quiet low. Independent learning could be seen from the student's behavior in using time for study, utilizing existing learning facilities such as school libraries, student's desire to deepen subjects delivered by teacher, and students' skills in solving problems / cases given by teachers. Aside of independent learning, student motivation is important as well in driving students to do learning activities.

Independence and motivation to learn are two variables that come from within the students themselves, variable from outside the student contribution to the success of the child is smaller than the variable of the student. According to Moore and Keegan (Fitriana 2015: 91), independent learning can be seen in terms of: (1) determine the learning objectives, (2) determine how to learn, (3) evaluation of learning outcomes. Meant learning to be independent learners are able to determine their own learning goals and how to learn to become an important feature that distinguishes the learners that are not independent. Because of this difference precisely learning results obtained can be evaluated itself for further study materials.

With the use of instructional media learning CD shaped , it is expected independence and students 'motivation in learning that will enhance students' learning outcomes . Media is a tool for students learning to facilitate the understanding of the material to be taught by teachers. The purpose of this research is to find empirical evidence of how the independence and students' motivation to use of instructional media program Macromedia Flash . Formulation of the problem in this research is how students learn independence after uses macromedia flash media learning program and how the student's motivation after learning program uses macromedia flash media

II. Theoretical Framework

Learning Platform

The Learning process is a process of communication between teachers and students which aims to deliver new knowledge to the student itself. Type of learning approach that commonly adopted is teacher-centered with one-way communication or mostly dominated by the teacher. Communication in the learning process can be divided into many types of system which are one-way communication, two-way communication or multiple way communication. Communication happened between teachers and students should be going on a multiple way to challenge students' ability and to change their perception that learning is not difficult yet fun. In communicating or delivering knowledge, teacher can use some tools to be used as a channel in order to achieve the learning objectives.

According Heinich, (1993) in Rudi stating "Media is a tool of communication channels". Learning media is a tool used in learning process to facilitate teachers in delivering course material and to help students in understanding it easily. Communication in the learning process is a multiple way communication that should be effective, or explanations provided by teacher should be easily understood by students and students can provide responses to each other as well.

Suyanto (2013: 107) states that tools are the objects used to demonstrate the facts, concepts, principles, certain procedures in order to be seemed more real. That is why teacher need to create a learning process which can be visualized, can be heard and can be seen to be easier to understand. Djamarah (2006: 120) states that the complexity of materials delivered to students can be simplified through help of media. Asides of that, media can also represent things hard to explained through words or certain sentence, even abstractness can be more real by the existance of media. All matters at high level of

difficulty suppose to be explained with media helps, so that students can be more comfortable especially if the media used is interesting.

Based on explanation above, learning platform is one of recommended source of study. There are many types of platforms exist, such as human resources (teachers or friends), books / library, printed media, electronic media, or surroundings. Students will earn much benefits from these medias or platforms such as informations provides are more detailed than what teachers can deliver at class and media enables student to review lessons at home. According to Miarso (2004: 458) in Rusman "Learning media is anything that is used to deliver messages that stimulate mind, feelings, concerns and willingness of studying in order to encourage intentional, intended, and controllable process of learning".

Students has various ability in understanding lessons. If students study just by hearing explanation, percentage of knowledge absorbed will be than learning with media. It will even be smaller compared to "learning by doing" method. Therefore, learning media has greatly contributed in learning. As noted Kemp and Dayton, 1985 in Drayanto (2013; 6) learning media contributes as follows: (1) Delivery of science can be more standardized, (2) Learning can be more attractive, (3) Learning more interactive by applying theory, (4) The timing of the learning can be shortened, (5) The quality of learning can be improved, (6) The process can be conducted whenever and wherever needed, (7) The positive attitude of students towards learning materials and the learning process can be improved, (8) The role of the teacher turned to be more positive.

Learning by using visualization can stimulate mind and attention to be more focus on the object being observed, so does concentration level. We know that the concentration in learning is definitely needed and it could be achieved through media proposed in this study. With the development of multimedia technology, currently we have a lot of learning that is designed digitally. Digital media has been proven to ease all human activity include studying.

According to Edgar Dale, human absorption capability is divided as follows: (1) foretaste 2.5%, (2) Tactile 3.5%, (3) Olfactory 1%, (4) Hearing 11%, (5) Vision 82%. The ability of the human absorption through sight is 82%, it shows that learning media is absolutely needed to make abstract matters of subject at school to be more real.

Self-reliance in Learning

The learning process will be difficult for teachers if self-reliance rate of student itself is low. Such behavior can be seen through the way students in taking opportunities, using existing learning facilities such as the school library, willingness to learn materials delivered by teachers, or ability to solve problems / cases given by the teacher. According to Moore and Keegan (Fitriana 2015: 91), independent learning can be seen in terms of: (1) determine the learning objectives, (2) determine how to learn, (3) evaluation of learning outcomes. It can be concluded that independent students are able to determine their own learning goals and method which become an important feature of them to be distinguishes from dependent one. Self-reliance also gives benefits in terms of evaluating the result of study. SUMARMO in Purnamasari (2014: 4) argues that independent learning is self-monitoring process of designing and careful review of the cognitive and affective processes in completing an academic. Besides independence, motivation is also a driving force for students to conduct learning activities. Independence and motivation to learn are two variables that come from within the students themselves. Variable from outside contribute less compared internal variables built up in students.

Motivation to Learn

Man does something because there is force from within and appeal outside of himself. This appeal can be categorized as motivation. All human activities done because of motivation. The motivation existing in students is motivation to learn, according to Rahmawati (2013), motivation to learn is the ability to perform learning activities, driven by the desire to meet the needs from within himself or coming from outside. The activity was carried out with sincerity and continuous in order to achieve objectives. The level of personal motivation can be seen from how humans in doing something.

McClelland (Rahmawati: 2013) says that humans have three needs that will motivate him to do something. The third requirement is the Needs of Achievement (N-ACH), Needs of Power (N-POW), and Needs of Affiliation (N-AFF). The explanation is as follows, the people who put N-ACH are those which require the recognition of the people around him, then this person is the pursuer of achievement and existence, for those who give priority to the N-POW is them who pursuing power, they are happy in having power and more powerful than others, and those who prioritizing N-AFF feels sufficient with making many friends. Each individual requires three motivations, but the level is vary.

III. Research Methods

This research used descriptive analysis method. To obtain data on students' self-reliance and motivation, this study used questionnaire distributed to students after they used learning media in a CD form. Research was conducted in SMK Muhammadiyah 8 Medan grade XI. Data population was three classes and samples are 40 students. Sampling method used is purposive sampling technique. Analytical technique adopted is descriptive method which based on data collected, tabulated, grouped, analyzed and concluded.

IV. Result and Discussion

This research was conducted by applying a learning platform of CD with Macromedia Flash. This CD contains accounting cycle material which include explanation about documenting transaction, journals, ledgers, trial balance, adjusting entries, and complete financial statements. Besides of that, it also contains exercises of accounting cases.

This media is an excellent learning source for students, because the CD is provided in Bahasa and easy to use. Many teaching materials about accounting cycle can be downloaded from the internet, but usually they are provided in the form of text. Internet also offers visual material such as video but it is explained English or requires adequate internet access. This is the competitive advantage of Macromedia Flash CD compared to matters taught by teachers or existing learning media.

The research was conducted to measure the independence and motivation of students at classroom after using the CDs. When student finished, questionnaire is distributed to them. The main variable asked on it is about independent learning and student motivation. Each variable has 10 questions with four options as follows:

Table 1. Questionnaire Assessment Independence and Motivation

Point	Independence	Motivation	Bobot
A	Very Independent	Very Good Motivation	4
B	Independent	Good Motivation	3
C	Quite Independent	Quite Good Motivation	2
D	Not Independent	Bad Motivation	1

Questionnaires distributed and received back were 40 copies. The questionnaire previously validated by testing the relevance and ease of questions. Based on the processed data, rate of students' independence in learning is average of 2.75. The number was obtained using the arithmetic mean formula as follows: $x = \frac{\sum x}{n}$

Rate of self-reliance and motivation as follows:

Table 2. Questionnaire Assessment Criteria of Independence and Motivation

No	Interval	Criteria
1	1,00 - 1,75	Bad
2	1,76 – 2,50	Quiet Good
3	2,51 – 3,25	Good
4	3,26 – 4,00	Very Good

Referring to the number of criteria, it can be seen that rate of independence is good. It is concluded that CD learning platform can improve students' self-reliance. Students' motivation is in good criteria as well which is 2,88 in average.

V. Conclusion

The conclusions of this study as follow: (1) This research was conducted by applying learning platform in a CD with Macromedia Flash program for preparing financial reports. (2) Self-reliance rate of student is good (2.75). (3) Students' motivation is good as well, because the processed data is obtained amounted to 2.79, (4) It is suggested that teachers use instructional tools in implementing the learning process in view of the media is a tool in facilitating the delivery of materials for teachers and make it easier to receive messages for students

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THE INFLUENCE OF PERCEIVED ORGANIZATIONAL SUPPORT ON WORK-LIFE BALANCE WITH TRANSFORMATIONAL LEADERSHIP AS THE MODERATING VARIABLE

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Abstract

The research is aimed to figure out; 1) the influence of perceived organizational support on work-life balance of women employees in banking sector in Padang city, 2) The influence of perceived organizational support on balance of women employees work-life which moderated using transformational leadership. Sample is chosen by using purposive technique with some criteria namely married woman employees and have been employed for 5 or more years. Data which used are primary data obtained by the questioners. The resulting data will be analyzed using moderated regression analysis. The research shows that; 1) *Perceived Organizational Support* (POS) has positive and significant influence on female employee life-work balance in banking sector in Padang City. 2) Transformational leadership has positive and significant influence on work-life balance of women employees in banking sector in Padang City. The interaction between *Perceived Organizational Support* and transformational leadership has negative and significant influence on work-life balance, it shows that the transformational leadership is a moderating variable between POS and work-life balance, with weaken influence.

Keywords: *Perceived organizational support, transformational leadership and work-life balance.*

I. Introduction

In the last decades, there is a changing pattern in the working hours which is quite different from the standard one, which normally operates from 9 am to 5 pm (Bharat, 2009). The increasing workloads have pressurized employees to demonstrate their commitment to work in more obvious ways (Ishaya and Ayman, 2008). The development of the technology and internet has made it possible for the organizations to keep in constant touch with the employees both during nights and days (Morgan, 2003). This has further intensified the work demands on employees. Consequently, there are growing reports of stress and work imbalance (Bhagwagar, 2009). It causes the loss of gap between work life and family life.

Participation by women in employment continues to grow since the past decade. In spite of more women going out to work, there has been little change in patterns of household responsibilities (Singh, 2004). Women continue to undertake the majority share of domestic chores, and child rearing.

The changes of work and family life require employees to continuously pursue measures to redress the balance. Jenkins (2000) observe that issues like child rearing, the need to balance multiple roles have consequences on health and family relationships. Summer and Knight (2001), states that there are gender differences in coping with work-family issues. Women still primarily take care of domestic tasks, irrespective of their employment status. So, many women employees continue to face the difficulties in balancing these two forces (Hyman and Summer, 2004).

Work based support to women is positively associated with job satisfaction, organizational commitment and career accomplishment (Marcinkus et al. 2007) The home

working can lead to greater flexibility and independence, but it can make people work longer periods of time, including weekends and evenings. Home environment also plays a very important role in the quality of life. Home working could be stressful, if young children have to be managed (Valcour and Hunter, 2005). Both men and women prefer working in organization that support work-life balance. Men appeared to benefit more than women. According to Burke (2002), men feel more satisfied when they achieve more on the job even at the cost of ignoring the family. On the other hand, women stress that work and family are both equally important and both are the sources of their satisfaction. For them the family is the priority. When work does not permit women to take care of the family, they feel unhappy, disappointed and frustrated.

They draw tight boundaries between work and family and they do not like one crossing the other (Burke, 2002). As with the women employees in the banking industry, bank is one of companies with high technology and service, therefore the demands of jobs in very high, the women employees are bound by the working hours without any difference with men employees. This has led to high job stress on women employees, especially those with family and children.

The explanation above shows that the issue of work-life balance needs to be concerned. The ability to maintain the balance of work, family and social life is so important. Work-life balance is important since it will make employees more motivated, productive and stress reduced. The *Work Foundation* defines the work-life balance as individual who has control of when, where, and how they work, which lead to the ability to enjoy the best quality of life. Meanwhile, Hill, Hawkins, Ferris and Weintzman (2001) define that work-life balance as the individual competence to balance the commitment for both of family and work, and for other the responsibility and activity. Work-life balance is achieved when the right to a full life in and outside the work accepted and upheld as a norm that is mutually beneficial for businesses, individuals and communities.

Balancing successful career with a personal or family life can be beneficial for job satisfaction (Broers, 2005). Work-life balance will have a significant impact for companies which oriented to 'Human Capital' (Forsyth and Polzer-Debruyne, 2007). According to Wayne, Shore and Liden (1997) employees' perception toward organizational support in providing work-life balance for them influence the desire to step out of the organization and also to their performance.

There are many variable which can influence the creation of work-life balance, which derived from the factors of work, family and social environment, including the perceived organizational support (Perceived Organizational Support/POS) (Thakur and Kumar, 2015). POS refers to the employee global beliefs concerning the extent to which the organization values them, cares for their well-being and supports their social emotional needs by providing resources to help (Eisenberger, Huntington, Hutchison, and Sowa, 1986). The organizational support in creating work-life balance for its employee is expected to help the employees in achieving one. However, the influence of POS will be stronger if it is supported by the leadership in the organization. Richardson and Vandenberg (2005) state that the employees reactions toward things that happen in the company, influenced by the transformational leadership. The motivational effect of the transformational leadership is the foundation for a leader to influence his employees to work beyond expectations for the sake of the organization (Shamir, House & Arthur, 1993). It then allow the employees to be identified more strongly with the organization and ultimately lead to a greater willingness to contribute to the organization.

Pieterse, Knippenberg, Schippers, and Stam (2010) reveal that leaders who implement transformational leadership style can direct his employees to improve personal interest to do better work outcomes than what has been predicted.

Along with the previous explanation, the transformational leadership in the research is expected to reinforce positive impact of perceived organizational support to work-life balance. With increasing quality of life, then household with both working parents, will increase. What matter is when women employees also play dominant roles in domestic life. Although men show rising interests to balance their work commitments with their roles in the family, still women who experience higher level conflict, because they are expected to do household chores, take care of the family and do the job properly (Burke, 2001)

The research focuses on work-life balance of women employees, especially those who work in banking sector where the conflict level of work-balance is higher (Burke, 2001). Therefore, the researchers do the research which entitle "The influence of perceived organizational support on Work-Life balance with Transformational leadership as the moderating variable"

Based on the background of the problem which has been explained above, the questions research are ; 1) To what extent is the influence of Perceived Organizational Support (POS) toward the work-life balance of women employees in banking sector in Padang City. 2) To what extent is the influence of Perceived Organizational Support (POS) toward work-life balance of women employees in banking company in Padang city which moderated by transformational leadership.

II. Literature Review

Work-Life Balance

Work-life balance is now being widely studied (Noor, 2011). A balance of work-life has always been a concern for researchers who are interested in the quality of working life and its relation to the quality of broader life. It is believed that balancing a successful career with personal or family life can be beneficial and influential on job satisfaction and role of one's personal life.

Work-life balance has a crucial influence on employee attitudes toward both of the organization and the employee's life (Scholaris and Marks, 2004:54). It is possible to examine the trends of work-life balance and its development that affect the welfare of employees and the results of his work. Guest (2002) defined that work-life balance as a difficult thing, in which there are multiple dimension. The Work Foundation defines where and how they work, which leads to the ability to enjoy optimal quality of life. Meanwhile, Hill et al., (2001) define that work-life balance as individual's ability to balance commitments to family and work, and also other responsibilities and activities. Work-life balance will be achieved when the right to a full life in and outside the work are accepted and upheld as a norm that is mutually beneficial for business, individuals and communities.

Balancing a successful career with a personal or family life is believed to be beneficial for individual job satisfaction (Broers, 2005). For companies, work-life balance can be beneficial due to make employees become more motivated, productive and job stress is reduced. This will lead to: (1) make employees feel more appreciated, (2) attract candidates with a wider range, (3) increase productivity, (4) reduce absenteeism, (5) reputation of being elect company, (6) retain valuable employees, (7) reduce cost, and (8) maximizing existing labor.

For employees, there are many advantages like being happier with the job and at home, those are: (1) have a greater responsibility and sense of belonging to the organization, (2) have a better relationship with the management, (3) increase self-esteem, self confidence, health, concentration and confidence, (4) do not bring problems from home to work and vice versa, (5) have time to be more focus for life outside the work.

Work-life balance in the workplace can be seen from several indicators: (1) flexible time, (2) free time, (3) shorter working time, (4) job sharing, (5) work from home, (6) teleworking, (7) a break from work, and (8) flexible benefit

The previous research about work-life balance is more focused on the consequences or the effects. Few studies have looked at factors that affect (antecedents) work-life balance.

Perceived Organizational Support (POS)

Company usually respects employees' dedication and loyalty. Employees who emotionally commit to organization perform good work, less absence, and no will to resign from the company (Mathew and Zajac, 1990). Conversely, employees basically also consent to the organization commitment for them. They are honoured by the organization in several sections like agreement, deference, salary, promotion, and information access (Rhoades and Eisenberger, 2002). By having supporting norms, it makes the employees and company to have definite orientation in company. When someone is behad well by the company, norms must make them to behave well to the company as a revance.

Theory of organization support (Eisenberger, Huntington, Hutchison, and Sowa, 1986) stated that measuring the readiness of organization to respect more extra work and to reach the sosioemosional necessity, employees build general belief related to how further organization respect their contribution and care about prosperity. *Perceived organizational support* (POS) is employee perception to organization on how respecting and caring them.

In this research, POS is hoped to help employee in creating the balance of life work. Rhoades and Eisenberger (2002) recommended 8 items to measure the levels of *Perceived Organizational Support*. They are: (1) Organization who respect the employee contribution. This organization respects how further the work and role of employee to the company. (2) One of significant employee contributions is sharing ideas. After an employee shares his ideas, the organization can receives and follow out the ideas. (3) Organization who respect employee extra work. Many employees in an organization do more extra work than required so that organization will give extra things to the employees, like being employee of the week, preferment, or salary increment. (4) Organization who concern about employees complaints. This organization focuses on employees complaints and input. (5) Organization who cares about the employee prosperity. Caring about employees prosperity can be done by organization, like giving good equipment for employees work, giving assurance. (6) Organization who will help employees if they do not work well. A mistake during work is natural thing and often met individually. But, on the other hand, organization must observe the employees work. if it is not suitable with standard given, organization must engage them to improve their work. (7) Organization who cares with general satisfaction to employees work. Organization pays attention and evaluates the employees satisfaction to action given. (8) Organization shows great attention to the employees. Many organizations give support to employees who work with them. One support given is great attention like health especiall for employees family. (9) Organization is proud of employees' success. The advance of organization will raise from achievement achieved by the employees. This makes organization proud, proud of having the employees who work with.

Transformational Leadership

Leader attitude can help the good climate organization which is received positivel by the employees (LaMastro, 1999). Burns (in Awan & Mahmood, 2010) mentioned that the

leadership is a regular thing observed and seldom understood on this earth. In early 1990s leadership is resembled with a man who does a big and great work (Reardon, Reardon, & Rowe, 1998). This leader apply the optimism based on experience and decision. He has power to influence other people. In 1950s, attention to this leadership shifts to determine the leader character and appropriateness with where he works. Then, at the beginning 1980s, the focus of research is more to how a leader can be a visioner. This leader can inspire other people through common concept and authority. In development, the leadership is directed to function which can influence the success of organization, a proactive and effective leadership to respon a change (Reardon *et al.*, 1998). As a result, the appropriate leadership implementation to oraganization help employees is to obtain the balance of life work.

The leadership style basically consists of a meaning as a shape of attitude for a leader which related to ability in leading. The shape usually forms a pattern or a certain shape of action. The subordinators who are satisfied with the leadership style implemented by the leader are obedient to the order given, yet have more involvement in organization(Wu *et al.*, 2007). This is reflected in subordinator loyalty to the leader.

In this research, Bass (1990) discussed about two factors which become characteristics of modern leadership found in many behaviour patterns. The first factor concentrated on finishing work. the second factor is focused on quenching employees who work well. Then, there is a discussion about two leadership style which tend to happen at this time. They are: transformational leadership and transactional leadership. Transformational leadership is a type of superior leadership. Bass (1997) states that a leader who is inspiring concern on self competency to create a credit and deference. In doing action, transformational leader try to lessen the anxiety and abashment from his followers in telling ideas.

According to Pieterse *et al.* (2010), a transformational leader can direct his followers to increase personal interest to organization by influencing evaluation, goal, talent, values, and motivation to do a work which can be better than prediction before. Wu *et al.* (2007) explained that transformational leadership can make employees more motivated to involve in a change lasting through a clear announcement. Consequently, implementation of transformational leadership in organization surroundings can strengthen the positive influences of POS to the balance of employees life work.

Shamir, House, and Arthur (1993) expressed the theory of self concept which underlies the relationship between a leader and his followers. This theory explains transfoormafional leader: (1) motivate by increasing self efficacy his followers, (2) facilitate social identification of followers and group, (3) harmonize the values work with employees values.

By guiding and deciding the achievable expectation, a leader will be able to increase self efficacy of followers. High Self efficacy support employees to accomplish their work with better result. Then, a transformational leader can help his followers to identify themselves as a part of group work. This will support the high involvement from employees in their team. Futhermore, a transformational leader can apply values work due to employees values. This will influnce positively to employees perception to organization support.

Bass (1990) defined the transformational leadership as the leadership which enlarge and increase employees necessity, produce awareness and demand to aim and misssion of organization, and support employees to see further above themselves necessity for organization beneficence. The research detailed transformational leadership into four characteristics: individual, intelektual stimulation, inspiring motivation, and charisma.

Individual consideration. This is the first characteristic in transformational leadership (Kirkbride, 2006). A leader has individual consideration to show attention to his followers, to behave them as individual, to recognize them, and to listen and consider their ideas. This is shown through personal attention to his followers, training needed for their work, and suggestion in doing their work. The key indicators of individual consideration are: 1) awareness to differences among individu, strenghts and weaknesses, 2) an active listener , 3) giving task based on abilityy and individual necessity, 4) support two ways change, 5) increase individual development.

Intelectual stimulation. Related to supporting intelegency, rasonality, and solution for individual problem carefully. Key indicators of intelectual stimulation are: 1) re-check assumption, 2) realize the complicated pattern in imagination, 3) be ready to listen the sill ideas, 4) suggest the followers to re-analyze the problem, 5) create the readiness to change in thinking.

Inspiring motivation. A tranformasional leader has ability to motivate his followers in order to obtain extraordinary work. This is related to the ways how to communicate the high expectation and to explain the important aim in simple way. The key indicators of this characteristic are: 1) present the perception about optimistic future and achievable, 2) explain the expectation made and its meaning, 3) explain the problems in simple and unstandable language, 4) create the neccessity to priority and aim.

Charisma. This is also called an ideal influence, tells how a leader becomes figure for his surroundings. This characteristic is related to : giving a clear direction, implant the credit and achieve belifes and deference. The key indicators of this characteristics are: 1) perform extraordinary competency, 2) celebrate the followers' achievement, 3) handle the crisis on the spot, 4) keep power to get positive result. A charismatic leader has great power and influence to his followers. They can generate the employee spirit by implanting the belief that employees can achieve great result with extra work.

A transformational leader has ability to transfer values which are had by his followers and to keep them hold on those values (Ismail, Khurram, Hussain, & Jafri, 2011). The originality values of transformational leader helps to motivate his followers to feel the credit to values and to communicate with leader.

Kirkbride (2006) stated that transactional leadership can be useful if it is implemented in internal and external condition of a stable organization. But, to help increasing the balance of employees life work, the implementation of transformational leadership is needed more. This is caused by the transformational which involves the sturdy interest and definite vision, directs the employees commitment through personal identification and involvement, and becomes a symbol of organization support.

Ismail *et al.* (2011) stated that one of principal characters of transformational leader is to direct his followers, including to create the balance of life work. Based on that, it is hoped to apply the transformational leadership and strenghten the influence of POS to the balance of life work for employees.

Conceptual Framework

The change in work and family compels the employee to act subsequently to be balance. The balance of life work has significance influence to employees attitude in organization and also employees life. Men and women prefer to work in an organization which support the balance of life work. Men is more luckier than women. Men will be more satisfied when they get more achievement in work, even though they have to neglect their family. On the other hand, stress suffered by the women in their workplace and

family surroundings is equally important, and both of them are sources of satisfaction for women.

Many variables can influence to create the balance of work individually, like *Perceived Organizational Support* / POS. POS refers to the employees' belief totally related to how the company respects their employees, cares with employees' prosperity, and support the necessity of social-emotional employees by supplying the resources to help. Support from organization in creating the balance of work for employees is hoped to be able to help employees in obtaining the balance of the work.

But, the influence of POS is stronger if it is supported by the leadership in organization. Employees' reaction to happenings in the company is influenced by the transformational leadership. Motivational effect of transformational leadership is foundation for leader to influence employees to work more hopefully for themselves to organization necessity.

The conceptual framework of the research is shown as follows:

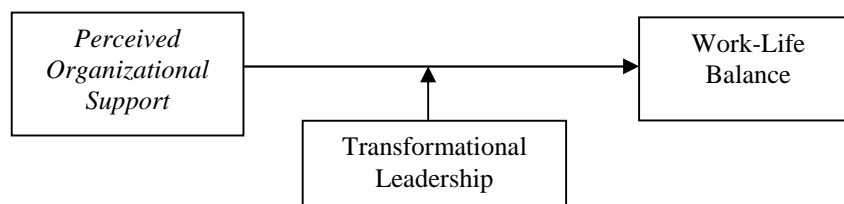


Figure 1: Conceptual Framework

Hypotheses

The hypothesis were: (1) Perceived Organizational Support has positive impact toward life-work balance. (2) The transformational leadership will empower positive impact toward the life-work balance.

III. Research Method

The design of this research was confirmatory study. It involved research purpose, Analysis unit and data genre. Purpose of this research is to test hypothesis by using survey method. The life-work balance is a social phenomenon that can be focused and generalized much better by using survey method (Kerlinger and Lee, 2000). Analysis unit of this research was individual.

Population and Sample

According to Cooper and Schindler (2011) population is gathering of all elements that will be researched. Unit analysis in this research was individual. The object in this research was female employee who works in bank in Padang City, West Sumatra. Cooper and Schindler (2011) said that *non-probability sampling* method can be used for the population which is unknown and does not have sample frame.

This research used purposive sampling technique with considered criterion were female employee in bank who have been married and working more than five years. The amount of survey was at least 30 respondents (Hair, Black, Babin, and Anderson 2010). This research was using survey which had benefit in generalization, the more respondents involved the better result achieved (Kerlinger and Lee, 2000). The researcher tried to collect more respondents than minimize regulation in order to get better result.

The amount of questionnaire spread were 120 units, but the amount of questionnaire given back to the researcher were only 110 units. After they were selected based on sample

criteria, the proper questionnaire can be used for this research were 97 units. So, the sample were 97 people.

Sources and Type of Data

The researcher was using primary source. Primary source is data which collected directly from respondent in field. Primary source used was questionnaire to measure life-work balance, *perceived organizational support* and transformational leadership.

Data Collecting Method

This research was quantitative which using survey to collect data. The data was collected by using questionnaire. The questionnaire consist of two parts; (1) question about respondent demography and functional, (2) statement about life-work balance variable, *perceived organizational support* and transformational leadership.

IV. Result and Discussion

Before tried out hypothesis was done, tried out normality was done to find whether data had been distributed normally or not. Tried out assumption done in this research was tried out normality with *non parametric one sample kolmogorov smirnov*. Based on analysis data with SPSS 16.0, it was found that *Standardized Residual* sig. 0.317 > 0.05, which means variables in regression model had normal distribution data.

After all assumptions filled, regression analysis can be done toward tried out hypothesis. In answering hypothesis of this research, the researcher was using regression analysis with interaction method which also called as Moderated Regression Analysis (MRA). Tried out interaction had been done by transferring hypothesized variable as moderation variable with free variable. If the result variable of multiplication of free variable and hypothesized variable as moderation variable was definitely moderating correlation between free variable and tied variable.

The first step of MRA was regressing free variable (POS) with tied variable (WLB) so the gained result was as follow:

Table. 1 First Coefficient Regression

Models	Unstandardized Coefficients		Standardized Coefficients	t	sig.
	B	Std. Error	Beta		
1 (Constants)	1.472	.304		4.850	.000
POS	.660	.083	.637	7.932	.000

a. Dependent Variable : WLB

Based on output in the table above, it was achieved regression coefficient POS positively in the amount of 0.660, which means every POS given and felt by the employee in bank can influenced their life-work balance. In hence, with sig. arithmetic t 0.0000 < 0.05, then POS variable influenced toward WLB significantly.

After equality of first regression achieved, the next step was regressing free variable (POS) and hypothesized variable as moderation variable (Transformational Leadership) toward tied variable (WLB). The result of the second regression was gained as follow:

Based on second a Regression equality output, it was gained that variable regression coefficient of transformational leadership was in the amount of 0.394 with positive mark while sig. value was in the amount of 0.000 < 0.05 so leadership had positive influence toward WLB significantly.

Table. 2 Second Coefficient Regression

Models	Unstandardized Coefficients		Standardized Coefficients	T	sig.
	B	Std. Error	Beta		
1 (Constants)	.878	.316		2.777	.007
POS	.409	.098	.395	4.155	.000
KepTrans	.394	.097	.388	4.083	.000

a. Dependent Variable : WLB

The last step of Moderated Regression Analysis (MRA) was transferring free variable (POS) with hypothesized variable as moderation variable (Transformational Leadership) became interaction variable.

After the result was achieved from interaction variable, then regressing free variable (POS), hypothesized variable as moderation variable (Transformational Leadership), and interaction variable (multiplication of POS and transformational leadership) toward tied variable (WLB). The result of third regression was gained as follow:

Table. 3 Third Coefficient Regression

Models	Unstandardized Coefficients		Standardized Coefficients	T	sig.
	B	Std. Error	Beta		
1 (Constants)	-5.694	1.667		-3.415	.001
POS	2.349	.493	2.268	4.765	.000
KepTrans	2.063	.426	2.032	4.840	.000
Interaction	-.489	.122	-3.183	-4.004	.000

a. Dependent Variable : WLB

Based on output of third regression equality, interaction variable regression coefficient was gained in the amount of -.489 with negative mark, while sig. value $0.000 < 0.05$, then interaction variable influenced toward WLB significantly.

Discussion

According to analysis above, it was found POS variable influenced positively and significantly toward WLB, either with transformational leadership variable, this variable also influenced positively and significantly toward WLB variable. However, POS and Leadership Transformational which influenced positively and significantly if they were tested directly toward WLB, while when POS variable and Transformational Leadership was correlated, then both variables influenced negatively and significantly toward WLB. It showed that transformational leadership was moderation variable between POS and WLB, yet transformational leadership here had weaken the influenced of POS toward WLB.

The result of this research showed the employee still had perception and felt that transformational leadership in their enterprise had not yet give enough encouragement and motivate organization support felt by employee to bring into reality life-work balance employee in a better quality.

This case had been proven by leadership treatment which treat employee with no discrimination between men and women employees toward work implementation and enterprise rule. Moreover, the effect of leadership transformational was motivating

employee more in order to work more than their individual interest for organization benefit, so, the role of transformational leadership made female employee felt obtained not enough support from organization for their life-work balance.

V. Conclusion

The conclusion of this research about the influence of POS toward WLB with transformational leadership as moderation variable are as follow: (1) POS variable had positive influence and significantly toward WLB with sig. value POS $0.000 < 0.05$. (2) Transformation Leadership Variable had influence positively and significantly toward WLB with sig. value of transformational leadership $0.000 < 0.05$. (3) Interaction between POS and Transformational Leadership had influence negatively and significantly toward WLB with sig. value of interaction variable $0.000 < 0.05$, this showed that transformational leadership was moderation variable between POS and WLB, which transformational leadership had weaken the influence of POS toward WLB.

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THE PERFORMANCE OF ACCOUNT REPRESENTATIVE OFFICIALS AT PADANG PRIMARY TAX OFFICE IN TAXPAYERS' PERSPECTIVE

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Abstract

The research aims to get information about the performance of Account Representative (AR) officials at Padang Primary Tax Office in taxpayers' perspective. The performance is measured by how excellent service quality that they deliver to taxpayers. The population was all AR officials and all taxpayers in Padang. The sample of taxpayers was selected by using purposive sampling method i.e. taxpayers who ever experienced AR's services and was obtained 199 taxpayers. The data were analyzed using independent sample t-test, paired t-test, and Importance Performance Analysis (IPA). The results showed that (1) there are significant differences between AR perceptions and taxpayers' perceptions on AR performance and (2) there are significant differences between taxpayers' perceptions and expectations on AR performance. The limitation of this study is the use of negative questions in questionnaire which were indicated mislead the respondents. It suggests to : (1) be careful in using negative questions in questionnaire, (2) explore the AR performances between two primary tax office in Padang, and (3) to analyze the effectiveness of separated dual roles of AR.

Keywords : *service quality, taxpayers' expectation and perception*

I. Introduction

Since 2002, Indonesian Directorate General of Taxation (DGT) has undergone fundamental changes, ranging from organizational restructuring to human resource development and use of information technology in tax administration (Priyadi, 2012). One of the enhanced dimension associated with the tax reform is the existence of Account Representative (AR) officials in Supervision and Consultation Division. The main functions of the officials are (1) to supervise taxpayers' compliance, (2) to give consultation and service, (3) to explore potential tax and do tax intensification, and (4) to collect and analyze taxpayers' data and information. AR officials are expected to enhance taxpayers' compliance so the tax target could be realised.

These AR's functions and role cause high frequent interactions between AR officials and taxpayers and often arise frictions. The complains often happened are regards with the conflict of interest of AR officials. AR officials are required to serve two conflicting roles as consultant and supervisor to the same taxpayer. In particular, AR officials should provide assistance to taxpayers by carrying out consulting services, while they should also supervise taxpayers' compliance. AR should act as a consultant and a supervisor for taxpayers at one time. Sometimes as a supervisor, he has to be 'grumpy' so taxpayers are willing to be more compliance. Both of these roles performed by the same AR officials against the same taxpayer but in different time course (Sultoni, 2012). Although currently AR officials who carry out consulting services are different from AR officials who supervise taxpayers' compliance, but when this research conducted in 2015, these tasks were carried out by the same person.

On the other hand, taxpayers have an expectation that AR officials can give solutions for all of their problems in fulfilling tax liability. But what they see in reality is the dual roles that should be implemented by AR officials sometimes causes taxpayers uncomfortable. This condition get worse when some of AR officials do not give excellent services to taxpayers. So, it is clear that there are differences in perceptions between AR officials and taxpayers. The difference is often referred to as expectation gap. According to Zikmund (2008), "the expectation gap reflects a perceived difference between what one is expected to accomplish by others and what one personally believes he must accomplish." Expectation gap illustrates differences between one's perceptions and expectations towards others who are believed to be able to meet the expectations. This study uses this definition of expectation gap for its examination, namely, the difference between taxpayers' perceptions and expectations towards services provided by AR officials.

This difference may disrupt good relationship between taxpayers and tax officials. Thus, it is important for the tax office to adopt strategies that encourage transparency in tax administration that meets the dimensions of service quality. Dimensions of service quality consists of tangible, reliability, responsiveness, assurance, and empathy (Zeithmal: 2003).

Since there are not many studies about AR's service quality which has been done, the researchers are interested to conduct a research about that topic. The study is conducted because of the limitation of previous study which has been done by Helmy et al (2015). The result of the study could not conclude the difference between taxpayers' perceptions and expectations on AR performance because of validity and reliability constraints. One of the constraints was the low number of respondents. So, this study is conducted again by increasing the number of respondents and enhancing the scope by analyzing the perception differences between AR officials and taxpayers on AR performance.

This paper is organized as follows. Section 2 provides a theory development of this study. Section 3 presents conceptual framework and hypotheses formulation of this study. Section 4 discusses research methods utilized including the data analysis employed in this study. Section 5 discussed results and analysis of the study and followed by conclusion in the last section.

II. Theory Development and Hypotheses Formulation

Service quality

Quality is defined as a measure of how well the level of service delivered matches the customers' expectation (Parasuraman, 1985 as cited by Dina, 2009). If the perceived quality equals or exceeds the expectation, the service quality is said to be satisfactory.

Service quality consists of five dimensions: (a) Tangibles, i.e. parts of the service that is real such as employees, physical facilities, equipment, and communication devices. To realize the implementation of this dimension, tax office needs to show all forms of tax services; (b) Reliability, the ability to provide the services promised by the immediate, accurate and satisfactory. To realize the implementation of this dimension, the tax office needs to provide services in accordance with the promise that they offer; (c) Responsiveness, namely the desire of the staff to help customers and provide services quickly and accurately, and responsive to the desires of consumers. To realize the implementation of this dimension, tax office must be fast and responsive in providing services; (d) Assurance, which is the level of knowledge and hospitality and courtesy that should be owned by employees in addition to their ability to instill confidence in customers. To realize the implementation of this dimension, tax officials should be friendly, considerate, polite, and skilled in providing services. Assurance dimension is the combination of dimensions: (1) Competence, which refers to skills and abilities of employees in providing services; (2) Courtesy, which is the friendliness and attention of

employees in providing services; and (3) Credibility, which is related to the taxpayers' trust the confidentiality of the data they submit. (e) Empathy, the ability of workers to establish interpersonal communication and understand customer needs. To realize the implementation of this dimension, tax officials should be able to give special attention to individual taxpayer. The empathy dimension is an amalgamation of dimensions: (1) Access (ease), include the ease to utilize the services offered by the company; and (2) Communication, which refers to the ability to communicate to convey information to customers.

As mentioned earlier, this study focuses on the service quality provided by Account Representative (AR). Account Representative (Supervision and Consultation) Department is responsible for: (a) Supervising taxpayers' compliance with tax obligations, (b) Providing guidance/appeal and technical consultation to taxpayers, (c) Preparing taxpayers' profile (d) Conducting performance analysis of taxpayers, (e) Reconciling taxpayers' data in the context of intensification, (f) Developing proposed rectification of tax assessment and evaluating results of appeals.

Differences in perceptions and expectations

Perception is the process of how an individual chooses, organizes, and interprets input information to create a picture of the world that has a meaning (Kotler, 2000). The perception is influenced by both internal and external factors (Thoha, 2003: 154). Internal factors include feelings, attitudes and individual personalities, prejudices, desires or expectations, attention (focus), learning, physical, psychiatric disorders, values and needs are also of interest, and motivation (Thoha, 2003: 154). The external factors include family background, obtained information, and knowledge about the needs, intensity, size, opposition, movement repetition, new things and familiarity of an object.

Expectation is what taxpayers think that should be provided by tax officials as community service (Hill as cited by Adinur, 2006). In another opinion, expectation is a customer confidence before trying or buying a product, which is used as a standard or reference in assessing the performance of the product in question (Zeithaml et al., 1993). Customers' expectations is basically a yardstick in determining the quality of a product.

The relationship between expectation and perception can lead to several possibilities, including: (a) If the perception is smaller than expectation, ($P < E$), consumers will give negative assessment on the service received. This will create a consumer dissatisfaction. (b) If the perception equals to expectation, ($P = E$), consumers will adopt a neutral assumption, depend on the service received. This will make consumers quite satisfied with the service. (c) If the perception is greater than expectation, ($P > E$), consumers will give a positive assessment on the service received. This will make consumers feel very satisfied with the service.

III. Conceptual Framework and Hypotheses

This study has two aims : (1) to examine the differences between taxpayers' perceptions and expectations on AR performance at Padang Primary Tax Office and (2) to examine the perception differences between AR officials and taxpayers. AR performance is measured by how excellent service quality that they deliver to taxpayers. As mentioned earlier, service quality consists of five dimensions, namely, tangible, reliability, responsiveness, assurance, and empathy. Differences between taxpayers' perceptions and expectations occurred because of significant differences between taxpayers' expectations and the reality. Perceptions occurred before taxpayers obtain certain services from tax officials. Whereas, expectations arise after taxpayers received services. This is described in conceptual framework of this study as shown in Figure 1.

Based on the theory development, this study formulated three hypotheses in the form of alternative hypotheses (H_a) as follows.

H_1 : There are differences between AR perceptions and taxpayers' perceptions on AR performance.

H_2 : There are differences between taxpayers' perceptions and expectations on AR performance.

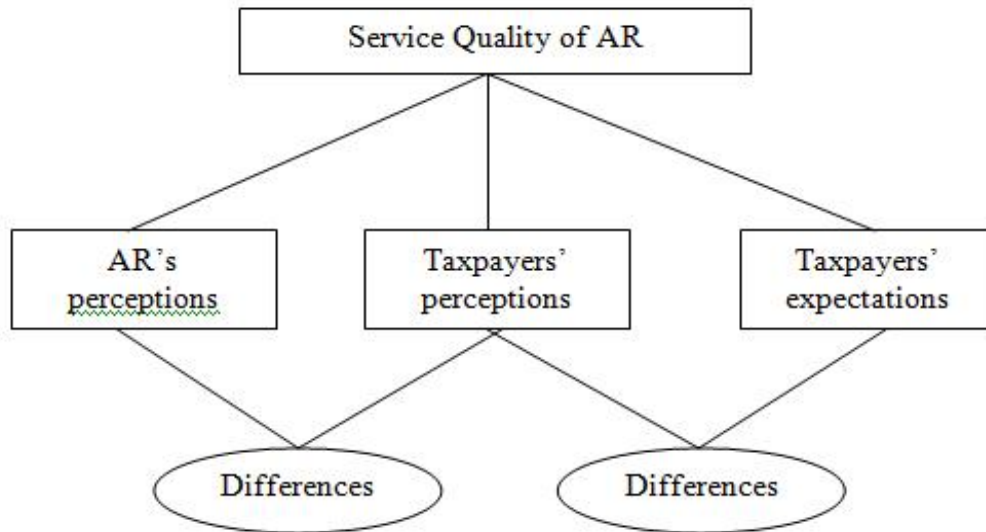


Figure 1. Conceptual Framework

IV. Research Methods

Design and instrument

In order to fulfill the aims of this paper, this study uses the hypothetico-deductive paradigm of quantitative research. Data for this study was collected by using a survey questionnaire administered to individual and corporate taxpayers in Padang, and also to AR officials at Padang Primary Tax Office.

Table 1. Research Instrument

Variable	Indicator	Reference
Service Quality	1. Tangible <ul style="list-style-type: none"> • Ease of getting form • Ease of completing the form • Requirements to be met by taxpayers • Equipment and supplies • Work Appearance 	Parasuraman (1985) as cited by Ikafitri (2009)
	2. Reliability <ul style="list-style-type: none"> • Speed of service • Fairness in service 	
	3. Responsiveness <ul style="list-style-type: none"> • Responsiveness to problems or complaints • Mastery and skilled in tax law 	
	4. Assurance <ul style="list-style-type: none"> • Good communication skills • Friendly and polite 	
	5. Emphaty <ul style="list-style-type: none"> • Attention to taxpayers 	

The research instrument used for the purpose of this study was developed from the theories that have been proposed in the earlier section. The main part of the instrument comprised questions eliciting participants' perceptions and expectations on service provided by AR. The participants' responses were measured using a 5-point Likert scale (where 1 denotes strongly disagree and 5 denotes strongly agree that the service fulfil the dimensions of quality). Table 2 presents the indicators used in developing the research instrument. This instrument has been used by a number of prior research examining service quality (i.e., Widyawati, 2007). The use of an instrument that has been tested for its readability and validity was consistent with the suggestion that the use of previously tested scenarios enhances the scope, depth, validity, and credibility of the research (Patel, 2006: 98).

Participants

The research population in this study was all AR officials and all taxpayers registered at Padang Primary Tax Office. This study was conducted when there still was one primary tax office, while there are two primary tax offices in Padang now. The total number of population is 40 AR officials and 257,943 taxpayers, consisting of 229,125 individuals, 4,429 trust agencies, and 24,389 companies. The sample of taxpayers in the survey questionnaire was calculated by Slovin formula with an error of 5%. The purposive and convenience sampling methods were used to select the sample for this study. The criteria for the sample is taxpayers who had met with and being served by AR officials for at least two times. This type of information were not available in records; thus this study selected the sample directly at the fieldwork. Participants of this study is taxpayers in Padang since more than 70% taxpayers registered at Padang Primary Tax Office were located in Padang. Therefore, the participants chosen for this study were considered representative of the total population of taxpayers. Questionnaires were distributed to 40 AR officials (collected 30 AR officials) and 199 taxpayers (collected all).

Data analysis

For testing the first hypothesis, data were analyzed using independent sample t-test, which means that the variable is derived from the different population (Ghozali, 2012). While for testing the second hypothesis, data were analyzed using paired sample t-test, which means that the variable is derived from the same population (Ghozali, 2012). The test criteria is if $t_{count} > t_{table}$; $-t_{hitung} < -t_{tabel}$ atau < 0.05 , then the results rejected H_0 (H_a is supported). If $t_{count} < t_{table}$; $-t_{hitung} > -t_{tabel}$ or > 0.05 then the results fail to reject H_0 (H_a is not supported).

Moreover, the data were analyzed using Importance Performance Analysis (IPA). IPA uses a chart that was divided into four quadrants based on measurement results of importance–performance. IPA aims to display information relating to factors that customers' perceived to be greatly affect their loyalty and satisfaction, and factors that customers' perceived need improvement because the present condition has yet to satisfy the customers. IPA is a tool to gain knowledge on service attributes that are doing well and attributes that in need of improvement; thus, require immediate actions. In another words, IPA provides critical information on the prioritization of attributes that need immediate improvement and guidance for strategic development.

V. Results and Discussion

Preliminary analyses of validity and reliability tests were conducted to responses for each department's service quality before further analysis of independent sample t-test, paired sample t-test, and IPA were carried out.

The differences between AR perceptions and taxpayers' perceptions on AR performance

Results of independent sample t-test in Appendix 1 show that there are significant differences between AR perceptions and taxpayers' perceptions on AR performance (service quality) where AR perceptions are higher than taxpayers' perceptions. If we look closely at each dimension, it shows that AR gives higher perceptions for dimensions of assurance, reliability, empathy; while taxpayers give higher perceptions for dimensions of tangibles and responsiveness.

The results indicate that taxpayers need higher assurance, reliability, and empathy from AR officials. Taxpayers want AR officials to be more friendly and polite, have good communication skills, and give excellent service and attention. These demands, hopefully, could be fulfilled by current condition when two tasks (consultant and supervisor) are handled by two AR officials. AR officials could focus on their task to serve taxpayers without being disturbing by two conflicting roles like happened before.

The differences between taxpayers' perceptions and expectations on AR performance

Results of paired sample t-test in Appendix 2 show that there are significant differences between taxpayers' perceptions and expectations on AR performance (service quality). If we look closely at each dimension, it shows that the differences appear from assurance, reliability, and responsiveness dimensions.

Moreover, the IPA graph in Appendix 2 shows that all elements (questions) of service quality (excepts number 19,20,21) are in quadrant B that means those elements have been well implemented by AR officials. The other three elements are in quadrant C that means those elements are not necessary to be enhanced. The analyses made of those three elements shows that the questions in questionnaire are in negative forms that could mislead the respondents.

The results indicate that although there are significant differences between taxpayers' perceptions and expectations on AR performance (service quality), but IPA graph shows that, in fact, taxpayers have been satisfied of AR officials' performances which suit to their expectations. However, they expect AR officials consistent to give excellent services as indicated in the results of H1 testing.

VI. Conclusion

The study concludes that : (1) there are significant differences between AR perceptions and taxpayers' perceptions on AR performance and (2) there are significant differences between taxpayers' perceptions and expectations on AR performance.

The limitation of this study is the use of negative questions in questionnaire which were indicated mislead the respondents. Based on the limitation, it suggests to be careful in using negative questions in questionnaire. It also suggests to continue this study by exploring the AR performances between two primary tax office in Padang or by analyzing the effectiveness of separated dual roles of AR.

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Appendix

Independent Samples Test for Testing H1 Assurance Dimension

		Group Statistics			
	AR	N	Mean	Std. Deviation	Std. Error Mean
Service	WP	199	19,1206	3,06916	,21757
	AR	30	21,3333	2,36837	,43240

		Independent Samples Test								
		Levene's Test for Equality of Variances			t-test for Equality of Means					
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower		Upper
Service	Equal variances assumed	1,761	,186	-3,780	227	,000	-2,21273	,58537	-3,36618	-1,05929
	Equal variances not assumed			-4,571	45,119	,000	-2,21273	,48405	-3,18759	-1,23787

Reliability Dimension

		Group Statistics			
	AR	N	Mean	Std. Deviation	Std. Error Mean
Service	WP	199	18,9950	2,69211	,19084
	AR	30	21,1333	2,23966	,40890

		Independent Samples Test								
		Levene's Test for Equality of Variances			t-test for Equality of Means					
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower		Upper
Service	Equal variances assumed	1,087	,298	-4,138	227	,000	-2,13836	,51678	-3,15667	-1,12005
	Equal variances not assumed			-4,739	42,712	,000	-2,13836	,45125	-3,04856	-1,22816

Tangibles Dimension

Group Statistics						
	AR	N	Mean	Std. Deviation	Std. Error Mean	
Service	WP	199	20,0151	3,41636		,24218
	AR	30	19,8000	2,89351		,52828



Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower		Upper
Service	Equal variances assumed	2,287	,132	,327	227	,744	,21508	,65691	-1,07935	1,50950
	Equal variances not assumed			,370	42,197	,713	,21508	,58115	-,95756	1,38771

Empathy Dimension

Group Statistics						
	AR	N	Mean	Std. Deviation	Std. Error Mean	
Service	WP	199	13,9548	2,46449		,17470
	AR	30	15,3667	1,93842		,35391

Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower		Upper
Service	Equal variances assumed	2,960	,087	-2,999	227	,003	-1,41189	,47077	-2,33954	-,48425
	Equal variances not assumed			-3,577	44,469	,001	-1,41189	,39468	-2,20708	-,61671

Responsiveness Dimension

Responsiveness Dimension

		Group Statistics			
	AR	N	Mean	Std. Deviation	Std. Error Mean
Service	WP	199	18,5729	3,14682	,22307
	AR	30	16,0667	1,38796	,25341

		Independent Samples Test								
		Levene's Test for Equality of Variances			t-test for Equality of Means					
		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower		Upper
Service	Equal variances assumed	21,944	,000	4,293	227	,000	2,50620	,58375	1,35595	3,65645
	Equal variances not assumed			7,424	83,974	,000	2,50620	,33760	1,83483	3,17756

Service Quality (whole)

		Group Statistics			
	AR	N	Mean	Std. Deviation	Std. Error Mean
Service	WP	199	90,6583	7,52731	,53360
	AR	30	93,7000	9,18451	1,67685

		Independent Samples Test								
		Levene's Test for Equality of Variances			t-test for Equality of Means					
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower		Upper
Service	Equal variances assumed	1,358	,245	-2,002	227	,047	-3,04171	1,51958	-6,03599	-,04742
	Equal variances not assumed			-1,729	35,118	,093	-3,04171	1,75971	-6,61367	,53026

Appendix 2. Paired Samples Test for Testing H2

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	PERSEPSI_ASSURANCE	3,8241	199	,61383	,04351
	HARAPAN_ASSURANCE	4,2121	199	,60791	,04309
Pair 2	PERSEPSI_RELIABILITY	3,7990	199	,53842	,03817
	HARAPAN_RELIABILITY	4,0905	199	,65371	,04634
Pair 3	PERSEPSI_TANGIBLES	4,0030	199	,68327	,04844
	HARAPAN_TANGIBLES	4,0523	199	,68967	,04889
Pair 4	PERSEPSI_EMPHATY	3,4887	199	,61612	,04368
	HARAPAN_EMPHATY	3,5289	199	,68634	,04865
Pair 5	PERSEPSI_RESPONSIVENESS	3,7146	199	,62936	,04461
	HARAPAN_RESPONSIVENESS	3,4955	199	,62888	,04458

		N	Correlation	Sig.
Pair 1	PERSEPSI_ASSURANCE & HARAPAN_ASSURANCE	199	,562	,000
	PERSEPSI_RELIABILITY & HARAPAN_RELIABILITY	199	,467	,000
Pair 3	PERSEPSI_TANGIBLES & HARAPAN_TANGIBLES	199	,740	,000
	PERSEPSI_EMPHATY & HARAPAN_EMPHATY	199	,532	,000
Pair 5	PERSEPSI_RESPONSIVENESS & HARAPAN_RESPONSIVENESS	199	,506	,000

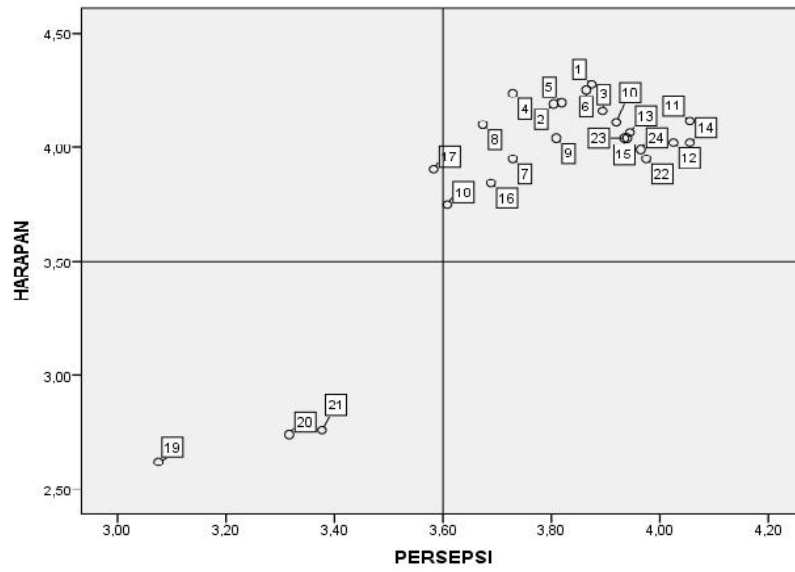
		Paired Differences				t	df	Sig. (2-tailed)	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower				Upper
Pair 1	PERSEPSI_ASSURANCE - HARAPAN_ASSURANCE	-.38794	,57180	,04052	-.46784	-.30803	-9,574	198	,000
Pair 2	PERSEPSI_RELIABILITY - HARAPAN_RELIABILITY	-.29146	,62335	,04419	-.37880	-.20432	-6,598	198	,000
Pair 3	PERSEPSI_TANGIBLES - HARAPAN_TANGIBLES	-.04925	,49542	,03512	-.11850	,02001	-1,402	198	,162
Pair 4	PERSEPSI_EMPHATY - HARAPAN_EMPHATY	-.04020	,63337	,04490	-.12874	,04834	-.885	198	,372
Pair 5	PERSEPSI_RESPONSIVENESS - HARAPAN_RESPONSIVENESS	,21910	,62558	,04435	,13164	,30655	4,941	198	,000

For whole

	Mean	N	Std. Deviation	Std. Error Mean	
Pair 1	Persepsi	3,7783	199	,31362	,02223
	Harapan	3,8909	199	,38637	,02739

	N	Correlation	Sig.
Pair 1 Persepsi & Harapan	199	,467	,000

IPA graphic



INFLUENCE OF CAPITAL ADEQUACY RATIO, OPERATIONAL EFFICIENCY RATIO AND LOAN TO DEPOSIT RATIO TOWARD RETURN ON ASSET (ROA) AT GENERAL BANK NATIONAL PRIVATE LISTED ON INDONESIA STOCK EXCHANGE PERIOD 2010-2014

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Abstract

The purpose of this research is to explain the influence of the Capital Adequacy Ratio (CAR), Operational Efficiency Ratio (OER) and Loan to Deposit Ratio (LDR) against ROA both simultaneously or partial. The type of research that is used is penelitiandengan purposive sampling as sampling method. A sample of some 10 bank of total 32 private national bank registered in Indonesia Stock Exchange. The analysis techniques used in this research among others test double linear regression and hypothesis test. The results of the F test on ROA shows that the CAR, BOPO and LDR simultaneously affect ROA. Based on the t test BOPO significant effect against ROA partially, while CAR and LDR no effect.

Key Words: *Capital Adequacy Ratio(CAR), the Operational Efficiency Ratio (BOPO) and loan to Deposit Ratio (LDR)and Return On Assets (ROA)*

I. Introduction

All economic activity requires banking role. Economic Development brought the culture of the bank more inherent in the economic activities of the society. not only for the needs of the transaction also for investment needs. Moreover with the global economy, as it is now, the transaction needs also no longer limited to discounted rates in the land but also transactions with foreign affairs.

The Bank sought to improve financial performance especially the growth of net profit as a form of accountability to the Wich according to with conditional. Accountability must also be accompanied by an effort to gain the trust of the community against the funds that have been entrusted to the bank. So the majority of the bank issued stocks and publish financial reports to increase the trust of the community. Then they too many who join in Indonesia Stock Exchange as a container for them to sell shares and increase the trust of the community against the bank.

The banking industry plays an important role in economic development as a financial intermediary or broker the excess funds with the need of funds in accordance with the Banking Act No.10 1998 Article 1(2) explained that what is meant by the bank is a business agency gather funds from the community in the form of savings and forwards them related with the level of benefits, risk, financial flexibility and the operational capability of the company. Prediction of the financial performance of a company is generally done to the community in the form of credit and or other forms in order to increase the standard of living of many people.

But since the economic crisis in 1997 which later developed into a multi-dimensional crisis brought the impact of the destruction of the banking business in Indonesia caused the credit crunch just besara. and in recent years this happens degeneration the exchange rate of the rupiah against the US dollar which is a problem that is not good for the economy is also on the world banks.

Changes in the condition of the banks that decline is a direct impact on the survival of the Indonesian banking indicated with the greater proportion of problematic credit/crunch and increasingly low levels of bank liquidity which impact on the condition of the bank more difficult to forward its activities. Even the Bank Indonesia does not have another alternative to resolve the issue in addition to performing the closure of bank business. With the closure of the bank business conducted by Bank Indonesia resulted in the number of a bank which operates become more little.

Financial ratio became one of the appliance by the decision makers for both internal and external parties in determining the next policy. For external parties especially creditors and investors, the financial ratio can be used in determining whether a reasonable company to be given credit or to become a good investment land. For the management, the financial ratio can serve as a tool to predict the financial condition of the company in the future.

According to Muhammad (2014) "Return On Assets ROA a ratio that describes the ability of bank in managing the funds that invested in the whole of the assets of the yield advantage. Return on Assets is a representation of the productivity of the bank in managing the funds to produce the benefits". Return on Assets (ROA) focus on the ability of the company to obtain the earning in the activities of the operations of the company to take advantage of the assets of which possesses. The main objectives of the bank operations are reached maximum profitability level. Return on Assets is important for the bank because the ratio is used to measure the effectiveness of the company in the profits with the use of fixed assets that belonged.

The beginning of an economic activity is large capital. Capital can support the operational activities of the company as well as with the bank. All bank in Indonesia must provide minimum capital. The Purpose of the enactment providing the minimum capital is to cover the possibility of the risks of loss of assets that contain risk, as credit that is given to the community. Lack capital owned by the bank can have an impact on the profitability of the bank. This is reflected in the Capital Adequacy Ratio (CAR) in showing how the ability of a bank in have enough capital in accordance with the rules that have been specified. According to Sudirman (2013) "Capital Expenditure of a bank or future receivables associated with tangible assets that reflect the health of the bank. The amount of money capital is in a bank shows the level of the ability of a bank in closing the risk of loss and the ability of the bank in increasing the growth of bank".

The Bank is a business organization that based on the benefits of. But, in addition, to obtaining a great income, the bank also have cost that always issued routinely. The cost is used to run and facilitate the operational activities of the bank. This should be noted by the bank because the costs exceed the income will produce a problem. When the left bank will be no longer productive in terms of the produce of the spider. Therefore, Operational Efficiency Ratio (OER) can be used in describing how the level of efficiency of a bank in managing the cost of income.

The ability of bank in providing loans to the community, of course, must be balanced with the multitude of deposit obtained bank. Bank could not walk and developed without the receipt of money in the form of savings. But, the bank also cannot maximize profits only with the loan given to the community with the number of deposit money in the bank at any time if the client wants to take back the money.

On the contrary when the obtainable deposits from the client are too large, while bank less can be dammed up in the form of loans and the bank could not take advantage of deposit money to produce spider. Therefore, required a balance between the accepted deposits and loans provided by the bank. This is reflected in the ratio of Loan to Deposit Ratio (LDR) which describes the ability of a bank in the control of savings and its loans.

The phenomenon that happens is the existence of the decline in profit before tax that followed with the increase in the total assets of the bank capital, operational income, credit given and third party fund that shows the bank does not get the maximum profit from the management of the funds that he possessed. The existence of the gains from the assets be weighed according to the risk (ATMR) which shows the high risk contained in the assets of the bank. And high operational costs and show less few if any indigenous bank in manage costs, so that this will reduce the investor confidence to banking companies.

II. Theoretical Framework

Return On Assets (ROA)

Return On Assets (ROA) function to measure the effectiveness of the company and produce a spider to take advantage of the effectiveness of the company through the operation of assets owned. The greater the Return On Assets owned by the company and the most efficient use of assets so that the spider will get the larger. The great profit will attract investors because the company has a return on investment that the higher.

According to Prastowo (2014), "Return On Assets measures the ability of the company to take advantage of the assets to obtain the spider. This ratio measures the level of return of investment that has been done by the company using all funds assets that belonged". While according to Pandia (2012, it. 71) "Return On Assets ROA a ratio that shows the comparison between the spider (before tax) with total asset bank, this ratio shows the level of efficiency of asset management is done by the corresponding bank".

Capital Adequacy Ratio (CAR)

According to Rivai (2013), "Capital Adequacy Ratio (CAR) is a comparison between the difference in the capital and wealth remain (equity capital of fixed assets) with the loan crunch (estimated risk in loans), to measure the ability of the internal fund closing the credit crunch". While according to Hendro and Rahardja (2014, it. 199) "Capital Adequacy Ratio (CAR) is a ratio that shows how much all the assets of the bank that contains the risk of credit (, participation, bonds, and bill on the other bank) also financed from capital funds the bank itself, besides the funds derived from sources outside of the bank as a funds the loan and other".

Capital Adequacy Ratio is a ratio used to measure the capital expenditure which contains various risks which have been specified by the regulatory institutions that apply for the industries under the control of the government and to assess the health of the company of the owner of the capital side. The weight of the asset that contains the risks during the time can arise as the withdrawal of funds by the client on a large scale can be handled with the use of capital to cover or avoid the risk that will arise later on the day.

Operational Efficiency Ratio (OER)

According to Pandia (2012) " Operational Efficiency Ratio (OER) is a ratio to measure efficiency levels and the ability to do bank operation". The higher this ratio the more visible the ability of bank in operational efficiency. Therefore, high this ratio shows the ability of the bank is less efficient in the conduct of the operation so that the lack of capacity to the bank in the benefit from the spider while according to Hasibuan (2011) "Operational Efficiency Ratio (OER) is comparison/cost ratio of operational in the past twelve months of operational income in the same period".

The more efficient ability in bank operations and the better is the ability to bank in the Get the spider or profit. The ratio of Operational Efficiency Ratio is used as a reference from the bank in operational ability so that the ability of bank in produce spider or the

benefits can be seen from the ratio of Operational Efficiency Ratio (OER). Great operational costs will influence directly on the operational income including on interest income when interest costs are owned by the bank is too large.

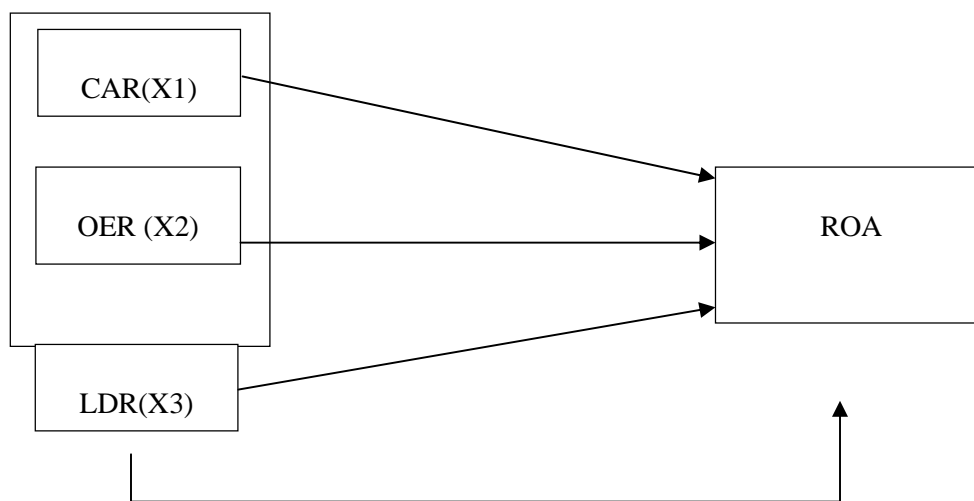
Loan to Deposit Ratio (LDR)

One of the bank liquidity assessment is using the Loan to Deposit Ratio (LDR). Loan to Deposit Ratio is one of the ratios is used to measure the liquidity bank. According To cashmere feel (2014) "Loan to Deposit Ratio (LDR) is a ratio to measure the composition of the given credit compared with the amount of public funds and capital used". The Bank as the compilers of funds from the public funds that have been accepted as credit. The ratio of Loan to Deposit Ratio measures the ability of the bank liquidity activities so that this ratio shows how far the ability of bank in the use of third party funds channeled as credit.

According to Rivai, et al (2013) using the Loan to Deposit Ratio(LDR) as liquidity planning report can also help fund managers to make the cost of funds deposit as minimum as possible. In view of this liquidity planning report, the bank can indicate the existence of excess funds and to how big the funds to overheat. The funds that are saved difficulties at owned by the society has a longer period of time during the time will be folded back. So the bank should take advantage of the funds in the best possible credit channel which is the main source of income the bank and get the interest income as benefits in producing profits.

Conceptual Framework

The conceptual framework in this research is described as follows :



Picture I. Conceptual Framework

The hypothesis is suspected or answers while top research. Based on the conceptual framework that is, then the hypothesis proposed in this research is :

- H1 : *Capital Adequacy Ratio* significant effect on *Return On Assets* in the General National Private Banks registered in Indonesia Stock Exchange.
- H2 : *Operational Efficiency Ratio (OER)* significant effect on *Return On Assets* in the General National Private Banks registered in Indonesia Stock Exchange.
- H3 : *Loan to Deposit Ratio* significant effect on *Return On Assets* in the General National Private Banks registered in Indonesia Stock Exchange.

H4 : *Capital Adequacy Ratio*, *Operational Efficiency Ratio (OER)* and *Loan to Deposit Ratio* simultaneously on the *Return On Assets* in the General National Private Banks registered in Indonesia Stock Exchange.

III. Research Methods

Population in this research is a Commercial Bank National Private registered in Indonesia Stock Exchange 2010-2014 period as much as 32 banks. While the sample is representative of the population. Criteria for the determination of the sample banks in this research is as follows : (1) Bank listed including in the General National Private Banks with the status of the foreign exchange reserves are listed on the Indonesia Stock Exchange.(2) The Bank published its financial report in Indonesia Stock Exchange during the period of 2010-2014.(3)Bank has the average asset value is high during the period of 2010-2014 above Rp20,000,000,000,000 (twenty trillion rupiahs).

Based on the existing criteria, then samples that meet the criteria is 10 samples General National Private Banks registered in Indonesia Stock Exchange during the period of 2010-2014.

Data analysis in this research is multiple regression analysis. Multiple regression analysis is a statistical technique through a coefficient parameter to determine the influence of independent variables on the dependent variable. Testing of the hypothesis either partially or simultaneously carried out after the regression model used is free from the classical assumption violation. The aim is that the research results can be interpreted accurately and efficiently. The regression equation is as follows: Data analysis in this research is multiple regression analysis. Multiple regression analysis is a statistical technique through a coefficient parameter to determine the influence of independent variables on the dependent variable. Testing of the hypothesis either partially or simultaneously carried out after the regression model used is free from the classical assumption violation. The aim is that the research results can be interpreted accurately and efficiently.

IV. Results and Discussion

Results

The research results obtained from the collection and data processing from the financial report of all public national private bank registered in Indonesia Stock Exchange with access to the official site www.idx.co.id. The results of the data in this research have passed the test of classical assumptions and worthy of continued to stage linear regression analysis that can be displayed in the following table :

Table I. Results Of Regression Analysis

Independent Variables & Contant	Regression coefficient	Standars of Error	t _{test}	Significance
Constant	726,196	89,517	8,112	0,000
CAR	0,025	0,031	0,805	0,425
BOPO	-0,077	0,008	-9,133	0,000
LDR	0.004	0,060	0,675	0,503
R	0,807			
R square	0.61			
Adjuster R Square	0,629			
Ftest	28,655			
Sig.F	0,000			

Based on the table above then can be arranged regression equation as follows :

$$Y = 726,196 + 0,025X1 - 0,077X2 + 0,004X3 + \epsilon$$

From the linear regression equation can be seen that the greatness of constant is 726,196, means that with the assumption of zero independent variable value then Return On Assets are located on the position of the 726,196. Meanwhile, the drag coefficient X1(Capital Adequacy Ratio) obtained by 0,025, and drag coefficient X2 (Operational Efficiency Ratio) obtained by -0,077 and X3 (Loan to Deposit Ratio) obtained by 0.004.

This means that when X1 with the direction of the positive relationship shows that every increase Capital Adequacy Ratio and it will be followed by a rise in the Return On Assets of 0,025 or at 2.5 percent with the assumptions of other independent variables are considered constant. When the variables X2 with the direction of the negative relationship shows that every increase Operational Efficiency Ratio (OER) will be followed by the decline of the Return On Assets of 0,077 or 7.7% with the assumption of other independent variables are considered constant. And X3 with the direction of the positive relationship shows that every increase of Loan to Deposit Ratio will be followed by a rise in the Return On Assets of 0.004 or of 0.4 percent with the assumptions of other independent variables are considered constant.

To know the extent of the significance of the influence of the Capital Adequacy Ratio (CAR), Operational Efficiency Ratio (OER) and Loan to Deposit Ratio (LDR) against ROA On the General National Private Banks registered in Indonesia Stock Exchange both simultaneously and partial then test is done against the regression equation through research hypothesis. To test the Capital Adequacy Ratio, tOperational Efficiency Ratio and Loan to Deposit Ratio of Return On Asset test is done by using the statistics F. The hypothesis test is done with a two-way test using the level of the significance = 0.05 and degrees of freedom (k) and (n-k).

Table II. Results of F Test Analysis

The Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	12	3	71416.843	28.655	.1,540,00 0 a
A Residual	114646.190	46	2492.308		
The Total	328896.720	49			

Based on the results of the test of 28,655 Fhitung above with a significant level of $0,000 < 0.05$ while Ftabel known by 2,807. Based on the results will be known that Fhitung > Ftabel ($28,655 > 2,807$) then Ha accepted and Ho was rejected, while Ftabel value based on the security council = $50 - 3 - 1 = 46$ with significant level 5 percent is 2,807. From the results of the calculation of the SPSS above shows no significant influence simultaneously between *Capital Adequacy Ratio*, *Operational Efficiency Ratio (OER)* and *Loan to Deposit Ratio of Return On Assets* in the General National Private Banks registered in Indonesia Stock Exchange.

Just as with the hypothesis above and to test the hypothesis that partially also done with the design of the hypothesis test that has been presented in the previous chapter by using the t test. This test is also done with two -way test, use the level of the significance = 0.05 and degrees free (n-k). T test value from each regression coefficient regression are as summarized in the table I. The value of ttable on = 0,05test based on two sides with the value of t for $n = 50 - 2 = 48$ is 2,011.

The comparison between the value of t test with ttable for each regression coefficient of each variable is presented in the following table :

Table III. Coefficient Variables

Regression coefficient (β)	Ttest	Ttable	The Significance	Conclusion
CAR	0,805	2,011	0,425	Not Significant
BOPO	-9,133	2,011	0,000	Significant
LDR	0,675	2,011	0,503	Not Significant

Based on the table above known how the influence of each of the variables against the Return On Assets, namely :

Capital Adequacy Ratio (X1)

T-test value to the variable Capital Adequacy Ratio is 0,805 and t table with $\alpha = 5$ percent known as much as 2,011. Thus the smaller t table with from t table and greater t-test with -t table (-2,011 0,805 2,011) and have a significant number of $0,425 > 0,05$. Based on decision criteria, it can be concluded that H_0 received (H_a rejected), this shows that the partially no significant influence between the Capital Adequacy Ratio of Return On Assets. This means that the Capital Adequacy Ratio has the direction of the positive relations against the Return On Assets due to the increasing Capital Adequacy Ratio is then followed by increasing the Return On Assets in the General National Private Banks registered in Indonesia Stock Exchange.

Operational Efficiency Ratio (X2)

The value of t-test for Operational Efficiency Ratio variable is -9.133 and t table with $\alpha = 5$ percent known as much as 2,011. Thus the -t test smaller than t table (-9.133 < -2,011) and has a significant number of $0,000 < 0,05$. Based on the results obtained the conclusion that H_0 rejected and H_a accepted, this shows that the partially no significant influence on the Operational Efficiency Ratio against the Return On Assets. This means that the Operational Efficiency Ratio have the direction of the relationship between the negative impact on the Return On Assets due to the decrease in the Operational Efficiency Ratio then followed by increasing the Return On Assets in the General National Private Banks registered in Indonesia Stock Exchange.

Loan to Deposit Ratio (X3)

T-test value for a variable Loan to Deposit ratio is 0,675 and t table with $\alpha = 5$ percent known as much as 2,011. Thus the smaller t-test with from t table and greater t-test with -t table (-2,011 0,675 2,011) and has a significant number of $0,503 > 0,05$. Based on the results obtained the conclusion that H_0 accepted and H_a rejected, this shows that the partially no significant influence between the Loan to Deposit Ratio of Return On Assets. This means that the Loan to Deposit Ratio has the direction of the positive relations against the Return On Assets due to increased Loan to Deposit Ratio is then followed by increasing the Return On Assets in the General National Private Banks registered in Indonesia Stock Exchange.

Discussion

Influence of the Capital Adequacy Ratio, Operational Efficiency Ratio and Loan to Deposit Ratio of Return On Assets

Based on the results of research partially and simultaneous influence between Capital Adequacy Ratio, Operational Efficiency Ratio and Loan to Deposit Ratio of Return On Assets in the General National Private Banks registered in Indonesia Stock Exchange stating that $F_{test} > F_{table}$ namely $28,495 > 2,807$. This means F_{hitung} located in the acceptance of H_a so that the H_0 was rejected, with a significant level of $0,000 < 0,05$. This shows that there is a significant influence simultaneously between Capital Adequacy Ratio, the Operational Efficiency Ratio and Loan to Deposit Ratio of Return On Assets.

Based on the results of research done researchers, then I can conclude that the Capital Adequacy Ratio, the Operational Efficiency Ratio and Loan to Deposit Ratio of Return On Assets are to have the influence. In other words, now gains and losses Capital Adequacy Ratio, the Operational Efficiency Ratio and Loan to Deposit Ratio of Return On Assets have a positive and significant impact on the increase or decrease of the Return On Assets in the General National Private Banks registered in Indonesia Stock Exchange.

This is in line with the research done by Prasanjaya and Ramantha (2013) stated that simultaneously there is a positive and significant impact between Capital Adequacy Ratio, the Operational Efficiency Ratio, and Loan to Deposit Ratio of Return On Assets and so also with research from Setiawan (2015) stated that there is a positive and significant impact between Capital Adequacy Ratio, the Operational Efficiency Ratio and Loan to Deposit Ratio of Return On Assets.

Influence of the Capital Adequacy Ratio of Return On Asset

The research results obtained by the influence of the Capital Adequacy Ratio of Return On Assets in the General National Private Banks registered in Indonesia Stock Exchange. The results of the t-tests showed that partially t-test value to the variable Capital Adequacy Ratio is 0,805 and t table with $\alpha = 5$ percent known as much as 2,011. Thus the -t test smaller with t table and -t test greater with -t table ($-2,011 < 0,805 < 2,011$) and have a significant number of $0,425 > 0,05$ which means H_0 accepted and H_a rejected. Based on the results obtained the conclusion that H_0 accepted and H_a rejected, this shows that the partially no significant influence of Capital Adequacy Ratio of Return On Assets in the general Bank National Private that registered in Indonesia Stock Exchange.

This shows that the Capital Adequacy Ratio has positive relations and not significant on the Return On Assets. Capital Adequacy Ratio is positive value shows that according to the theory of capital expenditure, capital is an important factor for the bank in order to develop the business and accommodate loss. According To Rivai, et al (2013, it. 473) Capital Adequacy Ratio as one of the indicators ability in closing the bank assets decline as a result of the losses suffered by the bank. So that the ratio of Capital Adequacy Ratio is not the cause of rose revelation Return On Assets but the ratio is used for the use of capital when there was a risk of the bank as the risk of credit crunch should immediately be covered. Not the significance of Capital Adequacy Ratio indicates that the big and the small capital adequacy the bank no necessarily cause big or small bank profits. The Bank has a large capital but not can use to invest effectively to produce spider capital will effect not a significant impact on the Return On Assets bank. With the existence of bank efforts to maintain the adequacy of the fund and the bank does not easily remove their fund for funding because it can give a huge risk. The results of this research in line with the research results from Wibowo and Syaichu (2013) stated that partially Capital Adequacy Ratio is a positive effect and not significant on the Return On Assets so also with the research from Defri (2012) stated that partially Capital Adequacy Ratio is a positive effect

and not significant against the profitability ROA the bank. The high capital ratio can provide increased the trust of the community to the bank. The trust of the community to the world banks also due to government guarantees against their funds that are stored in the bank. Therefore, the community still believes use banking products so that the Return On Assets are still can be improved.

Based on the results of research done by the author as well as the theory, opinion or earlier research that has been presented above about the influence of the Capital Adequacy Ratio of Return On Assets, then the authors conclude that there is a similarity between the results of research with the theory, opinion and earlier research which does not affect the significant Capital Adequacy Ratio of Return On Assets.

Influence of the Operational Efficiency Ratio on Return On Assets

The research results obtained about the influence of the operational cost of income Operasionalterhadap Return On Assets in the General National Private Banks registered in Indonesia Stock Exchange. Results partially hypothesis test indicates that the value of t-test for Operational Efficiency Ratio and t table are -9.133 with $\alpha = 5$ percent known as much as 2,011. Thus the -t-test smaller with -t table (-9.133 < -2,011) and has a significant number of 0,000 (smaller than 0.05) means H_a accepted and H_0 rejected. Based on the results obtained the conclusion that H_a accepted H_0 rejected, this shows that the partially no significant influence between the Operational Efficiency Ratio against the Return On Assets in the General National Private Banks registered in Indonesia Stock Exchange. This shows the Operational Efficiency Ratio have the direction of the relationship between the negative impact on the Return On Assets due to the decrease in the Operational Efficiency Ratio then followed by increasing the Return On Assets. If the Operational Efficiency Ratio increased which means that the efficiency decreases, then Return On Assets acquired by the bank will decline. This is because the level of efficiency in bank operations running affect the income or earning that is produced by the bank. If the operational activities done with efficient i.e. operational costs low operational income, then the income produced by the bank will rise. Thus the more efficient operational performance of a bank and the benefits obtained by the bank will be more.

According to Sudirman (2013), each bank is attempting to improve the spider or profit. The income of the bank is high with low operational costs will increase rentability or vice versa. Thus the lower the operational efficiency that is done by the bank will result in a drop in profits or bank profit.

The results of this research in line with the research results from Wibowo and Syaichu (2013) stated that partially Operational Efficiency Ratio negative effect and significant impact on the Return On Assets so also with the research from Defri (2012) that mention in the conclusion that there is a negative and significant between the operational costs of Income ROA Operasionalterhadap profitability (Bank). The low-efficiency ratio can provide increased profit obtained the higher the bank. The high operational cost burden of the bank to lighten the bank generally will be charged on the income obtained from the funding allocation. The Burden or the cost of credit in more high will reduce the capital expenditure and the profit which is owned by the bank. Based on the results of research done by the author as well as the theory, opinion or earlier research that has been presented above about the influence of the Operational Income operational costs against the Return On Assets, then the authors conclude that there is a similarity between the results of research with the theory, opinion and earlier research no significant influence the operational costs of Income Operasionalterhadap Return On Assets.

Influence of the Loan to Deposit Ratio of Return On Assets

The research results obtained about the influence of the Loan to Deposit Ratio of Return On Assets in the General National Private Banks registered in Indonesia Stock Exchange. Results partially hypothesis test indicates that the value of t-test to a variable Loan to Deposit Ratio is 0,675 and t table with $\alpha = 5$ percent known as much as 2,011. Thus the smaller t-test with from t table and greater t-test with -t table (-2,011 $<$ 0,675 $<$ 2,011) and significant value of 0,503 (more than 0.05) means H0 accepted and Ha rejected. Based on the results obtained the conclusion that and H0 received Ha rejected, this shows that the partially no significant influence between the Loan to Deposit Ratio of Return On Assets in the General National Private Banks registered in Indonesia Stock Exchange.

This shows the Loan to Deposit Ratio has the direction of the positive relations against the Return On Assets due to increased Loan to Deposit Ratio is then followed by increasing the Return On Assets. Loan to Deposit Ratio of positive value and does not affect the significant impact on the Return On Assets indicates that the amount of credit is not supported with credit quality. Bad credit quality will increase the risk of especially when credit is done by not using the principles of prudence in credit that less controlled so that the bank will bear the risk that more.

Rivai, et al (2013) using the Loan to Deposit Ratio as liquidity planning report can also help fund managers to make the cost of funds deposit as minimum as possible. In view of this liquidity planning report, the bank can indicate the existence of excess funds and to how big the funds to overheat. So the Loan to Deposit Ratio does not determine up the revelation of spider but as a hedge from the use of the funds received by the bank. The results of this research in line with the research results from Defri (2012) that mention in the conclusion that there is a positive influence and not significant between the Loan to Deposit Ratio of profitability Return On Assets bank. Based on the results of research done by the author as well as the theory, opinion or earlier research that has been presented above regarding the influence of Loan to Deposit against the Return On Assets, then the authors conclude that there is a similarity between the results of research with the theory, opinion and earlier research i.e. no significant influence Loan to Deposit against the Return On Assets.

V. Conclusion

Conclusion that can be explained in this research is as follows :

Test results F, demonstrate that there is a positive and significant impact between Capital Adequacy Ratio, the Operational Efficiency Ratio, and Loan to Deposit ratio of Return On Assets. In other words, now gains and losses Capital Adequacy Ratio, the Operational Efficiency Ratio and Loan to Deposit Ratio of Return On Assets have a positive and significant impact on the increase or decrease of the Return On Assets in the General National Private Banks registered in Indonesia Stock Exchange.

The results of the t-tests showed the existence of a positive influence and not significant between the Capital Adequacy Ratio of Return On Assets. Capital Adequacy Ratio is positive value shows that according to the theory of capital expenditure, capital is an important factor for the bank in order to develop the business and collect the loss. Not the significance of Capital Adequacy Ratio indicated that big or small capital adequacy the

bank not necessarily cause big or small bank profits. The Bank has a large capital but not can use to invest effectively to produce spider capital then will not affect any significant impact on the Return On Assets bank.

The results of the t-tests showed a negative influence and significant between the Operational Efficiency Ratio against the Return On Assets. This means that with the decrease of Operational Efficiency Ratio and it will be followed by increasing the Return On Assets. This is because the level of efficiency in bank operations running affect the income or earning that is produced by the bank.

The results of the t-tests showed the existence of a positive influence and not significant between the Loan to Deposit Ratio of Return On Assets. This shows the increasing Loan to Deposit Ratio is then followed by increasing the Return On Assets. Loan to Deposit Ratio that did not affect the significant impact on the Return On Assets, indicates that the credit is not supported with credit quality. Bad credit quality will increase the risk of especially when credit is done by not using the principles of prudence in credit that less controlled so that the bank will bear the risk that more.

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THE INFLUENCE OF THE DISCIPLINE AND EFFECTIVENESS OF THE USE OF COMPUTER TECHNOLOGY TO THE EMPLOYEE PERFORMANCE AT PT PEGADAIAN (PERSERO) REGIONAL OFFICES OF 1 MEDAN

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Abstract

This research aims to find out the influence of the work discipline and effectiveness of the use of computer technology to the performance of an employee of pt. pawning (persero) regional office 1 medan good partially or simultaneously. the research approach used with an associative approach. the population in this research is all employees on pt pegadaian (persero) regional office 1 medan which numbered 225 people, while samples were taken using the formula slovin as many as 72 people. independent variables used are working discipline and effectiveness of the use of computer technology and then dependent variables namely the performance of civil servants. data analysis techniques using double linear regression test, classical assumption test, t , f and test the determination coefficient and in the process by using the spss statistical package for the social science) . The results of the study showed that the discipline of a significant influence on the performance of the employees. while the influence of the effectiveness of the use of computer technology also has a significant impact on the performance of civil servants. simultaneously working discipline and effectiveness of the use of computer technology is a significant influence on the performance of the employees.

Key Words : *The Discipline of Work, The Effectiveness of The Use Of Computer Technology, an Employee Performance*

I. Introduction

The competition between companies in the era of globalization is sharp so that human resources are required to continuously able to develop themselves proactively. Therefore, the human resource in need at this time is able to master the technology quickly, adaptive and responsive to the changes in technology. In the integrity of human resources has become increasingly important to win the competition. So that the company can continue to survive and compete, the domination of technology alone is not enough if not in the materialistic views of the human resources that reliable.

Human resources that do not have to pay the tuition facing the demands of globalization consider the work as a burden and undertake the work as a necessity and demands. To face the demands of the company must be qualifying the powerful labor in various areas of each.

One of the things that affect the performance of the employees is the utilization of information technology. The development of information technology positively responded by the organization with designing information system based on computer technology, employees performance is influenced by the mastery of information technology from employees. With the existence of information technology and services provided principally by service companies will be more quickly and accurately. The performance of the high officials is the reflection of the work discipline that has been ingrained in civil servants.

The first step to achieving the performance of employees who are expected to be started from the discipline. An officer said discipline, if fulfill three factors namely comply with working time, did a good job, to comply with all rules and social norms. Discipline employees who work both reflected from the extent of the responsibility of civil servants in completing tasks on time, the level of delay in employees who are low because of enthusiasm and excitement as well as increasing the efficiency and productivity of employees who voiced with a low level of employee absence.

Discipline and effectiveness of employee work appear as a positive effort in growing the spirit of employment and labor potency to productively succeeded in achieving goals that have been assigned. Discipline and effectiveness of the work is the two factors that is closely related to the performance, discipline that better reflects the extent of the responsibility to work in giving and the effectiveness of the work is the beginning of the success of the organization because the effectiveness of the individual will produce the effectiveness of group level in an organization that has a common goal.

PT Pegadaian (Persero) is an institution of State Owned N assets belong in Indonesia that move in the field of credit distribution services to the public on the basis of the law of the mortgage . General pawning company is one of the only business entities in Indonesia that officially have permission to carry out the activities of the financial institutions in the form of financing in the form of the transfer of funds to the community on the basis of the law pledge. The company competes with similar companies such as Adira Finance, OTO, and FIF to achieve its purpose. Therefore PT Pegadaian (Persero) in hope can have the resources quality. In order to improve the quality of human resources PT Pegadaian (Persero) using various facilities to increase the efficiency and effectiveness of work, and timeliness execution tasks by employees. The availability of facilities that are located on the PT Pegadaian (Persero) of 1 Medan causes service improvement work significantly.

High-performance employees can be seen from how employees are able to create a discipline in the work environment and utilization of computer technology with effective. At PT Pegadaian (Persero) performance of civil servants are still less well seen from the low discipline employees and also less effective in using computer technology. In addition, the low performance of civil servants also in induced because of the limited number of employees on the branch office. Employees are also not taking advantage of the best possible working hours because civil servants are not present in the position with the reason that it is not clear so that the effect on the lack of working hours of employees and civil servants could not complete the work with the right time.

Working discipline must be embedded in employees, because with the lack of discipline of the implementation of the performance will drop. So also the discipline officer of PT Pegadaian (Persero) still low seen from that there are still civil servants who came too late to the office so that the work could not be completed as soon as possible. Civil Servants also still less careful in using office equipment so that the equipment quickly damaged resulting in disruption of the work of the employees, because of the very office equipment to support the work of employees. In addition, employees are still many activities that are not related to the work of the employees, such as playing games and chat with fellow employees about things not related to the work. Then the officers often put food on the table and litigators cannot eat on working hours. Civil Servants also many still using the working hours for breakfast and lunch.

The other problem is still low in the ability and expertise of some of the civil servants in operates a computer because of the use of computer-based information technology support the work of employees. At PT Pegadaian (Persero) the use of computer technology has not been effective because there are still a number of

employees who have not really understood to operate your computer especially for civil servants who have age 45 years so that interfere with the smooth flow of the work of employees and employee will provide the work on children intern. Then employees with flexible connecting wifi to work smartphone for personal interests and has no relation with work such as upload application, playing games, watch youtube, etc. so that the computer network connection is not maximum will impede the work of civil servants.

Theoretical Framework

The Performance

According to Bastian in Fahmi (2014) stated that the performance is a reflection of the level of achievement of the implementation of an activity/programs/wisdom in realizing the target, the purpose of the mission and vision of the organization that is contained in the formulation of strategic scheme (strategic planning of an organization.

According to Torang (2014) stated that the performance is the quantity and or quality of the work of the individual or group in the organization in implementing the main tasks and functions are modeled on the norms of standard operating procedures, the criteria and the size of which has been assigned or that occurs in the organization. The performance of highly influence the organization in achieving its purpose. The results of the work in question are of goods or services in providing an employee of a company.

According to Moeheriono in Abdullah (2014) category of the size of the performance is as follows: **(1) Effective**, This indicator measures the degree of compliance that is produced in the achieve something desired. **(2) Efficient**, This indicator measures the degree of the suitability of the process output by using the lowest possible costs. **(3) The Quality**, This indicator measures the degree of match between the quality of the products or services produced with the needs and consumer expectations. **(4) The accuracy of the Time**, This indicator measures the effectiveness of an organization. **(5) Salvation**, This indicator measures the health of the overall organization and the work environment employees reviewed from the aspects of health.

Discipline

According to Rivai (2014) proposed that a work discipline is a tool used by the managers to communicate with employees so that they are willing to change a behavior and as an effort to increase awareness and the willingness of a person to obey all rules of the company and the social norms that apply. According to Singodimedjo in Sutrisno (2015), discipline is the attitude of willingness and the willingness of a person to follow and obey the norms applicable rules vicinity.

According to Singodimedjo in Sutrisno (2015) the factors that affect the discipline of employees is: (1) Big or small compensation, (2) There is whether or not their ideals of leadership in the company, (3) Whether or not there is a certain rule that can become the handgrip, (4) Courage in leadership takes action, (5) There is least supervision leadership, (6) There is the least attention to the employees, (7) Created customs that supports enforcing discipline

According to Hasibuan (2012) basically many indicators that affect the level of discipline of the employees of an organization, including: (1) The purpose and capabilities, (2) The example of Leadership, (3) Reply Services, (4) Justice, (5) Supervision, (6) The penalty for Punishment, (7) The sheer breadth of, (8) Humanitarian Relations

According to Sutrisno (2015) the main purpose of discipline is to increase the efficiency of the fullest with how to prevent a waste of time and energy.

Effectiveness Of The Use Of Computer Technology

According to Akmal in Priansa and Garnida (2013) that effectiveness is the achievement of the business in accordance with his plan (doing the right things) or the plan of the results compared with the realization of the results. According to Kadir in Priansa and Garnida (2013, it. 245) stated that the computer technology is a technology that related with the computer, including the equipment related to the computer, such as a printer, fingerprint reader, and even CD ROM.

According to Daryanto and Abdullah (2013) information technology is the votes, processing, storage, and dissemination of information both in the form of numbers, letters, pictures or voice mail with electronic appliance based on a combination of calculation (computing) and long-distance communication (telecommunications) .

The right information technology utilization and supported by the expertise of personnel who operate it can improve the performance of the company as well as the performance of the individuals involved.

According to Hasibuan (2003) indicator of the effectiveness of: (1) Working Quantity, (2) The quality of the Work, (3) The utilization of Time.

III. Research Methods

The method of research done in this research is the associative approach. To obtain a complete data and detail in this research, then this research using the technique of data collection using questionnaires and study the documentation . Now the data analysis techniques used in this research is a quantitative data analysis. The population in this research is all employees on PT Pegadaian (Persero) Regional Office 1 Medan which numbered 252 people. In this case, the researcher determines sampling techniques Simple Random Sampling namely take samples at random. In determining the number of samples based on the theory of Slovin researchers in Azuar (2014, it. 59) namely inserting concession inaccuracy because of sampling error that can still be tolerated namely 10 percent of 7 2 the employee of PT. Pawning (Persero) Regional Office 1 Medan

VI. Result ad Discussion

Multiple Linear Regression equation

Multiple regression analysis is used to determine the influence of the free variables of the variables bound.

Table 1. Multiple Linear Regression coefficient
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	16.597	8.151		1.809	.421
Working Discipline	.644	.104	.144	2.582	.012
The effectiveness of an. Tek. The Computer	.838	.122	.627	6.889	< .000

Dependent Variables: Employees Performance

Source: Data processing result SPSS 16.00 (2016)

From the table of *Coefficients* above (on the column *Uns tandardized Coefficients*) d be seen multiple regression equation for two predictor (working discipline

and effectiveness of the use of computer technology) is : $Y = a + \beta_1 X_1 + \beta_2 X_2$, Then the obtained value of $Y = + 16.597 + 0,644 X_1 + 0,838 X_2$.

In the equation above shows that all free variables (working discipline and effectiveness of the use of computer technology) has a positive coefficient , means all free variables have the influence in the direction of the variables Y (the performance of civil servants). Working discipline coefficient (X1) gives a value of 0, 1773 with significant value contributed $0.012 < 0.05$ which means that if discipline is much better work with the assumption of the other variables remain, the performance of the employee will have increased. So also with computer technology usage effectiveness coefficient (X 2) gives a value of 0, 838 with significant value $0,000 < 0.05$ which means that if the effectiveness of the use of computer technology increases and improved with the assumption of the other variables remain, employees performance variable will also increase.

The Classical Assumption Test

The classical assumption testing simply aims to identify whether the model used in this research is the best model or not, there are some testing classic assumptions, namely :

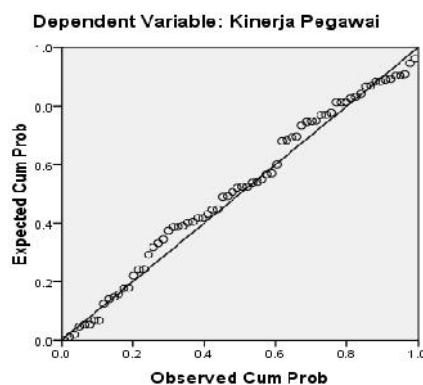
Normalitas Test

Data normalitas tests aimed to see whether the regression model,, and independennya dependent variables have normal distribution or not. If the data spread around the diagonal lines and follow the direction of the diagonal lines, then meet the assumption normalitas regression model. Normalitas tests used in this research namely with:

Normal test P-P Plots of Regression Standardized Residual

This test can be used to view the normal regression model or whether or not the conditions. When the data follow the diagonal lines and spread around the diagonal lines.

Normal P-P Plot of Regression Standardized Residual



Source: Data processing result SPSS 16.00 (2016)

Picture 1 Normalitas P-P Plots

From the picture above can be drawn the conclusion that the regression model has met the assumption normalitas, as can be seen in the picture above the data spread around the diagonal lines and follow the direction of the diagonal lines.

Multicollinearity Test

The calculation of the independent tests between free variables can be seen and the results of the analysis *collinearty* statistis. To see whether among the variables does

not occur high correlation that need to be done the hypothesis that received Ho when the value of VIF < 10 and numbers tolerance approaching 1, and rejected the Ho when the value of VIF > 10 and tolerance approach 0. Test results interdependency between the variables can be seen in the following table:

Table 2. Multikolinearitas Coefficients ^a

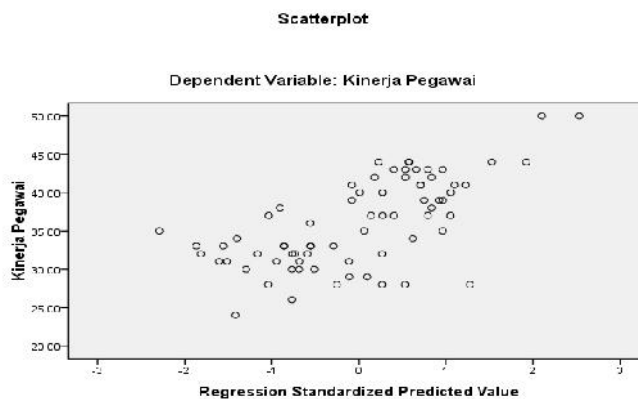
Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)	.978	1,022
Working Discipline The effectiveness of the use of Tek. The Computer	.978	1,022

Source: Data processing result SPSS 16.00 (2016)

Based on the data table above multikolinieritas tests can be understood that the two independent variables i.e. working discipline (X_1) and the effectiveness of the use of computer technology (X_2) has a value of *collinearity statistic* VIF 1.022 within the boundaries of tolerance that has been determined where all variables are nearly 1 and the value of VIF smaller than 10, and thus not occur *multikolinearitas* in independent variables in this research.

Heterokedastisitas Test

This test is used to determine whether the regression model, happens other irregularities varians from a residual a observation to other observations. Basis assessment analysis heterokedastisitas data is as follows : (1) If there are specific patterns, like the points that there is formed a pattern that regularly (wavy edge and then narrowed) then indicates has happened *heteroskedastisitas*. (2) If there is a clear pattern and the points spread above and below the number 0 on the Y axis, then not occur Heteroskedastisitas. To analyze the data can be seen in the picture " *Scatterplot* " on the output data such as below:



Source: Data processing result SPSS 16.00 (2016)

Picture 2 Heterokedastisitas

From the picture above it can be concluded that the points spread randomly, does not establish a clear pattern/orderly, and spread on top of or under the number 0 on the Y axis so that it does not happen heterokedastisitas, so that it can be said *heteroskedastisitas tests* in this research are met.

Hypothesis Testing

Partial significant tests Test (t)

To know whether the independent variables how the influence of the dependent variables, then the test is done by using the t test (*test*).

Table 3. Test t Coefficients ^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	16.597	8.151		1.809	.421
Working Discipline	.644	.104	.144	2.582	.012
The effectiveness of the use of Tek. The Computer	.838	.122	.627	6.889	< .000

Dependent Variables: Employees Performance
Source: Data processing result SPSS 16.00 (2016)

The influence of working discipline of Employees Performance

Based on the results of the test through t test above the influence between the discipline of work (X_1) on the performance of the officer (Y) obtained the value of t_{count} of 2,582 > t_{table} of 1,994 (data t attached table) with a significant number of contributed 0.012 > 0.05, from the results it can be concluded that the H_0 was rejected. H al this shows that the existence of the influence but not significant between working discipline against the performance of an employee of PT Pegadaian (Persero).

The influence of the effectiveness of the use of computer technology on the performance of the employees

Based on the results of the tests above the influence between the effectiveness of the use of computer technology (X2) on the performance of the officer (Y) obtained the value of t_{count} of 6,889 > t_{table} of 1,994 (data t attached table) with a significant number of 0,000 < 0.05, from the results it was concluded that the H_0 was rejected. H al this shows that there is a significant influence between working discipline against the performance of an employee of PT Pegadaian (Persero).

Simultaneous significant tests Test (F)

Statistics F (simultaneous tests conducted to know whether the free variable (independent) together significantly influenced or not against the variables bound (dependent service).

Table 4. F Test ANOVA ^b

Model	Sum of Squares	DF	Mean Square	F	Sig.
1 Regression	1052.354	2	526.177	27.165	< .000 ^a
Residual	1336.521	69	19.370		
Total	2388.875	71			

a. Predictors: (Constant), the use of Tek. The computer, Working Discipline

b. Dependent Variables: Employees Performance

Source: Data processing result SPSS 16.00 (2016)

Based on the results of the test F in the table above can see the value of f_{count} of 27.165 while the value of $f_{\text{the table}}$ of 3,130 (data f attached table) with significant level $f_{\text{count}} 0,000 < 0.05$ so that it can be understood that there is a significant influence between free variables (X) together against the variables bound (Y) on PT Pegadaian (Persero) Regional Office 1 Medan.

Determination Coefficient tests (*R-Square*)

Test the *R-Square* is used to measure how far the free variable in describe the variables bound. The value of the determination coefficient is determined by the value of *R square* as can be seen in the table below :

**Table 5 Coefficient Determination
The Model Summary^b**

Model	R	R Square	It said the R Square	Std. The error of the Estimate
1	0 .664	.441	.424	4.40112

a. Predictors: (Constant), the use of Tek. The computer, Working Discipline

b. Dependent Variables: Employees Performance

Source: Data processing result SPSS 16.00 (2016)

Based on the determination of coefficient data above shows that the value of *R-Square* is of 0,441. This means that the 44.1% bound variable employees performance (Y) can be explained by the free variable working discipline (X_1) and the effectiveness of the use of computer technology (X2). While the rest of 55,9% can be explained by the other free variables that are not included in this research.

From the results of the tests and the results of the analysis appear that all free variables (working discipline and effectiveness of the use of computer technology) affect the variables bound (the performance of civil servants).

The influence of working discipline of Employees Performance

The results of this research states that there is the influence of the work discipline against the performance of civil servants. The results of this research in line with the theory put forward by Hasibuan (2012) stated that a discipline better reflects the extent of the responsibility of a person against the tasks that are given to encourage the zeal of work, the spirit of the work and the actualization of the purpose of the company.

The influence of the effectiveness of the use of computer technology on the performance of the employees.

The results of this research states that there is the influence of the effectiveness of the use of computer technology to the performance. The results of this research in line with the theory put forward by Daryanto and Abdullah (2013) proposed that information technology is the votes, processing, storage, and dissemination of information both in the form of numbers, letters, pictures or voice mail with *electronic appliance* based on a combination of calculation (*computing*) and long-distance communication (*telecommunications*).

The influence of the Disip lin work and effectiveness of the use of computer technology on the performance of the employees

The results of this research states that there is the influence of the work discipline and effectiveness of the use of computer technology on the performance of the employees and thus the hypothesis in this research is received. With the assumption

that if a variable discipline and work effectiveness of the use of computer technology is done good, then the performance of civil servants on PT Pegadaian (Persero) Regional Office 1 Medan will also increase.

The results of this research in line with the theory put forward by Bastian in Fahmi (2014) stated that the performance is a reflection of the level of achievement of the implementation of an activity/program/ wisdom in realizing the target, the purpose of the mission and vision of the organization that is contained in the formulation of strategic scheme (*strategic planning of an organization*).

V. Conclusion

Testing the partially on working discipline variables have a significant influence on the performance of an employee of PT Pegadaian (Persero) Regional Office 1 Medan. Testing the partially on the effectiveness of the use of the computer technology variable also has a significant impact on the performance of an employee of PT Pegadaian (Persero) Regional Office 1 Medan. Based on the results of the tests simultaneously shows that variable working discipline and effectiveness variables the use of computer technology together to affect the performance of the officers of PT Pegadaian (Persero) Regional Office 1 Medan

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EFFECT OF ORGANIZATIONAL CULTURE ON THE PERFORMANCE OF EMPLOYEES MODERATED COMPETENCE HUMAN RESOURCES IN PT. NATIONAL GAS COMPANY (PERSERO) Tbk SBU III MEDAN

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Abstract

The purpose of this study is to analyze the influence of organizational culture on employee performance, analyze the effect of competence on employee performance, and analyze the influence of organizational culture on employee performance moderated competence in PT. Perusahaan Gas Negara (Persero) Tbk SBU III Medan. The number of samples in this study as many as 61 people using probability sampling technique in the form of simple random sampling. Data collection techniques in this research is by using primary data, and data analysis techniques used in this research is quantitative. The results of this study indicate PT. Perusahaan Gas Negara (Persero) Tbk SBU III Medan namely organizational culture significantly influence employee performance, competence does not significantly influence employee performance and significant influence of organizational culture on employee performance moderated competence.

Keywords: *Organizational Culture, Competence, Performance Employees*

I. Introduction

PT. Perusahaan Gas Negara (Persero) Tbk SBU Region Region III, is part of Perusahaan Gas Negara (Persero) Tbk, which is one of 14 State-Owned Enterprises (SOEs) which is engaged in the business ie the distribution (selling). Distribution business activities include the purchase of natural gas from suppliers and selling of natural gas through distribution pipelines to customers of household, commercial and industrial. To achieve the success of its business, PT Perusahaan Gas Negara require good performance management. Performance management can become the backbone for the management of human resources in the company. The results of a performance management will help organizations / companies to plan and carry out other programs with more precise and better (Ruky, 2002, p. 22).

Based on the observations of researchers in PT Perusahaan Gas Negara (Persero) TBK SBU III, the author found some problems that exist in the company, especially the problem of employee performance. The problems were seen in PT Perusahaan Gas Negara (Persero) Tbk SBU III, including the performance of employees at those firms still seem low, this can be seen from their employees who use work time to do things outside of work such as gossiping, came out to beristirahat advance, meals, etc., resulting in delayed and did not finish the job on time.

Employment generated too many unfavorable due to the work of the less scrupulous, which causes an error in doing the work, such as errors in writing of the date, day, and so on, which can lead to the work being done will be wasted and will repeat, and will cause a waste of time. As well as employees working too relaxed, so at the time of inspection, the work done in a hurry.

The problems existing performance may arise as a result of various factors. The dominant factors affecting the performance of an organization includes management's efforts to translate and meylaraskan organizational goals, organizational culture, quality of human resources of the organization, and effective leadership (Yuwono in Tangkilisan, 2005, p. 180).

Meanwhile, in the opinion of other factors or main pillars in the employees' performance, namely competence, empowerment, compensation and human resource development (Abdullah, 2014, p. 49). Besides the performance of an organization is also strongly influenced by internal and external factors, such as political factors, economic, social, organizational goals, organizational structure, human resources and organizational culture (Atmosoeprapto in Tangkilisan, p. 181).

In this study the authors limit the two factors that affect the performance of the employees of the many factors that exist that organizational culture and competencies.

The first organizational culture, organizational culture is a habit that continues to be repeated and the value (value) and lifestyle by a group of individuals within the organization, followed by other individuals (Torang, 2014, p. 106). Both competence, competence is an ability to execute or perform a job or task that is based on the skills and knowledge as well as supported by work attitude demanded by the job (Wibowo, 2014, p. 271). Competence was originally an effect on performance, because a person's performance is based on the understanding of knowledge, skills, skills, and attitudes necessary to do a good job (Armstrong in Ardiana, 2010, p. 45).

II. Teoritical Framework

Employee Performance

Performance comes from understanding the performance, which means the work or performance. But the performance has a wider meaning is how the process of work in progress (Wibowo, 2014, p. 7). According to another opinion, the performance is the result of the quality and quantity of work accomplished by an employee in performing their duties in accordance with the responsibilities in beikan him (Mangkunagara, 2013, p. 67).

Performance is also a result of the organization's work, which is done by employees denngan as well as possible in accordance with the instructions (manual), the direction given by the leadership (managers), the competence and ability of the employee to develop his reason in the works (Abdullah, 2014, p. 3). Size and its strategic target is then used to determine the targets that will be the basis of performance assessment, to determine the award will be given to personnel, teams or organizational units.

In previous studies, have acquired a combined three important factors of performance is the ability or interest of a worker, ability and acceptance of the explanation delegate tasks, and the role and motivation level of a worker, the higher the value of the third factor the better the performance the employee (Wahyuni, 2007, p. 24). Meanwhile, in the opinion of other factors or main pillars in the employees' performance, namely competence, empowerment, compensation and human resource development (Abdullah, 2014, p. 49). As well as for the capability (ability) and motivation factors (motivation) in influencing the achievement of performance (Mangkunagara, 2013, p. 67).

Based on several factors such performance, there is the conclusion that the performance of such factors include the ability or interest, the ability to carry out the task, motivation, organizational culture, human resources, leadership and competence.

Organizational culture

Organizational culture is the basis for the management and staff / member organizations in planning or strategy and tactics in developing the vision and mission to achieve organizational goals (Torang, 2014, p. 106). From another opinion organizational culture is a system device values (value), beliefs (beliefs), assumptions (Assumptions), or norms that have long been in force, agreed upon and followed by the members of an

organization as a code of conduct and solving the problems of organization (Sutrisno, 2010, p. 2).

Organizational culture is also a system of values that are believed to all members of the organization and learned, applied and developed continuously, functioning as adhesive systems, and can be used as a reference for behavior within the organization to achieve its goals that have been set (Moeljono, 2005, p. 15). Referring to some opinions about the culture of the organization, it can be concluded that the culture of the organization is on the beliefs, norms, values, and systems in the achievement of organizational goals.

The process of formation of organizational culture requires some founders, namely those who are considered influential or charismatic. After a certain organizational culture, eating the organization should be maintained. There are 5 factors that force can establish and maintain a culture of the organization, namely (Chatab in Torang, 2014, p 113): (1) The role of leadership, (2) Selective (the recruitment process to those who can dipanuti), (3) Socialization, (4) Development of organizational culture, (5) Adaptation.

This is where the role of a leader of a company is important, due to memotivasin employees that can arise values of trust and confidence of the employees themselves, so as to enhance a strong organizational culture.

The HR Competency

Definition of competence there are various, including competence is an ability to execute or perform a job or task that is based on the skills and knowledge as well as supported by work attitude demanded by the job (Wibowo, 2014, p. 117).

Competence is also a basic characteristic indicating a person's way of thinking, acting, act, and to draw conclusions that can be made and maintained a person in a certain period (Spencer in Abdullah, 2014, p. 51). Moreover, competence is as a person's nature is itself related to the implementation of an effective job or very successful (in Ardiana Mitrani, 2010, p. 44). Thus, competence within the employee is the ability and expertise in a particular field or innovate ways to improve the workings of a person so that they can produce better performance.

Good competence, should include several factors that will improve the quality of work and in the interests of the company. For it is important to have a competence factor in a person. In connection with the competency management, human resource strategy based on competency should consider external factors that refer to future trends and needs, demand and supply, government regulations, the need for humans in general and employees in particular, the potential competitors, changes in social, demographic, cultural and technology (Budihardjo, 2014, p. 83).

Competence is divided into categories: competencies threshold and differentiating competencies. Threshold competencies are the main characteristics that must be owned by a person in order to carry out his work, whereas differentiating competencies are factors that distinguish individual high and low performers (Spencer in Ardiana, 2010). These factors, could come from within the individual and of the organizational environment.

Conceptual Framework

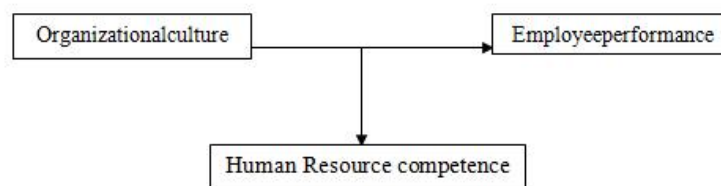


Figure1. Conceptual Framework

Hypothesis

The hypothesis the researchers designed in this study are: (1) The organizational culture affect the performance of employees at PT Perusahaan Gas Negara (Persero) Tbk SBU III Medan. (2) HR Competency affect the performance of employees at PT Perusahaan Gas Negara (Persero) Tbk SBU III Medan. (3) The organizational culture affect the performance of employees who moderated HR competencies at PT Perusahaan Gas Negara (Persero) Tbk SBU III Medan.

III. Research Methods

Research Approach

This type of research carried out in this research is by using fundamental purpose / base. Fundamental research / basic is a product produced is theoretical, conceptual, for a given field of science (Juliandi & Irfan, 2014, p. 11). With quantitative methods, which do not in depth. Generally investigate permikaan only, thus requiring relatively short time (Juliandi & Irfan, 2014, p. 13).

So that the approach in this research using correlational approach, ie understanding the relationships between the variables, in the sense not Necessary to know the which is the cause and roomates Become diligence (Juliandi & Irfan, 2014, p. 14).

Operational Definitions

The operational definition of organizational culture, human resource competency and performance of employees is as follows:

Organizational culture

There are seven (7) characteristics of organizational culture in a different dimension. The characteristics that (Robbins in Torang, 2014, p. 110): (1) Innovation and risk taking (innovation and courage to take risks): The extent to which employees are expected to be encouraged to be innovative and take risks. (2) Attention to detail (attention to detail): The extent to which employees are expected to run precision, analysis, and attention to detail matters. (3) Outcome orientatied (results-oriented): The extent to which management focuses more on results than techniques or processes used to achieve those results. (4) People orientatied (people oriented): The extent to which management decisions consider the effect of these results on the person in the organization. (5) Team oriented (team-oriented): The extent to which the activities of organizations working on team rather than individual-individu. (6) Aggressiveness (aggressiveness): The extent to which people are aggressive and competitive rather than relaxing. (7) Stability (stability): The extent to which the organization's activities emphasize the retention of the status quo in comparison with the growth.

Competence HR

Indicators of competence, namely (Spencer and Spencer in Wibowo, 2010, p. 277); (1) Achievement and action: In this case concerning achievement orientation, attention to the order / quality / statutes, and initiatives. (2) Helping and human services: In this case involves the understanding of interpersonal and customer service orientation. (3) Impact and influence: In this case concerning the impact and influence, organizational awareness and build relationships. (4) Managerial: In this case concerning developing others, team leadership, and teamwork. (5) Cognitive: In this case involves the search for information, analytical thinking, conceptual thinking, and technical / professional / managerial

expertise. (6) Achievement and action: In this case concerning achievement orientation, attention to the order / quality / statutes, and initiatives.

Employee performance

The indicators in the performance include, among others (Mangkunagara, 2007, p. 75): (1) Quality of work: In this case concerning the accuracy, thoroughness, skill, and also cleanliness. (2) The quantity of work: In this case the output should be taken into consideration, not just the regular output, but also how fast it can complete the extra work. (3) Responsibility: In this case able to follow instructions, the initiative, caution and diligence. (4) The attitude of employees: In this case the company's attitude towards other employees and work and cooperation.

Data Analysis Techniques

Data were analyzed at the start of the assumptions used for a specific statistic to test the hypothesis to conclusion.

Regression

Multiple regression equation in this study is as stated in chapter III, namely:

$$Y = b_1X_1 + b_2X_2 + b_3X_1 \cdot X_2 + e$$

Information: Y= variable Employee Performance, X1= Variable Organizational Culture, X2= Variable HR Competency, X1.X2 = Variable organization of cultural interaction with HR competencies

**Table Values for Regression Equations
Coefficients^a**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	118,888	44,854		2,651	,010
	Organizational culture	2,461	1,142	2,807	2,155	,035
	Competence	-1,241	,728	-2,270	-1,704	,094
	*Organizational Culture Competence	,040	,018	4,288	2,167	,034

a. Dependent Variable: employee performance

From processing the data in the table above, the regression equation is:

$$Y = 2,155X_1 - 1,704X_2 + 2,167X_1X_2$$

A rise in the culture of the organization will improve performance and Increased competence will degrade performance

**Table Values To R-Square
Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,647 ^a	,418	,388	2,75377

a. Predictors: (Constant), * Organizational Culture Competence, Organizational Culture, Competence

According to the table above, shows the value of R-Square is 0.418, meaning that 41.8% of employee performance (Y) is determined by the role of organizational culture (X1) and competence (X2), while 58.2% are other variables not included in this regression model.

IV. Result And Discussion

Data Analysis

This section is to analyze the data coming from the data that has been described on the previous data. Data were analyzed at the start of the assumptions used for a specific statistic to test the hypothesis to conclusion.

Multiple regression

Multiple regression equation, namely:

$$Y = b_1X_1 + b_2X_2 + b_3X_1 \cdot X_2 + e$$

Information : Y= Variable Employee Performance, X1= Variable Organizational Culture, X2= Variable HR Competency, X1.X2= Variable organization of cultural interaction with HR competencies

**Table Values for Regression Equations
Coefficients^a**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
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* Organizational Culture Competence	,040	,018	4,288	2,167	,034

a. Dependent Variable: Employee performance

From processing the data in Table IV-9 above, the regression equation is:

$$Y = 2,155X_1 - 1,704X_2 + 2,167X_1X_2$$

A rise in the culture of the organization will improve performance and Increased competence will degrade performance

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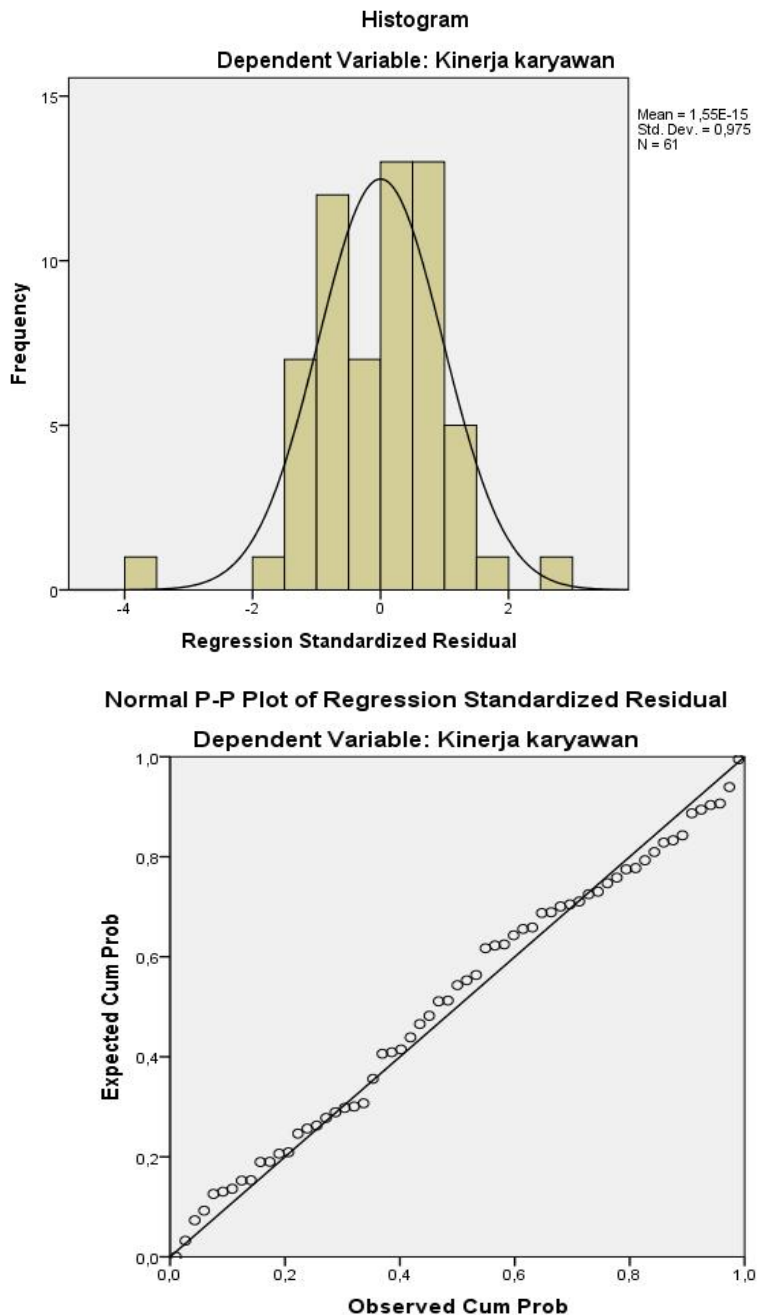
According to the table above, shows the value of R-Square is 0.418, meaning that 41.8% of employee performance (Y) is determined by the role of organizational culture (X1) and competence (X2), while 58.2% are other variables not included in this regression model.

Classic assumption test

In multiple linear regression known classical regression assumptions. Classic assumption test is simply aimed at identifying whether the regression model is a good model or not. As for some of the assumptions of classical regression test, namely:

Normality

Normality testing to see whether the regression model, the dependent and independent variables have a normal distribution or not. If the data is spread around the diagonal line and follow the direction of the diagonal line of the regression model to meet normality.



In the picture above indicates that the regression model has to meet the assumptions noted previously, so the regression model data in this study tended to normal or docked to line.

Multicollinearity

Multikolinieritas used to test whether the regression model found a strong correlation between the independent variables.

The means used to vote is to see the value of variance inflation factor, which does not exceed 4 or 5.

Table Values for Testing Multicollinearity

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
1		
Organizational culture	,006	166,146
Competence	,006	173,746
* Organizational Culture	,003	383,600
Competence		

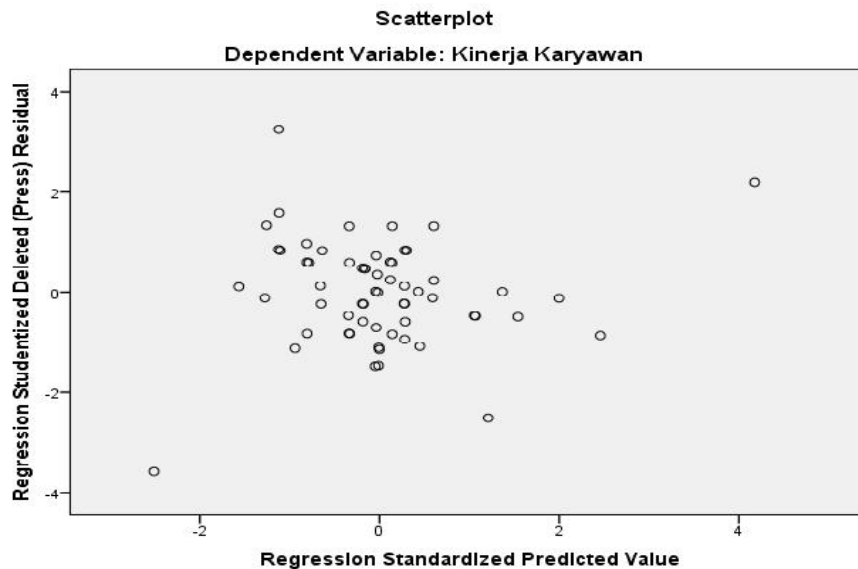
Source: SPSS Data Processing (processed), 2014

The second independent variable of organizational culture and competencies have a 383.600 VIF its mean value within predetermined tolerance limits (exceeding 4 or 5), resulting in multicollinearity in independent variables of this study.

Heteroskidastity

Heteroskidastity used to test whether the regression model, there was inequality of variance of the residuals of an observation to another. If the variation of the residuals of an observation to observation of others remain, then called homokedastity. Good model is not going heteroskidastity.

Basis for decision-making is if a certain pattern like dots (points) that there are certain patterns that form a regular, then there heteroskidastity. If there is no clear pattern, as well as points (points) spread below and above the number 0 on the Y axis, then it does not happen heteroskidastity.



The picture above shows the points spread randomly, do not form a clear pattern or regularly, and spread both above and below the number 0 on the Y axis does not occur heteroskidastity. Thus in regression models.

Hypothesis Testing

**Table Values for Regression Hypothesis I
Coefficients^a**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	118,888	44,854		2,651	,010
1 Organizational culture	-2,461	1,142	-2,807	-2,155	,035
Competence	-1,241	,728	-2,270	-1,704	,094
* Organizational Culture Competence	,040	,018	4,288	2,167	,034

a. Dependent Variable: Employee performance

In the table above can be concluded that the influence of organizational culture on employee performance is significant (Sig. 0.035 < 0.05)

**Table. Values for Regression Hypothesis II
Coefficients^a**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	118,888	44,854		2,651	,010
1 Organizational culture	2,461	1,142	2,807	2,155	,035
Competence	-1,241	,728	-2,270	-1,704	,094
* Organizational Culture Competence	,040	,018	4,288	2,167	,034

a. Dependent Variable: Employee performance

In the table above can be concluded that the effect of competence on employee performance is not significant (Sig. 0.094 > 0.05)

**Table. Values for Regression Hypothesis III
Coefficients^a**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	118,888	44,854		2,651	,010
1 Organizational culture	-2,461	1,142	-2,807	-2,155	,035
Competence	-1,241	,728	-2,270	-1,704	,094
* Organizational Culture Competence	,040	,018	4,288	2,167	,034

a. Dependent Variable: Employee performance

In the table above it can be concluded that the influence of organizational culture on employee performance moderated competence is significant (Sig. 0.034 < 0.05). Thus Spake competence role as moderator variables.

Discussion

Here are three (3) major part of which will be discussed in this analysis, is as follows:

Cultural Relations Organization of the Employee Performance

From the above test results, it appears that there is significant influence between organizational culture variables (X1) with employee performance (Y), which is indicated by the value of the coefficient sig $0.035 < 0.05$. Means a significant relationship between organizational culture on employee performance. As has been previously observed in other studies stating that organizational culture in a positive effect on performance (Koesmono, 2005, p. 175). In this case the organizational culture is influenced by many factors, including the role of leadership, selective, socializes, organizational culture development and adaptation.

Relationship Competence the Employee Performance

From the above test results, it appears that there is no significant influence competence variable (X2) with employee performance (Y), which is indicated by the value sig coefficient of $0.094 > 0.05$. Means there is no significant relationship between competence with employee performance. This is contrary to the opinion of other research, that professional competence can significantly affect performance (Kristianto, 2010, p. 56). The factors are stronger in competence ie external factors that refer to future trends and needs, demand and supply, government regulations, the need for humans in general and employees in particular, the potential competitors, changes in social, demographic, cultural and technology.

Cultural Relations Organization of the Employee Performance Moderated Competence

From the above test, it appears that there is a significant influence organizational culture variables (X1) on employee performance (Y) moderated competence (X2), which is indicated by the value of coefficient sig $0.034 < 0.05$. Means there is a significant relationship between organizational culture on employee performance moderated competence.

It is evident from other studies, that there is a significant relationship and positive between organizational culture to performance (Brahmasari, 2008, p. 133), and the results also showed that the competence is composed of knowledge and skills has a significant relationship to performance (Ardiana 2010, p. 54).

Of these, the employee's performance is affected by many other factors such as the objectives of the organization, organizational structure, human resources, political factors, economic factors and social factors.

V. Conclusion

Based on the research that has been done can be concluded that organizational culture significantly influence employee performance. Based on the research that has been done an

be concluded that the competence does not significantly influence employee performance. Based on the research that has been done can be concluded that there is significant influence between organizational culture to performance moderated competence.

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SOCIO-ECONOMIC DETERMINANTS OF AGE AT FIRST MARRIAGE AMONG WOMEN AND EARLY MARRIAGE WOMAN IN WEST SUMATERA

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Abstract

The purposes of this study is to analyze the determinants of age of first marriage of women and determinants of early marriage in West Sumatera by using Data SUSENAS 2014. This research use multiple linear regression analysis to analyze the effect of vector characteristics of individuals and households to the age of the first marriage of women in West Sumatera and logistic regression analysis to analyze the individual characteristics and the characteristics of the parents as a determinant of early marriage in West Sumatra. The study found that women's education, women working status, region of residence, household welfare level views of the use of fuel for cooking, and poverty have significantly influence the age of first marriage in West Sumatera. The decision to get early marriage influenced by individual characteristics, parents and household. This research found that the region of residence, education of head of household and the number of household members partially have significantly influence to the decision early marriage girls aged 15-20 years in West Sumatera , while the level of education of girls aged 15-20 years, the ratio of food expenditure, the work of parents, parental employment and home ownership status had no significantly effect on the decision to get Marriage early of women aged 15-20 years in West Sumatera.

Keywords: *age at first marriage, women, early marriage*

I. Introduction

Population is the central point in the process of sustainable development because of population is an actor and also get benefit of development. This concept is translated further into the concept of " development pertaining to the population". Development pertaining to the population (people-centered development), is a planned development to the conditions and population dynamics. All planning must be 'population responsive', ie pay attention and consider the data and information of the complete population, ranging from the number, growth, age structure, distribution, and quality of the population. On the other hand, the government must also be able to formulate population policies in order to achieve the management of demographic situation that expected (population-Influencing policies).

Age of first marriage is one of the indicators to describe the level of fertility, because the younger have more long-mating reproductive years, so the greater the chances of giving birth more children. Thus the number of children born to women in rural areas will be greater than the number of children born to women in urban areas.

Age at marriage is of particular interest because it marks the beginning of regular exposure to the risks of pregnancy and childbearing hence affecting fertility levels and population growth especially in countries with low contraceptive rate. Marriage forms the basis of family formation and, as such, is an important determinant of fertility by increasing or decreasing duration of exposure to the risk of childbearing. Women who marry early will have, on average; a longer period of exposure to the risk of pregnancy, often leading to higher completed fertility. Variation in age of entry into marriage helps explain differences in fertility across populations and also helps explain trends in fertility

within individual populations over time. Therefore, age at first marriage has a direct bearing on fertility behavior (Agaba 2007).

Agaba (2007) in western Uganda found that the median age at marriage was 17.4. Women's age at marriage varied by education level, occupation, ethnicity, age, district of residence and religion. Girls access to education and information on reproductive health should be emphasizes and providing them with basic life skills to enable them to avoid early marriage.

Sarkar (2009) in Bangladesh find that women in Bangladesh engage in sexual activities at an early age before 20 years. Early marriage has a significant effect on divorce and remarriage and late marriage is also, associated with a significant increase in female schooling, adult literacy and quality of marital life. Islam religion has a more tendency to early marry. Findings need to be scientifically used in suitable programs addressing the case of fertility control in the developing countries as well as in Bangladesh.

While in Indonesia, many people get Marriage at an early age and the people who delay marriage or not marry. There are problems that cause early marriage and postpone of marriage. For example, early marriage often reflect matrimonial match or the result of unplanned teenage pregnancy, and the couple in marriage is most likely immature. Postponement of marriage has not been received well by the people of Indonesia, the unmarried women in their 30s face negative stereotype and social stigma, although men do not have similar difficulties. Some studies identify factors that influence the age at first marriage (Jones 2008) are a region of residence, education, work participation, religion, socio-economic status, parental education, occupation and income elderly parents.

Early marriage is very influential on the health condition of the mother and baby. Early marriage increases the risk of maternal and infant mortality. West Sumatra conditions showed that an increase in infant and child mortality rates in the last five years. Significant improvement occurred in the death of infants aged 0-7 months and the deaths of children aged 1-5 years. In addition, for the area in West Sumatra infant and child mortality in the District is higher than in the city. This indicates that the decline in child and maternal health as well as the gaps between districts and cities in West Sumatra. This phenomenon is also supported by research from Dewi Putri Zaini et al (2014) who found that the age of first marriage have a significant negative effect on the demand for children in West Sumatra, which means that the smaller the age of the first marriage, the higher the demand for children. This condition states that if a lot of early marriage occurs mean the greater birth rate and an increase in population.

Based on population census data estimated the age of the first marriage of women in West Sumatra shows that the age of first marriage rural areas is lower than in urban areas. However, there are fluctuations in the age of first marriage is based on the population census in 1990, 2000 and 2010. Based on the population census of 2010 saw the first marriage age faster when compared with the 2000 census is 23.7 years for women in urban areas and 22.2 years for women countryside. This is influenced by the level of education of women. The higher the level of education of women it will be the old age of the first marriage.

The results of the population census of 2000 and 2010 generally level of education a woman affect the average age of first Marriage. This results show that women who are educated elementary and junior high have lower age at first marriage than women who had high school and college. While the women were college educated on average marry at age of 25 years. It can be said that the higher the level of education a woman then the higher the age of first marriage.

Moreover, it also can be seen from the number of births by mother and total birth rate showed that a decline in the birth rate per 1,000 women for women aged 15 -19 years.

This means that the birth rate in the increasingly early marriage can be suppressed. In addition, the highest birth rate per 1,000 women are maternal age range 25-29 years. The birth rate in mothers aged 15-29 years increased but when the mother's age at the age of 30-49 years the birth rate has declined. Besides individual characteristics, the characteristics of the parents and households will also greatly influence the age of first marriage of women.

II. Teoritical Framework

A Simple Model of the Marriage Market

Consider a society in which there is an equal number of men and women and all individuals are ex ante identical and live for two periods. Alone, each person consumes his or her own income Y . If Marriage, the partners share consumption, and each consumes $2Y$. In addition, marriage entails a nonmonetary return that both partners enjoy. This “quality of match” is randomly distributed, and different couples draw different values of θ at the time of marriage. However, the future quality of match is uncertain.

Meetings are random. At the beginning of each period, each person randomly meets a person of the opposite sex of his or her age group in a given cohort. We assume that marriage binds for at least one period. At the end of the first period, divorce can occur, but remarriage is possible only with unattached individuals who never Marriage before or have divorced. In the first period, one meets an eligible partner with certainty. The probability of each individual meeting a single person of the opposite sex in their second period of life equals the proportion in the population of unattached individuals of the opposite sex, divorced or never Marriage. This assumption is crucial for our analysis and implies an “increasing returns meeting technology,” whereby the more singles are around, the easier it is for each single person to find a match. The logic behind this assumption is that meetings often occur at work or school and are “wasted” if the person you meet is already Marriage.

Marriage also provides the partners with the option to produce (exactly) two children (there is no out-of-wedlock birth). The production of children entails a cost c to the parents in the first period and a benefit that both parents enjoy in the subsequent period. The utility of a child depends on the proximity to the natural parents. It equals q^* if the children live with both natural parents and q_0 if they live with only one of the parents or in a stepfamily; we assume $q^* > c > q_0$. Both parents treat the utility of the child as a public good, and it enters additively into their preferences. Partners with children find divorce more costly because the welfare of the children is higher if children are raised with their natural parents.

On meeting, the quality of match θ is revealed, and the matched partners decide whether to marry or not. If they choose to marry, they can further decide whether they wish to have children. Because of the delayed benefits, the production of children is a relevant option only for partners in the first period of their life. During each period, there is a shock θ to the quality of match that is revealed at the end of the period. Having observed the shock at the end of the first period, the partners decide whether to divorce or not. The random variables θ and θ' are assumed to be independent across couples. In particular, for each reMarriage person, the values of θ in the first and second marriages are independent. We denote the distributions of θ and θ' by $G(\cdot)$ and $F(\cdot)$ with densities $g(\cdot)$ and $f(\cdot)$ respectively. We assume that these distributions have zero mean and are symmetrical around their mean.

We assume that all goods in the household, consumption, match quality, and children are public and that both partners enjoy them equally. Hence, by assumption, men and women benefit equally from marriage or divorce. The assumptions of public goods and

equal numbers of men and women generate perfect symmetry between genders that allows us to set aside, in this chapter, conflict and bargaining between the partners.

The Marriage Model

Let us define an equitable marriage as one in which sexual behavior and the allocation of household time and income are determined completely by comparative advantage and each individual's preferences. A marriage is equitable even if the wife does the bulk of household services as long as this allocation reflected genuine altruism or an acceptable compensation for services rendered. The actual services provided by each spouse in the typical marriage can deviate from those that should be provided in equitable marriages. The marriage price is defined as the dollar measure of the lost welfare of wives due to their provision of services beyond those that should be provided in an equitable marriage. These excess services may include ceding control of an excessive share of household income to the other spouse, requiring the dominated spouse to do an excessive share of household production, and/or ceding to the dominating spouse excessive influence over the choice and frequency of sexual activities.

Once the marriage price is defined, I use marriage offer curves to analyze the marriage decision. For each gender, the marriage offer curve is the relationship between the marriage price and the quantity willingness to marry. Marriage offer curves are culturally specific, and we would expect to find considerable variation in them across countries.

A number of factors other than the marriage price influence female and male marriage decisions. The male marriage offer curve is influenced by male preferences and the number of men available. In addition, some studies (Frances Goldscheider and Linda Waite 1986) indicate that marriage is a normal good for men so that they will be more willing to marry as their earnings increase.

Female marriage offer curves are influenced by the income of men. If male income declines, men may be perceived as less valuable so that fewer women seek marriage (Valerie Oppenheimer 1988; Francine Blau et al. 2000). Becker suggests that the female–male earnings ratio also influences female marriage offer curves. He (1981: 248) contends that an increase in the female–male earnings ratio reduces the gains from the sexual divisions of labor so that the value of marriage to husbands is reduced.

Female marriage offer curves are also influenced by female income potentials. Independent of male incomes, as female earnings rise, fewer women may seek marriage. Blau et al. (2000) find that as women's earnings increase, marriage rates decline. McCrate (1987) finds that her measure of female economic independence is inversely related to marriage rates.

Female marriage offer curves are influenced by the viability of alternatives to marriage available to women. By living alone, many gains from joint production and joint consumption are lost. If, however, some of these losses are compensated for by society – such as through the provision of childcare services – alternatives to marriage become more viable. Joint production, joint consumption, and sexual intimacy can also be provided by alternatives to marriage, including other forms of collective living arrangements among unmarried adults. As the price and access to these alternatives vary, the female marriage offer curves will shift. Finally, since childrearing responsibilities limit many women's ability to function independently, changes in the preference for children also influences female marriage offer curves.

Let us begin by assuming that in the absence of patriarchal policies, F_0 and M in figure 1 reflect the initial female and male marriage offer curves respectively. At a very high marriage price, p_2 , the quantity of men willing to marry equals s_2 , while at p_1 , the

quantity of women willing to marry equals s_1 . The male marriage offer curve is positively related to the marriage price. As the marriage price declines *ceteris paribus*, a smaller quantity of men are willing to marry. The female marriage offer curve is inversely related to the marriage price. As the unequal services provided by women declines, the quantity of women willing to marry rises.

At negative prices, the quantity of females willing to marry is greater than the quantity of males willing to marry so that the marriage price rises. At positive prices, the quantity of females willing to marry is less than the quantity of males willing to marry so that the marriage price declines. Let us assume that the marriage market is efficient so that its price adjusts until equilibrium is established.⁵ These initial offer curves are drawn so that the marriage price equals zero; no excess services would be paid to either spouse.

Now let us introduce patriarchal policies that limit women's alternatives to heterosexual marriages and/or lower their earnings potential. Since at each marriage price more women would be willing to marry, these policies would shift the female offer curve to F_1 . Now when the marriage price equals zero, the quantity of women willing to marry is greater than the quantity of men willing to marry. In this case, the marriage price rises until a new equilibrium price is attained at p^* , reflecting excessive services provided to husbands in the typical marriage.

This outcome reflects the price paid by women in the typical marriage. The actual marriage price will deviate around this market-determined price according to the bargaining power of individual women.⁶ This mirrors the pattern in labor markets where the wage paid to individual workers deviates around the market-determined wage according to their bargaining power.

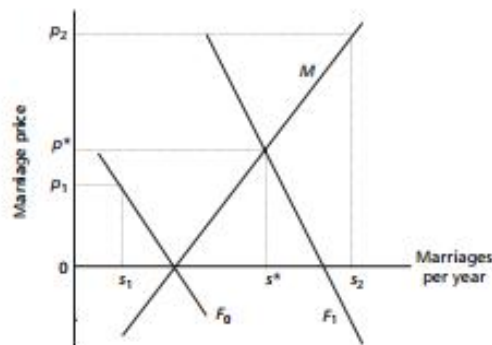


Figure 1. Marriage Market

Hypotheses Development

- Hypothesis 1** : Individual Characteristics has significant effect to age at first marriage.
- Hypothesis 2** : Household Characteristics has significant effect to age at first marriage.
- Hypothesis 3** : Individual Characteristics has significant effect to early marriage decision.
- Hypothesis 4** : Parents Characteristics has significant effect to to early marriage decision.

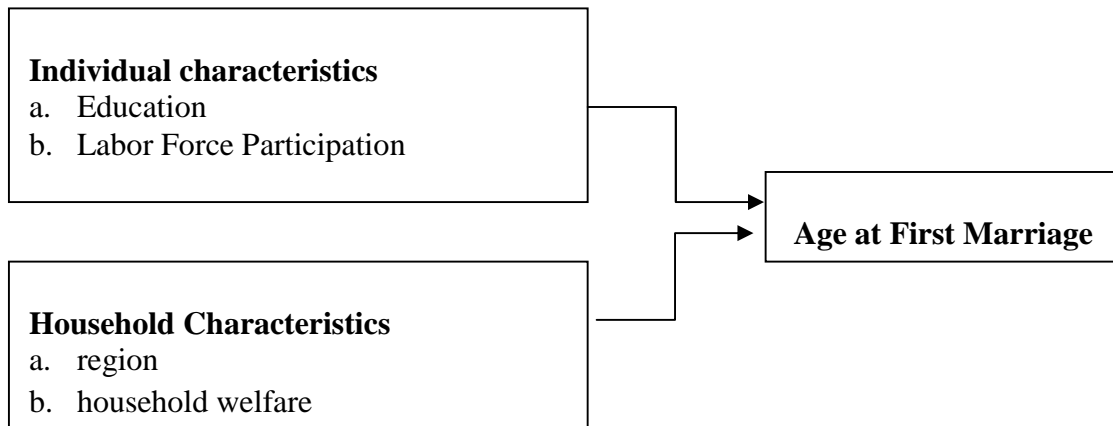


Figure 2. Research Framework Of Age at First Marriage

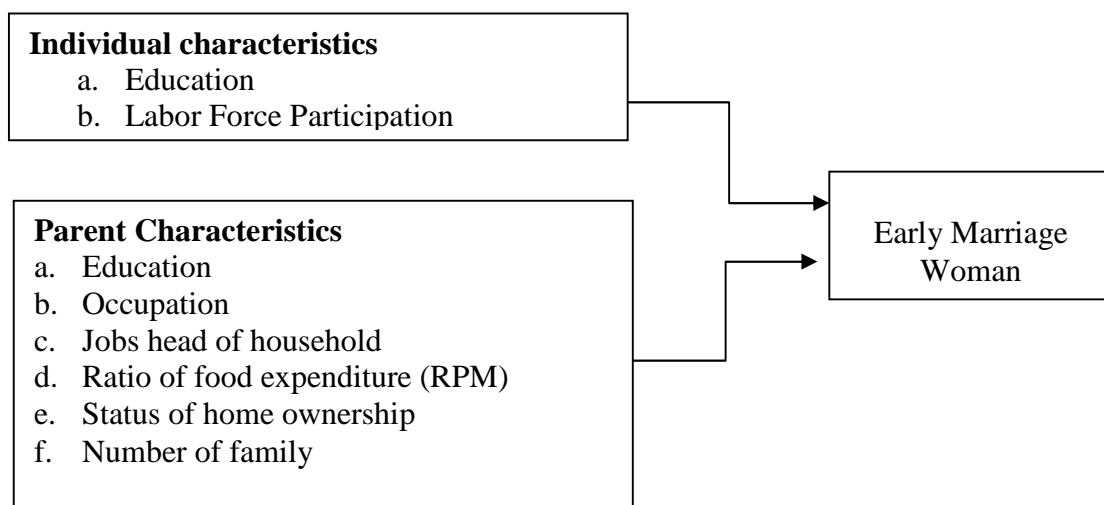


Figure 3. Research Framework Of Decision for Early Marriage

III. Research Methods

Data Source and Methodology

The data used in this study has been taken from Socio Economic (SUSENAS) in West Sumatera 2014. This study used two models with two different subsamples. In general, the unit of analysis in this research is at an individual level. Analysis of the first model aims to determine the determinant of the first marriage age of women in West Sumatra. The unit of analysis in the first model is the population aged 15-49 years and people when surveyed were Marriage. While the second model is a determinant of early marriage on women in West Sumatra. The unit of analysis in this model are women aged 15-20 years.

Models and Methods of Analysis

Multiple linear regression analysis aimed to examine the influence of individual characteristics (age, education, occupation, region of residence) and family characteristics (family economic status, education, occupation, and income of parents) to the age of the first marriage of women in West Sumatra. While the technique of logistic regression analysis will produce a model of the determinants of early marriage.

IV. Result And Discussion

Socio-Economic Differentials of Age at First Marriage

Table 1 shows that of the respondents who use firewood as fuel for cooking has a tendency to marry young (<21 years) in the amount of 33.62 percent. This indicates that the majority of the population who live in rural areas with characteristics using firewood as fuel for cooking. on the other hand if we seen from household poverty by using receiver indicator "Raskin" also seen that 99.27 percent of household respondents did not receive "Raskin" rice. while from the territory of residence is seen that dominant women living rural areas and the population of young Marriage women living in urban areas were Marriage over the age of 21 years. This indicates that the region of live determine the age of women's first marriage. Women who live in urban areas tend to have higher education levels, thus increasing their chances to get a job so that women the time to get Marriage.

Furthermore, the educational level of women in West Sumatra dominant Marriage young by 55.28 percent. Women who never attended school or did not complete primary school education tend to marry young in the amount of 21.81 percent. But the higher the level of education of women will increasingly delay the time to get Marriage.

Table 1. Socio-Economic Differentials of Age at First Marriage

Indicator	D_age of first Marriage		Total	
	>=21 years	<21 years		
firewood	Using firewood	15.73	33.62	49.35
	Do not using firewood	28.99	21.65	50.65
Total		44.72	55.28	100.00
"raskin" Receiver	Raskin receiver	0.15	0.57	0.73
	Do not raskin receiver	44.57	54.70	99.27
Total		44.72	55.28	100.00
Tregion	Urban	23.50	16.35	39.85
	Rural	21.22	38.93	60.15
Total		44.72	55.28	100.00
Education of women	Not school/cot elementary complete	4.56	21.81	26.37
	Elementary school	5.98	16.17	22.15
	Junior high school	6.73	10.01	16.74
	Senior high school	17.36	6.59	23.95
	Diploma 2	1.48	0.20	1.68
	Diploma 3	2.05	0.13	2.18
	Bachelor (S1)	6.07	0.36	6.42
	Master/Doctor (S2/S3)	0.49	0.02	0.51
Total		44.72	55.28	100.00
Working with get earnings	Working with get earnings	19.00	16.89	35.88
	Others	25.73	38.39	64.12
Total		44.72	55.28	100.00

Source : Data Susenas 2014 and processed 2015

Variable works faster or later will affect a woman to get Marriage. If the woman does not work it more likely to marry young in West Sumatra. As for women who work with an income is one of their reasons for delaying the time to get Marriage.

Socio-Economic Differentials of Early Marriage

Table 2. Socio-Economic Differentials of Early Marriage

	Indicator	Marriage		Total
		Others	Marriage	
Region	Rural	55.50%	2.70%	58.20%
	Urban	41.40%	0.40%	41.80%
Total		97.00%	3.00%	100.00%
Education	No school	2.80%	0.30%	3.00%
	Elementary school	25.70%	0.60%	26.30%
	Junior high school	47.90%	1.20%	49.10%
	Senior high school	20.40%	0.90%	21.30%
	DIPLOMA	0.10%	0.00%	0.10%
	Bachelor	0.20%	0.00%	0.20%
Total		97.00%	3.00%	100.00%
Spending per capita	Others	10.10%	0.20%	10.20%
	Poor	86.90%	2.80%	89.80%
Total		97.00%	3.00%	100.00%
Ratio of food and no food	Under median	49.10%	0.90%	50.00%
	same or above median	47.90%	2.20%	50.00%
Total		97.00%	3.00%	100.00%
Parent's education	No school/do not attended elementary	24.40%	1.70%	26.10%
	Elementary school	25.60%	0.80%	26.40%
	Junior high school	17.30%	0.40%	17.80%
	Senior high school	22.50%	0.10%	22.50%
	Diploma (D2)	0.70%	0.00%	0.70%
	Diploma (D3)	2.00%	0.00%	2.00%
	Bachelor (S1)	3.90%	0.00%	3.90%
	Master/Doctor (S2/S3)	0.60%	0.00%	0.60%
Total		97.00%	3.00%	100.00%
Employment status of household head	Non Formal	73.40%	2.70%	76.00%
	Formal	23.60%	0.40%	24.00%
Total		97.00%	3.00%	100.00%
Home ownership status	No home	20.70%	0.30%	21.00%
	Have home	76.30%	2.70%	79.00%
Total		97.00%	3.00%	100.00%
Number of household members	4	33.50%	0.70%	34.20%
	>4	63.50%	2.30%	65.80%
Total		97.00%	3.00%	100.00%

Sumber: Data Susenas 2013 dan processed 2015

The decision of women Marriage early at aged 15-20 years are affected by many factors, including region , level of education, spending per capita, the ratio of food and non-food, as well as characteristics of the parents and the household. Judging from residential areas, women at aged 15-20 years who live in rural areas more early Marriage compared to women aged 15-20 years who live in urban areas. However, overall it appears that only 3 percent of women aged 15-20 years were Marriage early. Next, if we seen the

The results of this study are consistent with many previous studies which state that there is positive and significant correlation between education with age at first marriage of women (Keeley, 1979; Chaudhury, 1984; Saardchome & Lemaire, 2005; Carmichael, 2011). Based on research conducted by international organizations such as UNICEF, the women with basic education are significantly less likely to marry before age 18 years, while secondary education has a greater impact to the age of first marriage (Smith, Batu & Kahando, 2012). Certainly, in countries with women that have higher levels of education, they will enter the labor market than women in countries with lower levels of education.

Someone who has a higher level education will provide insight and knowledge to continue their education and seek a better life than before so that it will postpone the decision to get Marriage early. For women with higher education can provide better career opportunities so that one can enter into marriage with better financial condition, mental, knowledge and skills. Education can influence a woman to delay the age of marriage. The longer a woman to attend classes, then theoretically the higher the age of first Marriage. A woman who graduated from junior high school, then at least he was Marriage at the age of 16 years and over, when Marriage at the age of senior means at least 19 years old and then when they follow college education it means they will get Marriage at least aged over 22 years (Hanafi Hartono, 1996 in Utina 2014).

Status of working women has a significant and positive effect on age of first marriage of women in West Sumatra, with a regression coefficient of 0.518. This means that if a woman with the status of work and have an income it will be increase age of her marriage which increased 0.518 years and vice versa. Status of work in a community can demonstrate the economic situation of the community. The ease in obtaining a job opportunity or opening a lot of jobs are the economic indicators of a region or a country. Ownership of work by a woman can bring a decision to delay the age of marriage.

Furthermore, residence area also has positive significant effect to the age of the first marriage of women in West Sumatra. If a women living in the region with the characteristics of the city it will the longer the age of marriage with regression coefficient 0.750, meaning that if the woman lived in the city then first marriage age will increase by 0.750 years. Furthermore Vu (2005) in sociology-related issues with the age of the first marriage with education explained that women who live in urban areas and get a college education and the necessary skills tend to marry at the age more than 23 years. If a women receive higher education and a good job and a decent, women will tend to focus the work compared to getting Marriage, and raising a family. Therefore, some of the leaders of the modernization theory states that education is made of women in urban areas tend to marry later than women in rural areas.

This geographic characteristics can indicate social and economic aspects of society. People living in urban areas or already developing normally have a mindset that is more advanced and want to grow things related to socio-economic costs as well as the perception of the community who have been in urban areas or developed. The demands of life are higher for urban or developed areas will force them to meet the necessary things as competitiveness, such as education, employment, and others. It can be seen from the high social and economic costs on society that are in the area or advanced cities. With the conditions as stated above, the decision to marry would be postponed until some aspects of the above are met.

Other variables that influence the age of first marriage is the level of household welfare. Household welfare level that proxied by of the use of fuel for cooking. The results showed that if households use firewood as fuel for cooking, the age of first marriage will decrease by 0.175 years. Thus, it means that women will soon be getting Marriage.

Another indicator used is the level of household poverty. The poverty rate of households views of whether a household is a household Raskin recipients or not. The results showed that poverty has a significant negative effect on the age of first marriage in West Sumatera with a regression coefficient of -0.658. This means that if a house is the recipient raskin the faster the woman to marry amounted to 0.658 years.

Furthermore, the overall independent variables significantly influence the age of first marriage in West Sumatra. The value of $R^2 = 27.35$ percent means the variable contribution of education, working status, region of residence, households welfare and poverty together against to first marriage age of women in West Sumatra at 27.35 percent, while the remaining 72.65 per cent is determined by other variables outside the research model.

Results of Logistic Regression Analysis on Early Marriage Women

The results of logistic regression Early Decision Marriage Women in West Sumatra is

$$\ln \left[\frac{p}{1-p} \right] = 4,402 + 0,066 \text{ Edu} - 1,286 \text{ WIL} - 0,008 \text{ RPM} - 0,159 \text{ Edu KRT} - 0,051 \text{ SPKRT} + 0,423 \text{ LPKRT} + 0,436 \text{ Home} + 0,247 \text{ Pop} \quad (2)$$

Based on the processed data is seen that education has a positive but not significant effect on the decision early Marriage women in West Sumatra. The odds ratio of 1.068 education means that the higher education of women at aged 15-20 years, the possibility of getting Marriage early age will be even greater. Value marginal effect of education of women aged 15-20 years at 0.0099 means that the education of women increased by 1 year, then the possibility of women aged 15-20 years to get Marriage will increase by 0.0099 points or 0.99 percent.

Residential areas has a significant negative effect on the decision early Marriage women at aged 15-20 years in West Sumatra. If women at aged 15-20 years living in urban areas so the less chance of getting Marriage early age compared to the women who live rural areas. The odds ratio of area 0.276 means that the possibility of early marriage women at aged 15-20 years living in smaller urban areas compared to women aged 15-20 years who live in rural areas. Value marginal effect -0.0185 means that when women aged 15-20 years living in urban areas, the possibility of early marriage will be decreased by 0.0185 points or 1.85 percent.

Table 4. The results of logistic regression, odds ratio and Marginal effect Marriage Early Decision

Variable	Coef	Odds Ratio	Marginal effect	Z	P> z
Edu	0,066	1,068	0,0099	1,16	0,246
Region (WIL)	-1,286	0,276	-0,0185	-2,77	0,006
Ratio of food expenditure (RPM)	-0,008	0,992	-0,0001	-0,66	0,509
Edu KRT	-0,159	0,853	-0,0023	-4,19	0,000
Working status of head of household (SPKRT)	-0,051	0,950	-0,0168	-0,11	0,913
Dummy of jobs head of household (LPKRT)	0,423	1,527	0,0065	1,24	0,216
Status of home ownership (Home)	0,436	1,548	0,0058	0,89	0,371
Number of family (Pop)	0,247	1,280	0,0037	3,11	0,002
Constant	-4,402	0,012		-2,79	0,000

Variable ratio of food expenditure has a significant negative effect on the decision early Marriage women at aged 15-20 years in West Sumatra. The odds ratio of 0.992 means that the higher the ratio of food expenditure then it is likely to marry early age will be smaller. Value of marginal effect -0.001 means manakan expense ratio increased by 1 percent, the possibility of women aged 15-20 years to get Marriage early age will decrease by 0.0001 points or 0.01 percent.

Education of head of household significant negative effect on the decision to get Marriage early population at age 15-20 years in West Sumatra Province.

If the education of household head increases the probability of children at age 15-20 years were early marriage will be decline. Odds Ratio value 0.853 means that the higher education of head of household then the chances of girls at age 15-20 years to early marriage will be getting smaller. Value marginal effect of education of household head of -0.0023 means of education of household heads increased by one year, then the likelihood of girls at age 15-20 years to get Marriage early will decrease by 0.0023 points or 0.23 percent.

Employment status of household head has no significant and negative effect on the possibility of early marriage women at age 15-20 years. If the head of the household work in the formal sector, then the probability of girls at age 15-20 years Marriage early will decrease. Odds Ratio value of 0.950 means that the likelihood of girls at age 15-20 years Marriage early whose parents work in the formal sector is smaller than the non-formal sector. Value marginal effect variable employment status of household head -0.0168 means that when the head of household work in the formal sector, the possibility of children women at age 15-20 years to get Marriage early decreased by 0.0168 points or 1.68 percent.

Furthermore, job of head of the household has no significant and positive effect on the chances of early marriage of young girls aged 15-20 years. The odds ratio of jobs of household heads is 1,527 meaning that the probability of girls at age 15-20 years of household heads who work in the agricultural sector to get Marriage early is greater than the head of household who work in non-agricultural sector. Marginal effect variable employment of household head is at 0.0065, as the head of household works in agriculture, the possibilities for early Marriage of girls at age 15-20 years will increase by 0.0065 points or 0.65 percent.

Furthermore, home ownership status has no significant and positive effect on the chances of early marriage of young girls aged 15-20 years. The odds ratio of home ownership status is 1,548 meaning that the probability of children women aged 15-20 years from households who have a house to get Marriage early is greater than households that do not own a home. Marginal effect of home ownership status variable is equal to 0.0058 when households have a home then the chances for early marriage women at age 15-20 years will increase by 0.0058 points or 0.58 percent.

Variable number of household members has a significant positive effect on the chances of early marriage of young girls aged 15-20 years. If the number of family members increases the probability of children women aged 15-20 Marriage early will be increase. Odds Ratio value of 1.280 means that the more the number of household members, the possibility of early marriage of young girls aged 15-20 years will be even greater. Value marginal effect of household members 0.0037 meaning that if the number of household members increased by one person then the chances of children women aged 15-20 years to get Marriage early will increase by 0.0037 points or 0.37 percent.

Number of family members is one of the causes of early marriage. The greater the number of family members, the greater the possibility of parents marry of their children at a young age with the assumption that will alleviate the burden the family. The reason why

early marriages are also quite varied, but in fact there are still some reasonable people get Marriage because their parents told. Usually also supported by the state with low economy, so they asked marriage of his daughter only to reduce the burden of household and independently. Some people get Marriage on their own because it was already old enough and it's time to get Marriage although their age still not yet entered their teens and twenties. This is consistent with the results of research Fatmawati, that the number of family members influence the occurrence of early marriage. (Stang 2011).

V. Conclusion

Women education has positive and significant effect on age of first marriage of women in West Sumatra, Status of working women has positive and significant effect on age of first marriage of women in West Sumatra, residence area of women also has positive significant effect on age of first marriage of women in West Sumatra, the welfare of household seen from the use of fuel for cooking, poverty have a significant negative effect on the age of first marriage in West Sumatra.

The decision to get Marriage early influenced by individual characteristics, the elderly and households. The study found that the region of residence, education of head of household and the number of household members partially influence significantly to the decision of early marriage of young girls aged 15-20 years in West Sumatra, while the level of education of girls at age 15-20 years, the ratio of food expenditures , the work of parents, parental employment and home ownership status had no significant effect on the decision to get Marriage early women at age 15-20 years in West Sumatra.

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PERFORMANCE-BASED BUDGETING INSTITUTIONALIZATION : CASE STUDY BUDGETING ARRANGEMENT IN THE MINISTRY OF FINANCE

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Abstract

Ministry of Finance changed the arrangement of the structure of performance-based budgeting from the previous organization (output oriented) into a logic-based model (outcome oriented). Structuring is done by the Ministry of Finance as the national level budgeting regulator and the Ministry of Finance as Ministries. This research seeks to understand how the process of institutionalization of performance-based budgeting in doing structuring of performance budgeting at the Ministry of Finance. This study used a qualitative method with case study approach to collecting data through interviews and documentation. Research outputs, institutional isomorphism symptoms occur in the process of institutionalization structuring of performance budgeting in the Ministry of Finance. Type mimetic isomorphism occurs in the structuring of performance budgeting by the Ministry of finance as the regulator. Type coercive and mimetic isomorphism isomorphism found on the structuring of performance budgeting by the Ministry of Finance as the Ministry of Technical.

Keywords: *logic models, performance-based budgeting, institutionalism, isomorphism*

I. Introduction

The Directorate General of Budget, in 2013, evaluating the implementation of Performance-Based Budgeting (PBB) in all ministries / agencies of the Work Plan and Budget Ministry / State / Agency (RKA-K/L) in 2005 up to 2012 (8 years) , The evaluation results indicate that the performance information for budgeting Ministry / Agency who approach organizational structure experienced some problems essentially not able to describe the logical program performance information to be measured and evaluated and have not been able to demonstrate its relevance to the resources used.

To overcome the disadvantages of the preparation of PBB with the approach of the organizational structure, in 2014 the Directorate General of Budget will begin structuring of performance budgeting in the documents RKA-K/L so on RKA-K/L in 2016, all Ministries / Agencies can implement PBB appropriately, Structural performance in budgeting is prepared by following a logical framework approach or budgetary known as logic models.

DiMaggio & Powell (1983) states that an organization formed by the institutional environment in the surrounding areas. The ideas were influential then institutionalized, is considered valid, and it is considered as a way of thinking for the organization. There are three forms of institutional pressure that is isomorphic namely mimetic pressures, coercive pressures, and normative pressures. The third institutional pressures can affect organizational change with the same or individually. Adhikari *et al.* (2013) uses the theory of neo institutional DiMaggio & Powell (1983) in exploring the implementation of the reform of public sector accounting in the country of Nepal and Sri Lanka. In his research note that public sector accounting reforms in the countries of Nepal and Sri Lanka is heavily influenced by developments in international accounting as a form of institutional pressures.

Pressure institutional Strong also occur on the reform of the public sector accounting for adopting principles generally accepted accounting / General Accepted

Accounting Principles (GAAP) in four states in the US: New York, Michigan, Ohio, and Delaware (Carpenter & Feroz, 2001). Symptoms institutional isomorphism also found in the implementation of the budget at the UB (Amirya *et al.*, 2014). Type of main isomorphism UB is coercive isomorphism, besides also found the type that is mimetic isomorphism and normative. Coercive isomorphism and normative isomorphism also occurs in the process of institutionalization of social accounting in forestry Housing (Nurdiwaty *et al.*, 2014). In the study the pattern of accounting education in China for 60 years, (Zhang *et al.*, 2014) stated that the pressure the government and the ruling party became the most important factor that triggers the dominance of coercive isomorphism.

Meyer & Rowan (1977) argued that by conducting the formation of a formal organizational structure, the organization will increase the legitimacy of all the activities to be carried out. In obtaining legitimacy, the organization will seek to institutionalize environmental elements into the organization as an idea, logic, practices, techniques, and practices that exist. Environmental elements such as declared by Djamhuri (2009) will be part of the institution seeking to be a similar organization (isomorphism) with its institutional environment.

This study complements previous research site selection more precise research compared with research conducted by Nurdiwaty *et al.* (2014) in Perum Perhutani and Amirya *et al.* (2014) at the UB. This study uses a new theory of institutionalism in understanding the structuring of performance budgeting while research conducted by Andriani & Hatta (2013) evaluate the implementation of PBB nature that exist in an organization, Ginnerup *et al.* (2007), Kim & Park (2007), and Kong (2005) to determine the phases / process the application / implementation of PBB in a country (Denmark, Korea, and the US).

This research question is how the institutionalization of PBB in the effort to reorganize the structure of the performance budgeting Ministry of Finance in the period 2014 to 2016. The purpose of this research is to understand how the process of institutionalization of PBB in doing structuring of performance budgeting at the Ministry of Finance. This study provides benefits theoretical: the development of the theory of budgeting public sector particularly PBB related structuring of performance that is based on the theory of the new institutionalism, practical: it can be used as a reference for the ministries / agencies in making the arrangement structure of the performance of logic models, and policies: inputs for the government as regulators in formulating policy concept more related to PBB.

II. Literature Review

New Institutional Theory

DiMaggio and Powell (1983) states that an organization formed by the institutional environment in the surrounding areas. The ideas were influential then diinstutisialisasikan, is considered valid, and is regarded as a way of thinking for the organization. Organization formed by various phenomena that occur in the environment and tend to be similar (isomorphic) with such environments. Isomorphic a symptom where the formal organization akin to the environment (Meyer & Rowan, 1977). Instutitional isomorphism is a term that describes a process of institutionalization (instituting). Lippi (2000) and DiMaggio & Powell (1983) suggests three types of exogenous factors or conditions that cause instutitional isomorphism that is coercive isomorphism, mimetic isomorphism and normative isomorphism.

Coercive isomorphism associated with isomorphism that occur as a result of the pressures received formal or informal organization, the pressure comes from other

organizations or from cultural expectations in the communities surrounding the establishment of the organization (DiMaggio & Powell, 1983). Institutionalization process can be considered coercive isomorphism when the organization was under pressure in the form of urging or coercion that is generally in the form of the rule of law. For example, the UB implement the budget and accounting system of Public Service Agency (BLU) is driven by the insistence of the rule of law so that the government regulation asymptomatic coersive isomorphism (Amirya *et al.*, 2014).

Mimetic isomorphism related to the impersonation of organization to another organization as a response to the uncertainty. Institutionalization process can be categorized mimetic isomorphism when organizations do impersonation of another organization which is considered a better and successful in implementing a system. For example, Sri Lankan's public sector accounting reforms are influenced by accounting developments internationally as a form of institutional pressures. Countries Sri Lanka mimic budgeting practices that are considered better so mimetic symptoms occur in the process of the accounting reform (Adhikari *et al.*, 2013).

Normative pressures are pressures coming from professionalization. Professionalization build the cognitive basis and legitimacy for organizational autonomy (DiMaggio & Powell, 1983). Institutionalization process can be categorized normative pressure when organizations in the adoption of a concept is motivated impetus from within the organization to make changes in a professional manner that characterized their involvement as a consultant or team of professionals who are experts in their field. For example, the UB in implementing the budget and accounting system BLU involving consultants and escort teams so BLU Financial Management consulting engagements and escort teams showed their encouragement normative isomorphism (Amirya *et al.*, 2014).

In the process of isomorphism, three kinds of exogenous factors or conditions that cause instutional isomorphism (coercive isomorphism, mimetic isomorphism and normative isomorphism) influencing change of a top-down (Lippi, 2000). Meanwhile, in the process of isomorphism there are also endogenous factors such as actors, institutions, systems thinking and language that already exists within the organization, which brings changes which are bottom-up called as allomorphism (Lippi, 2000).

III. Research Methods

This research is a qualitative case study approach. The location of this research carried out in the Ministry of Finance in particular organizational unit in the Secretariat General, The Directorate General of Treasury, the Directorate General of Financing and Risk Management, and the Directorate General of Budget.

Data collection procedures carried through in-depth interview to the parties directly involved (key informant) of the research object that has the required competence fields of research. Information retrieval is done with the technique of "snowball" the determination of the subject as well as research informants developing and rolling follow the information or the necessary data from informants who were interviewed in advance so that the specification of the research informants are not described in detail, but will develop in accordance with research studies that will be analyzed next.

Implementation informant interviews starting from the Secretariat General of the Ministry of Finance representing the Ministry of Finance as a budget coordinator Technical Ministry. Further interviews are conducted with informants against echelon unit in the Ministry of Finance (The Directorate General of Treasury and the Directorate General of Financing and Risk Management) as implementer budgetary policy. In the process,

interviews were conducted with informants the Directorate General of Budget representatives of the Ministry of Finance as regulator budgeting national level.

Informants in this study the Head of Planning Secretariat (informant coordinator 1), Head of the Division of Planning the first Secretary General, Head of the Division of Planning II Secretariat, Head of Division of budgeting III Secretariat, Deputy Director for Transformation of Institutional DJA, Section Head of Business Process Analysis Budgeting DJA, Head of Section DJPB Finance, Head of Division of Budgetary DJPB, DJPPR Chief financial Officer, and Head of the Division of Budgeting DJPPR.

The analysis technique used to study the case in this study refers to Creswell (2012), which summarizes would be as follows: (1) The data obtained in the research, from interviews and documentation prepared and organized in groups associated with the research question. (2) Determine the theme of the data that have been classified / organized. (3) Linking between themes in order to obtain a relationship / linkages (4) interpretation of the research findings based on the relationship / linkages themes that have been prepared with the bases on the theory of new institutional DiMaggio and Powell (1983). (5) Pour in the descriptive analysis of the results interpretation.

To increase the confidence of research, analytical techniques will also be conducted triangulation of data sources for cross-checking the information obtained by using information derived from different informants.

IV. Results And Discussion

Reject Point Arrangement Structure Performance Based Budgeting Logic Models The Ministry Of Finance As Regulator

In carrying out the role of a regulator in budgeting, Ministry of Finance issued Regulation of the Minister of Finance No. 136 / PMK.02 / 2014 to organize the structure of performance budgeting. Structuring of performance budgeting initiated by the Directorate General of Budget in 2013 conducting research on RKA-KL entire Ministry Organization during the period from 2005 to 2012, the Directorate General of Budget discovered various problems so as to make four conclusion of the study: 1) it is not clear where the input, or outputs, or outcomes, 2) formulation of outcomes is less clear and too normative, 3) It is difficult to see the relevance between input to output, and with the outcome, 4) the relevance of the outcome of the need or problem is not visible.

To structure performance budgeting, the Ministry of Finance c.q. The Directorate General of Budget motivated by two things namely the inability of the Directorate General of Budget to evaluate the performance / evaluation of the implementation of performance-based budgeting and their public criticism of government spending is less efficient and more waste. The preparation of the budget for the period 2005 to 2012 used the performance-based budgeting structure organizational structure.

The Directorate General of Budget inability to evaluate the implementation of performance-based budgeting started their request Mr. Boediono, Vice President of the United Indonesia Cabinet II, in 2012 to evaluate the performance budgeting as well as interviews with informant regulator 1. Criticism of the public represented by the media at the time that the budget review composed of government less efficient and more enjoyed by the bureaucracy ("Investor Daily Indonesia" on the date December 19, 2011, jaringnews.com on May 3, 2012, the Indonesian Legal Entities on April 23, 2013 and the media compass dated May 22, 2013). Public budget should be efficient and reflect the interests of society, but the impression that emerges is precisely the public budget is widely used for the benefit of the bureaucracy and can not be felt directly by society. Various public scrutiny over the use of public spending coupled with the inability of the Directorate

General of Budget to evaluate the performance / evaluation of the implementation of performance-based budgeting was a turning point the Directorate General of Budget to make the arrangement of the structure of performance budgeting in the Ministry / Institution.

Public scrutiny illustrates the pressure from external organizations such as the people who criticize bureaucracy drafted budget is not pro-people. Pressure from the organization with external parties will influence change in organizations as well as institutional theory that the formation of institutions for their pressure in the surrounding institutional environment. The pressure from external parties and the perceived difficulties Directorate General Budget illustrates the uncertainty (uncertainty) to realize good governance budget. To eliminate these uncertainties, the Directorate General of Budget made some efforts to organize the structure of performance-based budgeting into logic models.

The Ministry of Finance as Ministries

In addition to the Ministry of Finance as a regulator, the Ministry of Finance also function as implemented by the Technical Ministry entire unit echelon I. There are eleven first echelon unit in the Ministry of Finance including the Directorate General of Treasury and the Directorate General of Finance and Risk Management. In 2014, with the publication of the Minister of Finance Regulation No. 136 / PMK.02 / 2014, the Ministry of Finance was introduced the concept of structure performance budgeting by using an approach logic model / framework to think logically or in budgeting more polpuler term arrangement architecture and Performance Information, abbreviated SISTER , The Ministry of Finance in running structuring of performance-based budgeting logic models are mandatory nature means structuring run upon the existence of an order or decision of the regulator in the field of budgeting in this case the Directorate General of Budget. If there is no mandate from the Minister of Finance is of course structuring of performance-based budgeting logic models would not do.

The Big Indonesian Dictionary (KBBI) does not address the term mandatory. KBBI only know the word mandate, which one means the order or direction given by the crowd (people, associations, etc.) to someone (some people) to be implemented in accordance with the will of the people. Of these terms, the proper interpretation of the word mandatory in the interview above is mandatory or compulsory directives implemented. It means the Ministry of Finance as Ministries of making changes / structuring of its budgetary performance is obligations or orders or directives from the Ministry of Finance c.q. the Directorate General of Budget as regulator.

Underlying the Ministry of Finance as Ministries in conducting structuring of performance budgeting is the encouragement of the Directorate General of Budget through the issuance of Regulation of the Minister of Finance. The thrust of the Directorate General of Budget referred by the Ministry of Finance interpreted as an obligation that must be carried out or the presence of coercive pressure. So it can be stated that the process of structuring of performance budgeting at the Ministry of Finance as the Ministry of Technical reflect their symptoms coercive isomorphism.

Imitating Structural Performance Budgeting in Developed Countries

The Directorate General of Budget, as an organizational unit representing the Ministry of Finance as regulator budgeting, evaluates RKA-K / L from 2005 up to 2012. This effort attempts to seek the relevance between input, output, and outcome. Described in the Minister of Finance No. 143 / PMK.02 / 2015, the Directorate General of Budget evaluation results produced some findings that are essentially RKA-K / L as planning and

budget documents have not been able to describe the program information logical and can be measured and evaluated as a form of accountability to the public.

Simultaneous with the execution of research / evaluation, the Directorate General of Budget also reviewing literature studies the performance budgeting system undertaken by developed countries such as New Zealand, Scotland, and England. Then the Directorate General of Budget conduct in-depth studies into the developed countries are considered to apply best practice on their performance based budgeting system.

After the Directorate General of Budget to evaluate the structure of the performance budgeting and then to study in some countries are more inclined to New Zealand, the Directorate General of Budget took the decision to improve the structure of performance-based budgeting approach logic models. The Directorate General of Budget as regulator to institutionalize the concept referred to in all the Ministries / Agencies first time in 2014 by publishing the Minister of Finance Regulation No. 136 / PMK.02 / 2014.

The Ministry of Finance as a technical ministry also do the same as that of the Directorate General of Budget which saw a performance-based budgeting system in another country. The Ministry of Finance does not just accept the concept of performance budgeting arrangement of the Directorate General of Budget but also the deepening to New Zealand to create the structuring of performance budgeting with a good approach to logic models in the Ministry of Finance.

Unit echelon in addressing the structuring of performance budgeting simply ran the changes mandated by the Directorate General of Budget, as the regulator. Unit echelon nature is the execution of policy, therefore Echelon Unit only to implement the system outlined by the Finance Ministry or the Directorate General of Budget as policy makers in the Ministry of Finance or at the national level. Efforts made echelon units in addressing the changes limited to internal discussions with invited speakers from policy makers such as the Directorate General of Budget, financial Kemenkterian, and Bappenas.

The process of impersonation performed Directorate General of Budget more inclined to state budgeting practices New Zealand which has been regarded internationally as best practice in implementing structural logic model of performance-based budgeting. The replication process indicates symptoms of mimetic isomorphism.

The Ministry of Finance as Ministries also performed impersonation by looking at the process of structuring the existing budgetary performance of the Ministry of Finance / Treasury in the country of New Zealand. The process also indicates the symptoms mimetic isomorphism. Meanwhile, the Directorate General of Treasury and the Directorate General of Financing and Risk Management only act as executor of the policy course, comply with what is mandated, what is required by the Regulation of the Minister of Finance. It thus indicates that the second echelon units both at the Directorate General of Treasury and the Directorate General of Finance and Risk Management have a symptomatic coercive isomorphism.

Implementation of Performance Based Budgeting Arrangement Structure Logic models

Improving understanding of the concept of Logic models

To implementation structuring of performance budgeting logic models, the Ministry of Finance in addition to initiate a study visit to the country of New Zealand and America, also conduct education and training (training) formulation of logic models to the Head of Finance and Head of the Division of Finance across organizational units echelon of the Ministry Finance. While committed Directorate General of Treasury and the Directorate

General of Financing and Risk Management in an effort to implement structuring of performance budgeting in work units on each organization is through discussion / meeting internal organizational unit.

Media used for evaluating the structuring of performance budgeting logic models is through the annual event held by the container output evaluation. Similar activities were also carried out by the Directorate General of Financing and Risk Management that is by inviting stakeholders to discuss the concept of logic models.

Accept Changes In Attitude

Structuring of performance-based budgeting logic models proposed by the Directorate General of Budget, raising fears for the first echelon unit within the Finance Ministry will their budgeting efficiency. Efficiency intent here is acceptable budget allocation be reduced magnitude.

Reduced budget requested should indeed not be concerned about Echelon Unit I. The purpose of structuring the performance budgeting is a linkage connecting the elements in the structure of performance budgeting so that there is a logical relationship between inputs, outputs, and outcomes.

In structuring performance budgeting to be implemented by both the need for change in the mindset of the perpetrators of the recipient budget policy. There should be massive effort to instill the same mindset that the structuring of performance budgeting is needed to clarify the performance information in the budget. At the time of good performance information will further illustrate the close relationship between the performance will be achieved with manageable amounts of budget.

The mindset of employees of the Ministry of Finance strongly supports the implementation of performance-based budgeting structuring of logic models. The support can be seen from the efforts made by the Secretariat-General to change the mindset of the perpetrators of the budget in the unit echelon Ministry of Finance. Although initially structuring of performance budgeting raises concerns reduced budget allocation will be accepted, in the end unit of echelon I realized that the efficiency of the budget is a consequence which must be accepted.

V. Conclusions

Based on the theory of institutional, institutional isomorphism symptoms occurs in the implementation of performance budgeting in the structuring of the Ministry of Finance. Mimetic isomorphism types of structure found in the performance conducted by the finance ministry as the regulator. the Directorate General of Budget, the representation of the Ministry of Finance as a regulator, perform a process of imitation (mimetic) either through the study of literature and a study visit to the New Zealand government considered successful in implementing a performance-based budgeting (outcome oriented). Type coercive isomorphism is found on structuring the performance conducted by the Ministry of Finance as Ministries. Type coercive isomorphism met for their insistence and regulations that make obligations to be executed by the Ministry of Finance. Type mimetic

isomorphism also encountered in the process of structuring of performance budgeting at the Ministry of Finance as Ministries.

To institutionalize the arrangement of the structure of performance budgeting, the Ministry of Finance as Ministries conduct education and training program directed to the Chief Financial Officer / Head of Subdivision / employees who handle budgeting in all Echelon Unit at the Ministry of Finance. Successful implementation of the performance-based budgeting structuring logic model is not separated from the change in the mindset of the perpetrators of the budget / recipient policies. The mindset that supports the implementation of performance-based budgeting structuring logic models should still be maintained by the Ministry of Finance in order to improve the quality of planning and budgeting.

Limitations of this study are the first one related to the research sites. Site research conducted only on the Ministry of Finance. Although the study sites include the Ministry of Finance as the regulator and the Ministry of Finance as Ministries, it would be optimal if added to the Ministry again on the site of research as a comparative study. The second limitation is the limited participation of researchers in the setup process. Researchers did not observe (observation) directly in the field such as attending a meeting related to the structuring of the performance.

The implication of this research is to contribute to the theoretical, practical, and policy. Theoretically, the research makes clear that the use of institutional theory is still relevant to understanding the process of institutionalization of structure performance budgeting. Contributions practical, this research is useful for the Ministry of Finance to conduct an evaluation of the implementation of the structuring of performance budgeting is done and useful to other Ministries / Institutions to be used as learning to perform structuring of performance budgeting in the organization. And the contribution of its policies, this research can provide benefits to the Ministry of Finance as a regulator of budgeting to further develop policies so as structuring of performance budgeting can be instituted by both the Ministry / Institution.

Suggestions for further research are, first, if researchers want to examine structuring of performance budgeting, they can add sites outside of research at the Ministry of the Ministry of Finance for further comparative studies. Second, to gain a deeper understanding related to the object of study, in obtaining the data they can make observations (observation) in addition to conducting interviews and documentation.

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ANALYSIS OF EQUILIBRIUM PHENOMENA SHORT TERM AND LONG TERM FLUCTUATIONS CURRENT ACCOUNT BALANCE IN INDONESIA

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Abstract

This study aims to describe the influence of the Indonesian economy, the Japanese economy, the US economy, the Chinese economy and the exchange rate against the ratio of the current account to GDP in Indonesia, both in the short term and in the long term. In this study in the form of time series data from the first quarter of 2000 - the fourth quarter of 2014. The analysis model used is Ordinary Least Square (OLS), an error correction mechanism (ECM) and Co-integration.

The study concluded that the results of the OLS estimates showed a significant difference between the Indonesian economy, the US economy, Japan's economy, China's economy and the exchange rate against fluctuations in the current account in Indonesia. While based on the estimation of the ECM showed there is an imbalance in the short term or short-term relationship between changes in the economy United States, Japan and China as well as changes in the exchange rate fluctuations to changes in the current account. While the change in the Indonesian economy in the short term does not cause fluctuations in the current account. Additionally, based on the estimation of cointegration although short-term fluctuations of an imbalance in the current account, but in the long-term fluctuations in the current account will lead to equilibrium.

Based on the above conclusions, the suggestions that can be raised is the need to foster harmonious working relationship Indonesia with trading partner countries, the need for trade policy strategy, especially in diversifying their main trading partner for exports.

I. Introduction

The current account is one of the macroeconomic indicators are often used as a reference in assessing the economic stability of a country. One reason is that the current account reflects the strength of the international competitiveness of a nation and the extent to which the nation utilizing the resources (Uneze and Tail, 2012).

After the economic crisis in 1997/1998, the value of Indonesia's current account was relatively stable and generally has a positive value. But since the global financial crisis that hit the world in 2008, the current account Indonesia directly affected until the fourth quarter of 2009. These conditions have resulted in the current account balance fluctuated Indonesia. Fluctuations in the current account implies that imports greater than exports so much capital flee abroad. Fluctuations in the current account is calculated by dividing the value of the current account with the Gross Domestic Product (GDP) and multiplied by 100%.

There are several factors that affect the current account of a country theoretically. According to Dornbusch (2004) that the current account of a country is affected by domestic output, output abroad and exchange rate (exchange rate). The theory didapatlah output of foreign influence over the current account Indonesia are Japan, the United States and China. Indonesia third country trading partners are the three countries that have the highest intensity of trade compared with the state - Indonesian trading partners other countries. Based on data from the Badan Pusat Statistik (BPS) of Indonesia in 2014

obtained an average net export of Indonesia and the United States from 2005 to 2013 obtained amounted to USD 10,649,647 thousand, while the average net Indonesian exports to Japan amounted to USD 5.81449 million thousand, while the average net export of Indonesia and China amounted to USD -3,083,728 thousand means that on average Chinese imports greater than exports to China from 2005 to 2013 year. From these circumstances it can be said that the three countries affects the current account Indonesia.

Based on the above phenomena, to study the problem of fluctuations in the current account balance in Indonesia and the factors that influence it, the author examines in the form of research titled "Analysis of Equilibrium Phenomena Short Term and Long Term Fluctuations Current account balance in Indonesia".

II. Theoretical Framework

Theory Development

Mathematically, the definition of the current account (Current Account) is (Krugman, 2000:167):

$$CA = EX - IM \quad (1)$$

Where CA = current account balance, EX = exports, IM = imports. When a country imports exceed exports, the country is experiencing fluctuations in the current transaction. A country is said to have a current account surplus when exports greater than imports. Current account balance is important because it measures the direction and magnitude of international loans. When a country imports more than exports, then buy from foreign parties more than sold. As a result, the country has fluctuated in the current account.

In the Mundell-Fleming model (Dornbusch, 2004:175) there is a balance of open economies. To see the function of foreign trade can be seen through the balance in the IS market, namely:

$$C + S + T = Y = C + I + G \quad (2)$$

Where, C is consumption, S is saving, T is tax, Y is output, I is investment, G is government expenditure. By adding imports (M) and exports (X) into the model (3) so that it can be replaced with:

$$C + S + T = C + I + G + X - M \quad (3)$$

So the IS equation becomes:

$$S + T = I + G + X - M \quad (4)$$

Where (X-M) the current account is the foreign sector's contribution to aggregate demand or surplus. If the import is moved to the left side can indicate determinant variables of each element in the equation above, then in an open economy IS model becomes:

$$S(Y) + T + M(Y, E) = I(r) + G + X(Y^*, E) \quad (5)$$

From the above equation, the equation for the current account, namely:

$$NX = X(Y^*, E) - M(Y, E) = NX(Y, Y^*, E) \quad (6)$$

Where, NX is the current account, Y is domestic output, Y * is the output of other countries, E is the exchange rate. Thus, the current account is determined by the level of domestic output (Y), (Y*) overseas output in this case, three countries the main trading partner of Indonesia include Japan, the United States and China. While (E) is the value of the rupiah against the US dollar.

III. Research Methods

The data in this study starts from the first quarter of 2000 - the fourth quarter of 2014. This study used classical assumption: (a) multicollinearity test with correlation matrix, (b) heterokedastisity test with Park test, (c) autocorrelation test with Durbin-Watson method.

After going through the classical assumption that the model will be obtained BLUE so that errors in the equation has been streamlined. Therefore, then the OLS estimates done by the equation:

$$CA_t = \beta_0 + \beta_1 Y_{inat} + \beta_2 Y_{jepangt} + \beta_3 Y_{USAt} + \beta_4 Y_{Cinat} + \beta_5 E_t + \mu_t \quad (7)$$

After performing the OLS estimates above, then do the test Stationarity to ensure that, on average, variance and autocovariance is constant over time for each variable. The method is Fuller or Aucmented Dicky Dicky Fuller.

To see a short-term balance between independent variables with the dependent variable in the study used an error correction method Mechanism (ECM). As for seeing the long run equilibrium in this study used methods Cointegration.

IV. Results and Discussion

Multicollinearity Test

Based on multikolinearity the test results with Correlation Matrix in Table 1, it was found that the correlation among the independent variables were below 0.5. Therefore, it can be said that among the independent variables correlated enough or not too strong so it can be concluded that in this study there was no trouble multikolinearity serious and should be continued at a later stage.

Table 1 : Matrix Correlation

	X1	X2	X3	X4	X5
X1	1	0.194	0.257	0.260	0.212
X2	0.194	1	0.279	0.274	0.293
X3	0.257	0.279	1	0.421	0.462
X4	0.260	0.274	0.421	1	0.478
X5	0.212	0.293	0.462	0.478	1

Heterokedastisity Test

From the test results with test heterokedastisity Park in the equation, it can be seen all variables in this study had a probability value $> = 0.05$. Therefore all variables in this study had a probability value $> = 0.05$, it can be concluded that in this study there was no trouble heterokedastisitas. Thus all variables in this study had a linear relationship with the residual (variables outside the model).

Autocorrelation Test

Autocorrelation test of the Durbin-Watson test, the obtained value of DW is 1.811342. Value Table DW with significant 0.05 and the amount of data (n) = 56, and k = 5 (k = number of independent variables) values obtained dL = 1.38, dU = 1.77, 4-dU = 2.23, 4-dL = 2.62. Because the value of DW is 1.811342 is in the region between dU and 4-dU, it can be concluded that there is no autocorrelation. With the meaning of the word in this study there is no correlation between residuals on one observation with another observation.

Estimation Results Current Account with OLS

In accordance with the theory which has been described previously, fluctuations in the current account in this study is influenced by Indonesian economy, the United States economy, the Japan economy, the China economy and the exchange rate. From the results of the OLS estimates obtained the following equation:

$$\begin{aligned}
 CA_t = & 0.541808 - 0.268056 Y_{Inat} + 0.492150 Y_{USAt} + 0.612278 Y_{Japant} \\
 & (0.0006) \quad (0.0000) \quad (0.0169) \quad (0.0001) \\
 & + 0.102610 Y_{Chinat} + 0.416356 E_t \quad (9) \\
 & (0.0000) \quad (0.0158)
 \end{aligned}$$

$$R\text{-squared} = 0.825950$$

$$Prob(F\text{-statistic}) = 0.00000$$

Based on the results of OLS above, it is known that all independent variables a significant effect on the current account. This condition is seen from the value of the probability of each independent variable fraction of $\alpha = 0.05$. In addition, if the Indonesian economy, the United States, Japan, China and the exchange rate value is zero then the value of the current account Indonesia is 0.541808 percent. R-squared value of the current account balance equation Indonesia amounted to 0.825950. This shows the variable contribution of the Indonesian economy, the United States, Japan, China and the current account rate to Indonesia amounted to 82.59 per cent while the remaining 16.41 percent is influenced by other variables not included in the current account balance equation in Indonesia.

Stationary Test

Having performed classical assumption and OLS above, will obtain BLUE model so that errors in the equation has been streamlined. Then it is done Stationary test to continue to test the balance of short-term (ECM) and the long-term equilibrium (cointegration).

Table 2: Stationary Test Results of Each Variable

Variable Name	Value	Level Probability
Current Account (CA)	1 st difference	0,0001
Indonesian Economy (Y _{Ina})	1 st difference	0,0001
The USA economy (Y _{USA})	1 st difference	0,0069
Japanese Economy (Y _{Japan})	1 st difference	0,0000
The Chinese economy (Y _{China})	1 st difference	0,0048
Exchange rate (E)	1 st difference	0,0002

Table 2 shows each variable stationary at a certain level, ie at the level, difference 1st, or 2nd difference. From the table it can be known that all variables in this study had a probability value $\alpha < 0.05$ in 1st difference. Thus, these variables are said to be stationary

at the 1st difference. Therefore all variables in this study stationary, then all variables in this study can be said to be an average, variance and autokovarian is constant over time (for a variety of different lag value is the same, no matter at which point start measuring).

Estimation Results Short Term Balance (Error Correction Mechanism)

After the test Stationary above, it will be the balance of short-term fluctuations in the current account balance in Indonesia using models Error Correction Mechanism. From the results obtained stationary test that all variables are stationary at 1st difference. ECM error term in the model is taken from the error term in the OLS estimates above that have been through the stage classical assumptions.

ECM model estimation results can be seen in equation 28. These results show that the lag error term fluctuations significantly influence changes in the current account in Indonesia. This means that there is an imbalance in the short term or short-term relationship between changes in the economy of the United States, Japan and China as well as changes in the exchange rate fluctuations to changes in the current account. No significant changes in the economy of the United States, Japan and China as well as changes in the exchange rate fluctuations have affected changes in the current account. In other words, the imbalance in the current account fluctuations change the cause is changes in the economy United States, Japan and China as well as changes in the exchange rate. While in the short term, changes in Indonesia's economy significantly influence changes in the current account fluctuations in Indonesia. This means that changes in the Indonesian economy in the short term does not cause fluctuations in the current account. This condition is due to that in the short term rise in the Indonesian economy will not directly increase demand for imports but rather encourage exports. Therefore, the Indonesian government is expected in the long term is not dependent on imports mainly on imported raw materials and capital goods, by creating their own raw materials and capital goods to Indonesia no longer consumptive nature but are also more productive.

Estimated Results Long Term Balance (Cointegration)

Then to see the balance of long-term fluctuations in the current account balance in Indonesia can be seen in equation 10. This equation shows that fluctuations in the current account balance in the long term lead to equilibrium back. Although there is an imbalance in the short term fluctuations in the current account, but in the long-term fluctuations in the current account will lead to equilibrium. This is shown by the results of the changes lag cointegration test error term fluctuations in the current account balance which significantly influence changes in error term fluctuations in the current account ($0.0017 < 0.05$). Therefore, the Indonesian government needs to be taken in order to maintain and oversee the balance fluctuations in the current account balance is in both the short term and in the long term, because the sustainability of the current account fluctuations in foreign exchange reserves will deplete Indonesia.

$$\begin{aligned}
 CA_t = & 0.768823 - 0.437997 Y_{Inat} + 0.765403 Y_{USAt} + 0.176745 Y_{Japan} \\
 & (0.0000) \quad (0.0121) \quad (0.1129) \quad (0.5859) \\
 & + 0.284397 Y_{Chinat} + 0.130740 E_t + 0.239431 \mu CA_{t-1} \dots\dots (10) \\
 & (0.1414) \quad (0.3378) \quad (0.0073)
 \end{aligned}$$

V. Conclusion

The study concluded that the results of the OLS estimates showed a significant difference between the Indonesian economy, the US economy, Japan's economy, China's

economy and the exchange rate against fluctuations in the current account in Indonesia. While based on the estimation of the ECM showed there is an imbalance in the short term or short-term relationship between changes in the economy United States, Japan and China as well as changes in the exchange rate fluctuations to changes in the current account. While the change in the Indonesian economy in the short term does not cause fluctuations in the current account. Additionally, based on the estimated cointegration has imbalances although short-term fluctuations in the current account, but in the long-term fluctuations in the current account will lead to equilibrium.

Based on the above conclusions, the suggestions that can be raised is the need to foster harmonious working relationship Indonesia with trading partner countries, the need for trade policy strategy, especially in diversifying their main trading partner for exports. In addition, work on the domestic market more optimally can be an alternative when the international market slows down. A stable exchange rate give 'clarity' for exporters in the calculation of costs and sales. This condition must be able to push the passion exporters to continue to increase exports.

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THE IMPACT OF DOMESTIC DIRECT INVESTMENT AND FOREIGN DIRECT INVESTMENT ON GDP – AN EMPIRICAL STUDY OF INDONESIA

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Abstract

The objective of this study is to determine the impact of domestic direct investment (DDI) and foreign direct investment (FDI) on the gross domestic product (GDP) of Indonesia. The annual secondary data were collected from The Statistics Indonesia. Data were analyzed statistically using linear regression method. The results of analysis on each variable using simple regression analysis method indicated that DDI has positive significant impact on GDP, so does the impact of FDI on GDP. The result of analysis of both variables using multiple regression analysis method indicated that both variables, DDI and FDI have positive impact on GDP, however the DDI has significant impact while the FDI has no significant impact.

Key words: *domestic direct investment (DDI), foreign direct investment (FDI), gross domestic product (GDP).*

I. Introduction

DDI and FDI become one of the finance source for country development. These kinds of financing are important for the economic growth and are able to provide a considerable contribution to country development. FDI is the capital flow in which a firm in one country creates or expands a subsidiary in another. In FDI, a firm largely owned by foreign residents acquires or expands a subsidiary firm or factor located domestically (Krugman, 2009). FDI ownership takes place by transferring abroad financial, other tangible or intangible assets (Daniels, 2011). As one component of capital flow, FDI is regarded as relatively stable capital flow compare to other capital flow, such as portfolio investment and foreign debt.

Various policies have been done by Indonesian government to attract domestic investors and foreign investors. The annual amount of DDI and FDI in Indonesia tends to increase. In Indonesia the amount of FDI is bigger than DDI in recent years. This study would like to analyze whether DDI and FDI have positive and significant impacts on GDP.

II. Theory Development and Hypotheses Formulation

DDI and FDI theoretically have positive and significant impact on economic growth, however the empirical findings are different in some countries. Almfraji (2014) makes some review of previous findings and indicates that FDI and economic growth is significantly positive, but in some cases it is negative or even null. Atuhaire, et.al (2016) examines the relationship between GDP and economic growth in Uganda, the study shows that there is a positive relationship between export and economic growth. The correlation is not statistically significant in a short run, however there is a long run equilibrium. The study presents the linear regression model with GDP as dependent variable and the independent variables are FDI, inflation rate, and export growth. FDI contributes to economic growth only when there is sufficient capability and available technology in the

host country and it has a positive correlation and statistically significant with total exports (Bouras and Raggad,2015).

Fontagne (1999) explains that in the short term FDI has a positive impact on the competitiveness of the investing country and worsen in the host country. This short-term impact because of the increasing of exports of intermediate and capital goods from the investing country. While in the long run there is likely to be an improvement in the host country's trade balance, since both FDI and the imported capital goods affect the trade balance that benefit the host country. At the micro level the substitution effects between FDI and investment are more probable at advanced stages of internationalization.

Wang (2016) analyzes the impact of DDI on economic growth in China. The findings indicate that DDI is relatively obvious promotion for economic growth in a short term and of certain negative effect on economic growth in a long term.

The positive impact of FDI have been studied by Kutan and Yigit (2009). They explain that FDI and exports improve productivity. They find that human capital is the most important source of labor productivity growth in European Union. Lipsey (2010) explains that FDI has increased economic growth, wages, export, and employment in the Indonesian economy. The global and regional competition for FDI has increase. Uwubanmwun (2016) finds that FDI has a significant positive effect on the economic growth and development of the Nigerian economy. Pannu (2014) finds that FDI in retail sector in India brings economic growth, prosperity, and create job opportunity.

Previous studies determined the factors influencing FDI. There are several factors influencing FDI and economic growth, such as level of human capital, the well-developed financial markets, the complementary between domestic and foreign investment, and the well developed markets (Almfraji, 2014). Awolusi (2016) analyzed the FDI determinants in many selected countries, they find that the FDI determinants are FDI inflow, trade openness, real GDP, market size, infrastructure, and monetary union. Gharaibeh (2015) uses multiple regression model for the estimation of FDI inflows. The model express that FDI inflows as a function of market size, exchange rate, trade openness export potential, economic stability, inflation rate, infrastructure, country welfare, labor force, public education, and population. Khandare (2016) analyzed the impact of exchange rate on FDI using correlation and regression analysis techniques. Polat (2015) finds that labor cost, electricity price, and host country's country risk indices have a strong influence on FDI. Polat (2016) finds that turnover indices and new investment incentives have a positive impact on FDI.

There is correlation between FDI and technology transfer. Borensztein (1998) mentions that FDI is more important than the domestic investment in case of technology transfer. However, it is only effective when the host country has a minimum stock of human capital. Cheng et.al (2005) develop a model based on Ricardian trade model for explaining the technology transfer via FDI. Scheneider (2004) examines the role of high technology trade, intellectual property rights, and FDI in determining an innovation rate and an economic growth of a country. The results suggest that the high technology imports are relevant in explaining innovations. In addition, the foreign technology has stronger impact on per capita GDP growth than domestic technology. The intellectual property rights affect the innovation rate. However, this impact is more significant for developed countries than developing countries.

There is correlation between the previous year FDI and the following year FDI. Kariuki (2015) studies that in African countries there is positive relationship between FDI flows received in the previous year and the current FDI.

Noy and Vu (2007) examines the impact of capital account policies on FDI inflows using an annual panel dataset of developing and developed countries. They find that capital

account openness is positively associated with the amount of FDI inflows. However, other country characteristics seem to determine FDI inflows instead of capital account policies. They conclude that liberalizing the capital account is not sufficient to generate increase in inflows unless it is accompanied by a lower level of corruption or a decrease in political risk.

Goldstein and Razin (2006) develop a model of FDI and foreign portfolio investments. There is an empirical finding that the share of FDI in total foreign equity flows is larger for developing countries than for developed countries. RMIT (2016) mentions that for developed countries, which have relatively more capital than labor, FDI offers an opportunity for investors to deploy capital where the rate of return higher and to reach new sources of ideas and innovations for research and development.

Sharmiladevi (2016) finds that in India the FDI remain small when measured as a proportion of GDP or total investment and plays a very small role in the development of the economy. This contrasts with the very important role of FDI on the economic development of other fast growing Asian economics, such as China, Singapore, Thailand, Indonesia, and Malaysia. While, the economic theories mention that FDI has a positive impact on the economy, as the output in an economy influences FDI flows.

Tran and Dinh (2014) examine the effects of FDI inflows in the developing and transition countries in Asia. The empirical findings suggest that current FDI inflows increase trade deficit, the real depreciation tends to worsen trade balance first then improve it. The higher domestic absorption and the larger productive capacity in the manufacturing sector improve the trade balance. Wacker (2016) finds that the sufficient level of human capital in the host economy is crucial. The effect of FDI on terms of trade is particularly positive in economies with above-median levels of education. For example, the education level in South Asia have lagged behind those in East Asia and other developing regions, which resulted in a world market integration strategy in South Asia that specialize in less skills- intensive products and generated associated FDI inflows.

Lipsey (2010) studied the FDI in Indonesia. FDI has increased economic growth, wages, export, and employment in the Indonesian economy. The economic environment that were sufficient for attracting FDI some years ago are not sufficient today. The determinants of FDI in East Asia are good institutions, a skilled workforce, and openness to trade. Indonesia has shown improvement in recent years. If the improvement is continued and intensified, it will make Indonesia more attractive for multinational firms. Indonesian institutions need to be improved further. One main problem in Indonesia is corruption. Poor institutions and corruption increase the costs of production. Multinational firms that can choose between different locations will prefer to invests in other country unless Indonesia addressed this issue. Mac-Dermott (2015) offers qualitative analysis of the impact of culture on international business. The analysis of source and destination country are important when deciding between trade or FDI. The long experience of FDI in Indonesia has proved that FDI make significant impact to economic development. This experience also proved that whether FDI is beneficial or harmful to the poor in the host country is depend on the context in which the investment takes place and in which sector the economic activity operates. Suyanto et. all. (2014) studies the impacts of FDI on firm level technical efficiency in Indonesian manufacturing firms. The high efficient domestic firms receive negative spillovers, while the low efficient firms gain positive spillovers. The larger is the gap efficient between the domestic and the foreign firms, the easier the former get benefits of spillover effects.

In this paper the impact of DDI and FDI on the GDP was analyzed. To analyze the impact, the following hypotheses are proposed: (a) The impact of DDI on GDP, H_{0a} = There is no effect of DDI on GDP, H_{1a} = There is an effect of DDI on GDP. (b) The impact of

FDI on GDP, H_{0b} = There is no effect of FDI on GDP, H_{1b} = There is an effect of FDI on GDP. (c) The impact of both DDI and FDI on GDP, H_{0c} = There is no effect of FDI and DDI on GDP, H_{0c} = There is an effect of FDI and DDI on GDP.

III. Methods

The annual data were collected from Statistical Yearbook Indonesia. The analysis uses SPSS 20 software.

IV. Results and Discussion

The number of project realization and the amount of annual DDI and FDI in Indonesia increased (Table 1 and Table 2). In year 2013 the number of DDI and FDI projects increased almost twice compare to year 2012.

The six biggest investing countries are presented on Table 4, they are ordered based on their investment amounts in 2014. The biggest investor country is Singapore. The amount of investment from Singapore is relatively stable every year and Singapore is the biggest foreign investor recent years. The second biggest investor is Japan, the amount of investment from Japan is fluctuating and in 2014 it was lower than 2013.

Table 1. Number of Project Realization in Indonesia (unit)

Year	Type of Investment	
	Domestic Direct Investment	Foreign Direct Investment
2010	875	3076
2011	1313	4342
2012	1210	4579
2013	2129	9612
2014	2392	12632

Source: BPS-Statistics Indonesia (2013, 2014, and 2015)

Table 2. Amount of Investment in Indonesia

Year	Type of Investment	
	Domestic Direct Investment (billion rupiah)	Foreign Direct Investment (million US\$)
2010	60626,3	16214,8
2011	76000,7	19474,5
2012	92182,0	24564,7
2013	128150,6	28617,5
2014	156126,3	28529,7

Source: BPS-Statistics Indonesia (2013, 2014, and 2015)

Table 3. GDP of Indonesia (billion rupiahs)

Year	GDP
2010	6446851,9
2011	7419187,1
2012	8229439,4
2013	9524736,5
2014	10542693,5

Source : BPS-Statistics Indonesia (2013, 2014, and 2015)

Table 4. The Amount of FDI Realization by Investor Country (million US\$)

No	Contry	Year				
		2010	2011	2012	2013	2014
1	Singapore	5565,0	5123,0	4856,4	4670,8	5832,1
2	Japan	712,6	1516,1	2456,9	4712,9	2705,1
3	Netherlands	608,3	1354,4	966,5	927,8	1726,3
4	United Kingdom	276,2	419,0	934,4	1075,8	1587,9
5	USA	930,9	1487,8	1238,3	2435,8	1299,5
6	South Korea	328,5	1218,7	1949,7	2205,5	1126,6
7	Others					
	Total	16214,8	19474,5	24564,7	28617,5	28529,7

Source: BPS-Statistics Indonesia (2013, 2014, and 2015)

The impact of DDI on GDP analyzed by linear regression methods. The results indicated that DDI has significant positive effect on GDP (Table 5). $GDP = 4168941,979 + 41,549 DDI \dots (1)$ DDI and GDP in billion rupiahs.

Table 5. Regression Result the Impact of DDI on GDP

Independent Variable	Coefficient	Value-t	Significant Level
Constant	4168941,979	14,233	0,001
DDI	41,549	15,376	0,001

Dependent Variable: GDP

R^2 : 0,987

F value: 236,413 significant level 0,001

Analysis on 95% significant level

The impact of FDI on GDP was analyzed by linear regression methods. The results indicated that FDI has significant positive effect on GDP (Table 6). $GDP = 1780927,689 + 283,287 FDI \dots (2)$. FDI in million US \$ and GDP in billion rupiahs.

Table 6. Regression Result the Impact of FDI on GDP

Independent Variable	Coefficient	Value-t	Significant Level
Constant	1780927,689	1,518	0,226
FDI	283,287	5,794	0,01

Dependent Variable: GDP

R^2 : 0,918

F value: 33,567 significant level 0,01

Analysis on 95% significant level

The impact of both DDI and FDI on GDP was analyzed by linear regression method. The result indicated that both DDI and FDI have positive effect on GDP. However, the effect of DDI is significant but the effect of FDI is not significant (Table 7)., $GDP = 3428325,077 + 31,792 DDI + 74,185 FDI \dots (3)$. FDI in million US dollars and GDP in billion rupiahs

Considering the impact of DDI and FDI on GDP, Indonesia should invite more domestic and foreign investors. The economic stability, government institutions, and openness to trade are some factors that should be maintained.

Table 7. Regression Result the Impact of DDI and FDI on GDP

Independent Variable	Coefficient	Value-t	Significant Level
Constant	3428325,077	8,270	0,014
DDI	31,792	6,216	0,025
FDI	74,185	2,051	0,177

Dependent Variable: GDP

R^2 : 0,996

F value: 246,686 significant level 0,004

Analysis on 95% significant level

V. Conclusion

The analysis of DDI and FDI on Indonesian GDP indicated that the impact of DDI on GDP respectively is positive and significant, the impact of FDI on GDP respectively is also positive and significant. The analysis of both DDI and FDI on GDP is positive, however the DDI is significant and the FDI is not significant.

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THE SHIFTING ETHICS PARADIGM OF THE ECONOMY FACULTY STUDENTS OF PADANG STATE UNIVERSITY

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Abstract

The research was a descriptive research using Survey method that described the perception and the expectation of the lecturers and the faculty members toward students' ethics. The populations were 84 lectures and 48 faculty members. In the research, the data were analyzed using Cartesius diagram. The research findings showed that the lectures and faculty members' perception and expectation of students' ethics were in a good criterion. It indicated that all academicians at the Economy faculty expected that the students had good ethics.

Keyword : *paradigma, shifting, values, ethics.*

I. Introduction

Education is an alternative to anticipate challenges that students have to face in the future. Other future immediate challenge which is urgent is one relates to the shifting of the social value. The changing is an impact of various different cultures that occur in a society. The impact is likely to create moral crisis.

The moral and spiritual crisis lead people to be pragmatics and opportunistic. Financial benefits have become the ultimate goal where the moral and social values such as; affection, loyal, truth, justice, honest, respect, and self-control are paid less attention. Therefore, it is necessary to consider an effort to anticipate the cultures which do not suit the local cultures. One of the possible way is through moral education to build leading generations that are mature, independent, kind, as how the local cultures state.

The Economy Faculty of Universitas Negeri Padang is a higher education institution that gives more attention to this problem of ethics. In its regulation, the Economy Faculty formulates rules related to ethics, named *Panca Etika* of the Economy Faculty, the regulations are: 1) maintain the moral values, ethics in campus 2) respect between every academicians, 3) save institution face, 4) follow all rules in the faculty, 5) follow the orders, be safe, and take care of the environment. Keraf (1998:15) explains that ethics is a critical and rationale reflection about values, norms related to how humans have to live their life, how they react to the problems, and how they base their aspects of life to the acceptable norms and

In recent years, there are a lot of complaints about how most university students behave in campus. The behavior includes politeness, manners, ethics in communicating around the campus, and how the students dress up. How the students dress up, apparently, is said to be less ethics. Many of them break the norms. Many of them wear tight jeans, even when they are in the class, during the learning process. Another problem relates to the way the students communicate with the lectures. Many of the students are also found to be ignorant when they pass the lectures. The reason is the lectures do not teach in their class.

The development of technology, nowadays, contributes to the moral problems made by the university students. In using the gadgets, for instance, many students use their cellular phones to make phone calls or to text their lecturers, but they do not use proper manners. This phenomenon can be problem for Universitas Negeri Padang.

The *Panca Etika* that launched by the Economy Faculty is one way to remind the students to follow the regulation. Moreover, the faculty also has one billboard showing all regulations that students have to obey. In addition, in every floor of the faculty building, the wall is also written with norms and ethics. Many banners are put to attract students' attention.

However, the effort is likely to be useless. Many students are being ignorant that they do not care about what are written in the billboards, banners, and on the walls. Many students still dress up inappropriately, while in fact, the regulation has clearly stated what they can wear what cannot.

According to Madjid in Ludigo and Machfoedz (1999), ethics (ethos) is equal to moral (mos), where both are the philosophy of habits (sitten). Site in Germany means mode, or human's behavior. Thus, generally, ethics or morals are philosophy of human's acts and behaviors. Ward dkk in Ludigo and Machfoedz (1999) states that ethics is not about being right or wrong, it is more about a complex process to decide what a person has to do in a certain situation. The process includes considering all aspects of individual's life and experience.

Many experts have conducted specific studies about ethics. A finding by Lau, et al (2012) shows that ethics education influences students' acts and behavior. The students believe that they will behave as what their campus believe to be true and right. Another finding shows that technology also influences the students' ethics. The study was conducted Tirri, Kirsi (2006), the finding showed that students who studied religion have better ethics. Moreover, they also found that students with special education needs have better ethics. Seen from the aspects of sex, female students have better ethics than male students. This finding is in line with one done by Hastuti (2007) that male students of Economic Faculty of University "X" tent to be less ethic compared to the female students.

The previous research have revealed that there are many ethics problems in education. Education institutions play an important role in developing someone's character. It is important to realize that technology also influences how people behave. Therefore, it is necessary to have ethics education for students.

II. Research Methods

This research was a descriptive research using survey method in order to obtain lectures and staff' perception related to students' decadency ethics in Economic Faculty of UNP. The populations were 84 lectures and 48 faculty members. The sampling technique used is total sampling since the population are less than 100. The data were collected by using questionnaires, likert scale 5. The indicators used are: maintain the norms, ethics, and politeness, 2) obey all regulation stated in the Economic Faculty of UNP, 3) keeping the orders, security. Based on the result of instrument test, the instruments were found to be valid and reliable.

The data in the research were analyzed using descriptive analysis and Cartesiudigram. The descriptive analyses were used to analyze the perception and expectations of the lectures and the faculty members toward students' moral. Then, in order to interpret the answers from the respondents, the data were analyzed by using TCR. After that, the diagram was used to analyze the gap between the perception and the expectations of the lecturers and the faculty members.

III. Research Methods

Findings

The Lecturers' Perception toward Economic Faculty Students' Ethics

Based on the data, it was found that according to lecturers of the faculty, in terms of students' ethics, the students were considered to be good, the mean score was 3.41 and TCR was 68.24. This condition can be explained through the indicators maintaining the norms, ethics, and politeness. Generally, the mean score was 3.31 and the TCR was 66.11, the criterion was good. It shows that according to the lecturers, the students still need to pay attention more to the values, norms, ethics and politeness during their daily life in campus.

The other indicator is obey all regulations stated in the faculty. Based on the data, it was found the students often played their phones during the lectures. Generally, the mean score was 3.50 and the TCR was 70.04, the criterion was good. According to the lectures, the students need to obey all rules. The last indicator was keeping the orders, security. Based on the data, many students preferred to sit along the stairs of the faculty. The mean score was good, the TCR was 68.57. It showed that according to the lecturers, the students need to care more of their environment.

The Lecturers' Expectation of Economy Faculty Students' Ethics

Based on the data, it was found that lecturers' expectation was in a good category, the mean score was 4.82 and TCR 96.35. From the indicator of norms, ethics and politeness, the lecturers expected that the students could sign for an appointment before they wanted to see their lecturers at their house. Moreover, the lecturers expected the female students not to wear shirts which were seen-through. Generally, the mean score for this indicator was 4.89 and the TCR was 97.78, the criterion was very food. This data indicated that the lecturers expected the students to maintain norms, ethics, and politeness.

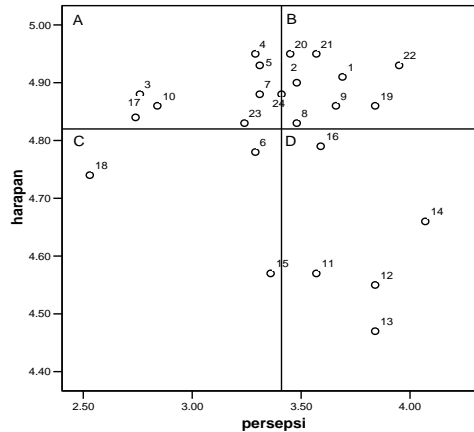
The next indicator, obeying all regulations at the faculty, the data showed that the lecturers expected male students not to wear loose jeans around the campus. The students were expected to walk in the right path, and not to smoke around the campus. Generally, the mean score was 4.69 and the TCR was 93.72, the criterion was very good. It indicated that the lecturers expected all students to obey all rules and regulations at the Economy Faculty of UNP. The last indicator, maintaining the orders, security and cleanliness, the lecturers expected the students to put the rubbish into the rubbish can, not to write anything on the faculty walls, chairs and tables. This indicator was in the very good category, the TCR was 97.54. This data showed that the lecturers of Economy Faculty expected the students to maintain orders, security and cleanliness.

The Cartesius Diagram of Lecturers' Perception and Expectation of Economy Faculty Students' Ethics

Based on the data analysis and the previous explanation, it was found that the lecturers' expectation of students' ethics was higher than their perception. In general, the expectation score was 4.82, while the perception was 3.41. From the data, the scores were put into Cartesius diagram.

From the picture 1, the items are spread in quadrant A,B,C and D. This can be interpreted as follows: 1) Quadrant A, this is the main priority because the expectation was higher, while the perception was lower. Based on the data collection, the items of the lecturers' perceptions and expectation are 3,4,5,7,10,17, and 23. 2) Quadrant B; an area that should be maintained since both expectation and perception are higher. This actually indicates that students' ethics meet the expectation of the lecturers. The items belonged to this quadrant are: 1.2.8.9.19.20,21 and 22.3) Quadrant C, it is an area which is called as the

low priority area. The items explain that the matters are not concerned. The items belonged to this quadrant are 6,15 and 18. 4) Quadrant D, it is categorized as exaggerated area because the expectation is lower while the perception is higher. Based on the data obtained, the items of lecturers' perception and expectation of the students' ethics are 11,12,13,14, and 16. While 24 is between quadrant B and D.



Picture 1. The Cartesius Diagram of Lecturers' Perception and Expectation of Economy Faculty Students' Ethics

The Faculty Members' Perception of The Economy Faculty Students' Ethics

Based on the data analysis, it was found that according to the Economy Faculty members, the students' ethics is in the category good, the mean score was 3.26 and TCR was only 65.17. This condition was explained in the indicator related to students' norms, ethics and politeness. Many female students were found to wear short dresses around the faculty. According to the faculty members, many female students wore seen-through dresses. In general, the TCR score was only 67.37, the criterion was good. This data showed that the faculty members believed that the students still needed to pay more attention to the values, norms, ethics, and politeness when they were around the campus.

Then, the indicator of obeying all regulations in the faculty showed that many students wore loose jeans around campus. Some students did follow the rule of walking on the path. Shortly, the score of TCS was only 64.46 and the criterion was good. This data indicated that the students still had to concern and obey all regulations at the faculty.

The last indicator, about maintain order, security and cleanliness around campus, the data showed that many students did not turn the lamp, air conditioner, and LCD when they were no longer used. In addition, according to the faculty members, the students already walked in the right path, as what had been ruled. The TCR score was only 63.69, the criterion was good. This data showed that according to the faculty members the Economy faculty students did not yet maintain the orders, security and cleanliness around the campus as how they were expected to.

The Expectation of the Economy Faculty Members of the Students' Ethics

Based on the data analysis it was found that the faculty members' expectation of students' ethics was in a very good category. The mean score was 4.46 and the TCR was 89.18. This condition was explained through indicator of maintaining the values, norms, ethics, and politeness around the campus. The faculty members expected that the students used appropriate greetings and words when the students wanted to text any faculty members. Furthermore, the faculty members expected the female students not to wear seen-through dresses around the campus. In general, the TCR score was 88.96, the

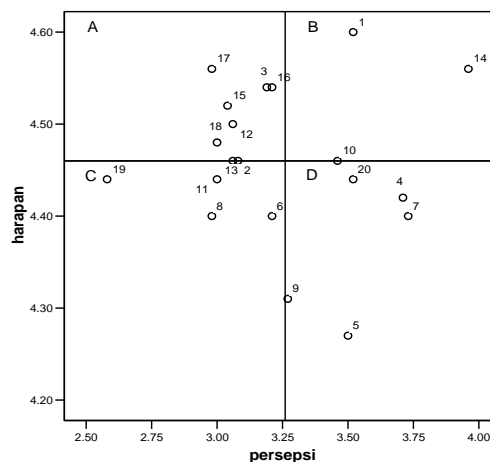
criterion was very good. This data showed that the Economy faculty members expected the students to maintain values, norms, ethics, and politeness around the campus.

Then, the indicator of obeying all regulations at the faculty showed that the faculty members had high expectation for the students not to use the restroom at the second floor because it was meant for the lecturers and the staff only. Moreover, the faculty members had high expectation that the students did not wear sandals or slippers when they were around the campus. In general, the mean score was 4.42 and the TCR was 88.45, the criterion was very good. This showed that the Economy faculty members had high expectation that the students could obey all regulations at the Economy faculty of UNP.

The last indicator, it was to maintain order, security and cleanliness around the campus showed the expectation of the faculty members. They expected that the students could turn the lamp, air conditioner, and LCD when they were not used, and the students were expected to park in the students' parking lot. The faculty members expected the students to climb up the stairs on the right path, not to hang or stick anything on the walls. The mean score was in the very good category. This showed that the faculty members of Economy faculty expected the students to maintain order, security and cleanliness around campus.

The Cartesius Diagram of the Economy Faculty Members' Perception and Expectation of Economy Faculty Students' Ethics

Based on the data analysis, it was found that the faculty members' expectation of the students' ethics was higher than their perception. In general, the mean score of the expectation was 4.46 and the perception was 3.26. The data were then put into the following diagram.



Picture 2. The Cartesius Diagram of the Economy Faculty Members' Perception and Expectation of Economy Faculty Students' Ethics

Based on the picture 2 from the cartesius diagram above, it was found that the items of perception and expectation of the faculty members of the students' ethics were on quadrant A,B,C and D. The diagram then was interpreted as follows: 1) Quadrant A. The position was the main area which had to be taken care since the expectation was higher while the perception was lower. Based on the data obtained, the items of the perception and expectation were 3,12,15,16,17, and 18.2) Quadrant B. The position was the area which had to be maintained because the expectation was higher and the perception was also higher. It indicated that the students' ethics had meet the expectation of the faculty members. The items belonged to the quadrant were 1 and 14. 3) Quadrant C, was an area called as low priority area. The items in this quadrant were not concerned since the priority was low. The items belonged to the quadrant were 6,8,11 and 19. 4) Quadrant D, it was

categorized as exaggerated area because the expectation was lower while the perception was higher. Based on the data, the items belonged to the quadrant were 4,5,7,9 and 20. While item 2 and 13 were in quadrant A and C, and item 10 was in quadrant B and D.

IV. Result and Discussion

The findings showed that the perception of the lectures and the faculty members were in a good criterion. However, statement no. 17 is necessary to be concerned. It relates to the fact that according to the lecturers many female students wear tight trousers when they are around campus. Then, on the second indicator, the lecturers also see that many students smoke around campus. Mostly, the male students smoke while sitting on the stairs on the left and the right side of the faculty building.

Many cigarettes were found around the stairs. In addition, many students kept using their mobile phones when they were in the class. Obviously, this activity distracted their attention during the class. On the third indicator, the lecturers also told that many students liked sitting on the chairs,

The data related to the faculty members' perceptions of students' ethics revealed that many students smoked around campus. The faculty members also told that many male students wore loose jeans. The jeans were worn on their hips. It made the students looked untidy. Furthermore, the faculty members saw that many students put dirt on the walls, sometimes the dirt was created by sticking their shoes on the wall. Perhaps, the students did it with no intention. They did not realize when they stood and reclined to the wall by sticking one of their shoe' soles to the wall. However, it did create dirt on the faculty wall.

Moreover, according to the faculty members, the students preferred being in the class while there were no lectures. Many students did not turn the lamp, air conditioner and LCD off when the lectures had finished. It might happen because the students had no remote control form the air conditioner and LCD. Then, the students might think that they did not need to turn them off since they were about to be used by the other classes. The lecturers could turn off the LCD but for the electricity used for LCD, the students never plugged the cable out.

Then, seen from the expectation of the lectures, the faculty members about the students' ethics, the results were in a very good criterion. It indicated that both lecturers and the faculty members expected the students to have good ethics. Actually, the expectation made by the lecturers was higher than one by the faculty members. It is due to the fact that the lecturers are their parents at campus. They expected their children to be good, polite children who obey the rules. Moreover, lecturers are persons who hold an important role in improving students' knowledge, skill and in shaping their character.

Ethics is a critical and rationale reflection about values, norms that regulate how people should live their life, it is about human problems that based on accepted norms and morals in society (Keraf 1998:15). Based on the research findings, it is seen that according to the lecturers and the faculty members, it is necessary to give serious attention to the students' ethics at campus. In order to be success, people are required to have both intellectual and good attitude.

In doing interaction with the lecturers or any faculty members at the Economy faculty, there are rules and regulation. The rules and regulations are made so that people have base of their behavior. It is in line with the statement given by Munawir in Najmudin (2011) that say ethics is a moral principle and acts that people use to base their attitude. Therefore, what a person does is accordingly to what the society believes to be true.

Then, based on the analysis of the Cartesius diagram, it was also known that on quadrant A, there were 7 items of the lecturers' perception of students ethics which have to be concerned. It is because on quadrant A, the perception was lower while the expectation

was higher. The statement is about students walked in the right path when they climbed stairs, or about students who smoked around the faculty, wrote something on the faculty's walls, tables, and chairs and wore t-shirts. The female students wore tight trousers and chose the appropriate time when they meant to meet their research advisors.

Then, based on the analysis of the Cartesius diagram, it was found that the perception and the expectation items made by the faculty members were in quadrant A. The items consisted of 6 items, and it is necessary to concern these items. The item is about the students put the rubbish in to the rubbish can, wear sandals when they are in the faculty. The female students did not wear short dress and tight trousers. The students used appropriate greetings and words when they send a message to their lecturers.

Due to the ethics shifting done by the students, it is necessary to find a solution. Beside having billboards, or announcement reminding the regulations, the other solution is to provide one particular subject that filled with the topics of values and norms in the curriculum. It is true that the students already have Religion and Pancasila subjects, but another subject is needed to anticipate the problem. Actually, in the curriculum, for economics Education program, the students are assisted with character building subjects. This subject consists of topics related knowledge, attitude, and skills that the students need to have in order to be intellectual persons. However, this subject is only required to students of Office and Administration program. Actually, the subject is full with topics of norms, ethics and ways of communication, behaving that the students can take as a base for their daily activity. If this subject is required for all students, then the content and the approach can be adjusted with the needs. By requiring the subjects, there will be positive influence to the students' ethics. It is in line with the research findings done by Lau, et al (2012). They reveal that ethics education influences students' ethics and attitude. The students believe that they behave as what ethics that their campus believes to be right.

Another possible solution is by implementing the methods in education children. According to Abdullah Nashih Ulwan (1981:2), the method which can be used so that a child can have good moral is by: 1) giving example, 2) habitual, 3) advices, 4) giving attention, and 5) giving punishment.

V. Conclusion

Based on the research findings and discussion, the possible conclusions made are: 1) the lecturers' and the faculty members' perception of the economy faculty students' ethics was in a good criterion while their expectation was very good.

This data indicate that all academicians at the Economy faculty expected the students to have good ethics. 3) according to the lecturers, the ethics that students need to prioritize is in the statement: walk in the right path when they go up and down the stairs, and then put the rubbish in to the rubbish can, smoke around campus, write anything on the walls, tables, and chairs that belong to the faculty, wear tight trousers for female, and choose the appropriate time when the students mean to meet their advisors, and 4) according to the faculty members, the ethics that the students need to put on priority is: to put the rubbish into the rubbish can, wear sandals around campus, the female students do not wear short shirts or tight trousers. The students use appropriate greetings and words when they text their lecturers.

Based on the findings, the suggestions are: 1) it is necessary to socialize the regulations approved by the faculty; the *Panca Etika*, regulations stated on the billboards, banners to all academicians at the Economy facult. 2) to put punishment when the regulations are not followed, 3) it is important to consider including the subject of Character Development to the curriculum which then adjusted to the needs. The subject covers topics about values, norms, ethics, politeness and ways to interact around campus,

4) it is important to implement and give examples, to encourage good habits, to give advices and attention and punishment to the students.

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IMPACT OF AGGRESSIVE WORKING CAPITAL POLICY ON FIRMS' PROFITABILITY: A CASE OF MANUFACTURING COMPANIES LISTED INDONESIA STOCK EXCHANGE

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Abstract

The working capital management plays an important role for success or failure of firm in business. This study aimed to examine the effect of aggressive working capital policies within the company. By focusing the company's policy on the policy of aggressive working capital financing is measured by the variable Aggressive Financing Policy, Leverage and Size, the company's profitability as measured by return on assets and net operating income profitability. Using 102 data from manufacturing companies in Indonesia Stock Exchange during the period 2009-2014 with a certain pre-determined criteria. For regard this research adopted ordinary least square regression method for research approach to test a research hypothesis. The result of study showed that there is significant positive relationship between aggressive financing policy on return on assets, and relation between financing policy on net operating profitability positive but no significant. This indicates that the more aggressive company in the finding it will greater benefit.

Keywords: *Aggressive working capital Policy, leverage, size, Return on Assets, Net Operating Profit*

I. Introduction

The working capital management is important to be considered by all companies because the company should to manage their current assets and current liabilities properly. Working capital management will be affecting the liquidity and profitability, but there is always has a trade-off between liquidity and profitability. According to (Sawir, 2005) targets to be achieved from working capital management to maximize value, minimize the cost of capital, and supervision of the flow of funds in current assets. Therefore, management should really know how the company's condition and what targets to be achieved by the company, so that the management do not make mistakes in managing of working capital and the company is not in a situation that is not favorable.

Working capital is the capital that used by company as a funding their daily operations. Working capital can be obtained from various sources in accordance with the company policy. The Working capital financing policy is a strategy that used by companies to fulfill working capital needs with various alternative of sources of funds short term or long term. According to : (Riyanto, 2008) the working capital financing is constituted of debt financing used by companies with indicate the amount of short-term debt toward all loans which are company owned to increase profitability.

There are three types of working capital financing policy. firstly, aggressive policies of the working capital financing, where is the working capital is fulfilled with all of short-term debt. furthermore, moderate policies, where is the working capital fulfilled to 50% with short-term debt and 50% with long-term debt. and the lastly, conservative

policies, where is the all of the working capital will be fulfilled with long-term debt. (Weston & Copeland, 2008).

The management is faced with a difficult decision, which in the same time, the management must determine policies and decisions on the conduct of funding the working capital. Considerations managers in making financial decisions depend on the attitude or preference of management to profit (return) and risk (risk). Working capital fulfilled with short-term loans has a low level of liquidity, so, the risk of failure to fulfill the responsibility on due date is high. From the third of working capital financing policy, this research will focus on aggressive funding that gives the maximum profit and high risk. According to (Brigham & Houston, 2010) manager aggressive are likely to use short-term debt to increase rate of profit.

Some other factors that affect the company's ability to generate profits that can be included in this study refers to research carried out by (Vahid, 2012) are firm size and debt ratio. Size company will be affecting the size of the investment or business development, so expected the company's profitability will be increase too. Furthermore, the debt ratio indicates the risk level of companies, if the risk of company more and more higher, the expected return from the company is higher too as a reward to take a high risk.

Recognizing that manufacturing companies that has a huge contributed for the state budget and the differences in the results of research on the funding policy of the working capital aggressive affecting the profitability in several countries, this study tries to examine the effect of working capital policy aggressively on profitability in manufacture companies listed in Indonesia Stock Exchange Period 2009-2014. The problem statement to be analyzed in this study is "does aggressive working capital policy affects profitability of manufacturing companies listed in Indonesia Stock Exchange". The main objectives for these study are: (1) To draw conclusion about relationship of aggressive working capital management policy and profitability (Return on Assets) of Indonesian manufacturing companies. (2) To draw conclusion about relationship of aggressive working capital management policy and profitability (Net Operating Profitability) of Indonesian manufacturing companies

II. LITERATURE REVIEW

Working capital financing policies

Working capital financing policies are policies related to determining the type of source of funds, short or long duration, and how much each source of funds that will be used to fund working capital. The considerations in determining policy and the combination of short-term funding to finance long-term investments in current assets is the risk and cost of financing (Weston & Copeland, 2008), (Horne & Wachowicz, 2009) Short-term funding is funding with maturity less than one year, and Long-term funding is the funding with maturity exceeding one year.

Consideration discretion to determine the use of short-term funding or long term are: 1) the shorter the life of the debt means that the higher the risk of having to immediately pay interest and principal, and 2) financing in the form of interest charges. The total interest cost of funding is determined by the interest rate and term funding. The higher the interest rate and the longer the life of the debt means higher funding costs.

To finance investments in current assets, can be a source of short-term funding and long term. There are differences in the characteristics of short-term funding sources and long-term. As for the characteristics of short-term funding are: 1) short-term funding has a lifespan is relatively short so as to have a high risk of having to immediately pay interest and principal, and 2) short-term funding normally ask the maturity of funding in the short term, so the total cost of funding relatively lower. While the characteristics of long-term

funding are: 1) funding has aged relatively long so as to have a lower risk for principal repayments made within a period of relatively long, and 2) long-term funding sometimes ask interest rates relatively high and certainly in the run a long time, so the total cost of funding is relatively higher.

By paying attention to these characteristics, reflecting the trade-off between risk and financing costs in determining the combination of short-term funding and long-term, namely: 1) if the use of short-term funding resulted in a high risk but low funding costs, and 2) if the use-term funding long lead to low risk but high funding costs. In connection with the use of short-term financing or Long term, there are three types of funding policy, namely: 1) hedging funding policy, 2) conservative policy, and a policy of aggressive funding. (Weston & Copeland, 2008) ; (Riyanto, 2008); (Brealey & Myers, 2003)) ; and (Horne & Wachowicz, 2009).

Aggressive Financing Policies

Aggressive financing policy is a method of funding, with funding that have a lifespan of funding is relatively shorter than the life of the investment to reduce the cost of funding (Horne & Wachowicz, 2009) policy funding (financing) aggressive use of higher current liabilities and long term liabilities as well as lower capital, where the aggressive financing policy that can improve profitability. Aggressive Financing Policy shown by a comparison between the total current liabilities with total assets greater than 50 percent. Formulations for calculating Aggressive Financing Policy of a company are as follows:

$$\text{Aggressive Financing Policy} = \frac{\text{Total current liabilities}}{\text{Total Asset}}$$

Profitability

Profitability is the company's ability to generate earnings in certain periods, either in the form of operating profit and net income. Profit often be one measure of corporate performance. Wherein when the company has a high profit means better performance and vice versa. Profitability is a tool used to analyze the performance of management, profitability will describe the position of corporate profits. The investors in the capital market very concerned about the company's ability to generate and increase profits, it is an attraction for investors in buying and selling shares, therefore the management should be able to meet the targets that have been set. The company's profitability will be measured by using a variable return On Assets and Net operating Income. Return On Assets is the ratio between Earning After taxes by total assets, while net operating Profitability (NOP) is a comparison between before Earning interest and taxes to total assets.

Research Accomplished

Several studies have been conducted to test the aggressive working capital management policy to profitability. (Afza & Nazir, 2007) examined the relationship policy of aggressive / conservative in working capital for the 17 industry groups on the Karachi Stock Exchange the period 1998-2003 and found that there is a significant correlation between the negative and the level of profitability and the degree of aggressiveness of working capital management. A description of some previous research can be seen in the following table 1.

Table 1. Previous Research

(Amiri, 2014)	Aggressive Investment, Financing Policy of working capital with profitability	93 firms Tehran's stock market 2005-2009	Regression	no relationship between(AFB) and (AIP). - no significant relationship between AIP with ROA and ROE - no significant relationship between AFP with ROA and no significant relationship AFP with ROE
(Wanguu, 2014)	The Effect Aggressive Working Capital Policy on Profitability of Non Financial Firms Listed at Nairobi Securities Exchange	38 non financial firms listed at Nairobi Securities Exchange	Regression	Significant positive between Aggressive Investment Policy and profitability, and AFP significant negative on profitability
(Mwangi, 2014)	Effects of Working Capital Management on Performance of Non-Financial Companies Listed In NSE, Kenya	Nairobi Securities Exchange hand books for the period 2006-2012	Regression	Conservative investing policy was found to affect performance positively and aggressive financing policy had a significant positive effect on performance
(J.N Kungu, 2014)	Influence of Aggressiveness and Conservativeness in Investing and Financing Policies on Performance of Industrial Firms in Kenya	Finance Officers of industrial firms in Kenya	Regression	working capital levels have a significant influence on the performance of industrial firms in Kenya
(Javid, 2014)	Impact of Working Capital Policy on Firm's Profitability : A Case of Pakistan Cemen Industry	20 cemen t companies listed in Karachi stock exchange 2006-2011	Ordinary least square regression	Significant negative relationship between working capital policies on profitability of the firms
(Vahid, 2012)	The impact of working capital management policy on Firm's profitability and Value: Evident from Iranian Companies	28 company listed on Tehran Stock Exchange for a period of 5 years from 2005 to 2009	Ordinary least square regression	Significant negative relationship between working capital policies on profitability of the firms
Afza & Nazir, 2007)	Is it Better to be Aggressive or Conservative in Managing Working Capital?	cement sector of Pakistan for the period 1988 -2008	Regression	Negative relationship between working capital policies and profitability

Conceptual Framework

The Influence Of An Aggressive Working Capital Policy To Profitability

Aggressive working capital policy using the level of debt as a source of funding is higher. Companies are more aggressive in terms of the management of current liabilities if they concentrate on the use of current liabilities even put them at risk of liquidity. It is based because the company will use short-term funding sources to meet the needs of companies that are seasonally variable and uncertain. This strategy risks, because it must maintain a low net working capital. However, the profit obtained in high quantities because the total cost is low (Riyanto, 2008). This will affect the profitability of companies due to the increasing number of existing debt in the company then the company will bear the debt

burden is too high. In some studies conducted leverage and size variables have a significant influence on the profitability of the company. So it can be concluded that the variable Aggressive Financing Policy affect the profitability of the company.

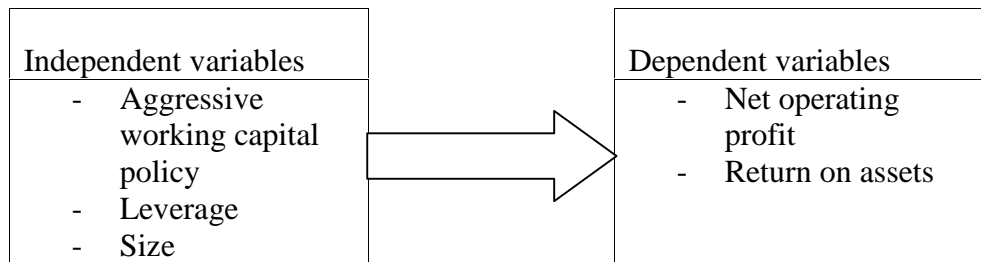


Figure 1: Conceptual framework

Hypothesis : (1) Policy aggressive working capital has a positive effect toward the Return on Assets. (2) Policy aggressive working capital has a positive effect on Net Operating Profitability.

III. Research Method

Research Design

This study uses a quantitative approach by collecting secondary data from each company in the Stock Exchange, where the data acquired will be collected and processed into the input to provide value for the study variables. By using existing statistical tools to process secondary data available, is expected to be used as a tool to seek the conclusion of the hypothesis formulated. The scope of this study is to prove the hypothesis formulated in this research is to see the impact of the aggressive policy of working capital on profitability. The company's profitability from the company's ability to get a net profit (Return on Assets) and operating profit (Net Operating Profitability).

Population and Sample, Sampling Techniques

The population of this research is all manufacturing companies with the period from 2009 to 2014. The sample period used purposive sampling with criteria or considerations that are used in the selection of the sample is as follows: (1) It is a company belonging to the manufacturing sector. (2) During the period of observation 2009-2014, active share traded on the Indonesia Stock Exchange. (3) Has the financial statements consisting of the balance sheet and profit and loss. (4) Is a company that has a policy of aggressive round of funding working capital, working capital financing policy with good debt versus total number asset of companies greater than 50 percent. Based on these criteria was obtained by 20 companies with a total of 102 samples of research data

Variables Description

This study used the aggressive working capital policy utilize higher current liabilities and less long term debt, and total current liabilities/total assets > 50%. The firms are more aggressive in terms of current liabilities management policy if they are concentration on the use of more current liabilities. Debt ratio and firm size will also used as variables control

Table 2. Measurement of variables and Abbreviation

Variable	Measure
Dependent Variable	
Net Operating Profitability (NOP)	Earning Before interest and Taxes/Total Assets
Return on Asset (ROA)	Net Earning After Taxes/Book Value of Assets
Independent Variable	
Aggressive Working Capital Policy (WCA)	Total Current Liabilities/Total Assets
Control Variables	
Financial Debt Ratio (DR)	Total Financial Debt/Total assets
Size of Firm (LOS)	Natural Logarithm of sales

IV. Result and Discussion

ROA, and NOP has been estimate for 102 data firm manufactures for the periode 2009-2014 and result are reported in Table 3:

Table 3 : Reggression Analysis of Performance Measures and Aggressive Working Capital Policy

Variable	ROA			NOP		
		t-statistic	prob		t-statistic	Prob
C	-0.098	-1.773	0.442	-0.306	-1.895	0.061
WCA	0.346	2.929	0.004	0.233	1.554	0.123
DR	-0.452	-4.205	0.000	-0.330	-2.413	0.018
LOS	0.018	2.439	0.017	0,034	0.343	0.000
R-squared	0.242			0.213		
Adjusted R-square	0.219			0.189		
F-statistic	10.435			8.848		
Prob (F-statistic)	0.000			0.000		
Durbin-Watson stat.	1.798			1.877		

Test results F Statistics Model 1

From the research data will show the number that can be used a basis for determining whether or not sudatu fit the model used in the study. Using a level of $\alpha = 5\%$, it can be concluded that the model first used in this study are already Fit. (Prob F-statistic = $0.000 < \alpha = 5\%$)

Test results F Statistics Model 2

From the research data for model 2 will show the number that can be used a basis for determining whether or not the model fir to used in the study. Using a level of $\alpha = 5\%$, it can be concluded that the two models used in this study are already Fit. (Probability F-statistic = $0.000 < \alpha = 5\%$)

T Test Results Statistics Model 1

From the results of regression that do, it can be seen that the numbers probability and t-statistic of each variable (aggressive working capital, leverage, and size,) will be used as a basis in determining whether the variables used can have a significant influence and what effect on the dependent variable that there is Return on Assets. From the results obtained, the equation is obtained:

$$Y_1, (ROA) = -0.098 + 0.0346WCA$$

Probabilities of values in each variable, it can be concluded that the three variables used are all significant in influencing ROA. From these results it can be stated that:

H1 supported, stating that the Aggressive Working Capital Policy has a significant influence toward ROA with a significant level below $\alpha = 5\%$ ($0.004 < 0.05$). This makes

the first hypothesis in this study supported and in accordance with the theory of saying that the company will have higher profits when using an aggressive approach because the cost of debt or the total cost is low.

Statistics T Test Results Model 2

From the results of regression that do, it can be seen that the numbers prob and t-statistic of each variable (aggressive financing policy, leverage, and size,) will be used as a basis in determining whether the variables used can have a significant influence and what effect on the dependent variable that exists is Net operating profitability (NOP). From the results obtained, the equation is obtained:

$$Y_2, (NOP) = -0,306 + 0.233WCA$$

Probabilities of values in each variable, it can be concluded that the three variables used the Aggressive Working Capital Policy did not significantly affect NOP, while variable leverage and size has a significant effect in influencing NOP. From these results it can be stated that H2 is not supported, stating that the WCA influence significantly the NOP with a significant level above $\alpha = 5\%$ ($0.123 > 0.05$). This makes the second hypothesis in this study are not accepted.

Discussion

In this study used two models to test each of the variables used to dependent variable. There are two hypotheses formulated in this study. The first hypothesis to conclude that the variable aggressive working capital measured by aggressive financing policy has a positive and significant effect toward ROA. This makes the first hypothesis in this study supported and in accordance with the theory of (Riyanto, 2008) which says that the company will have higher profits when using an aggressive approach because the cost of debt or the total cost is low. The results are consistent with research of (Mwangi, 2014) which states that the aggressive financing policy had a significant positive effect on performance, but not in accordance with the research (Amiri, 2014) who found no significant relationship between the Aggressive financing policy with Return On Assets.

The first control variables used in this study is variable Leverage. From the results obtained it was concluded that the variable leverage effect on Profitability companies. Actually Leverage variable is used to see how much a company uses debt to fund the company both in its operations or activities of the investment. And the results found by the results of the regression are variables Leverage significant. The debt ratio can be interpreted as companies earn their working capital by taking a policy of using debt provided by lenders that will impact on the profitability of the company. In this study the results obtained it can be concluded that the leverage ratio and significant negative effect on profitability (ROA) company. The second control variables used in this study is variable Size. From the results obtained it was concluded that the effect the variable Size on Profitability (ROA) company. Size variable is used to see if the size of the company measured by the large number of existing sales, have an influence for the company in profit. Because the greater sales of the company, the activities of these companies will be greater so as to make profit earned by the company is also getting bigger. And the regression results found that the variables Size and significant effect had a positive influence on profitability (ROA)

The second hypothesis concluded that the variable aggressive working capital measured by aggressive financing policy does not significantly influence profitability (NOP) of the company. This makes the second hypothesis in this study are not supported. This can occur because the operating profit does not include the cost of debt or a lower total cost when using an aggressive policy of working capital. The first control variables

used in this study is variable Leverage. From the results obtained it was concluded that the variable leverage effect on Profitability companies.

Actually Leverage variable is used to see how much a company uses debt to fund the company both in its operations or activities of the investment. And the results found by the results of the regression are variables Leverage significant. The debt ratio can be interpreted as companies earn their working capital by taking a policy of using debt provided by lenders that will impact on the profitability of the company (Riyanto, 2008). Variable of company size is used to see if the size of the company measured by the large number of existing sales, have an influence for the benefit of companies in operation and the results found by the results of this regression is the Size variable influence significantly and positively.

V. Conclusion

Based on the results of the analysis carried out in the previous chapter, then from this study can be summarized as following : (1) Variable of aggressive working capital policy has a significant influence and a positive effect on the profitability of the company which is denoted by using variable Return On Assets ROA). This is an indication that companies are using aggressive working capital financing policy will have a strong profit due to the cost burden of debt is also low. (2) Variable of aggressive working capital Policy does not has a significant impact and a positive effect on the profitability of the company which is denoted by using a variable net operating profitability (NOP). This is an indication that companies are using aggressive working capital financing policy does not have a significant effect on the ability to generate operating profits. This can occur because the operating profit does not include the interest factor. (3) Variable of Leverage has a significant influence and a negative impact on profitability (ROA and NOP) of the company. This is an indication that the company should be careful to use sources of funding derived from debt, because when the load the greater the cost of debt, the company will also pay greater interest to finance. (4) Variable of company size has a significant influence and a positive effect on profitability (ROA and NOP). This indicates that companies with a large number of sales will be able to generate huge profits.

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THE INFLUENCE OF ORGANIZATIONAL COMMITMENT, HUMAN RESOURCE COMPETENCE, COMMUNICATION AND ACCOUNTING INFORMATION SYSTEMS ON THE READINESS OF ACCRUAL BASED ACCOUNTING IMPLEMENTATION

(Empirical Study at the City Government of Surabaya)

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Abstract

Government Rule Number 71 of 2010 regarding Government Accounting Standards that reinforced by Ministry of Home Affairs Decree Number 63 of 2013, instructs that the application of accrual accounting in the province, district, and city government are mandatory. These conditions requires governments to implement accrual-basis no later than 2015. But in fact, City Government of Surabaya recently implementing accrual-basis governmental accounting standards in 2016. Implementation readiness of the new standards requires support by many factors, such as organizational commitment, human resources, communications, and accounting information systems. This study aimed to examine the influence of organizational commitment, human resource competence, communication, and accounting information systems on readiness of accrual based government accounting standard implementation. The data in this study were obtained through questionnaires. Data analysis technique used is multiple linear regression analysis with SPSS 20.0 version. The population in this study are all personnel who involved in the financial reporting. Using a sample of 128 personnel from 32 regional working units in City Government of Surabaya, this study finds that organizational commitment, human resource competence, and communication do not influence the readiness of accrual-based accounting implementation. On the contrary, accounting information systems showed significant and positive effect on the readiness of accrual-based accounting implementation in City Government of Surabaya.

Keywords: *organizational commitment, human resources competencies, communications, and accounting information systems.*

I. Introduction

In the late 1980s, accrual accounting has been widely adopted by many countries, especially in western countries such as New Zealand and Australia (Hyndman & Connolly, 2011). In the 1990s Canada and the United States also apply the accrual basis, followed by European countries such as the United Kingdom and Sweden (van der Hoek, 2005). Actually in Sweden itself has started the introduction of accrual accounting in the local government in 1986 and the central government in 1993 (Paulsson, 2006). Meanwhile, the government of the Republic of Indonesia also made changes on cash basis accounting system into an accrual basis since the enactment of Government Regulation No. 71 Year 2010 concerning the Government Accounting Standards. The changes are necessary because the cash-based accounting system is no longer considered satisfactory, especially shortcomings in presenting accurate financial condition and to provide useful information and adequate management to facilitate the planning process and performance (Cohen, et al., 2007).

Basically, the accrual based accounting differs from cash-based accounting. Accrual accounting is an accounting basis where economic transactions and other events are recognized, recorded and presented in the financial statements at the time of the

transaction, regardless of time of cash or cash equivalents received or paid (KSAP 2006). Diamond (2002) appointed four benefits of accrual accounting, those are improving the quality of resource use, enhancing accountability and transparency over the total cost of government activities, as well as with a more comprehensive view on the impact of government activities on the economy.

In the beginning, debates about the adoption of accrual accounting in the public sector have been widespread (Carlin, 2005). Then, the accrual accounting has been fully adopted by some countries such as Australia, Finland, Japan, Netherlands, New Zealand, Portugal, Sweden, Switzerland, United Kingdom, and the United States (OECD, 2002). Meanwhile several other countries adopt a modified accrual basis and adopt cash basis complimented by accrual data. Carlin (2005) also found to conceptualize accrual accounting as part of the chain of reforms to public financial management, it is very possible to extend debates regarding accrual accounting. The debate is not just about the nature of accounting but also the consequences of decision-making and resource allocation of the use of accrual accounting.

Research on the application of accrual accounting in other countries as performed by Ouda (2008) which concludes that the key success of accrual based accounting implementation in New Zealand because of some preconditions have been fulfilled such as the political and bureaucracy support from the government, the support from professionals and academics, good communication strategy, consultation and coordination among government entities, the consistency between accounting and budgeting, good skills in information technology, and international government financial support. Meanwhile, the study of Adhikari & Mellemvik (2011) note that Nepal fails to apply the accrual basis due to low competence of human resources and a lack of motivation from the government. Their successes and failures experienced by the countries that first apply accrual basis should be a reference to the Indonesian government in order to succeed in implementing accrual basis.

The application of accrual-based government accounting standard (SAP) in Indonesia implemented at the latest by 2015. However, until the end of 2015, many local governments are yet to implement it. Banyuwangi district as a local government in East Java, has implemented accrual based accounting in time (www.regional.kompas.com dated May 30, 2015). While some other districts/cities started implementing accrual based accounting in 2016, including the city government (municipal) of Surabaya. This reflects that the accounting change from cash basis into accrual basis in government requires considerable preparation in order to be successful.

Readiness implementation of accrual based accounting can be assessed from the organization commitment, human resources competence, communications and accounting information systems. That is based on some researches related to the application of the accrual based accounting. These studies showed inconsistent results. Adventana & Kurniawan (2013) and Putra & Ariyanto (2015) stated that the commitment of organization influences the implementation of accrual-based accounting (SAP). While Ardiansyah (2013) proved that organizational commitment does not affect the application of accrual-based government accounting standard (SAP). Ardiansyah (2013), Putra & Ariyanto (2015), and Sukadana & Neem (2015) found that the quality of human resources has positive effect on the readiness of the application accrual-based government accounting standard (SAP). However, Romilia (2011) proved that human resource does not affect the successful implementation of Government Regulation Number 24 (PP No.24) 2005 regarding Governmental Accounting Standard. One key success implementation of accrual based in New Zealand is a good communication strategy (Ouda, 2008), Another researchers, Putra & Ariyanto (2015) also get the result that communication affect the

application of accrual-based government accounting standard (SAP). Contrary to these results, Adventana & Kurniawan (2013) and Iznillah (2015) prove that the communication did not have a significant influence on the implementation of accrual-based government accounting standard (SAP). The role of the accounting system according to Tuasikal (2009) has not shown any significant meaning in supporting financial management. Widyastuti et al. (2015) and Febriani (2011), which indicates that a significant influence of accounting information systems on the adoption of accrual-based government accounting standard (SAP).

According to the above background, the aim of this study is to empirically examine whether organization commitment, human resource competence, communications, and Accounting Information Systems influence the readiness of accrual-based government accounting standard implementation in City Government of Surabaya.

II. Literature Review

Stewardship Theory

Stewardship theory proposed by Davis and Donaldson (1997) stated that the management (the stewards) are not motivated by the goal of the individual but rather focus on the interests of the organization/ community (principal). Stewardship theory is developed by Podrug (2011) who argued that there is convergence of the interests of managers and principal. That is, they have the same goal to a point that is to the benefit of the organization. If the interests of the organization is achieved then the interests of individuals is also fulfilled. In addition, principals-steward rely on each other and trust each other. Stewardship theory view government as an institution that can be trusted to act in the best possible way for the benefit of society. In accordance with stewardship theory, this research assume due to maintain community trust to local government (in this case the Surabaya City Government) will require the implementation of accrual-based government accounting standard. The accrual basis can improve government transparency and accountability so that the objectives of economic, public service and social welfare can be achieved optimally.

Podrug (2011) also stated that the interest between the stewards and the principal is not really the same, but the steward will continue to uphold the values of togetherness. Steward guided that there is a greater utility in cooperative action, for example by cost efficiency and improved quality/ performance. The implication in this study that all elements of City Government of Surabaya collectively and cooperatively to direct capability and quality to optimize organizational commitment, human resources competence, communications, and accounting information systems for enhancing the readiness in implementing accrual accounting.

Government Accounting Standard

According to Kieso et al. (2011: 51), accrual based accounting means that transactions that change a company's financial statements are recorded in the periods in the which the events occur. For example, using the accrual basis means that companies Recognize revenues when it is probable that future economic benefits will flow to the company and reliable measurement is possible (the revenue recognition principle). Accrual basis of accounting standards at first only applied to the profit-oriented organizations. The main reason government organizations are adopting in order to become more efficient organization (van der Hoek, 2005). In Indonesia, accrual based SAP for government assigned in Government Regulation Number 71 of 2010 regarding Government Accounting Standard.

In order to performance measurement, accrual-based information can provide information about the use of economic resources accurately. Therefore, accrual based

accounting is one of the means of support that required to enhance transparency and accountability of government (KSAP 2006).

Influence of Organizational Commitment on Readiness of Accrual-Based Implementation

Organizational commitment is defined as a psychological state that keep employees staying in an organization (Meyer & Allen, 1997). Thus, the commitment describing the condition of the relation of the personnel in involving himself or herself in the organization and have a willingness to stay in the organization.

In the adoption of the accrual basis of accounting, both central and local governments require a solid commitment to do so. The commitment is needed so that the positive impact of the application of the accrual basis of accounting can be achieved (Ball et al., 1999). Results of research conducted by Adventana & Kurniawan (2013) and Putra & Ariyanto (2015) shows that the commitment of the organization has an influence on the implementation of accrual-based SAP. Therefore, the hypothesis in this study can be formulated as follows: H1: Organizational Commitment influences Readiness of Accrual-Based government accounting standard implementation.

The influence of Human Resource Competence on Readiness Accrual -Based Implementation

Susilo (2002: 3) suggests that human resource is the main pillar simultaneously driving the organization in an effort to achieve the vision, mission and goals of the organization. Human resources in organizations that failed to understand the implementation process of accrual accounting, will have an impact on financial results that can lead to reporting not accordance with the standards set by the central government. Ardiansyah (2013), Putra and Ariyanto (2015) showed that the quality of human resource has significant effect on the readiness of the implementation of accrual-based SAP. Therefore the hypothesis can be formulated as follows: H2: Human Resource Competence influences Readiness of Accrual-Based government accounting standard implementation.

Influence Communication on Readiness of Accrual Based Implementation

Communication as the transfer process of understanding in the form of ideas, information from one person to another (Handoko, 2002: 30). Financial management at local government requires good and smooth communication to uniforming perception in developing, formulating and implementing the work plan to be achieved. Good communication is expected to make personnel in governmental organizations aware of their task to support the successful of accrual-based SAP implementation. Putra & Ariyanto (2015) and Ouda (2008) indicates that the communication affect the readiness of accrual-based SAP application. Therefore the hypothesis can be formulated as follows: H3: Communication influence Readiness of Accrual-Based government accounting standard implementation.

Influence of Accounting Information Systems on Readiness Accrual-Based Implementation

Accounting Information System (AIS) can be defined as systems that collect, record, store, and process the data in order to generate information for decision making (Romney & Steinbart, 2009: 28). AIS in government is required to transform data into information in the financial statements that conform to government accounting standard (SAP). Therefore the AIS should be continuously upgraded in accordance with the

financial reporting system should be implemented. Febriani (2011) proved that financial accounting system influence significantly on the public accountability in municipal government of Cimahi. Research conducted by Widyastuti et al. (2015) showed that in terms of AIS, Gianyar district prepared it adequately. This is proved by the existence of a special system called the Regional Management Information System (SIMDA) used in financial reporting. That is, if the AIS has applied properly and efficiently, the readiness of government in applying the accrual basis will be better. Therefore, the hypothesis can be formulated as follows: H4: Accounting Information Systems influences readiness of accrual-based government accounting standard implementation.

II. Conceptual Framework

Based on the literature review as well as the aim of this study, there are four independent variables (X): organizational commitment (X₁), human resource competence (X₂), communication (X₃), and accounting information systems (X₄) which may influence the dependent variable (Y) as the readiness of the implementation of accrual-based government accounting standard in City Government of Surabaya. The conceptual framework of this research is described as follows:

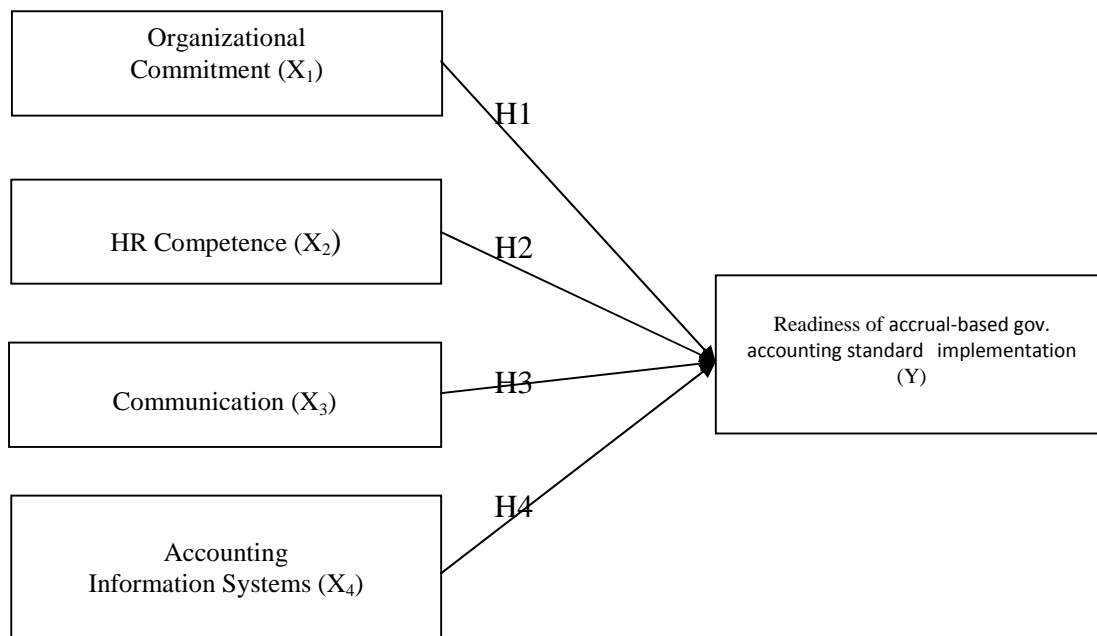


Figure 1. Conceptual Framework

Source: developed for this study

III. Research Methods

Population and Sample

The population in this study is the officers involved in the financial administration dispersed in sixty-two working units (SKPD) of City Government of Surabaya. While the sampling technique used is purposive sampling with criteria SKPD personnel involved in financial administration which exist on 32 SKPD in City Government of Surabaya. In this study, there are 128 respondents. This amount is derived from the four respondents in each SKPD in 32 SKPD Surabaya City Government. Four respondents include head of SKPD, treasurer, division head of accounting/ finance, and accounting/ finance staff.

Variable Operational Definition and Measurement

According to the aim of this study and the hypotheses that have been developed, this study classifies the variables into dependent and independent variables. Measurement of all variables in this study using a questionnaire four-point Likert Scale.

Dependent Variable

The dependent variable used in this study is readiness of accrual-based government accounting standard implementation. This readiness is the condition in which the City Government of Surabaya is able to implement the corresponding accrual-based SAP as specified procedures and be able to generate transparent and accountable financial reports.

Determinant of readiness can be portrayed from several aspects. Ouda (2008) in the research entitled *Towards A Generic Model for Government Sector Reform: The New Zealand Experience*, found that the key to be successful in implementation of accrual basis in New Zealand is due to several preconditions have been met ie cultural change management, political support and bureaucracy government, support from professionals and academics, good communication strategy, the willingness to change, consultation and coordination among government entities, reduction of certain accounting problems, the consistency between accounting and budgeting, good skills in information technology, and international government financial support. On the other hand, the study of Negara (2015), entitled *Toward Implementation of Accrual Basis in Indonesia Government: Key Success Factors* describes the factors affecting the readiness of the local government in applying Regulation No. 71 Year 2010 regarding SAP including human resources, organizational commitment, and information technology , Based on the studies above, this study used organizational commitment, human resources competence, communications, and AIS as a determinant of readiness of implementation of accrual-based SAP.

Readiness indicators adopted from the research Holt, et al., (2007) which consists of content, process, context and individuals. Content is initiatives attribute being implemented (what changed), the content in question in this study was the change from cash-based accounting system to an accrual. The process that the steps taken to implement the initiative (how the change being implemented), in this research the changes that occur with the issuance of Government Regulation No. 71 Year 2010. In implementing the changes, there is a process to prepare a contributing factor for increasing the readiness for changing, including communication and AIS. Context is the environmental attributes in which the initiative is implemented (a statement in which the change occurred), in this study is the government of Surabaya. Individual is an employee attributes in which the initiative is implemented (the characteristics of those who asked to be changed), the concern is the competence of human resources and organizational commitment of personnel Surabaya City Government.

Independent Variable

The first independent variable used in this study organizational commitment (X1), the extent to which the conditions of the personnel involved himself or herself in the organization as well as the willingness to remain in the organization. In this study, organizational commitment was measured using three indicators, namely affective commitment, normative commitment, and the commitment adopted continuans of research Meyer and Allen (1997).

The second variable, which is the human resources competence (X2), namely the quality of the skills, knowledge, attitudes and abilities of the human resources in Surabaya City Government to achieve organizational goals related to the implementation of accrual-based SAP. Indicators of HR competencies is adopted from Hutapea & Thoha (2008) which includes knowledge, skills, and attitudes.

The third variable is communication (X3), which is a process of interaction between personnel of SKPD exchanging useful information by word or message either verbally or in writing for the creation of the successful implementation of accrual-based SAP in Surabaya City Government. Indicators of communication is replicated from Suranto (2005: 101); which includes understanding, pleasure, influence, relationships, and actions.

The fourth variable is the accounting information system (X4), a series of manual processes and computerized conducted by SKPD include the collection, recording, summarizing up to reporting all financial transactions and transform it into information to be dispersed to users accross the organization for decision making. Indicators used to measure the quality of AIS is adopted from the research of Lestari, et al (2014) which includes data security, speed (time), accuracy, relevance, variations of reports, accuracy, and quality of information

Data Analysis

Descriptive statistics

Descriptive statistics is used to illustrate and describe the data and also the size of data such as the average (mean), as well as the maximum and minimum values in the variables.

Data quality test

The purpose of this test is to determine how much the level of accuracy and consistency of the data collected. The collected data have to go through a validity test to determine the validity of a research and reliability testing to determine the reliability of the measuring instrument used.

Classical Assumption Test

The test is used to determine whether the data to be used had normal distribution. Then heteroscedasticity test that serves to test whether the regression model occurred inequality residual variance from one observation to another observation, a regression model is one that is not going heteroskedastisitas.

Multiple Linear Regression Analysis

Regression analysis is used to predict how changes in the value of the dependent variable when the independent variables raised/ lowered (Sugiyono 2009: 277). This analysis is used to involve two or more independent variables between the dependent variable (Y) and independent variables (X1, X2, X3, and X4). The regression equation as follows: $Y = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e$

Notes: Y = the dependent variable (readiness of of accrual-based government accounting standard implementation), b_0 = constant, b_1 , b_2 , b_3 , b_4 = regression coefficient, X1 = independent variables (organizational commitment), X2 = independent variable (human resource competencies), X3 = independent variables (communication), X4 = the independent variable X4 (accounting information system), e = error terms

IV. Result And Discussion

Table 2. The Result of Validity Test

Variable	Questions	R Pearson	Notes
Organizational Commitment (X ₁)	X _{1.1}	0,624	Valid
	X _{1.2}	0,472	Valid
	X _{1.3}	0,166	Invalid
	X _{1.4}	0,481	Valid
	X _{1.5}	0,399	Valid
	X _{1.6}	0,465	Valid
	X _{1.7}	0,575	Valid
	X _{1.8}	0,538	Valid
	X _{1.9}	0,292	Valid
	X _{1.10}	0,626	Valid
	X _{1.11}	0,243	Valid
	X _{1.12}	0,591	Valid
	X _{1.13}	0,369	Valid
	X _{1.14}	0,714	Valid
	X _{1.15}	0,644	Valid
	X _{1.16}	0,371	Valid
	X _{1.17}	0,156	Invalid
	X _{1.18}	0,625	Valid
	X _{1.19}	0,470	Valid
	X _{1.20}	0,473	Valid
Human Resource Competence (X ₂)	X _{2.1}	0,897	Valid
	X _{2.2}	0,908	Valid
	X _{2.3}	0,853	Valid
	X _{2.4}	0,815	Valid
Communication (X ₃)	X _{3.1}	0,751	Valid
	X _{3.2}	0,762	Valid
	X _{3.3}	0,720	Valid
	X _{3.4}	0,742	Valid
	X _{3.5}	0,842	Valid
	X _{3.6}	0,742	Valid
	X _{3.7}	0,747	Valid
	X _{3.8}	0,859	Valid
	X _{3.9}	0,789	Valid
	X _{3.10}	0,812	Valid
	X _{3.11}	0,819	Valid
Accounting Information Systems (X ₄)	X _{4.1}	0,779	Valid
	X _{4.2}	0,757	Valid
	X _{4.3}	0,872	Valid
	X _{4.4}	0,762	Valid
	X _{4.5}	0,758	Valid
	X _{4.6}	0,862	Valid
	X _{4.7}	0,783	Valid
readiness of accrual-based government accounting standard implementation (Y)	Y ₁	0,814	Valid
	Y ₂	0,698	Valid
	Y ₃	0,778	Valid
	Y ₄	0,735	Valid
	Y ₅	0,739	Valid
	Y ₆	0,703	Valid
	Y ₇	0,736	Valid
	Y ₈	0,810	Valid
	Y ₉	0,786	Valid

Source: Processed Data, 2016

It can be seen that the positions of the respondents mostly as accounting/ finance staff 60.8%, then as the secretary/ treasurer of SKPD 17.5%, as the division head of accounting/ finance 14.2%, and as 7.2% the head of SKPD. In terms of gender, the number of female respondent is 68% while male respondent is only 31 people (32%). In terms of rank or position, it can be seen that most of the rank or position of respondents is classified for III as 55.7%, IV as 45.59%, and II as 2.94%. Then, in terms of age, the largest proportion of respondents aged between 36 years to 45 years (43.3%), aged between 25 years to 35 years is 34%, 11.3% of respondents aged less than 25 years, while 11, 3% is older than 45 years. Meanwhile, in terms of length of employment can be concluded that most of the personnel (24.7%) have had considerable experience in the field because they have worked for 16 to 20 years.

Data quality test

Validity test

It can be concluded that all the questions of all variables pass the validity test of the questions instead of questions X1.3 and X1.17. Both of these items should be removed (discarded) from the measurement. The questions instead of X1.3 and X1.17 are valid

Reliability test

It is seen that all variables, Organizational Commitment (X1), HR Competence (X2), Communication (X3), Accounting Information Systems (X4), and Readiness of accrual-based gov. standard accounting implementation(Y) show the Cronbach's Alpha value as above 0.6. Thus, each of these variables is relatively reliable.

Table 3. The Result of Reliability Test

Variable	Cronbach's Alpha	Notes
Organizational Commitment (X1)	0,827	Reliable
HR Competence (X2)	0,891	Reliable
Communication (X3)	0,891	Reliable
AIS (X4)	0,899	Reliable
Readiness of accrual-based gov. standard accounting implementation(Y)	0,905	Reliable

Source: Processed Data, 2016

Classical assumption test

Normality test

Table 4. The Result of Nomality Test

<i>One-Sample Kolmogorov-Smirnov Test</i>		<i>Unstandardized Residual</i>
N		97
<i>Normal Parameters^{a,b}</i>	<i>Mean</i>	0E-7
	<i>Std. Deviation</i>	2,75122941
<i>Most Extreme Differences</i>	<i>Absolute</i>	0,124
	<i>Positive</i>	0,124
	<i>Negative</i>	-0,091
Kolmogorov-Smirnov Z		1,223
<i>Asymp. Sig. (2-tailed)</i>		0,100

Source: Processed Data, 2016.

Kolmogorov-Smirnov test results above show that, overall, the variables are constructed in this study had a normal distributed data.

Heteroscedasticity test

Table 5. The Result of Heteroscedasticity Test

Variable	T	Sig.	Keterangan
Organ. Commitment (X1)	-,997	0,321	Bebas Heteroskedastisitas
HR Competence (X2)	-1,058	0,293	
Communication (X3)	0,559	0,577	
AIS (X4)	0,209	0,835	

Source: Processed Data, 2016.

Table 5 above shows that the variable of organizational commitment, human resources competence, communications, and AIS has a significance value greater than 0.05. So there is no heteroscedasticity problem in all of the variables in this study.

Multiple Linear Regression Analysis

Table 6. The Result of Multiple Linear Regression Test

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	3,558	2,585		1,376	0,172
Organ. Commitment (X1)	0,084	0,054	0,127	1,543	0,126
HR Competence (X2)	0,125	0,256	0,057	0,486	0,628
Communication (X3)	0,142	0,159	0,153	0,889	0,376
AIS (X4)	0,680	0,221	0,479	3,071	0,003
Adjusted R Square	0,520				

Source: Data Processed, 2016

The model can be written in multiple linear regression equation as follows:

$$Y = 3,558 + 0,084 X1 + 0,125 X2 + 0,142 X3 + 0,680 X4$$

Hypothesis Test

Coefficient of Determination (Adjusted R²) Test

Based on the results of tests performed and presented in Table 6, the independent variables can only explain about 52% of the dependent variable. While, the remaining 48%, the dependent variable is influenced by other variables that are not used in this study.

T test

Table 7. The Result of T Test

Variable	Counted T	Sig. T	Keterangan
Organ. Commitment (X1)	1,543	0,126	H ₁ is rejected
HR Competence (X2)	0,486	0,628	H ₂ is rejected
Communication (X3)	0,889	0,376	H ₃ is rejected
AIS (X4)	3,071	0,003	H ₄ is accepted

Source: Data Processed, 2016

Table 7 shows that organizational commitment variable (X1) has a value of T test of significance of 0.126 which means greater than 0.05 (= 5%), it can be concluded that organizational commitment (X1) does not influence the readiness of accrual-based government accounting standard implementation (Y).

HR competence variable (X2) have a significance value of 0.628 T test which means greater than 0.05 (= 5%), it can be concluded that the competence of human

resources (X2) has no effect on the readiness of accrual-based government accounting standard implementation (Y).

Communication variable (X3) have a significance value of 0.376 T test which means greater than 0.05 ($\alpha = 5\%$), then the communication (X3) has no influence on the readiness of accrual-based government accounting standard implementation (Y).

AIS variable (X4) has a significance value of 0,003 T test which is smaller than 0.05 ($\alpha = 5\%$), then the AIS (X4) significantly positive influence the readiness of accrual-based government accounting standard implementation (Y).

Discussion

Influence of Organizational Commitment on Readiness of Accrual-Based Accounting Implementation

The result of this study shows that the organizational commitment (X1) does not influence readiness of accrual-based SAP implementation. This contrasts with research conducted by Adventana & Kurniawan (2013) and Putra & Ariyanto (2015). However, this study supports research Ardiansyah (2013).

There is no influence of organizational commitment on readiness of accrual-based SAP implementation can be caused by frequent rotation of employees in the local government. According to republika.co.id dated March 27, 2015, the municipal government of Surabaya has rotated 572 structural officials due to dual position. In addition, the City Government of Surabaya has started implementing full accrual-based SAP in early 2016. Thus, the possibility of the influence organizational commitment can be assessed better after the Surabaya City Government implement accrual based accounting at least in the second year. In accordance with stewardship theory, local government as services provider must take actions as good steward in order to meet the interest of the community. The employees may not have high commitment to the organization but they must carry out their duties because of the obligation to deliver good services to the community, not because of their desire. This is consistent with the statement of Davis and Donaldson (1997) that the management (the stewards) are not motivated by the goal of the individual but rather focus on the interests of the organization/ community (principal). Dealing with implementation of accrual based accounting, all personnel of Surabaya City Government, especially who involved in finance/ accounting, should increase its commitment to take responsibility in gaining accountable and transparent financial management.

Influence of the Human Resource Competence on Readiness of Accrual-Based Accounting Implementation

The Result of this study shows that human resource competence (X2) has no influence on the readiness of accrual-based SAP implementation. This is not consistent with research conducted by Ardiansyah (2013), Putra & Ariyanto (2015), and Sukadana & Mimba (2015). However, the results of this study support Romilia (2011), which examines the factors that affect the successful implementation of Government Regulation No. 24, 2005 Regarding Government Accounting Standard in Bangkalan District.

Competence is measured by knowledge, skills, and attitudes (Hutapea & Thoha, 2008) does not support the readiness of accrual based accounting implementation. The education and training of personnels who involved in financial/accounting management may vary. This condition can be considered as the reason that human resource competence does not influence readiness of accrual based accounting implementation. The placement of personnels may not match with the job requirements, including the competence. Besides, the implementation of accrual-based SAP is mandatory. Whatever knowledge, skills, and attitude of the personnels, they must follow the rule. This is consistent with the

stewardship theory, whereby government as steward, will act properly in order to meet the interests of society.

Influence Communication on Accrual Based Readiness of Accrual-Based Accounting Implementation

The result shows that communication (X3) has no influence on the readiness of the implementation of accrual-based SAP. However, this result is inconsistent with Ouda (2008) that conducted research in New Zealand. Ouda (2008) appointed that one key success factors to the successful implementation of accrual basis in New Zealand is good communication strategy. Putra and Ariyanto (2015) also found that communication affects the application of accrual-based SAP.

The result of this research supports research of Adventana & Kurniawan (2013) in Yogyakarta Province Government which also showed that the communication did not have a significant influence on the implementation of accrual-based SAP. Another research that is consistent with this also done by Iznillah (2015) and Romilia (2011).

The communication as process of interaction between personnel of SKPD exchanging useful information either oral or written for understanding, pleasure, influence, relationships, and actions (Suranto, 2005: 101) the creation of the successful implementation of accrual-based SAP in Surabaya City Government. There is no communication influence on readiness of accrual based SAP implementation due to lack of communication vertically or horizontally (related to the implementation of accrual-based SAP) in Surabaya City Government.

Different sources of information will also bear different interpretations, which can result in biased information even within the same organization unit. Therefore, personnel of SKPD in Surabaya City Government necessary for improving communication both vertically (between leader and its staff) or horizontally (among fellow staff), so the implementation of accrual-based SAP can be supported by all parties.

Influence of AIS on Accrual Based Readiness of Accrual-Based Accounting Implementation

This study shows that AIS (X4) significantly influences the readiness of the implementation of accrual-based SAP. However, Tuasikal (2009) conclusion was not in line with this study, in which the area of financial accounting system has not shown any significant meaning in supporting the financial management at local government. While Widyastuti et al., (2015) and Febriani (2011) showed as consistent results.

The City Government of Surabaya should manage the budget where the volume of transactions from year to year has shown an increase and become more complex. The use of AIS in financial/ accounting management can improve the accuracy and speed in the processing of financial data, as well as accelerate the delivery of financial information to the public as a form of accountability and transparency of the activities which is conducted. Surabaya City Government has developed and implemented e government such as e-budgeting, e-procurement, including AIS, etc. This condition reveals that city government of Surabaya well prepares for accrual based accounting implementation.

Personnels who involved in finance/accounting management feel that AIS quality is the most factor influences readiness of accrual based accounting implementation. This quality is measured as adopted from Lestari, et al (2014) which includes data security, speed (time), accuracy, relevance, variations of reports, accuracy, and quality of information. All those criteria will support the success of implementation of accrual accounting. In correlation with stewardship theory, city government of Surabaya keep being good steward by having and implementing adequate AIS to support application of accrual based accounting in order to enhance its transparency and accountability.

V. Conclusions and Recommendations

Conclusions

Based on the results of multiple linear regression analysis, the conclusion that can be drawn from this research that organizational commitment, human resources competence, and communications partially no influence on the readiness of the implementation of accrual-based SAP. While accounting information systems influences the readiness of the implementation of accrual-based SAP.

Recommendations

City Government of Surabaya should increase organizational commitment and communication its personnel in enhancing the implementation of accrual based accounting. In accordance with accrual based accounting, City Government of Surabaya is expected to place the right personnel with an adequate knowledge and expertise as required, especially who involved in finance/ accounting management.

Sustainability updating of Accounting Information Systems to maintain the success of accrual based accounting implementation.

Further research, may use other variables such as leadership style, organization culture, etc.

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UNDERSTANDING VOTER BEHAVIOUR AS POLITICAL MARKETING STRATEGY IN LOCAL ELECTION IN WEST SUMATERA

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Abstract

This research has been proposed because of a high risk competition between political parties and candidates in local election. Moreover in direct election nowadays, the battle to the top will be increasing significantly. There is understanding about how customer behaviour can be formulated as political marketing strategy that will lead political parties or Governor/Mayor/Regent candidates in election to win the competition formally. The problem that must be solved in this research is what the definition of political marketing and customer behaviour is. And the aims of this research are to understand and analyze about constituent's political marketing and constituent's customer behaviour. Besides that, this research designed to whom who may concern as a wide range of marketing. Marketing is not only how to sell products and services but also will exist as long as competition exists. This research used descriptive methodology by doing literature review. The result of this research shows that political marketing is a new phenomenon in the area of marketing. Political marketing is proved as method and marketing applied in politics. So, by using political marketing strategy, there will reduce unfair and cheat ways in election such as money politics and black campaign. Customer behaviour is a constituent attitude during electing political parties or candidates that can be divided into three approaches: sociology, psychology and rational approaches.

Keywords: *Voter behaviour, political marketing*

I. Introduction

The leader was born from democracy by conducting a general election and also the local leader was elected by local elections. West Sumatera gubernatorial election and 13 regent/mayoral elections are held simultaneously in one day in 2015. This local elections was participated by numerous candidates who compete to win the elections. This tight competition needs a competition strategy to run as a winner.

Marketing tools can be used in all of areas which have competition. Marketing is just not about selling or buying a product or a service. So, marketing activities can be applied in everything which competition is including on it. Including in general or local elections, this activities obviously need a political marketing, so the political parties and candidates can campaign for himself/herself widely without dealing in money or giving false information/material from opposing side (black propaganda) to the people which have different preferency.

Among the the diversity of the people, their political choices were worthy to investigated. What caused they will vote or not. Why did they choose different candidate or political party in every election, but in otherside they have loyalties in their chosen. Why did some constituents have final decision in a long time before election day, but the others just choose the candidates in election room at D-day? Is it true that people rationally in decising candidate? Or just to be followers? Also, there is something to know the kind of campaign models, what are the mission and vision of candidates or political parties?. This voter behavior research can facilitate political parties and candidates to create their

competition strategy. Research in this area is still rare in Indonesia eventhough effect of this subject will be voter education for people, political parties and candidates.

The research about voter behavior is important in several reasons: firstly, political participation is believed as essential component in democracy. As presented by Noor (2010), in democraton framework, political participation as an integrated part even acted as an important thing. This way, we know that political participation is essential in democracy. Secondly: participation is an integral element as input in political system. David Easton wrote political system has contribution as a conversion process from input to output. Input in political system divide into two forms: demands and support. These two forms will be run well if the people realize their demands and support to give an effect to on going current system (Noor, 2010). Thirdly: the change of paradigm from centralistic to desentralistic is required a public participation. Decentralization has a mean that it gives a public politic space for people to express their political rights (Noor, 2010 in Purwanto Adi (2015).

II. Teoritical Framework

The level of community participation in general election.

In competitive democraton atmosphere, public participation is an important element in every general/ local elections. General and local election will lack of its legitimacy and existence because of low people participation. Democraton became threated and give no mean if this condition happened. Table 1.1 below, it is shown the people participation in general election.

Table 1. People Participation Rate in General Election

Year	% of Participation	% of Abstentions
1955	91.4	8.6
1971	96.6	3.4
1977	96.5	3.5
1982	96.5	3.5
1987	96.4	3.6
1992	95.1	4.9s
1997	93.6	6.4
1999	92.6	7.4
2004	84.1	15.9
2009	70.9	29.1
2014	74.1	25.9

Source : www.kpu.go.id

As presented in Table 1, overall there is a decreasing in people participation, especially after Reformation Era in 1998. The number of people participating during Orde Lama was very high. It can be analyzed may be because of the early time after independence of Indonesia. The significant decrease was happened in 2009 election to 70,9 % and a gradual increase in 2014 election to 74,1%. This fluctuation must be deep review what the cause of the low people participation. We know that the low of number people participation in election make a defect in democracy and creating a minimum people confidential to elected leader and will be lack of leader responsibility in his/her duty. So, it is need to deliver political education to raise people participation in election. The first things in this political education are determine what voter education is and what political marketing is, in order to make better democracy in Indonesia.

Development Theory & Hypotheses Formulation

Firmanzah (2007) conveyed that in open and transparent atmosphere, all of contestant and political party need a certain method that can facilitate them in marketing political initiative, idea, issue, party's platform and ideology, party's leader characteristics and party's work in society. This method must be delivered not by money politics, black campaign nor ballot data manipulation because this activities as dumbing down of people. The best method used by contestant is political marketing which adapt marketing tool and strategy like they used in a common business. Constituent or people can be analogically as consumer who will make decision and the contestant acts as marketer. In political marketing, the definition of consumer is constituents that have political right to vote. In common business, a marketer must understand consumer behavior, why they choose certain products, what an attractiveness of products are, etc. Likewise as constituents, they must find a reason to choose political parties or candidates such as by their vision and mission, by their characteristic and others.

Ridho dan Muchsin (2009) said that political marketing is a new knowledge implementing business marketing theories into political world. Schiffman dan Kanuk (2007) explained that among the factors that affected consumer decision to buy is marketing mix. Where the consumer decision to buy is a whole consumer activities process consist of need introduction, information searching, alternative evaluation, buy and post-buy behavior. This process is the same model in people behavior when choosing the candidates in elections. If this process is running well, so the qualified candidates will be elected. Based on their behavior, constituent is categorized in three plus one groups. The successful participant persuasiveness to constituent, it means to decrease number of abstentions. The previous political culture gave a big quantity of floating mass. Moreover, the most Indonesian trend in election were last minute voter. Political marketing approach by political party can be an educational politics to the constituent to be smart voter.

In general, behavior of voters in Indonesia is often associated with the activities of money politics, dawn raids and other negative stigma. This is understandable because the political consciousness of the people of Indonesia have not been as good as people in developed countries. Economic needs often become the reason someone chooses a particular candidate or party. By giving t-shirts or money, thousands of people have fun and want to flock to go campaign openly. In addition to economic reasons, such as the psychological closeness of the race, religion, sex, commonly also is considered. According to Myron Wiener, there are two driving factors for the strengthening of political participation. First, the growth of urban labor force working industry sector. This encourages the emergence of organized labor. Second, the growth of mass communication that is due to population growth, the transport of communication between the centers of cities and underdeveloped areas, the spread of newspapers, radio usage and so on. This will increase public awareness of the effect of government policy on citizens. As stated Goetz and Gaventa, in Clark (2001) "If the government is to establish the mechanisms of participation, their efforts would be much more effective if the efforts were equal to the demands of citizens". There are three approaches to see the voter's behavior.

Sociological Approach

Sociological approach firstly introduced in Europe and then spread to America. According to the approach, the voters make their choice because of the sociological approaches such as religion, education, employment, family relationship, age, gender and other social connection. Gerard Pomper (1978) divide the influence of social

categorization in voting behavior studi into two variables : voter's family socio-economic predisposition and voter socio-economic predisposition. He stated that voter's family and voter socio-economic predisposition have significant relation with vote behavior. Parents political preferences will affected to children political preference. Socio-economic predisposition itself can formed from religion they believe, housing, social grade, demographic characteristic and others.

What Gerald Pomper (1978) said should be right. Some voters intend to choose by social status and relationship with candidates, as example in his/her religion. Religion factor was dominantly affected voter preferences in religious society. *Santri*, Islamic student, mostly choose Islamic parties such as PPP and PKB. In Catholic society, PDS became chosen political parties. In case of gender, in society is wide spread known that a male must became leader. As a prove, in recent year although Megawati is Bung Karno's daughter but she loss twice in electional. In local election, the sociological preferensi gives a stronger relation such as tribes, village and relatives. If the candidate is a top leader in his tribe or have tribu sameness, so it will easy chosen in society. This sociological approach, according to Mark N, Franklin (1995) still has significant role in society political choose. Sociological dimension is an approach in the role of sociological factors in forming someone's political behavior. Someone will be candidate volunter based on their background life such as religion, eduation, ethnic, ideology and others socio conditions. Work background also give influence to decide between options. (Nuri Mukti yuda Wibawa : 2014). Related research in this area had conducted by Research Council Jember University di Bondowoso regency. The result shows that sociological factors have significant influence vote behavior there.

Psychological Approach

Psychological approach is the opposite of a sociological approach. Sudaryanti (2008) explained that this approach is to use and develop the concept of psychology, particularly the attitudes and socialization, and to explain voting behavior. According to the approach, the voters make their choice because of the influence of psychological forces that develop in him as a product of the socialization process. Through the process of socialization and then developed a strong psychological bond between a person and the social organization or political party. According to Mark N. Franklin (1995), the approach is to use and develop the concept of psychology - particularly the concept of socialization and attitudes-- to explain voting behavior. According to the approach, voters in the United States determine the choice because of the influence of psychological strength growing in them as product of socialization they receive. Political socialization received by a person in childhood (both in the family and friends and school), for example, greatly affect their political choice, especially when the first decisive political choices. The results of the research of institute of Jember University study found that psychological factors influence on voter behavior Bondowoso district community.

Approach Rationality

The sociological approach and the psychological factor put voters away from their will personally to choose, more due to political choices of others or encouragement of the candidate. In contrast to both, rationality approach further makes voters as object that determine the choice on their own consciousness due consideration to the voters over the profit and loss factors. If the candidate is beneficial to them, then they will choose, but otherwise they will address their choice to the other candidate who gives more benefit to them.

According Purwo Adi Wibowo (2015), a rational approach is with regard to the main orientation of voters, namely the issue of orientation and the orientation of the candidate. Voter behavior issue-oriented, centered on the question: what should be done by the government of the ruling party later - in solving the problems facing the community, nation, and state. While the candidate orientation refers to a person's attitude toward private candidates regardless of party label. This theory assumes that the voters choose the candidate who best represents the policy positions and candidates that can maximize their voice.

III. Research Methods

The method used in this research is descriptive by using a qualitative approach. Data collection methods used were literature, namely by collecting data through the study of the theory contained in text books, scientific journals and online media. In addition to obtaining data is also done by collecting and analyzing the results of the research report related to the behavior of voters.

IV. Results and Discussion

Electoral success is determined by people's participation in extending voting rights. Democracy will run well and government resulting from the democratic will be strong if it is supported by a community of high political participation. The political participation of society in Western Sumatra on December 9, 2015 election shows the worrying amount that is less than 60%. Low community participation can be constituted due to the small number of electoral contestants were only two pairs of candidates are Muslim Kasim and Irwan Prayitno. Besides the low political participation can happen because of socialization election is less than the maximum of the General Election Commission (KPU), including a Commission regulation that limits the socialization conducted prospective head region caused people have less information about the prospective head region. Padang is the administrative center of the province of West Sumatra became the lowest participation of only 52 voters, 62%. This contrasts with some studies in Europe and America where voter's turnout was very high in the city for access to information in the city is much better than the village. But Padang is the lowest participation of voters in each election.

Table 2. A Trend of People Participation in West Sumatra Gubernatorial Election

Year	% Participation
2005	63,72
2010	63,62
2015	58,65

Source : www.kpu.go.id

Table 2 above shows the decline of public participation in the gubernatorial election every five years. A sharp decline occurred in 2015. Public participation is only 58.65%. The rest is meant abstention, abstain from voting. Sharp decline is likely due to a candidate for governor was only 2 pairs. Besides, lack of socialization both of the Commission as well as the governor candidate contributes low for this participation. Another thing that makes the low participation is due to a crisis of confidence on the elite political parties and the democratic system in force. It may be that the public has been saturated with political parties and elites. Abroad, community education affects their participation in politics, but in West Sumatra, especially in Padang is not the case.

Instead of all districts and cities in West Sumatra, Padang has the political participation of the people most low at 52.06. A couple of Irwan Prayitno and Nasrul Abit is only carried by two political parties, became the winner in Governor Election. While their opponent Musliar Kasim and Fauzi Bahar promoted by political parties other than the two parties, get voice sounds far below Irwan Prayitno. This means that a political party is not the main reason people choose governors. It can be said voter preferences society of West Sumatra, especially Padang is predominantly not influenced by sociological factors. Psychologically, people of West Sumatra, especially Padang are not overly concerned with the implementation of democracy. It is characterized by low participation in every election for governor. Ideological campaign and the campaign's opening and socialization candidates who do not make a whole community KPU West Sumatra interested in distributing their voting rights.

Promotion through billboards, banners, brochures, advertisements in radio, newspapers and television also did not significantly influence the decision to enter the race for governor. If the Commission undertook massive and intensive socialization or even individually, it was likely to affect the psychological community to give their voting rights. Moreover, driven by a campaign conducted its own candidate for governor as well as the improvement of the political system, for example: do not restrict candidates for governor with severe requirements. And if only the political parties to build public trust through the performance of its legislative members in parliament where they are more concerned with the interests of the people, undoubtedly psychologically people will put expectations on every local election. West Sumatra has more likely rational society in determining political attitudes. This is evident from the last presidential election in 2014. West Sumatera society is not interested in politics of Jokowi ways imaging which only got voice 23:04%. The rest is obtained Prabowo. It is also evident from the governor election. Although Irwan Prayitno supported only two political parties, but his voice was far superior to the couple Musliar Kasim.

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Tabel 3. Number of votes West Sumatra Gubernatorial Election 2015

Couple Candidates	% Numbers of Votes
Muslim Kasim- Fauzi Bahar	41,38
Irwan Prayitno—Nasrul Abit	58,62
Total	100

Source:www.kpu.sumbar.go.id

Table 3 above shows that the vote of each candidate for governor is far enough apart. Although the candidate number 2, Irwan Prayitno and Nasrul Abit is only supported by two parties, but they won the competition. Contributions from Irwan Prayitno as incumbent also increase the number of their votes. This is due Irwan Prayitno, as the previous governor, has been widely recognized by society. However, Muslim Kasim was also widely known because he was deputy governor. Rationality of West Sumatra society as voters is very decisive victory to Irwan Prayitno. Overall Irwan Prayitno and Muslim Kasim have actually done political marketing. Both had been well in advance to socialize and communicate them through a media campaign. But the choice of the people of West Sumatra is highly rational in selecting and causing Irwan Prayitno back into the governor for the second time.

V. Conclusion

Some things that can be summed up in this research are: (1) The marketing activities are not confined to the world of business and industry. But everything that contains elements of competition can use marketing ways to win the competition, such as elections, presidential elections, the local elections and the election of regional council. (2) To be able to win the competition then it should be known in advance the preferences and behavior of voters so that it can be formulated political marketing strategies that will be used.

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THE IMPLEMENTATION OF TEAM GAMES TOURNAMENT THROUGH BLENDED LEARNING

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Abstract

This paper is a literature review on the implementation of innovation in learning by combining face-to-face learning and e-learning. Implementing this blended learning, especially in the subject course of Introduction to Accounting, where face-to-face meeting were conducted, is done through applying the cooperative model of Team Games Tournament in the class with the distance learning conducted through e-learning. Through the implementation of Team Games Tournament conducted with blended learning of face-to-face meetings and remote e-learning, it is expected that this technique fosters students' ability in problem solving. This paper discusses about blended learning, the Team Games Tournament implementation in face-to-face lectures and e-learning, and the implications of blended learning towards student's improvements of ability in problem solving.

Keywords : *learning, blended learning, students*

I. Introduction

ASEAN Economic Community is a form of agreement for the countries in Southeast Asia to implement free trade, in order to prepare themselves to face economic globalization and trade through the ASEAN Free Trade Area (AFTA) and to face global competition, especially from China and India. Countries in Southeast Asia need to improve their competitiveness in order to trigger economic growth.

ASEAN Economic Community imposed an agreement in which there are five things that should not be restricted in circulation in all ASEAN countries including Indonesia, such as the flow of goods, services flows, capital flows, investment flows and flows of trained workforce. The prerequisite that must be met by each ASEAN countries is competitiveness, both in terms of products as well as human resources, since if the competitiveness is not set, the countries will only function as a market of foreign products and the society will serve as a spectator that is unable to compete. Indonesia as the country with the largest population among the ASEAN countries has great opportunity to make its economy more productive and becoming the leader of ASEAN. Qualified human capital should be the Indonesian government achievement's target in order to manage its wealthy natural resources.

Education is a means to improve the quality of human resources. Education could improve the skill and knowledge of Indonesian. Intelligent, creative and innovative people will be able to achieve advancements in various aspects of life. Creativity and innovation will come from individuals who are able to overcome challenges and problems in their life. Individuals who are able to solve problems are individuals that have the ability to solve problems in a creative way so that he could resolve the issue properly with useful output.

Every individual especially learners should possess the problem-solving ability. Various facts which appeared indicate that the inability to confront and resolve problems make students conduct irrational acts when facing problems. The problem-solving ability need to be trained so that students do not easily succumb in facing problems. Through the learning process, students could be trained to solve problems.

Accounting subject not only gives students skills and knowledge in Accounting but also force students to have the problem-solving ability in its process. A problem solving skill consists of convergent and divergent thinking for creating the solutions (Newman in Sophonhiranraka, 2014). As the output of the accounting process, Financial Statements is a result of a long process of record in accounting. Students who learn accounting must have ability to solve problems in accounting, as in mathematics. Accounting requires a more complicated analysis capability, not only in mathematical form, but in terms of a more complex problem solving, in form of analysis and numbers accuracy in which each has its meaning and influence.

As a basic course, Introduction to Accounting 1 will determine the student ability in Accounting in the next level. In Introduction to Accounting 1 subject, the learning process should be conducted in a meaningful way that could motivate students in mastering the materials. Previously, as an option for lecturers at the college, this accounting subject is presented through expository and drill method. Learning that is done through expository felt less challenging and less motivating for the students and yet, it does not enhance their ability in solving problems.

The learning process should be able to foster student confidence, the competition motives and their ability to solve problems. One of the methods that could be selected is cooperative method of Team Games Tournament. This Team Games Tournament method is a learning method that gives students the chance to complete a task or solve cases in a group with a tournament atmosphere in the class. In Team Games Tournaments, students at different ability level work together in study teams to review key content and help each other in solving the problem in their learning (Fitriyanto, 2014). Problems or cases which are given in the learning will encourage students to have the ability to solve problems.

This Team Games Tournament method is implemented in learning the Accounting 1 through blended learning. Blended Learning is a learning method that combines two or more methods or approaches in learning, to achieve the learning process objectives (Rusman et al, 2013). Learning that is conducted in blended learning will provide the students with a more varied learning facilities. Blended learning will be implemented through the face-to-face meeting in the classroom as well as the online independent tasks. The face-to-face lectures will be held in a classroom by applying the team games tournament method while the e-learning designed will use the online learning which is also applied in the team games tournament concept. The application of multiple learning methods and media will give maximum results. The expectation is faster achievement in increased knowledge and skills as well as problem-solving skills, since the students are drilled with a variety of methods and media.

II. Theoretical Framework

Blended Learning

Learning is a process of knowledge transfer from teacher to students or as referred to educational interaction. Educational interaction (Sardiman, 2009) is the mutual communication to achieve the learning objectives. Teaching is a process that serves as guiding steps for the students in life, to guide, to nurture the students according to the developmental tasks that must be executed by themselves.

Lecturers as educators, who conduct educational interaction towards the students, need to apply appropriate methods, so the purpose of learning implementation could be achieved. Teacher must use many methods when teaching, because methods variations produce more interesting learning subject that attracted student attention, easily accepted by students and make the class become lively (Slameto, 2010). It is necessary for lecturers

to have knowledge in teaching methods as well as compliance with the subject content. Learning activities should be designed with ability to provide information, skills and activities that are needed to build a long-lasting understanding towards big ideas and core processes (Barkley et al, 2012).

Rapid development of information technology in the last decade is affecting education. Internet as a form of development has become a part of everyday life for both teachers and students. A variety of information can be obtained through the internet. Internet ultimately also affects the learning implementation. One of new methods which is a widespread use in the western educational world, such in US, Great Britain, and Australia is a learning method known as "Blended Learning" (Kusumawati, www.kompas.com).

Blended learning, according to Macmillan dictionary, is a method of learning which uses a combination of different learning resources, especially a mixture of classroom session and online learning materials. Blended Learning method is compatible with a variety of learning, emphasizing students to learn independently by utilizing a variety of sources in order to augment their insights, so students can build knowledge within them naturally, and then be able to apply that knowledge in everyday life (Listyowati et al, 2013).

Implementation of Learning through blended learning in some countries is considered quite successful. Blended learning is implemented with classroom-session applying team games tournament methods and through e-learning by using learning resources such as PowerPoint, quizzes, and individuals and groups assignments, which are also integrated with the tournament during the face-to-face classroom session.

Type of Learning Methods: Team Games Tournament

Indonesian National Qualifications Curriculum serves as a standard to improve the university graduates competence to be ready to use in industry. A learning process that increases the potential of students is required to achieve these goals. One of the learning concepts that could increase the students' potential is constructivism learning. Constructivism provides students with opportunity to construct their own knowledge. Suprijono (2010) states that constructivism provides the learning mindset framework as a social process or as a cooperative and collaborative learning. Students could actively construct the knowledge through cooperative learning. The cooperative learning provides an opportunity for students to constructs knowledge through joint exploration by the students as well as the sharing ideas activity with fellow students.

This cooperative learning model could be conducted through a variety of appropriate learning methods. Cooperative learning has various types of implementation techniques. Some types in cooperative learning are: Student Team Achievement Division (STAD), Jigsaw, Group Investigation, Number Head Together and Think-Pair-Share. The implementation of any type of the techniques obviously uses different steps but it still has the same learning principles.

One type of implementing cooperative learning model is Team Games Tournament (TGT). Cooperative learning model with Team Games Tournaments (TGT) type, or Team Game Match is originally developed by David De Vries and Keath Edward (1995). TGT is a type of cooperative learning that divides students into study groups which consist of 5 to 6 students who have difference in ability, gender and race or ethnic background. In the group task, the teacher provides worksheets to each group. The given tasks are handled together among members of each group. If any of the group members do not understand

the given tasks, then the other group members are responsible to provide answer or to explain it, before asking that question to the teacher.

III. Result and Discussion

According to Slavin (2008), implementation of Teams Games Tournament at lectures must meet five key components for the cooperative learning with Teams Games Tournaments (TGT) type, namely: (1) Class Presentation, The class Presentation in the Cooperative Learning with Teams Games Tournaments (TGT) is not different from regular teaching or classical teaching by teacher; it just more focused on only teaching the material being discussed. (2) Teams, The teams are composed of 4-5 people representing the mix of a variety of diversity in the classroom such as academic ability, gender, ethnic or race. (3) Games, Questions in games were designed and compiled from relevant materials that have been presented, in order to assess the acquired knowledge which is represented by each team. (4) Tournaments, The tournament is the formation of several games which will be competed. It is usually held on weekends or at the end of the unit subject, after the lecturer gives classroom presentation and after the team have worked on their sheets. (5) Team Recognition.

Team recognition is conducted by giving reward in form of prize or certificate towards efforts being made by the team during the study, so the team achieved a mutually agreed criterion. There are three rewards that could be given in a team reward. Team reward could be seen in the table below:

Table 1. Team Rewards

Criterion (team average)	Rewards
40	Good Team
45	Very Good Team
50	Super Team

Source: Slavin (2008:175)

In the course which implements blended learning, the quizzes are not only given in classroom session but also through e-learning. Students can also access the material through e-learning. The following is e-learning interface image, showing a menu display of activity that could be conducted by student in the team games tournament method.

The implementation of learning through e-learning is by providing some lessons that require students to read materials online or offline, to summarize materials and to discuss materials in a small team or forum and in a classical setting. Students who are already members of a team in face-to-face lectures remain in the same team, and done the quiz competitively, with fastest time criteria or even with the right answer criteria. Various quiz variations could be included in the tournament during the remote lectures, showing competition between team and team achievements.

Cooperative learning with Teams Games Tournaments (TGT) type brings many benefits for students, such as the students will have freedom to interact and to use their own opinion. Students will have higher self confidence. Disruptive behavior toward others will become less. Student motives to learn will be increased. Student will also have deeper understanding of the subject. It will also increase sense of kindness, sensitivity, and tolerance among students and between students with lecturers. Students could explore a subject or free subjects to actualize themselves, to bring out all of the existing potential within them, in addition to an active cooperation among students and also between students with the lecturer, and create a lively and interactive learning interaction in the classroom

The screenshot shows a web browser window with the URL `elearn.ng.unp.ac.id/course/view.php?id=53000000380`. The page title is "201610530065-Pengantar Akuntansi 1". The user is logged in as "Rani Syofya 9035". The page content includes a navigation menu on the left and a main content area titled "Perkuliahan 1".

Navigation

- Depan
- Rumah saya
- Halaman status
- Profil saya
- Kelas/Seksi Yang Saya ikuti
 - 201520530104-Pengantar Ekonomi Makro
 - 201520530103-Evaluasi Hasil Belajar Ekoncmi
 - 201520530053- Metodologi Peneitian
 - 201520530023-Hukum

Perkuliahan 1

Perkuliahan dilaksanakan secara blended learning :

Perkuliahan tatap muka menerapkan team games tournament cooperative learning model

Perkuliahan jarak jauh dengan e-learning dengan team games tournament cooperative learning model.

- Membaca dan Memahami Tujuan Pembelajaran
- Membaca ringkasan materi pokok bahasan
- Metakukan diskusi melalui forum diskusi
- ONLINE QUIZ TFAM
- Mengerjakan latihan dan memahami umpan balik
- Mengikuti pendalaman materi bila keberhasilan latihan kurang dari 80%
- Melakukan Pertemuan Tatap Muka

Blended Learning Implementation of Team Games Tournament to Develop Students' Problem-Solving Ability

Blended learning can enhance students more understanding about concept (Hayati, 2015). Learning through blended learning with the implementation of this team games tournament will create a condition that make students become independent in obtaining information, processing information and solving problems and becoming more challenged and able to compete in a team.

Classroom session will be conducted through cooperative learning steps and activities of Team Games Tournaments (TGT) as follows: (1) The learning steps in cooperative learning with TGT type are following a sequence as follows: classical setting; Study Group; academic tournament; team reward and the removal or bumping. (2) Learning begins by giving lessons, then the lecturer announces all students that the learning will be performed through cooperative learning with TGT type and students are asked to arrange their seats to form team table. Students then are informed that they will cooperate within study groups during several meetings, and follow academic tournament which earn points for their team's score and they are also informed that the team who achieve the highest score will be rewarded. (3) The activities in the tournament include a competition at the tournament table for 3-4 students from different teams with equal ability. At the beginning, students are appointed to a certain desks or sitting arrangement. Students are asked to set the tables into a determined tournaments table. The tournaments table numbers could be in random. After the tournament equipments are completely shared, tournament activities are started. The game round for the first three students in a single table tournament could be seen on Figure 1. (4) At the end of the round, the winner gets a numbered card, the defeated challenger returns his card if he has any cards, but the reader is not given the penalty. Scoring is based on the number of cards received, e.g. in the tournament table that consists of three students results in a condition other than a tie, the highest winner gets score 60, the second 40 and the third 20. (5) With a model which

promotes teamwork and the ability to unite the difference of student intelligence, it will make each student able to have evenly value their abilities in terms of cognitive, affective and psychometric abilities.

Challenging and competitive learning will help students to be familiar with problems and to solve them. Baroody in Dahlan (2011) stated that a problem is a puzzling situation, which anyone will be interested to know the solution, but the solution strategy is not always available. A problem must contain (1) the desire to know; (2) the absence of a clear way of solving; and (3) requires an effort to solve them. Steps in problem solving according to Polya Masrurotullaily (2013) are, namely: (1) problem understanding, (2) develop a problem-solving plan, (3) execute a plan settlement issues, and (4) do a re-check, with reason that this strategy are commonly used. Problem-solving skills are the basic capabilities that are needed to be owned by students who studied Accounting

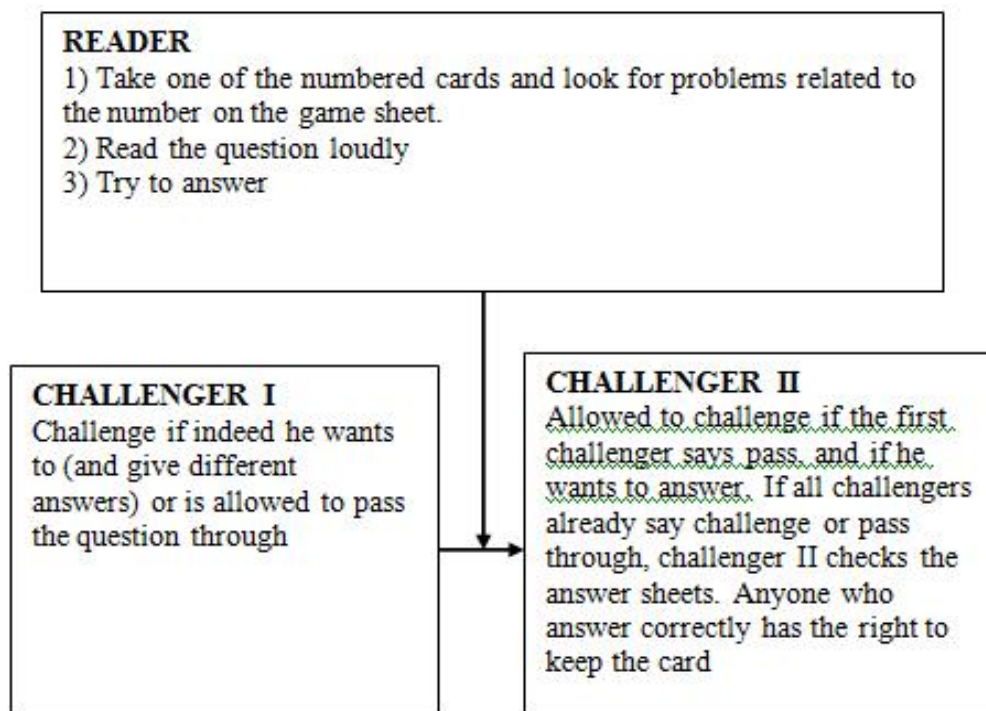


Figure 1. Round Games Chart
Source: Slavin Adaptation, 2008:173

IV. Conclusions

Cooperative learning model with the team games tournament type allows application of face-to-face lectures blended with remote lectures through e-learning. The stages in team games tournament are in form of a classical setting; study group; academic tournament; team reward and the removal or bumping, which are applied in classroom session and also through e-learning. Implementing team games tournament in a blended lecture session will make students more challenged and competitive. Students will be more familiar with problems and ways to solve them. Problem-solving skills will make students become more highly competitive individuals. However, the effectiveness of implementing

cooperative learning model in blended way of team games tournament is still need to be scientifically proven through a more through research experiment.

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EFFECT OF CONSERVATISM TO VALUE RELEVANCE OF EARNINGS INFORMATION

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Abstract

The aims of research to examine the influence application of accounting conservatism level to the value relevance of accounting earnings information on companies listed in Indonesia Stock Exchange during the period 2009-2012. The samples are choices using the purposive sampling method, the result that in order to obtain 63 sample firms. Data analysis was conducted in three stages using a regression model of cross-section data. The result show that the application of accounting conservatism has negative significant effect on the value relevance of accounting earnings information. Value relevance of accounting information increases when moving to companies classified as low conservatism to medium conservatism and again an increases when moving further to high conservatism, this research is using return model (1991) and Basu conservatism model (1997).

Keywords: *IFRS adoption, value relevance of accounting information, return model, price model.*

I. Introduction

The investors and stock market analysts assess that one measure of a company's credibility is marked with the adequacy of the information presented in the financial statements (Panjaitan, 2009). The financial statements as a primary medium to deliver information to be published, as recognized in the report reflected management accountability for the powers that have been delegated to manage the resource owner and become a window of information to parties outside the management to assess whether the company is eligible to do investment, credit or other similar decision or not. This there under Indonesian Institute of Accountants (2009: 3), the objective of financial statements is to provide information regarding the financial position, performance and changes in financial position of an enterprise that is useful to a large number of users in making economic decisions.

Indonesian Institute of Accountants (2009: 5-8) also mentions that the financial statements are useful for users if comply the qualitative characteristics, that are understandability, relevant, reliability, and comparability. If all of these characteristics can be achieved, financial statements is "qualified." The Relevance of information is determines the quality of the financial statements, where relevant are information that could affect the decision of users in evaluating the past and predict the future then correcting the evaluation result in past. Thus, in order of accounting information useful for decision making, the information must have value relevance. One indicator of the value relevance is the reaction of investors to the information submitted, both earnings, book value, or dividend information.

According to Sinha and Watts (2001) and Dontoh et al. (2004), the low relevance of accounting information can't be used as the basis for economic decision-making by investors, potential investors, and other parties concerned, because the lower quality of financial statements. An important component in the financial statements that are frequently used as a tool to company's performance is earnings and book value (Kusuma, 2006). Both are often investigated for alleged relevance to the share price or stock returns.

However, this study focused only on the value relevance of accounting earnings, causing it to be one of the performance parameters for investors and creditors.

Accounting earnings are relevant whether the results information used by investors in decision-making, as reflected in changes in stock prices and stock returns in the stock market or in other words, accounting profit has information content (information content) which is useful for investors (Haryanto, 2012). The low relevance of accounting earnings shows low information content of earnings, so investors use other information, and that is low quality of financial statement. The low value relevance of earnings or vary its relevancy value of earnings, caused by other information used by investors other than earnings information itself.

In the last few decades of empirical research has proven that the accounting information has lack of relevance and likely to decline over time (Kousenidis et al. 2009). Several factors would influence the results. According to Lo and Lys (2000), Givoly and Hayn (2000), Watts (2003a), and Monahan (2005) in Darsono (2012) suggested that the cause of the low and the decline in the value relevance of accounting information are: (1) ignore the role of accounting information dynamic in research, and (2) the increasing of conservatism

Conservatism is one of the principles used in accounting. Basu (1997) states that "*conservatism has influenced accounting practice and theory for centuries.*" Meanwhile, Suwardjono (2010) defines conservatism as an attitude or stream (sect) in the face of uncertainty to take action or decisions based on a pop-up (outcome) to the worst of these uncertainties. Based on the principle of conservatism, if there is uncertainty about the losses, the management tends to record a loss. Conversely, if there is uncertainty about the gain, the management does not have to record. According to this principle, the management has tended to be pessimistic or rather more cautious in the uncertainty conditions.

Among accounting researchers, the principle of conservatism is still considered a controversial principle. On the one hand, conservatism is considered as constraints that will affect the quality of financial statement. But on the other hand, conservatism helpful to avoid opportunistic behavior of managers relating to contracts in which the use of financial statements as a media contract (Watts, 2003a). In his research, Kousenidis et al. (2009) states that the accounting information is relevant or not influenced by the principle of conservatism. They did not directly mention that the company is applying conservatism means the accounting information is irrelevant used in economic decision-making. However, they state that accounting information is more relevance and can help users if the company is not too excessive to apply conservatism. This does not mean that the company is relatively low conservatism or non-conservatism has value relevance of earnings are better. They assume that companies with conservatism mediocrity (in this case were classified as medium conservatism) that has value relevance of accounting information is best.

Based on the description above, the research on the value relevance of accounting information is important to do because the results of a study on the information value relevance of accounting earnings will continue to grow and is still relevant for further action. In addition, the practice of conservatism which has not yet gained strong empirical evidence about its influence on the value relevance of accounting information (Balachandran et al., 2011), but still has an important role in accounting practices. Therefore, it is necessary to study the relevance of earnings as measured by return models and applying conservatism in context of financial reporting in Indonesia.

II. Teoritical Framework

Value Relevance of Accounting Information

As known the role of the financial statements is to provide information useful for decision-making. That requires a guarantee that the quality of financial statements presented, with four qualitative characteristics regulated by the Financial Accounting Standards, namely: understandability, relevance, reliability and comparability. Then IASB elaborating relevant characteristics and reliability as a function of the quality: materiality and faithful representation, substance over form, neutrality, prudence, and completeness. But there is no a presentation of financial statements that accurately can indicates these qualities, because 1) the qualitative characteristics is a set of common principles and there is no clear instructions on how to apply it, and 2) the existence of trade-offs between qualitative characteristics, so that in the same period may not be able to achieve all of these qualities.

So how to assess the usefulness of accounting information. Much of the literature provide different techniques, one of the techniques used is the value relevance. The value relevance is a capital market-based accounting method, because it uses a stock market prices and returns as a proxy for fair value of financial position and performance of the company. The association between the accounting value (which is presented in the financial statements) and the fair value (which served the stock price and return), shows the value relevance of financial statements. Relevance values are proxies usefulness of the information, the close association between the accounting and market value, the more relevant information for investor and consequently the higher the usefulness of the information presented in the financial statements.

Value relevance is a useful information to measure investor appreciation on the usefulness of the information and is often used to assess the impact of certain accounting information (Wendt, 2010). Value relevance become the subject of many studies, since Ball and Brown (1968). Ball and Brown concluded that the company increased its earnings showed a positive abnormal returns. They claim that not only are an important signal direction (positive and negative) but also the magnitude of the increase or decline. They also examined the relationship between annual changes in operating cash flow and annual stock return, this relationship is significant but weaker than the relationship of earnings and return.

In addition, one of the company's accounting performance measures most often a major concern for users of financial statements (in this case the investor) is accounting earnings. Haryanto (2012) states that accounting earnings is relevant if the earnings is able to reflect changes in stock returns so it proves that the accounting earnings has useful information for investors. Stock prices or stock returns tend to rise when the reported earnings greater than the expected earnings. Likewise, stock prices or stock returns tend to fall when the reported income is smaller than the expected earnings.

Agency Theory

Separation of owners and management in the accounting literature called the Theory Agency. The main principle of this theory is the existence of employment relationships (contractual) between the parties that the investor authorizes a party receiving authority that is the manager. In this case, the relationship between principals and agents may lead to unbalance information (asymmetrical information) for the agent in a position to have more information about the company compared with the principal.

Assuming that individuals act to maximize their own self-interest, then the information asymmetry that has will encourage agents to hide some information that is not known to the principal. Agent as manager in managing the company will tend above selfish interests, but as a manager should have sided with the interests of shareholders

because they are the ones who authorize managers to run the company. In conditions such asymmetry, managers can influence the accounting numbers presented in the financial statements, with the accounting policies chosen.

Accounting conservatism

Conservatism is one of the principles used in accounting practices. Basu (1997) states that "conservatism has influenced accounting practice and theory for Centuries". According to Business Dictionary, conservatism is a concept that recognizes expenses and liabilities as soon as possible even though there is uncertainty about the outcome, but only recognizes income and assets when it is sure to be accepted. The formal definition of conservatism outlined in FASB Statement of Concepts No. 2 that conservatism described as a prudence management to face the uncertainty of the business environment, trying to ensure that the uncertainty and risk involved in business situations have been considered. Additionally, Suwardjono (2010) defined conservatism as an attitude or stream (sect) in the face of uncertainty to take action or decisions based on a pop-up (outcome) the ugliest of these uncertainties.

From the definition above it can be concluded that conservatism is an attitude or behavior management in the uncertainty conditions. Asset management will report at the lowest value and statement obligations at the highest value, and delay the recognition of revenue and accelerate the recognition of costs. Implications accounting practice is accounting recognizes expenses and losses that may occur, but do not immediately recognize revenue or profits that would come even though the possibility is great.

Conservatism is not a principle set out in the international accounting standards (IFRS). Hellman (2007) states that when compared to conventional accounting, IFRS focus on recording more relevant, causing ever-greater dependence on various estimates and judgment. International Accounting Standard Board reduced consistently conservative in financial statement (Hellman, 2007). Although not emphasized directly in the standard, does not mean that the principle of conservatism missing. While there is uncertainty, the management will tend to be conservative.

Hypothesis Formulation

The value relevance of accounting information is the ability to explain (explanatory power) of accounting information in relation to the value of the company. More interesting relationship between conservatism and value relevance of earnings. This relationship has not been widely studied in the past. Lev and Zarowin (1999) found that companies that increase R & D, which means a more conservative unconditionally, showed a greater reduction in the value relevance. However, they do not use a comprehensive measure of conservatism in its research. On the other hand, Francis and Schipper (1999) concluded that companies active in the high-tech industry showed a greater reduction in the value relevance of companies in other industries. Just like Lev and Zarowin (1999) they did not use comprehensive size of conservatism. Lev and Zarowin only focus on certain business activities (R & D) while Francis and Schipper (1999) only focus on certain industries (high tech). This means that it is not possible to draw conclusions about the relationship between conservatism and value relevance.

Balachandran and Mohanram (2011) is the first to empirically test whether the accounting conservatism is responsible for impairment of relevance in the United States. With the use of comprehensive measures (Beaver and Ryan, approach (BR-Kon) and Penman and Zhang, Approach (C-SCORE)) and by focusing on the level and growth of conservatism. Their study concluded that unconditional conservatism is not responsible for the decline in value relevance. Their research uses existing active companies in the United States. Furthermore, Akhloufi, 2013 investigated the relationship between conditional conservatism to the value relevance of earnings at European companies. Europe is very

interesting to study because of public companies in the EU are obliged to report consolidated financial standards compliant International Financial Reporting Standards (IFRS) since 2005. IFRS is believed to be able to make the company's financial statements more understandable and comparable in different countries. Increasing the use of fair value under IFRS standards. This could have a major impact on the level of conservatism. Most likely level of conservatism will decrease under IFRS. The fair value requires timeliness profit symmetrical. Both losses and gains recognized at the same time. Fair value accounting leads to better recognize unrealized gains which in turn leads to less conservatism. Akhloufi, 2013, found that negative relationship conservatism and value relevance in Germany, after the adoption of IFRS.

According to Lo and Lys (2000), Watts (2003a), Monahan (2005) and Givoly and Hayn (2006) in Darsono (2012) suggested that the cause of the low and decreasing the value relevance of accounting information are: (1) ignore the role of accounting information dynamically in research and (2) the practice of increasing conservatism.

In the current Financial Accounting Standards provide the freedom to choose accounting methods used in the preparation of financial statements and the information asymmetry that owned by management, then manage their companies tend to be above selfish interests. With the opportunistic behavior of managers, managers act to achieve their own interests. In conditions like this, we need a control mechanism that can align differences in the interests between management and owners is to apply the principles of accounting conservatism.

In the world of accounting research, it turns out the principle of conservatism be talks validity undiscovered until now. There are some pros and cons. From his research, Watts (2003a) states that the principle of conservatism helpful to avoid opportunistic behavior of managers relating to contracts in which the use of the financial statements as a media contract. But criticism of this practice arises from Monahan (1999) in Kiryanto and Suprianto (2006) which states more conservative accounting, the book value of equity is reported to be increasingly biased. Such conditions indicate that the financial statements are totally useless because it can not reflect the company's value.

Ha: The level of conservatism negative effect on the value relevance of accounting earnings information.

III. Research Methods

The object of this research is manufacturing companies listed in Indonesia Stock Exchange during the period of 2009-2012. The manufacturing company is a company that is more easily affected by economic conditions and have a high level of sensitivity to internal and external events. The study population as many as 137 manufacturing companies, using purposive sampling method, the sample is determined to 74 companies. However, a sample of 74 companies, 11 companies were not included in the data processing because outliers, it acquired 63 companies that could be incorporated into data processing, Table 1 (annex). Data collected from the financial statements of listed manufacturing companies and publicized by the Indonesia Stock Exchange (BEI) through the website of Indonesia Stock Exchange (BEI) for the 2009-2012 period. Sources of data in this study were obtained from <http://www.idx.co.id> and www.yahoo-finance.com.

Variables Research and Measurement

Accounting conservatism

Measurement of accounting conservatism is done by using a model of conservatism Basu (1997), as follows:

$$\text{Earnings}_{i,t} = \beta_0 + \beta_1 \text{DT}_{i,t} + \beta_2 \text{Ret}_{i,t} + \beta_3 \text{RetDT}_{i,t} + \epsilon_{i,t}$$

Earn_{i,t}: Earnings per share for the company i period t divided by the share price beginning of the fiscal year. DT_{i,t}: Dummy variable in which the value of 1 if the stock return in year t is negative and the value 0 if the stock returns to year t is positive. Ret_{i,t}: Return stock company i period t. RetDT_{i,t}: The interaction between Ret with DT.

Conservatism measured by β_3 . The Company is said to have a high degree of conservatism when β_3 higher value. The value of β_3 used as the cut-off to determine the company's conservatism is quite low, medium or high conservatism. The higher the coefficient β_3 , the higher the level of conservatism.

Value Relevance of Accounting Earnings Information

Measurement of the value relevance of accounting information using the model of return (Easton and Harris, 1991), as follows:

$$Ret_{i,t} = \beta_0 + \beta_1 Earn_{i,t} + \beta_2 \Delta Earn_{i,t} + \beta_3 Con_{i,t} + \beta_4 Con \Delta Earn_{i,t} + \beta_5 Con Earn_{i,t}$$

Ret_{i,t}: Return stock company i period t. Earn_{i,t}: Earnings per share for firm i in period t divided by the share price beginning of the fiscal year. $\Delta Earn_{i,t}$: Changes in earnings per share for firm i in period t divided by the share price beginning of fiscal year.

Data analysis technique

Testing the influence of conservatism on the value relevance of accounting information is done in two stages. The first phase by comparing the value relevance of accounting information for the three levels/groups of conservatism (Top 30%, Middle 40%, and the Bottom 30%) (Balachandran, 2005). This grouping is based on measuring the financial performance of companies that use return on assets (ROA). Testing the return value relevance using a model developed by Easton and Harris (1991). In the second phase, testing the effect of the application of accounting conservatism and each level of the information value relevance of accounting earnings. Tests conducted by the following equation:

$$Ret_{i,t} = \beta_0 + \beta_1 Earn_{i,t} + \beta_2 \Delta Earn_{i,t} + \beta_3 Con_{i,t} + \beta_4 Con \Delta Earn_{i,t} + \beta_5 Con Earn_{i,t}$$

Con: accounting conservatism (value β_3)

IV. Result And Discussion

Table 2 (appendix) is descriptive statistics of research variables used in the model test the value relevance. The descriptive statistics show the distribution of raw data that is not normal. This is indicated by the value of the Jarque-Bera is greater than 2 (two) and the probability is smaller than the significance and value of skewness is far from 0 (zero), kurtosis the big three (3) and the average value is smaller rather than the standard deviation. The data were not normally distributed were then transformed into transformation Square (squares). It aims to obtain normal data, resulting in a regression model that is not free from bias and misleading notion. Thus, in table 3 (appendix) descriptive statistics obtained after transformation. The model used in this study has been through the classical assumption can be seen in Table 4 to Table 7 (appendix)

Feasibility Test Model

Adjusted R² value for the entire sample of 04,33 (table 8, appendix). This means the ability to earnings, earnings growth, conservatism, conservatism interaction with earnings and earnings growth interactions with conservatism in explaining stock returns of 43.3%, while 56.7% determines by other factors. For derivative of the regression model, each of which shows the percentage figure of 71.3% for the group of high conservatism, 55.6% for the medium group 49.7% for the medium and low groups conservatism.

According to the Table 8 (appendix) can be seen that the probability value of F-statistic 0,000, then the value of $F < sig$ is $0.000 < 0.1$. It can be concluded that the regression equation obtained reliable. As for the derivatives of the regression model, each of which shows the numbers 0,003 to a group of high conservatism, 0,005 for medium group medium group and 0,070 for low conservatism.

Data Analysis

Testing the level of conservatism can be seen in Panel A of Table 9 (Appendix), when seen from the coefficient β_3 , all samples, of 0.83, while based on the level of corporate performance (ROA) indicates the coefficient β_3 , respectively for low ROA (Bottom 30%) 1.29, middle ROA (Middle 40%) and for high ROA 0.16 (Top 30%) 0.14.

β_3 coefficients for all samples and low ROA groups (high cons) significant at 10%. The results show that companies with relatively low ROA at high conservatism, companies with medium ROA conservatism belong to the medium, and companies with high ROA belong to low conservatism.

Panel B, the results of testing the value relevance of accounting information by using return models. For all samples, the information value relevance of earnings and changes in income can be seen from adjusted R^2 of 10%. However, based on the level of conservatism, shows the value relevance of earnings information for high conservatism decreased to 6%, for the middle conservatism 13% and the value relevance of accounting information (earnings) for low conservatism risen to 15%. This indicates that the information value relevance of earnings increased during low conservatism. Lower conservatism on earnings is higher quality than the earnings information is presented with a higher level of conservatism. So that the level of conservatism affect the value relevance of accounting information (earnings), the higher the conservatism the lower the value relevance of accounting information.

Panel C, shows the influence of conservatism on the value relevance of earnings per share and earnings per share of changes. The test is performed using a moderated regression, which demonstrates the ability to explain the conservatism of the relevance value of 38% (all samples). If the sample is based on the level of conservatism, demonstrate the ability to explain the conservatism of the relevance value increased to 60%, on a high level of conservatism, 44% at medium level of conservatism and decreased to 30% in low conservatism. This suggests that the interaction of conservatism with information relative earnings become more relevant in the category of high conservatism of financial statements of the financial statements that low conservatism.

The magnitude of the influence of conservatism on value relevance of earnings information (for All Sample) seen from the interaction coefficient value of profit and conservatism. Earnings coefficient (β_1), 0.62, significant at 5%, and the interaction $Cons * Earnings$ shows coefficient (β_4) 1.01, thus the influence of conservatism increase the value of profits, whereas for changes in earnings (β_2) with coefficients 2,07 significant 1%, and interaction with conservatism $Cons * Earnings$ showed significance coefficient of -0.96 with 10%, thus weakening the value relevance conservatism profit changes.

In the next test results, by separating test based on the degree of conservatism of the company, look at the high conservatism, conservatism and ability to explain the magnitude of profit to the return value, an increase of 60%. All variables are significant at 1% and 5%, and the value of β_4 and β_5 amounted respectively -7.13 and -12.15 show conservatism in the financial statements, each weakened the value of the earnings information (Earnings) and the value of information changes in earnings (β_2). This shows the relevance of the information in the absence conservatism profit of 11.76 with information encounters conservatism profit decreased -7.13 relevance of information so that it becomes 4.63, while the relevance of the information changes in earnings of 3.95 decreased by -12.15, so the

relevance it becomes negative. This condition indicates that the relevance of earnings and profit information are positive, but this value is affected by the high conservatism made by the company, so that investors are lowering the value of the acquired profit information. At companies that medium and low conservatism, found all the variables were not significant except in the medium 4 conservatism, significant at 1% but showed conservatism strengthen the information value of earnings (Earnings). Thus conservatism not affect the information value relevance of earnings, the company that his conservatism level of medium and low.

Discussion

Of the two tests the influence of conservatism on value relevance of earnings information and changes in income shows that accounting conservatism affects the value relevance of accounting. Testing (Panel A) with Model Basu (1997) showed that in companies with lower profitability, have accounting conservatism is relatively higher than the company that is rated to have the level of profitability that medium and high (conservatism on the level of profitability was high and not significant, which means no conservatism). This indicates the companies that have lower profitability has a more conservative accounting policies. It showed that when the company's performance is low, tends more conservative accounting policies.

Conservative financial statements is one of the mechanisms to limit management to manipulate financial statements (Lafond and Watts, 2006). In terms of preventing the manager to present financial statements that overstatement so as to enhance corporate value and stock price. Watts (2003a) also states that conservatism was helpful to avoid opportunistic behavior of managers relating to contracts in which the use of financial statements as a media contract.

While testing the model of Easton and Harris (1991) shows for all samples relevance of the information value of earnings and changes in profit of 10%, the relevance of this value shows the difference when the sample is divided by the level of conservatism companies (Kausenidis, et al., 2009), the higher the conservatism accounting the company, the lower the relevance of the company's value. Thereby indicating that conservatism has a negative influence on the value relevance. Information earnings and earnings changes are presented with a more conservative, making the reaction of investors to the contrary. Along with the concept of fair value in the measurement and valuation in the IFRS accounting standards convergence, making conservatism does not have the value of better information for investors at this time.

Along with testing in Panel C (integration conservatism with profit and profit change) for all samples show the relevance of a value of 38%, and if testing is based on the level of conservatism demonstrated ability to explain the relevance of conservatism and conservatism values increase at a rate as high as 60%. While conservatism debilitating income information and changes in earnings. Thus the results of this study indicate that conservatism has a negative influence on the information value relevance of earnings and changes in income. In line with the research Akhloufi (2013) states that conservatism has a negative effect on the value relevance of earnings information after the application of IFRS in Germany.

However, these results differ from the results Kausenidis (2009) which states that the level of conservatism and value relevance of having a non-linear relationship. Relevance values increase with increasing degree of conservatism of low to moderate/medium, but the relevance of the value decreased from the level of conservatism medium/medium to high. While Wendt (2010) in her research was generally held conservatism does not have a negative correlation with the value relevance. Conservatism is the one characteristic that is very important in reducing agency costs and improve the quality of financial reporting

information that eventually will be able to increase the value of the company and the stock price (Watts, 2003a), but this study suggests otherwise.

V. Conclusion

This study aims to determine whether the application of conservative accounting practices and their respective levels in the manufacturing companies listed in Indonesia Stock Exchange (BEI) in 2009-2012 affect the value relevance of accounting information which is measured using return models and models of conservatism Basu.

Accounting conservatism during the observation period, negatively affect the value relevance of earnings information and profit changes. This shows that the decline in the value of information that conservative earnings, the financial statements prepared by the accounting standard IFRS convergence. The use of the concept of measurement and valuation at fair value (current value), create optimism in the preparation of financial information. Thus the value of the company decreased when company earnings figures compiled using the principle of conservatism. With the reduction of investor reaction to the conservatism accounting, raises doubts, how to control the opportunistic behavior of management in the financial statements. As is known conservatism is one mechanism that can be used to control the opportunistic behavior of management. This research has not fully generalizable, there are several factors that have not been included in this study such as: stage of the life cycle of the company, industry conditions, investment opportunity set, risks, and many more. Suggested for subsequent researchers who want to investigate about the effect of conservatism on the value relevance of accounting earnings information in order to consider the variables mentioned above. It is also necessary to compare its results with using price models.

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Appendix

Table 1
Research Samples

Criteria	Sample
Listed companies in Indonesia stock exchange(2012)	449
Non-manufacturing companies	(312)
Manufacturing companies	137
Incomplete financial statement presented	(31)

The currency not Rupiah in financial statement	(20)
Incomplete data associated with variables research	(12)
Total samples	74

Table 2
Descriptive Statistic of regression model

	RET	EA	DEA	CONS	CONS*EA	CONS*DEA
Mean	0.454116	0.124382	0.032815	0.143033	0.045696	0.013822
Median	0.462871	0.089917	0.013381	0.034442	0.002790	9.94E-05
Maximum	1.192891	0.808334	0.339705	2.483950	1.229053	0.599911
Minimum	-0.555371	-0.293483	-0.065109	-2.043825	-0.367411	-0.061162
Std. Dev.	0.312331	0.164055	0.072938	0.657731	0.195084	0.081493
Skewness	-0.318519	1.468511	2.632909	0.599603	3.671970	6.181743
Kurtosis	4.173697	7.820333	10.59859	8.056121	23.59261	44.18678
Jarque-Bera	4.681378	83.63698	224.3518	70.88144	1254.722	4854.168
Probability	0.096261	0.000000	0.000000	0.000000	0.000000	0.000000
Observations	63	63	63	63	63	63

Table 3
Transformation Descriptive Statistic of regression model

	RET^2	EA^2	DEA	CONS	CONS*EA	CONS*DEA
Mean	0.302223	0.041957	0.032815	0.143033	0.045696	0.013822
Median	0.219957	0.009754	0.013381	0.034442	0.002790	9.94E-05
Maximum	1.422989	0.653404	0.339705	2.483950	1.229053	0.599911
Minimum	0.000659	2.97E-05	-0.065109	-2.043825	-0.367411	-0.061162
Std. Dev.	0.304471	0.098629	0.072938	0.657731	0.195084	0.081493
Skewness	1.798435	4.515131	2.632909	0.599603	3.671970	6.181743
Kurtosis	6.560916	25.93241	10.59859	8.056121	23.59261	44.18678
Jarque-Bera	67.24618	1594.533	224.3518	70.88144	1254.722	4854.168
Probability	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Observations	63	63	63	63	63	63

Table 4
Normality

Model	JB	Probability	
all sample	19.17183	0.00007	not normally distributed
high conservatism	1.50264	0.47174	normally distributed
medium conservatism	10.03831	0.00661	not normally distributed
low conservatism	0.87550	0.64550	normally distributed

Table 5
Autocorrelation

Model	Prob. Obs*R-squared	
all sample	0,1289	no autocorrelationproblem
high conservatism	0,8771	no autocorrelationproblem
medium conservatism	0,0186	no autocorrelationproblem
low conservatism	0,1802	no autocorrelationproblem

Table 6
Multicollinearity

<i>all sample</i>					
Independence variable	EA ²	DEA	CONS	CONS*EA	CONS*DEA
EA ²	1.000000	0.243376	0.115174	0.117873	0.029071
DEA	0.243376	1.000000	0.192703	0.099690	0.594631
CONS	0.115174	0.192703	1.000000	0.798351	0.529244
CONS*EA	0.117873	0.099690	0.798351	1.000000	0.412502
CONS*DEA	0.029071	0.594631	0.529244	0.412502	1.000000
<i>high conservatism</i>					
Independence variable	EA ²	DEA	CONS	CONS*EA	CONS*DEA
EA ²	1.000000	0.027057	-0.204934	0.390366	0.030226
DEA	0.027057	1.000000	-0.012607	-0.404219	0.768178
CONS	-0.204934	-0.012607	1.000000	0.451653	0.161394
CONS*EA	0.390366	-0.404219	0.451653	1.000000	-0.552496
CONS*DEA	0.030226	0.768178	0.161394	-0.552496	1.000000
<i>medium conservatism</i>					
Independence variable	EA ²	DEA	CONS	CONS*EA	CONS*DEA
EA ²	1.000000	0.153285	0.097698	0.017664	0.011257
DEA	0.153285	1.000000	0.436821	0.294626	0.825176
CONS	0.097698	0.436821	1.000000	0.810207	0.610095
CONS*EA	0.017664	0.294626	0.810207	1.000000	0.478980
CONS*DEA	0.011257	0.825176	0.610095	0.478980	1.000000
<i>low conservatism</i>					
Variabel Independen	EA ²	DEA	CONS	CONS*EA	CONS*DEA
EA ²	1.000000	0.631785	0.296205	0.443404	0.120604
DEA	0.631785	1.000000	0.051092	0.017612	0.591307
CONS	0.296205	0.051092	1.000000	0.948385	0.491351
CONS*EA	0.443404	0.017612	0.948385	1.000000	0.373108
CONS*DEA	0.120604	0.591307	0.491351	0.373108	1.000000

Table 7
Heteroskedasticity

Model	Prob. Obs*R-squared	
<i>all sample</i>	0,0992	No heteroskedaticity problem
<i>high conservatism</i>	0,0300	No heteroskedaticity problem
<i>medium conservatism</i>	0,9824	No heteroskedaticity problem
<i>low conservatism</i>	0,4637	No heteroskedaticity problem

THE RE-BRANDING OF IKIP PADANG TO UNP: HOW THE CHANGES IN BRAND AWARENESS AND BRAND IMAGE WOULD AFFECT STUDENT'S ENROLLMENT INTEREST?

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Abstract

The purpose of this research was to analyze the effect of brand image and brand awareness on the 1999's re-branding of Institut Keguruan dan Ilmu Pendidikan Padang (IKIP Padang) to Universitas Negeri Padang (UNP) towards West Sumatera's highschool student's enrollment interest.

The population of this research are the West Sumatera's highschool students. To determine the sample, this research uses random sampling method. Based on BPS data (Indonesia's Central Bureau of Statistics), the number of high school students in West Sumatra amounted to 34.701 students, and by using "Krejcie table", the sample found to be of 380 students. Whereas for data analysis, multiple regression with descriptive analysis and inductive analysis was used.

The result showed that (1) UNP's brand awareness has a positively significant influence towards highschool student's enrollment interest, (2) UNP's brand image has a positively significant influence towards highschool student's enrollment interest, (3) both UNP's brand awareness and brand image has a positively significant influence towards highschool student's enrollment interest.

Based on this research, the top management of Universitas Negeri Padang is advised to: (1) Increase the UNP's brand awareness and brand image in the minds of prospective students, especially with its motto "Alam Takambang Manjadi Guru", (2) Introduce and disseminate the information about UNP's official website *fe.unp.ac.id* to prospective students, and (3) Provides information about the difference between IKIP Padang and UNP to the prospective students.

Keywords: *College Re-Branding, Brand Image, Brand Awareness, Enrollment Interest*

I. Introduction

Brand is a valuable asset for an organization, including colleges, because a brand contains values that allows people to identify a college's expertises, qualities and impressions. These impressions will help the public to identify and differentiate college's skills (Brodovsky, 2012). Therefore, a brand that was built by a college will generate its particular brand awareness and brand image to society.

A college effective branding requires deep understanding towards its target market perception: highschool students, employees, employers, alumni, and so forth. Therefore, colleges as a provider of education service should always pays attention to the preferences of the community.

Re-branding is a term that refers to the process of giving a new name, values, logos, designs and symbols to a brand that has been there before. Re-branding can also be a combination of rearrangement of the elements of a brand (Judson, Aurand, Gorchels & Gordon, 2009). This process is also possible to be implemented in a college, especially a college that intends to re-identify its value as well to differentiate itself to the competitors (Stuart & Mezellec, 2004).

When implementing the re-branding, the organization also repositioning itself in the customers mind, which is one way to gain a competitive advantage (Lindberg-Rrepo, 2005).

According to Keller (2008), repositioning is carried out by changing the image of the organization so it can gain new values and position in the minds of customers.

Universitas Negeri Padang (Padang State University) is one of the largest state university in West Sumatera, has been carrying out re-branding from Institut Keguruan dan Ilmu Pendidikan Padang (Padang Institute of Teachers and Pedagogy), that initially produce prospective teachers graduates since 1954. The changes from IKIP Padang to UNP in 1999 was triggered by external changes, namely 'wider mandate' from the Education Ministry to provide a more broadly education service in a form of a university.

The rebranding is specified in Presidential Decree No. 93 of 1999. It means that for 45 years IKIP is already widely recognized as a college that produced teachers. This image is very strong in the public minds, especially since the majority of the teachers in West Sumatera was IKIP's alumny. In addition, the changes in college's name and logo requires it's brand repositioning back in order to grow public awareness of UNP.

After 16 years of re-branding, some question arise. Namely, how is UNP's brand awareness and brand image in the minds of West Sumatera's highschool students, UNP's prospective students? The answer of this question has implications whereas current highschoolers make their choice to continue their education.

Research Question

The problem formulation for this research is: how UNP's brand and brand awareness in the minds of West Sumatera's highschool after UNP re-branding from IKIP Padang, would affect their enroll interest to UNP?

II. Theoretical Framework

Product Interest (Buying Interest)

Buying interest is a stage of tendency from a respondents before a buying decision is actually implemented. There are differences between actual purchases and interest in the purchase. The actual purchase is a purchase that really made by consumers, while interest in the purchase is the intention to make a purchase for a future occasion. Buying interest is the tendency of consumers to purchase a brand or take action related to the purchase of which is measured by the level of likelihood that consumers make purchases (Assael, 2001: 75).

Swastha and Irawan (2001: 79), suggested factors that affect the buy interest relates to feelings and emotions, if one feels happy and satisfied in buying goods or services, then it would strengthen buying interest, dissatisfaction usually eliminate interest. According to Kotler and Keller (2003), customer buying decision – all their experience in learning, choosing, using, even disposing of a product. Buying interest definition by Simamora (2002: 46) is something personal and related to attitude. Individuals who are emotionally interested in a product will have the drive to get it.

In the opinion of Assael (2001: 82) brand image is an expression of mental that assess the positive or negative, good or bad, like it or not a product, which would resulting in the interest of consumers to purchase or consume goods or services presented by the manufacturer. Based on research conducted by Wu and Lo (2009) the influence of consumers assessment towards the brand, towards buying interest. Based on research conducted by Peyrot and Van Doren (1994), concluded that there are positive relationship between brand assesment to consumers decisions to buy.

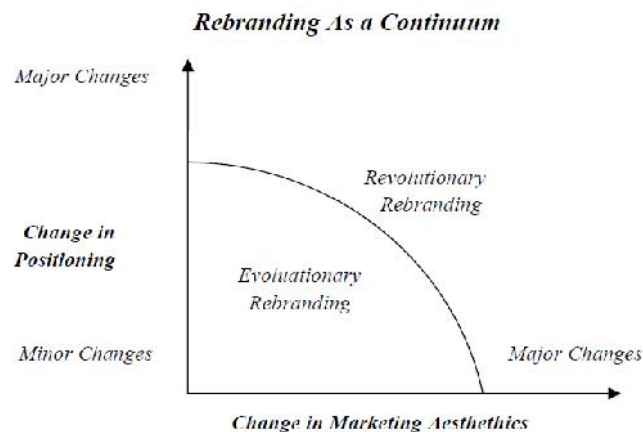
Re-Branding Concept

According Muzellec and Lambkin (2005) the definition of re-branding is to create a new name, term, symbol, design, or a combination of all of them for a brand, with the purpose of developing a new differentiation in the minds of stakeholders and competitors.

According to Lomax and Mandor (2006) factors that cause re-branding consisted of two main parts, namely (1) Internal Factors, such as: (a) Changes in corporate strategy, (b) Changes in organization behavior Including culture, (c) Changes in corporate communications, (d) Changes in fashion, (2) External factors, such as: (a) Imposed corporate structural change, (b) Concern over external perceptions of the organization and its activities,

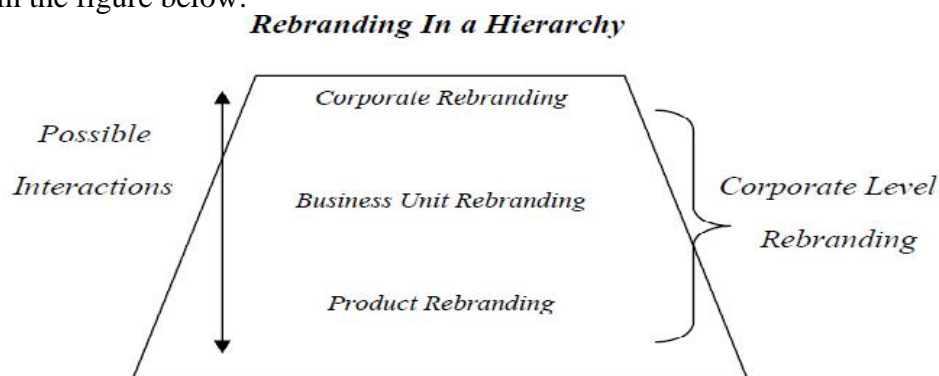
Meanwhile, according to Thurtle (2002) there are some conditions that allow a company to do a re-branding, as follows: (1) The company wants to cut ties that have been established so far, (2) The company is merging with another company, (3) The existence of the same brand name with another company, (4) Brand perception is outdated, (5) Brand linked with bad events or tragedy.

Muzellec and Lambkin (2005) illustrates the two basic dimensions of re-branding in figure below:



In this model, re-branding can be classified as evolutionary and revolutionary. Evolutionary re-branding describes a fairly small development in positioning and marketing aesthetics and less visible to an outside observer. All companies undergo this process from time to time through a series of adjustments and innovations are cumulative in a way that is not easily susceptible to learn. While revolutionary re-branding, describes a major change, which can be identified by changes in positioning and marketing aesthetics, which basically reinterpreting the company. These changes are usually denoted by a name change.

Meanwhile, according to Keller (2000) presented by Muzellec and Lambkin (2005) re-branding was stratified. This can assist companies in understanding about the re-branding in the more modest context, namely the three levels of brand hierarchy is as depicted in the figure below:



When all three levels of the hierarchy are combined, brand architecture is suitable for a "house brand", ie when the master brand unfurled over there the whole hierarchy (Aaker

and Joachimsthaler, 2000). Instead, a "house of brands" architecture would separate names for each product line.

Brand Awareness

Brand awareness is the ability of a consumer to recognize or recall a brand is a part of a category or a specific product. Part of a product category needs to be emphasized because there is a relationship between the product category under the brand involved.

Brand awareness has four levels to the awareness in the minds of consumers. The lowest level is the *brand recognition*, it's when a customer has to be helped to recognize a brand. The following is brand recall, when consumers do not need to be helped to remember the brand. And the next is top of mind awareness. Top of mind is the highest brand awareness, and usually are leaders from various brands that exist in the minds of consumers.

Brand Image

Linkage between consumers and a brand will be stronger when based on a experience. A good brand image will push to increase sales volume and the company's image. Kotler and Gary Armstrong (2007: 80) states that brand image is a set of consumer confidence about the brands.

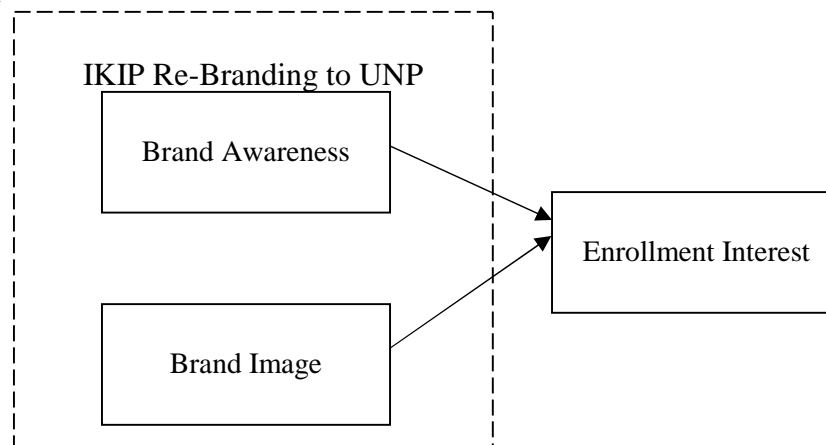
The image of the product and brand associations can be communicated by advertising and other promotional media, including public relations and eventsponsorship. Ads are considered to have the largest role in communicating the image of a brand, and a brand image can also be built using only the ad to creates associations and symbolic meaning that is not an extension of the product features.

III. Research Methods

Research Population and Sample

The research population were all high school students in West Sumatra. The number of high school students in West Sumatra until 2014 amounted to 34.701 (bps online: 2014), and 380 students are taken as samples based on Krejcie tables (Sekaran, 2006). The research sampling technique is random sampling method.

Research Model



Research Instrument

Research instrument was a questionnaires that was given to respondents. The questionnaires have been designed with Likert scale with five options consisting from "strongly disagree" to "strongly agree". Before the instrument used to collect research data, it was first be tested on 30 samples to measure the validity and reliability of the instrument.

Data Analysis

Multiple Regression

Multiple regression analysis is a data analysis method that allows researchers to perform calculations among the variables that exist that close to reality, and to measure the effect of independent variables with the dependent variable, using SPSS. According Riduwan (2010) the formula for multiple regression is as follows:

$$Y = a + b_1x_1 + b_2x_2 + e$$

Where: Y = enrollment interest, a=constant, x_1 = brand awareness, x_2 = brand image, b_1 , b_2 =regression coefficient, e=error

Feasibility Test (F-Test)

F test was conducted to test whether the simultaneous independent variables are able to explain the dependent variable as well. SPSS data processing results on the F test also to test whether the model used is fixed or not. The benchmark used is to compare the significant values obtained with $\alpha = 0.05$.

Hypotheses Test

The t-test was conducted to test whether separate independent variables are able to explain the dependent variable as well. Partial test on SPSS output by the t-test can be seen in Table Coefficients. If the P-value (on sig. column) on each independent variables are smaller than 0.05, it means each independent variable individually has significant effect on the dependent variable.

IV. Results

Hypotheses Test

F test was conducted to determine whether the independent variables have a significant influence on the dependent variable simultaneously. The crunched data are presented in the following table:

		F-Test Result				
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	13141.064	2	6570.532	191.225	.000 ^b
	Residual	11785.537	343	34.360		
	Total	24926.601	345			

Source: Primary Data, 2015

Based on the analysis on the table above, we can see the level of significance is $0.000 < 0.05$. This means that the null hypothesis (H_0) is rejected. Which means there are simultaneously significant effect from Brand Awareness and Brand Image towards Enrollment Interest. Thus the hypothesis proposed by researchers can be accepted.

Coefficient of Determination

The coefficient of determination (R^2) is useful to show the contribution proportion independent variables towards dependent variable. The crunched data showed that the relationship between the level of Brand Awareness and Brand Image towards Enrollment Interest can be seen in the following table:

Coefficient of Determination				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.726 ^a	.527	.524	5.86175

Source: Primary Data, 2015

Based on the table above, it can be analysed that the relationship between Brand Awareness and Brand Image towards Enrollment Interests is amounted to 0.726. While the contributions given by the Brand Awareness and Brand Image variables towards

Enrollment Interest is 0.527 or 52.7%, while the remaining 0.473 or 47.3% was contributed by other variables that was not examined in this study.

T-Test

The t-test was conducted to see the effect of each independent variable on the dependent variable partially. The reference used is: if sig value < 0.05 then H_0 is rejected. However, if the sig value > 0.05 , then H_0 is accepted. The results of the data crunching shown in Table 4.7.

Multiple Regression Results					
Model	Unstandardized		Standardized	t	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
(Constant)	-4.815	2.500		-1.926	.055
1 Brand Awareness	.360	.052	.376	6.963	.000
Brand Image	.384	.051	.406	7.529	.000

Source: Primary Data, 2015

Based on table above, the constant value is $a = -4.815$, while the multiple linear regression coefficient $b_1 = X_1$ (.360), and $b_2 = X_2$ (0,384). Thus we obtained multiple linear regression equation as follows:

$$Y = a + b_1X_1 + b_2X_2 + e$$

$$Y = -4.815 + 0,360X_1 + 0,384X_2$$

From the equation above can be seen that the constant is -4.815, which means if Brand Awareness (X_1) and Brand Image (X_2) is zero, then the Enrollment Interest is -4.815 unit. Furthermore, Brand Awareness (X_1) estimated regression value is 0.360 with sig value $0.000 < 0.05$, this means that when Brand Awareness (X_1) is increased by 1 unit, then the Enrollment (Y) would be increased by 0.360. Which means the better UNP brand awareness in the minds of West Sumatera highschoolers, the bigger Enrollment Interest would be.

On Brand Image (X_2), the estimated variable regression value is 0,384 with sig $0.000 < 0.05$, this means that if the variable Brand (X_2) is increased by 1 unit, then Enrollment Interest (Y) would increase by 0,384. Which means that the more positive the brand image in the eyes of prospective students would increase the interest to enroll to UNP.

Discussions

Brand Awareness Impact Towards Enrollment Interest

Brand Awareness in this study means the ability of West Sumatera Highschoolers (UNP's prospective students) to recognize and recall Universitas Negeri Padang as a brand of one of leading universities in West Sumatra. The statement that UNP is one of the leading universities should be emphasized, because there are strong relationships between the products categories with the brand in question. This concept is in line with the Aaker (2009), which defines that brand awareness is a potential buyer's ability to recognize or recall that a brand is a part of a specific product category.

From the crunched data, it is known that the prospective students have already know Universitas Negeri Padang, and considers UNP is an easy to remember name. In addition, the majority of respondents also knows UNP's campus locations. This is very advantageous for UNP, because brand awareness describes the brand's presence in the minds of consumers that will affect the image and behavior of consumers. Brand awareness is also a main asset of the brand, or the key to get into other brand elements (Durianto, 2006).

Nevertheless, there are still some respondents who are not familiar UNP's motto or knowing UNP's official website. Furthermore, although they're already familiar with UNP

as one of the top colleges in West Sumatra, there are still some respondents who didn't know the difference between IKIP and UNP.

Brand Image Impact Towards Enrollment Interest

Brand image in this study is a set of beliefs by West Sumatera Highschoolers (UNP's prospective students) towards UNP as a brand from memory. This is in line with definition formulated by Keller (2003) or Kotler and Armstrong (2001) which states that brand image is a presumption on the brand that was reflected by the consumer who cling to their memory.

Based on the crunched data, it is known that UNP's brand image the minds of it's prospective students: UNP is still the leading university in producing educational graduate. However, they also thought that UNP has an image as a producer of non-educational undergraduate. Furthermore, the highschoolers also considers UNP as a pride college of West Sumatera.

However, based on the crunched data, there are UNP's brand images that UNP is not a college with the lowest tuition. The highschoolers also did not consider UNP is where high achievement students were studying, and do not consider the UNP as the best college in West Sum

Brand awareness according to Dolak (2000) is when people familiar with the brand, but does not mean that they always like the brand, or give a high value to the brand. It simply means that they know your brand, and can be identify it under varying conditions.

Brand Awareness and Brand Image Impact Towards Enrollment Interest

As one step in the branding hierarchy, brand image plays an important role in the development of a brand. It's because brand image concerns the reputation and credibility of the brand which later would became "guidelines" for the consumer to try or use the product or service and obtain a particular experiences (brand experience). It will determine whether the consumer will become brand loyalists or simply opportunists (easy to move to another brand). Brand image is a representation of the overall perception of the brand, and is formed by information and knowledge of the brand. The image of the brand is associated with beliefs and attitudes towards a brand preference. Consumers who have a positive image of a brand would be more likely to make a purchase (Setiadi, 2003).

Based on this research, it is known that Brand Awareness and Brand Image simultaneously have a significant and positive impact towards Enrollment Interests. Based on crunched data, it is known that Brand Awareness and Brand are both in "good" category. Furthermore both , brand awareness and brand image are significantly influence enrollment interest in UNP.

The research revealed that the average brand image "Respondents Achievement Level" is better than brand awareness. In other words, when affecting enrollment interest, brand image contribution is greater than brand awareness. This is in line with the opinion of Boush and Jones (in Kahle & Kim, 2006) which suggests that brand image has several functions, including as market entry.

So it can be concluded that brand awareness and brand image influences enrollment interest in Universitas Negeri Padang. The better the brand awareness and brand image are, the higher the interest of prospective students to enroll to Universitas Negeri Padang.

V. Conclusions

Conclusion : (1) Simultaneously, both brand awareness and brand image affects enrollment interests in Universitas Negeri Padang. (2) Brand awareness has a significant and positive impact on enrollment interest of Universitas Negeri Padang. This shows that

the better the brand awareness are, the higher the interest of prospective students to enroll to Universitas Negeri Padang. (3) Brand image has a significant and positive impact on enrollment interest of Universitas Negeri Padang. This shows that the better the brand image are, the higher the interest of prospective students to enroll to Universitas Negeri Padang.

Based on the research results, to the Universitas Negeri Padang's top management, researchers propose the following suggestions: (1) Increase UNP's brand awareness and brand image in the minds of prospective students, especially with UNP's motto campaign "Alam Takambang Manjadi Guru". (2) Introduce and disseminate information about UNP's official website 'unp.ac.id' to prospective students. (3) Providing information about the difference between IKIP Padang and UNP to prospective students.

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THE DEVELOPMENT OF PROJECT BASED ARCHIVE TEXTBOOK TO IMPROVE THE COMPETENCE OF THE STUDENTS OF VOCATIONAL SCHOOL MANAGEMENT BUSINESS IN MEDAN CITY

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Abstract

The high unemployment number of vocational school is due to low level of competence held by graduates. Graduates are not able to connect what they learn with the knowledge of how it will be applied. The students also have difficulty to understand the concept of academic because they are taught to use something abstract with the lecture method. Low competence of vocational school graduates is caused by Teaching and Learning Activity. The objective of this study was to improve the quality of learning in archive subject in vocational schools in Medan through project based archive textbook design. Special targets in this study generates: 1) Teaching and Learning Plan that has been standardized, 2) Project-based textbooks, 3) Student Activity Sheet, 4) Project-Based Evaluation Instrument, 5) Media Project-based learning. This research used Research and Development approach, with a combination of qualitative and quantitative research. The method used was descriptive eksplorative method to identify the symptoms and the root of the problem that occurred on archive instructional design and development of project-based archives textbook. This study involved the teachers and students of Vocational School Business Office Administration Management in Medan and Practitioners of Administrative Profession Certification Institute North Sumatra. From the research results of the Development of Archive textbook showed project based archive textbook is intended to integrate project-based learning into textbook to be more communicative. The material developed in the textbook of archives based on the project include: documents and documentation, natures of archive, maintenance of archive, archive storage systems alphabet, storage archive system numbers, archive storage of system subject, archive storage of territory system, archive storage of date system, treatment and archive depreciation..

Keywords: *Project Based Learning, Textbook, Development Research.*

I. Introduction

Education is organized as a process of empowerment of learners that lasts a lifetime. Through educational activities, a student can master the competencies that can be used in life in society. Education creates learners become better people, even meets the eligibility rules to be followed in social life.

Vocational education is basically a part of the national education system. Vocational education according to the Law of the Republic of Indonesia Number 20 of 2003 on National Education System Article 18 explained that: "Vocational education is a secondary education that prepares students primarily to work in a particular field".

However, graduation of vocational school which is expected able to prepare students with competence in accordance with the program membership is still far has not been achieved. The motto of "*SMK Bisa* " does not correspond to reality. Vocational School which should be able to prepare students to be competent as a middle-level manpower can not be realized. Statistical Bureau stated that the number of unemployment in Indonesia is still high and graduates of vocational schools is still the number one contributor to unemployment. Approximately 11.19% of the total unemployed, or about 814 thousand people, is a graduate of Vocational High School. Head of Statistical Bureau, Suryamin, said the figures were increased compared to August 2012 amounted to

9.87%. This means that more vocational graduates to be unemployed than others. Open unemployment rate in August 2013 for vocational education was in the highest position, which amounted to 11.19%. (BPS, Jakarta 11/06/2013).

High unemployment in the vocational school graduates shows the process of vocational education which has not been able to equip students to have a competence that should have been occupied since completing his/her study at vocational school. This could be due to lack of ability of teachers to equip students with the competencies that should be possessed Mutmainnah (2011). Besides, the lack of learning tools such as textbooks that allow students to be able to build his own knowledge is not available yet. Books available are still too general and can not motivate students to apply their knowledge to practice, as well as in the application of archive.

The high unemployment number is due to low level of vocational competence held by graduates. Graduates are not competent enough to enter the working world Djaali (2009). Graduates are not able to connect what they learn with the knowledge of how it will be used or exploited. Students also have difficulty in understanding the concept of academic because they are taught with lecture method. The ability of teachers and lecturers in North Sumatra in the field of archives is still low Inez (2014). Low competence of vocational teachers in the field of archives causes ability of graduates in storage and archival discoveries with a wide range of storage systems is also low.

To improve the ability of students of vocational school in Medan city in mastering archive, it is necessary to design a project-based textbook. Project learning can help students access information, increase understanding, and improve practice. Innovative things in the textbook is the element of the project. Elements project has a role evocative authentic motivation to learn and create meaningful learning process Prabawa (2013).

II. Teoritical Framework

Implementation of the Curriculum 2013 demands the possibility of students to explore all their capabilities. Learners explore assessment, interpretation, synthesis, and information to produce various forms of learning outcomes Tirta(2014), Rofiah (2013). Application of project-based learning model is expected in the implementation of the curriculum in 2013, which is in the process of active student learning and collaborative in the group. By giving the project in groups of students, they will be trained to work hand in hand in completing the task. Project-Based Learning is broader and often is composed of several problems students will need to solve. It is our belief that PBL provides the contextualized, authentic experiences necessary for students to scaffold learning and building meaningfully powerful science, technology, engineering, and mathematics concepts supported by language arts, social studies, and art Capraro (2013).

Kemendikbud (2014) stated that project based learning is a learning model that uses matter as a first step in collecting and integrating new knowledge based on experience and real activity. Learning steps in Project Based Learning can be described by the following diagram:

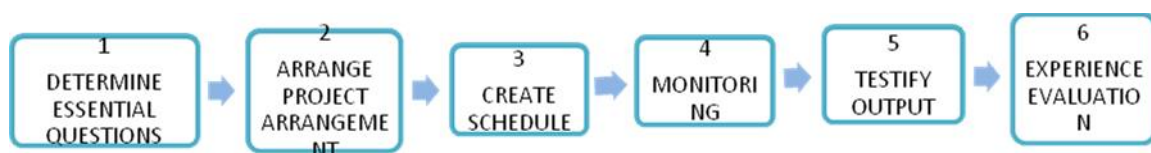


Figure 1. The steps in project based learning.

(1) Starting with the essential question. Learning begins with the essential questions, ie questions that can give students assignments to perform an activity. Take topic corresponds to reality and the real world begins with an in-depth investigation and the topic is relevant to the learners. (2) Designing a Plan for the Project. Planning is done collaboratively between teachers and learners. Learners are expected to be felt "had" on the project. Planning contains rules in the completion of project activities. (3) Creating a Schedule. Teachers and learners arrange activity schedule completion of the project. Activities in this stage include: (a) create a time line completion of the project, (b) determine the time of completion of the project, (c) guiding learners in order to plan a new way (d) guiding learners when they make a way not associated with the project and (e) require learners to make annotations (reason) about the election in some way. (4) Monitoring of learners and the progress of the project. Teachers are responsible for monitoring the activities of learners for completing the project, using a rubric that can record all activities that are important. (5) Assessing the Outcome, the assessment is to measure the achievement of competence, to evaluate the progress of each learner, give feedback on the understanding that has been achieved learners, and help teachers in preparing subsequent learning model. (6) Evaluating the experience, at the end of the learning process, teachers and learners to reflect on the activities and results of projects already executed. At this stage, the students were asked to express his experiences during the project completed. Teachers and learners to expand the discussion to improve performance during the learning process, so in the end found a new finding (new inquiry) to address issues raised in the first stage of learning.

The learning activities require teaching materials which are designed in the form of textbooks. Based on constructivist learning theory, learning is an active activity. Learning should enable students to learn actively in accordance with the respective speeds and accommodate learning learning by doing. Based on the characteristics of the subject matter, project-based archive textbook is so important.

Design project based archive textbook is developed based on the theory of learning message. Mayer (2008) states that there are three general views of learning, namely learning as the strengthening of the response, learning as knowledge acquisition and learning knowledge construction. Ministry of Education (2008) stated that instructional materials as learning content that is written by the teacher which includes the materials intended to facilitate student learning. Instructional materials are considered good if the teaching material is written in a good language and easy to understand, served attractively and furnished with pictures and descriptive captions, the contents of the book also describes something based on the idea of the author.

Textbooks were developed based on project-based learning that has the characteristics to solve the problems in the real world. The core component in project-based learning include: 1) a description of communicative contents, 2) using examples, illustrations or analogies, 3) using the exercises, tests, and corrective feedback, 4) the selection of relevant media, 5) the relevance and consistency between workouts or tests and material learning objectives and 6) the availability of interactivity Prabawa(2013).

III. Research Methods

The method used in this study was Research and Development (R & D) approach with the model of Dick and Carey (2009), Atwi (2004). The first year of this study was to make identification of needs which includes: 1) identification of General Learning Objectives, 2) analysis of learning, 3) identification of the behavior and characteristics of students, 4) Formulate learning objectives, 5) Develop reference test benchmark, 6) develop strategies learning, 7) develop learning materials.

This research was conducted at Vocational School of Business Management in Medan city. The subjects of research as a source of quantitative data in this study were teachers and students of Vocational School Medan City joined in Convention of Teachers Administrative Medan. Teachers as subjects of this study were teachers that teach Filing subject or productive subjects. Whereas, the student who were the subject of this research were the students of Vocational Students of Business Management in Medan.

IV. Result And Discussion

The initial step in the development of archive textbook begins with a needs analysis to determine the learning objectives. Needs analysis is done to determine what it wants after residents learned implementing learning. In this step the developer identifies the instructional needs of archival subjects by means of observation and interviews to a number of students, alumni, stakeholders, and educators. From the observation and archival interviews that competence is in need in every activity of government and private organizations to be able to manage the files correctly. Learning archival should not just a theory that the most important of learning is the practice of managing archival documents into a set of records when needed can be quickly recovered.

After identifying learning objectives, the next step is to determine the steps that can be taken to achieve the learning objectives. The final step in the process of learning objective analysis is to determine the skills, knowledge, and attitude of the so-called entry behavior (behavior early / inputs) required by the learners to start learning. Phase identification of early behavior can be determined through interviews with several vocational students majoring Administration office in the city field that the student has not been able to archival material relating to the activities or in other words, students are introduced to the archival material for the first time.

General Learning Objective that can be formulated in this study are as follows archive learning students will be able to save the document with various filing systems, perform maintenance and destruction of records. The general objective further can be described into specific goals of learning archive such as: 1) Describe the documents and documentation, 2) Describe nature of archives, 3) Describe the steps the maintenance of archives, 4) Perform archival storage system Alphabet, 5) perform archival storage system number , 6) perform archival storage system of the subject, 7) conduct archival storage area system, 8) perform archival storage system date and 9) perform maintenance and depreciation archives.

Based on the learning objectives, it is developed a product evaluation to measure the ability of citizens to learn to do the learning objectives. The main emphasis is on the relationship of behavior depicted in the learning objectives for what assessment.

Assessment tool developed in Instructional Design on the subjects of archives is project-based assessment tool that is intended to measure the level of students' mastery of each competency listed in the instructional goals.

At this stage of the preparation of this instructional strategy researchers set about learning strategies in the organization and sequence of learning activities. Designers split learning activities into a delivery system; the sequence of activities, learning content, time allocation and learning objectives. For example the sequence of activities is divided into several stages; 1) the preliminary stage, a brief description of the content, relevance and benefits, special instructional objectives, 2) the stage of presentation; descriptions, examples and noncontoh, exercises, formative tests, a summary and a glossary, 3) the concluding phase; feedback, follow up, and the amount of time. At every stage of the content is determined outline, the method used, media and tools as well as study time (in minutes).

At this stage the development of instructional materials researchers took from various sources that are compiled from the Internet, reference books, documents and others. In the development of instructional materials certainly noticed objectives to be achieved in learning, having the character of authentic material prepared and contextual, draft design and lay out the material is also a concern of developers to more interesting and relevant material. Results matter expert review can be seen that the archive material has been very good because it covers the basic concepts of archival, storage procedures, reinvent, borrow and restore files that have been borrowed as well as perform maintenance and destruction of records.

Based on the assessment of design subject matter experts can be seen that the development of textbooks archival material is umu considered good. Put the archival material includes: 1) sample or practice to be made more operational again, 2) stage in the mail storage / archive rediscovery will be more operational and practical when made in the form of plowchart. 3) as well as borrowing and repayment records will be more operational and practical when made in the form of plowchart. Based on the above inputs to be improved by adding the procedure plowchart to store, locate, borrow and return the archives. In addition to do repairs on examples and exercises to be more operational and challenging.

Developer material based on expert assessment of the media considered very good for conformity with the General and Specific Objective. The visual quality and attractiveness were considered good. Illustration, the appearance and layout, consistency, typewriting size, font style use letters, boxes and lines are very well, empty fields and color well. Media experts suggested that illustrated need to be more assertive in the material. Based on interview obtained information that more staining been a strong color that can be used to make students interested and motivate students to learn.

V. Conclusion

From the research results of the development of archive textbook that has been done, it showed that project based archive textbook integrating project-based learning into textbook is more communicative. The material was developed in the textbook of archive based on the project include: documents and documentation, nature of archive, maintenance of archive, archive storage systems alphabet, storage archive system numbers, archive storage system subject, archive storage systems Territory, archive storage system date, treatment and Archive Depreciation. Based on the process of development that has been done, some suggestions and recommendations can be given as follows: product of project based archive textbook can be used on all vocational schools of Business Management as an attractive alternative learning and to maximize the implementation of project based archive textbook in class learning, you should also include materials and archive equipment.

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THE INFLUENCE OF TEACHING PREPARATION OF LECTURERS AND UNIVERSITIES IN FACING ASEAN ECONOMIC COMMUNITY (AEC) 2015 TO IMPROVE THE QUALITY OF BUSINESS ADMINISTRATION GRADUATE STUDENTS ACADEMIC YEAR 2013 UNIMED

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Abstract

This study discusses about the influence of teaching preparation of lecturers and universities to the quality of graduate students of Business Administration Program UNIMED. It aims to know whether there is the influence of the teaching preparation of lecturers and universities in facing the ASEAN Economic Community to the quality of business administration graduate students academic year 2013 UNIMED. This research was conducted in business administration study program, majoring in economics education, Medan State University with the samples for 60 people. Data collection techniques used were observation, interviews and questionnaires. Validity and reliability test used SPSS version 22.0. Data analysis technique performed with SPSS version 22.0 and it was concluded that the teaching preparation of lecturers and universities have influence to the quality of graduate students of Business Administration Study Program in facing ASEAN economic community 2015, namely for 34% and the remaining 66% are influenced by other factors which are not examined in this study.

Key words : *Teaching preparation of lecturers, University, Quality of Graduates students and AEC.*

I. Introduction

Education is an indicator of the progress of a nation that is very important in shaping the foundations of the nation's competence. Speaking of education, it can not be separated from efforts to create qualified human resources. According to the report of Education for all (EFA) Global Monitoring Report, released by UNESCO in 2012, the quality of education in Indonesia was ranked 64 of 120 countries.

Educational success depends not only on students who are always required to be able to learn well, but the teaching preparation and capability of lecturers in learning process to determine the success of the educational process. In addition, other factors that affect the quality of students in the learning process is the active role of the university as a place that can form good human resources.

Association of Southeast Asian Nations (ASEAN), which was formed in 1967, was aimed at cooperation oriented to politics to achieve peace and security in the region of Southeast Asia, and later changed into regional cooperation by strengthening the spirit of economic and social stability in the region, among others through accelerated economic growth, social progress and culture with regard to equality and partnership, so that it became the foundation for the creation of a prosperous and peaceful society. Asean was officially formed on August 8, 1967. Economic integration was done by the liberalization

of trade between the countries participating in integration but at the same time also applied various obstacles both tariff and non-tariff to a third country or countries outside. Liberalization policy and integration agreement are used as a tool to gain access to a wider market and promote growth in order to increase prosperity (Thongphane savanphet, 2006).

Based on the belief and in order to strengthen the competitiveness of the region in the face of global competition and the regional countries in the region of Southeast Asia which are members of the forum of ASEAN, they have agreed to improve the process of integration between them through the establishment of AEC 2015. ASEAN Economic Community took effect on December 31, 2015, where the Asean region will become an open and unified market-based production; as well as flow of goods, services, investment, capital and labor will move freely. There are four pillars of the ASEAN Economic Community, namely the economic region with high competitiveness, economic growth with equity, integration into the global economy and the last pillar is to make Asean as a single market and a unified production base through the goods and services, investment, capital and skilled labor (Bappenas 2009). There are 12 service sectors that have been agreed upon by the ASEAN countries such as : (1) business, (2) communication, (3) construction engineering and engineering-related, (4) education, (5) distribution, (6) the environment, (7) finance, (8) services related to health and social services, (9) the tourism and travel, (10) recreation, sports, and culture, (11) transportation, and (12) other service sectors. Movement of free skilled labor does not mean to do it totally free but it is through the Mutual Recognition Arrangement (MRA).

Table 1. Open unemployment in Indonesia according to the highest education attained in 2012-2014 are as follows:

No	Education	2012		2013		2014	
		February	August	February	August	February	August
1	Without School	126 972	85 374	112 435	81 432	134 040	74 898
2	No Elementary School	601 753	512 041	523 400	489 152	610 574	389 550
3	Elementary School	1 418 683	1 452 047	1 421 873	1 347 555	1 374 822	1 229 652
4	Junior High School	1 736 670	1 714 776	1 821 429	1 689 643	1 693 203	1 566 838
5	General Senior High School	2 043 697	1 867 755	1 874 799	1 925 660	1 893 509	1 962 786
6	Vocational High School	1 018 465	1 067 009	864 649	1 258 201	847 365	1 332 521
7	Diploma I,II,III/ Academy	258 385	200 028	197 270	185 103	195 258	193 517
8	University	553 206	445 836	425 042	434 185	398 298	495 143
	Total	7 757 831	7 344 866	7 240 897	7 410 931	7 147 069	7 244 905

Source: Survey of National Work Force (Sakernas)

With MRA mechanism, the destination countries recognize professional qualifications of skilled workers from the country of origin or the sending country. It means the country of origin has the authority to issue a certificate that describes the competence of skilled workers who will be sent. Although it is not directly guaranteed

market access but certainly MRA is a first step in efforts to promote skilled labor. The arrangement of MRA is as an effort to support the free flow of labor, facilitate the movement of labor which is based on a contractual agreement to support trade activities and investment in the services sector. Until 2009, it has been agreed MRA by Asean namely for engineering services, nursing, architectural, surveying qualification, medical personnel (doctors and dentists), services of accounting where all this MRA signed by the ASEAN economic Ministers (Department of Foreign Trade in Indonesia, 2009).

With regard to the quality of Indonesia labor, Indonesia is more on sending labor educated while the Philippines sends more educated labor force to work abroad (Pimasanto, 2010). Human Development Index Data (UNDP, 2011) showed that Indonesia is in a position 124 out of 187 countries. The position of Indonesia is still below than Singapore, Brunei, Malaysia, Thailand, Philippines and just being in a better position than Vietnam, Laos, Cambodia and Myanmar. Without realizing it, the time will continue to run and the people of Indonesia should be prepared to face the EAC 2015. Open unemployment Indonesia attained by the year 2012 to 2014 are as follows:

Table 2. Open Unemployment 2012-2014

No	Highest Education	2012		2013		2014	
		February	August	February	August	February	August
1	Never Attended School	126 972	85 374	112 435	81 432	134 040	74 898
2	Without Passing Elementary School	601 753	512 041	523 400	489 152	610 574	389 550
3	Elementary School	1 418 683	1 452 047	1 421 873	1 347 555	1 374 822	1 229 652
4	Junior High School	1 736 670	1 714 776	1 821 429	1 689 643	1 693 203	1 566 838
5	Senior High School	2 043 697	1 867 755	1 874 799	1 925 660	1 893 509	1 962 786
6	Vocational High School	1 018 465	1 067 009	864 649	1 258 201	847 365	1 332 521
7	Diploma I,II,III/ Academy	258 385	200 028	197 270	185 103	195 258	193 517
8	University	553 206	445 836	425 042	434 185	398 298	495 143
	Total	7 757 831	7 344 866	7 240 897	7 410 931	7 147 069	7 244 905

Source : Survey of National Work Force (Sakernas)

The open unemployment rate is the ratio between the number of job seekers in the labor force. Data from Table 1 shows that in 2012 to 2014 the open unemployment diploma I, II, III and universities is higher compared to Elementary School and lower. This suggests that the high level of education is not a guarantee to get a job easily.

Students are the candidates of educated workforce that must have the ability and certainly have to understand themselves to prepare for a competition in 2015. The implementation of AEC should encourage students to study well, prepare all the ability to compete with workers from other countries.

Universities should prepare graduates who can compete in the national level or Asean, not only the discharge of their responsibilities after graduating from university students and do not pay attention to whether a university graduate can receive to work or

not. Therefore, based on this background, the formulation of the problem in this study is how the teaching preparation of lecturers and the universities in facing Asean Economic Community 2015 to improve the quality of graduate students of business administration Academic Year 2013 UNIMED.

II. Teoritical Framework

The concept of teaching preparation of lecturers

In the Law on Teachers and Lecturers No 4 of 2005 concerning with Teachers and Lecturers, in Article 3, paragraph 1, it stated that teachers and lecturers have the position as professional staff at higher education level which are appointed in accordance with the legislation. Further, it is stated that the lecturers are professional educators and scientists with the main task to transform, develop, and disseminate science, technology, and the arts through education, research, and community service. The main task of the lecturer is as educational educator. As an educator, the duty and responsibility of the lecturer is to educate students to be individuals who have the abilities and skills that are useful for life and needed to enter the workforce, through its ability to teach a variety of knowledge and skills, in addition to the responsibility in the form of attitude and the right behavior and not really in the act through nature exemplary as moral human beings. Taliziduhu (1988: 33) says the duties and responsibilities of the lecturer is as follows. "The duties and responsibilities of lecturers are not only limited in terms of transferring of knowledge alone. They bear the responsibility of individual and collective. Individual responsibility is the responsibility seen from academically. Whereas collective responsibility is the responsibility of the Senate as a college.

With regard to the ability that needs to be owned by lecturers, Achmad Sanusi and Rochman Natawidjaja (1991: 38) state conceptually the ability which should be owned by lecturers, among others:(1) Professional ability includes mastery of teaching materials, concepts of science instructional materials, educational foundation, the processes of education and learning of students.(2) Social ability includes the ability to adapt to the employment objectives and the environment while performing duties as a teacher.(3)Personnel ability includes the appearance of a positive attitude on the employment situation as a teaching and educational situations, understanding of values that should be embraced by a teacher and the appearance of effort to make himself as a role model and exemplary for the students.

Whereas, Doele identifies the taxonomic for teacher (in Balnadi, 1995: 10) is as follows.(1) Competence lecturer for "assessing and evaluating student behavior", (2)Competence lecturer for "planning instruction", (3)Competence lecturer for "conduction or implementing instruction"

Nowadays, lectureship has been recognized as a profession, it is as stipulated in the Law on Teachers and Lecturers. As a profession, it demands competencies required by teachers, and it is not different from the competence of teachers, as described in Article 10, that the competence of teachers as intended; includes pedagogical competence, social competence, and professional competence acquired through professional education.

Performance is the result or the overall success rate of a person during a certain period in carrying out the task compared with a range of possibilities, such as the standard of the work, the target or targets or criteria which have been determined in advance and have been agreed. Ministry of Education (2004), stating faculty performance is the ability to perform a job or task that is owned by the lecturer in completing a job. Job performance or work performance (performance). According Fattah (2000: 19) as an expression of competence is based on the ability of knowledge, attitudes and skills and motivation to produce something. Performance can be interpreted as the presentation of the work, work

practices, job attainment, work or performance (LAN 2004). Correspondingly Smith (1982: 393) states, the performance is "...output drive from processes, human or otherwise." So, performance is the result or output of a process.

Other benchmarks can be seen from the performance of lecturers in the form of service, both quantitatively and qualitatively in a certain time unit. To see the extent to which the quality of faculty performance required explanation of the dimensions, indicators, elements and criteria that states lecturer performance. The dimensions of performance concerning input and output processes or products. Input refers to the perpetrator, the lecturer, referring to the process of how to achieve goals and products related to the results achieved.

The Concept of University

In accordance with the Act 12 of 1961 on Higher Education, Law 2 of 1989 on the national education system and government regulation 30 of 1990 on education, namely College is an institution of higher education run by the government and society. Higher education is managed by the so-called public universities and managed by the community as the private universities. As a place for formal higher education in the intellectual life of the nation which is one of the objectives of the state, the college has the following principal tasks: (a) Organizing the development of education and teaching, (b) Conducting research in the development of culture, especially science, technology and art. (c) Carrying out community serviced. (d) Conducting coaching academicians and relationship with the environment (e) Carrying out administrative service activities.

Briefly, the key task of this college education and teaching, research and community service, known as Tridarma College, organizes the development of education and teaching is the task of universities is the first and most visible in the community. In accordance with the National Education System Law Chapter VIII, Article 27, which was published in the Handbook of Higher Education, that in carrying out the functions as higher education, colleges have elements that work together. According to E. Mulyasa, Education facilities are equipment and equipment that directly used and support the process of education, especially teaching and learning, such as buildings, classrooms, desks and chairs, as well as tools and teaching aids. Meanwhile, according to the Preparation of Guidelines Standardization Team Media Education Ministry of Education and Culture, which is a means of education are all necessary amenities in the learning process, whether moving or not moving so that the achievement of educational goals.

In the opinion of Amich Alhumami that "At least there are five factors that determine the quality of a university, (1) the facilities and infrastructure that supports (buildings, office space, lecture halls); (2) adequate facilities (libraries, laboratories); (3) the quality of lecturers with sufficient time commitment to teach; (4) ability to investigate; and (5) the commitment of the lecturers and researchers to the profession to continue to improve the competence and expertise ". For that, there are important things that must be considered in order to improve the quality of higher education by emphasizing the vision and orientation, that universities are public institutions that provide educational services to the community. The college is an institution that aims spawned the development of the science community is knowledgeable, skilled, competent, and skilled.

The Concept of Graduates Quality

In general 'quality' can be defined as "the characteristics of the products or services specified by the customer and obtained by the measurement process as well as continuous improvement" (Soewarso, 1996: 7). This opinion stresses the subscribers, that is, if a customer says something is good quality, then the goods / services can be considered

qualified. Actually, quality can be defined in different ways according to the angle of view of those who perceive it. Word (2005) argues that "quality is a complex concept," because the quality has different implications when it comes to the quality of education. Quality is a dynamic idea and should be defined precisely, in order to provide clarity of understanding. Even so it will not cause confusion to think, because the most important quality will be seen in practice and concluded in discussion. Quality has several different senses, according to experts. Slavin. R. E. (1997: 3) defines quality as a dynamic state associated with the products, services, people, processes, and environments that meet or exceed expectations. The term "dynamic state" here refers to the fact that what is considered quality can and often change over time and turn the enactment of environmental conditions.

Education is said to be relevant if the students become competent and capable of fulfilling jobs. So that the principal should be able to manage the school program by way of desire to bring the community and the needs of learners. Learners must be able to highlight their potential, and teachers can conduct training to enhance the potential of learners. Here, teachers have more opportunities manage learning. Sekolah good is a school that is able to produce graduates who are ready to use, high graduation rates of learners, and many graduates continue their education to a higher level (Jenkins 1977: 19-21). But the reality in the field, many students who did not master knowledge learned, was not able to think critically and unable to do in life or work, and unable to adapt to its environment. It is imperative for schools that is always ready in mensikapi changes in accordance with the wishes and needs of the community global. The condition of individual with influences to the quality of graduate education according Slameto (2003: 113) covers from evaluating aspects: physical condition, mental and emotional, Needs - the needs, motives and goals, skills, knowledge and other things that have been learned.

III. Research Methods

The study was conducted in Governance Studies Program Department of Business Administration Economic Education, Medan State University located at Jl. Willem Alexander V Medan Estate Market academic year 2015 / 2016. The population are all students from Business Commerce Department of Economic Education Medan State University academic Year 2013, for 120 people and consists of three classes, while samples taken in this study were 60 people using with simple techniques random sampling. The data collection techniques used were observation, interviews, questionnaires while the research questionnaire test instrument used validity, reliability, and normality. In this study, it was also conducted multiple regression analysis, the product moment correlation and hypothesis as data analysis techniques.

IV. Result And Discussion

The teaching preparation of lecturers is an ability to be possessed by the faculty in any effort or the work to achieve educational goals. Based on the survey results, it showed that the partial teaching preparation of lecturers do not have a positive and significant impact on the quality of graduates. It is based on the hypothesis testing results partially (t test) obtained $t < t_{table}$ is $-0.47 > 2.00$. Based on these calculations, it can be seen that the teaching preparation of lecturers did not affect the quality of graduates mahasiswa. Thus, it can be concluded that H_0 H_a 1 accepted and rejected stating that there was no positive influence and significant correlation between the teaching preparation of professors to quality of business administration graduate students Study Program UNIMED Academic Year 2013 in facing the Asean Economic Community (AEC) 2015. According to Ministry of Education (2004), stating faculty performance is the ability to perform a job or task that

is owned by the lecturer in completing a job. Job performance or work performance. A professor has a teaching preparation that can improve the ability of educational output but not the only factors in lecturers who influence it, but the quality of graduate programs of study business administration academic Year 2013 UNIMED may be influenced by other factors such as their ability, especially in the field of academic.

Furthermore, another factor that supports the quality of graduate students that is the role of universities. College is an institution of higher education run by the government and society. Higher education is managed by the so-called public universities and managed by the community as the private universities. Given the role given by the college to the student is expected to improve the competence of students in the face of world competition work later. Meanwhile, the results of research and data processing colleges have a positive and significant impact on the quality of graduate students. It is based on the hypothesis testing results partially (t test) obtained $t_{count} > t_{table}$ is $4.25 > 2.00$. It can be concluded H_0 rejected and accepted H_a stating that there is a positive and significant influence among universities for the quality of graduate students of department of business administration UNIMED Academic Year 2013 in facing Asean Economic Community (AEC) 2015.

The role of universities in the learning process of students is an important factor in providing adequate facilities so as to achieve a success in academic and work. Lack of role universities can lead to a decline in student competence resulting in the absence of skills to be able to work later. For that, there are important things that must be considered in order to improve the quality of higher education by emphasizing the vision and orientation, that universities are public institutions that provide educational services to the community. Furthermore, this agency can give birth dihaparkan students who are knowledgeable, skilled, competent, and skilled. Further test results are jointly regression coefficient (F test) obtained F count for lecturers and college teaching preparation for the quality of graduate students of 14.98 and compared with F table is based on a comparison $dk = k$ and denominator $df = (n - k - 1)$ the significant level of 95% or $\alpha = 5\%$, the obtained dk denominator comparator 2 and 57, the obtained amounted to 4.17. In other words, F count $>$ F table is $14.98 > 4.17$ can thus be concluded H_0 rejected and received stating that a significant difference between faculty and college teaching preparation for the quality of graduate students of department of business administration UNIMED in facing Asean Economics (AEC) 2015.

The results of test calculations obtained multiple linear regression equation namely $Y = .22,19 - 0,07 X_1 + 0,47 X_2$. This equation showed that if the variable teaching preparation and college lecturers constant (fixed), the quality of graduate students will increase by 22.19. If the value of the teaching preparation of lecturers are given a value of 1 (one) per cent, while the value of college is considered permanent, it will lower the value of the quality of graduates by 7%. If the college is given a value of 1 (one) per cent, while the teaching preparation of lecturers considered to be fixed, it will improve the quality of graduates by 47%. From the research result, it shows that the percentage contribution of variables influence the teaching preparation of university lecturers and the variable quality of graduate students by 34%. The low percentage is caused by low awareness of students to improve competence in dealing EAC 2015, and also the provision of services, facilities and infrastructure are still not optimal given by the university. While the rest of 66% are influenced by variables outside the research analysis, such as time management, with which the student can not control his time well or lack of independence of student learning and many others.

V. Conclusion

Based on the results of research and discussion, the conclusions can be inferred as follows (1) The results of multiple linear regression equation is $Y = .22,19 - 0,07 X_1 + 0,47 X_2$. This equation shows that if the variable teaching preparation and lecturers is constant (fixed), the quality of graduate students will increase by 22.19. If the value of the teaching preparation of lecturers are given a value of 1 (one) per cent, while the value of college is considered permanent, it will lower the value of the quality of graduates by 7%. If the college is given a value of 1 (one) per cent, while the teaching preparation of lecturers considered to be fixed, it will improve the quality of graduates by 47%. (2) There is no significant positive influence between the quality of lecturers with the

quality of graduate students of business administration Academic year 2013 UNIMED. And there is a positive and significant influence among universities for the quality of graduate students of department of business administration Academic year 2013 UNIMED. Meanwhile, simultaneously the teaching preparation of lecturers and universities have positive and significant effect on the quality of graduate students of business administration department academic year 2013 UNIMED. (3) The coefficient of determination value obtained was 0.34. This indicates that the teaching preparation of lecturers and universities have the influences on the quality of graduate students, ie by 34% and the remaining 66% are influenced by other factors which not examined in this study.

The suggestions of this research are as follows: (1) For the university, especially the faculty of economic should improve the students' ability to be competitive in work field by providing training or skills to support the ability of students to be more competitive. (2) It is expected that the lecturers are ready to be main consultant for the students in providing guidance and more concerned about job teaching preparation of students in order to be more competitive in world field. (3) It is expected that students of the business administration department of academic Year 2013 UNIMED to prepare and enhance the capabilities such as English, computer and other capabilities in order to compete in facing Asean Economic Community as it is expected.

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THE EXTERNAL TRANSACTION COST OF TAX COMPLIANCE ON INSTITUTIONAL CHANGE OF TAX REGULATION

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Abstract

Tax regulation reformation become a part of institutional change in tax system, designed to increase tax compliance of taxpayers. The changing of tax regulation makes some new cost of the implementation of new tax system. Furthermore, it would increase transaction cost in tax compliance. This research aims to analyze the external transaction cost of the changing of tax system in Indonesia from official tax system to self assessment tax system. Qualitative approach is used to analyze the external transaction cost in the implementation of a new tax system. This study explores the external cost that is incurred by the taxpayers due to the change of the tax regulation. The result will be important to the evaluation of new regulation implementation In Indonesia.

Keywords: *Institutional change, Transaction Cost, External Cost, Self Assessment System*

I. Introduction

Tax is a primary source of national income. Tax income is the biggest of all other income sources, such State Non-tax Revenue (PNBP) and Grants. The total of tax income realization is 85% of total national income, while the State Non-tax Revenue (PNBP) is only 27%, and grant funds only less than 1% in 2015 (BPS). Therefore, Indonesian Government is trying to keep the tax revenue increasing along the escalation of national expenditure. The effort given by government is by reforming the institutional level or on the other term called by tax reformation, one of the purposes is to improve the level of tax compliance. Tax reformation was initially conducted in 1983 by reforming the tax collection system from Official Assessment System (OAS) to Self-Assessment System (SAS).

The implementation of SAS improves the tax compliance, since it is technically fair and equal to all tax payers. Contrast to the former system (OAS) which the tax payer acted passively, and the tax assessor was the one who had the right to calculate the unpaid tax by tax payers. In SAS, tax payers act actively, and tax payers have an authority to manage all of their taxation matters independently. Although it is equal and fair, the implementation of SAS will increase the transaction cost of tax by tax compliance. SAS increases compliance cost since there is a transfer of responsibility of taxation from government to tax payer (Sanford, 1990 in Mansor and Hanefah, 2008). Compliance cost is all costs which caused by the miss implementation of tax regulation by tax payers to the proper regulation, including the uncomfortable system faced in the process of obeying the given regulation (Eragbhe and Modugu, 2014). Whereas the tax compliance cost is one of the main factors which involve the tax payer to obey to the taxation (UN-DESA, 2014).

Furthermore, there was an effort to modernize the taxation system in the tax reformation phase one(1) by forming a new department in tax service office called by Account Representative (AR). AR is divided into two functions, the service and consultation, as well as monitoring and potential tax exploration. The first function is to provide technical and guidance service as well as to provide consultation service to tax payer. The existence of AR could reduce the cost of tax compliance which includes external cost of tax payer.

II. Literature Review

Transaction Cost Theory

Transaction Cost appears on the New Institutional Economics approach is using the framework of Neoclassical Economics, excluding the neoclassical assumption that there would be an imperfect information in economic activities, perfect rationality, and no transaction cost. Coase Theorem implied that the inefficiency in neoclassical economics did not only happen because of imperfect market structure, but also was caused by transaction cost (North, 1992 in Yustika, 2013). Hence, transaction cost is frequently used as an analytical tool to measure the efficiency of institutional design. Higher transaction cost means inefficient design of one institution, and vice versa (Yustika, 2013).

Transaction cost is defined as a cost of using the price mechanism which exists in resources allocation. This cost includes the cost of determining relevant price, cost of negotiation, organizing and ensuring the contract agreement of both sides (Coase, 1937, 1961 in Wang, 2003). Williamson argued that transaction cost is a cost which has to be lowered in order to set compliance to the management of rule or contract, a cost of comparison of planning, adopting, and observing the running process which is correlated to the compliance of the management of a rule. (Rao, 2002). Furthermore, Williamson also argued that in order to reach the goal of a organization, the strategies are chosen to combine an activity and the transaction cost which elaborates the most optimal result, or in other words, to produce the high income (strategizing) with a low transaction cost (economizing) (Prasetyo, 2008).

According to the Williamson's concept above, the purpose of organization in taxation is for loading the treasury fund by transferring resource (tax fund) from public to the government. Cost is needed to realize mentioned purpose, the cost has to be minimized in order to gain an efficient tax revenue. The mentioned cost is the transaction cost in taxation. Tax transaction cost is a spent cost in order to set compliance within taxation rule which includes planning, adopting, monitoring the running regulation (tax regulation), which in this context is a contract between government and a tax payer as a citizen.

Shah (2014) argued that transaction cost is caused by market failure in derivative information, or imperfect information as a consequence of the opportunistic behavior and bounded rationality embedded on transacting stakeholders, or interacting with an uncertainty, and small number of bargaining correlated to environment factors. Opportunistic behavior itself is defined as an individual self-interest action which gaining benefits for itself by practicing immoral transaction. meanwhile, bounded rationality is an individual limit to acquire, accept, regain, and proceed the incomplete information, and informational complexity.

Tax regulation is a contract binding the public to set a tax as a compulsory matter, and also binding the government to set the tax as a certain income source. Then, there is a two-way interaction in tax regulation between human limitations (Tax payer), the informational complexity. Bounded rationality sets not all of complex matters correlated in the written contract, so that the resulting contract will not be as perfect as expected. Furthermore, tax payers have a rational limitation in understanding, and processing as well as interpreting information in the regulation. For example, tax payers failed to understand a point of new reformed regulation cause them miscalculating the tax payment. In the result, tax payers have to reprocess the form filling (SPT) to the tax payment.

III. Tax Compliance Cost

Tax compliance cost is a significant factor to determine the level of compliance of tax payer in order to fulfill the tax obligation. Hence, it is an ideal aspect that the costs should not burden the tax payer as well as not to inhibit the tax payer to fulfill its tax compliance (Sanford in Prasetyo, 2008). Sanford also explained that there are three kinds of cost in taxation, those are : the individual sacrifice to utilize income or assets to pay the tax (sacrifice of income); cost which is caused by transformations in the production process, and production factor because of the existing tax which distorts an economic behavior (distortion cost); and running cost which is an unavailable cost if the system does not exist includes an administrative cost as spent costs by government in order to maintain the national taxation system and compliance cost as spent costs by tax payer in order to fulfill the tax compliance.

Blazic (2004) defined compliance cost as a cost that should be spent by tax payer for fulfilling legal requirements, and budget authority for an actual tax payment and for distortion cost that embedded to the tax characteristic. Hanefah *et al* (2002) said that compliance cost is a cost that is correlated to the requirement of tax including a cost of managing or applying tax refund on time according to the tax regulation in a country. Furthermore, compliance cost is divided into two parts: internal cost and external cost. Internal cost consists of spent time by staffs or employee of a corporation to complete and to prepare the information to the professional supervisor such a tax consultant, fulfilling SPT form, and dealing with business owner or investor about complaints or appeals. On the other hand, external cost is spent in order to obey the tax, and it is also used by professional supervisor as a tax consultant, and public accountant.

Next, Rahayu in Prasetyo (2008) defined the tax compliance cost as every costs that excluded unpaid tax spent by tax payer in the process of fulfilling its tax compliance, start from planning tax aspects until accepting appeal decisions, and paying the unpaid tax. Rahayu classified tax compliance cost as an actual cash outlay, and opportunity cost of time. Actual cash outlay is all of expenditure in the form of cash which is spent for tax compliance. Whereas, opportunity cost of time is a time value, converted to rupiah, spent by tax payer for tax compliance. Then, tax compliance cost is also classified into internal and external costs. The internal cost is a tax compliance cost which is caused by a contract agreement with an imperfect information, opportunistic behavior, and limited rationality in the hierarchical organization. External cost is a tax compliance cost caused by contract agreement with an imperfect information, opportunistic behavior, and limited rationality excluding hierarchical organization (Prasetyo, 2008).

IV. Research Method

The object of this research is tax compliance cost spent by small and micro enterprises in 2015. The informant of this research involving 32 key persons of tax payers which are owners or employees of small and micro enterprises that are registered in tax service office Pratama Candisari Semarang. The definition of small and micro enterprise used in this research is according to Undang-undang No 20 tahun 2008 about small and micro enterprise, which are; net asset ownership more than Rp.50.000.000,00 (fifty million rupiahs) to the maximum of Rp.500.000.000,00 (five hundred million rupiahs) not include land and building of business; or have an annual sales income for more than Rp.300.000.000,00 (three hundred million rupiahs) to Rp.2.500.000.000,00 (two billions and five hundred rupiah) for micro enterprise and net asset ownership more than Rp.50.000.000,00 (fifty million rupiah) to the maximum of Rp.500.000.000,00 (five hundred million rupiah) not including land and building of business; or have an annual sales income for more than Rp.300.000.000,00 (three hundred million rupiah) to the

maximum of Rp.2.500.000.000,00 (two billions and five hundred million rupiah) for small enterprise.

The determination of key persons is conducted by incidental sampling technique. Key persons are met incidentally when the tax payer were reporting annual SPT from March 1st, 2016 until April 30th, 2016. Qualitative approach is used to gain information of the actual experience of tax payers when spending the tax compliance cost in the form of external cost both opinion statement and direct information about total amount of external cost that they spent. This research uses observation and in-depth interview as a collecting data technique. The type of interview used is structured interview conducted by guidance.

Tax Compliance Cost

External cost is calculated based on the result of adding transaction cost in the form of direct money cost and time cost.

$$\text{External Cost} : \text{direct money cost} + \text{time}$$

Direct money cost is a value of money that has to be incurred by tax payer correlated to process of compulsory implementation and taxation rights (Rosdiana and Tarigan, 2005). Direct money cost includes; (a) Cost in rupiah in one year that is incurred by enterprise to pay the service of tax consultant related to SPT management in the period of Value Added Tax (PPN). (b) Cost in rupiah in one year that is incurred by enterprise to pay the service of tax consultant related to SPT management in the period of annual Income Tax (PPH). (c) Cost in rupiah in one year that is incurred by enterprise to pay the service of tax consultant related to tax consultation. (d) Cost in rupiah in one year that is incurred by enterprise to pay the service of tax consultant related to tax planning. (e) Transportation Cost in rupiah in one year that is incurred by enterprise to visit tax consultant office.

Time cost is a cost in the form of time which is needed by tax payer to fulfill the obligations and rights of taxation (Rosdiana and Tarigan, 2005). Blazic (2004) explained that time cost is calculated from net salary per hour excluding social insurance contribution. Furthermore, Eragbhe and Modugu (2014) explained that time cost is calculated by quantifying time (in hour) into money value, by multiplying time with the average of net salary of enterprise tax officer per hour. Thus, in this research, time is calculated by the following method;

$$\text{Time Cost} = \text{Time} \times \text{The average of net salary of enterprise tax officer per hour}$$

The average of net salary of enterprise tax officer is calculated by ;

$$\text{Average Salary} = \frac{\text{Salary per month}}{24 \text{ working days} \times 7 \text{ hours per day}}$$

Time cost includes; changed time into cost in rupiah which is used to do a consultation with tax consultant.

V. Result And Discussion

External cost in tax compliance cost occurred because enterprise or company uses tax consultant service. In this research, only 9 of 32 key persons that use the tax consultant service, while the rest 23 key persons choose to not using tax consultant service so that they do not spend external cost.

According to group of enterprise, micro scale enterprise use more tax consultant those are 5 out of 9 key persons, it showed a small gap to small scale enterprise which is 4 key persons. The interview with several key persons which are the owner or director of micro scale enterprise revealed their reasons to not using the tax consultant service. The reason is about consultant's fee which is considered expensive in the middle of business uncertainty and weak financial state. Therefore, owners of enterprise prefer to choose to manage the taxation matters by themselves. The other reason of key persons is that they felt the role of Account Representative (AR) has fulfilled the needs of tax consultation so they do not need the service of tax consultant anymore. As what already been mentioned in the introductory in tax reformation phase 1 that government is trying to improve tax compliance by modernizing tax system by forming a new department in tax service office which is Account Representative.

According to the regulation of the minister of finance number 98/KMK.01/2006, Account Representative take a duty to provide guidance and consultation about technical matters of taxation to tax payers. In fact, from the questions which are delivered to the key persons that do not use tax consultant service, majority of them stated that since the establishment of AR, they would rather choose to manage their tax matters independently by consultation and guidance from AR than using service from tax consultant. This condition indicates that before the existence of AR, the tax payers prefer to use the service of tax consultant, on the other hand that the existence of AR could remove the external cost.

Besides, key persons which come from small scale enterprise said the reason not to use the service of tax consultant is because they have a specialized employee or officer in taxation or in administrative department or general staff which at least has a basic skill of accounting and taxation.

This occurred because the small scale enterprises are able financially to employ specialized employee in taxation.

Table 1. The Status of Key Persons Working on Taxation

	Micro Scale enterprise		Small Scale Enterprise	
	N	Percentage	N	Percentage
Admin	5	15.6	5	15.6
Accountant	2	6.3	3	9.4
Director	7	21.9	4	12.5
Commissioner	0	0	1	3.1
Manager	0	0	1	3.1
General Staff	2	6.3	2	6.3
Total	16	100	16	100

Source : proceeded data, 2016

Table 1 indicates that according to the status of key persons working on taxation, the majority of micro scale enterprises manage the taxation independently by director, and administrative staff. It also can be seen that the small scale enterprises have more employee that be able to manage the taxation even though they are not specialized in

taxation, but have a basic knowledge of accounting and taxation. Therefore, the decision to use the service of tax consultant frequently occurred on mostly micro scale enterprise rather than small scale enterprise.

**Table 2. The Component Of External Cost By Tax Year 2015
(In Rupiah And Percentage To Total External Cost)**

Component of external cost	Total Average	Percentage to total average of external cost
Fee of tax consultant	1.233.333,3333	97%
Transportation cost	6.653,0612	1%
Time cost	37.235,4497	3%
Average of Total Eksternal Cost	Rp 1.277.221,8448	

Source : Proceeded data, 2016

Table 3. Reasons Of Key Persons To Use The Service Of Tax Consultant

Reason	Important	Moderately Important	Neutral	Slightly Important	Less Important	Average Value	N
Frequently changing tax regulation that makes it difficult to be followed up without the help of professional	3	2	2	1	1	2.333333	9
Tax management is too complicated without professional guidance	5	3	1	-	-	3.222222	9
Limited skill of employee to handle tax management	3	3	3	-	-	2.333333	9
Uncertain whether tax officers are able to guide or help clearly and fast	1	1	7	-	-	0.777778	9
Enterprise wants to reduce the tax burden , so it needs consultation with professional	3	3	3	-	-	2.333333	9
Enterprise want to ensure the document and the calculation are made properly	5	3	1	-	-	3.222222	9

Source : Proceeded Data, 2016

External tax compliance cost consists of total direct cost which includes fee of tax consultant service and transportation cost, as well as time cost which is the spent times for consultation. The table below will show how the component of average external cost that is spent by 9 enterprises of key persons by tax year 2015.

The highest component of external cost is a fee of tax consultant which has Rp. 1.233.333 of total average or 97% of total average of external cost. Meanwhile, time cost and transportation cost spent by key persons for consultation are low, only 3% and 1% of total average of external cost respectively. This is because most of the key persons declared that meeting arrangement with tax consultant happened only once or twice, then next consultation could be continued by telephone also if tax payer face the difficulties or problems, some tax consultants will come into the office of key persons.

Furthermore, in this research, the author also deliver some questions about the reasons that make the key persons decide to use the service of tax consultant, by giving some optional reasons and rankings that are considered by key persons as important to less important. Key persons choices can be seen on the table 3. From all six optional reasons that are delivered by author in the interview, the reason about Tax management is too complicated to be done independently and Enterprises want to ensure the document and the tax calculation are made properly have the highest score by 3.222. the reason about Frequently changing tax regulation that makes it difficult to be followed up without the help of professional, Limited skill of employee to handle tax management are on the second rank chosen by key persons by 2.333, whereas the reason that enterprises are Uncertain whether tax officers are able to guide or help clearly and fast is on the lowest score by 0.77778.

As what mentioned before that the majority of key persons in the interview declare that tax officer especially the Account Representative is really helpful when the tax payers face the difficulties. Table 4 shows the types of tax consultant services that are used by key persons.

The majority of key persons only used tax consultation service by 5 frequencies. The next is tax calculation service for 4 frequencies, and then accountancy service and financial statement as well as annual SPT PPh management were equally 3 frequencies.

Table 4
Types Of Tax Consultation Service Used By Key Persons

Type of Need	Frequence
Accountancy and Financial Statement	3
Tax Calculation	4
Tax Consultation	5
SPT in PPN Period Management	0
SPT in Pph Period Management	0
annual SPT for PPh Management	3
Tax Planning	0

Source: Proceeded Data, 2016

The key persons chose the accountancy service and financial statement that needed for SPT annual PPh report. Tax calculation service is for calculating annual PPh tax every

months. Both types are chosen because majority of key persons felt the difficulties to arrange financial statement and to calculate unpaid tax itself, particularly on micro scale enterprise or the recent established enterprises that have a less structured accountancy and administration. For small scale enterprise, the activity of arranging financial statement will spend much time if it is done independently, because small scale enterprise has more working transaction than micro scale enterprise. The financial statement will be more complex and complicated. Thus, the enterprises choose to use the tax consultant service and then collect and report it by themselves. Whereas, the annual SPT PPh management service is chosen by key persons because they want to be really freed from every single annual PPh management starting from arranging financial statement, calculation, collection, and reporting annual SPT PPh conducted by tax consultant.

Then, author conducted a calculation of external tax compliance cost in the tax year 2015. The result of calculation is showed in table 5 below;

Table 5. The Result Of Calculation Of External Tax Compliance Cost In The Tax Year 2015(Rupiah)

Group of enterprise	Average Value
Micro	263.452,38
Small	390.481,93
Total	326.967,16

Source: Proceeded Data, 2016

Total average of external tax compliance cost on micro scale enterprise is less than on small scale enterprise. The micro scale enterprises in this case use the type of tax consultant service with the lower fee from the type of service that is used by small scale enterprises. Fee on tax consultant service will meet the complexity of their tax management.

VI. Conclusion

Institutional transformation by regulation and technical reformation on the tax collecting system from official to self-assessment system improve the tax compliance cost especially external tax compliance cost. Before Self Assessment System was implemented. External compliance cost is considered not existed, because technically tax payers are not directly involved in the taxation process. Another institutional transformation on the following tax reformation is by forming a new tax officer called Account Representative (AR), it is proven able to reduce the tax compliance cost by eliminating external compliance cost. This is proven by the statements of key persons that after the exintence of AR, they prefer to choose to arrange their tax management independently with the guidance and technical consultation from AR instead of spending external cost to use tax consultant service. As a result, in this research, only 9 out of 32 key persons of sample that spend the external compliance cost.

The complicated tax management conducted independently also the desire of enterprises that want to ensure the calculation and proper tax documents are the main reasons that make key persons use the service of tax consultant. The calculation result of external compliance cost in tax year 2015 shows Rp. 326.967,16 in average. The micro scale enterprises spent less external cost than the small scale enterprise because of different tax consultant fees which are adjusted to the complexity tax management of one enterprise, small scale enterprise pay more because its tax management is more complex than micro scale enterprise

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STUDY OF PUBLIC PERCEPTION ON ISLAMIC BANKING FOR IMPROVED MARKET

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Abstract

This study aims to determine the level of public understanding of Shariah banking in hinterland communities Bukittinggi. Other research method used is descriptive quantitative by using a Likert scale graded 5, where each statement on Islamic banking which is not understood respondents were given a score of 1, the statement is not understood given a score of 2, dubious statements (neutral) were given a score of 3, a statement which is understood given a score of 4 and a statement very understandable given the score of 5. The results showed the level of public understanding nagari hinterland town of Bukittinggi is at a moderate level. The limitation of this research only used respondent Bukittinggi Hinterland Community, therefore not represent all Muslim Community. The implication, Islamic Banking might increased socialization about Islamic Banking to Bukittinggi Hinterland Community

Keywords: *society understanding, Islamic banking, market share*

I. Introduction

Since the release of an Indonesian Council of Ulama (MUI = Majelis Ulama Indonesia) fatwa dated December 16, 2003 which was ratified on December 22, 2003 on bank interest unclean has encouraged the growth syariah banking in the country in the form of sharia business unit (UUS = Unit Usaha Syariah) on conventional banking, Islamic commercial bank (BUS = bank umum syariah) and financing bank of syariah folk (BPRS = Bank Pembiayaan Rakyat Syariah). This development is not only done by state banks and national private banks, but also by foreign banks that have certainly held by non-Muslims. Further progress is shown by the rising status of UUS in some conventional banks into a BUS which became an independent business entity, separate from conventional banking parent.

In Bukittinggi as the second largest city of West Sumatra province, Islamic Banking is also growing rapidly. Currently in Bukittinggi has been operating several BUS like Bank Muamalat Indonesia (BMI), Bank Syariah Mandiri (BSN), BNI Syariah, BRI Syariah, Bank Syariah Bukopin, Bank Mega Syariah and Bank Nagari Syariah. They operate, both as a branch office as well as branch offices of the central office in Jakarta or Padang (especially Bank Nagari Syariah). Moreover in Bukittinggi also established a number of BPRS serve the community on the micro business segment of small and medium enterprises. Some of the BPRS has been operating in Bukittinggi, among others BPRS IV Angkek Canduang, BPRS Carana Kiat Andalas and BPRS Haji Miskin.

Banking market in the city of London, next to be determined by the people of Bukittinggi itself, but is also determined by the people around town Bukittinggi, a sub-districts in Agam encircling the city of Bukittinggi. That sub district include IV Angkek, Canduang, Baso, Tilatang Kamang, Banuhampu, and IV Koto. The role played by the region around the town of Bukittinggi the Islamic banking market has strong reasons because in general all of these districts are small industries and handicrafts dominated the

traded commodity in the city of Bukittinggi. In this case the traders from the area around Bukittinggi generally utilize banking services in the city of Bukittinggi to transact.

From the observations of researchers, the community is still inclined to use conventional banking services compared to Islamic banking. The phenomenon is manifested in Islamic banking loneliness of customer visits. While conventional customer visits to bank so much more. The result of research interviews with several customers at conventional banks said that they chose the conventional banks because they do not understand the concept of Islamic banking. They also can not distinguish Islamic banking operations with conventional banking operations. Based on the above is very important to do research Study of Public Perception on Islamic Banking for Improved Market are useful for determining promotion strategies to increase the market share of Islamic banking in the city of Bukittinggi.

Research purposes

The purpose of this study was to identify the level of public understanding of the banking Shari'ah in Bukittinggi hinterland society. With the known level of understanding is expected to be input for Islamic banking management to formulate the right marketing strategy in order to attract people's desire hinterland town of Bukittinggi to transact in Islamic banking so that the market share of Islamic banking in the Bukittinggi could be improved.

II. Theory Development & Hypotheses Formulation

Islamic Banking

Islamic bank is a bank or banks that apply in accordance with the Islamic principles in the activities of his efforts that the principles of Islamic law (shari'a). Islamic bank is a financial institution that has laws, rules and procedures as a form of commitment to the principles of Shari'ah and are prohibited from receiving and paying interest in the operation process is executed (Riva, 2010). In another sense mentioned that the Islamic bank is a bank whose operations are based on the Islamic Shariah, which is based on the Qur'an and hadith (Muhammad, 2005).

Characteristics Bank Syari'ah

Islamic bank in its operational mechanism is very much different from conventional banks, because the Islamic bank has its own characteristics which among others are as follows (Iska and Rizal, 2005). (a) Dimensionless Justice and Equity, Evidence dimension of justice in Islamic bank is a system of revenue sharing does not automatically appear only losses incurred by one party, because of the risk that profits and losses are shared. (b) Characteristically Independent, Due to the operational principle of Islamic bank does not use interest, it will automatically regardless of monetary fluctuations, both domestically and internationally. Therefore the Islamic bank does not rely on monetary, so it can run without being affected by inflation. (c) In a fair competition, A form of competition that occurs among Islamic bank is vying to be higher than the other to provide a portion of the results to its customers. Competition among Islamic bank is done in a way that is good and healthy, not by trying to drop the others. (d) The existence of the Shariah Supervisory Board, Shari'ah Supervisory Board (DPS = Dewan Pengawas Syariah) is an independent board, established by the National Sharia Board (DSN = Dewan Pengawas Syariah) and placed on banks conducting business operations based on the Shari'ah. DPS serves to give counsel and advice to the directors at the Islamic bank as well as the duty to supervise the operations run by each bank that uses the principles of the Shari'a. DPS also

serves as an advisor and giving advice to the directors of the business units and branch office management Shari'ah Shari'ah on matters related to aspects of the Shari'ah.

Products of Syari'ah Banking

Shari'ah banking products can be divided into three parts among which (Arifin, 2005): (1) Product distribution of funds. In the distribution of funds to customers, an outline of the shari'a financing products are divided into three categories, differentiated by their intended use, namely (Rodoni and Hamid, 2008): (a) The financing transactions are intended to have the goods to do with the principle of trading., (b) Financing transactions intended to get service done with the principle of lease, (c) Transaction financing for cooperative efforts that are aimed to obtain goods and services at the same time, the principle of profit sharing. In the first and second category, the level of bank profits is determined in front of the property and be a part of the goods or services sold. While in the third category, the level of bank profits is determined by the amount of business profits in accordance with the principle of sharing.

The principle of Purchase (Ba'i)

Murabahah

Murabaha is a sales transaction that called the number of benefits. Bank acting as the seller and the customer as a buyer. The selling price is the purchase price plus profit bank of the supplier. Both parties must agree on the sale price and payment terms. The sale price included in the sale and purchase agreement and if it has been agreed not to change for the duration of the contract. In banking, murabaha commonly done by way of repayment. This transaction performance goods are delivered as soon as the contract, while the payment is tough (Rodoni and Hamid, 2008).

Salam

Salam is ordering goods with an upfront payment to certain conditions, or buying and selling a good product to be delivered later by the payment at the beginning.

Istishna

Istishna a sales contract between the buyer and the manufacturer of goods. In this contract goods makers accept orders for goods from the buyer. Goods maker then tried through another person to make or provide goods according to the agreed specifications and sold to the final buyer. Both sides agreed on the basis of price and the payments, whether made in advance, by installments, or ditanggung until one time (Antonio 2006).

Principles of Lease (Ijarah)

Ijarah / lease contracts involving goods or services benefit from these items. Tenants can also be given the option to keep the item at the time the lease is finished. Ijarah transactions based on the transfer of benefits. So, basically the same as the principle of Ijarah principle of trading, but the difference lies in the object of the transaction. When the transaction is the sale and purchase of goods object, then the object of the transaction is the Ijarah services.

Principle of Sharing (Syirkah)

Musharaka

Musharaka is a partnership between two or more parties in which each party brings together the capital to form a company (shirkah al inan) and each party has the right surveillance so that profits and losses are divided proportionally according to the invested capital. Musharaka can be done is done for general or specific transactions within a specified period, which may be extended if the partners agree.

Mudharabah

Specifically, there is a popular form of musyarakah in banking products shari'ah is Mudharabah. Mudharabah is a minimal form of cooperation between the two parties where owners of capital (sahib al maal) entrusts the amount of capital to the manager (mudharib) with a profit-sharing agreement. In mudaraba the most important thing that is pressed is the mutual trust between shahibul maal (owner of the funds) with mudharib (the fund manager), because confidence is the key of the transaction such as mudaraba. Federally essential difference of Musharaka and mudaharabah located on the magnitude, contributing on management and finance or one among it. In mudaraba capital only from one side, while in Musharaka capital comes from two or more parties.

Complementary Contract

To facilitate the implementation of the financing, the contract is usually necessary also complementary. Complementary Contract is not intended to make a profit, but is intended to facilitate the implementation of payments (Rival and Arviyan, 2010).

Hiwalah

Hiwalah is the removal or transfer of the right to demand repayment of one party to the lain. In banking practices, Hiwalah is the transfer of customer accounts to the bank. Customer requests bank in advance receivables arising from the sale and purchase or other transactions are lawful. The assistance of the bank's debt paid in advance bank customers can request service to customers, which is the amount by considering the risk factor when such receivables are collectible. To anticipate the risk of loss that may arise, the bank needs to do some research on the ability of the debtor and the validity of transactions between the transfer receivable by a debtor.

Rahn

Rahn is an agreement of the shipment to be collateral of the financing facilities provided. Hanafi fiqh scholars define Rahn to make a (goods) as a guarantee of the rights (receivables) that may be used as the payer rights (receivables) are either entirely or partially. In general Rahn financing can be defined as an activity pledge. The purpose of the contract Rahn is guaranteed repayment to banks in providing financing. Goods pawned criteria as follows: (1) Owned customers themselves. (2) Clearly the size, nature and its value is determined based on the real value of the market. (3) Can be controlled but can not be used by the bank.

Qardh

Qardh a social contract, which is not impossible banks to lend to those who are weak and returned with jimlah together. Qardh agreement is the loan agreement. One function of the Islamic bank is to provide social activities, then Qardh with funds sourced from banks are presented in the financing cost and returned with the same amount at the time agreed to society weak.

Wakalah

Wakalah is devolution, delegation of authority or power of the first party to the second party to do something on behalf of the first party and to the interests and responsibilities in full by the first party. Banking application occurs when the client authorizes the bank to represent himself do the work of certain services, such as bookkeeping L / C (Letter of Credit) money transfer and more. Duties, powers and responsibilities of the bank should be clearly in accordance with the will of bank customers. Each task must be performed on behalf of the customer and must be implemented by the bank. On the performance of these duties, the bank may change the charges by mutual agreement. The authorization expires after the duties are carried out and agreed between the customer and the bank.

Kafalah

Kafalah is the provision of guarantees or underwriting agreement. In kafalah agreement agreed that a person provide guarantees to creditors which are owed to the debtor that is a guarantor if the debtor is unable to pay its debts. Insurer called kafil, while the secured creditors who called makful.

Sharing in Sharia Banking

A revenue sharing system in shari'a banking is a system in which to do his pact or bond together in conducting business. Inside the business contracted on sharing their benefits to be gained between the two sides or more. Profit sharing in the banking system of Shariah is a special feature that is offered to the community, and in the Shari'ah rules related to the division of the results of operations should be a contract (contract). The magnitude of the portion determining the outcome between the two sides are determined according to mutual agreement, and must occur with the willingness of each party without coercion.

Besides being able avoid themselves from the negative impact of the application of interest, Islamic banks with profit-sharing system is considered capable of allocating resources and funding sources efficiently. The ability to allocate resources efficiently is the main capital to face market competition and profit.

Community

Community or social group is a group or more humans among whom there are some interactions can also be understood by its members or any other person as a whole (Roucek & RL Warlan, 1984). Society as a whole Koentjaraningrat define human life that is bound by a certain customs system (Gunawan, 2000). In the other sources mentioned that the Society is derived from the Arabic language is musyarak. Community means a group of people who form a semi-closed or open system. Society consists of individuals who interact and depend on each other or on call zoon polticon. In the process of interaction, the community will produce a culture which will then be used as a means of organizing life together. Therefore, the concept of community and cultural concepts are two things that are always related and form a system. According to Soerjono Soekanto, society at least contain the following elements as: (1) Composed of a minimum of two people. (2) Members are aware as a whole. (3) Dealing in sufficient time to produce new human lam which communicate with each other and make the rules of the relationship between community members. (4) Being a system that raises culture of living together and independent from each other as members of society.

Comprehension

Comprehension is a process, a way of understanding how to study well in order to understand and know a lot. According to Nana Sudjana (1992) understanding can be divided into three categories, among others: (1) the lowest level is the understanding of the translation, ranging from translating in a real sense, defines the principles, (2) the second level is the understanding of the interpretation, which connects part- the lowest part with the next note, or connect with the incident, the principal distinguishing the non-principal, and (3) the third level is the highest level of which is understanding ekstrapolasi.

Suke Silversius (1991) states that an understanding can be translated into three, namely: (1) translation (translation), the notion of translating here is not only the transfer (translation), meaning from one language into another language, it can be from abstract conception be a models, the symbolic models to facilitate people to learn it. The transfer of concepts formulated -said words into graphics can be included in the category of

translation, (2) interpreting (interpretation), this capability is broader than translating that ability to know and understand the main ideas of a communication, (3) extrapolate, another bit of translating and interpreting, but higher nature. He demanded a higher intellectual ability. Public Understanding Linkages with Increased Market Share. Courant market share was the market that can be entered by the products or services of a company from the entire market potential that exists in a region (Kotler, 1997). With the people's understanding of a product or service offered by a company is expected to encourage the public to do preferences in choosing the product. Thus the public will be able to know the strengths and weaknesses of a product or service. Therefore, people will be able to take a decision if it is safe to buy a product or use the services of these companies.

II. Theoretical framework

Based on the review of the literature on the theoretical framework that can be expressed herein are as shown in Figure 1 below:

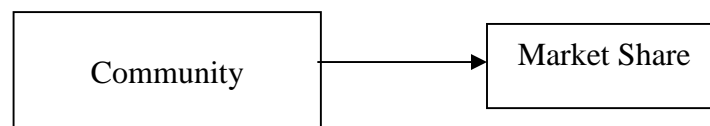


Figure 1 Framework Theory Research

III. Methods

The approach used in this research is a field research (field research) that describes a systematic, factual and accurate information on the facts and the properties of the population or a particular area (Suryabrata, 2004).

Types and Sources of Data

Primary data is information collected directly from the source, the primary data is also referred to by the data obtained from the first source of both individuals and groups who have not experienced the processing of other parties such as the interview or the results of the charging and kueisoner. In this case the source of the data is public hinterland town of Bukittinggi. Primary data were collected by distributing questionnaires to people and do interviews openly with the public. Secondary data is data that already exist and are arranged systematically and the results of the research that has been collected or any other party. Secondary data that I use in the form of notes documentation associated with existing research on public hinterland town of Bukittinggi.

Population and Sample

As for the population in this study is the whole community that there is a hinterland town of Bukittinggi, who use banking services or who do not use banking services. Based on the data obtained from the district governments in the hinterland town of Bukittinggi, the overall number of people in this region was 120 308 people (CBS, 2012). Samples are partly or representative population to be studied. Given the large coverage area to be studied, the number of population and time constraints, shortage of funds, taken some people just sampled. To determine the sample size Formula Slovin authors use the formula: Where: n = sample size, N = population size, e = rate of error in the study is 10%.

Sampling technique

The sampling technique used in this study is the technique of random sampling, which is a method of selecting the sample size in which every member of the population

has an equal chance to be elected as members of the sample. Each sample gets equal opportunity to participate in the study.

Data collection technique

A questionnaire is a list of questions made to observe and find out all the symptoms and the response of the object under study. Where the contents of the questionnaire related to the research problem. Questionnaires submitted in writing to the public and also answered in writing as well as to assess the level of public understanding of Islamic banks. The interview is a conversation with the intent of collecting research data. The conversation was conducted by two parties, the interviewer (interviewer) who ask questions and interviewees (interviewee) which provides answers to questions (Maleong, 2005). In this study the authors conducted structured interviews with a number of community hinterland town of Bukittinggi. Documentation is a technique of collecting data from the data-written. Notice the note is linked to the problems that the authors carefully. The documentation of this study is data from districts in the hinterland town of Bukittinggi.

Data analysis technique

Data analysis technique in this research is using quantitative descriptive technique using Likert Scale. Techniques Likert scale is a scale that can be used to measure the research variables such as attitudes, opinions, and perceptions of a person or group of people about a phenomenon or phenomena (Hasan, 2002). In this study Likert scale used to measure the level of public understanding of the hinterland town of Bukittinggi in the banking Shari'ah. Weighted score is measured with a Likert scale ranging from one to five with alternative answers: 5 = very familiar score, score 4 = understand, score 3 = quite understand, score 2 = less understood, score 1 = do not understand.

IV. Results and Discussion

Public understanding of the intent of Islamic Banking

The results of the survey showed 61% of respondents said "well-informed" about the purposes of the banking Shari'ah, but 1% of them stating "do not understand". On the other hand 9% of respondents said "do not understand", 28% said "understand", only 1% of respondents were classified as "very understanding" about the intentions of the banking Shari'ah. It can be concluded that the majority of people nagari hinterland town of Bukittinggi enough about the intent of Shariah banking. Public understanding of the characteristics of Sharia banking: 63% said "know enough" about the characteristics of Shariah banking, 23% said "understand", 12% responden states "do not understand", 1% declare "do not understand" and 1% of the respondents said "very familiar". From the explanation of the table it can be concluded that the majority of people in hinterland town of Bukittinggi stated quite understand what are the characteristics of Shariah banking.

Public understanding of the function of Sharia Banking

Research shows that respondents "understand" the function of Shari'ah banking by 23%, 63% of respondents said "quite familiar" and 10% "do not understand", 2% do not know and only 1% of respondents said "very understanding". The conclusion that can be drawn is that only a fraction of people nagari in the hinterland town of Bukittinggi who understand and are quite aware of Shari'ah banking functions.

Public understanding of the Sharia Banking Superiority

The survey results it is known that 66% said "sufficient understanding" of the excellence in Islamic bank, 11% said "understand", 20% said "do not understand", 2% said

"do not understand" and 1% of the respondents said "very familiar ". From the explanation of the table it can be concluded that the majority of the community meadow Laweh expressed know enough about the shari'a banking privileges.

Public understanding of the Basic Principles of Sharia Banking

Investigation showed 55% of respondents said "quite understand" the basic principles of Shariah banking, 18% of respondents said "understand", 25% said "do not understand", and 2% of the respondents said "do not understand". It can be concluded that most of the people know enough about the basic principles of Shari'ah banking, and also not a few of the people nagari in the hinterland town of Bukittinggi who do not understand the principles of Shariah banking.

Public understanding of the Determination Process Benefits For Results

On the nagari public's understanding in the hinterland town of Bukittinggi to mean profits for the determination of the result that 68% of respondents said "sufficient understanding" concerning the establishment of profit-sharing, but 1% of them stating "do not understand". On the other hand 19% of respondents said "do not understand", 10% said "understand", only 2% of respondents were classified as "very understanding" about the determination process results in a profit for the banking Shari'ah. It can be concluded that the majority of people nagari hinterland town of Bukittinggi enough about the determination of profits for the results of the banking Shari'ah.

Public understanding of the concept of justice in Sharia Banking

The level of public understanding of the nagari hinterland town of Bukittinggi to the concept of justice in the banking Shari'ah that 69% of respondents said "quite understand" the concept of justice in the banking Shari'ah, but 2% of them stating "do not understand". On the other hand 17% of respondents said "do not understand", 10% said "understand", only 2% of respondents were classified as "very understanding" about the concept of justice in the banking Shari'ah. From these explanations can be seen the conclusion that most nagari people in hinterland town of Bukittinggi quite familiar with the concept of justice in the banking Shari'ah.

Public understanding of the concept of transparency in Sharia Banking

Public opinion of society nagari hinterland town of Bukittinggi to the understanding of the concept of transparency in the banking Shari'ah that 71% stated "know enough" about the concept of transparency in the banking Shari'ah, 11% said "understand", 17% said "do not understand" and 3% said "do not understand". It can be seen the conclusion that nearly 2/3 of people say quite familiar with the concept of transparency in the banking Shari'ah.

Public understanding of the differences Bank of Shariah and Conventional Banks

How nagari citizens in hinterland town of Bukittinggi to differences in Shari'ah banking and conventional bank known that 42% said "quite understand", 39% said "understand", 15% said "do not understand", 3% said it understood and 1% said "do not know" about the differences in conventional banks and Islamic bank. From the description it can be concluded the majority of people know enough about the difference Islamic bank with conventional banks, but also not a few of the people who understand these differences.

The survey results revealed that people's understanding of the banking system of Shariah in nagari hinterland town of Bukittinggi is not too high. In other words, the level of public understanding of the nagari hinterland town of Bukittinggi is at a moderate level.

This can be understood because of the lack of socialization of the Islamic banking operates in the city of Bukittinggi, about the difference of syariah bank with conventional banks. There was also no socialization which states that Islamic banks operating with profit sharing system that led to the economic activity of usury. But saying all the people just understand that usury was lawful, and understood that bank interest is riba. This occurs because the clergy also convey comprehensible not regard the interest as usury.

V. Conclusion

From the analysis above, it can be noted that the conclusion, public understanding of the banking system of Shariah in nagari hinterland town of Bukittinggi is not too high. In other words, the level of public understanding of the nagari hinterland town of Bukittinggi is at a moderate level.

The level of understanding so due to lack of socialization by the Islamic banking community to this hinterland. Islamic banking in the city of New London and socializing at the level of an academic seminar on campus. Besides kekurangfahaman is also due in study conducted in nagari hinterland town of Bukittinggi was not touched on Islamic banking and how it relates to reduction riba in muamalah usury.

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ANALYSIS OF MACRO VARIABLE AND HUMAN CAPITAL ON POVERTY AND ECONOMIC GROWTH IN INDONESIA

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Abstract

The aim of this study was to analyze the effect of the unemployment rate, sex ratio and population density affect the level of poverty in Indonesia. The influence of the unemployment rate, level of education and health affect the value of production (GDP) in Indonesia. The population in this study were all provinces in Indonesia. In this study, the sample size is as much as 33 provinces of Indonesia. This research was conducted in Indonesia during the period 2006-2012. Technique of data collecting secondary data with the data panel approach (pooling data). This method combines two types of data: the data cross where (cross-section) with time series data (time series). The model used in this study is a model of simultaneous equations with two stage least square with the approach of fixed effect model (FEM) after the test Chow and Hausman Test. Results of the study found that in the first equation is the influence of positive and significant correlation between the unemployment rate (X1) with the level of poverty in the provinces in Indonesia. The variable sex ratio (X4) on the level of poverty in the Indonesian provinces is a significant negative effect. The influence of the ratio of population density variable (X5) on the level of poverty is positive and significant. Variable value of GDP (Y2cap) to poverty rate is negative and significant. In the second equation is found the results are the effect of a negative and significant correlation between the unemployment rate to the value of production (GDP) in the provinces in Indonesia. The influence of education variable (X2) the value of production (GDP) is positive and significant. Influence health variables (X3) to the value of production (GDP) is positive and significant. Variables influence the poverty level (Y1cap) to the value of production (GDP) is negative and not significant in the provinces in Indonesia. The government should always strive to improve human capitalnya in order to reduce poverty and increase the value of production in Indonesia. High participation of women in development are important because it can reduce the level of poverty in Indonesia. More and more Indonesian women contribute in the construction of the lower level of poverty. The government should create a policy that there is equity in the distribution of the population due to the increasingly dense population actually increased poverty. Therefore, the government should carry out resettlement in order to lower poverty.

Key words : *Human capital, Macro Variables, poverty, economic growth, GDP.*

I. Introduction

The problem of poverty has always been a major issue in achieving development in developing countries in general, especially in Indonesia, which is the fourth densest population in the world. The issue of poverty has always been the main constraints faced by Indonesia in every phase of the economic structure in the achievement of development. The problem of poverty has an impact on all forms of backwardness such as economic, cultural, social, educational, health, environment and natural resources. Therefore, the problem of poverty must be eradicated so as to bring major changes in the achievement of development. The problem of poverty and social inequality are high is a disease difficult to cure if treated seriously by the government through various programs.

Poverty as a social phenomenon is not only experienced by the developing countries but also for countries that already have the economic advancement of the country where inequality is very high. Poverty is essentially a classic problem that has existed since

long time. Poverty is a condition which is too needy from public concerning its limited capital, low level of knowledge and skills that he has, lack of knowledge and skills that lead to income and limited access to participate in the development.

The poverty rate in Indonesia is getting worse. Therefore, further away from the poverty line and inequality expenditure of the poor widened. The index of the growing trend is away from the poverty line. Poverty gap index rose from 1.75% (March 2013) to 1.89% (2014). Then the poverty severity index rose from 0.43% (March 2013) to 0.48% (2014). Moreover, when viewed spatially that the index of the depth and severity of poverty in rural areas is higher than urban areas. Recorded in the depths of 1.41% of urban and rural areas is much higher, at 2.37%. Although the government has launched various efforts to overcome poverty from year to year as a development program, but the number of poor people do not decline significantly. Based on BPS data there is a downward trend in the number of poor people, but it is not yet reveal Qualitative real impact the situation is even more concerning when that happens in the community.

Depth of poverty in the provinces in Indonesia in 2009 to 2012 has fluctuated with the average 2.45 percent. West Papua has a depth value is the highest among 33 provinces in Indonesia, namely 10.47 percent in 2010 despite a decrease in depth but still high among other provinces. After that Papua Province is the second level of the depth of poverty in Indonesia, namely 5.71 percent of its trend also fell but not significantly so. Meanwhile DKI Jakarta as the capital of the country has lower poverty rates are 0.57 percent in 2009 despite the volatile and ultimately experienced an increase in the amount of 0.60 in 2011.

The purpose of economic development is not merely to create a high economic growth, but also to reduce the level of poverty, income inequalities and the provision of employment opportunities more widely. Economic growth as an indicator that a quick way to see the progress of the economy and is considered as an important indicator of development. Although it is not only an indicator in development but it is also as early indicators in general to the development of a country. So that economic growth is still a major concern also in the economic progress of a country in the world, especially Indonesia.

Economic growth is generally found fluctuate in provinces in Indonesia, in part the absence of which has decreased and increased. The highest growth was found in West Sulawesi province, despite fluctuating after year. In 2010, the economic growth was 11.89 percent down to 9.01 percent in 2012. Furthermore, the lowest economic growth seen in East Kalimantan and Papua Province when the province is rich in natural resources or including one of the richest provinces in Indonesia. The conditions were very paradox occurred in the province of East Kalimantan. In 2009 the economic growth amounted to only 2.28 percent in 2013 and then increased to 3.98 percent. So it can be concluded that rich province has not guaranteed to have high economic growth and reverse the poor provinces of natural resources does not guarantee that lower economic growth.

The success of health programs and socio-economic development programs in general can be seen from the increase in life expectancy of the population of a country. Increased health care through health centers, increasing people's purchasing power will increase access to health services, to meet the needs of nutrition and calories, is able to have a better education so as to obtain a job with an adequate income, which in turn will improve public health and extend life expectancy life (BPS: 2013).

Increasing life expectancy figures indicating that there is an improvement in the country's health. Besides the quality of life is also getting better. Indonesian life expectancy is increasing. The higher the number the more elderly population aged over 65 years. This figure is expected to continue to rise, so it is indicated Indonesia bit quite successful in improving life expectancy. Although it is stated that the low life expectancy

indicates a lot of poor people in that country, rather high life expectancy indicates the welfare of a society.

Seen on an international scale, based on the data of the United Nations in 2011, the life expectancy of Indonesia are in the order of 108 out of 191 countries. This shows that Indonesia is still in the category of low life expectancy although still better when compared to India, North Korea and Ukraine

.In terms of average life expectancy of Indonesian people in all the provinces tended to increase from 2009 to 2012. Expectations of life were highest in the capital Jakarta, amounting to 73.05 years in 2009 rose to 73.49 years in 2012. Meanwhile, life expectancy the lowest was in West Nusa Tenggara province with a life expectancy of 61.8 years in 2009 rose to 62.73 in 2012. Furthermore, the life expectancy of people of Indonesia was an average of 68.63 in 2009 and 69.87 in the year 2012.

The problems of education in Indonesia were also little changed but not changed significantly. This means that the cost of education in Indonesia is still expensive. One important indicator to measure the progress of a nation is through education. With education can change this nation through an increased ability to produce goods or services output in the economy so that it will encourage rising incomes Indonesia and the problem of poverty can be alleviated.

If you look at the average of school in Indonesia is still lagging behind compared to other ASEAN countries. Indonesia is still about 7.8 years 8.8 years while Singapore and Malaysia 9.5 years. Therefore, the Indonesian government should increase the number of years of compulsory education from nine to twelve years old so that later can equate with the developed countries. This means that Indonesia will achieve development progress. Therefore, education of human capital is one of the very important role in development. Humans are the driving force of development and therefore should be of high ability or capacity to produce high-value output. Based on the 1945 Article 28B paragraph (1) mandates that "Everyone has the right to develop themselves through the fulfillment of basic needs, the right to education and gain the benefits of science and technology, arts and culture for improving the quality of life for the welfare of mankind" and article 31 paragraph 1 mandates that "every citizen has the right to education". Based on the mandate various attempts have been made, including the implementation of the Compulsory Nine-Year Basic Education which commenced in 1994. Perhaps compulsory for Indonesian education should have been changed to 12 years in order to become a developed nation and independent and no longer a poor nation amid have abundant natural wealth because they cannot manage it. In general, Indonesia's natural wealth which is actually managed by foreign educated and master the technology due to the advancement in the field of education in their country.

A developed country is certainly supported by qualified human resources is through higher education. One indicator is seen from the average length of schooling of the population of a country. Education is also entered in the second goal in the achievement of human development millennium (MDGs). But achieving this goal merely address the illiterate population. Indeed, achievement standards are still low in Indonesia, and even then not reach the 100 percent until now. Ironically, as residents of other countries in educational attainment in the form gain expertise, not only can literate population but also should have expertise in working so they can specialize in produce and output. In other words, the people working with professionalism so that their income is high, which in the end people do not live in abject poverty, but in the welfare state.

Trend average length of school in the Indonesian provinces is rising even though the increase was not so significant. The average length of school in Indonesia in 2009 was 7.72 years, then rose slightly in 2012 amounted to 8.08. This means that the increase in the

average length of the school has not reached the target of 9-year compulsory education program. Compulsory education since 1994 has been carried out but the results are not achieved until now. This means that in a timeframe of 20 years the achievement of 9-year compulsory education program has not been reached. How many years need their achievements? All the answer depends on the seriousness of the government in achieving the program. How Indonesia towards developed countries if the 9-year compulsory education program it took nearly a quarter century. When will we do 12-year compulsory education program. Perhaps Indonesia takes half a century. This means that Indonesia is very difficult to achieve progress in the field of education. Although higher education in Indonesia bit of progress, but the resulting output is not in accordance with the needs of the labor market so that many of the higher education graduates face unemployment.

The problem of unemployment is a major problem in the development therefore this issue must be a way out of the government, whether through the creation of development projects in order to increase employment opportunities that can reduce the problem of unemployment and poverty in Indonesia. The unemployment rate in Indonesia until February 2013 fell to 7.17 million people, compared to August 2012 which reached 7.24 million people. It means that it slightly decreased that the effect is not so significant to improving the economy of Indonesia.

The decline in the poverty rate was partly driven by improving economic growth and reduction of unemployment is open from 9.86 percent in 2004, to 5.92 per cent in March in 2013 (BPS: 2013). On the other hand it appears that in general are still contributing their employment is in agriculture, trade, social services, and industrial sectors were the largest contributor to employment in Indonesia.

The tendency of the unemployment rate in the Indonesian provinces generally fluctuated and there are likely to increase. The cause is unemployment that occurs because of imbalance employment rate of the population growth in Indonesia especially productive age. As a result, the unemployment rate is increasing from year to year. The province with the highest unemployment rate is in the amount of 10.13 percent in Banten province in 2012. Although the unemployment rate of Banten Province was decreased slightly but it is still high compared to other provinces in Indonesia. While the province has a low unemployment rate is the Province of Bali which in 2009 was 3.13 percent down to 2.04 percent in 2012. Judging from the whole, namely Indonesia, the average unemployment rate to 7.24 percent in 2009, then decreased slightly in parentheses period of 4 years at 6, 14 per cent.

By sex the number of unemployed women more than men in Indonesia in various levels of productive age. The number of unemployed women in 2012 amounted to 5.77 million, while the number of unemployed men by 5.77 million (BPS: 2013). Judging from the sex ratio, especially in developing countries in general and in particular Indonesia is a bit more dominant number of males than females. Based on the reality suffering from poverty in general are women compared with men coupled with lower levels of education than men so that productivity is low so wracked by poverty.

According to BPS data (2009-2012) that the number of men are more common than females, but there are fluctuating in which the ratio of the number of men decreased the number of women. This means that the lower the gender ratio in some provinces in Indonesia. Basically the difference in the number of men with the number of women is so thin that it also affects the amount of poverty that figure is still high.

In term of the density of population in the provinces of Indonesia, are generally uneven, there is a very solid province once the population, there are still very tenuous population of the provinces of Papua and West Papua. Meanwhile province once densely populated is of Jakarta, where the number of people is already over ten million and

included the mega metropolitan city in the world. Viewed by region, in general, the western Indonesian population is denser than the eastern part of Indonesia. In general, the number of poor people more than the number of people who are still tenuous. Therefore, it is to be seen that the overcrowding could have an effect on poverty and inequality are also high in the provinces are densely populated.

The lower the growth rate of a country's population will be more profitable to increase the prosperity of the country. High population growth rate will cause many problems for the country if it is not followed by an increase in production and efficiency in the field more. A large number of the population will increase the burden of the productive resources of the resource has not been productive due up will create quite complicated social problems such as poverty, among others.

The problem of poverty is a problem that cannot be completed by Indonesia until now, and the figure is still high so that should be trending in poverty alleviation efforts. Such efforts not only in the form of economic variables that are used but also variables are not economic in its completion as improving education, health, equitable distribution of the population and the absence of gender differences.

Although the Government has undertaken a program to suppress the growth rate, but the negative impact such as the number of unemployment due to the imbalance between the number of workers with the number of jobs, cannot be avoided. Because of the uneven number of population, gender disparity and lack of human capital led to a potential source of income in a sector of the country also does not work well and the maximum. This is what causes the poverty rate in Indonesia is still high.

Based on the background of this research on the effect of macro variables and human capital to poverty and economic growth in Indonesian so formulated that the extent of the unemployment rate, sex ratio and population density affects the level of poverty in Indonesia as well as the extent of the unemployment rate, level of education and health affect the the value of production (GDP) in Indonesia.

The purpose of this study was to analyze: the effect of the unemployment rate, sex ratio and population density affects the level of poverty in Indonesia as well as the influence of unemployment, education and health affect the value of production (GDP) in Indonesia.

II. Literature Review

Definition of Poverty

Poverty is a situation which is too needy happened not foreseen by the poor such as lack of food, beverage, home, work, knowledge, access to information that is helpful to get productive resources and so forth. In other words, poverty is powerlessness of a person in many ways. Poverty is caused by a lack of resources of its human power as a result of low levels of formal and informal education.

The problem of poverty is the main problem faced by developing countries in general and being a very big concern, especially in Indonesia. Therefore it is very essential to be addressed by every country that has this problem, especially developing countries. Therefore, the issue of poverty reduction is inserted into one of the most important destinations in the construction and development policies. So the World Bank (2000) defines poverty as people in need in achieving prosperity, where well-being is measured from the ownership of an individual or household to income, health, education, wealth and certain rights in the society such as freedom of speech. Simply put, the poverty that refers to "whether individuals or households have enough resources or ability to conform to their needs. (Asian Development Bank, 2001). Poverty is also understood as a lack of opportunity, powerlessness and vulnerability. Then poverty is a multidimensional

phenomenon that request maps a multidimensional intervention in order to increase the welfare of the individual (Hulme and Shepherd, 2003).

Haughton and Khandker (2009: 153) argues that poverty in an area characterized by geographically isolated local conditions, resources are low, low rainfall and climatic conditions are unstable. In general, it has many definitions of poverty because it is caused by many causes and factors. According to BPS (2011) poverty is a conceptually also divided into two absolute and relative poverty. (A). Absolute poverty is determined based on the inability to meet the minimum basic needs such as food, clothing, health, housing and education necessary to live and work. Minimum basic needs is defined as a financial measure in the form of money. The minimum value of basic needs is known as the poverty line. Residents whose income is below the poverty line is said to be with the poor. Absolute poverty (Todaro: 2006) is a population that is not able to obtain sufficient resources to meet basic needs. They live under the real income level or below a certain minimum "international poverty line". The line does not recognize the boundary among countries, does not depend on the level of per capita income in a country and also take into account the differences in price levels between countries by measuring the poor as less people living on less than US \$ 1 or US \$ 2 a day in PPP dollars. (B). Poverty is a relatively poor condition due to influence development policies have not been able to reach all levels of society, causing unequal distribution of income. Minimum standards drawn up by the living conditions of a country at a particular time and attention focused on the poorest population.

In other words, people whose income is below the poverty line is called the group of poor people. The Central Bureau of Statistics (2005), the poor can be defined as: "People whose income (expenditure approach) is smaller than the income needed to live decent lives in the region where he lives. The need for this life interpreted as amounts of money that can meet the needs of the food consumption of 2100 calories per day equivalent, housing, clothing, health, education, transport and others. Total rupiah is then referred to as the poverty line. "

Basically poverty can be described in more detail and more specific so divided into four parts: (a). Absolute poverty is the inability of someone to meet their basic needs. (B). Relative poverty is poverty caused because they have no income, but has other property, (c). Structural poverty is someone to be poor due to changes in economic structure. (D). Cultural poverty is poverty caused by their culture.

Factors Contributing to Poverty

In general, poverty can be caused by poor natural resources or backward, availability and limited application of technology, production facilities and infrastructure are limited, less availability of capital, the low quality of human resources and institutions that do not support. Causes of poverty from the economic side, among others (Kuncoro, 2006: 120): (a). On the micro level, poverty arises because inequality resource ownership patterns, causing distortion in income distribution. Poor people have only limited resources with low quality. (b). The incidence of poverty due to differences in the quality of human resources. The low quality of human resources implies lower productivity and low wages. (c). Poverty due to differences in access to capital. According to Basri (2002: 98) poverty is defined as a result of lack of capital democracy, which reflects the power relations that eliminates the ability of citizens to decide issues of concern to their own, so the majority of the population is less acquire the means of production (land and technology) and resources (education, credit and market access). In addition, the lack of an adequate mechanism for the accumulation and distribution of income are available for poor people. In other words,

poverty in Indonesia due to the very limited opportunity or the opportunity that these groups in accessing resources for development.

Measurement of Poverty

According to Sen (1999) poverty is analyzed using two approaches; a). Approach to basic needs and income, b) the capability approach will be. Basic needs and income approach (often designated as the main indicator) has been characterized as quantitative indicators, while the human capability approach (often designated as the final indicator) characterized both indicators do both quantitative and qualitative indicators. Demonstrated capability approach more qualitative indicators which adds to the basic needs approach and income.

Indicators of income is usually monetary approach and basic needs indicators to measure poverty, while the capability approach is a form of welfare that as increased capacity or human capability. The latter approach has the welfare and policy objectives relating to the freedom of the individual to life and value that have true potential. This approach can be divided deeper into the capabilities approach and a participatory approach. There are four approaches in more detail as follows: 1). Monetary approach; this approach is the most common method identified and in the measurement of poverty. Poverty was identified as a lack of income or consumption of some of the poverty line. Assessment of components of different income or consumption carried out at a market price which requires monetary value of the error for some items. Utility-maximizing behavior of households with expenditure reflects the marginal value of the individual measured from commodities. Welfare is measured from the amount of consumption enjoyed by individuals or households and poverty is defined as a lack of resources below some minimum level of the so-called poverty line. 2). Basic Needs approach; Basic needs defined here is not just food, water, shelter and clothing, but also access to assets such as education, health, and participation in the political process, security and individual power. This approach uses the HPI (The Human Poverty Index) created by UNDP, which shows the depth of lacks. This index uses three indicators of poverty that is a short life, lack of basic education and lack access to public and private resources. (3). Capability Approach; Capability approach developed by Sen (1985, 1999) which is an extension of the HPI approach. This approach, monetary income as a measure of well-being and indicators denied the freedom to live the emphasis on the value of life. In this approach, poverty as a lack of capability in space or the failure obtain the basic capabilities. According to Sen, the basic capability is the ability to satisfy certain essential functions to a level of at least decent.

According to Sen that poverty cannot be was measured from the level of income or of utility as the conventional understanding, the most important is not what the person or satisfaction arising from these items, but what do people with these items. so the benefits of what was taken from the commodities. The function means that what can a person to a commodity with certain characteristics that are owned or controlled person. (4). Approach Participatory Poverty; Poverty usual size depends on statistical information that contains household survey divided the poor and non-poor. Participatory survey was designed to study how individuals learn from different social groups to assess poverty itself, how the strategy of diverse work, what kind of poverty reduction strategies and the preparation of the public wants to support it. Survey methodology is a portrait of the instruments used by the World Bank and the recipient assessment participatory rural appraisal (World Bank, 2000).

Economic Growth

A hope of a country is as the implementation of economic growth. The high economic growth led to the development occurs evenly and enjoyed by all layers of society. The high growth is not only dominated by certain sectors and certain layers of society but all sectors are interrelated with all the community involvement.

Todaro (2011) explains that there are three major factors or components in the economic growth of any nation, namely; (A). Accumulation of Capital, which includes all forms or types of new investments were invested in land, physical equipment and human resources. (B). Population growth, the next few years by itself bring labor force growth. (C). Advances in technology is a very important factor in promoting economic growth. Therefore, the technology is generating new methods in resolving traditional jobs.

The sources of economic progress can be traced to a variety of factors. But, overall it can be said that investments that improve the quality of physical resources and human, raising the productive resources that, as well as improving all the productivity of all resources, specifically by the results of discovery, innovation and technological progress are the factors that have and will continue to drive economic growth in any society.

Economic development is a change in spontaneous and disjointed in the stationary state is constantly changing and replacing the previously existing balance situation, whereas economic growth is a long-term change slowly and steadily occurring through higher savings and population (Jhingan; 2007).

Unemployment Rate

Based approach to the labor force, unemployment is divided into three types, namely (Case and Fair: 2007), (1). Frictional unemployment; this unemployment arises because job seekers are still searching for the appropriate job so he was unemployed not because there are no jobs. Unemployment is not an issue, and can be solved by economic growth. (2). structural unemployment. Structural unemployment arises due to changes in the structure and composition of the economy. Unemployment is difficult to overcome because it is associated with the development strategy of a country. Nevertheless, this kind of unemployment could be overcome by giving training to create a skilled workforce. (3). unemployment cycle. Unemployment caused by the recession and the depressed economy of a country, for example workers in industries that rely on the life of the order. This type of unemployment also poses a lot of problems due to a decrease in the purchasing power is reduced and the production companies reduce their workers, hence creating unemployment which is great if that happens depression.

Unemployment occurs because the amount of power disproportionate number of employment or employment absorbed. Another thing is also the reason for the competence of the workforce that does not match those needed in the labor market so that labor is not absorbed and eventually there was unemployment. The unemployment problem is also closely related to the termination of employment resulting, among others, are companies closing or reducing the scope of business due to the economic crisis or security that is less conducive to investment and regulatory barriers in the process of import export.

Efforts structural changes to improve productivity and create employment opportunities as efforts to improve the welfare of the population often cannot reach all elements of the population itself. Opportunities of each population are different from one another. Similarly, in the development process, issues such as poverty and unemployment are the negative effects of the implementation of the development as well as the creation of social inequality. The problem of unemployment is generally much more characterized by urban areas as the effects of industrialization.

The adverse effects of unemployment are reducing people's income, which in turn reduces the prosperity that has been achieved by the community. Diminishing the welfare of the community it will increase them trapped in poverty because they do not have income. If a country is very high unemployment or bad, there will be political and social chaos will always occur and adversely affect the welfare of the community and the more difficult to create long-term development prospects.

Indicators of development success are the removal or reduction of unemployment and poverty as well as the reduction of income inequality in a country. Development has experienced a new redefined so that not only rely on economic growth alone as the successful economic development of a country but also to apply the problem of unemployment and poverty.

World Bank (2000) states clearly the main challenge of development is to improve the quality of life. Especially the poorest countries, the quality of life better life indeed requires a higher income, but which requires not only that. Higher income is only one of the many conditions that must be met. Many other things that must be fought for better education, improved standards of health and nutrition, the eradication of poverty, the improvement of the environment, equal opportunity and diversity preservation of cultural life.

Level of Education

The demand for education can be ascertained progressively increases. The decline in job opportunities for uneducated encourage every citizen to protect the position or prospects of life by taking the level of basic education to graduate. Education plays an important role in shaping upon ability of a developing country to absorb modern technology and to develop the capacity to create growth and sustainable development. Education is a component of growth and development as a vital input aggregate function (Todaro: 2011).

A state that high income level should have high education levels for a developed country considers that education is as normal goods. This means that the higher the income, the higher the demand for higher education. So, a high income will be invested in higher education as well.

Level of Health

Healthy seen also as a component of growth and development is vital. Therefore, health plays an important role in economic development. Health is also related to income due to the higher income, the better the level of public health. In a proportion of its revenues allocated to health investments.

Good health leads to lower levels of educational capital depreciation. On the other hand, capital of education is better can increase the return on investment in health, because many health programs rely on the basic skills learned at school. The more developed country, the level of health more advanced and sophisticated that life expectancy as one indicator of the health of the higher. Good health will increase productivity so that the impact on improving people's income. Instead it can happen in underdeveloped countries where backward mindset and health. This affects productivity and low income.

Distribution of health and education can be very lame as well as income and wealth. However, improvement in health and education can help families to break out of the vicious circle of poverty trap. The most important causes of ill health in a country is poverty itself. A systematic review of education and health in a developing country is understood as the sources of inequality and inefficiency severe that always follow society. So investment in human capital must be provided equitably and efficiently so that their

potential impact is high income can be realized. Finally, the problem of poverty can be overcome in a country.

Population Density

The population density is the ratio between the number of people from one area to another in a particular area, such as kilometers and miles. The population density of each region is not the same because of the accumulation of the population of an area is affected by several factors geography, topography, climate, location, water, and social and economic factors; (1). The population density arithmetic is a number that indicates the number of people in each square km of land. (2). agrarian population density is a number that indicates the ratio between the number of inhabitants per square kilometer farmers on the farm.

This results in an imbalance of population density inequality of development both physical and non-physical which then resulted in a desire to move higher. The outflow of population usually moves from a rather backward area development to a more advanced, so that the area already congested become increasingly dense.

High population density or the population explosion describes wide gaps and high poverty. Population explosion is a condition when the population of a region larger than the total area concerned, so that there is an imbalance between the number of residents in a territory that is available. There are some problems that arise as a result of the population explosion among others (Hendrawanto: 2010) .: (1). The explosion followed the population without employment inventories cause unemployment; (2). unemployment breeds poverty; (3). poverty impact on the education and health of the population; (3). if education and health reduced means reduced levels of human resources; (4). If creativity lower mean low productivity; (5). if the GNP low productivity is also low; (6). if the GNP is low, the national development and competitiveness of the low; (7). This result allows a lot going on crime, slum housing, and others.

The population density raises many economic and social problems that ultimately led to the issue of poverty. The population is a lot to be unruly like Indonesia which is the densest population of all four in the world. One of the problems of population in Indonesia is the uneven population distribution. This relates to the carrying capacity of the environment (area) that is not balanced between Java-Bali and outside Java-Bali.

Sex Ratio

Sex Ratio is an indicator that is used to determine the composition of the population by sex. This figure is expressed by the ratio between the numbers of male population with the number of females in an area at a particular time. The sex ratio can also be calculated for each age group. (BPS: 2013).

$$\text{Sex Ratio} = \frac{\text{Male population}}{\text{Female population}} \times 100 \quad (1)$$

The sex ratio determines the gender productivity. In general, men tend to generate higher productivity than women. This is related to differences in the level of education of men and women.

The development of the population by sex can be seen from the development of the sex ratio, the ratio of males to female population. The majority of poor people in the world are women. Anywhere hemisphere developing countries actually found that completely disadvantaged groups are women and children. They are mostly poor and not enough nutrients and less likely to get health care, clean water, good sanitation and other benefits. Many households are headed by women, women's earnings capacity is lower and their constraints limited to income couples. In addition, women have less access to education, formal employment, social security and job creation programs. The combination of all

these facts lead to the financial resources of women are smaller and unstable compared to the financial resources of men (Todaro: 2011).

Economic Growth and Poverty

Several empirical studies suggest that the relationship between economic growth and poverty negatively correlated where the higher economic growth caused the lower the level of poverty. An increase in economic growth caused reducing poverty in a country or region. This relationship demonstrates the importance of speeding up economic growth in order to decrease poverty.

Economic growth is an essential condition for fighting poverty, despite economic growth cannot stand alone for poverty reduction, economic growth remains a major factor for poverty alleviation. Economic growth is the increase in capacity in the long term of the relevant country to provide a variety of economic goods to the population as determined by the progress or adjustment of technological, institutional, and ideological to the various demands of the existing situation (Simon Kuznetz in Todaro, 2004 in Achmad Khabhibi, 2010: 41). Economic growth is an indicator to see the success of the development and is a prerequisite for poverty reduction. The condition is the result of economic growth is spreading in every class of society, including the poor population groups.

III. Methodology

The population in this study is all provinces in Indonesia. In this study the sample size is as much as 33 provinces of Indonesia. This research was conducted in Indonesia during the period 2006-2012.

Technique data collecting secondary data with the data panel approach (pooling data). This method combines two types of data, i.e data cross point (cross-section) with time series data (time series). The data used as the data of Statistics Indonesia (BPS Jakarta publication), and data SUPAS and SUSENAS. Secondary data were obtained from the Central Statistics Agency of West Sumatra province.

In this study the authors divide the research variables into exogenous and endogenous variables. Exogenous variables are variables that affect the endogenous variables. Exogenous variables in this study consisted of the unemployment rate, level of education, level of health, the sex ratio (gender) and the ratio of population density. Meanwhile the endogenous variable is the level of poverty and economic growth in Indonesia.

The operational definition of each variable is as follows; Poverty rate (Y1) using poverty gap index which is the average size of each expenditure gap of the poor to the poverty line is expressed in units per cent. Gross Domestic Product (Y2) Gross Regional Domestic Product (GDP) according to the Central Statistics Agency (BPS) is defined as the total value added generated by all business units in an area, or the sum of all the value of final goods and services produced by all economic units in a region. Gross Regional Domestic Product at current prices represent the value-added goods and services that are calculated using a price on every year, while the Gross Regional Domestic Product at constant prices shows the value-added goods and services is calculated using prices in a given year as a basis on which this calculation PDRB used in 1993. According to Gross Domestic Product at current prices is used to indicate the magnitude of the economic structure and the role of economic sectors. Unemployment rate (X1) ratio of the number of people who do not have a job or are looking for jobs to the labor force in units of percentage. Education Level (X2) in this study was measured using the average of the old school that shows the average length of the education that has been achieved by the population in terms of years. Health Level (X3) is measured from the average length of life or life expectancy of the population in terms of years. Sex Ratio (X4) comparison of the

number of males with the number of females per 100 inhabitants in the province of women in units per cent. Population density ratio (X5) is the average ratio between the number of residents in an area with the extent of the area is calculated every kilometer.

The population density = total population / area (sq km).

The model used is the Simultaneous Equation (Two Stage Least Squares). According to Gujarati (1999; 315) on this simultaneous model equation where there are more than one dependent variable (Y) and more than one independent variable (X), it means there is more than one system of equations (Y). One of the unique characteristics of the simultaneous equations is the presence or simultaneous two-way relationship between the dependent variable in which the dependent variable in the equation system may appear as independent variables of the system of equations to another.

Therefore, the variables that explain the dependent variable (dependent explanatory variable) in an equation will be stochastic and usually correlated with other variables of the equation where the dependent variable emerged as independent variables.

In a simultaneous equation, there are two types of variables included in the model; The first is the endogenous variables, i.e variables which value is determined in the model; and variables that are predetermined, the variable whose value is determined outside the model. Endogenous considered stochastic variables, while the variables are set in advance is required as non-stochastic.

In the study, there are two dependent variable and two systems of equations, namely:

$$Y_1 = \alpha_0 - \alpha_1 X_1 - \alpha_2 X_4 + \alpha_3 X_5 - \alpha_4 Y_2 + U_1 \dots\dots\dots 2$$

$$Y_2 = \beta_0 - \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 Y_1 + U_2 \dots\dots\dots 3$$

Where: Y= poverty rate, Y2 =Value of Production is the dependent variable, X1 = Rate of Unemployment, X2 = Level of education, X3 = soundness, X4 = The sex ratio, X5 = The level of overcrowding, U1 = error term for poverty, U2 = error term for economic growth and are parameters or constants. Priori, is expected to a negative (downward sloping demand curve) and the expected positive (upward sloping supply curve).

Finding endogenous variables and exogenous variables then do the reduction process of the two equations below by way of seeking a balance between equality Y1 and Y2 equation, in order to obtain the following equation:

$$Y_1 = \alpha_0 + \alpha_1 X_1 + \alpha_2 X_4 + \alpha_3 X_5 + \alpha_4 Y_2 + U_1 \dots\dots\dots (4)$$

$$Y_2 = \beta_0 - \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 Y_1 + U_2 \dots\dots\dots (5)$$

The equation above, substituting the equation Y₁ to Y₂ equation as follows :

substitution Y₂ to Y₁

$$Y_1 = \alpha_0 + \alpha_1 X_1 + \alpha_2 X_4 + \alpha_3 X_5 + \alpha_4 (\beta_0 - \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 Y_1 + U_2) + U_1$$

$$Y_1 = \alpha_0 - \alpha_4 \beta_0 - (\alpha_1 + \alpha_4 \beta_1) X_1 - \alpha_4 \beta_2 X_2 - \alpha_4 \beta_3 X_3 - (\alpha_2 + \alpha_4 \beta_4) X_4 + \alpha_3 X_5 - \alpha_4 \beta_5 Y_1 - \alpha_4 U_2 + U_1$$

$$Y_1 + \alpha_4 \beta_5 Y_1 = \alpha_0 - \alpha_4 \beta_0 - (\alpha_1 + \alpha_4 \beta_1) X_1 - \alpha_4 \beta_2 X_2 - \alpha_4 \beta_3 X_3 - (\alpha_2 + \alpha_4 \beta_4) X_4 + \alpha_3 X_5 (\alpha_4 U_2 + U_1)$$

$$(1 + \alpha_4 \beta_5) Y_1 = (\alpha_0 - \alpha_4 \beta_0) - (\alpha_1 + \alpha_4 \beta_1) X_1 - \alpha_4 \beta_2 X_2 - \alpha_4 \beta_3 X_3 - (\alpha_2 + \alpha_4 \beta_4) X_4 + \alpha_3 X_5 (\alpha_4 U_2 + U_1)$$

$$Y_1 = \frac{(\alpha_0 - \alpha_4 \beta_0) - (\alpha_1 + \alpha_4 \beta_1) X_1 - \alpha_4 \beta_2 X_2 - \alpha_4 \beta_3 X_3 - (\alpha_2 + \alpha_4 \beta_4) X_4 + \alpha_3 X_5 (\alpha_4 U_2 + U_1)}{(1 + \alpha_4 \beta_5)}$$

$$Y_1 = \pi_0 - \pi_1 + \pi_2 X_2 + \pi_3 X_3 - \pi_4 X_4 + \pi_5 X_5 + K_1$$

Substitution Y₁ to Y₂:

$$Y_2 = \beta_0 - \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 (\alpha_0 - \alpha_1 X_1 - \alpha_2 X_4 + \alpha_3 X_5 - \alpha_4 Y_2 + U_1) + U_2$$

$$Y_2 = \beta_0 - \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 \alpha_0 - \beta_5 \alpha_1 X_1 - \beta_5 \alpha_2 X_2 + \beta_5 \alpha_3 X_5 - \beta_5 \alpha_4 Y_2 + \beta_5 U_1 + U_2$$

$$Y_2 = (\beta_0 + \beta_5 \alpha_0) - (\beta_1 + \beta_5 \alpha_1) X_1 + (\beta_2 - \beta_5 \alpha_2) X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 \alpha_3 X_5 + (\beta_5 U_1 + U_2)$$

$$(1 + \beta_5 \alpha_4 Y_2) Y_2 = (\beta_0 + \beta_5 \alpha_0) - (\beta_1 + \beta_5 \alpha_1) X_1 + (\beta_2 - \beta_5 \alpha_2) X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 \alpha_3 X_5 + (\beta_5 U_1 + U_2)$$

$$Y_2 = \frac{(\beta_0 + \beta_5\alpha_0)}{(1 + \beta_5\alpha_4)} - \frac{(\beta_1 + \beta_5\alpha_1)}{(1 + \beta_5\alpha_4)} + \frac{(\beta_2 - \beta_5\alpha_2)}{(1 + \beta_5\alpha_4)} X_2 + \frac{\beta_3}{(1 + \beta_5\alpha_4)} X_3 \\ + \frac{\beta_4}{(1 + \beta_5\alpha_4)} X_4 + \frac{\beta_5\alpha_3}{(1 + \beta_5\alpha_4)} + X_3 \frac{(\beta_5e_1 + e_2)}{(1 + \beta_5\alpha_4)}$$

$$Y_2 = \pi_0 - \pi_1 X_1 + \pi_2 X_2 + \pi_3 X_3 + \pi_4 X_4 + \pi_5 X_5 + K_2$$

A structural model for the level of poverty and economic growth to be;

$$Y_1 = \alpha_0 + \alpha_1 X_1 + \alpha_2 X_4 + \alpha_3 X_5 - \alpha_4 Y_2 + U_1 \dots \dots \dots (6)$$

$$Y_2 = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 Y_1 + U_2 \dots \dots \dots (7)$$

Based on the above structural model, it is now the independent variables into X_1, X_2, X_3, X_4, X_5 and the dependent variable is Y_1 and Y_2 .

In the resolution of the models are done simultaneous identification tests by determining the endogenous and exogenous variables in the equation. What is meant by the identification of the problem is whether the estimated number of parameters can be obtained from the structural equation coefficients estimated reduced form. Identification problem arises because different set of structural coefficients may be suitable with the same set of data (Gujarati: 2004).

In this research, $K = 5 (X_1, X_2, X_3, X_4, X_5)$

$$k_1 = 3 (X_1, X_4, X_5)$$

$$k_2 = 3 (X_1, X_2, X_3)$$

$$M = 2 (Y_1 \text{ dan } Y_2)$$

Equation of poverty level : $K - k_1 = M - 1$

$$: 5 - 3 > 2 - 1$$

Over Identified

Equation of economic growth : $K - k_2 = M - 1$

$$: 5 - 3 > 2 - 1$$

Over Identified

So it happened exactly identified and over-identified, then the solution can be done with TSLS (Two Stage Least Square).

IV. Results and Analysis

In a panel regression, data be adopted is a combination of cross section data and time series. Before the two-stage analysis of the data panel, then several tests including; Chow-test test results in the equation of poverty level by using Eviews 8, obtained probability of 0.0000. Probability value is smaller than the significance level = 0.05, then H_0 for this model is rejected and H_a accepted that better estimate this equation is the Fixed Effects Model.

Chow test results on the economic growth equation in Appendix obtained probability of 0.0000. Probability value is smaller than the significance level = 0.05, then H_0 for this model is rejected and H_a accepted that better estimate this equation is the Fixed Effects Model. Hausman test used in the selection approach using a fixed effect model or random effect model can be seen from the results of the test output Hausman test were processed using eviews.

Based on the results of Hausman test in the poverty rate equation are obtained probability of 0.0130. Probability value is smaller than the level of significance level = 0.05, then H_0 in this model is rejected and H_a accepted, so these estimates are used are the fixed effects model (FEM).

Hausman test results in the economic growth equation obtained probability of 0.0046. probability value is smaller than the level of significance level $\alpha = 0.05$, then H_0 in this model is rejected and H_a accepted, so these estimates are used are the fixed effects model (FEM). Estimates of the exact use of the equation is the equation of poverty and economic growth rate is a fixed effect.

One way in which to view the heterocedasticity is by using test Park. The estimation results can be seen with the testing criteria through value comparison. α of 0.05 and the data is said to occur when the probability heterocedasticity $< \alpha$ of 0.05. The test results showed that the two equations heteroscedasticity is free from the problem of heteroscedasticity.

Equation Poverty Level With Two Stage Least Square

The results of this study can be determined the magnitude of the effect of the unemployment rate (X1), the sex ratio (X4), the ratio of population density (X5) and the GDP (YCAP) based on an estimated two stage least square panel with fixed effect model approach (FEM). Here are the results of a panel estimation of two stage least square with the approach of using a fixed effect model with Eviews program 8:

Model of estimation for the poverty rate is as follows:

$$Y_1 = 26,83411 + 0,2579X_1 - 0,09533 X_4 + 0,000431 X_5 - 0,9531 Y_{2cap} + U_1 \dots\dots\dots(8)$$

Table 1 (Appendix) can be known that the coefficient of elasticity of the unemployment rate variable (X1) of 0.2579. This shows that the positive influence between the unemployment rate to the level of poverty in the provinces in Indonesia. If the unemployment rate is increased by one percent, the poverty rate rose by 0.2579 percent. This means that the higher the unemployment rate the higher the level of poverty in the provinces in Indonesia. Further variables sex ratio (X4) the level of poverty in the Indonesian provinces was negative with the coefficient of 0.0953. If the variable sex ratio is increased by one percent, the poverty rate dropped by 0.0953 percent. This means that the higher the sex ratio, the lower the poverty rate. Next, the effect of population density ratios variable (X5) on poverty levels are positively associated with the coefficient is 0.00043. If the variable population density increased by one percent, the poverty rate increased by 0.0043 percent. This shows that the higher the ratio of population density poverty levels also experienced an increase. Furthermore, the effect of variable value of GDP (Y2cap) the level of poverty is negative with a coefficient of 0.9531. If the value of GDP rose by one percent, the poverty rate dropped by 0.9531 percent. This means that the higher the value of GDP the lower the level of poverty.

Equation Value of Production (GRDP)

Results of processing by using eviews 8 the production value model is used as follows:

Model of Production Value estimates are as follows:

$$Y_2 = -20,7738 - 0,0135X_1 + 1,9244 \text{ Log}X_2 + 8,04899 \text{ Log}X_3 - 0,00116 Y_{1cap} + U_2 \dots\dots(9)$$

Table 2 (Appendix) above shows that the variable coefficient (X1) of unemployment rate is 0.0135. This indicates that the negative effect of the unemployment rate with the value of production (GDP) in the provinces in Indonesia. If the unemployment rate rose one percent, then the value of GDP was decreased by 0.0135 percent. This means that the higher the unemployment rate, the lower the value of production (GDP) in the provinces in Indonesia. Effect of education variable (X2) the value of production (GDP) was positive with the elasticity coefficient was 1.9244. If the education variable increases by one percent, then the value of production was increased by

1.9244 percent. This means that the higher the education, the higher the value of production (GDP) produced in the provinces of Indonesia. Influence health variables (X3) to the value of production (GDP) was positive with the elasticity coefficient was 8.0489. If the health variable increases by one percent, then the value of production was increased by 8.0489 percent. This means that the higher the health, the higher the value of production (GDP). The effect of variable levels of poverty (Y1cap) to the value of production (GDP) was negative with elasticity coefficient was 0.0012. If the variable rate of poverty rose one per cent, then the value of production was decreased by 0.0012 percent. This means that the higher the unemployment rate, the lower the value of production (GDP).

Table 1 shows that the value of R2 for the equation of poverty level is 0.9423. This means the contribution of exogenous variables on endogenous variables is 94.23 per cent while the remaining 5.77 percent is explained by variables outside the model that is not included into the study. In Table 2 shows that the value of R2 for the equation of poverty level is 0.9362. This means the contribution of exogenous variables on endogenous variables is 93.62 per cent while the remaining 6.43 percent is explained by variables outside the model that is not included into the study.

V. Discussion

Based on the results of hypothesis testing is done that the unemployment rate has a positive and significant impact on poverty levels in the provinces in Indonesia. This indicates that the level of poverty in the Indonesian provinces affected by the unemployment rate itself. This means that if an increase in unemployment rates, poverty levels will rise, otherwise if there is a decrease the level of unemployment, poverty levels will decline in the provinces in Indonesia. The development objective is the welfare of society is achieved. Therefore, the government and various social and economic programs tried to provide employment for all labor force is absorbed in the economy is happening so that this has an impact on poverty reduction. Poverty reduction impact on the increase in value of production Indonesia so that Indonesia could become the most-income countries do not become middle-income country to the top. This is according to research conducted by Prasad (2009) that significantly influence the unemployment rate in 35 regencies / cities in Central Java in 2003-2007. This research is also appropriate to do Budiantara, et al (2010) who found that the relationship model of poverty and unemployment in Indonesia is obtained by using a Bayesian approach Spline in the form of quadratic spline models with two knots optimal in which the percentage of poverty is in the curve of the square and the rising stage when the open unemployment rate is less than 3.87, and will be rejected when open unemployment rate moved between 3.87 and 4.24. But after the open unemployment rate reached 4:24, the percentage of poverty re-patterned quadratically but decreased slowly. Then this contradicts the results of research conducted by Amalia (2012) that the poverty rate of unemployment in Eastern Indonesia (KTI) Period 2001-2010 negative effect. This study is also in line with Pramana and Arianti (2012) was conducted in 2004-2009 in Central Java that are running positive influence and significant correlation between the level of unemployment and poverty in Central Java.

Based on the results of hypothesis testing, it has been done that the sex ratio has a negative and significant effect on the level of poverty in the provinces in Indonesia. This indicates that the level of poverty in the Indonesian provinces is affected by the gender ratio. This means that if an increase in the sex ratio, poverty levels will decrease, whereas in case of the declining sex ratio, poverty levels will increase in provinces in Indonesia. This condition is a portrait that more and more number of females then diminishing poverty. That is the role of women in development is very meaningful that can raise incomes and reduced poverty. The woman is a producer of the younger generation, in the

presence of educated women particularly the contribution in generating the younger generation or the successor will get better because most women can educate and produce a young generation with quality. So the role of women is very important in the development so that poverty can be reduced. This is according to research conducted by Widiaworo (2014) to see the effect of female labor force participation significant effect either partially or simultaneously. There is a significant influence on the female labor force participation rate of poverty.

It is not appropriate to the research conducted by Masunah (2013) found that the variables of population and education has no effect on poverty. This study is not consistent with that made by Saputra (2011) that the variable Population positive and significant impact on poverty levels in Central Java. Furthermore, the same study conducted by Laili. N. 2011 which found that the effect of population density on the level of poverty in East Java in 2005-2009 so that might be expected to be used as a basis in determining policy in addressing the problem of poverty in East Java. Population density has a significant negative effect on poverty levels. This means that the increase of population density can reduce the level of poverty.

Variable of production value (GDP) based on the hypothesis that has been done is the value of production (GDP) has a negative and significant effect on the level of poverty in the provinces in Indonesia. The value of production is closely related to poverty levels in the early stages of development because poverty levels tend to rise and gradually decline if it is already in the final stages of development. Various attempts by the community to the problem of poverty can be overcome so that the issue of poverty population. This suggests that the level of poverty in the Indonesian provinces affected by production value. This means that if an increase in production value, then the poverty rate will decrease, conversely if a decline in value of production, poverty levels will increase in provinces in Indonesia. High production values portrait of the work or the work force is absorbed in the economic sectors so the community has a high income and they will prosper. This shows that poverty declined even poverty could be eliminated if everyone worked and productivity high so that production increased and poverty declined. This is according to research conducted by Prasad (2009), that affect the economic growth of poverty in 35 regencies / cities in Central Java in 2003-2007. The research line is also carried out by Mustika (2012) that the GDP variable significant effect on poverty levels in Indonesia Period 1990-2008. Furthermore, this research line conducted by Pramana and Arianti (2012) who found that the GDP a significant negative effect on poverty in Central Java in 2004-2009. This study is in line also performed by Saputra (2011) who found that the GDP a significant negative effect on poverty levels in Central Java. Next results is also incompatible conducted by Vitello. R.D. (2010) with the result that the GDP variable has negative but insignificant effect on poverty levels across the districts / cities in Central Java in 2005 - 2008. The same thing was found by Laili. N. 2011 which obtained the result that economic growth variable did not affect the level of poverty in the District / City of East Java in 2005-2009.

Based on the results of hypothesis testing is done that the unemployment rate has a negative and significant effect on the value of production (GDP) in the provinces in Indonesia. This indicates that the value of production in the Indonesian provinces affected by the unemployment rate. This means that if an increase in the unemployment rate, the value of production will decrease, conversely if the decline in the unemployment rate, the value of production will be increased in the provinces in Indonesia. Many causes of unemployment caused by government policy which is called structural unemployment where the government changed the economic structure of the agricultural sector to the industrial sector so that the workforce can not customize the new job will be unemployed

so that they lose their jobs and are unemployed and have an impact on the value of production decreased. Other things can also be caused by low quality of human resources in the community so that they can not produce the value of production. With so many government programs that absorb unemployed labor can be reduced and the value of production (GDP) has increased. This is according to research conducted by Suryanto (2010) found that a variable workforce, and a significant positive effect on economic growth in the region Subosukawonosraten.

Furthermore, based on the results of hypothesis testing was conducted that education has a positive and significant effect on the value of production (GDP) in the provinces in Indonesia. This indicates that the value of production in the Indonesian provinces affected by education. This means that if an increase in education, then the value of that production will increase, whereas if a decreased length of education, then the value of production will decline in the provinces in Indonesia. Higher education is a quality education so as to produce quality human resources and high productivity. Therefore, higher education increases high production values as well. Low public education has the capacity and poor ability to produce output that needs to improve the skills of a high order resulting production of high value. In Indonesia, it appears that for people with higher education certainly have high skills will affect the value of the resulting production. Hence the need to increase the length of schooling for the population in the provinces of Indonesia so that the value of production (GDP) will increase steadily. Education is a human capital investment that need long term or take a long time as seen from the length of education pursued by the population so that the resulting output value will increase in the long term as well. This is according to research conducted by Weale and Stevens (2003) who found that the link between education and economic growth in the early 20th century is very influential coupled with the use of the best technologies in learning. Further research is in line with that made by Wahyu (2013) that the educational level and significant positive effect on economic growth in the province of West Sumatra. More research is Harriott.K. et.al. (2010) found that a significant effect on the human capital in education and human capital technology to economic growth.

Based on the results of hypothesis testing was conducted that health has a positive influence and significant impact on the value of production (GDP) in the provinces in Indonesia. This indicates that the value of production in the Indonesian provinces affected by health. This means that in case of health improvement, the production value will increase, whereas if a decreased duration of life expectancy (health), then the value of production will decline in the provinces in Indonesia. Other human capital investment is health. Health better reflects the community's ability to work well so that the determining factor is also the high productivity. The impact of good health will yield high production values. By the government to provide health facilities and infrastructure that healthy communities are seen in life expectancy so high that upon ability to produce output also rose. A healthy workforce is physically and mentally more energetic and stronger, more productive, and earn a high income. Health can affect economic growth through a number of ways, such as improving one's health will lead to the increase in labor force participation, improved health can also bring improvements in education levels which then contribute to economic growth, or improved health led to an increase in population that will bring the level of labor force participation , It is not appropriate to the research conducted by Wahyu (2013) who found that the level of health of a significant and negative effect on the economic growth of West Sumatra province due to the high economic growth high pressure impact on the lives of the population which adversely affects their health.

The next hypothesis test results conducted that poverty levels have positive influence and significant impact on the value of production (GDP) in the provinces in Indonesia. This indicates that the value of production in the Indonesian provinces affected by poverty. This means that if an increase in the poverty rate, the production value will increase, otherwise if the level of poverty, the value of production will decline in the provinces in Indonesia. Poverty alleviation requires economic growth quality. The quality of economic growth can be realized with the policy of expansion of employment opportunities (to reduce unemployment) and maximize the productive investments in various sectors of the economy so that the poverty issue ordinary overcome. Indonesian production values are always increasing visits of the GDP based on constant prices as a result of a contribution to poverty diminishing despite the decline in poverty has not changed drastically. Therefore, the government's efforts to reduce poverty through various programs such as poverty reduction in Indonesia Raskin program, free school program, the PNPM Mandiri, development of rural infrastructure and their business partners for small businesses and others. This is according to research conducted by McKay (1997) suggests that high economic growth will reduce poverty.

VI. Conclusion

Simultaneously the unemployment rate, sex ratio, the ratio of population density and the value of production (GDP) have significant influence on the level of poverty in the provinces in Indonesia. It was known F count to the equation while the poverty rate is 107.6757 F table value is 2.25. So $107.6757 > 2.25$. Means a significant difference between the independent variables together against the dependent variable

Partially unemployment positive and significant impact on poverty levels (sig = 0.0000). The next partial sex ratio is negative and significant effect on poverty levels (sig = 0.0000). Furthermore, the partial ratio of population density and significant positive effect on poverty levels (sig = 0.0002). Variable production value is partially a significant negative effect on poverty levels (sig = 0.0057).

Simultaneously unemployment, education, health, and the poverty rate have a significant influence on the value of production (GDP) in the provinces in Indonesia. It was known equation F count to 11408.34 while the poverty rate is the value of F table is 2.25. So, $11408.34 > 2.25$. it means a significant difference between the independent variables together against the dependent variable.

In partial unemployment rate there is a significant effect on the value of production (GDP) in the provinces in Indonesia (sig = 0.000). Further education has a significant impact on the value of production (GDP) in the provinces of Indonesia (sig = 0.0000). Then health has significant influence on the value of production (GDP) in the provinces of Indonesia (sig = 0.0000). Furthermore, the poverty rate did not affect significantly to the value of production (GDP) in the provinces of Indonesia (sig $0.9454 < = 0.05$).

VII. Suggestions

Based on the discussion undertaken earlier and from the previous hypothesis obtained results of the analysis of the suggestions are as follows: It is hoped that the government continues to lower the unemployment rate with a variety of programs of economic and social because of the decline in unemployment rate will reduce poverty and will increase the value of production (GDP) so as to increase economic growth. The government should always strive to improve human capital in order to reduce poverty and increase the value of production in Indonesia. Participation of women is high in development because they can reduce the level of poverty in Indonesia. More and more Indonesian women contribute in the development of the lower levels of poverty. The

government should create a policy that there is equity in the distribution of the population due to the increasingly dense population actually increased poverty. Therefore, the government should carry out resettlement in order to lower poverty.

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Appendix

Table 1. Result of estimation from equation of poverty level

Dependent Variable: Y1
 Method: Panel Two-Stage EGLS (Cross-section weights)
 Date: 11/15/14 Time: 12:39
 Sample: 2005 2012
 Periods included: 8
 Cross-sections included: 33
 Total panel (balanced) observations: 264
 Linear estimation after one-step weighting matrix
 Instrument specification: C X1 X2 X3 X4 X5
 Constant added to instrument list

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	26.83411	7.415771	3.618520	0.0004
X1	0.257978	0.032726	7.883076	0.0000
X4	-0.095334	0.022102	-4.313330	0.0000
X5	0.000431	0.000116	3.724142	0.0002
Y2CAP	-0.953094	0.341329	-2.792306	0.0057
Effects Specification				
Cross-section fixed (dummy variables)				
Weighted Statistics				
R-squared	0.944371	Mean dependent var	3.749322	
Adjusted R-squared	0.935549	S.D. dependent var	1.778566	
S.E. of regression	0.561657	Sum squared resid	71.60917	
F-statistic	107.6757	Durbin-Watson stat	1.389272	
Prob(F-statistic)	0.000000	Second-Stage SSR	71.21274	
Instrument rank	38	Prob(J-statistic)	0.000001	
Unweighted Statistics				
R-squared	0.942170	Mean dependent var	2.965379	
Sum squared resid	74.52034	Durbin-Watson stat	1.415420	

Source: Data processed, 2014, n=264, df = (n-k-1) = 258

Table 2: Estimation result at equation value of production (GRDP)

Dependent Variable: LOG(Y2)
 Method: Panel Two-Stage EGLS (Cross-section weights)
 Date: 11/15/14 Time: 13:49
 Sample: 2005 2012
 Periods included: 8
 Cross-sections included: 33
 Total panel (balanced) observations: 264
 Linear estimation after one-step weighting matrix
 Instrument specification: C X1 X2 X3 X4 X5
 Constant added to instrument list

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-20.77376	3.371344	-6.161864	0.0000
X1	-0.013503	0.002742	-4.924661	0.0000

LOG(X2)	1.924409	0.176736	10.88861	0.0000
LOG(X3)	8.048994	0.808101	9.960385	0.0000
Y1CAP	-0.001161	0.016930	-0.068585	0.9454

Effects Specification

Cross-section fixed (dummy variables)

Weighted Statistics

R-squared	0.999414	Mean dependent var	120.6459
Adjusted R-squared	0.999321	S.D. dependent var	101.1908
S.E. of regression	0.333839	Sum squared resid	25.29883
F-statistic	11408.34	Durbin-Watson stat	1.588011
Prob(F-statistic)	0.000000	Second-Stage SSR	23.84207
Instrument rank	38	Prob(J-statistic)	0.114733

Unweighted Statistics

R-squared	0.936177	Mean dependent var	17.11188
Sum squared resid	28.22790	Durbin-Watson stat	2.255467

Source: Data processed, 2014, n=264, df = (n-k-1) = 258