

Pertanika Journal of
**SOCIAL SCIENCES
& HUMANITIES**

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Thematic Edition

**Ecosystem, Innovation and Excellence
in Enhancing Organization**



PERTANIKA
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Journal of Social Sciences & Humanities

About the Journal

Overview

Pertanika Journal of Social Sciences & Humanities (JSSH) is the official journal of Universiti Putra Malaysia published by UPM Press. It is an open-access online scientific journal which is free of charge. It publishes the scientific outputs. It neither accepts nor commissions third party content.

Recognized internationally as the leading peer-reviewed interdisciplinary journal devoted to the publication of original papers, it serves as a forum for practical approaches to improving quality in issues pertaining to social and behavioural sciences as well as the humanities.

JSSH is a **quarterly** (*March, June, September and December*) periodical that considers for publication original articles as per its scope. The journal publishes in **English** and it is open to authors around the world regardless of the nationality.

The Journal is available world-wide.

Aims and scope

Pertanika Journal of Social Sciences & Humanities aims to develop as a pioneer journal for the social sciences with a focus on emerging issues pertaining to the social and behavioural sciences as well as the humanities.

Areas relevant to the scope of the journal include Social Sciences—Accounting, anthropology, Archaeology and history, Architecture and habitat, Consumer and family economics, Economics, Education, Finance, Geography, Law, Management studies, Media and communication studies, Political sciences and public policy, Population studies, Psychology, Sociology, Technology management, Tourism; Humanities—Arts and culture, Dance, Historical and civilisation studies, Language and Linguistics, Literature, Music, Philosophy, Religious studies, Sports.

History

Pertanika was founded in 1978. A decision was made in 1992 to streamline Pertanika into three journals as Journal of Tropical Agricultural Science, Journal of Science & Technology, and **Journal of Social Sciences & Humanities** to meet the need for specialised journals in areas of study aligned with the interdisciplinary strengths of the university.

After almost 25 years, as an interdisciplinary Journal of Social Sciences & Humanities, the revamped journal focuses on research in social and behavioural sciences as well as the humanities, particularly in the Asia Pacific region.

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We aim for excellence, sustained by a responsible and professional approach to journal publishing. Submissions are guaranteed to receive a decision within 14 weeks. The elapsed time from submission to publication for the articles averages 5-6 months.

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Pertanika is almost **40 years old**; this accumulated knowledge has resulted in Pertanika JSSH being abstracted and indexed in **SCOPUS** (Elsevier), Thomson (ISI) **Web of Science™ Core Collection** Emerging Sources Citation Index (ESCI). Web of Knowledge [BIOSIS & CAB Abstracts], **EBSCO** and EBSCOhost, **DOAJ**, **Google Scholar**, **TIB**, **MyCite**, **ISC**, **Cabell's Directories** & Journal Guide.

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The abbreviation for *Pertanika Journal of Social Sciences & Humanities* is *Pertanika J. Soc. Sci. Hum.*

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A decision on acceptance or rejection of a manuscript is reached in 3 to 4 months (average 14 weeks). The elapsed time from submission to publication for the articles averages 5-6 months.

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The *Introduction* explains the scope and objective of the study in the light of current knowledge on the subject; the *Materials and Methods* describes how the study was conducted; the *Results* section reports what was found in the study; and the *Discussion* section explains meaning and significance of the results and provides suggestions for future directions of research. The manuscript must be prepared according to the Journal's **INSTRUCTIONS TO AUTHORS**.

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Authors are notified with an acknowledgement containing a *Manuscript ID* on receipt of a manuscript, and upon the editorial decision regarding publication.

Pertanika follows a **double-blind peer-review** process. Manuscripts deemed suitable for publication are usually sent to reviewers. Authors are encouraged to suggest names of at least three potential reviewers at the time of submission of their manuscript to Pertanika, but the editors will make the final choice. The editors are not, however, bound by these suggestions.

Notification of the editorial decision is usually provided within ten to fourteen weeks from the receipt of manuscript. Publication of solicited manuscripts is not guaranteed. In most cases, manuscripts are accepted conditionally, pending an author's revision of the material.

As articles are double-blind reviewed, material that might identify authorship of the paper should be placed only on page 2 as described in the first-4 page format in Pertanika's **INSTRUCTIONS TO AUTHORS** given at the back of this journal.

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1. The Journal's chief executive editor and the editorial board examine the paper to determine whether it is appropriate for the journal and should be reviewed. If not appropriate, the manuscript is rejected outright and the author is informed.
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Comments to authors are about the appropriateness and adequacy of the theoretical or conceptual framework, literature review, method, results and discussion, and conclusions. Reviewers often include suggestions for strengthening of the manuscript. Comments to the editor are in the nature of the significance of the work and its potential contribution to the literature.

3. The chief executive editor, in consultation with the editor-in-chief, examines the reviews and decides whether to reject the manuscript, invite the author(s) to revise and resubmit the manuscript, or seek additional reviews. Final acceptance or rejection rests with the Editor-in-Chief, who reserves the right to refuse any material for publication. In rare instances, the manuscript is accepted with almost no revision. Almost without exception, reviewers' comments (to the author) are forwarded to the author. If a revision is indicated, the editor provides guidelines for attending to the reviewers' suggestions and perhaps additional advice about revising the manuscript.
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5. The chief executive editor sends the revised paper out for re-review. Typically, at least one of the original reviewers will be asked to examine the article.
6. When the reviewers have completed their work, the chief executive editor in consultation with the editorial board and the editor-in-chief examine their comments and decide whether the paper is ready to be published, needs another round of revisions, or should be rejected.
7. If the decision is to accept, an acceptance letter is sent to all the author(s), the paper is sent to the Press. The article should appear in print in approximately three months.

The Publisher ensures that the paper adheres to the correct style (in-text citations, the reference list, and tables are typical areas of concern, clarity, and grammar). The authors are asked to respond to any minor queries by the Publisher. Following these corrections, page proofs are mailed to the corresponding authors for their final approval. At this point, **only essential changes are accepted**. Finally, the article appears in the pages of the Journal and is posted on-line.

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Guest Editors
**Bachtiar H. Simamora, Bahtiar Saleh Abbas
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Preface

We are pleased to present this issue of *Pertanika Journal of Social Sciences and Humanities (JSSH)*. This issue is a compilation of 27 research articles from different countries i.e. **Indonesia, Malaysia, Canada, Saudi Arabia and Thailand**. The topics include but not limited to; Leadership, Strategic Planning, Customer and Market Focus, Information, Measurement, Knowledge Management, and Information Technology, Human Resource, Operational Focus, and Communication for Performance Excellence.

The first article describes the influence and importance of simplicity for cellular service providers to ensure performance excellence (*Tjahjono Djatmiko, Lili Adi Wibowo and Ratih Hurriyati*). The rest of the articles discuss the following: how to reduce electricity bill in university building by using automatic switches (*Martini, Indra Riyanto, Krisna Adiyarta M. and M. Suparmoko*); the role of electronic Word-of-Mouth on customer confusion in the context of increasing their purchase intention (*Viany Utami Tjhin, Bahtiar Saleh Abbas, Dyah Budiastuti, Raymond Kosala and Sofian Lusa*); role of local wisdom values in Indonesian pesantren (*Sofyan Sauri, Nunung Nursyamsiah and Yayan Nurbayan*); a multi-group analysis of innovation in online business models (*Abdullah F. Basiouni*); factors affecting customer trust and their impact on their behavioural intention in the context of social commerce in Indonesia (*Eded Tarmedi, S.Sulastri, Sumiyati and Puspo Dewi Dirgantari*); the mediating effect of job satisfaction on the relation between cultural dimensions of power distance and collectivism toward employee performance in a public insurance company (*Dony Saputra, Mts. Arief, Didiet Gharnaditya and Desaura Vhany*); quality function deployment to improve competitiveness UPI as a research-based teaching university (*Ratih Hurriyati, Ahim Surachim and L. Lisnawati*); working values preferences among Gen-X, Y and Baby Boomers in Indonesia (*Ami Fitri Utami, Mochamad Sandy Triady and Rumondang Puji Nur Suci*); testing the public experience model (*M. Fariza Y. Irawady and Popy Rufaidah*); the mediating role of learning agility on the relationship between learning culture and work engagement (*Nopriadi Saputra, Sri Bramantoro Abdinagoro and Engkos Achmad Kuncoro*); mixed effects of green marketing mix on customer satisfaction using 7p approach (*Selly Novela, Novita and Scherly Hansopaheluwakan*); the role of social media in improving intercultural communication competence - a comparative study of European students in Indonesia and Indonesian students in Europe (*Amia Luthfia, Rosidah and Ferane Aristrivani Sofian*); patron-client relationship in microenterprise development as a cultural heritage in modern era (*Kukuh Lukiyanto, Anindya Widita and Riesta Devi Kumalasari*); women-owned enterprises in participating and contributing women to business and entrepreneurship (*R. A. Aryanti Puspokusumo, Ernie Tisnawati Sule and Ummi Kaltum*); effects of corporate image, brand personality and consumer perceived value on consumer attitude and their impact on intention to use DU battery saver product (*Alex Maulana Muqarrabin, Rizqie Yusario Ifdhola and Sheila*); users' satisfaction with

the website service of STIE Inaba Bandung (*Adryan Rachman, Ratih Huriyati, Lili Adi Wibowo and Vanessa Gaffar*); production efficiency analysis for empowerment strategy of troso weaving craft among micro, small, and medium enterprises (SMES) in Jepara (*Ngatindriatun, Listya Ayu Saraswati, Hardiyansyah and Aries*); measuring digital customer experience (*Sukardi Silalahi, Bachtiar H. Simamora and Popy Rufaidah*); destination experience, satisfaction and loyalty of domestic tourists - a case study of Bali, Indonesia (*Yuliana*); intention to become entrepreneur and entrepreneurial competencies (*Christine Winstinindah Sandroto, Benedicta Prihatin Dwi Riyanti and M. Tri Warmiyati*); Export Potency for Indonesian Pepper (*Lim Sanny, Johaness Ronaldy Polla and Ika Fatmawati*); the role of tacit knowledge on sustainable competitive advantage moderated by top management support in online learning (*Teguh Sriwidadi, Hartiwi Prabowo and Regina Eka Riantini*); design thinking approach in agroindustrial-based social enterprise development (*Dwi Purnomo, Diana Sari, Anas Bunyamin, Wahyu Gunawan and Santi Susanti*); the role of bloggers in public relations activities in Indonesia (*Sari Ramadanty and Handy Martinus*); the effect of customer satisfaction, employee satisfaction, society and environment on key result indicators at Pakarti Luhur Foundation (*Eti Ariyanti, Setyani Dwi Lestari and Sugiharto*); sustainability and alliance among car rim retailers in Jakarta (*Sarah Leani, Anbanathan Subrahmaniam and Prima Naomi*).

All the papers published in this edition underwent Pertanika's usual stringent peer-review process involving internal and external referees. This is to ensure the continued high ranking of the journal, which is heavily cited worldwide.

We thank the contributors and reviewers for their hard work which made the publication of this edition a success. It is hoped that this edition would encourage researchers to be more active in publishing their research papers.

We are also grateful to PERTANIKA Chief Executive Editor, Dr. Nayan KANWAL, Universiti Putra Malaysia for his unstinting efforts, leadership, courage and dedication to continuously improve the quality of PERTANIKA publications.

Guest Editors:

Bachtiar H. Simamora (*Dr.*)

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March 2018

Pertanika Journal of Social Sciences & Humanities
Vol. 26 (T) Mar. 2018

Contents

Ecosystem, Innovation and Excellence in Enhancing Organization

The Influence of Simplicity on Cellular Corporate Service Quality for Performance Excellence in Jakarta and West Java Provinces <i>Tjahjono Djatmiko, Lili Adi Wibowo and Ratih Hurriyati</i>	1
An Effort to Lower Electricity Bill in University Building by Automatic Lighting Switches Application <i>Martini, Indra Riyanto, Krisna Adiyarta and M. Suparmoko</i>	11
The Role of Electronic Word-of-Mouth on Customer Confusion in Increasing Purchase Intention <i>Viany Utami Tjhin, Bahtiar Saleh Abbas, Dyah Budiastuti, Raymond Kosala and Sofian Lusa</i>	21
A Critique of Local Wisdom Values in Indonesia's <i>Pesantren</i> <i>Sofyan Sauri, Nunung Nursyamsiah and Yayan Nurbayan</i>	37
A Multi-Group Analysis of Innovation in Online Business Models <i>Abdullah F. Basiouni</i>	51
Factors Affecting Customer Trust and Their Impact on Customer Behavioural Intention: A Study of Social Commerce in Indonesia <i>Eded Tarmed, S. Sulastr, Sumiyati and Puspo Dewi Dirgantari</i>	63
Mediating Effect of Job Satisfaction on Relation between Power Distance and Collectivism toward Employee Performance in Indonesia <i>Dony Saputra, Mts. Arief, Didiet Gharnaditya and Desaura Vhany</i>	75
Analysis of Quality Function Deployment to Improve Competitiveness: A Case Study of Universitas Pendidikan Indonesia <i>Ratih Hurriyati, Ahim Surachim and L. Lisnawati</i>	87
Working Values Preferences among Gen-X, Y and Baby Boomers in Indonesia <i>Ami Fitri Utami, Mochamad Sandy Triady and Rumondang Puji Nur Suci</i>	95
Testing the Public Experience Model <i>M. Fariza Y. Irawady and Popy Rufaidah</i>	107

The Mediating Role of Learning Agility on the Relationship between Work Engagement and Learning Culture <i>Nopriadi Saputra, Sri Bramantoro Abdinagoro and Engkos Achmad Kuncoro</i>	117
Analysis of Green Marketing Mix Effect on Customer Satisfaction using 7p Approach <i>Selly Novela, Novita and Scherly Hansopaheluwakan</i>	131
Role of Social Media in Improving Intercultural Communication Competence: A Comparative Study of European Students in Indonesia and Indonesian Students in Europe <i>Amia Luthfia, Rosidah and Ferane Aristrivani Sofian</i>	145
Patron-Client Relationship in Microenterprise Development as a Cultural Heritage in Modern Era <i>Kukuh Lukiyanto, Anindya Widita and Riesta Devi Kumalasari</i>	155
Defining Women Owned Enterprises in Participating and Contributing Women to Business and Entrepreneurship <i>R. A. Aryanti Wardaya Puspokusumo, Ernie Tisnawati Sule and Umi Kaltum</i>	163
Effects of Corporate Image, Brand Personality and Consumer Perceived Value on Consumer Attitude and Intention to Use DU Battery Saver Product <i>Alex Maulana Muqarrabin, Rizqie Yusario Ifdhola and Sheila</i>	171
Analysis of Users' Satisfaction with Website Service of STIE Inaba Bandung <i>Adryan Rachman, Ratih Huriyati, Lili Adi Wibowo and Vanessa Gaffar</i>	181
Production Efficiency Analysis for Empowerment Strategy of Trosro Weaving Craft Micro, Small, and Medium Enterprises (SMES) in Jepara Central Java <i>Ngatindriatun, Listya Ayu Saraswati, Hardiyansyah and Aries</i>	193
Measuring Digital Customer Experience <i>Sukardi Silalahi and Popy Rufaidah</i>	199
Analysing Destination Experience, Satisfaction and Loyalty of Domestic Tourists: A Case Study of Bali, Indonesia <i>Yuliana</i>	213
Entrepreneurial Intention and Competencies of Vocational and High School Graduates in Indonesia <i>Christine Winstinindah Sandroto, Benedicta Prihatin Dwi Riyanti and M. Tri Warmiyati</i>	225

The Analysis of Export Potency for Indonesian Pepper <i>Lim Sanny, Johanes Ronaldy Polla and Ika Fatmawati</i>	237
The Role of Tacit Knowledge on Sustainable Competitive Advantage Moderated by Top Management Support in BINUS Online Learning <i>Teguh Sriwidadi, Hartiwi Prabowo and Regina Eka Riantini</i>	247
Design Thinking Approach in Agroindustrial-Based Social Enterprise Development <i>Dwi Purnomo, Diana Sari, Anas Bunyamin, Wahyu Gunawan and Santi Susanti</i>	255
The Role of Bloggers in Public Relations Activities in Indonesia <i>Sari Ramadanty and Handy Martinus</i>	263
The Effect of Customer Satisfaction, Employee Satisfaction, Society and Environment on Key Result Indicators at Pakarti Luhur Foundation <i>Eti Ariyanti, Setyani Dwi Lestari and Sugiharto</i>	275
Sustainability and Alliance Performance Car Rims Retail in Jakarta <i>Sarah Leani, Anbanathan Subrahmaniam and Prima Naomi</i>	285



The Influence of Simplicity on Cellular Corporate Service Quality for Performance Excellence in Jakarta and West Java Provinces

Tjahjono Djatmiko^{1*}, Lili Adi Wibowo² and Ratih Hurriyati³

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ABSTRACT

Customer service of a company is strongly influenced by the quality of its products. Product simplicity is one of the factors in product quality. Nowadays, simple and straightforward telecommunication service is rare. There is widespread complaint about poor quality of service of telecommunications service providers. This is a study of mobile telecommunications services in Jakarta and West Java. A descriptive and quantitative research method was used by employing Simplicity Reduction (X1), Simplicity of Organisation (X2), and Simplicity of Integration (X3) as independent variables, and Quality of Service (Y) as a dependent variable. A non-probability purposive sampling technique and Likert scale were used to measure the results which indicate that the most important variable related to quality of service is Simplicity Organisation, while the least is Reduction of Simplicity. Therefore, the telecommunication service operators should simplify the operation of their organisations to ensure better service for customers. The study shows simplicity accounts for 54.1% of all the variables that influence quality of service while the rest are variables not discussed in this study.

Keywords: Quality of service, reduction simplicity, simplicity of organisation, simplicity of integration

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INTRODUCTION

The development of cellular service has increased competition among telecommunications operators. There is no official figure on the number of mobile telecommunications businesses in Indonesia

but it is very small. It indicates the cellular telecommunication service industry in Indonesia is saturated, leading to intense competition among the operators, which in turn will influence the loyalty of customers. Several variables may influence this loyalty.

The quality of service is one of the variables that may influence customers' loyalty. In order to increase or maintain

customer loyalty, the operators have to provide good quality customer service. This will boost their competitive edge. In this study, simplicity as a factor, will be used to investigate the impact of simplicity on loyalty through the quality of service provided. Therefore, the key aim of this research is to investigate the impact of simplicity on quality of service.

Table 1
The growth of in Telkomsel, XL, Indosat and other operators

Year	Customer					
	Industry	Growth	Tsel	XL	Isat	Others
2013	273	100%	131.5	60.5	57.6	23.4
2014	275.2	101%	139.2	58.3	54.3	23.4
2015	277.9	101%	152.6	42.1	59.8	23.4

Source: Company Report and processed

Indosat, 2013, 2014, 2015; Telkomsel, 2013, 2014, 2015; XL Axiata, 2013, 2014, 2015

Table 1 indicates the growth of mobile telecommunications services in Indonesia since 2013. It is clear the growth has decreased year by year, pointing to a saturation in the cellular telecommunication industry, leading to a stiff competition within the industry. Quality of service is a critical factor influencing customers' loyalty (Amin, Ahmad, & Hui, 2012).

A company must pay attention to the quality of its services, supported by design factor and service reliability (Al-Farsi & Basahel, 2014; Yoo & Donthu, 2001). Due to the competition, the operators should improve their quality of service. It is interesting to examine the factors that affect the quality of service of operators. This research aims to examine the

following aspects: customers' perceptions of the simplicity provided by mobile telecommunications operators in Jakarta and West Java and the impact of simplicity on the quality of service.

LITERATURE REVIEW

Simplicity

Simplicity in accessing a service is a crucial factor in functional services (Nikou & Mezei, 2013) and satisfies the customer. Quality of service can be determined the level of customer's satisfaction. Therefore, it can be concluded that simplicity is a representation of the quality of service (McKinney, 2002) and therefore, practitioners are obligated to create the interface design for simple

smartphones (SAP, 2004). Simplicity can be measured based on several subconstructs, such as reduction, organising, and integrating (Maeda, 2006; SAP, 2004).

The components of simplicity for smartphones include reduction and organising information, component complexity, coordination complexity, task complexity and visual aesthetics (Choi & Lee, 2012). Simplicity describes the aspect of screen design that facilitates perceptions of telecommunication device layout (Moshagen, 2010). Simplicity is more important than efficiency and effectiveness of a mobile phone. The perceptions of simplicity vary greatly for each country / region based on their cultural value (Choi & Lee, 2012). The concept of simplicity does not only include simple layout concepts, but also organisational interfaces, functions, structures, workflows, and frameworks. It can be concluded that the simpler the service, the more sophisticated it is. Based on previous research, simplicity can be classified into four sub-constructs, namely reduction, organisation, integration, and priority (Lee, 2012). Service accessibility and simplicity are crucial factors in functional services (Nikou, 2013).

Simplicity and flexibility are important criteria for a good telecommunication service (Ward & Mullee, 1997). The simplicity of the UI (unit interface) may characterise the value of a product, and which may affect potential users to purchase the product (Miyamoto, 2013). Information Simplicity can be divided into several substructures, such as reduction, organising,

integration, and prioritisation (Maeda, 2006). Service functionality (simplicity, accessibility) on the other hand is a major inter-related issue which can significantly affect users' intention to accept, adopt, and make use of different mobile service categories (Nikou & Mezei, 2013). From the above statement, it can be understood that simplicity has a significant effect on the users to choose the service. Price, added value, reliability, safety and simplicity are the most important requirements for users (Ozkan, 2009). The dimensions of the subconstruct are as follows:

- a. Reduction Simplicity is a sub-construct that describes the service level and the service procedure of the operator.
- b. Simplicity of organising is a sub-construct that describes the arrangement of services and information that can be provided by the customer service and operator responding to the former's complaints.
- c. Simplicity of integration is a sub-construct that describes the level of completeness and the complexity of the request to change the service plan.

Quality of Service

The service quality indicators for mobile phones are not only determined by the size of their network, but also the scope of their services (Valletti, 1999). The functional value of a product has two dimensions, quality and value of money. Quality refers to the utility derived from perceived quality and expected product

performance (Sweeney, 2001). Perception of service quality is a very critical factor influencing consumers' loyalty because perception of service quality is the highest contributing factor of consumers' loyalty. Another contributing factor that support consumer loyalty is corporate image (trust image and switching cost) (Amin et al., 2012).

Quality does not only affect profitability but also loyalty. There are four dimensions that affect consumer loyalty, namely corporate image, service quality, trust, and switching costs (Aydin & Oze, 2004). Quality of service is a comparison between the service received and that expected by the customer. It is a construct that measures the gap between customer expectations and customer perceptions of services (Gronroos, 2000). Quality of service can be defined as judgments or attitudes related to the overall excellence of service. Quality of service can be interpreted as the differences between expectations and perceptions of customers about the performance of services (Parasuraman, 1988). Quality of service is an overview of customers' perceptions of service elements, such as the quality of interaction, physical environment, and results (Cronin, 2001). One outcome of simplicity is customers' satisfaction related to quality of service. Therefore, it can be concluded that simplicity represents quality of service (McKinney, 2002). Criteria for the quality of telecommunication service include simplicity and flexibility (Ward & Mullee, 1997). One factor that can be used to measure quality of service is simplicity

(Lee, 2012; Oztekin, 2011). Quality of service can be measured by the quality of the system, network quality, and quality of information (Kumar, 2012).

In order to differentiate a company from its competitors, quality of service can be used as a critical success factor (Chan, 2016). It can be used as an overall judgment of a service provider in order to compare between customers' perceptions and expectations (Dadfar & Brege, 2012). Through the five-step validation, the preparation of MS-QUAL (Mobile Service Quality) is done by using five factors: contact, responsiveness, fulfilment, privacy, and efficiency for supporting services in the process of virtual product expenditure. The other four factors such as content responsiveness, fulfilment, privacy, and efficiency are used for supporting services in the process of shopping for products (Huang & Liu, 2010). The M-S-QUAL can be used by mobile commerce service operators (m-commerce) to assess the quality of their shopping services and identify areas for improvement. Developing and evaluating these instruments can clearly distinguish virtual from physical experience of m-commerce (Huang, Lin, & Fan, 2015). From those two statements, it can be concluded that there are two kinds of tools for measuring virtual and physical products. In order to survive and stay competitive, all businesses must develop quality of service that will ultimately lead to customer satisfaction and loyalty (Kim et al., 2007).

In the mobile telecommunications sector in Pakistan, the five cellular

telecommunications operators studied were identified as competing in terms of service quality, fairness of price, and reasonable service to retain their relationship with their customers (Hassan, Hassan, Nawas, & Aksel, 2013).

The dimensions of Service Quality can be described as follows:

1. System Quality is a subconstruct describing the quality of system used in serving the customer;
2. Quality Fulfilling is a subconstruct describing the level of quality promised by the operator;
3. Contact Quality is a subconstruct describing the level of quality services

provided by the operator in interacting with its customers;

4. Bill Quality is a subconstruct describing the accuracy of the bill given to the customers.

Framework

The simplicity variable is measured using several dimensions, such as simplicity reduction, simplicity of organising, and simplicity of integration while the quality of service variable is measured using several dimensions such as system quality, quality fulfilling, contact quality, and bill quality. Based on these descriptions, a framework is constructed (Figure 1).

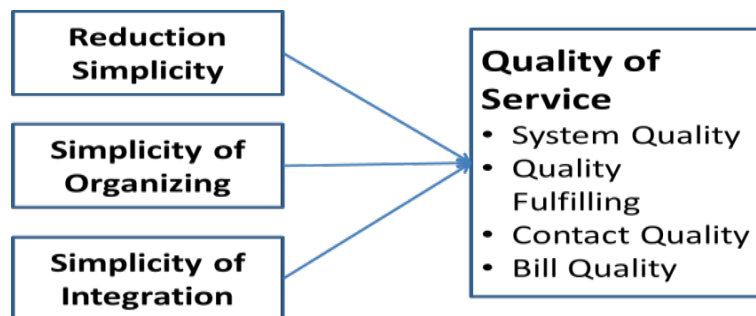


Figure 1. Framework

Source: Moon, Kim, & Yi, 2015 and modified

MATERIALS AND METHODS

This research employed quantitative method and random sampling technique. Multilinear regression technique was used and data was analysed using SPSS. The type of research is descriptive and the sample represents the population of Indonesia. The sample size (number of respondents) was determined by using Slovin Formula. Respondents were

obtained from a population of 17.3 million customers with an error rate of 5%. The 400 sample respondents came from Jakarta and West Java Province. A questionnaire method was used to obtain data related to Reduction Simplicity, Simplicity Organising, Integrating Simplicity and Quality of Service.

The analytical model used in this analysis is the multiple linear regression analysis for measuring the strength of the relationship between two variables and measuring the effect of variables that involve more than one independent variable (Sugiyono, 2012).

RESULTS AND DISCUSSIONS

The Characteristics of the Respondents:

Description of by respondents' age

Most of the respondents were between 20 and 35 years old (303 or 76%). A total of 69 respondents (17%) were aged below 20 years. The rest were above 35 years old.

Description of respondents based on occupation

It can be seen that most of the respondents' occupations are in private sectors, 274 respondents (68%). Meanwhile, 68 respondents (17%) are students and 36 respondents (9%) are government officers, and the least 22 respondents (6%) are state company employees. It can be concluded that responders that may represent the customers mostly come from this occupation.

Description of respondents based on the average income

Most (171 or 43%) of the respondents' average income is above IDR 3.5 million. The 118 respondents (29%) have an average income between IDR 1.5 to 2.5 million while 67 respondents (17%) earned an

average income between IDR 2.5 to 3.5 million. The rest had an average income under IDR 1.5 million.

Responses from the Respondents

Response from respondents on independent variables

About 74% of the respondents agreed to the Variable Reduction Simplicity (X_1), considered as good while 68% agreed to Variable Simplicity of Organising (X_2). Seventy per cent of the respondents supported the variable of Simplicity of Integration (X_3). Therefore, all independent variables had a good response where reduction simplicity had the highest response while the lowest was simplicity of integration. The responses indicated that organisational simplicity and simplicity of integration need to be improved.

Response from respondents concerning dependent variables

The variable on quality of service has a five-item statement. The statement regarding the quality of contact between the operator and the customer had the highest response, 75%, classified as good, while the availability of the system and quality fulfilment statements had the least response from the respondents, 66% and classified as neutral. Overall, quality of service had a good response from the respondents, 69%. Therefore, it is clear the availability of the system and quality fulfilment are variables that need to be improved.

Test Result

Classical assumption test

Classical Assumption Test was done to find out if the data meet the criteria of a good regression model. This test was done by

using normality test and multicollinearity test. The results show no multicollinearity among the variable. It can be concluded that the variables can be used as a tool for investigating and analysing the problem.

Table 2
Multicollinearity test

Model		Unstandardized Coeff		Stand Coeff	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	0.699	0.133		5.269	0.000		
	Reduction	0.183	0.045	0.200	4.079	0.000	0.480	2.084
	Organisation	0.344	0.045	0.374	7.426	0.000	0.458	2.185
	Integration	0.256	0.038	0.283	8.784	0.000	0.664	1.506

a. Dependent Variable: Quality

Source: Process of data by SPSS

Results of linear multiple regression analysis
From Table 2, the multiple linear regression equations obtained are as follows:

$$Y = 0,699 + 0,183X_1 + 0,344X_2 + 0,256X_3$$

The regression coefficient X_1 was 0.183, the regression coefficient X_2 was 0.344, and the regression coefficient X_3 -value of 0.256, meaning that for every increment, each dimension, namely Reduction Simplicity (X_1), Simplicity Organizations (X_2) and

Simplicity Integration (X_3) of the unit will cause quality of service (Y) to increase, equal to the value of each regression coefficient. From the above equation, it can be understood that the most influential factor is organisational simplicity and the least is reduction simplicity.

Coefficient of determination

Based on calculations performed using SPSS, the coefficient of determination is shown in Table 3:

Table 3
Coefficient of determination test

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.735a	.541	.537	.650	1.882

a. Predictors: (Constant), Integration, Reduction, Organization

b. Dependent Variable: Quality

Source: Process of data by SPSS

Based on Table 3, the number of R-square is 54%, which meant the variation of independent variables used in the model was able to explain the quality of service (Y) by 54%. The rest are influenced by the other variables not included in this model.

Correlation between descriptive and verification analysis results

The correlation between Descriptive and Verification Analysis is described below. From the verification analysis, it can be seen from the coefficient in the equation the most influential variable is Simplicity Organisations in which the coefficient is 0.344 while the descriptive analysis showed only 68 % (the least response from the respondents). On the other hand, the Reduction of Simplicity is the least influential variable in which the coefficient is 0.183 and the descriptive analysis showed 74% response (the most response from the respondent).

Based on the above points, it can be concluded that companies should improve their quality of service by considering related factors that influence the quality of service in order to achieve excellent performance.

CONCLUSION

This study found reduction of simplicity and simplicity of organisation were the most favourable and unfavourable variables respectively. Thus, it is recommended the operators take immediate measures to increase organisational simplicity as the

respondents of the study noted there is a long way to go to achieve this.

The equations correlating the independent variables and the dependent variable indicated simplicity of organisation is the most influential variable in determining quality of service while the simplicity reduction is the least influential. Therefore, telecommunications operators have to increase the simplicity of their organisation in order to improve the quality of their service as this affects customers' loyalty.

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An Effort to Lower Electricity Bill in University Building by Automatic Lighting Switches Application

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ABSTRACT

There is a high demand for electricity in Indonesia which results in spiralling cost of electricity. This is compounded by the fact that many power generators in Indonesia still use fossil fuels. *Universitas Budi Luhur* aims to be a green campus. One way to reduce demand for energy is to use the electricity efficiently and sparingly, such as turning off the lights in the rooms when they are not in use though this is difficult to be implemented in public spaces such as toilets. Automatic light switches were installed in sample toilet rooms from August 1, 2016 to August 6, 2016. The energy saving was quite substantial, and translated into a cost saving of IDR 52.157,40 per week (about 63% of total weekly usage) or IDR 207.628,50 per month or IDR 2.503.555,20 per year. With the assumption of similar usage in all six toilets, annual saving in the electricity bill is estimated to be IDR 15.021.331,20.

Keywords: Annual saving, automatic light switch, electricity bill, energy efficiency, motion sensor, room lighting

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INTRODUCTION

Electricity is important for modern life. High electricity consumption means higher cost. Additionally, the majority of Indonesian power plants are dependent on fossil fuel. A change in oil price affects fuel price which in turn determines the base electricity fare. One effort to lower electricity cost is to

increase the efficiency of electricity usage, such as by using energy-efficient equipment and deactivating electrical equipment when not in use.

Universitas Budi Luhur depends greatly on electricity supply for the smooth running of its campus, but its energy use is not efficient. Supply of electricity to the classroom is controlled from the main panel. So, when there is no lecture scheduled in a classroom, the electricity supply there can be remotely deactivated. Lights in the office and lecturer rooms can be manually switched off when not in use, but it does not work for public facilities such as toilets and enclosed corridors. Therefore, the proposed method in this pilot project is to use automatic switches which detect the presence of a human in a particular room. Aside from its practical use, there is no need for any contact with a human. This application also helps to lower electricity consumption and prolong the lifetime of the light bulbs, which in turn leads to cost saving.

The objective of this pilot project is to measure the level of reduction in electricity consumption by reducing its usage. The expected benefit is energy efficiency and cost saving at the Universitas Budi Luhur's campus. The pilot project experiment was performed in selected man's public toilets located on the 1st floor of Building 4.

LITERATURE REVIEW

Aliyu (2015) examined the relationship between energy consumption and

development. The greenhouse gas effect of the resource re-allocation process in a domestic economy will, for example, depend on the sectors in which a country claims comparative advantage. The composition effect will result in more greenhouse gas emissions if the expanding sectors are more energy-intensive relative to the contracting sectors, and vice-versa. The scale effect refers the effect on greenhouse gas emissions from increased economic activity and/or output (Aliyu, 2015). The overall presumption is that increase in economic activity correlates with the increase in energy use. All things being equal, this increase in the scale of energy use and economic activity will lead to higher levels of greenhouse gas emissions. This implies that higher income increases pollution due to greater energy consumption. Advanced techniques can reduce pollution, for example, based on the Porter Hypothesis. This hypothesis suggests that stringent environmental regulation in advanced nations would likely encourage innovation and replacement of pollution-generating production process with more efficient and environmentally-friendly technology, which would be ultimately transferred to less developed countries via FDI flows, and thus reducing damages to the environment.

Maji, Habibullah and Yusof-Saari (2016) reported that most economies will desire to strive for environmentally sustainable financial activities. Growth in activities will lead to increase in energy consumption, which in return foster the combustion of

fossil fuel and subsequently increase carbon dioxide (CO₂) emissions, a toxic substance that increases greenhouse gas and global warming. The danger and the consequences of global warming and climate change have led to the establishment of environmental friendly advocacy organisations. These organizations and relevant treaties, which include Kyoto Protocol, Environmental Protection Agency, Greenpeace and Nature Conservancy have contributed greatly to the global green movement by facilitating the conditions under which human and natural environment can come together to satisfy the economic and environmental needs of societies.

Motion detection system is used primarily in surveillance and security systems. The system proposed by Sahu and Choubey (2013) will be useful for security in a fixed restriction area. The background of the targeted area is assumed to be non-moving and considerations of a sudden change in lightings are ignored as well. A technique called image segmentation is used to extract the foreground image from the source image and later processed to filter out noises or small image disturbance. Based on a level of acceptable percentage in human motion, the system would detect the moving objects which will be in a different colour.

A motion detection algorithm begins with the segmentation part where foreground or moving objects are segmented from the background. The simplest way to implement this is to take an image as background and take the frames obtained at the time

t , denoted by $I(t)$ to compare with the background image denoted by B . In a study (Sahu & Choubey, 2013) using simple arithmetic calculations, the researchers segmented the objects simply by using image subtraction technique of computer vision for each pixel in $I(t)$, taking the pixel value denoted by $P[I(t)]$ and subtracting it with the corresponding pixels at the same position on the background image denoted as $P[B]$. In mathematical equation, it is written as follows:

$$P[F(t)] = P[I(t)] - P[B] \quad (1)$$

Where F refers to the foreground or the resulted image after the computation at time t . To perform a point tracking algorithm, a motion detection algorithm would have to first initialise the feature points on the segmented foreground objects and track their movements.

Analysis of human motion is currently one of the most active research topics in computer vision in which the moving human body detection is the most important part of the human body motion analysis. Human body detection aims to detect the moving human body from the background image and to follow-up on treatment such as the target classification, human body tracking, and behavioural understanding. Its effective detection plays a very important role. Human motion analysis concerns with detection, tracking, and recognition of people behaviours. Rakibe and Patil (2013) presented a new algorithm for detecting

moving objects from a static background scene to detect moving objects based on background subtraction. The presence of moving objects is determined by calculating the difference between two consecutive images in the frame subtraction method. Its calculation is simple and easy to implement. For a variety of dynamic environment, it has a strong adaptability but it is generally difficult to obtain a complete outline of moving object responsible for showing the empty phenomenon. As a result, the detection of moving object is not accurate. Optical flow method is to calculate the image optical flow field and do clustering processing according to the optical flow distribution characteristics of the image. This method can provide complete movement information and is able to detect the moving object from the background. However, extensive calculation, sensitivity to noise, and poor anti-noise performance makes it not suitable for real-time demanding occasions. The background subtraction method is to use the different method of the current image and background image to detect moving objects using a simple algorithm. This method is very sensitive to the changes in the external environment and has a poor anti-interference ability. However, it can provide a complete object

information in the case of the known background.

Wibowo (2004) explored the use of proximity sensor, namely human presence, in a room with the performance of the sensor working as heat detection. The idea of using automatic switch arises from the need to reduce electricity waste. In an economic viewpoint, installation of an automatic switch can control the electricity usage, for example, a 40-Watt lamp uses 200 kWh of electricity in five hours. The discussion is limited to testing the response of the fabricated sensor.

MATERIALS AND METHODS

Passive Infrared Sensor

The Passive Infrared Receiver or PIR is an infrared-based sensor. "Passive" means the device does not emit any infrared radiation. This differentiates PIR devices from other IR-based devices such as IR LED and phototransistor; the former only responds to infrared radiation emitted by other objects within its detection sphere by detecting human body temperature and/or movement since human body emits thermal radiation when moving due to energy metabolism to make muscle movement. Thus, the PIR detects a change in infrared radiation and responds by releasing output voltage.

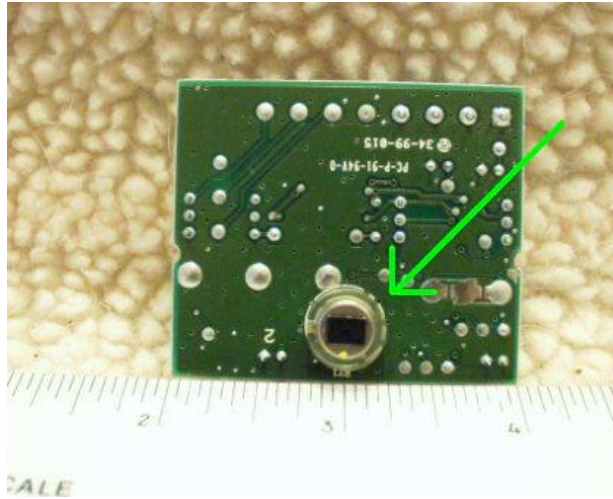


Figure 1. Pyroelectric sensor element



Figure 2. Motion sensor switch

Hypothesis

With the installation of motion sensor for lighting in the toilet used in the experiment, the expected reduction in energy consumption around 30% to 40% compared to the one without sensors.

Method of Experiment

The first stage in this research involves analysing condition in the test room. The second stage is designing the sensor installed in the electrical appliances (lamps and exhaust fans). In order to obtain the

energy consumption data after performing sensor installation, an Electrical Power Consumption Meter is used to facilitate data measurement. The device can record data on daily, weekly and monthly basis. The power consumption data is then converted into electricity billing cost.

RESULTS AND DISCUSSIONS

The electric appliances installed in the experiment room consisted of eight 23W bulbs and six exhaust fans of 80W each

with daily operation of 14 hours from 7am to 9pm. Total power consumption was 664 Watt-hour which translated into 0.664kWh per hour, 9.3kWh per day, 231kWh per month or 2,772 kWh per year. The measurement is recorded every 7-hour interval up to 84 hours of operation, equal to 6 days a week. During this period, total electric power consumption without the use of motion sensors amounted to 55.576 kWh and base electricity fare of IDR 1,467.28/kWh or IDR 81,839.01 per week or IDR 327,356.04 per month.

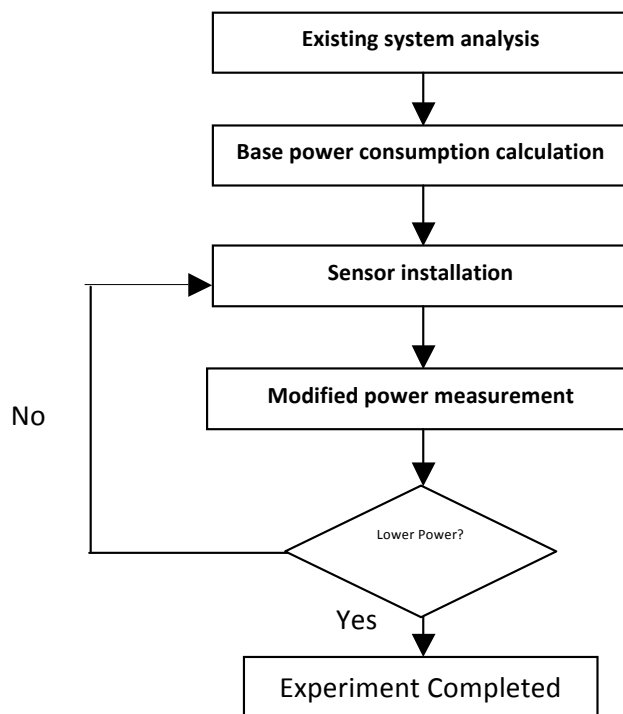


Figure 3. Experiment method flowchart

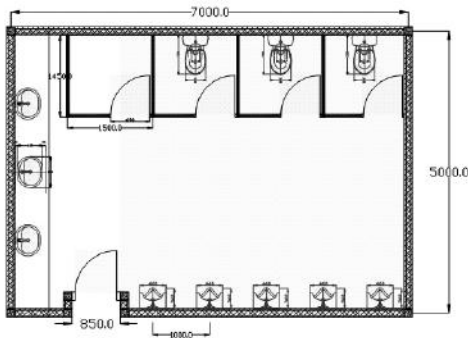


Figure 4. Room plan



Figure 5. Sensor installation

The experiment began on Monday (August 1, 2016) at 8am. All the lights except the ones near the toilet door were switched off and only the exhaust was operating, and the meter showed 304.2W, with

total consumption of 504.49 Wh. The measurement on Wednesday (August 3, 2016) at 14:30 or after 35 hours of operation, showed 10.6 kWh of consumption versus 27.9kWh in a normal operation (Figure 6).

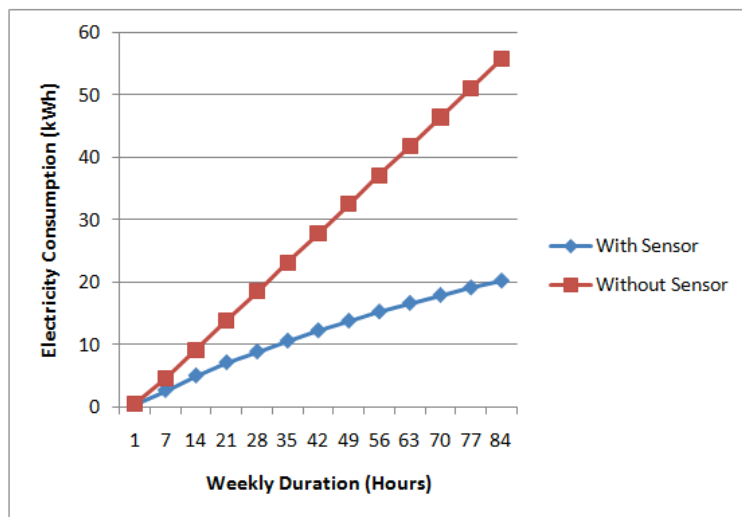


Figure 6. Power measurement comparison from 1 to 6 August 2016 stated as cumulative operating hours

From Figure 6, it can be seen that reduction amounting to half of the normal consumption is achieved after 28 hours. By the end of the week on August 6th, the reduction in

consumption reached 63.73%. Table 1 shows financial saving if these figures were converted into electricity cost.

Table 1
Cost reduction due to energy efficiency

Energy (kWh)		Base fare (IDR/kWh)	Cost (IDR)		Cost saving (%)
With Sensor	Without Sensor		With Sensor	Without Sensor	
0.504	0.664	1,467.28	739.51	974.27	24.10
2.711	4.648	1,467.28	3,977.80	6,819.92	41.67
5.058	9.296	1,467.28	7,421.50	13,639.83	45.59
7.158	13.944	1,467.28	10,502.79	20,459.75	48.66
8.890	18.592	1,467.28	13,044.12	27,279.67	52.18
10.622	23.24	1,467.28	15,585.45	34,099.59	54.29
12.264	27.888	1,467.28	17,994.72	40,919.50	56.02
13.816	32.536	1,467.28	20,271.94	47,739.42	57.54
15.278	37.184	1,467.28	22,417.10	54,559.34	58.91
16.651	41.832	1,467.28	24,431.68	61,379.26	60.20
17.933	46.48	1,467.28	26,312.73	68,199.17	61.42
19.126	51.128	1,467.28	28,063.20	75,019.09	62.59
20.229	55.776	1,467.28	29,681.61	81,839.01	63.73

From Table 1, by the end of the week, it is shown that there is a cost reduction from IDR 81,839.01 to IDR 29,681.61. This is a saving of IDR 52,157.40, as a direct consequence of installing the sensors.

CONCLUSION

The results of the experiment showed the cost saving in the first hours was insignificant, but over time, it rose significantly to over 60% after one week. This figure is 1.5 times of the optimistic figure prediction of 40% and twice the least expected saving of 30%. With the projected saving of IDR 208,628.60 per month or IDR 2,503,555.20 per year, the total cost saving is significant i.e. IDR 15,021,331.20.

Future research should look at installing the same system in the other five toilets at the university in its first phase while the second phase can look at building corridors

with eight 4-storied buildings. This is expected to significantly reduce expenses on electricity.

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The Role of Electronic Word-of-Mouth on Customer Confusion in Increasing Purchase Intention

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ABSTRACT

This study discusses the antecedents of consumer confusion on purchase intention, namely e-WOM (Electronic word of mouth). This research is aimed at exploring the effect of consumer confusion towards purchase intention moderated by omni-channel integration. Inspired by the new concept of omni-channel, this study developed a model of consumer confusion to increase purchase intention. Data was collected from a survey of 442 consumers, and SmartPLS was used as a Structural Equation Modeling (SEM) tool to analyse data. As a hypothetical development about omni-channel integration as a part of the e-quality service, this study developed three hypotheses. The results of this study showed that e-WOM has a significant impact on (1) consumer confusion, (2) purchase intention

mediated by consumer confusion, and (3) purchase intention mediated by consumer confusion and moderated by quality of omni-channel integration quality. The findings of this study differed from those of previous research. The various opinions and information obtained by consumers through e-WOM increased their confusion, and thus made it difficult for them to make purchasing decisions. In Indonesia,

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consumers were unaware of the excellent omni-channel services, which improved speed and convenience of purchase process.

Keywords: Consumer confusion, electronic word of mouth, omni-channel integration quality, purchase intention

INTRODUCTION

E-commerce is still a relatively new industry in Indonesia. However, as consumers are beginning to trust online shopping in addition to offline shopping, the Indonesian market has the potential for online shopping. E-commerce sales in Indonesia have increased from USD1.04 billion US dollars in 2012 to USD4.49 billion US dollars in 2016 (Statista, 2015), and the industry is expected to experience rapid growth in the next few years.

Indonesia has the highest e-commerce growth in the Asia Pacific region (Criteo, 2015; Mastercard, 2015). A survey by Mastercard (2015) showed that Indonesian are more likely to shop online using smartphones (54.9%) than Malaysians (45.6%) or Singaporeans (36.7%). Criteo (2015) revealed that m-commerce accounted for 27% of the total e-commerce transactions in Asian countries. Indonesia also occupied the first position among Asian countries in e-commerce (34%), followed by Taiwan (31%) and Singapore (29%).

In contrast to the above reports, a survey by the Association of Indonesian Internet Services (APJII, 2015) showed that use of the internet for buying and selling online in Indonesia remains low

at around 11%. According to the survey, Indonesian consumers mostly use the internet for social networking (87.4%) and for information retrieval (68.7%). Most of the online transactions performed in Indonesia were purchases of tickets for movies, performances, exhibitions, and sporting events (Nielsen, 2014), and most internet users in Indonesia used their smartphones (85%), laptops/netbooks (32%), personal computers (14%), and tablets (13%) to access the internet (APJII, 2015). Furthermore, among Indonesian consumers, 61% used their smartphones, 58% used their computers, and 38% used their tablets to shop online (APJII, 2015).

About 91% of consumers share their experiences through social networking (Stelzer, 2014), and 74% said that the advice obtained online influenced their buying decisions (i.e., what to buy and from whom) (Stelzer, 2014). In terms of recommendations, 90% of consumers trust those from family and friends, 68% trust recommendations from other consumers, and only 10% believe the retailers' or manufacturers' recommendations (Stelzer, 2014). Therefore, consumers not only read comments posted about the products they intend to buy, but they also read the reviews about their products.

About 69% of consumers write reviews about their experiences with retailers at least once a month (Stelzer, 2014), and 7 in 10 consumers post or check their comments on the social networking sites at least once a day (Stelzer, 2014). Consumer reviews are important for shaping consumer opinion

because 6 out of 10 consumers avoid certain retailers after reading negative reviews about them online (Stelzer, 2014).

Google has revealed that 80% of shoppers research products online before making a purchase, and they are turning to other devices to meet their needs (Google, 2014). For example, 51% of buyers research the product online before visiting the store to buy the product; 17% visit the store to view the product and then buy the product online while 32% of buyers browse the products online, visit the physical store to see the product, and then return to the online store to buy the product (Google, 2014). This “nonlinear” experience or mix of online and offline behavior is called an Omni-channel experience (Google, 2014).

This technology investment is critical for enabling an exemplary Omni-channel customer experience (Forrester, 2014). Today, many retailers see the maturity of Omni-channel as a key brand differentiator, with increased customer satisfaction, loyalty, and brand perceptions highlighted as the top benefits. However, many retailers have spent a lot of money to start an omni-channel.

Nielsen (2014) reported that consumer confusion about a company’s website remains quite high (33%). It can create a barrier for buyers, who are undecided about whether to make a purchase. Walsh, Hennig-Thurau and Mitchell (2007) argued that consumer confusion is a situation with which consumers have to cope, and while consumers are aware of their confusion,

they might not realise the magnitude of information overload. Thus, it is important that consumers are not burdened by their confusion because it can affect their buying decision.

Consumer confusion is quite high in Indonesia which has led to a decline in purchasing intentions. One indication is that 65% of online consumers abandon their shopping carts or cancel their purchases (Google, 2014). Thus, the features that produce conflicting and confusing product information should be minimised to reduce consumer frustration or confusion.

Changchit, Cutshall and Loreta (2014) pointed out five main reasons why Indonesian consumers fail to make a purchase or abandon their shopping carts: (1) fear of delayed product delivery, (2) reluctance to sign up, (3) fear of receiving the wrong product, (4) desire to see a product physically before buying, and (5) a lack of intention to buy the products. Confusing websites also cause consumers to abandon their shopping carts: about 65% of online consumers abandon shopping carts or cancel their purchase (Forrester, 2014).

Based on the above information, this study developed a new construct to reduce consumer confusion related to e-commerce buying intention in Indonesia. It explored the role of e-WOM in consumer confusion among Indonesian e-commerce consumers. The novelty of this research is that omni-channel integration as an aspect of e-service quality is investigated as a moderator variable.

LITERATURE REVIEW

E-Consumer Behavior

Rapid technological developments have led to changes in consumer behaviour, enabling consumers to access more information and consider purchasing decisions more quickly (Gunawan, Diana, Muchardie, & Sitinjak, 2016). Consumers have needs or desires to buy and consume products. The new term “e-consumer” refers to consumers who make purchases online and thus exhibiting “e-consumer behaviour” (Harris & Dennis, 2008).

Consumer behaviour seeks to understand consumer choice (Chaffey, 2011; Laudon & Traver, 2015) and assesses consumer actions such as searching, buying, using, valuing, and disposing of products and services that are expected to meet their needs (Blackwell & Engel, 2012; Hawkins & Motherbaugh, 2013; Schiffman & Wisenblit, 2015; Solomon, 2013). They buy and use products and services, which involves psychological and social processes (Kerin, Theng, Hartley, & Rudelius, 2013).

Consumers make online purchases for the following six reasons (Kerin, Theng, Hartley, & Rudelius, 2013): (1) convenience; (2) the two dimensional choice of increased product selection and services and the availability of assistance options; (3) individual and highly interactive information obtained through customisation; (4) communication capabilities supported by Internet technology; (5) “dynamic price” option, which allows consumers to

choose real-time prices to adjust supply and demand conditions; and (6) the ability to search online information about products or services, evaluate options, and make the decision to buy at the right time.

Purchase Intention

A widely used approach in predicting consumer behaviour involves conducting activities to determine consumers’ purchase intentions. Purchase intention is defined as “what consumers think they will buy” (Blackwell & Engel, 2012), and the tendency among the consumers to buy products in the future and remain loyal to a brand (Wu, Yeh, & Hsiao, 2011). Schiffman and Wisenblit (2015), and Sam and Tahir (2009) described purchase intention as the possibility of the consumer to purchase a product or behave in a certain way.

Diallo (2012) defined purchase intention as a consumer’s attempt to purchase a product or service. According to the Theory of Planned Behavior, which was developed by Ajzen (1991), the behaviour of a person is determined by his or her intention to perform the act (George, 2004). Such intentions are informed by behaviour, subjective norms regarding their involvement in the behaviour, and perceptions of individual success in engagement as target behaviour (George, 2004). Thus, purchase intentions can be used to predict consumer behaviour (Kotler & Keller, 2016). When companies know the factors that drive consumers to make purchases, they will develop strategies to influence consumers.

Quality of Omni-Channel Integration

A new concept emerging from the multichannel concept is omni-channel (Carvalho & Campomar, 2014), which achieves optimal effectiveness by combining online marketing with offline marketing (Laudon & Traver, 2015). Omni-channel marketing sells products through multiple channels (Laudon & Traver, 2015; Strauss & Frost, 2014), and integrates the physical store with websites and mobile platforms.

Omni-channel marketing emphasises that consumers can access online information about products in stores and allows physical contact with diverse information, including promotions, pricing, and negotiations. It highlights the importance of the blended concept of the online and offline sales model and a synergy between the two models. Companies should choose channels that have a clear role, and consumers should know what to expect and look for in each channel (Carvalho & Campomar, 2014).

Omni-channel is a development approach that uses all the capabilities of communication, including digital television and video media, online advertising, and direct mail to increase consumer awareness, interest, and responsiveness. Omni-channel integrates customer information, transactions, and services through e-mail, mobile, e-commerce portals, platforms at point of sale (POS) terminals, and other methods of interacting directly with customers. Omni-channel is therefore more than just a set of capabilities for reaching the media (Winterberry, 2013).

By integrating all of the processes, such as logistics, storage, distribution, customer presence, databases, and marketing (Carvalho & Campomar, 2014), omni-channel affects the entire chain of consumption. This allows retailers to make consumers the main actor, offering many possibilities for the content presentation, sustainable investments in technology, new services, new store layouts, and new value creation goals. This condition prompts a positive response in consumers (Carvalho & Campomar, 2014).

As a synchronised operational model in which all channels fit the customer and are done consistently by the company (Carroll & Guzman, 2015), omni-channel shopping enables consumers to interact with retailers consistently across all channels (Nicol, 2013). Omni-channel allows retail companies to share their knowledge of the entire product platform to consumers and thus simplifies integrated channels and attracts buyers to shop on any channel. Omni-channel can also reduce customers' frustration by producing information that is not contradictory and does not confuse them (Brynjolfsson, Hu, & Rahman, 2013).

The quality of omni-channel integration is defined as the consistency of inter-channel services and their ability to offer unrestricted service on multiple channels integrated to customers (Angel, 2014). Integration quality will be a consideration of omni-channel consumers overall service excellence. Previous research has found that the quality of omni-channel integration can improve customer satisfaction (Angel, 2014).

Electronic Word-of-Mouth

Word-of-mouth (WOM) has been known to have a significant impact on purchasing decisions. One of the best ways to assist consumers in deciding to buy a product is via WOM (Silverman, 2011) because it can reduce information with low credibility and minimise consumers' confusion. The WOM via recommendations from family, friends, or colleagues is more powerful than conventional marketing and has a strong effect on consumers' purchasing decisions.

The Internet has changed the way consumers communicate and share their opinions or reviews about products or services. Communication between individuals and groups over the Internet, known as electronic word-of-mouth (e-WOM) communication, has made it easier for WOM communication to be built on various features of the website (Silverman, 2011). Therefore, e-WOM is a concept of content created by users (Kaplan & Haenlein, 2010).

The E-WOM is WOM that takes place online, typically through social networks, brand communities, blogs, chat rooms, and tweets (Schiffman & Wisenblit, 2015). The E-WOM is defined as a form of communication within a virtual community (Brown & Tuten, 2009), or a positive or negative statement made by potential, current, or former customers about the product or company that is available to many people and institutions via the Internet (Walsh et al., 2007). Although consumers search for product information intensively, the overall information or content of a

product available on social media accounts and discussion forums is considered less than other media.

Consumer Confusion

Consumer confusion, which can occur in pre-purchase or post-purchase situations (Mitchell, Walsh, & Yamin, 2004), is the failure of consumers to develop a correct interpretation of various aspects of a product or service (Turnbull, Leek, & Ying, 2000). Consumers can be confused by too much information ("consumer hyper choices"), too little information, and excess products (Drummond & Rule, 2005; Solomon, 2013). Mitchell et al. (2004) used an alternative term for consumer confusion: "marketplace decision difficulty" (MPDD).

Consumer confusion is also caused by the disagreement of information with the consumer's knowledge or a lack of information (Blackwell & Engel, 2012). Confusion might come from false identities if, for example, consumers mistakenly believe that a company's product changes another company's products (Blackwell & Engel, 2012). Consumer confusion might also result from similarities between product names, packaging, or characteristics.

Previous literature classifies customer confusion into three categories: similarity confusion, overload confusion, and unclarity confusion (Drummond & Rule, 2005; Mitchell et al., 2004; Mitchell, Walsh, & Yamin, 2005). Similarity confusion is a lack of consumer understanding and potential changes to their choice or improper brand evaluation due to the physical similarity of

the product or service offered (Mitchell et al., 2004). Overload confusion is associated with the exposure to an environment that provides too much information (Mitchell et al., 2004). Unclassified confusion occurs when customers are forced to reevaluate and change their beliefs or current assumptions about the product or purchase environment (Mitchell et al., 2004).

MATERIALS AND METHODS

The original conceptual model shown in Figure 1 describes the relationship between conventional WOM and consumer confusion (Turnbull, Leek, & Ying, 2000). The findings of this model show that WOM can reduce consumer confusion. The WOM refers to any important source of information (Turnbull et al., 2000) and is thus a source of reference for consumers.

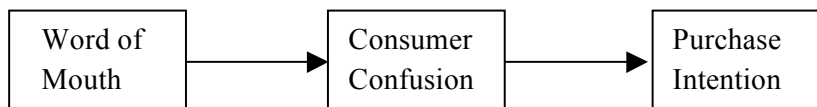


Figure 1. Conceptual model

The opinions of family members and friends are the most important and reliable sources of information for reducing consumer confusion (Cornish & Moraes, 2015; Leek & Chansawatkit, 2006). However, previous studies (Cornish & Moraes, 2015; Leek & Chansawatkit, 2006; Leek & Kun, 2006) have stated that information from close networks still leads to traditional WOM communication while other studies have found that WOM could be a consequence of consumer confusion (Ghosh & Rao, 2014; Mitchell et al., 2005; Matzler, Stieger, & Füller, 2011; Walsh, Mitchell, Miller, & Kilian, 2010). Other studies considered WOM an antecedent to consumer confusion (Cornish & Moraes, 2015; Turnbull et al., 2000).

By contrast, e-WOM is considered to play a role in overcoming consumer confusion because it is often used as a

source of information and as a reference when consumers have difficulty making purchasing decisions. The e-WOM can increase consumer intentions in making purchasing decisions on the recommendation of family, friends, or co-workers. Currently, e-commerce companies should be aware of the importance of e-WOM that can help consumers and reduce the amount of information that has low credibility. In fact, e-WOM is known to trigger purchasing, where it has been proven to occur as a “proximal cause” prior to the purchase (Silverman, 2011).

The research model of Angel’s (2014) adopted a conceptual framework developed by Sousa and Voss (2006), which identified integration quality as a new key service quality component. Sousa and Voss’s (2006) framework defines integration quality as “the ability to provide a seamless

customer service experience across channels". Previous research that has investigated the quality of omni-channel integration formed the foundation of the present study, which empirically studied the integration of omni-channel quality relating to consumer purchase behaviour (Angel, 2014). Integration quality is one component of a new service quality that can affect consumers' buying intentions. Therefore, integration is an important quality foundation in the omni-channel.

Products, orderings, promotions, or prices that do not have consistent information might cause consumer confusion, which can reduce customer satisfaction and reduce consumer purchase (Angel, 2014). The dimensions of information consistency, process consistency, customer data integration, and channel compatibility positively related to customer satisfaction in the omni-channel (Angel, 2014), thus, suggesting that the quality of omni-channel integration is positively associated with omni-satisfaction.

The importance of involving omni-channel integration quality in addressing consumer confusion in this research is the start of the migration from the multichannel concept to the omni-channel concept. It has been predicted that the omni-channel model is one of the strengths in the retail industry. In e-commerce environments, empirical studies have concluded that service quality has a positive relationship with channel user

satisfaction. Similarly, the study found that the quality of offline and online services was associated with overall customer satisfaction (Levy, 2012).

Rather than focusing solely on transactions and deliveries, the retail e-commerce industry can develop the quality of omni-channel integration to reduce the level of consumer confusion (Carroll & Guzman, 2015). Therefore, omni-channel is the most effective strategy to improve the current consumer experience (Levy, 2012). This study considered the quality of omni-channel integration with moderator variables which had a strong effect in reducing consumer confusion and improving their buying intentions.

In the e-commerce area, research on e-WOM research related to consumer confusion is lacking. Therefore, this study developed new construct as shown in Figure 2 and extended the dimensions to an omni-channel environment. This study offered a series of potential indicators for building the quality of omni-channel integration. The research questions based on this research model were: 1) Does e-WOM affect consumer confusion? 2) Does e-WOM affect purchase intention that mediated by consumer confusion? 3) Does e-WOM affect purchase intention that mediated by consumer confusion and moderated by Omni-channel integration quality?

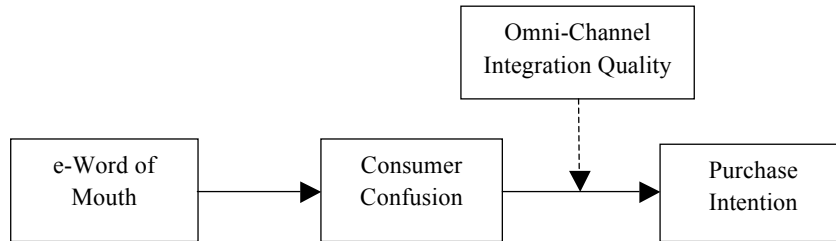


Figure 2. Research model

This study applied two approaches—descriptive and research verification—to obtain facts and characteristics of online consumers who were confused about their purchase decision. It obtained complete information using the 5Ws (when, who, what, where, and why) to examine the variables of e-WOM, consumer confusion, omni-channel information quality, and

purchase intentions by administering descriptive and explanatory surveys to online Indonesian consumers.

Table 1 lists the 26 question items included in the questionnaire that represent the four variables studied. The respondents' answers were analysed using SmartPLS as a tool of Structural Equation Modeling (SEM).

Table 1
Questions for each variable

Consumer Confusion
1. I feel the characteristics of the products offered to compare the products in other online retailers.
2. I feel that the product information offered by online retailers is adequate.
3. I feel the characteristics of the products offered by online retailers.
e-WOM
1. I read the recommendations about online retailers
2. I read the recommendations regarding products sold in the online retailers
3. I discuss with other consumers about the ease of online transactions with other consumers
4. I discuss with other consumers about the security of online transactions
5. I discuss with other consumers about the prices that online retailers offer
6. I discuss with other consumers about the quality of products offered by online retailers
7. I discuss with other consumers about the speed of product delivery offered by online retailers
Omni Channel Integration Quality
1. I find it easy to find product information on various channels used.
2. I find it easy to access product information in a timely manner on all channels.
3. I feel a steady service on all channels.
4. I feel a consistent way of interacting with online retailers on all available channels.
5. I feel that consistent interactions with online retailers on all channels can be done at any location.

Table 1 (*continue*)

Omni Channel Integration Quality	
6.	I feel the ease of consistent interaction with online retailers on all channels and locations.
7.	I find it easy to order, return and exchange products through various channels.
8.	I feel the ease of access to choose the various channels.
9.	I feel the ease of access to move and use the selected channel from the various channels.
Purchase Intention	
1.	I am willing to buy products through online retailers within 1-4 months.
2.	I am willing to buy products through online retailers within 5-8 months.
3.	I am willing to buy products through online retailers within 9-12 months.
4.	I am willing to repurchase products through an online retailer.
5.	I am willing to increase the number of products purchased through online retailers.
6.	I am willing to add my purchases of products purchased through online retailers.
7.	I am willing to recommend products offered by online retailers to others.

RESULTS AND DISCUSSIONS

Data was collected through questionnaires distributed to 494 consumers using convenience sampling. Of the respondents, 53% were male and most were aged between 18 and 25 years (68%). The results of the questionnaires showed that 70% of the respondents used online communication media, such as social networks or social media (e.g., Facebook, Path, Instagram, and Line) to review products. The respondents considered that communicating through social media made it easier to obtain opinions of friends or family about a product than any other online communication media. Consumers also had more confidence in the opinions of family and friends in relation to the desired product.

The majority of the respondents (69%) preferred to use smartphones for their online shopping transactions. The product categories most frequently purchased online were clothing, shoes, and accessories (49.8%), and other product categories

included electronic devices (10.5%) and hotel and tour reservations (3.4%). Additionally, the type of online shopping sites respondents visited most frequently included online stores (48.4%), retail company websites (26.3%), and social networking sites (19.9%). The respondents shopped least frequently in online communities, messenger applications, and mailing lists (2.7%).

In measuring validity, the study determined the value of Average Variance Extracted (AVE). All indicators had a loading factor greater than 0.50 (Table II), suggesting they were valid for measuring their constructs. In measuring reliability, the study calculated a Cronbach's Alpha and Composite Reliability greater than 0.7, which showed that all variables met the reliability requirements. Once the measurement model met the elements of validity and reliability, the model was executed using bootstrapping.

Table 2
Results of validity and reliability

Scale	Average Variance Extracted	Cronbach's Alpha	Composite Reliability	rho_A
Consumer Confusion	0.696	0.783	0.873	0.794
e-WOM	0.528	0.862	0.886	0.856
Moderating Effect 1	1.000	1.000	1.000	1.000
Omni Channel Integration Quality	0.509	0.893	0.912	0.897
Purchase Intention	0.547	0.863	0.894	0.873

The first research question addressed the relationship between e-WOM and consumer confusion. As shown in Table III, the measurements included a coefficient value beta of 0.194 and a t-statistics value of 4.349, thus, indicating e-WOM has a significant effect on consumer confusion.

While a positive relationship between e-WOM and consumer confusion means that e-WOM reduces consumer confusion, various opinions and a lot of information obtained by consumers from e-WOM

increases their confusion. These findings contradict those of previous studies (Cornish & Moraes, 2015; Drummond & Rule, 2005; Leek & Chansawatkit, 2006; Leek & Kun, 2006), which reported that opinions of family members and friends (WOM) were the most important, credible, and reliable sources of information in reducing consumer confusion. Consumers perceive e-WOM information as a useful reference, but many online recommendations and diverse opinions also confuse consumers

Table 3
Results of measurement model

Variables	Original Sample	T Statistics	P Values
Consumer Confusion → Purchase Intention	0.321	6.045	0.000
e-WOM → Consumer Confusion	0.194	4.349	0.000
e-WOM → Purchase Intention	0.131	2.521	0.006
Moderating Effect 1 → Purchase Intention	0.020	0.539	0.295
Omni Channel Integration Quality → Purchase Intention	0.311	6.166	0.000

To address the second research question, this study used data shown in Table 3. The value of t-statistics was calculated based on direct effect and indirect effect values. The value of the direct effect of e-WOM and purchase intention through consumer

confusion is $4.349 \times 6.045 = 26.29$, and the total value obtained is 28.81, where the value is greater than 1.96. The results of the analysis indicate that e-WOM has a significant impact on purchase intention mediated by consumer confusion.

This finding is in line with previous studies (Angel, 2014; Turnbull et al., 2000), which found that e-WOM can influence consumer purchase decisions. If they do not feel confused, consumers will have a high purchase intention; thus, consumer confusion can lower their buying interest, and the e-WOM component is significant in reducing this (Leek & Kun, 2006; Leek & Chansawatkit, 2006). Inconsistent product, message, promotional, or pricing information can lead to consumer confusion, thus reducing customer satisfaction and consumer purchases (Angel, 2014).

Confusion becomes the potential constraint for the customer to make purchasing decisions.

In addition to the t-statistics value, the original sample parameters were used to examine the nature of the relationship between variables and to answer the third research question. Table IV shows that consumer confusion has a positive effect on buying intention and that e-WOM has a significant impact on purchase intention that is mediated by consumer confusion and moderated by omni-channel integration quality.

Table 4
Results of measurement model

Hypothesis	Original Sample	T Statistics	P Values
e-WOM → Consumer Confusion	0.194	4.349	0.000
e-WOM → Purchase Intention	0.131	2.521	0.006
Consumer Confusion * Omni Channel Integration Quality ← Moderating Effect 1	1.295	10.735	0.000

The relationship between quality of omni-channel integration quality as a moderator variable and purchase intention, which has a positive value, means that Moderating Effect 1 strengthens purchase intention, but it is not significant (p-value > .05). This result shows that consumers in Indonesia are not yet ready to take advantage of the omni-channel service and that this service cannot increase consumer buying intention.

Table 5 shows that the effect of consumer confusion on purchase intention without moderation by omni-channel integration quality (path coefficient = 28.21) is greater than the effect of e-WOM on purchase intention with moderated

omni-channel integration quality (path coefficient = 1.295). Thus, omni-channel integration quality has failed to moderate consumer confusion and reduce its influence on purchase intention among e-commerce companies in Indonesia.

The results of this study support those of Minkara (2013) and Angel (2014) in that, the quality of omni-channel integration can influence consumer purchasing decisions. Quality integration is a component of new service quality that can affect consumers' purchase intention. Therefore, the quality of integration is an important foundation in the omni-channel environment (Angel, 2014).

Table 5
Results of moderating variable

Hypothesis	Original Sample	Moderating Variable
e-WOM → Consumer Confusion → Purchase Intention	28.21	Not moderated
Consumer Confusion * Omni Channel Integration Quality ← Moderating Effect 1	1.295	Moderated

CONCLUSION

The main contribution of this study was the introduction of omni-channel integration in e-commerce industry in Indonesia. This study additionally explored the role of e-WOM in consumer confusion. Recently, consumers have tended to consider the opinions and recommendations from their family and friends about the products they intend to purchase. Therefore, retail companies should consider improving the role of e-WOM in their e-business because it is expected to boost the competitiveness of enterprises.

The limitation of this research is that the consumers were sampled from online retailers listed on e-commerce association in Indonesia; however, only a few online retailers were registered with the association. Future research could investigate whether the omni-channel will increase the repurchase intention and e-loyalty of Indonesian consumers. The omni-channel environment might have different effects in different countries.

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A Critique of Local Wisdom Values in Indonesia's *Pesantren*

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ABSTRACT

Pesantren (Islamic Boarding School) is an Islamic educational institution in Indonesia, established long before the country's independence. Despite its long and influential role in the national education system of Indonesia, little is known how *pesantren* has developed its local wisdom values to educate its students. This qualitative and descriptive study investigated local wisdom and values that *pesantren* has developed as its distinctive characteristics colouring the Indonesian national education system. The study also examined methods used by this institution to develop its distinctive local wisdom values. Data was obtained from observation and interviews with leaders and students in three different *pesantrens* in West Java, Jakarta and Banten provinces. Results show that since its establishment, *pesantren* has developed and instilled Islamic values including theology and philosophy, physical development, Arabic language, aesthetics, and teleology, among its students.

Keywords: Indonesian *pesantren*, local wisdom and values, *teaching* and learning

INTRODUCTION

The values of local wisdom in *pesantren* (Islamic boarding school) are necessary in the development of students' personality,

independence and responsibility, especially in education and learning process under the helm of *Kyai* (clerics or leaders) and *Ustadz* (teachers). This achievement has been proven by many *pesantren* alumni across Indonesian Archipelago, who are able to foster community development through education and learning. Being a role model in daily life, the charismatic value of *Kyai* becomes a reference for most Indonesian people of all levels and groups. These values are like a strong joint that supports the nation

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in creating an independent community (Patriadi, Bakar, & Hamat, 2015; Sauri, 2010).

Pesantrens which are usually led by *Kyais* (Muslim clerics) have a long history in the struggle against colonialism in addition to contributing to the development of Indonesia's national education. The greatest contribution of the *kyais* and Islamic figures in Indonesia's pre-independence movement is proven by the *takbir* (a praise for Allah's glory) utterance shouted against the invaders of Indonesia. This utterance is so powerful for all Muslims, particularly during the colonisation era that they became easily moved to fight against the traitors of the nation and the state. It is no wonder that until now, many *Pesantren* alumni are still actively engaged in politics while many have become leaders in the government, economy, agriculture, and other aspects of life (Indrawati, 2014).

After independence, *pesantren* remained the main pillar of national education. The Government of Indonesia also acknowledged that *pesantren* and *madrasah* (Islamic school) are the foundation and the source of national education that should be continuously developed and supported. From early independence until today, *pesantren* come under the jurisdiction of the Ministry of Religious Affairs (Kamal & Ghani, 2014; Latif, 1983).

As an educational institution, *pesantren* has various educational activities such as regular interactions between *Kyai* (traditional Muslim cleric) or *Ustadz* (religious teacher) as the teacher and *Santri*

(*pesantren's* student). These activities usually take place at the mosque (Baharudin & Ismail, 2014) or dorm terrace to recite and to discuss the classical books of Islam. The book is better known as *Kitab Kuning* (classic book of yellow colour) because in the past, the books were generally written or printed by Muslim scholars on yellow paper. They contain ancient Islamic sciences such as *fiqh*, *hadith*, *tafsir*, or moral subjects (McKenzie, Williams, Weed, & Carroll, 2003), and education (McKenzie et al., 2003). Teaching the classical book is still priority and the only formal instruction in *pesantren's* environment.

Despite the long-standing history of traditional *pesantren* as an indispensable part of Indonesian educational system, little is known what local wisdom values *pesantren* instils and develops in their students. Therefore, this study explores local wisdom values that most traditional *pesantrens* in Indonesia instil in their students. A qualitative research method is used for this study using observation and interviews with three *pesantren* located in three different provinces of Banten, West Java and Jakarta.

LITERATURE REVIEW

The essence of value in human life

Value is an important aspect of human life. In the *pesantren* world, value is commonly understood as the nature of *tauhidullah* (oneness of Allah/God the almighty) that is developed and internalised in a person to achieve happiness of living in this world and hereafter (Harto & Harto, 2015; Huizenga,

ten Dam, Voogt, & Admiraal, 2017; Sauri, 2011).

Meanwhile, according to Sauri (2011), education is a conscious and planned effort to develop the potential of students to become better human beings. This is in accordance with Law 20 of 2003 on National Education System in Indonesia stating that education is a conscious and a deliberate effort to create an atmosphere of learning and facilitate the learning process. Consequently, learners actively develop their potential to be spiritual, possess self-control, and develop good personality, intelligence, noble character, and skills that are required for themselves, community, nation, and state (Suhartini & Barat, 2016; Thornberg & Oğuz, 2016).

Value is contextual and can have different meanings. Some scholars agree that value is defined as the process of guidance through exemplary activities that are oriented towards the establishment of life values (Amalia, Riani, & Julia, 2016; Šramová, 2014). Those values include that of religion (Yusuf & Wekke, 2015), culture (Dubrow, 2004), and aesthetics (Eder, 2004), which can be developed to create a good citizen that can contribute to society (Thornberg & Oğuz, 2016).

***Pesantren* and the development of character and local wisdom values**

The word *pesantren* is derived from the word *santri* (student) with the prefix *pe-* and the suffix *-an*, which means the residence of *santri*. *Pesantren* is a traditional Islamic educational institution in which *santris*

live together in a boarding house and study religious knowledge under the guidance of a principal teacher or cleric usually called *kyai* (Jaafar et al., 2012; Yusuf & Wekke, 2015). The students and their *Kiyai* live in the same compound in order to experience more intensive learning and teaching process. Many other activities in *pesantren* are carried out in the mosque (Baharudin & Ismail, 2014). In fact, the mosque is the heart of all activities carried out in *pesantren*. As a residence compound, and for security reason, today's *pesantren* complex is usually surrounded by walls built to monitor the incoming and outgoing movement of *santris*. From the aspect of leadership, a *kyai* usually holds an almost absolute power. The *kyai* has power to manage the dormitory, mosque, *santri*, whereas the teaching of classical texts is the basic elements that, in simple terms, can explain the true essence of *pesantren* (Suhartini & Barat, 2016).

In relation to developing local wisdom value, the focus of *pesantren* is the development of good or exemplary character in students. This term actually conveys the same meaning as *akhlak*, which is very well-known among *pesantren* students (Kamal & Ghani, 2014). The main difference between these two terms is that the word *akhlak* (Ghani, Kamal, & Aziz, 2014) is derived from the Koran and *Sunnah* or prophetic tradition (Ismail, Rahim, & Yusoff, 2013), whereas *character* is derived from the constitution, society, and family (which, in Indonesia, is guided by Koran and *Sunnah* as well). In fact, considering

its wide coverage, values, morals, ethics, and character also convey the meaning of *akhlak*. What makes them different to a certain extent is that, values, morals, ethics, and character are derived from the constitution, society, and family (Sauri, 2011).

Local wisdom on the other hand refers to all forms of knowledge, beliefs, understanding or insight as well as customs or ethics that guide human behaviour in life in an ecological community (Özçınar, Farahani, & Salehi, 2013). These forms of local wisdom are internalised, practised, taught, and passed down from generation to generation by forming patterns of human behavior towards fellow human beings, nature, and the supernatural (Mahoney & Schamber, 2004; Murniyetti, Engkizar, & Anwar, 2016).

Local wisdom is very crucial in human life as it encompasses all aspects of our life. It is the basis for decision making at the local level in the areas of health, agriculture, education, natural resource management, and rural community activities (Evelina, 2016). It also contains local cultural wisdom integrated with the system of beliefs, norms, and culture. It is expressed in traditions and myths which has great impact in the social life of Indonesians.

MATERIALS AND METHODS

This study uses descriptive qualitative approach (Creswell, 2009; Silverman, 2010) to describe local wisdom values of the *pesantren*. Data was obtained

from interviews and observations at four *pesantrens* located in three different provinces: Jakarta, Cianjur (West Java) and Serang (Banten) of Indonesia. Two of the *pesantrens* are located in West Java (Bandung and Cianjur) while the rest are in Banten and Jakarta. The observation was carried out for a month- February 2017 - in each *pesantren*. Meanwhile, the interviews involved 40 participants, including *kiais* (clerics), *ustadz* (teachers) and *santri* (students), and a few members of the surrounding community.

Data was collected and analysed before it was categorised into main themes based on the research questions. Finally, it was interpreted and analysed on the basis of theories of wisdom values.

The study also adhered to strict ethical requirements. Prior to data collection and observations, approval was sought from each leader of the participating *pesantren*. Upon receiving their approval, the researchers also obtained written consent from each participant. They were allowed to withdraw from the study at any stage. For validity reasons, the result of the study was also crosschecked by the participants. To preserve confidentiality, each participant was given pseudonym.

RESULTS AND DISCUSSIONS

Findings

This section describes the process of development of local wisdom value and efforts made by the four *pesantrens* in instilling these values in their students.

The development process of local wisdom values

In general, the process of developing (Costică, 2015) local wisdom values in *pesantren* is performed through nurturing of ideas (Costică, 2015; Valderrama-Hernández, Alcántara, & Limón, 2017), visions (Liao & Huang, 2016), and missions (Cosmin-Constantin & Claudia, 2015) of the *pesantren*, as well as physical symbols of the *pesantren*. Activities are accustomed to *santris*, whether it is routine and extra-curricular activities.

Observation and interviews showed that each of the studied *pesantren* has different process of value development. The process of developing the value of local wisdom in Cianjur *pesantren*, for example, is based on a regular recital either daily, weekly, monthly or yearly. These programmes are organised in central areas of *pesantren* such as mosque, dormitory or cottage and halls of learning and slogans written on the board or bulletin board notices for depicting the value of local wisdom. The process of local wisdom elaboration in Bandung *pesantren* covers several student-centred activities. During the teaching process in the mosque, all *santris* are familiarised with day 1 *sufhah ba'da maghrib* (evening lecture on the mosque veranda), exercise of sermon, 3rd Friday Khatib led by a competent *santri* while Isha prayer is led by students on a regular basis.

The process in the Jakarta *pesantren* includes several aspects; (1) the process by planting belief/idea/vision/mission in the

context of wisdom values, (2) the physical symbols of the *pesantren*, (3) activities showing the process of elaboration of the local wisdom values, (4) the process of elaboration of the local wisdom values in the mosque, dorms, and surrounding community.

The local wisdom values developed in pesantren

The values that are developed in all the four participating *pesantren* are comprehensive. They consist of spiritual and social aspects which are important in the life of the community. The spiritual values that many Indonesian *pesantren* impart include the values of monotheism and sincerity. Meanwhile, the social values developed by *pesantren* include self-reliance, sincerity, social concern for others, *ta'dim* (paying high respect) for *kiai* and *ustadz*, self-discipline, exemplary character, honesty, good communication, confidence, inclusiveness, commitment, and responsibility.

These values are developed differently in each *pesantren*. For instance, the value of sincerity is mostly demonstrated by all *kiais* (clerics) of *pesantren* in guiding their students because they are more concerned with the *akhirat* (hereafter life) than *dunya* (current worldly life). The Cianjur *pesantren* develop spiritual values through rituals such as congregation prayers in the mosque and *riyadhahan* (loud chanting of prayers) in mosques for certain nights, especially on Fridays. As for social values, they insist

on *ta'dim* or paying respect to the elderly such as *kiyai* and *ustadz* during the learning process and shaking hands with them.

The four participating *pesantrens* manage to balance the development of spiritual and social values. All *kiais* and *ustads* believe that human beings cannot live on their own without the help of others because humans naturally live in tribes and nation-states to help each other. For this reason, a *pesantren* in Cianjur opened a printing centre to help the community who need the services of printing. This *pesantren* also carries out community service in the form of lectures in each village weekly and monthly. It also provides free house repairs to help poor people who cannot afford it.

Efforts made in developing local wisdom values

The efforts made in developing local wisdom values among the students vary from one *pesantren* to another. Despite a slight difference, the efforts include regular and irregular programmes, the establishment of rules, and exemplary leadership of central figures, habituation, reward and punishment system. Each of these efforts are explained below with reference based on the *pesantren*.

Cianjur *pesantren* has made various efforts to develop local wisdom values in students. The efforts made by this *pesantren* include assessment of classic books with *sorogan* method implemented voluntarily based on the needs of the *santris*. The *Kyai* of this *pesantren* has appointed a competent *ustadz* (teacher) to become instructor for

the students. In another regular activity, *bandongan* method, the emphasis lies on *kiai* or *ustadz* in presenting the material while the *santris* or students only listen. In addition, interviews with the *Kyai* and teachers show that *sorogan* (the method of individual learning Arabic) is more likely to suit the needs of each student. Therefore, the value of honesty, discipline, hard work, responsibility, constancy, sincere, and humble will be cultivated in the *Santris*. The values that are reflected in the learning using *bandongan* are more sincere, patient, and humble.

Habituation value in learning Islamic classic books using *sorogan* and *bandongan* shapes everyday behavior of the students in boarding schools. This fact does not rule out the opposite behavior may occur when they are in the environment outside *pesantren*. Furthermore, at this *pesantren*, all new *santris* are divided into grades. Recitals of classical texts are no longer prominent. Some even consider it only as a complement and turn them into subjects or fields of study. *Pesantren* Al Musyri is considered a *salafi pesantren* where learning is held in mosques and study room. Other learning methods still use the systems of *sorogan*, *bandongan*, *tarkiban*, *setoran*, *tasrifan*, and *ulangan*.

Similarly, the Bandung *pesantren* also undertook important efforts in developing the local wisdom values such as 1) *Tahfidz* of Koran; 2) congregation prayer; 3) *Shaum* (non-compulsory fasting) on Mondays and Thursdays; 4) *Jumsih*, public cleaning of all *pesantren* compound on Fridays; 5) interest and aptitude of *santris* through

extracurricular programs; and 6) Listening to *Qiroatul Kutub* and a brief description of *ustadz* after *asr* prayers.

In addition, *pesantrens* also have some irregular or spontaneous efforts in the development of local wisdom values. The four participating *pesantrens* have developed three irregular programmes. First, students are forbidden from eating or drinking while walking or eating or drinking by using their left hand. Second, during the month of *Ramadan*, the *santris* involve in *Taraweeh* followed by a short sermon on Islamic teaching. Third, to foster competitiveness, students are encouraged to be involved in various competitions organised by the Ministry of Religious Affairs or other private organisations.

Another *pesantren* located in Jakarta also has made a similar effort in developing local wisdom values. The *Kyai* and teachers have implemented both regular and irregular programmes to grow spiritual and social values among their students. They also have established and applied certain *pesantren* rules in order to establish the behaviour of the *pesantren* students that reflects the value of local wisdom. In addition, these leader and teachers also have become exemplary figures for students in developing their local wisdom values. With these, they have created a good habit and environment for developing spiritual and social values.

Meanwhile, the efforts made by *Banten pesantren* in developing the local wisdom values in its students include (1) regular and irregular programmes, (2) enforcing regulation at *pesantren*, (4)

role model by leaders, (5) habituation of exemplary practices, as well as (6) reward and punishment. Regular activities include daily, weekly and monthly teaching and learning process. The *pesantren* also enforces regulation to maintain the life order of the students whereas *Kyai* plays as an exemplary role in their spiritual and social life. To nurture a good character, students are provided with rewards and punishment.

DISCUSSION

Each of the three participating *pesantrens* has different focus of local wisdom development. Understanding the value of local wisdom in a *pesantren* located in Cianjur is limited to the traditions that have been previously existing for a lengthy period of time which are not owned by other institutions. Therefore, a tradition begins with an act or activity undertaken with the idea that needs to be developed even if the ideas, experience, observation are not based on a proposition that can be accounted for. On the other hand, a *Pesantren* in northern Bandung focuses on understanding the tradition (Olsen, Bekken, McConnell, & Walter, 2011) of fostering an Islamic generation *Tafaquh Fid Din* based on the Koran and Sunnah (Hasmori, Yunos, Hamzah, & Aripin, 2015). Meanwhile, the other *pesantren* in Jakarta focuses on the development of tradition (Lisievic & Andronie, 2016) of understanding the classic book, familiarise *ta'dim* (high respect) to teachers (Lisievic & Andronie, 2016), as well as the development of monotheism (Purrostami, 2012).

It appears that each *pesantren* has different focus of value development. The Cianjur *pesantren* explores uniquely *pesantren's* traditions that are not shared with other educational institutions. The values developed include simplicity (Pizzolato, 2007), independence of students (Pane & Patriana, 2016), guidance and supervision of senior for junior students (Halx & Reybold, 2006), and different methods of teaching and learning including *bandungan*, *sorogan*, *balagan*, *setoran*, *tasrifan*, *tarkiban*, *muballighaan*, and *hulan*.

Meanwhile, the *pesantren* in Bandung has different focus of value development. This *pesantren* focuses on fostering the development of Islamic generation commonly known as *Tafaqquh Fid Din* based on the Koran (Alyona, Tursun, Akmaral, & Saira, 2016) and Sunnah or prophetic tradition (Razaly et al., 2015). This *pesantren* has two kinds of peculiarities. First, the *santris* do not wear *sarong* and *kopiah*. The students dress like regular school students and taught both religious and modern curriculum (Olorunnisola, Ramasubramanian, Russill, & Dumas, 2003). Learning is from morning until noon (Purrostami, 2012). Second, the *pesantren* intends to make the *santri* a master of general knowledge, as well as able to remember a *juz* (about 18-20 pages) of Koran in every year (Alyona et al., 2016).

In the Jakarta *pesantren*, interviews with its leader and the representatives of *ustadz*s and *santris* showed this *pesantren* maintains

the value of local wisdom of *salafiyah* (traditional *pesantren*); this is supported by the findings of Harto and Harto (2015). The *pesantren* focuses on the main aspects of *salafiyah*, an educational model. These three aspects are: a), the sources of knowledge are taken directly from the yellow book written by great scholars (AbulQaraya, 2015); b) students have a *ta'dim* to the teacher, which is distinctive identity of the *salafiyah* (Hordern, 2016); c), the planting of the value of faith (*tauhid*) in *salafiyah* is primary (Baharuddin & Ismail, 2015; Shobha & Kala, 2015).

The purpose of local wisdom development

The development of local wisdom has few important purposes. The main purpose of Jakarta *pesantren* in instilling the values of local wisdom is to preserve, adapt, and maintain the good traditional values which are not contrary to the *shari'a* (Islamic law). Moreover, local values can be used to develop the values of monotheism (Mamat, Mahamood, & Ismail, 2012), charisma of *Kyai* (Triandis, 2013), *istiqamah* (Rahman & Shah, 2015), independence (Husin & Ibrahim, 2016), responsibility (Dariah, Salleh, & Shafiai, 2016), and discipline (Ismail et al., 2013). It is expected to make *santris* believe in and fear of Allah, and have *akhlaqul karimah* (noble characters) (Kamal & Ghani, 2014).

In a rather similar way, the *Pesantren* in Cianjur has two purposes: short and long-terms. The short-term goal is that the

students can understand the values contained in the tradition of the school and can listen and absorb lessons in schools. The long-term goal is that the *santris* can implement the knowledge of teachings of Islam, preach it to others and become exemplary of practicing these values in society (Murniyetti et al., 2016).

Meanwhile, the *pesantren* in Bandung manages to guide young generation of Muslims to have a strong foundation of *tafaqquh fiddiin* (knowledge of religion), based on the Koran and *Sunnah* (prophetic tradition). Planting of religious values is vital in order for it to become a habit and internalised among the *santris*.

The values are meant at developing students' character. Teaching and learning focus on developing the value of independence and honesty (Rice, 2017). Another value developed is discipline (Teyyar Ugurlu et al., 2015). Students wake up early in the morning, eat only during meal times (breakfast at 6 to 6:30, lunch after midday until 12:50, and at 05:15 for dinner). On Mondays and Thursdays, they have to do *shaum Sunnah* (voluntary fasting). Lights had to be turned off by 9pm so students sleep early. The other value instilled is friendly social communication (Raitina, 2015). All students should be able to live in harmony with other peers, juniors or seniors living in the same dormitory. These aspects are considered important in developing the character of the students.

CONCLUSION

Based on the discussion above, the study concludes that first, *pesantren* has developed a distinguished wisdom culture which became its hallmark, that is, to familiarise *santri* (students) with *akhlakul karimah* (noble characters) as future Muslim preachers and scholars. Second, this local wisdom is developed through the teaching of Islamic classic books with various methods, such as *sorogan*, *bandongan*, and *ngalogat*, *haulan*, *muludan*, *rajaban*, within different time frames; daily, weekly, and monthly. Third, the wisdom values developed in *pesantren* include 1) theological, strengthening the faith and devotion of *santris*, improving worship, faith, *Sharia*, and developing Islamic morality; 2) philosophical, focusing on obedience to *kiai* and *ustadz*; 3) physical and psychological, physical and spiritual health, clean environment or sanitary, and adequate lighting; 4) empirical, the value of developing *Alfiyah* from 1 to 1000 and vice versa, logic, sciences of *balaghah*, *ma'ani*, *nahwu*, *sharf*; 5) aesthetical, beautiful environment and worship arrangement, as well as neat clothing; 6) teleological, being useful for family, and community, regionally and nationally. Finally, the *pesantren* efforts in developing local wisdom values explain the acceptance of new *santris*, providing an understanding and explanation to the parents and the community, *haulan*, *sorogan*, *bandongan*, community supervision, and rewarding obedience and punishing noncompliance.

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A Multi-Group Analysis of Innovation in Online Business Models

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ABSTRACT

A sample of 295 firms in Canada across various sectors was used for testing the relationship between Net-enabled Business Innovation Cycle (NEBIC) and innovation in online business models. These firms were categorised as sectors with different levels of online selling adoption, online buying orientations and firms with different sizes. Quantitative analysis and SEM results revealed a reasonable fit between data collected and the model used: χ^2 (4757.63), χ^2 / DF (2.24), RMSEA (0.08), CFI (0.86), and TLI (0.86). The multi-group analysis showed statistically significant evidence that online seller's differentiated firms with smaller sizes and firms with no prior online buying to demonstrate the relationship between Net-enablement capability and the choice to sell online. However, firms from different sectors with different online selling adoption rates showed statistically insignificant differences. Therefore, when considering the adoption of new technologies such as online selling, smaller firms with no prior online buying may produce better results in their business models regardless of their associated business sectors' level of online selling adoption rates.

Keywords: Absorptive capacity, dynamic capability, e-commerce, Net-enabled Business Innovation Cycle, multi-group analysis

INTRODUCTION

Studies (e.g., Giri & Wellang, 2016; Lee, Foo, Leong, & Ooi, 2016; Wagner,

Schramm-Klein, & Steinmann, 2017) have explored innovation in e-commerce business models and commented on their strategic and operational effectiveness, especially in integrating internal business functions and connecting firms together. According to Oppong-Tawiah and Yolande (2016); Rufaidah (2016); Teece, Pisano and Shuen (1997) introducing new technologies (e.g., internet and e-commerce technologies) push

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the firms to remodel their business to cope with their suppliers and clients.

Other researchers focused on the special nature of online selling and the associated challenges faced by companies selling online (Wagner et al., 2017). Further, Basiouni and McNaughton (2011); Bilgihan and Bujisic (2014); Ehrenhard, Wijnhoven, van den Broek and Stagno (2017); Wheeler (2002); Williams (2004) found that there is a positive relationship between the level of development in internal organisational capability and the development in firms' business model by adopting Information Technology. However, other scholars (e.g., Abdurachman & Sriwardiningsih, 2016; Bagozzi & Yi, 1988; Hair, Anderson, Babin, & Black, 2010; Hox, De Leeuw, & Klausch, 2017; Koufteros & Marcoulides, 2006) warned researchers that different groups of responders may behave differently while testing the research model. They recommended conducting multi-group analysis to highlight any variations in responders' behaviours, while testing the research model's constructs and other factors.

The aim of this study is to contribute to the literature on net-enablement, e-business adoption, and business model innovation while controlling for the possible differences in responders' behaviours against the research model. This study tests the relationship between the firms' internal Net-enablement capability and its impact on business model innovation while conducting online selling. It adopts Akgun,

Lynn and Yilmaz (2006); Basiouni (2012); Chesbrough (2007); Williams (2004) NEBIC scales while following the recommendations of Abdurachman and Sriwardiningsih (2016); Hair et al. (2010); Koufteros and Marcoulides (2006) regarding multi-group analysis to observe how different groups of responders (i.e., sectors with different levels of online selling adoption, sectors with different online buying orientations, and firms with different sizes) behave while testing the research model.

LITERATURE REVIEW

This study uses the Net-enabled Business Innovation Cycle (NEBIC) model developed by Wheeler (2002), which shows how continued adoption and development in IT can help firms maintain business improvement and their growth. Derived from the well-known theories of dynamic capability and absorptive capacity (e.g., Rufaidah, 2016; Saeed, Grover, & Hwang, 2005; Yoo, Henfridsson, & Lyytinen, 2010; Zahra & George, 2002).

There has been an ongoing debate on Wheeler (2002) theory. For more than a decade, a number of researchers have cited, operationalised, and used the NEBIC model in their articles, e.g., Almansour, Basiouni, Alojairi and Bahamdan (2013); Basiouni (2012); Burton-Jones, McLean and Monod (2015); Chakravarty, Grewal and Sambamurthy (2013); Ehrenhard et al. (2017); Hernandez-Munoz, Torane, Amini and Vivekanandan-Dhukaram (2015); Tallon, Coltman, Queiroz and Sharma

(2016); Williams (2004) and this study contributes to the debate by conducting a multi-group analysis on Canadian online sellers.

Specifically, this study investigates the relationship between Net-enablement capability and business model innovations for online selling. It examines if such a relationship remains unchanged, even if responders are grouped differently based on various internal and external business factors. After describing each factor of the model and any possible result of the firms' different sizes, different online buying orientations, and sector's level of online selling adoption, it tests the model. Overall, it assesses how different groups behave while testing the association between Net-enablement capability and the business models' innovation in online selling in Canada.

Research Model

It is assumed that online selling is linked with the innovation of a business model. Net-enablement capability helps resolves problems related to time and distance, substitutes information with physical process, and integrates innovation that allows a firm to be on more equal footing with its competitors (Wheeler, 2002). The NEBIC theory engages Net-enablement with customer value creation; it assumes a feedback loop retained from each business cycle for improving the following cycle of technology selection. Further, successful implementation of technology innovation is

subject to better-developed Net-enablement capability. Sustained improvement in business can be achieved by developing Net-enablement capability that is based on selecting and implementing new information technologies.

The study is based on the NEBIC model comprising the following four constructs:

- 1) Choosing enabling technologies (CET) involves appropriate developments in IT, a broad cultural approach toward technology implementation, and feedback from preceding cycles of technology implementation. The IT department or the business function unit head manages this construct.
- 2) Matching anticipated technologies with economic opportunities (MEO) allows the company to enjoy technology and commercial benefits that could be created for the company by selecting the planned technology. Before a company invests time and resources in making any essential changes, a cautious inspection is required.
- 3) Conducting online selling as business innovation for growth (COSBIG). The COSBIG construct inputs indicate a particular technology selected for further development to ensure appropriate modification. A strong COSBIG construct contributes reconfigurations pertaining to the proposed technology adoption (Alojairi & Safayeni, 2012; Wheeler, 2002). This construct shows reconfigurations that online sellers

employ in their business models to conduct online selling.

- 4) The key dependent variable is business model innovation necessary to accommodate the new accomplishments of online selling implementation (BMIOS).

In testing the relationship between the research constructs, this study utilised Structural Equation Modeling (SEM), which is a quantitative technique for testing hypotheses about possible relevance that might exist within a set of variables (Hoyle, 2012). These variables may be latent or observed. The SEM is based on covariance structural modelling, by which researchers can decrease many variables into a few ones. In such, SEM allows researchers to examine theoretical models that are based on several variables. Agan et al. (2015); Hoyle (2012), and Little (2013) agreed that SEM permits weaker assumptions than what is usually the case with conventional statistical models.

Green and Thompson (2012) reported that SEM can be used for modelling basics such as variances, means, t-tests, and ANOVAs. Researchers can also rely on SEM for group comparisons, categorical variables, latent class models, multilevel models, and item response models (Edelsbrunner et al., 2015; Hox et al., 2017; Televantou, Marsh, Kyriakides, Nagengast, Fletcher, & Malmberg, 2015; van de Schoot, Lugtig, & Hox, 2012). Several authors employ the SEM method for panel data. For example, Barker, Rancourt and Jelalian (2014);

Coman et al. (2013) used repeated-measures t-tests and ANOVAs. Others, such as Little (2013); McArdle and Nesselroade (2014), applied cross-lagged models, change-score models, and growth-curve models in their research.

According to Statistics Canada (2013) report titled *Digital Technology and Internet Use*, Canadian enterprises sold more than C\$136 billion worth of online goods and services in 2013. Wholesale trade, manufacturing and retail trade accounted for the majority (61%) of the value of e-commerce sales. Further, 13% of Canadian enterprises sold goods or services over the Internet in 2013, and they reported that a quarter (24%) of their total sales came from online transactions. Interestingly, 64% of the overall sales was attributable to other businesses. Sectors characterised as having high e-commerce adoption rates such as wholesale trade and retail trade reported that only 22% and 18% of the firms conducted online selling respectively, while just about (47%) of Canadian firms purchased goods or services online.

This study used the threshold value of 9% to divide Canadian sectors into two groups, namely high and low online selling adoption sectors. This threshold was derived from the reported statistics; Canadian sectors vary when it comes to the adoption of online selling, from 0% to 30% (Statistics Canada, 2007; 2013). The pressures from the business environment was also considered in which firms with higher IT adoption rates were more likely to

sell online compared with firms in sectors characterised as having lower IT adoption rates. However, companies with lower IT adoption rates may initiate a move towards IT both innovatively and entrepreneurially (Kioses, Pramajari, & Doukidis, 2006). Higher online selling adoption sectors deal with products or services that are suitable for online selling, while its vice versa for lower online selling adoption sectors (OECD, 2012, 2013). This is a crucial difference that may show different behaviours among different groups of responders, which consequently may produce different results when applying the research model.

As this research examined internal capabilities, it was assumed that the extent to which firms innovate their business models was influenced by the sector's level of online selling adoption rate. It is argued that online selling may be influenced by the past knowledge of the firms of buying online. This argument is in-line with the absorptive capacity theory, originally developed by Cohen and Levinthal (1990), to judge how learning experience may be developed through prior experiences. According to Statistics Canada (2007), online buying is more common compared with online selling. Many researchers agreed that prior experience exert a positive impact on the businesses future development and success (e.g., Giri & Wellang, 2016; Pebrianti, 2016). Hence, this research took

a further step by calculating the correlation coefficient between the rate of online selling and online buying for all Canadian sectors and found it equalled to 65%, and the Variance Explained (VE) equalled to 42%. These results and arguments validated the need to further divide group the responders according to their prior experience in online buying (i.e., online buyers vs. non-online buyers).

Firm size was also identified in this study to conduct the multi-group analysis. This research used the Canadian Company Capabilities (CCC) directory to recruit responders. Some researchers have already criticised that such directories may favour firms with better IT capabilities and smaller sizes against all others (e.g., Sheppard, 2010; Tucker, 2011). In fact, smaller firms are more likely to be innovative and technology oriented (Golovko & Valentini, 2011). According to Fischer and Reuber (2011), in Canada, smaller firms are more eager to sell online to maintain economic growth, as the Canadian market is relatively small. Thus, this study argues that firm size may affect the decision to sell online and innovate a company's business model accordingly.

The framework of this study is shown in Figure 1. It shows the interaction among the study's components and the possible impact of variations exerted on different groups of responders.

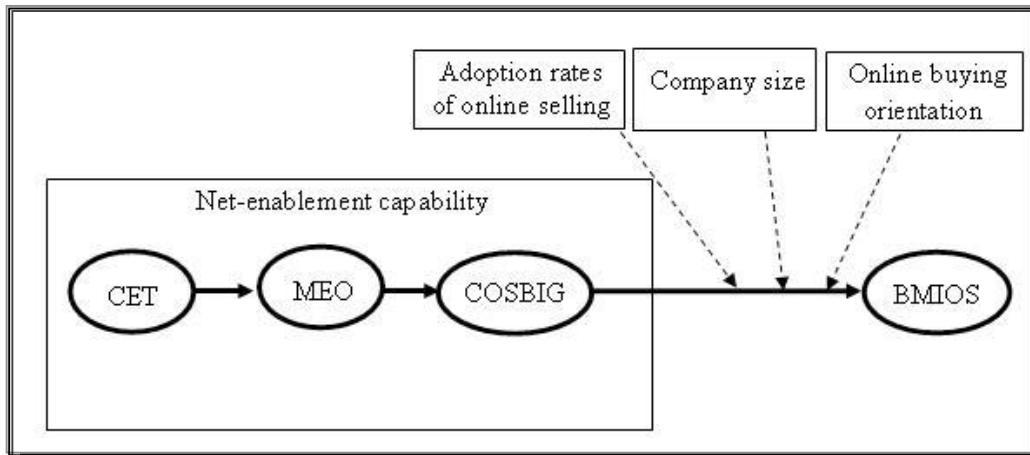


Figure 1. Research framework for BMIOS. Dashed lines indicate the multi-group effect

MATERIALS AND METHODS

This study assumed that technology adopters are more likely to have better-developed Net-enablement capabilities than non-adopters. The study authenticated both the theoretical aspect and the empirical relationships within the Net-enablement constructs. This framework rested on the four constructs that reflected a firm's ability to adopt an innovation and reconfigure its business model in order to exploit the benefits of the adopted innovation.

Data was collected from 295 companies listed in the CCC directory using an online, seven-point Likert scale survey originally developed by Akgun et al. (2006); Basiouni (2012); Chesbrough (2007); Williams (2004) to represent the Net-enablement capability and the associated innovation in business models for online selling. According to the Cronbach's alpha test, all values were greater than 0.90 – a high level of accuracy of the theoretical constructs explained by the

scale items. Furthermore, all constructs have average variance explained (AVE) greater than 77% and all item loadings were at least 0.8. All corrected item-total correlation (CITC) values were above 0.4 – a high level of validity of the theoretical constructs explained by the scale items.

After conducting SEM analysis in AMOS 18, all paths were found to significant and positively correlated (Table 1). The GOF analysis was also conducted and revealed χ^2 (4757.63), DF (2,133), p -value < 0.05, normal chi-square (2.24), the model CFI (0.86), and RMSEA (0.08). Based on the reported results, the study concluded that the model showed a good overall fit.

Table 1
Results of the path coefficient analysis

Path	SE	p-value
MEO → CET	0.91	<0.001
COSBIG → MEO	0.88	<0.001
BMIOS → COSBIG	0.33	<0.001

The original online selling sample was divided into six groups (two groups per analysis). The first one dealt with the level of online selling adoption rates across sectors, showing sectors with high adoption rates (n=163) and sectors with low adoption rates (n=133). Second, the sample was divided into firms with online buying orientation (n=246) and firms with no prior online buying orientation (n=50). An analysis was also conducted on firms based on their sizes,

namely micro companies (n=214) and SMEs and large companies (n=82).

The empirical research shows that firms grouped based on online buying orientation and firms size have significant impact on the relationship between Net-enablement capability and business model innovation for online selling. However, sector level of online selling adoption rates did not change the research model results across different levels of adoption rates. Table 2 provides an overview of our research results.

Table 2
Results of the path coefficient analysis

The study's Groups of Responders		Coef. (*)	chi ² Diff. (**)	DF Diff. (**)	p-value (**)	State
Sector level online selling	Firms in sectors with low level of online selling adoption rates	0.31	31.64	33	0.54	Reject
	Firms in sectors with high level of online selling adoption rates	0.37	(n.s.)			
Online buying orientation	Online buyers	0.27	24.698	33	0.09	Accept
	Non-online buyers	0.36	(***)			
Firm size	Micro	0.32	63.017	33	0.00	Accept
	SME and large	0.29	(****)			

n.s. = not significant at $p > 0.05$

* The values listed represent the results of the research model while using each associated dataset (i.e., based on sectors vs. above the average rate of online selling adoption), and all paths coefficients are significant at $p < 0.01$

** The values listed represent the results of the comparisons between both the unconstrained and constrained models

*** Values are significant at $p < 0.10$

**** Values are significant at $p < 0.05$

RESULTS AND DISCUSSIONS

Responders with no online buying orientation are statistically better than those without it. Interestingly, responders with no online buying experience are better at adopting online selling. This is in contradiction with

the absorptive capacity theory, as the prior impact of online buying results in a negative impact on the decision to sell online. While this finding seems interesting, Carr (2003) claimed that prior IT experience may become a source of future threat and rigidity. In fact, many decision makers may become

hesitant to implement new technologies because of some psychological issues that may limit them from gaining the significant benefits associated with the rejected new technologies. This finding also suggests that the relationship between online selling and online buying may not be as linear as explained in the literature. Consequently, the decision to sell online may be nonlinearly and entrepreneurially executed.

It is found that groups classified according to size showed a significant relationship between Net-enablement capability and business model innovation. Micro companies showed a better relationship than larger firms. On one hand, this result is consistent with the findings published by the Conference Board of Canada, specifically that smaller companies are more likely to enter other markets ahead of the limited Canadian market, and they are more innovative in their marketing strategy than their larger counterparts (Fischer & Reuber, 2011). On the other hand, smaller companies may be deterred from selling online because they do not know how to sell online. Micro companies may have to develop better internal organisational capability and accepting capacity in order to sell online compared with larger firms.

CONCLUSION

Finally, this research found that different levels of online selling adoption rate do not significantly influence the relationship between Net-enablement capability and the decision to sell online. This may mean that

online sellers in sectors with low adoption rates exhibited major organisational and products/services innovations while others in sectors with high adoption rates fought for changing their business bureaucracy to exploit the opportunities of adopting new technologies.

All three levels of analysis (sellers based on prior online buying experience, sellers based on company size, and sellers classified according to their sectors) only concerned Canadian firms. This limits the geographic scope of the present findings. Future research could look at other countries. Also, the fact that there is only one key responder from each company may lead to common method bias which can be tackled in future studies.

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Factors Affecting Customer Trust and Their Impact on Customer Behavioural Intention: A Study of Social Commerce in Indonesia

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ABSTRACT

Low level of customer trust is still a major problem affecting online business. The aim of this research is to identify factors affecting customer trust and their impact on customer behavior in social commerce in Indonesia. This research uses quantitative method. A questionnaire was distributed to 358 social commerce users and a Structural Equation Model (SEM) model using Amos 22.0 was used for data analysis. The results of this study showed that the most essential factors influencing customer behavioural intention in social commerce are the design and visual of website. This study also revealed that customer trust had a significant positive impact on customer behavioural intention.

Keywords: Customer trust, customer behavioural intention, social commerce, website design, visual

INTRODUCTION

Trust in relation to online shopping is closely related to customer trust in intermediaries and online vendors (Chen & Dhillon, 2003).

A survey by Nielsen in 2013 indicates that lack of trust is a major issue that discourages Indonesians from shopping online. Trust in online stores is a willingness to accept weaknesses in online transactions based on positive expectations about the future behaviour of online stores (Kimery & McCord, 2002).

The problem of customer trust in online business is a factor that needs to be considered because if business players can address it, it will improve the progress and development of online business. Customer confidence is positively influenced by consumer online purchasing intentions (Jarvenpaa,

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Tractinsky, & Vitale, 2000; McKnight, Choudhury, & Kacmar, 2002). Therefore, customer trust is indispensable. Kim, Ferrin and Rao (2008) assert that trust is a special requirement in e-commerce, because if there is no trust, then consumers will not make purchases. In addition, customer trust in online transactions is significantly more important than in traditional markets and lack of trust in e-commerce can destroy a company (Aghdaie, Piraman, & Fathi, 2011). Therefore, the understanding of factors which influence beliefs provide insights into the importance of trust and its influence on online purchasing behaviour (Teo & Liu, 2007).

Some factors affect customer trust. According to Franco (2014) who focused on Brazil, confidence in e-commerce is influenced by two factors: internal and external. Internal factors include consumer characteristics, website characteristics and firm characteristics, while external factors are policy and technology.

Based on the above description, it can be concluded that customer trust in online business is a key factor to be considered by companies. Therefore, companies need to identify factors that can affect customer trust. This will have implications for customer behavioural intention.

LITERATURE REVIEW

Customer Trust

Trust is an important principle in various business activities. Maintaining customer trust is vital as it affects their buying behaviour. Trust in e-commerce is the expectation that other parties will behave in accordance with commitments, negotiate honestly, and not take advantage even when opportunity arises (Franco, 2014).

In this article, the dimensions of customer trust include security system, website reputation, trust perception of the person, and web design and product information (Sevim & Eroğlu Hall, 2014).

Behavioural Intention

Behavioural intention relates to future action. One can argue that desire is a plan to engage in a specific behaviour in order to achieve a particular goal. The desire to behave is created through a choice/decision process in which beliefs about two types of action and subjective norms are considered and integrated to evaluate alternative behaviours and choose the problem whether it is action or subjective norms. Desires behave differently in terms of strength, which can be measured by asking consumers to rate their likelihood of undertaking the

desired behaviour. (Peter & Olson, 2010). Meanwhile, according to Zeithaml, Bitner and Gremler (1996), behavioural intention is willingness to recommend services to others and willingness to reuse.

In this study, indicators that measure behavioural intention are adapted from McKnight et al. (2002) which consist of intention to follow vendor advice, intention to share personal information, and intention to purchase from the site.

Influence of Customer Trust and Behavioural Intention

Customer confidence is positively influenced by consumer online purchasing intentions (Jarvenpaa et al., 2000; McKnight et al., 2002). Therefore, customer trust is indispensable. Further, according to Kim et al. (2008), trust is a special requirement in e-commerce, because if there is no trust, then consumers will not make purchases. In addition, customer trust in online transactions is significantly more important than in traditional markets and lack of trust in e-commerce can destroy a company (Aghdaie et al., 2011).

Security is a main issue influencing people to purchase online (Salisbury, Pearson, Pearson, & Miller, 2006). One of the issues in online shopping is the risk of losing money. When customers shop online, they must provide personal identity as well as financial identity. So, there is a possibility of fraud.

Another dimension of customer trust is website. Customers decide to shop online only because of trust and it is the main factor in purchasing from websites. Ease of website navigation is a key element in building customer trust (Zhang, Prybutok, Ryan, & Pavur, 2009). Chen and Dhillon (2003) added the appearance and structure of a website can encourage or discourage consumers' purchase intentions.

- H1: Security system affects behavioural intention.
- H2: The website's reputation affects behavioural intention.
- H3: Trust perception affects behavioural intention.
- H4: Website visual and design affect behavioural intention.

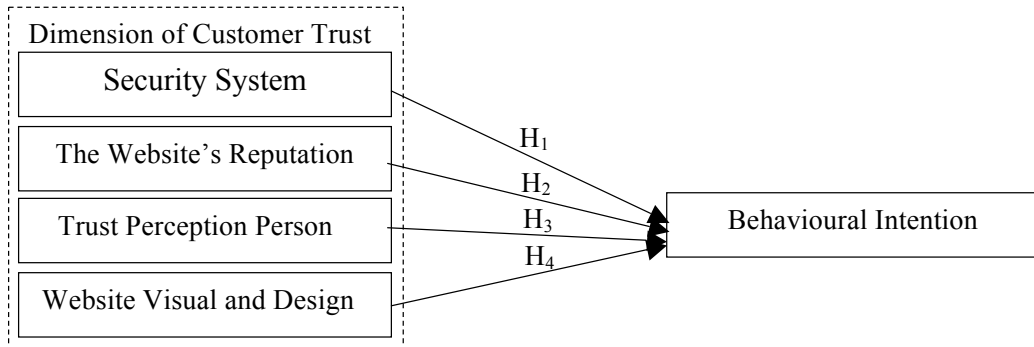


Figure 1. Research framework

MATERIALS AND METHODS

This study examines the determinants of customer trust and behavioural intention in the context of Indonesian social commerce. Online questionnaire was used to collect primary data for this research. The questionnaire is divided into two parts. Part one includes identity and customer experience in using social commerce. Part two consists of two variables: customer trust and behavioural intention. Customer trust variable contains twenty one (21) questions while behavioural intention variable contains three (3) questions. Several question items represent each variable measured in this study.

The samples are internet users who have purchased products using social commerce (Instagram, Facebook, and Twitter). Since the subjects are internet users, this research was conducted online.

The survey was posted on the Internet as it is convenient, fast and cost-effective for eliciting responses from the respondents. The survey was posted in social media in Indonesia from April to June 2016. A total of 398 responses were collected. From the 398 questionnaires, 40 responses were rejected because of missing data on the questionnaire. Thus, the total usable samples for analysis were 358. The SEM (Structural Equation Modelling) was used for analysis.

RESULTS AND DISCUSSIONS

Goodness of Fit Test obtained Chi-Square value of 492,674 > Chi-Squares table is 176.29, and P-value 0.0623 < 0.05 indicates fit model. The value of RMSEA 0.071 (≤ 0.08) means that the model fits the data. Next, the CFI match index of 0.933, and GFI of 0.907 and AGFI of 0.901 has an index greater than the criterion that is ≥ 0.90 , thus indicating the fit model to the data.

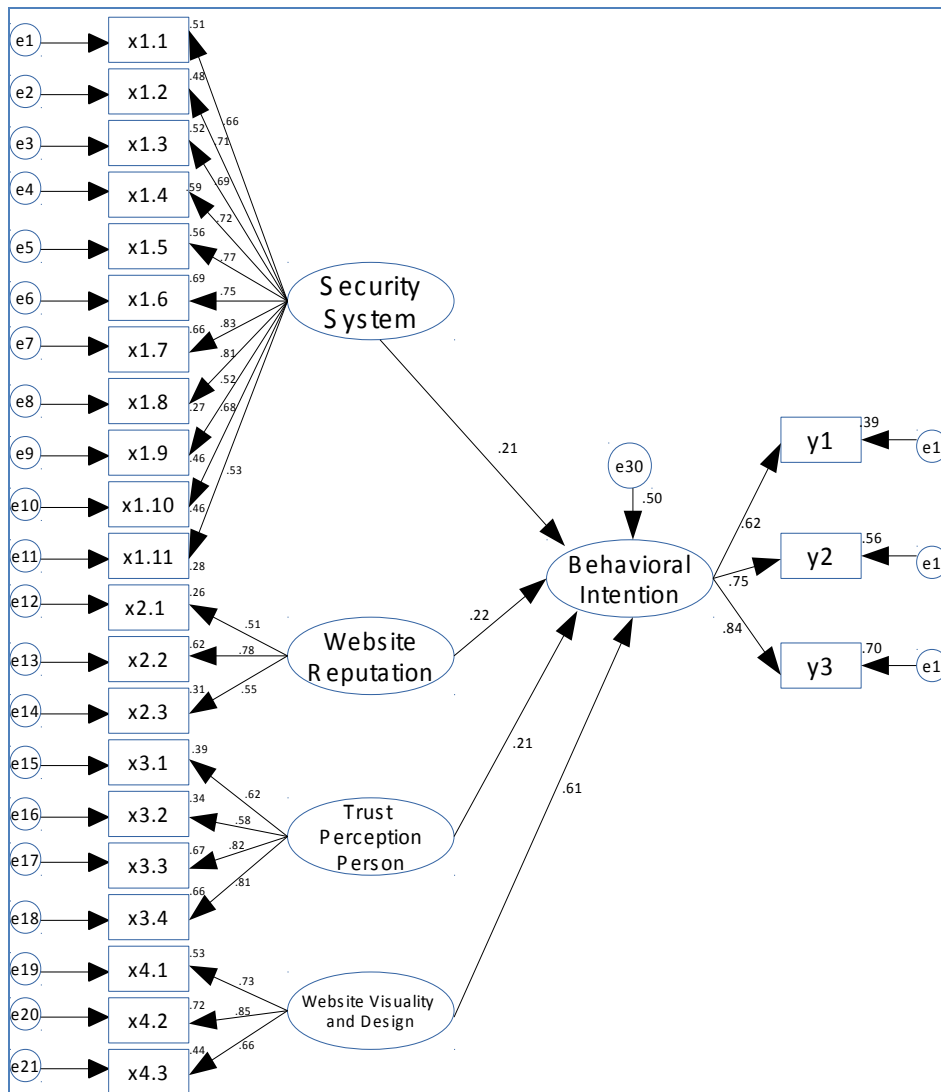


Figure 2. Path diagram and structural equation model

Measurement Model Test

The measurement model test consists of validity and reliability tests. The result of measurement model test of this study is presented in Table 1. Validity test evaluates each single question, and the result is

presented in loading factor. According to Malhotra (2010), Loading Factors on the indicator must be greater than 0.5; a high indicator on the same variable indicates the indicator is valid and can form a variable.

Table 1
Result of measurement model

Measurement Model			Std. Loading Factor	CR	VE
x1.1	<---	Security_Systems	0,659	0,798	0,622
x1.2	<---	Security_Systems	0,713		
x1.3	<---	Security_Systems	0,694		
x1.4	<---	Security_Systems	0,721		
x1.5	<---	Security_Systems	0,768		
x1.6	<---	Security_Systems	0,749		
x1.7	<---	Security_Systems	0,832		
x1.8	<---	Security_Systems	0,812		
x1.9	<---	Security_Systems	0,520		
x1.10	<---	Security_Systems	0,677		
x1.11	<---	Security_Systems	0,532		
x2.1	<---	Website_Reputation	0,509	0,716	0,607
x2.2	<---	Website_Reputation	0,785		
x2.3	<---	Website_Reputation	0,555		
x3.1	<---	Trust_perception_person	0,625	0,710	0,639
x3.2	<---	Trust_perception_person	0,582		
x3.3	<---	Trust_perception_person	0,819		
x3.4	<---	Trust_perception_person	0,812		
x4.1	<---	WebsiteVisual_AndDesign	0,734	0,749	0,693
x4.2	<---	WebsiteVisual_AndDesign	0,847		
x4.3	<---	WebsiteVisual_AndDesign	0,666		
y1	<---	Behavioural Intention	0,625	0,829	0,843
y2	<---	Behavioural Intention	0,745		
y3	<---	Behavioural Intention	0,838		

Based on Table 1 above, t Standardised Loading Factor's value for each indicator is more than 0.5. Therefore, it can be said that, overall, the indicators have good validity in measuring each variable. The dominant indicator forming sub variable security system is customer preference to shop from websites that use security system, with a loading factor of 0.832. Meanwhile, for the sub variable website reputation indicator, the dominant one is a positive review about the

website, which increases with the standard loading factor of 0.785.

The indicator in establishing sub variable of trust perception is trusting a person or an institution even if the customers have very little information about them with a standard loading factor of 0.812. The most dominant indicator forming sub variable for visual and design of websites is reliability of website in terms of design with a standard loading factor of 0.847. In

the variable behavioural intention, the most dominant indicator is intention to purchase from social commerce or website with a standard loading factor of 0.838.

Reliability test is shown by construct reliability (CR) value > 0.70 and variance extracts (VE) value > 0.50 . Based on the above table, it can be seen that variables on measurement model have a value of CR

> 0.70 and $VE > 0.50$, meaning that the measurement model has adequate internal consistency for each variable.

Structural Model Test

The hypothesis testing is conducted by examining the path coefficient of the structural model which is presented in regression weight's output.

Table 2
A result of structural model test

Hypothesis	Path	Estimate		C. R.	P	Criteria
		RW	SRW			
H1	Behavioural Intention <--- Security_ Systems	0,242	0,210	3,301	0,000	Accepted
H2	Behavioural Intention <--- Website_ Reputation	0,22	0,220	3,092	0,002	Accepted
H3	Behavioural Intention <--- Trust_ perception_person	0,158	0,207	3,123	0,002	Accepted
H4	Behavioural Intention <--- WebsiteVisuality_AndDesign	0,53	0,607	7,006	0,000	Accepted

Based on Table 2, the standardised regression weight estimation of all hypotheses has a positive value with the significant level (P) less than 0.05. It means the independent variable and dependent variable have a significant positive relation. Therefore, all hypotheses are accepted. This is in line with McKnight et al. (2002) which showed the structure of assurance (consumer perceptions of website security), reputation perception of web vendors, and perceptions of website quality are some factors that affect customer trust. More specifically, the quality of the website and its reputation have an impact on customer trust.

The highest variable affecting behavioural intention is visual and design quality of the website, while the lowest one is the influence of trust perception to behavioural intention. This result is consistent with that of Roy, Dewit and Aubert (2001) that website design attracts the attention of consumers and affects their trust. This is also supported by Hidayat, Saifullah and Ishak (2016) who found that user interface quality of the website is a variable significantly affecting customer trust. Based on social commerce (Instagram, Facebook, Twitter), customer behaviour in shopping is divided into two: 1) customers

can browse and compare products in social commerce and then make a direct purchase in the social commerce or 2) customers see the product in the social commerce before visiting the company website to make a purchase. Purchases through the company's direct website are judged to have a higher level of trust. Yet, social commerce has a very important role in introducing the company's website and products. According to Sevim and Eroğlu Hall (2014), website design involves six stages. The first one is called browsing tools, which are search engine, site map and search results page which are user friendly. Second, communication mechanism and mutual interaction allow communication between sellers, consumers, and site administrators. Third, security and privacy statement must ensure consumers information will be kept confidential. Fourth, revealing the company structure may result in providing accurate information about the company such as its history. Fifth, product information should contain recent and valid information about the product. For example, it can be done by displaying product image along with the description. Sixth, providing the step-by-step information about the purchasing, such as delivery time, the returns policy and process.

CONCLUSION

From the result, it can be concluded that trust in the security system is the most dominant indicator forming sub variable security system. Meanwhile, for the sub

variable website reputation, the dominant indicator is the increase of positive reviews about the websites.

The dominant indicator establishing sub variable trust perception is trusting a person or a company even if the customers do not have much information about them. Further, the dominant indicator forming sub variable visual and design of website is reliability of website in terms of the design. For the variable behavioural intention, the dominant indicator is the intention to purchase from social commerce or website.

Therefore, security system, website reputation, trust perception person and visuality and design of website reflecting customer trust have a significant positive impact on customer behavioural intention.

The results of this study suggest that to increase customer trust in shopping through social commerce, companies must pay attention to dominant factors, such as the availability of security system on websites, positive reviews about website, completeness of information, and reliability of website design. These factors can increase customers' interest to shop through social commerce.

The limitations of this study are first, because the questionnaire was distributed online, it lacks control over respondents' answers. As a result, the number of questionnaires that contain errors is quite large. Second, there are many variables which influence customer behavioural intention, especially behavior of social commerce customer, which have not been tested.

Future research should add or modify several factors that may influence customer behavioural intention, especially for social commerce customers.

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APPENDIX A

Construct	Subvariable	Indicator	Symbol
Customer trust	Security system	I think the Internet is safe and I do not have any reservations when shopping	X1.1
		I believe that my personal and financial information is protected by the website	X1.2
		I trust the websites from which I shop	X1.3
		I believe that nowadays, Internet shopping is legally protected, so it is safe	X1.4
		I think it is safe to shop online	X1.5
		I think that Internet shopping consumers are adequately protected by security systems such as SSL and SET	X1.6
		I prefer shopping from the websites that have security systems	X1.7
		I think that use of security systems such as SSL and SET by businesses operating via Internet increase trust in them	X1.8
		Websites with various payment options are more reliable for me	X1.9
		I think that the businesses operating via Internet do this work really well	X1.10
		I think that many Internet businesses have a positive image among the public	X1.11
	The website's reputation	I think that the recommended websites are trustworthy	X2.1
		The positive reviews I hear about a website increases my trust in it	X2.2
		After-sales services provided by a website increases my trust in it	X2.3
	Trust perception person	I'm inclined highly to trust a person or an institution	X3.1
		I think it is easy for me to trust a person or a company	X3.2
		It is not hard to trust a person or a company	X3.3
		I trust a person or a company even if I do not have much information about them.	X3.4
	Website visuality and design	The visual features of a website affect my trust in it.	X4.1
		If a website's design seems good, I would say it is reliable	X4.2
		I may not trust websites with simple designs since they do not look reliable to me	X4.3
Behavioural intention		Intention to follow social commerce or website	Y1
		Intention to share personal information	Y2
		Intention to purchase from social commerce or website	Y3

Mediating Effect of Job Satisfaction on Relation between Power Distance and Collectivism toward Employee Performance in Indonesia

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ABSTRACT

This study aims to analyse the mediating effect of job satisfaction on the relations between cultural dimensions of power distance and collectivism toward employee performance in a public insurance company in Indonesia. The study uses associative and quantitative approach, where data is collected by distributing questionnaires to 153 employees of this company. The data is later analysed using simple regression and path analysis. The findings showed that job satisfaction plays a mediating role between Power Distance, Collectivism and Employee performance. In addition, this study confirmed that Job Satisfaction is important for enhancing employee performance. The Power Distance has both direct and indirect (due to effect on job satisfaction) effects on employee performance.

Keywords: Collectivism, employee performance, job satisfaction, power distance

INTRODUCTION

Globalisation has become vital for economic growth coupled with technological development.

In order to compete in an increasingly tough economic environment, businesses and enterprises must train and retain their human resources, which have shown good performance. Human resources is an asset or a capital for a company in efforts to achieve its goal that is usually referred to the

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workforce of an enterprise (Wahyuningsih, Muis, & Sudirman, 2013).

Teamwork and diversity play a major role in any organisation to tackle workplace challenges and to gain competitive advantages. While employers establish and ensure cultural sensitivity and display ability to enhance company performance.

Geert Hofstede (2017) successfully identified six dimensions as the basis for the classification of various cultures. Power Distance is the force, which is distributed unequally. The fundamental problem in

this dimension is how society handles inequalities among others. In a society with a low power, distance will attempt to equalise distribution of power and demand justification for inequality of power. Collectivism represent preferences in the framework closely intertwined in a society in which individuals can expect certain relatives or members of their group to keep them in exchange for unstinting loyalty. The position of society is reflected in the self-image of society defined as “I” or “we”.

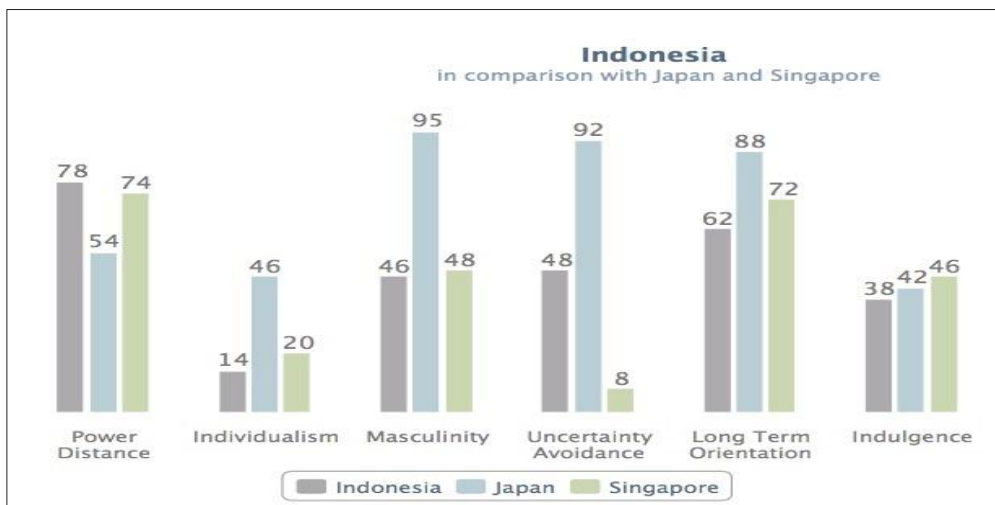


Figure 1. Hofstede cultural dimension comparison
Source: (Hofstede, 2017)

Figure 1 compares cultural dimension of three Asian countries. Indonesia scored high on Power Distance which point to the importance of hierarchy in this country, namely the existence of gap between holders of power and who are not. Indonesia scored 14 for collectivism that in contrast to individualism. Weak individualism or strong

collectivism happens when an individual is expected to conform to the ideals of society and in the group in which they originate from. Family roles and relationships play a very important role in Indonesia (Hofstede, 2017). Caesar (2016) stated Indonesia is a collectivistic country and therefore, it is logical to conclude that collectivistic

culture shapes the organisational culture in this country.

This study conducted preliminary interviews with the Human Resources

Division Manager (HRD) in one of Indonesia Public Insurance Company. Findings pointed to a decrease in performance from 2013 to 2015 as shown in Figure 2.

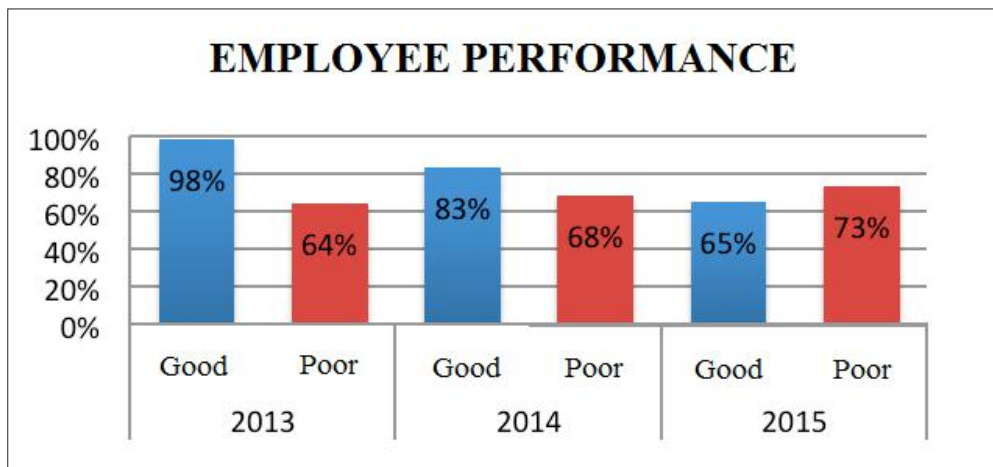


Figure 2. Company employee performance

Figure 2 also shows a 15% decrease of good performance and 4% increase in poor performance from 2013-2014. In 2015, there was 18% decrease in good performance and 5% increase in poor performance. In summary, there was 33% increase in good performance and 9% increase of poor performance from 2013-2015. This is far from reaching the expected target, which is 95% employee showing good performance. In addition, the decrease in Key Performance Indicator values is due to weak relationship between superiors and subordinates, employee satisfaction and organisational culture.

LITERATURE REVIEW

Cultural Dimensions

This study uses two dimensions adopted from Geert Hofstede's models (2011) that is power distance and collectivism. This is further developed based on Ghosh (2011) who introduced concepts of highly negative organisational progress, participation and empowerment of employees and overall organisational health mostly constructed by power distance and its correlation with collectivism culture.

Ghosh (2011) found significant correlation between individualism-

collectivism and power distance, whereby data showed high power distance associated with collectivism and lower power distance is associated with individualism. Some researchers (Bond, 1996; Erez & Early, 1993) separated individualism-collectivism and power distance by Hofstede's. Other theorists (Triandis, Brislin, & Hui, 1988) argued that Hofstede's theory that didn't split power distance from individualism, it might have reduced the tendency to reify the two construct (Power Distance and Individualism) as separate part and had simplified their search for external correlates of integrated concept. To support Hofstede's theory on the concept "represent one empirical reality" found in Bond's (1996) which are empirical comparison of data from three different data samples: Chinese Culture Connection (1987); Hofstede (1980), and Schwartz (1994). This analysis identified a single factor that included both individualism and power distance. While high collectivism and low power distance have been observed in countries such as Israel and Costa Rica, they are cited mainly as exceptions by Hofstede (1984, 1985).

Mauk Mulder (Mulder, Ritsema van Eck, & De Jong, 1971; Mulder, 1977, 1976) constructed a concept of Power distance while conducting field experiments on simple social structures. According to Mulder (1977), power "is the potential to determine or direct (to a certain extent) the behavior of another person or other persons more so than the other way round..." and power distance "is the degree of inequality in power between a less powerful individual

(I) and a more powerful other (O) in which I and O belong to the same (loosely or tightly knit) social system."

However, power distance today is associated most popularly with the cultural dimensions of Hofstede (2001, 1984, and 1980). Hofstede (2001) defines power distance "as a measure of the interpersonal power or influence between the boss and subordinate as perceived by the less powerful of the two". Mead (1998) suggested a practical operationalisation of low power: "When power distance is low" managers see themselves as systematic and practical, and they admit they need support. There is a tendency for the manager to consult his or her subordinates when they are about to make decisions. Subordinates seem not to really like close supervision and prefer to have a superior who is participative. In addition to that, they are relatively unafraid of disagreeing with the superior. It is found that subordinates may feel more comfortable since it seems easier to cooperate with each other, where interdependence is also emphasised. Opposite conditions are found when power distance tends to be high. Employees manage their work according to what the manager wants, or what they feel he/she wants. Managers show relatively little consideration but like to see themselves as benevolent decision makers.

Based on previous research, power distance has significant effect on job satisfaction (Sadeghi, Amani, & Mahmudi, 2013) and on employee performance (Reddy, 2011). Jeanine, Lawter, Btokerhoff and Rutigliano (2014) concluded collectivism

also has a significant effect on job satisfaction and employee performance.

Figure 3 is a conceptual model developed in this research using seven hypotheses

of mediating role of job satisfaction in relationship between power distance and collectivism on employee performance.

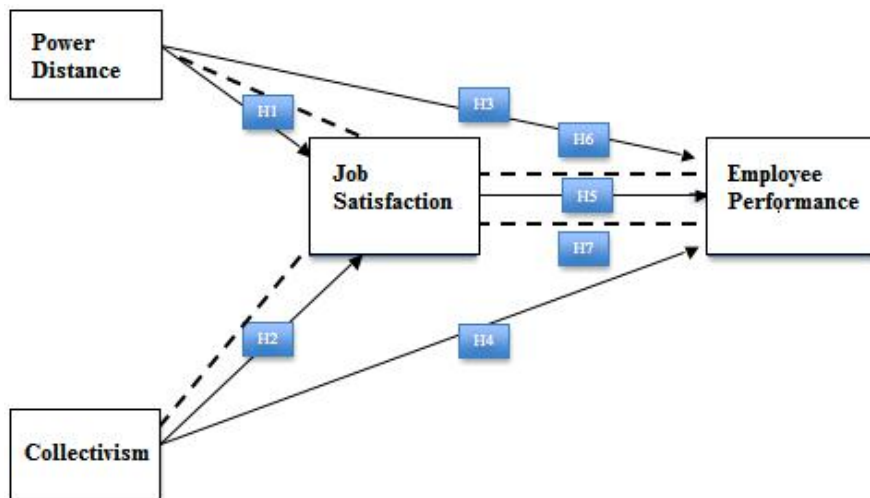


Figure 3. Conceptual framework

According to Sadeghi et al. (2013), power distance has negative correlation but have significant effect on job satisfaction. Subordinates are forced to follow their manager's direction without any consideration of their individual dependencies, competencies. Their relationship with the manager is affected by high power distance, uncertainty avoidance, collectivism and masculinity surrounding the organisation. This high profile organisation tends to have characteristic to limit individual freedom to act that in the

end will affect autonomy. Therefore, the following hypotheses were developed:

Hypothesis 1: Cultural dimension of Power distance have an effect on Job Satisfaction

Jeanine et al. (2014) indicated collaboration has a stronger relationship to job satisfaction in the collective culture than individualist culture. This study supported the theory, because naturally, collectivist cultures are more likely to appreciate teamwork to lead to a more satisfying work experience

to meet these needs. Organisations operating in more collectivistic cultures have to use their team as a means not only to complete their job, but also to increase a sense of job satisfaction on employees through their feelings that they have contributed to the organisation. Therefore, the following hypotheses were developed:

Hypothesis 2: Cultural dimension of Collectivism have an effect on Job Satisfaction

Hypothesis 3: Cultural dimension of Collectivism have an effect on Employee Performance

Hypothesis 7: Job Satisfaction has mediating effect on relation between Cultural dimension of Collectivism and Employee Performance

Reddy (2011) found the impact of power distance on the management performance and existing high-power distance creating more gaps between management and employees. In addition, he showed that the higher the power distance in an organisation the less members of the organisation who will experience the fulfilment of basic their psychological needs/ This will have negative impact on the level of employee satisfaction and can be a serious threat to the success of an organisation. Awadh and Saad (2013) who showed an interrelation between the culture within the power and performance supported his findings. Different values and beliefs based on employee performance help improve organisational performance. Organisational culture (power distance) assists in the internalisation of mutual

relationship that enhances effectiveness of management of organisational processes. This positive relationship between culture (power distance) and performance help in improving organisational goals. The performance of the organisation has a strong impact on its culture (power distance) because it leads to increased productivity. Therefore, the following hypotheses were developed:

Hypothesis 4: Cultural dimension of Power distance have an effect on employee Performance

Hypothesis 6: Job Satisfaction has mediation effect on relation between Cultural dimensions of Power distance on employee Performance

Khan, Nawaz, Aleem and Wasim (2012) reported on the determinants of job satisfaction and job satisfaction impact on employee performance in the health department of autonomous medical institutions of Pakistan. Low level of job satisfaction will have negative effect on employee commitment that will sequentially affect their performance in an organisation. Therefore, the following hypotheses were developed:

Hypothesis 5: Job Satisfaction has an effect on employee Performance.

MATERIALS AND METHODS

Data Collection

Data was collected through face-to-face survey and online survey with employees from 13 company branches located in

different province in Indonesia to represent their cultural differences. The sampling frame consists of 153 employees in different branches. Every employee from each branch was first contacted via mail and then via phone in order to solicit their co-operation for the study. A total of 153 respondents provided valid responses representing 13 regions which have branches of the Indonesia Public Insurance company. Out of the 73 respondents for Java, 24 respondents came from west Java, 24 and 25 from middle Java and East Java respectively. In Kalimantan, there were 13 respondents consisting of 2, 5 and 6 respondents from west Kalimantan, East Kalimantan and South Kalimantan respectively. From Sumatera, there were 39 respondents divided into 9 respondents from Riau, 13, 10 and 7 respondents from West Sumatera, South Sumatera and North Sumatera respectively. From Sulawesi, there were 28 respondents with 12, 7 and 9 from South Sulawesi, North Sulawesi and Sulawesi Tenggara respectively. The demographic characteristics of responding firms are shown in Table 1. Tests for non-response bias were conducted by comparing the respondents who agreed to participate after the first contact attempt with those who participated after the second contact attempt. Significant differences were not found in the construct means of the two groups, which suggest that non-response bias may not be considered a major issue in the sampling process.

Table 1
The demographic characteristics of employee

Origin	
Jawa Barat	24
Jawa Tengah	24
Jawa Timur	25
Kalimantan Barat	2
Kalimantan Timur	5
Kalimantan Selatan	6
Riau	9
Sumatera Barat	13
Sumatera Selatan	10
Sumatera Utara	7
Sulawesi Selatan	12
Sulawesi Utara	7
Sulawesi Tenggara	9
Working Time	
2-5 Year	48
6-10 Year	46
> 10 Year	59
Education	
High School	2
D3	11
S1	111
S3	35

Measures and Analysis

The scales in this study were adopted from items used for Cross Cultural practices in prior studies. On Multi-item scales measurement, Power Distance and Collectivism were measured as independent variables, Job Satisfaction as intervening variable and Employee performance as dependent variable. All variables constructs were measured using five-point Likert scales with scores ranging from 1 (strongly

disagree) to 5 (strongly agree). Items for measuring Power Distance and Collectivism were adopted from Noe, Hollenbeck, Gerhart, and Wright (2015). This scale consists of items that measure hierarchy (2 items), Authority (3 items), inequality (1 items) for power distance. The relation between individual and group (4 items) and Communication (2 items) measures Collectivism. Job satisfaction measures were adopted from Luthans, Avolio, Walumbwa and Li (2005) by Job (1 item), Promotion Opportunity (1 item), Supervisor (2 items), Partner (1 item), Work Condition (2 items). Finally, items for measuring employee performance were adopted from (Mathis & Jackson, 2006). In this study, Employee performance was measured as multidimensional, and four different dimensions of performance were measured. These dimensions are quantity, quality of work, punctuality and effectiveness.

Validation

In this study, traditional techniques (i.e., item-total correlations, and Cronbach alpha) were used to assess the psychometric properties of this measurement scale. On the item-total correlation test, there was a 5% significance level and for a sample size of 153, value of r table is 0.13 and t table are 1.66. All items in all variable obtained value above 1.66 that proved validity of items in Power distance, Collectivism, satisfaction, and performance. On reliability test, Cronbach Alpha = $0.889 \geq 0.60$ and therefore Power distance, Collectivism,

satisfaction, and performance variables are reliable.

RESULTS AND DISCUSSIONS

Baron and Kenny (1986) recommended using the three-step approach to test the mediation. First, the mediator was regressed on the independent variables. Second, the dependent variable was regressed on the independent variables. Finally, the dependent variable was simultaneously regressed on both the independents and the mediator. Mediation can be considered tangible if the following conditions are found: 1) the mediator was influenced by the independent variable in the second equation; 2) the dependent variable was influenced by the mediator in the third equation, while the influence of the independent variable on dependent variable was either diminished (partial mediation) or completely disappeared (full mediation). The findings showed a partial mediating effect of PDI on Employee performance and Collectivism on employee performance. That is, Job satisfaction partially mediates the relationship between PDI and employee performance, and mediation of Collectivism on employee performance. In other words, PDI affects Employee performance, both directly and through its effects on Job Satisfaction while Collectivism affects Employee performance, both directly and through its effects on Job Satisfaction. Thus, Hypothesis 6 and 7 are partially supported. The results are useful for future research. In addition to PDI and collectivism, job

satisfaction is found to explain a significant level of additional variance (10 percent and 20 percent) in employee performance. Thus, the primary finding of this research is that Job Satisfaction is likely to enhance the effect of Power Distance and Collectivism on employee performance.

Hierarchical regression analysis is used to assess the mediating effect of job satisfaction in relation between power distance (PDI) and collectivism on employee performance. In the first sub-structure model, PDI and Collectivism posited as the independent variable and job Satisfaction posited as the dependent variable. There was a positive and significant relationship between PDI and job satisfaction ($\beta=.27$; $p<.05$), Collectivism and job satisfaction ($\beta=.51$; $p<.05$). Thus, Hypothesis 1 and 2 are supported. In the second model, PDI Collectivism and job satisfaction are posited as the predictors of Employee Performance. In this model, PDI was positively related to Employee performance ($\beta=.23$; $p<.05$),

Collectivism to Employee performance ($\beta=.26$; $p<.05$) and Job satisfaction to Employee performance ($\beta=.39$; $p<.05$). Thus, this result supported Hypothesis 3, 4 and 5.

Next, indirect effect of PDI to employee performance mediated by job satisfaction and Indirect effect of Collectivism to employee performance mediated by job satisfaction are posited to test the mediating variable. Model 3 showed that PDI through job satisfaction had significant indirect effects on employee performance ($\beta=.103$; $p<.05$) although it has 10.3% mediation effect of job satisfaction from PDI to Employee performance. Collectivism through job satisfaction had significant indirect effects on employee performance ($\beta=.197$; $p<.05$) with value of 19.7% mediation effect of job satisfaction from Collectivism to Employee performance. Thus, Hypothesis 6 and 7 are supported by this result. The results of these analyses are shown in Table 2.

Table 2
Result analysis

Independent Variable	Dependent Variable		
	Job Satisfaction β	Employee Performance β	Mediating β
Power distance	0.27	0.23	0.103
Collectivism	0.51	0.26	0.197
Job satisfaction		0.39	
	$R^2=.52$	$R^2=.59$	

The results of regression analysis revealed that both PDI and Collectivism help us to understand variation in employee performance based on those two cultural

dimensions. When PDI and Collectivism on Job satisfaction or on employee performance is compared, collectivism has a bigger value of 24% aggregation value

than PDI on job satisfaction but not as large as PDI and collectivism in terms of employee performance which has only 3% difference. Although when Job satisfaction are considered as independents together, we see that significance and coefficient of PDI is still the highest variables that affect Employee performance as direct effect of Job satisfaction to employee performance is 39%.

CONCLUSION

This study examined the role of cultural dimension of PDI and Collectivism in employee performance through Job satisfaction. The results suggested that job satisfaction holds a role as a mediator between PDI, Collectivism and Employee performance. Besides, this study found that Job Satisfaction is one essential factor for developing employee performance. The PDI has both direct and indirect (due to effect on job satisfaction) effect on employee performance.

Another important finding is the relationship between job satisfaction and employee performance. The results are explained as a tool of optimising the impact of employee satisfaction in order to accomplish firm objectives. Job satisfaction allows employees to be motivated and attached to their job. Besides, it is able to sustain competitive advantage and to enhance employee performance. To realise this, these job satisfactions correspond with other important organisational processes

and practices. Implementation of PDI can improve job satisfaction by reducing power distance and inequalities that exist between superiors and subordinates. The most influential cultural dimension that can increase employee performance is by encouraging collectivism culture by adding and developing a work team-building programmes that already exist and teamwork project per-division within the organisation.

This research results highlight several issues considered important for enhancing cultural dimension relating to employee performance through job satisfaction. To maintain job satisfaction that will impact on the performance of the employees, the management of company should increase job performance, improve work conditions that are conducive to relationship between employees and co-workers and superiors; increasing employee job satisfaction can increase the performance of an employee. Thus, if a company wants to improve the performance of employees, they should consider these three variables, namely Power Distance, Collectivism and Job Satisfaction. The results of this study showed power distance, collectivism, and job satisfaction have a significant effect on the performance of employees. The cultural dimensions of power distance should be minimised by coordinating the cultural dimension of collectivism and job satisfaction so that employees' performance will be improved.

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Analysis of Quality Function Deployment to Improve Competitiveness: A Case Study of Universitas Pendidikan Indonesia

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ABSTRACT

Universitas Pendidikan Indonesia (UPI) is an autonomous state university. Thus, it is not bound by the bureaucratic regulation of the central government. This study examines the innovative strategies of QDF (Quality function deployment) approach through the adoption of service quality and Kano model with creative strategy to examine how UPI has performed. The research methods used is verification and descriptive while the units analysed are students, lecturers and UPI administrative staff through a survey method. A total of 270 respondents participated in this survey. Data was also obtained from interviews with stakeholders of UPI and analysed using Structural Equation Modelling (SEM). The findings showed development of QFD model and resources has an impact on the orientation of the university strategy, knowledge competency, value creation, and competitiveness. Development of QFD Model affected strategic orientation, while Knowledge and Value Creation were influenced by University Resources.

Keywords: Competitiveness; quality function deployment, university resources, value creation, strategic orientation

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INTRODUCTION

Marketing of educational services is interesting to examine with regard to the function of the institution to provide higher education. These institutions also face challenges from online learning services. Therefore, educational institutes like Universitas Pendidikan Indonesia (UPI)

must continuously try to innovate and increase their efficiency and competency in running its business and improve its competitive edge to compete with other universities.

Therefore, this research will focus on UPI's model of competitiveness and how it can improve its marketing approach in order to improve its teaching and research quality to maintain its status as a Research Based Teaching University until 2025.

The UPI offers two services: (1) Higher Education Service for students; and (2) expert-based services for customers which are institutions that require expert assistance. The two services are related to each other whereby the expertise-based services will enrich the capabilities and insights of human resources in UPI (especially lecturers) which will ultimately improve its quality of higher education services.

As a university that is expected to be a leading and independent university, UPI is concerned with getting as many customers (based on its capacity) as possible providing best quality service. Its service quality improvement strategy is based on what is needed and its capacity.

Quality is defined as the overall attributes and characteristics of services and/or products that can satisfy the consumer both expressed explicitly or implicitly (Render, 2009). An important methods that can be used to improve quality of higher education services is Quality Function Deployment (QFD). This method is a management tool to improve quality in accordance with consumer expectations. Specifically, QFD is a structured approach

to defining customer needs or requirements and translating them into structured plans to produce products to meet those needs. The "voice of the customer" is the term to describe these stated and unstated customer needs or requirements.

LITERATURE REVIEW

University Competitiveness through Quality of Service

The University in its operations ensures that transformation process is carried out efficiently, based on the resulting output having a greater value than the sum of the inputs used. Product value is often referred to as product quality (Russell & Taylor, 2008); competitive advantage and resources determine the company's strategy where corporate strategy significantly influences the company's performance (Gozali, 2016). Product quality is important in the era of globalisation. Most of the University's businesses are managed through global marketing. The global production process involves the supply chain of many countries, while human resource management involves various cultures and cultures, and financial investments involving world-class stock exchanges. Russell and Taylor (2008) defines quality as attribute of a product or service that has the ability to satisfy needs.

Improving quality leads to cost reductions, and an increase in sales and profits. Quality becomes the competitive advantage of the University through the fulfilment of customer satisfaction. In this approach, market research is vital to gauge the needs and wants of consumers.

Characteristics are described in the form of product-specific characteristics (a product-based approach to quality). The university produces standard operational procedures to produce service that has zero defect (manufacturing-based approach to quality). These contribute to the University's competitive advantage.

Measurement of Dimension for quality will be determined by the characteristics of the service generated. Indicators measuring goods / manufacturing Universities will be different from the service products / service universities. This difference is due to differences in the characteristics of goods with service characteristics. Factors that determine the dimensions of service quality measurement include: (1) Consumer products which tend to interact with the final product, while consumers of service products involved actively and directly in the process of service production even participate to determine the quality of services provided, for example, legal consultation process, classroom teaching process, and hospital treatment process; (2) Services are customised for each customer; (3) services tend to be labour-intensive, while that of the product tends to be capital intensive, so the quality / competence of human resources becomes an important part in the process of service production; (4) Product defects in services may occur during the production process, making it difficult to repair, while defective products in the product may undergo a process of repair before being launched into the market.

According to Russell and Taylor (2008), there are 7 dimensions of services quality: the timeliness of service delivery, level of completeness of services provided, attitudes and level of hospitality in providing service, consistency of service quality provided for each customer at different times, ease of reaching the services, quality of service, and the degree of responsiveness of the entity in providing services.

Quality Function Deployment Methods Based on a Consumer Products

The QFD is a package of matrix diagrams (as a quality table) in the form of a house. The House of Quality consists of 6 parts: part 1 is the service quality that consumers desire and their priorities; part 2 constitutes an assessment of the quality of services of a competing University; part 3 is quality strategies undertaken by the University to meet consumer expectations; part 4 is the linkage between quality of the product the consumer expects and the strategy undertaken by the University; part 5 is the linkage between the diverse quality strategies undertaken by the University; section 6 is the strategic priority the University should focus on.

There are three stages and Implementation of Quality Function Deployment (QFD): 1) Consumer voting phase (Voice of Customer) General procedure in consumer voting; 2) Quality house preparation phase; 3) Technical response preparation; 4) Technical correlation; and 5) Benchmarking and targeting.

METHODS

This research was conducted to analyse Quality Function Deployment (QFD) in Improving Service Quality at UPI. The object of this research is Quality Function Deployment (QFD). The measurement of QFD was done through five variables: 1) QFD model through Service Quality Integration, and Kano, 2) measurement of university resources, 3) University strategic orientation, 4) capability knowledge, 5) Value Creation, and 6) University competitiveness

A survey method was used in this research whose, target populations were UPI students, lecturers and administrative

personnel in the academic year 2015/2016. A total of 270 respondents were interviewed. Primary data for this study was obtained using questionnaires and conducting interviews with UPI stakeholders. Data was analysed using Structural Equation Modelling (SEM).

RESULTS AND DISCUSSION

Implementation of QFD on Higher Education Services

Characteristics of services desired by users of education services in UPI are based on the results of the voice of consumers developed through the house of Quality (Table 1).

Table 1
Priority order of the desired service characteristics

Service Characteristics	Rank
The availability of adequate classrooms	19
The availability of equipment that supports adequate learning activities	17
The availability of library space equipped with various reference books both from within and outside the country	15
The availability of a large library room with adequate air conditioners, reading areas and cafeterias	18
The availability of online library facility	16
The availability of adequate e-Learning facilities.	14
The availability of adequate wifi network facilities	11
The availability of adequate academic services for students	3
The availability of lecturers' attendance and course news	10
The availability of professional lecturers in their fields are adequate	4
The availability of adequate academic service personnel	1
The availability of websites in which there is adequate academic information	7
The availability of material for recovery in accordance with the appropriate curriculum	6
The suitability of learning process from lecturer with syllabus and Learning Plan.	8
The availability of adequate student practice laboratories	13
The availability of an online student value information system is adequate	5
The availability of a standardised appraisal method to be applied by an adequate lecturer	9
The availability of adequate cleaning service and security personnel	12
The availability of student and lecturers' communication media via webmail and face-to-face meetings	2

Based on the calculation of priority order of the desired service characteristics, the importance of the service can be sorted through the order of the most important to the lowest, the first rank for high importance and the last rank for the lowest level of importance. The first rank is the availability of adequate academic service personnel. Academic services have a high level of urgency because it is important in the implementation of all academic activities which can improve student satisfaction. Apart from UPI, the other university is Bandung City Indonesia, which changed its status to State University of Legal Entity (PTN-BH) and Padjadjaran University (UNPAD). Therefore, UNPAD should be able to maintain and improve its quality of service.

Based on the results of House of Quality analysis, student expectations as consumers

of educational services is the availability of professional lecturers in their field. While other indicators assessed are equivalent to other service quality dimensions in UPI. Hence, the findings of this research indicate that the direct influence of value creation to the competitiveness of the University is indicative of greater than the direct effects of strategic orientation and knowledge capability. The effect of the creation of value based on the highest influence is the strategic orientation, and the lowest is knowledge capability. The greatest influence on value creation is strategic orientation, and the lowest influence is knowledge capability. Greater strategic orientation is influenced by the development of QFD compared with university resources. The above findings are described in Figure 1.

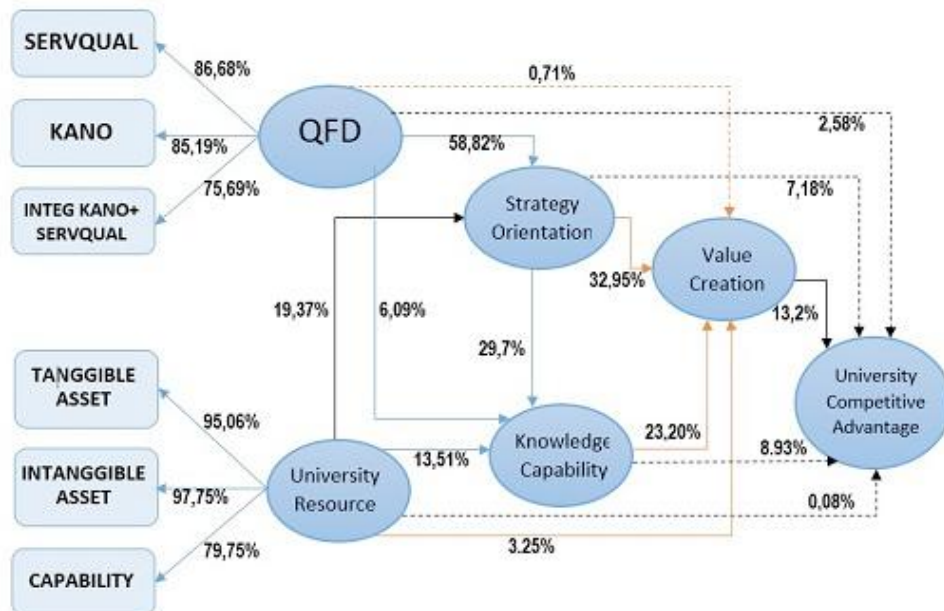


Figure 1. The results of model testing

Based on the research findings, in order to improve the competitiveness of the University of Education of Indonesia, it is necessary to develop and improve the performance of value creation. To improve the strategic orientation, UPI must optimise the development of QFD while to optimise knowledge capability, it must maximise the use of its resources.

The dimensions with the highest order to the lowest in reflecting the value creations are business partners, business domains, and customer benefits. The dimensions with the highest order to the lowest in reflecting the strategic orientation are customer orientation, inter-functional coordination, entrepreneurial orientation, and competitor orientation. Dimensions based on the highest order to the lowest reflect the knowledge capabilities are the application of knowledge, knowledge evaluation, knowledge management, and knowledge transfer.

The dimensions with the highest order to the lowest in reflecting the development of QFD are service quality, Kano model, and development of QFD through canoe and an integration of Servqual dimensions. The dimensions with the highest order to the lowest reflecting the university's resources are tangible assets followed by intangible assets, and organisational capability.

The findings of this study can be used to develop a problem-solving formula in order to improve the competitiveness of the University in the case of UPI to

be research-based teaching university through the development of value creation supported by the management's ability in developing strategic orientation and knowledge capability. In this case, problem solving consists of two main aspects: mapping of University strategy and formulation of operational strategy. The reference for determining the policy for UPI can be done through strategic steps which include planning, organising and supervision of university management system (UPI) within 5 years, which is done systematically through proper leadership management, continuous supervision, and the use of various policies to support the creation of UPI's competitiveness to be a research-based Teaching University. The measures of operational strategy to improve the competitiveness of the university are implemented based on the level of influence of each dimension.

Strategy in developing QFD, reflected by service quality, is improving management's understanding of the importance of quality of service, because the university is a business organisation in the field of services. Management must focus on the diversity of customer characteristics, such as students, users of services based on alumni and lecturer expertise. To improving the management understanding of the diversity of educational service, management understanding of business partners and institutions aside from that advertising/media optimisation as part of quality service through media is vital.

Strategy in developing QFD, which needs to be addressed in QFD development based on KANO model, is by improving employees understanding of Internet technology, improving employee understanding of Information technology where latest development is updated regularly, improving employee understanding of the use of information technology as one of the media or tools in the learning process, improving management understanding of the application of operational equipment for operating efficiency, improving management's understanding of the use of Voice of Consumer, and improving management's understanding of IT utilisation opportunities as one of supporting activities.

Operational Strategy In Developing QFD, which needs to be addressed in QFD Development through integration of Quality and KANO service model, is by improving Management understanding to Ease of development of QFD as a measurement tool in customer service, increasing management understanding of superior value that we will have through service attribute which should be improved, increase the understanding of management of matters relating to academic services and administrative servants, improving management understanding of the conditions and culture of service users, increasing understanding of working area conditions and improve management understanding of the unique culture of learners from all over Indonesia.

Operational Strategies In Increasing University Resources, which needs to be

addressed in Tangible Assets Is improving management capabilities in developing: adequate computer facilities, adequate printer facilities, accurate practicum tools, adequate ATK, quality of PBM tools, adequate micro teaching, wide parking area, communication tool, adequate fax machines, Email and Website and related facilities and equipment. In order to support the learning Process in Classroom, it is vital to enhance management capabilities in developing: intensive communication channels among employees across branches in Indonesia, e-learning UPI, and management information systems.

CONCLUSION

Indonesian universities must provide adequate academic service in terms of quantity and quality of service. Academic service is considered to support quality academic activities, which can have an impact on student satisfaction. There is a positive influence of the development of the University's Quality Function Deployment and Resource Model on Knowledge Capability at Universitas Pendidikan Indonesia. This study is limited in terms of its sample size and units of analysis. Based on the results of data analysis techniques using Structural Equation Modelling (SEM), the highest dimension in reflecting value creation is the business partner. The dimension that reflects the highest strategic orientation is customer orientation. The dimension that reflects the highest in knowledge capability is the application of knowledge. The dimension that reflects the

highest of university resources is the tangible asset. Dimensions that can reflect the highest in QFD development is through Service Quality, followed by QFD by adopting KANO model, and developing QFD through KANO integration and Service quality. In order to reach research-based teaching university status, Universitas Pendidikan Indonesia must have Value Creation, which can be built through the support of Strategic Orientation and Knowledge Capability.

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Working Values Preferences among Gen-X, Y and Baby Boomers in Indonesia

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ABSTRACT

This study analyses work value preferences across generational workforce of employees in Indonesia using quantitative approach based on Twenge Campbell, Hoffman and Lance (2010). The dimensions of work values include extrinsic values, intrinsic values, leisure, altruistic and social rewards. A total of 429 people were recruited for this study via an online survey. Statistical approaches, namely Analysis of Variance (ANOVA) and Tukey's Honestly Significant Difference (HSD), were used to analyse data obtained from the questionnaire. The ANOVA result indicated differences between the three generational cohorts in five work-values. The result showed that Generation Y valued leisure rewards higher than Gen-X and Baby Boomers while the latter placed higher value on social rewards than Gen-X and Gen-Y.

Keywords: Baby Boomers, dimensions of work values, Generation X, Generation Y, work-value

INTRODUCTION

Human who live in the same period will have a tendency to share common experiences from various events which

shape them into similar character (Berkup, 2014); they therefore, can be referred to as belonging to the same generation (Desplats & Pinaud, 2012). Chronologically, there are five different generational cohorts in today's era, such as the traditionalist or the silent generation born around 1900-1945, the baby boomers born during 1946-1964, the generation X or the children of the baby boomers born between 1965-1979, generation Y called millennial born between 1980-1994, and generation Z who are

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individuals born in or after 1995 (Berkup, 2014).

Each generational cohort have their own different shared values and behaviour based on their shared history (Desplats & Pinaud, 2012). Despite this, the diverse life experiences of these generations also resulted in different expectations about their work and career (Cennamo & Gardner, 2008). Those different expectations and preferences of work are shaped by the possession of different work values which may also influence employee's attitude towards the job. (Twenge et al., 2010).

In modern day businesses, it is common to find an employment setting with various generational cohorts working together which include baby boomers, generation X and generation Y. This means many different generational cohorts working together in the same place, sharing ideas and vision in their workplace (Grochowski & Lawrence, 2013). However, despite their expectation in the workplace (e.g., equal rights and wellbeing), these generational cohorts will have different values and expectations (Grochowski & Lawrence, 2013). Unfortunately, though diversity in the workplace presumably is beneficial due to fusion of values and work cultures, it can also lead to serious conflicts (Parry & Urwin, 2011). Organisations and leaders face challenges in accommodating the needs and expectations based on common work values (Benson & Brown, 2011). Therefore, understanding the generations' work values may help leaders and organisations to cope with the differences in order to develop an

effective and efficient working environment for all generations.

This study was aimed at analysing preferences for work values across different generations of employees in Indonesia. While most studies focus the generational work values in developed countries such as US (Gibson, Greenwood, & Murphy, 2009; Gursoy, Maier, & Chi, 2008; Twenge et al., 2010), Australia (Benson & Brown, 2011), and New Zealand (Cennamo & Gardner, 2008), studies of the same in developing countries are scant. Based on 2016 statistics from BPS Indonesia (Indonesian Statistic Bureau), there were 120.647.697 employees in the country, whereby generation X accounted for 45% of this figure, generation Y 35%, baby boomers 15%, and the rest generation Z. Therefore, 95% of total workforce in Indonesia consisted of generation X, Y and followed by Boomers in 2016. Hence, only X, Y and Boomers generations are included in this research to discover how and if generational differences trigger conflicts caused by different understanding and perspective at the workplace (Gursoy et al., 2008). In summary, while differences on work attitudes are likely inevitable, if they are not managed properly, it will decrease productivity.

By understanding each generation's work values, leaders of the organisation will have information about what their expectations are toward their job. Froese (2013) opined it is imperative to understand the current and future workforce's work values in order to build a human resource

management system that excites, motivates and retains the employees. Meanwhile, Oroh (2016) postulated that leaders with practice strict bureaucracy often were unable to face inevitable changes and business turbulence, and therefore, findings of this study will help them to boost workplace productivity.

Additionally, information about each generational work values can be used to develop effective workplace policies that accommodate different generational values.

LITERATURE REVIEW

Work Value

Work values is considered an important component of human resources. One's decision and actions are usually based on one's value (Twenge et al., 2010). In this case, one's values may provide a basis for actions and judgments (Gahan & Abeysekera, 2009). In general, most definitions on work value show a link between value and work value (Alas & Wei, 2008). Work value is an individual's value for living focusing on work matters, work behaviour, and work-related outcomes. Work values also depict employees' desired goals which can be achieved through their work role (Veljkovic, 2015).

One's work values often increases one's job satisfaction as work value is shaped and defined by job satisfaction (Twenge et al., 2010). Thus, each work value may be imperative in influencing one's work behaviour (Gahan & Abeysekera, 2009). However, Lyons, Duxbury and Higgins (2007) postulated that a person's value will remain consistent over the years since it was

learned and developed during the person's formative years. This is why each generation with different life experiences tend to have varied work values.

In this study, work value is one's expectations of their job as well as what is right or wrong, and what are the desirables and undesirables for the employees in the working environment. Since work values are related to with ones' expectations, therefore, understanding employees work values help managers to understand the desired changes in the organisation.

In order to understand ones' work values, various dimensions have been discussed by scholars to offer a multidimensional perspective. One of the most enduring view of work-values in human resources management field is intrinsic and extrinsic working value. Gahan and Abeysekera (2009) and Twenge et al. (2010) showed that intrinsic values relate to how individuals conduct their activities which include a sense of accomplishment through their job, while extrinsic values relate to their work experience. In this case, the extrinsic values are related to tangible reward given by external parties to the individual that include status, career opportunities and income (Gahan & Abeysekera, 2009; Twenge et al., 2010). Conversely, intrinsic values are related to intangible reward based on the individual's interest in the job and the perceived opportunity to learn (Gahan & Abeysekera, 2009; Twenge et al., 2010). In addition to the two prominent types of work values (intrinsic & extrinsic), Twenge et al. (2010) reported a more

comprehensive dimension on measuring one's working values which not only included ones' work-value on extrinsic and intrinsic rewards but also leisure, altruistic rewards, and social rewards. The inclusion of leisure in the measurement was to understand the current generations' (X & Y) views on work-life balance, flexibilities and social interaction among friends and family. Twenge et al. postulated that a job which can accommodate their family needs is important for today's young workers. Again, jobs which are flexible and offer telecommuting opportunities are highly favoured by younger worker compared with the Boomers decades ago (Twenge et al., 2010).

Altruistic rewards are included to measure the generation's tendency to help society through their job. There is increasing awareness toward voluntarism. For example, Twenge et al. reported that an article in Wall Street Journal e in 2008 found an increasing number of companies have volunteering activities in order to attract young employees. Social reward is also measured in this study to understand how each generation views their social connection at work. Twenge et al. contended that the social reward is due to individual needs stay connected with others.

Work Value across Generations

There are a number of studies which have examined the work value differences among generations. Gursoy et al. (2008) contended that there are variations on how

these generational cohorts perceive value and incorporate it into their work life. The study claimed that Baby Boomers are the opposite of the Generation X in terms of respect to authority and hierarchy. It was contended that the Baby Boomers respect authority and hierarchy as well as seniority in organisation while generation X tend to rebel against them. Additionally, Boomers are claimed to value self-respect higher than other generations and are motivated by money, position, as well as prestige (Berkup, 2014; Gibson et al., 2009). Cennamo and Gardner (2008) also contended that Boomers value freedom of work less than the other generations which makes them highly loyal employees who urge the company to be also loyal to them (Gursoy et al., 2008). The loyalty from the company expected is usually in a form of extrinsic reward. Twenge et al. (2010) found that each generation acts differently on the rewards given by organisations which again depend on how they value the rewards.

The extrinsic reward offered by the organisation is aimed at motivating the worker. Other employees may favour the intrinsic reward. Gibson et al. (2009) found that generation X ranked highest in "Inner harmony" among all other generations which means they are value the freedom from inner conflict higher than others. This is why they will try to find opportunities to learn and grow even if it means they need to quit from their current job.

The younger generations, X and Y place higher importance on social work value

rather than the older generations (Baby boomers). In this case, generation X and Y viewed social interaction at work as an important factor to increase their love of their job. Likewise, Cennamo and Gardner (2008) also found that generation Y also preferred freedom of work compared with other generations, as well as considered social networking highly important in their career (Gibson et al., 2009). While Gen-Y expected a leaner hierarchy and easy access of relationship with their seniors, they are also motivated by personal satisfaction, a sense of meaningfulness towards their work and responsibility towards their job (Berkup, 2014; Hershatter & Epstein, 2010). As Tapscott (2009) contended flexibility, fastness and high innovation are most frequently used label for Gen-Y. This study has shown compared with Baby Boomers, Gen-Y has very high consideration for social and intrinsic values.

The study also that Gen-X & Y generations preferred a fun, enjoyable and flexible working environment (Berkup, 2014; Miller & Washington, 2011; Miller, Hodge, Brandt, & Schneider, 2013). Gen-Y or the Millennial is also motivated by freedom rather by money, (Berkup, 2014) and prefer to be connected to their job as long as they are able to enjoy their leisure time (Fenn, 2010) while on the other hands Boomers prefer monetary reward as an acknowledgement for their hard work, and also their principle of work (Berkup, 2014; Cates, Cojanu, & Pettine, 2013; Gibson et al., 2009). Hershatter and Epstein (2010) reported that Gen-Y are rated work-life

balance as important due to their experience as they found their parents (Boomers) had often prioritised their work over them. This sentiment is shared by Gen-X who preferred clear separation between work and family (Berkup, 2014). While Boomers are often known for their “Live to work” jargon, the motto of Gen-X is “work to live”, and Gen-Y its “work hard, play hard” (Berkup, 2014; Fenn, 2010).

Altruism refers to the generations’ contribution to society (Twenge et al., 2010). Hershatter and Epstein (2010) claimed that most Millennials prefer jobs which have a positive impact on society and the environment.

Based on the foregoing, 5 hypotheses are developed: H1: Boomers value extrinsic rewards higher than Gen-X and Y, H2: Gen-X & Y value intrinsic rewards higher than Baby Boomers, H3: Gen-X and Y value social rewards higher than Baby Boomers, H4: Gen-X and Y value Leisure reward higher than Baby Boomers, H5: Gen-Y value Altruism higher than Baby boomers and Gen-X.

MATERIALS AND METHODS

This study used survey design as the research method. The sample was the selected employees across different generations. A minimum sample of 429 participants was tested based on Slovin’s formula of 95% confidence level. Based on this sample, 201 participants were from Gen-Y, 168 participants from Gen-X, and the rest were Baby Boomers.

The survey was conducted using self-administered questionnaire. The questionnaire had three parts: a) profiling questions, b) work-value questions using 6-point Likert measurement scale, and the last part work-value ranking. The 19-item work values measurement was analysed in five factors: five items of extrinsic values, six items of intrinsic values, four items of leisure, two items of altruistic rewards and two items of social rewards which were adapted from Twenge et al. (2010). In order to measure the preferences of extrinsic reward, participants were asked 5 questions about their preference for a status and pride of a job, economic deal of a job, and promotion opportunity of a job. Intrinsic reward was measured based on seven 7 questions which measured the participant's preferences for skills advancement and impact on their organisation. Next, the preference of leisure reward had 4 questions indicated by participant's preference for vacation and free time opportunity and a job's phase of work. The last two dimensions- social and altruistic reward - were posed in four different questions, namely a job's social connection opportunity while altruism was indicated by a job's social impact opportunity.

Moreover, since this study aimed to understand the work-value preference across the generations, three groups were identified and classified: group 1 (Baby Boomers), group 2 (Gen-X), and group 3 (Millennial/ Gen-Y). Statistical approach was used to understand the difference between three groups using Analysis of Variance (ANOVA), which is a collection of statistical models used to analyse the differences among group means and their associated procedures. Results of the ANOVA was used to support the hypotheses in identifying the difference between three groups in five stated work-values. In order to identify sample means that were significantly different from each other, Tukey's Honestly Significant Difference test was used. This test is a post-hoc test whenever a significant difference among the three groups means is revealed by ANOVA. The results from the Tukey's Honestly Significant Difference test will be used to answer the hypotheses.

RESULTS AND DISCUSSIONS

The results of the ANOVA indicate differences between the three generational cohorts in five work values as shown in Table 1. There were significant difference of value in intrinsic, leisure and social values.

Table 1
Work values manifestation

Work Values	Generation	n	Mean	Std. Dev	Sig.
Extrinsic	Gen-Y	201	4.56	0.84	0.129
	Gen-X	168	4.51	0.64	
	Baby Boomers	60	4.33	0.87	
Intrinsic	Gen-Y	201	5.35	0.71	0.016*
	Gen-X	168	5.49	0.41	
	Baby Boomers	60	5.28	0.48	
Leisure	Gen-Y	201	4.41	0.83	0.000*
	Gen-X	168	4.03	1.15	
	Baby Boomers	60	3.69	1.08	
Social	Gen-Y	201	5.07	0.92	0.007*
	Gen-X	168	5.14	0.50	
	Baby Boomers	60	5.42	0.61	
Altruistic	Gen-Y	201	5.11	0.92	0.125
	Gen-X	168	5.25	0.89	
	Baby Boomers	60	5.00	0.80	

*Statistically significant difference $p < 0.050$

From the above table, at least one group valued one of those three work-values higher than the others. In order to determine which groups in the sample in specific have significant differences, Tukey's HSD test was conducted for the three work-values as shown in Table 2.

Based on tables 1 and 2, we can conclude that not all of the hypotheses were

supported in this research. Hypothesis 1 was not supported as there was no significant differences among each generation on valuing the extrinsic reward. In this case, even if the mean score showed Gen-Y had the highest score it does not mean that this generation viewed extrinsic reward as more important than the other generations.

Table 2
Tukey's Hsd test results

Intrinsic				
Contrast	Diff.	Std. Diff.	Pr > Diff	Significant
Gen-X vs Baby Boomers	0.216	2.479	0.036	Yes*
Gen-X vs Gen-Y	0.141	2.323	0.054	Yes**
Gen-Y vs Baby Boomers	0.075	0.884	0.650	No
Leisure				
Contrast	Diff.	Std. Diff.	Pr > Diff	Significant
Gen-Y vs Baby Boomers	0.719	4.878	< 0.0001	Yes*
Gen-Y vs Gen-X	0.380	3.626	0.001	Yes*
Gen-X vs Baby Boomers	0.339	2.251	0.064	Yes**
Social				
Contrast	Diff.	Std. Diff.	Pr > Diff	Significant
Baby Boomers vs Gen-Y	0.342	3.140	0.005	Yes*
Baby Boomers vs Gen-X	0.274	2.459	0.038	Yes*
Gen-X vs Gen-Y	0.068	0.882	0.652	No

*Statistically significant difference $p < 0.050$

*Statistically significant difference $p < 0.100$

On the other hand, Hypothesis 2 was partially supported. The ANOVA test showed significant difference in value - only Gen-X valued intrinsic reward significantly higher than Baby Boomers.

Hypothesis 3 which on valuing social rewards was also not supported. The result shows that these generations valued social rewards significantly different from each other. However, it was found that Baby Boomers valued social reward higher than Gen-X and Gen-Y respectively. Otherwise, Hypothesis 4 was supported - Gen-X and Gen-Y valued leisure reward significantly higher than Baby Boomers. In this case, it was found that the Gen-Y valued leisure reward higher than Gen-X, while Gen-X also valued it higher than the Baby Boomers.

The fifth hypothesis was not supported since data showed no significant differences

in terms of altruistic value among the generations. Gen-X & Y scored higher than Baby boomers in this regard though the score was not significantly different on how they viewed the altruistic aspect of a job. Thus, data showed one hypothesis was fully supported (H4), and H2 partially supported while the rest were not supported (H1, H3, H5).

In order to understand priority of work value for each generation, the mean score was ranked. It was found that Gen-X and Y ranked all work values similarly, namely Intrinsic, Altruistic, Social, Extrinsic, Leisure. Baby Boomers ranked leisure and extrinsic reward the same while they ranked social, intrinsic and altruistic values as first, second and third respectively.

CONCLUSION

This study analysed work values and preferences across different generations in a workplace to boost productivity and reduce conflicts. The study has discussed importance of intrinsic, extrinsic, social, leisure and altruism values at a workplace.

This research postulated five hypotheses based on findings of previous studies. The first hypothesis that baby boomers placed higher value for extrinsic reward than Gen-X & Y was rejected. The mean score of Gen- Y and Gen-X on preferring this extrinsic reward was surprisingly higher than the Boomers. This was consistent with Twenge et al. (2010) and confirmed anecdotal evidence that younger generations prefer easy jobs with higher income (Alsop, 2008; Twenge et al., 2010). However, the differences in score were not significant enough to conclude that the generations valued the rewards differently.

The score of intrinsic reward by Gen-X and Y was higher than that of the Boomers. Intrinsic reward was considered priority for those two younger generations compared with other work values. This finding is consistent with that of earlier studies that Gen-X and Y considered freedom and inner harmony and personal satisfaction more important than other work values (Berkup, 2014; Gibson, 2009; Hershatter & Epstein, 2010). Based on Tukey's HSD test result, only Gen-X valued the intrinsic reward significantly higher than Boomers. Therefore, intrinsic reward which refers to skills advancement, means, challenges and impact in organization were better

appreciated by Gen-X than Boomers. On the other hands, even if Gen-Y scored higher score in intrinsic reward compared with the Boomers, it was not significant enough to conclude they valued it differently among each other. This is why the hypothesis was half supported.

The score differences among Gen-X, Y and Boomers on social reward was significantly different. However, this hypothesis could not be supported since X & Y Generations did not value social rewards higher than the Boomers. This finding is interesting because earlier researches showed that Gen-X and Y placed high value on opportunity related to social network (Berkup, 2014; Gibson et al., 2009; Hershatter & Epstein, 2010). Conversely, the result showed that generation who prioritised this dimension as the most important were the Boomers. This could be due to their optimism. On the other hand, Twenge (2010) showed the Y generation is more individualistic than team oriented, which could be due to current work environment that is heavily reliant on technology. Thus, Gen-X and Y as digital savvy generation did not value social capital as the most important aspect in their job compared with Boomers.

The fourth hypothesis which claimed that X & Y generations value leisure reward higher than Baby Boomers was accepted. This showed the importance of work-life balance, including opportunity for vacation, free time and a more flexible job. According to Hershatter and Epstein (2010), younger generations valued leisure very highly

and therefore, work life balance is very important for them compared with their parents who did not have that kind of job flexibility.

Altruistic reward was ranked second place among the other work values by Gen-X & Y while Baby Boomers ranked it at third. This finding supported that of Hershatter and Epstein (2010), Greenberg and Weber (2008) who reported that X&Y were not only looking for an ordinary job with a good salary but a job that contributes positively to the environment and their communities. Needleman's research in 2008 revealed that large companies lured younger workers by introducing various exciting extensive voluntary programmes.

From the above discussion, we may infer current workforce including Gen-X, Y and Boomers tended to seek their own self-satisfactions as an important job aspect. While Gen-X & Y showed intrinsic reward as the most important work value for them, Boomers preferred social rewards. The differences of preferences proved that managers can tailor make their strategy to cater to all generations. These generations also showed desire to contribute to the environment and their community as a form of self-satisfaction. Moreover prestige, money and status were not considered more important than the intrinsic reward from the job. Leisure as the symbol of a "work-life balance" also ranked as the least important. Thus, organisation should engage their employees more effectively by developing

practices and policies which will enhance their intrinsic rewards, as well as social and altruistic aspect of the job.

This research has limitations such as the sample size which is not large enough for its findings to be generalised and to represent each generational cohort. Future research should adopt a longitudinal method to determine consistency of one's work values.

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Testing the Public Experience Model

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ABSTRACT

There are only a few studies that explored the concept of public experience in government service. Malang City Police Department (MCPD), a government institution, launched its recent innovation, namely Panic Button on Hand (PBOH). This study aims to examine what public experience is and establish a valid construct in implementing PBOH service. The study recruited a sample of 262 active users of PBOH. Data was analysed using Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA). The findings show that public experience is a construct which consists of seven qualified dimensions. This is a pioneering research in public service experience and is intended to provide a new perspective of experience in marketing research.

Keywords: Experience, Panic Button on Hand, public service institution, police department

INTRODUCTION

Ministry of Administrative and Bureaucratic Reform, Indonesia, was committed to building “clean government and good governance” through bureaucratic reform

(Grand Design Bureaucratic Reform, 2010, p. 2).

One programme proposed by the Ministry of Administrative and Bureaucratic Reform Republic of Indonesia is the innovation competition among public service institutions which acknowledges Top 99 and Top 35 public service innovations annually. It is aimed at encouraging public service institutions to improve their performance and service quality based on merits (Kasim, 2013). Furthermore, this programme is

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also intended to reflect the spirit of mental revolution through integrity. Malang City Police Department (MCPD) launched Panic Button on Hand (PBOH) which is regarded as innovation encouragement and was in the Top 35 Public Service Innovation in 2016. Based on Top 99 Public Service Innovation 2016 (2016, p. 29), the primary goal of PBOH is to enhance the overall service quality of MCPD and provide better service experience for the citizens.

This study investigates the experience of MCPD in the context of PBOH which obtained good reviews from the official judges of Public Service Innovation 2016. Based on these facts, this study will prove basic assumption that a qualified innovative programme is encouraged by good experience.

LITERATURE REVIEW

Experience

There are various definitions of the term experience (Stone, 2011). Stone defines it as a process and indicates experience as a sequence of actions. A person within the process, whether a customer or provider, play different roles that fulfil the requisite of experience creation. The customer indeed plays a role to co-create the experience (Gentile, Spiller, & Noci, 2007). Customer's involvement is undeniable within the process of experience creation.

Gilbert and Gao (2005, p. 308) perceive experience as part of "strategic initiative" that can be utilised as a critical element in creating a competitive managerial strategy (Klaus & Maklan, 2012). Pine and Gilmore

(1998) propose that experience is not something implemented strategically, but it has a role as a customer engagement tool within the process. Experience successfully links customers to a product or service. Thus, experience is perceived as a commodity (Pine & Gilmore, 1998).

Sundbo (2009) states that the sequence process of experience is capable of creating emotional responses, considered as "mental journey". Further, Gentile et al. (2007, p. 397) opine that experience is an outcome given that it involves customers' personal assessment at a very specific level, "rational, emotional, sensory, physical and also spiritual".

As the theory becomes popular, the experience concept develops quickly. It contributes to a more complete comprehension of experience. Chauhan and Manhas (2014) state that experience comprises a sequence of interactions creating diverse responses. The responses are constituted by the difference between expectation and reality of the experience (Chauhan & Manhas, 2014). Experience is understood as a united concept; neither process nor outcome stands alone. It is a long process that encompasses the initial process up to the end, and involves customers' evaluation of the whole sequence and process.

This study shows the differences in perspective, approach and subject encourage distinctive concepts in general. This proves that experience construct is somehow adjustable in nature. It fully relies on the context, design, and its purposes. However,

this also indicates that the consensus has not been reached and, therefore, there is still a space for exploration.

Who is the Public?

The Merriam-Webster dictionary (2017) defines public as a group of people relating to a government, nation or community. It is clear that there is a gap between customer and public. The concept of public is also found in different studies. Hu (2012) introduces the concept of public satisfaction in his study on satisfaction at the government level.

Conrad, Bandini, & Vasquez (2016) assert that the term *public* refers to an online community. In their study, Conrad et al. (2016) reveal that the difference between private (personal) and public is the emergence of sharing information within the process or after using the service. Dunn (2016) holds a similar perspective by portraying the public as representing a country. It means that the concept of public is somehow established as people in a specific geographic area who have connection or issue with the government, whether public policies, public services (Ahmed, Mentasti, & Karodia, 2014) or public facilities (Woodley-Baker, 2009).

Public Experience Measurement

In measuring experience, some studies develop certain constructs. Holder (2008) states that developing appropriate measurement is important in defining experience. Schembri (2006) has a similar

view, proposing that service delivery defines experience. In the context of online-shopping, Hidayat, Saifullah and Ishak (2016) include website appearance and the way information is collected as the determinants of experience. Anteblian, Filser and Roederer (2013, p. 88) developed a construct for measuring the fruitfulness of experience through three elements: performance in “economic, convenience and social interaction”. However, the construct proposed only covers the experience measurement in a specific place and time. The measurement tends to ignore the emotional responses of customers. Responding to this, Lacko, McKernan and Hastak (2002) propose three dimensions-experiences construct in service industry context involving personal emotional responses of customers. These dimensions are presented in the form of rate which consists of customers’ purchase, dissatisfied customers and disreputable service (Lacko et al., 2002, p. 133). Gilbert and Gao (2005) propose the experience measurement through customers’ evaluation of their lineal correlation towards the experience. There are two determinants which should be considered: “direct contact” which refers to consumption process, and “indirect contact” which relates to company image and advertising strategy (Gilbert & Gao, 2005, p. 310). Gilbert and Gao (2005) develop the construct based on time or service duration process.

Creating such an expected experience involves several factors such as the process of interaction, the quality of product or

service delivery, and the supportive external factors. It can offer subjective results. Evaluation of the overall process is also included as the construct. The context defines what elements are suitable to represent the proper construct.

Following Gerber and Mendelson (2008), public in this study refers to a group of people, whether they are registered as citizens or not, who use services provided by government institutions. In this case, people refer to those who have used the PBOH provided by MCPD. Based on the assumption, the study suggests that experience is composed of indicators, such as service quality – service delivery, interaction, suitability of service, apparatus capability, time (duration) of service and personal (public) evaluation.

Therefore, the hypotheses of the study are:

- $H_0: \Sigma = \Sigma(\theta)$ The Model is fit
 $H_1: \Sigma \neq \Sigma(\theta)$ The Model is unfit

MATERIALS AND METHODS

In order to obtain public experience construct, the study adapts Rufaidah's (2017, 2016a, 2016b) scale development stages. It also used Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA) to discover the new construct which is extracted from literature review (Hair, Black, Babin, Anderson, & Tatham, 2009; Rufaidah, 2017, 2016a, 2016b). The SPSS and Lisrel are used to support the analysis. Descriptive statistics is also employed in this study.

Data was obtained from questionnaire distributed through short message service (SMS) to users of PBOH application, provided by MCPD. The public in the study specifically refers to citizens and non-citizens of Malang City. However, the respondents should fulfil the pre-requisite; they should have used the application of PBOH at least once. The use is not confined to a specific feature, but to all features. There are 262 respondents in the study ($N=262$).

The questionnaire comprised two parts. The first part contains questions related to respondents' demographic information while the second part includes questions related to their experience in using the service through PBOH. There are eight items developed to measure the experience of the respondents. The eight items are selected as the representations of dimensions based on literature review. All items were assessed through five points Likert Scale. The scale ranges from "1", which represents "strongly disagree", and "5", which indicates "strongly agree". A preliminary analysis was done to validate the properness of questionnaire items and data collected. To ensure data is reliable, the study performed Cronbachs' alpha test. The construct validity was assessed using three tests: Kaiser Meyer Olkin (KMO), Bartlett's test of Sphericity, and Measured of Sampling Adequacy (Chauhan & Manhas, 2014). Further, the convergent validity was evaluated through the value of communalities of each item. Value greater than 0.5 is considered satisfactory.

RESULTS AND DISCUSSIONS

A total of 77.01% of the respondents were males. Majority of them are in the age range of 23-27 (29.89%) followed by those in the age range of 17-22 (22.99%), >42 years (14.94%), 28-32 (14.56%), 33-37 (11.49%), and the last 38-42 (6.13%). Most of the respondents are private employees (37.16%), university students (27.97%), entrepreneurs (18.01%), and the rest are unemployed (2.30%). Most of the respondents, 91.75%, are residents of Malang. It has been assessed that all of them have used PBOH application at least once.

Analysis

The EFA analysis consists of two processes. The preliminary process is aimed at validating the correlation between variables within the construct. Three tests were performed to measure data validity: KMO, Bartlett Test of Sphericity and Measure Sampling Adequacy. The correlation should be greater than ($>$) 0.5 but the significance should be less than ($<$) 0.05 for the construct to be considered as having strong correlation (Hair et al., 2009). The test also applies correlation matrix test to measure independent variable correlation. The score should be near to 0 to show the variable correlation.

The first analysis reveals that one of the items (PE-4) has a score below 0.5. Even though the scores during validity test fulfil the requirement, the whole process should re-start by eliminating PE-4 from the items.

The second analysis process generates a KMO score of 0.890. This means that the

value exceeds the requirement, which is greater ($>$) than 0.5. The greater value of KMO indicates that the items are capable of representing the variability of responses. The result from Bartlett Test of Sphericity shows 1550.446 with significance values of 0.000. This indicates that the data is feasible to be analysed. In other words, the data passes the determinant test. The correlation matrix shows the determinant score of 0.002 which indicates the correlation between variables.

Similar to the KMO Test, Measure of Sampling Adequacy (MSA) should also exceed the value of ($>$) 0.5. From the result, it is shown that MSA value of all variables is greater than ($>$) 0.5 (PE-1: 0.861; PE-2: 0.855; PE-3: 0.945; PE-5: 0.908; PE-6: 0.886; PE-7: 0.875; PE-8: 0.909). Therefore, the items have fulfilled the MSA requirement which indicates that the variables still represent the construct.

The EFA process is required to extract the component and items which construct public experience. The method implemented in this process is extraction method-principal component analysis and rotation method of varimax with Kaiser Normalization. The eigenvalue is also stated in the value of 1.5 and is used as the foundation of EFA analysis and reveals possible factors to be analysed. Based on the result of EFA (Table 1), all items generate communalities score greater than 0.5. This indicates that all items are capable of representing the factor effectively. By employing EFA, the seven items of public experience are assembled into one component with 71.889% of variance explained.

Table 1
Result of EFA

Code Item	Communalities	Component*
		1
PE-1	0.682	0.826
PE-2	0.705	0.840
PE-3	0.694	0.833
PE-5	0.681	0.825
PE-6	0.717	0.847
PE-7	0.814	0.902
PE-8	0.740	0.860
Variance Explained		71.889

The seven items (with eigenvalue of 1.5) are placed in one component : PE-1; PE-2; PE-3, PE-5, PE-6, PE-7, PE-8 (the ease in fulfilling needs; the ease of procedure; service punctuality, cost suitability, service requirement suitability; great capability of apparatus in service; and experience of hospitality).

To ensure the validity and reliability of the items, coefficient correlation (validity test) and reliability test are conducted. They are also used to measure the consistency of the responses within the instrument. The reliability test was performed using Cronbach Alpha test. The test obtains a value of 0.935 which indicates that all the variables are reliable to be subsequently analysed.

Table 2 shows the result of validity test, using coefficient correlation. Based on that, it is shown that all the items are valid because the score coefficient correlation (r) obtained is higher than critical-r (0.3). In other words, the items are consistent in measuring the public experience.

Table 2
Result of validity and reliability test

Items	Validity
PE-1: The ease to fulfil needs	0.827
PE-2: The ease of procedure	0.841
PE-3: Service punctuality	0.835
PE-5: Cost suitability	0.827
PE-6: Service requirements suitability	0.846
PE-7: Great capability of apparatus	0.899
PE-8: Experience of hospitality	0.858

As EFA has limitations in measuring the correlation between items to variable, CFA is used to measure the value of correlation between the dimensions (latent variable) and the items of measurement (manifest variable). Referring to Schreiber, Nora, Stage, Barlow and King (2006), CFA is the right method to test the hypothesis related to model construction. Moreover, implementing CFA broadens the possibility to test the relationship based on two measurements: structural model and measurement model (Sarjono & Julianita, 2015; Schreiber et al., 2006).

Referring to the result of EFA, the public experience variable (latent variable) was measured directly with seven items (manifest variable). In Picture 1, it is presented that all items generated loading factor greater than ($>$) 0.7. This indicates the variables possess good validity towards the latent construct. It is also shown t-score obtained from each variable which is more than ($>$) critical-t (1.96).

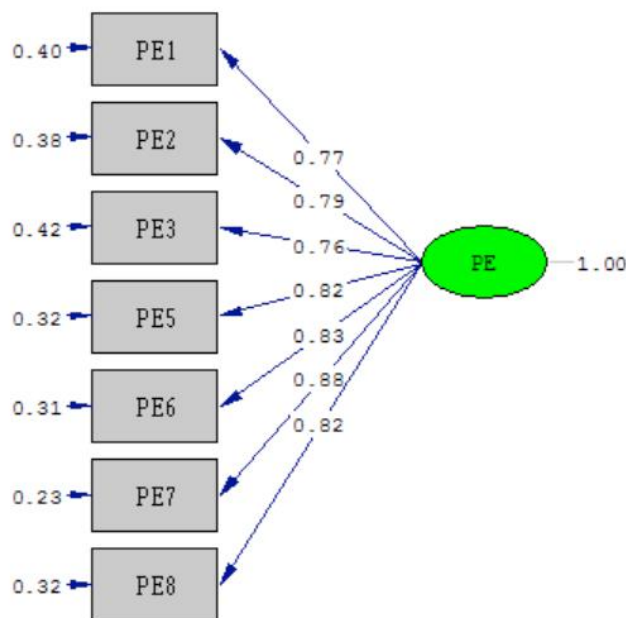


Figure 1. The result of CFA

To test the fitness of model, Construct Reliability Test (CR/ Omega reliability) and VE test were performed. The result shows that the value of CR (Omega reliability) is 0.93 while the variance score is 1.51. Both scores indicate the factors of public experience have good level of consistency in

measuring public experience variable. The discriminant validity score is 1.23.

In applying CFA, the construct is measured by the set of indices to test the fitness of model. The value of loading factor of each latent variable indicates how strong or representative each variable is to other variable or to the construct.

Table 3
Fit indices (CFA Result)

No.	No. of Items	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1.	7	0,76 – 0,88	0,12	0,00	1,00	1,00	1,00	1,01	1,00

(a) Range of Std Regression; (b) X^2/df ; (c) RMSEA; (d) GFI; (e) AGFI; (f) CFI; (g) TLI; (h) BBC Coef. Δ

The score obtained in fit indices shows that the model of public experience is fit. Based on the chi-square score and p-value, the model is considered as Good Fit. Meanwhile, referring to X^2/df ration, the model is measured as Acceptable Fit. The categorisation is also reflected in the score obtained in Standardised RMR. Moreover, the results of RMSEA, GFI, AGFI, NFI and CFI show it is a best fit model.

Based on the result of EFA and CFA (the fit indices and the loading factor), the public experience (PE) model has fulfilled all criteria. Thus, it can be stated that the model is fit. Therefore, this suggests that the items represent the latent construct (PE model) and $H_0: \Sigma = \Sigma(\theta)$ is accepted. It means that the seven items (PE-1, PE-2, PE-3, PE-5, PE-6, PE-7, and PE-8) are constructs of public experience.

CONCLUSION

This study define public experience and the model that constructs public experience. The findings show that public experience consists of seven constructs or item. Each of them represents the quality of service and service performance.

It is clear that MCPD understand that innovation acts both as a gate and a way to create public satisfaction. They realise that experience is the bridge in the middle. A well-designed experience can create a positive outcome which helps them gain more trust, diminish the gap between the government and its citizens, and build a positive image of the public-sector institution. The level of experience developed by MCPD is reflected

by the high score obtained in the analysis. Moreover, it is also reflected by how strong the items are represented in the construct of public experience.

This study has some limitations due to theoretical and practical relevance. This study investigates the construct to measure public experience in very specific circumstances. It also elaborates the construct based on previous studies to establish the 'relatable' construct of public service experience. Future study can compare the experience in public service institutions with that of other industries to generate a universal construct.

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The Mediating Role of Learning Agility on the Relationship between Work Engagement and Learning Culture

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ABSTRACT

This is an empirical study that explored the effect of learning culture on work engagement and learning agility. A total of 67 respondents, mostly senior managers and directors, were recruited for this study. They work for leading companies in Indonesia in sectors such as ICT, manufacturing, media, construction and developer, banking, and service. The results of statistical data analysis reveals that learning culture has an indirect effect on work engagement but a direct impact on learning agility. Learning agility also has a positive and significant effect on work engagement. Learning agility plays a mediating role in the relationship between work engagement and learning culture. This article gives us insight into the fact that development of organisational learning culture should be directed toward building learning agility which then will help strengthen employees' work engagement..

Keywords: Learning agility, organisational learning culture, work engagement, senior managers and directors

INTRODUCTION

Competition, globalisation, and technological advancement has led to a world marked by volatility, uncertainty,

complexity and ambiguity, i.e., VUCA world (Mack, Khare, Kramer, & Burgatz, 2016). VUCA world influences all aspects of personnel, organisational and societal life and also affects negatively on the viability of a business. In 1958, the average age of companies listed on Standard and Poor's 500 was 61 years. By 2012, the average age of the companies was only 18 years. In 2020, this figure is predicted to drop to 10 years (Glauner, 2016). Therefore, a company is expected to adapt quickly. Agility becomes

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imperative for companies, especially for big organisations (Evans, 2002; Heisterberg & Verma, 2014; Hugos, 2009; McCann & Selsky, 2012). A company must transform to become more agile for its survival and sustainability. In this paper, organisational agility is defined as the capacity of the company to act decisively, quickly, and flexibly in utilising the opportunities and avoiding negative consequences of the changes (McCann & Selsky, 2012).

Building and developing organisational agility is one of the important transformational initiatives (Anderson & Anderson, 2010) which will affect the sustainability of a company and involves fundamental changes in mindset and work habits of all members of the organisation. Countless studies have confirmed that transformational initiative has a high failure rate (more than 50%) mainly due organisational culture that poses obstacle to development (Reisyan, 2016). A transformational initiative is however not aligned with organisational culture (Kotter, 1995).

The VUCA world also affects the relationship between a company and its employees (Das & Ara, 2014; Imperatori, 2017). Companies that face various tough challenges expect employee to make extra efforts and innovation while the employee also seeks job security and stability, expects work life balance, and the freedom to pursue their career in other organisations (Imperatori, 2017). According to the perspective of organisational behavior (Robbins & Judge, 2013), organizational effectiveness is as a product of group and

individual effectiveness. Learning agility is a conceptual construct used in this paper to represent organisational agility within the personal or individual context (Prange, 2016).

Work engagement and learning agility are key characteristics that are sought by leading employers (Posthumus, Bozer, & Santora, 2016). The main objective of this article is to examine the effect of: (1) learning culture on work engagement, (2) learning culture on learning agility and (3) learning agility on work engagement. The mediating role of learning agility in the relationship between work engagement and learning culture.

LITERATURE REVIEW

Learning Culture

Wollard and Shuck (2011) identified 42 factors as antecedents of work engagement. Those variables are categorized into two groups: (1) individual antecedents and (2) 21 organisational antecedents. Three variables are related to organizational culture: authentic corporate culture, supportive organizational culture, and positive workplace climate. Learning culture is an organizational culture that integrates self-directed learning into learning organisations (Islam, Ur Rehman Khan, Ahmad, Ali, & Ahmed, 2014).

Culture is a metaphor about the organisations, as it is how reality is being shaped and is deeply rooted into day-to-day routines of a particular organisation (Simamora, Jerry, & Hartono, 2016).

Organisational culture consists of a set of artifacts, espoused values, and basic assumptions, which are obtained through internal integration and external adaptation processes (Schein, 2010) approved as the best way to feel, think, and solve problems in doing business (Ahmed, Loh, & Zairi, 1999) and becomes the identity that differentiates an organisation from the others (Hofstede, Hofstede, & Minkoy, 2010).

Many studies have proved that organisational culture has a significant impact on willingness to take risks (Li, Griffin, Yue, & Zhao, 2013), organisational adaptive capacity (Adriansyah & Afiff, 2015), innovative capability (Hock, Clauss, & Schulz, 2016), strategic orientation, financial performance of the company (Han, 2012) and organisational agility (Felipe, Roldan, & Leal-Rodriquez, 2016). This paper argues that learning culture also influences learning agility of the employee.

Hypothesis 1: Learning culture has a direct effect on learning agility

Learning culture endorses members of an organisation to learn, to disseminate, and to share knowledge for organisational success. (Rebelo & Gomes, 2011). Many studies have confirmed that culture has a positive and significant effect on engagement. Perceived organisational culture has a significant effect on employee engagement (Sadeli, 2012) and is the antecedent of work engagement (Arifin, Troena, & Djumahir, 2014; Brunetto, Xerri, & Nelson, 2014). Huhtala, Tolvanen, Mauno and Feldt

(2015) have also confirmed that ethical organisational culture is related to individual work engagement. It is based on research in 245 different work units of the public-sector organisations in Finland. Thus, this paper also argues that learning culture has a direct effect on work engagement.

Hypothesis 2: Learning culture has a direct effect on work engagement

Learning Agility

Learning agility is an increasingly recognised construct in talent management as a key factor for long-term leadership effectiveness (De Meuse et al., 2010). Learning agility is best predictor for future individual performance (De Meuse, Dai, & Hallenbeck, 2010). Learning agility is defined as the ability and willingness of an individual to learn new competencies under different conditions in the first place (Lombardo & Eichinger, 2000).

New experiences can be gained from deep learning agility in different conditions (Yadav, 2017). In this article, the learning agility construct is shown in four dimensions: people agility, change agility, result agility, and mental agility (Gravett & Caldwell, 2016). Juhdi and Pa'wan (2012) conducted a study on 329 respondents. The study proved that job engagement is an antecedent and leadership spirit is the outcome of learning agility. However, this paper argues that learning agility is a predictor of work engagement whereby individuals with a high score of learning agility are less resistant to change, and able

to perform in different situations. A higher score in learning agility translates into a higher score in work engagement.

Hypothesis 3: Learning agility has direct effect on work engagement

Work Engagement

Work engagement is defined as a multidimensional construct that consists of attitude, trait, state, and behaviour of people toward work (Imperator, 2017). Work engagement is a psychological state when the employee is totally involved in the job (Bakker, Schaufeli, Leiter, & Taris, 2008; Kahn, 1990). Work engagement is an affirmative job-related, and fulfilling way of thinking characterised by internalisation, absorption, commitment, and vigour (Bakker & Leiter, 2010). An employee with a high score on work engagement will perform better, stay longer at the organisation and promote the organisation to the community (Hewitt, 2015).

MATERIALS AND METHODS

Sample

This paper used purposive sampling method and examined big five companies in each industry such as ICT, manufacturing, media, construction & developer, banking, and service industry in Indonesia. The sample size is 67 respondents representing Samsung, Telkom, Ooredoo Indosat, SmartFren (ICT industry), Danone, Nestle, Mandom, Kino (manufacturing), MNC Media, Alternative Media (media

industry), Wijaya Karya, JayaConstruction, Agung Sedayu, Metropolitan, Bangun Cipta Bersama (construction & developer industry), BCA, BRI, Danamon, Bank Syariah Mandiri (banking industry), Daya Dimensi Indonesia, PPM School of Management, Premier Hospital, and Arpeni Pratama Ocean Line (service industry).

Data was collected via self-assessment questionnaire in the digital or printed form, and distributed through social media application such as Messenger, WhatsApps, and Telegram or by email. Respondent profiles are dominated by Gen-X who were born between 1970 and 1979 (63%), mostly men (81%), possessing a Master's degree (49%), working for nation-wide private companies (81%) number of employees being more than 100 people (67%) and having a position in the company as a director or senior manager (67%).

Measurement and Procedure

For measuring the learning culture construct, researchers used an organisational learning culture questionnaire (OLC) (Rebelo & Gomes, 2011). The OLC is based on the learning culture models described by Schein (Ahmed et al., 1999; Hill, 1996; Schein, 1996). The questionnaire used a 5-point Likert-scale. This article used the final version of the OLC bi-dimensional model which consisted of 20 items. Those items are shown in two dimensions, i.e., internal integration (12 items, $\alpha = 0.91$) and external adaptation (eight items, $\alpha = 0.83$). The researchers used only four items for external

adaptation (EX4, EX3, EX2, EX1) and eight items for internal integration (IN8, IN7, IN6, IN5, IN4, IN3, IN2, IN1).

This study also used the Learning Agility Self-Assessment (Gravett & Caldwell, 2016) to measure the leading agility construct. The LAS has 24 indicators which are categorised into four groups: change agility, mental agility, result agility, and people agility. For this article, only 16 indicators are used. Change agility is indicated by CA04, CA03, CA02, and CA01 while mental agility is indicated by MA04, MA03, MA02, and MA01. Result agility is indicated by RA04, RA03, RA02, and RA01 while People agility is indicated by PA04, PA03, PA02, and PA01.

Work engagement construct is measured using Utrecht work engagement scale or UWES-17 (Seppälä et al., 2009) which consists of 17 indicators that show

three dimensions of work engagement, i.e., absorption, dedication and vigour. Absorption is indicated by AB04, AB03, AB02, and AB01 while dedication is indicated by DE04, DE03, DE02, and DE01. Vigour on the the hand is indicated by VI04, VI03, VI02, and VI01.

The research model is designed into second order form with every dimension considered as the independent variable. Figure 1 shows the research model. Data obtained from 67 respondents was analysed using variance based structural equation modeling or SmartPLS version 3.0. The recommended sample size for the research model with one endogenous construct is 80% statistical power; 0.05 significance level, and minimum level $R^2 = 0.25$ (Hair, Hult, Ringle, & Sarstedt, 2014). Therefore, the sample size meets the requirement.

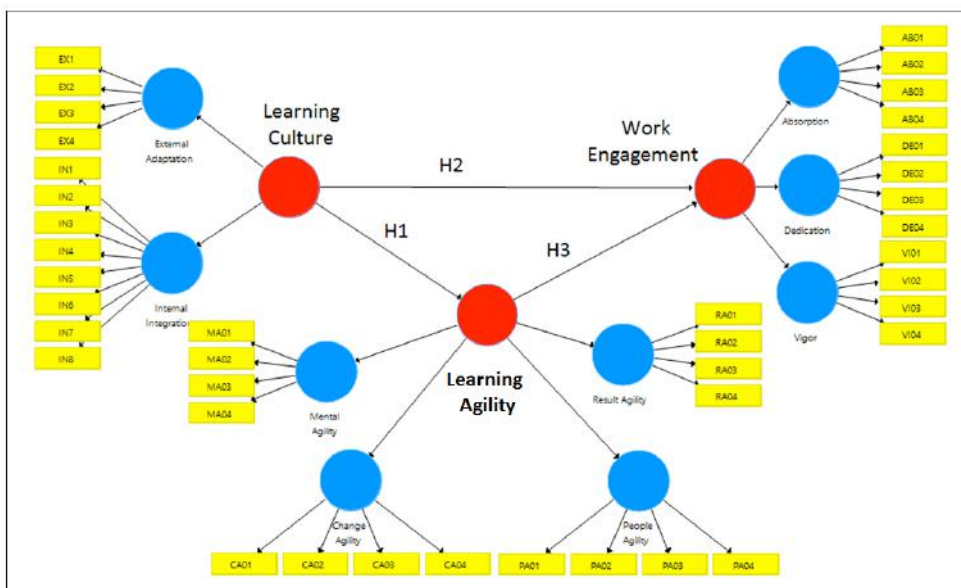


Figure 1. Research model

RESULTS AND DISCUSSIONS

Measurement Model

Table 1 shows the outer loading of all indicators. The indicator which has loading factor no more than 0.600 was deleted from the structure, with the exception of PA01. (Hair et al., 2014). The deletion of PA01 does not increase composite reliability and AVE. Indicators excluded from the model are EX4, IN5, IN4, IN2, IN1, MA02, CA04, RA04, RA03, PA04, PA03, AB03, DE04, and VI01.

Assessment of reliability and validity is related to parameters in Table 1 and Table 2. Convergent validity and discriminant validity are validity measurement used in this article. Convergent validity is based on the average variance extracted (AVE). All constructs have AVE value greater than 0.500. This indicates that the model has a good convergent validity. Discriminant validity can be calculated based on Table 2. The diagonal bold numbers indicate the square root of AVE. If diagonal bold numbers are bigger than horizontally listed numbers, these mean the measurement model has good discriminant validity. Table 2 presents all the diagonal bold numbers are

larger than the horizontally listed numbers. This indicates that the model has good discriminant validity.

Composite reliability and internal consistency are used as parameters of validity. Internal consistency reliability is indicated by Cronbach's alpha. If the values of Cronbach's alpha and composite reliability are greater than 0.708, they indicate the model has good composite and good internal consistency reliability. Based on (Hair et al., 2014), for exploratory research, if a construct or indicator has a loading factor or Cronbach's alpha or composite reliability starting from 0.6 to 0.7, the construct or indicator can be used in the model. Table 1 shows that not all of indicators have good scores of Cronbach's alpha. Vigour, mental agility, people agility and result agility did not receive good score for internal reliability. However, absorption, commitment, change agility, externally adapted and internally integrated have a good score for internal reliability. For composite reliability, the all constructs exceed 0.60. This means that not all the indicators have good internal reliability, but all have good composite reliability.

Table 1
Validity and reliability

Dimension		Outer Loading	Cronbach's Alpha	Composite Reliability	AVE
Work Engagement					
Absorption	AB01	0.717	0.644	0.807	0.585
	AB02	0.695			
	AB04	0.871			
Dedication	DE01	0.801	0.757	0.859	0.671
	DE02	0.781			
	DE03	0.872			
Vigour	VI02	0.752	0.591	0.785	0.549
	VI03	0.769			
	VI04	0.698			
Learning Agility					
Change agility	CA01	0.667	0.653	0.814	0.596
	CA02	0.793			
	CA03	0.844			
Mental agility	MA01	0.702	0.536	0.761	0.519
	MA03	0.599			
	MA04	0.839			
People agility	PA01	0.959	0.234	0.672	0.543
	PA02	0.411			
Result agility	RA01	0.867	0.574	0.823	0.699
	RA02	0.804			
Learning Culture					
External adaptation	EX1	0.861	0.784	0.874	0.697
	EX2	0.834			
	EX3	0.809			
Internal integration	IN3	0.741	0.823	0.884	0.656
	IN6	0.814			
	IN7	0.789			
	IN8	0.889			

Based on the parameters in Table 1 and Table 2, we may conclude the measurement model is valid and reliable for modeling

learning agility as a mediating variable of work engagement and learning culture.

Table 2
Discriminant validity

		1	2	3	4	5	6	7	8	9
1	Absorption	0.765								
2	Change agility	0.394	0.772							
3	Dedication	0.613	0.312	0.819						
4	External adaptation	0.127	0.285	0.132	0.835					
5	Internal integration	0.381	0.359	0.401	0.642	0.811				
6	Mental agility	0.423	0.674	0.353	0.241	0.222	0.721			
7	People agility	0.098	0.456	0.333	0.177	0.336	0.361	0.737		
8	Result agility	0.401	0.664	0.313	0.109	0.201	0.561	0.254	0.836	
9	Vigor	0.616	0.519	0.455	0.077	0.214	0.399	0.011	0.451	0.741

Structural Model

It refers to the recommended criteria by Hair et al. (2014), the result of analysis reveals several parameters:

- (1) VIF score for Learning Culture – Work Engagement is 1.122; Learning Culture - Learning Agility is 1.000; and Learning Agility – Work Engagement is 1.122. Outer VIF values for AB01 = 1.465; AB02 = 1.494; AB04 = 2.645; CA01 = 1.921; CA02 = 2.054; CA03

= 1.910; DE01 = 2.333; DE02 = 2.000; DE03 = 2.538; EX01 = 2.341; EX02 = 1.809; EX03 = 1.629; IN03 = 1.843; IN06 = 1.826; IN07 = 2.025; IN08 = 2.805; MA01 = 1.143; MA03 = 1.405; MA04 = 2.033; PA01 = 1.398; PA02 = 1.018; RA01 = 1.886; RA02 = 1.473; VI02 = 1.524; VI03 = 1.672 and VI04 = 1.337. All VIF scores are less than 5. This indicates there is no co-linearity problem in the structural model.

Table 3
Outer path

Variable	Dimension	Path	t-Statistics	p-Value	Result
Learning agility	Change agility	0.914	38.115	0.000	Significant
	Mental agility	0.854	23.377	0.000	Significant
	People agility	0.539	4.510	0.000	Significant
	Result agility	0.812	16.193	0.000	Significant
Learning culture	External adaptation	0.862	16.842	0.000	Significant
	Internal integration	0.936	53.317	0.000	Significant
Work engagement	Absorption	0.898	36.254	0.000	Significant
	Dedication	0.844	12.744	0.000	Significant
	Vigour	0.801	10.701	0.000	Significant

- (2) Table 3 shows the coefficient of outer path from all constructs and its dimensions. The learning agility construct has the lowest score of path coefficient on people agility = 0.539 and the highest one on change agility = 0.914. Learning culture score on external adaptation = 0.862 and on internal integration = 0.936. Work engagement construct has the lowest score of path coefficient on vigour = 0.801 and the highest on absorption = 0.898. All constructs have path coefficient score with t-statistics more than 1.96 and p -value = 0.000, which means that all constructs have significant association with their dimensions. In calculating score of blindfolding, Q^2 was obtained for learning agility = 0.029 and work engagement = 0.103. If Q^2 is greater than zero, it indicates that the structural model has adequate predictive relevance
- (3) Table 4 shows the relationship between learning culture and learning agility has path coefficient score of 0.343 with t-Statistics = 2.741 and p -Value = 0.006. This means that H_0 is rejected and H_1 is accepted. It proves that learning culture has a positive and significant impact on learning agility. Path coefficient of learning culture to work engagement is 0.199 with t-statistics = 0.965 and p -value = 0.335. It means that H_0 is accepted while H_2 is rejected. There is no significant impact of learning culture on work engagement. Path coefficient of learning agility to work engagement is 0.465 with t-statistics = 3.902 and p -value = 0.000. It means that H_0 is rejected and H_3 is accepted which means there is a positive and significant impact of learning agility on work engagement.

Table 4
Hypotheses testing

Independent Variable	Dependent Variable	Path	t-Statistics	p -Value	Result
H1 : Learning culture	Learning agility	0.343	2.741	0.006	Supported
H2 : Learning culture	Work engagement	0.199	0.965	0.335	Not supported
H3 : Learning agility	Work engagement	0.465	3.902	0.000	Supported

Based on the above, the research model has predictive relevance and no co-linearity problem. Learning culture has no effect on work engagement but has a positive and significant effect on learning agility. Learning agility has a positive influence on work engagement. Thus, learning agility plays a mediating role on the relationship

between work engagement and learning culture.

DISCUSSIONS

Learning culture is an antecedent of learning agility. It stimulates, endorses, and facilitates employees to learn, disseminate, and share knowledge for aiming organisational

performance through internal integration and external adaptation processes. It will increase the learning agility of employees.

By nurturing learning culture in an organisation, employees will become more agile in learning about self, others, and ideas. By developing a learning culture in the daily business practices, an employee will be exposed to diversity, multiple sources and a range of views (mental agility); be persistent and philosophical about what is going to change (change agility); has eagerness to improve from what has been done which affects his or her perspectives as a result (result agility); and will be more willing to help people to develop their thinking and to explore new things (people agility).

As the learning agility of employees develops, work engagement will increase. There will be physical, cognitive and emotional connections with the job (Kahn, 1990). When the learning agility score appears to be higher, it will allow the state of total immersion in their work to be more positive. Time that passes quickly and an employee not being able to detach himself or herself from the job (absorption) are the factors that characterise high learning agility. When employees have higher learning agility, they tend to have stronger involvement in their work. The involvement comes together with feelings of significance and being enthusiastic as well. Furthermore, employees are inspired, motivated, and proud (dedication). The higher learning agility of employees, the higher levels of resilience and energy, the willingness to

invest time and effort in their job, not being easily fatigued, and persistence in facing difficulties (vigour).

LIMITATION AND FUTURE RESEARCH

This article is based on exploratory research on the structural model of learning culture, work engagement and learning agility. A non-probabilistic purposive sampling method was used to obtain data. The SEM model used is a second-order. Future studies, it is recommended, use: (1) use a larger sample size, more than 300 respondents, data analysed by covariance based SEM approach by utilising Lisrel or Amos application; (2) use probabilistic sampling methods such as stratified random or cluster sampling since it allows researchers to draw a generalised conclusion regarding population of the leading companies in Indonesia; (3) be able to implement content validity and face validity on learning agility construct, especially people agility, result agility and mental agility dimension and also work engagement construct, especially the dimension of vigour; (4) investigate other antecedents of work engagement as the variables that mediate learning culture and work engagement such leadership, HRM practice, organisational intervention or job-related factors.

CONCLUSION

It can be concluded that learning agility can be predicted well by learning culture through internal integration and external adaptation processes. However, it is not the same for

work engagement. Learning agility, which reflects change, along with mental, people, and result agility is also a good predictor for work engagement. This is the reason why learning agility plays an important role in moderating the relationship between work engagements and learning culture.

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Analysis of Green Marketing Mix Effect on Customer Satisfaction using 7p Approach

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ABSTRACT

This study analyses the influence of a green marketing mix method towards customer satisfaction of eco-friendly products in Jakarta, Indonesia. The study focused on beauty and body treatment products. Eight hypotheses were developed to achieve the research objectives by using multiple linear regression to analyse data from 101 respondents in Jakarta using a questionnaire method. The results of this research showed that green marketing mix method have an influence on customer satisfaction simultaneously; people and physical evidence factors were significantly related to customer satisfaction while product, price, promotion, people, and physical evidence were not significantly related to them or only partially related. The results also indicated that physical evidence is the strongest factor, while place has the weakest influence on customer satisfaction among the seven elements of the marketing mix.

Keywords: Customer satisfaction eco-friendly, green marketing mix, green products

INTRODUCTION

The world is facing huge pressure from harmful human activities leading to waste of energy and an increase in air pollution

related to environmental damages. The consequence are far reaching due to global climate change (Lannuzzi, 2012).

Sustainability and environmental considerations have increasingly become critical issues for companies and industries. Industries influence the environment directly and have different strategies to deal with their subsequent environmental impacts. They create sustainable development programmes simultaneously with their

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business strategies (Setiawati & Sitorus, 2016).

For years, marketing strategists have studied the relationship between the environment and the use of resources. Green marketing demonstrates the importance of environmental care. Companies have recognised green marketing as a step towards fulfilling the needs of customers while accommodating business growth (Arseculeratne & Yazdanifard, 2014).

According to Akter (Sivesan, Achchuthan, & Umanakenan, 2013), green marketing refers to ecological products such as healthy food, phosphate-free products, recyclable products and packaging, ozone

friendly, and environmentally friendly. It consists of broad range of activities, including product modification, changes in production processes, changes in packaging, as well as modifications to the advertising.

In recent decades, environmental issues have become increasingly important for customers (Yazdanifard & Mercy, 2011). With an increase in human consciousness towards the environment, consumers desire products that are decent, safe, environmental friendly, and that lead to least damage to the planet. This influences the company's marketing strategy to conserve the environment using green marketing.

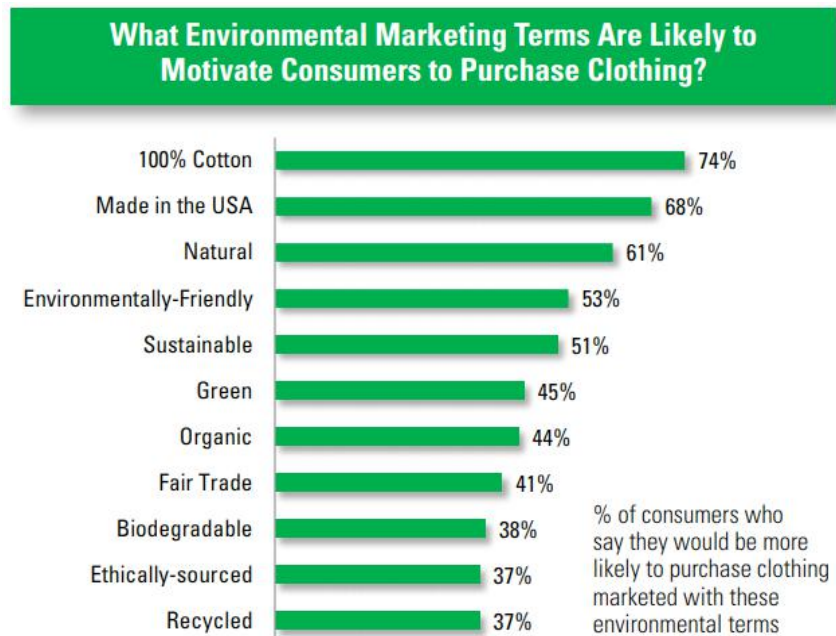


Figure 1. Impact of environmental marketing on consumer's motivation to purchase clothing
Source: cottoninc.com

Figure 1 shows the results from Cotton Incorporated's 2013 Environment Survey. According to the survey, more than two-thirds of American shoppers would be upset if they found out an item of clothing they purchased was produced in a non-eco-friendly way (cottoninc.com, 2013).

Companies that take initiative to become more environment friendly can gain a competitive advantage and deliver a high level of value to their customers, thus allowing the company to sell their products at a premium price (Rani, Neeraja, Aravind, & Prasad, 2014).

However, green marketing (or marketing of Eco-friendly goods) has not lived up to the hopes and dreams of many managers and activists. Although public opinion polls consistently show that consumers would prefer to choose a green product over one that is less friendly to the environment, all other things being equal, those "other things" are rarely equal in the minds of consumers. The study of consumers' attitude and purchasing intention toward eco-friendly goods will help marketers to understand how to improve and price their green products and how to attract consumers to buy their products (Sudhir & Vinod, 2013).

Over the last four decades, customer satisfaction has been seen as a theoretical and practical issue that is important to most marketers and researchers (Rakhsha & Majidazar, 2011). Kotler (in Rakhsha & Majidazar, 2011) defines customer satisfaction as individual feelings after comparing the performance of products and

services with their expectations. Research by Rakhsha and Majidazar (2011) has shown that a green marketing mix has a significant influence on customer satisfaction. In addition to customer satisfaction, Kordshouli, Ebrahimi and Bouzanjani (2015) have shown that companies also gain customer loyalty and benefitted from word of mouth when considering environmental aspects in their production process.

The economic aspect of marketing must not be compromised in protecting the environment (Sen, 2014). Companies should take advantage of the 4P green marketing mix and strive to overcome challenges in integrating appropriate green marketing strategies into operational activities, product development, and marketing activities (Sen, 2014). It can be seen from that research that the 4Ps of marketing mix have a strong influence on the success of the implementation of green marketing mix strategy.

Abbas (2015) showed that four marketing mix variables of product, price, promotion and place have a significant and positive effect on customer satisfaction. However, in the study, the objective is to further analyse whether the marketing mix alone is enough to prove its impact on customer satisfaction.

Sivesan et al. (2013) in their research on the effect of green marketing practices on customer satisfaction in Sri Lanka, concluded that the green marketing practices have a positive relationship with customer satisfaction. Additionally, they found that the dimensions of green marketing

practices, such as environmental issues in product, price, promotion, and place have a significant relationship with customer satisfaction. However, this is contrary to the results of a field analysis that revealed only environmental issues on promotion of variables that have a significant impact on customer satisfaction (Prakash, 2002).

Based on those studies, it can be assumed that the practice of green marketing can increase customer satisfaction in green marketing mix, although not all the variables may be significant.

Popovic on Goi (2009) has criticised the concept of 4P marketing mix as not being oriented to the customer, but rather production oriented. Mohammad (2015) extended the 4P framework by adding process, physical evidence and the participant (people). Based on Goi (2009) the concept of the 7P marketing mix has reached a high level of acceptance as a generic concept related to marketing mix. In contrast, Mohammad (2015) showed that not all the variables of 7P marketing mix has a significant impact on customer satisfaction. Mohammad concluded that the product, process and physical evidence significantly affect customer satisfaction, while price, place, promotion and people are not related significantly to customer satisfaction.

Eco-friendly products are recognized nationally or internationally through certification and environmentally-friendly labelling. For example, the US Environmental Protection Agency (EPA) provides the Energy Star label for eco-friendly electronic

devices (Dahlstrom, 2011). Many companies develop environmentally friendly products and do marketing by paying attention to aspects of the environment. Companies have been able to significantly increase sales with environmentally-marketed products (Laroche, Bergeron, & Forleo, 2001). One industry that is committed to environmentally friendly products is beauty and body care products.

The term *green marketing* mix has its origins with the use of primary marketing-mix tools of product, price, place and promotion to divide green marketing into four main strategies (Ginsberg & Bloom, 2004). Violeta and Gheorghe (2009) termed green strategy mix as 5Ps + EE comprising six dimensions: planning, process, product, promotion, people, and eco-efficiency.

Based on the previous studies, this research aims to adapt customer satisfaction as secondary variable in research to test the correlation and impact of the green marketing mix approach with product, price, place, promotion, people, process, and physical evidence variables. This study will evaluate partially and simultaneously which of the variables in the green marketing mix, especially in beauty and body treatment products that affect customer satisfaction in Special Capital Region (*Daerah Khusus Ibukota*) Jakarta.

LITERATURE REVIEW

Green Marketing

The term green marketing emerged first in the late 1980s and early 1990s due to an increase

in awareness related to the environment. This has pushed many companies to be adopt environmentally friendly approach to their production and marketing (Rani et al., 2014). Green marketing is part of a potential solution. From the environmental side, marketing offers a creative way to invite people to promote a greener lifestyle. From the business side, marketing offers a way for companies and brands to go beyond corporate responsibility (Grant, 2007). Green marketing has a positive influence on the environment, economy, consumers, corporate strategies, products, production processes, and supply chains, all benefit from green marketing (Dahlstrom, 2011).

Companies that combine ecological awareness into their missions and strategies can improve their image among their consumers, employees, investors, insurance and the general public (Dahlstrom, 2011). Companies can also continue to emphasise their traditional attributes of products such as price, quality, convenience and availability and make environmental attributes a secondary attraction (Hollensen, 2008).

Marketing Mix

The marketing mix 4P model proposed by Jerome McCarthy provides an overview of a product/price mixture of an organization and a combination of promotional planning to get closer to the customer on the basis of well-considered distribution and customer contact channels. It is also supports

marketing managers to achieve goals (Vliet, 2013).

As time progresses and marketing approaches improve, the McCarthy 4P marketing mix model has intervened with a renewable P model. Some researchers propose have more Ps than the traditional 4P elements applied only to markets (Goi, 2009). Goi (2009) argue for new P elements to be introduced into the marketing realm to cope with increasingly competitive circumstances, by adding people, physical evidence, and process elements into the 7P framework.

Green Marketing Mix

Ginsberg and Bloom (2004) used the primary marketing-mix tools of product, price, place and promotion to divide green marketing into four main strategies: (1) lean green strategy, (2) defensive green strategy, (3) shaded green strategy and (4) extreme green strategy.

Companies that adopt the green marketing mix strategy only need to do a little twist by implementing environmental programmes; not only can they can reduce cost they also do not need to promote their green initiatives lavishly. Companies that use defensive green strategy do so as a response to external pressures from environmental groups and competitors. These companies usually focus on long-term benefits and view green activities as opportunities to create innovative products and technologies.

Green Product

Green products (also referred to as environmentally friendly products or environmentally conscious products) are designed to lessen the consumption of natural resources and minimise harmful environmental effects during their entire life-cycle (Tsai, Chuang, Chao, & Chang, 2012). More and more customers are motivated to buy green products and even willing to pay higher prices for these products motivated by environmental concerns (Zhou & Schoenung, 2007).

Academically, green marketing has become an interesting topic for researchers. Recent studies have concentrated on targeting customers who are green conscious by aiming to promote and increase the sales of green products. However, despite this, the market shares of many green products have not shown a significant improvement in accordance with academic interest (Brécard, Hlaimi, Lucas, Perraudeau, & Salladarré, 2009). One of the major reasons for this gap lies in the fact that many green products in the market place cannot fulfil customers' perceptions and expectations of green products (D'Souza, Taghian, & Lamb, 2006).

Green Pricing

The pricing of green products is very crucial whereby the value can be added to the product for changing its appearance, functionality and through customisation. (Shrama & Goya, 2012). Overall, the pricing of green products has typically been higher than conventional products to reflect the

added value, the costs of modifying the production process, the packaging or the disposal process.

Green Promotions

Green promotions are needed to communicate the meaningful environmental information to consumers and it cannot be considered as an effective strategic tool unless it is supported by other corporate activities. The environmental statement can be enhanced by performing other activities, such as sponsorship of environmental events or minor product modifications. In order to promote it, a firm requires significant changes in the product, process or corporate attention. It does not have to be strategically prepared, as long as the goals of such activities are clear and not extravagantly claimed. This is to ensure consumers would not think that these activities are useless which push them to ignore the promotion or even boycott the products or worst case scenario complain to the government (Solaiman, Osman, & Halim, 2015).

Although "environmental friendly" term sounds legit and is attracting customers to spend more money because of the label, there are confusions about the terms used in promoting particular products, and that is why companies try to avoid complicated terms such as biodegradable, recyclable, etc. The main problems for marketers are to be able to promote their activities and products properly where consumers are least likely to believe marketing gimmick of corporations via advertisements, product labels, or packaging.

Green Distributions

Green distribution is about how companies manage logistics to reduce their carbon footprint. Instead of marketing an imported product to a country, a company can collaborate with local producers using licensing process. This allows the product to be produced locally and reduce a company's shipping costs as well as their carbon footprint (Solaiman et al., 2015).

is divided into outcome and process. As an outcome, satisfaction is a condition of product experience. As a process, satisfaction is derived from a process that involves perceptions in judging and psychological processes. The definition of satisfaction is subdivided into satisfaction with the product; purchasing decision experience; performance attributes; the institution and with pre-purchasing experience (Yazdanifard & Mercy, 2011).

Customer Satisfaction

Customer satisfaction is a critical concept in marketing and consumer research. It

MATERIALS AND METHODS

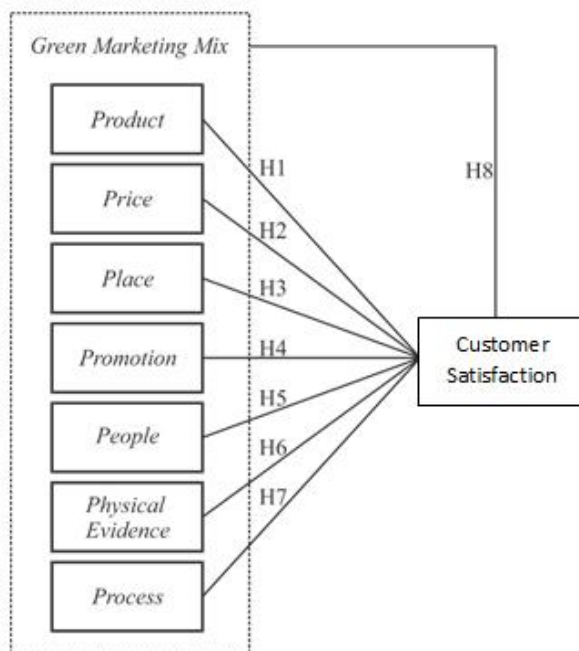


Figure 2. Research framework

The following hypotheses were developed:

- H1: Green product has a positive effect on customer satisfaction
- H2: Green price has a positive effect on customer satisfaction
- H3: Green place has a positive effect on customer satisfaction
- H4: Green promotion has a positive effect on customer satisfaction
- H5: Green people have a positive effect on customer satisfaction
- H6: Green physical evidence has a positive effect on customer satisfaction
- H7: Green process has a positive effect on customer satisfaction
- H8: All 7P variables of marketing mix have a positive effect on customer satisfaction simultaneously.
- H0: There is no positive effect from all of variables on customer satisfaction.

Research Design

The purpose of this research was to analyse the effect of environmental friendly products on consumer satisfaction. This research adopted quantitative analysis method using IBM SPSS 20 statistical tool. This was associative research, with cross-sectional time horizon (Priyono, 2008). Quantitative research refers to method based on positivism philosophy used to examine the population or a sample. The unit of analysis of this study is the consumer of environmental friendly beauty and body treatment products.

Operationalisation of Variables

In this study, the independent variables were: Product (X1), Price (X2), Place (X3), Promotion (X4), People (X5), Process (X6), Physical Evidence (X7). The dependent variable was Customer Satisfaction (Y).

The dimensions of those variables are: 1) Product: materials, quality, benefits, packaging, design; 2) Price: value, impact on quality life, and environment; 3) Place: distribution process; 4) Promotion: communication/advertisement of eco-friendly products eco-friendly life style, campaign; 5) People: responsiveness, knowledge of employees; 6) Process: production process, recycling process; 7) Physical Evidence: ambience, store concept, brand image; 8) Customer Satisfaction: expectation, repurchase.

Data Collection

Non-probability sampling technique was used in this study. Subjects in a non-probability samples are usually selected on the basis personal judgment, for example knowledge, relationship and expertise regarding a research subject (Render, Stair, & Hanna, 2012).

The respondents were recruited based on the following criteria: 1) Individuals that have ever used eco-friendly beauty and body treatment products; 2) Individuals that periodically use those products; 3) Individuals more than 15 years of age; 4) Individuals residing in Jakarta.

A questionnaire method was used to collect data and analysed using a Likert scale. Likert scale used consisted of: (1)

strongly disagree, (2) disagree, (3) neither agree nor disagree, (4) agree, (5) strongly agree.

Due to time constraints, only 105 respondents were recruited for this study but only 101 respondents met the requirements.

Data Analysis Method

Data was analysed with a series of tests: Research Instrument Test and Classic Assumption Test. Validity test was used to measure the validity of questionnaire (Sukotjo & Radix, 2010).

Reliability testing is intended to determine whether the research instrument used can be applied repeatedly on the same object (Sukotjo & Radix, 2010). The method used for estimating reliability in this research was Cronbach's Alpha, which showed a value of 0.935, meaning the questionnaire used was reliable.

Kolmogorov-Smirnov test (K-S test) is used to test normality of the distribution. Null hypothesis in this test was that variable distribution is normal. It will be rejected if significance level of the test is less than 0.05 and therefore, variable distribution is not normal. The result of significance level showed the variable green marketing mix effect on customer satisfaction has normal distribution (significance level more than 0.05).

RESULTS AND DISCUSSIONS

Respondents Profiles

Based on respondents' profile 79% of them were female. Most of the respondents stated used the products every 1-2 months (64%) while 11% used the products more than once a week and the rest used the products once a year.

Table 1
Respondent profiles

Indicators	Category	Frequency	Percentage
Age	17-25 years old	59	58%
	26-35 years old	41	41%
	>35 years old	1	1%
Gender	Male	31	31%
	Female	70	79%
Education background	Senior high school	31	31%
	Diploma	1	3%
	Undergraduateq	59	58%
	Master	8	8%
Domicile	Central Jakarta	14	14%
	South Jakarta	46	45%
	East Jakarta	28	28%
	West Jakarta	6	6%
	North Jakarta	7	7%

Table 1 (*continue*)

Indicators	Category	Frequency	Percentage
Frequency using products	Several times a week	5	5%
	Once a week	6	6%
	Once a month	33	32%
	Every 2 moonths	32	32%
	Once a year	24	25%
	Total	101	100

Source: Authors

Data Analysis

$$Y^{\wedge} = 2.094 + 0.039X1 + 0.098X2 + 0.008X3$$

Based on the output from calculation in Table 1, the equation of linear regression is:

$$+ 0.022X4 + 0.242X5 + 0.380X6 + 0.030X7$$

Table 2

Results of multiple regression test

		Coefficients ^a				
Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.094	1.133		1.848	.068
	X1	.039	.100	.043	.388	.699
	X2	.098	.112	.095	.874	.385
	X3	.008	.060	.010	.125	.901
	X4	.022	.100	.023	.225	.823
	X5	.242	.076	.300	3.193	.002
	X6	.380	.119	.361	3.192	.002
	X7	.030	.096	.037	.311	.757

a. Dependent Variable: Y

Source: Data processed

Based on Figure 3 above, this research indicates that people and physical evident were found to have a statistically significant effect on customer satisfaction, while product, price, place, promotion, and process were not statistically significant.

The test results also indicated that physical evidence was the strongest driving factor with the value of worth 38.0%, while place was had weakest effect on customer satisfaction among the seven elements of the marketing mix with a value of 0.8%.

Table 3
Result of determination coefficient test

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.728 ^a	.530	.494	1.66668

a. Predictors: (Constant), X7, X3, X5, X4, X2, X1, X6

b. Dependent Variable: Y

Source: Data processed

The result in Figure 4 of adjusted R Square test resulted from regression analysis is 0.494, which means customer satisfaction on environment-friendly product is influenced **49.4%** by Green Marketing mix (product, price, place, promotion, people, physical evidence, and process), while the rest by variables not used in this study.

Implications

Based on the research results, product, price, place, and promotion have no significant effect on customer satisfaction of eco-friendly products with significant value greater than α (0.05). This is in line with Mohammad (2015) and Sivesan et al. (2013), indicating that there is no positive influence of the four variables on customer satisfaction.

In this study, people and physical evidence were shown to significantly affect customer satisfaction of eco-friendly products, both with significant value of 0.002. This is contrary to the findings of Mohammad (2015), which indicated there is no positive influence of people and physical evidence on customer satisfaction.

Meanwhile, there is no significant effect of process on customer satisfaction

of eco-friendly products, with a significant value 0.757. This finding is also contrary to Mohammad (2015) - which indicated positive impact on customer satisfaction.

The finding was supported by Sivesan et al. (2013) who reported a positive and significant influence of green marketing practices (which in this case were 4 marketing mix variables simultaneously) on customer satisfaction.

CONCLUSION

This study has shown that green marketing-mix using 7P approaches has positive effect on customer satisfaction. Meanwhile, according to the regression analysis result, only people and physical evidence variables showed a significant influence on customer satisfaction. Dimensions related to green marketing-mix of product, price, place, promotion and process do not influence customer satisfaction.

The study also noted conflicting results with that of previous ones related to the absence of influence of the main variables in the marketing mix: product, price, place, and promotion on customer satisfaction. These are the limitations of this study.

The first is the selection of the variables in marketing strategy or a marketing mix formula that is 7P, which may be considered less appropriate. It is necessary to do research by using other variables that are more specific related to the issues of environmentally friendliness that are part of the implementation of green marketing practices, for example: green perceived value, green perceived risk and trust.

Other limitations in this study are related to the scope of research area and the amount of data collected. For future research, we recommend a larger study area and a bigger sample size.

Additionally, the research objects in this case are the beauty and body treatment products, which is focused on one brand only. This may lead to a biased perception from the respondents

This study recommends that companies especially those focusing on beauty and body treatment products, further enhance their marketing strategy in terms of physical evidence to maintain customer satisfaction by having good ambience, decor, and using colours and aesthetics to attract visitors.

Additionally, improving product knowledge as well as customer relationship aspects may increase customer trust to further impact on customer satisfaction.

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Role of Social Media in Improving Intercultural Communication Competence: A Comparative Study of European Students in Indonesia and Indonesian Students in Europe

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ABSTRACT

This study aims to investigate how European students living in Indonesia and Indonesian students living in Europe utilise social media to improve their intercultural communication competence. This research uses descriptive qualitative methods in which semi-structured interviews were conducted to collect data in Indonesia (Jakarta) and United Kingdom (Norwich). The result shows that students' intercultural communication competence improve due to direct communication and face-to-face interaction instead of social media whereby the latter is only helpful in improving students' knowledge and understanding the differences of their home culture and the host culture. Interactivity and other abilities of social media become influential aspect to improve students' knowledge of host culture. Moreover, social media develops relationships between the students and their hosts country. Facebook and Instagram are found to help students improve their adaptability and flexibility to different cultures.

Keywords: Intercultural communication, culture European and Indonesian students, social media

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INTRODUCTION

A rapid development of communication technology has made communication through new media (ICT) a necessity and an important part of human life. Internet-related communications technology such as social media, mobile phone, SMS, email, online games, blogs, and Skype connects

people interpersonally across cultures, nations, time, and space. The Internet has also brought significant improvements in the sphere of intercultural communication and changed the way people conduct cultural contacts. For some, the Internet can increase intercultural contact, whereas others find it can inhibit the interaction between cultures and favour the standardisation of culture at the expense to cultural diversity (Marcoccia, 2012; Shuter, 2011). Therefore, it is necessary to study how the Internet impacts on intercultural communication practices.

Various models and measurement tools have been developed to assess the capability of a person to communicate with people from different cultural backgrounds. However, none of these has discussed how the communicators utilise the new media to help them improve knowledge, attitude, and skills when interacting with people from different cultures. Meanwhile, studies on intercultural communication are still largely focused on face-to-face intercultural contact, and still only few studies have examined the implications of the Internet-based technology on intercultural communication between individuals and groups (Shuter, 2012).

The purpose of this study is to investigate how students who study abroad utilise social media to improve their intercultural communication competence and which social media applications are the most beneficial to improve their intercultural communication competence. This study is also aimed at examining whether social

media plays an important role in enhancing the international students' intercultural communication competence.

The findings of this study is expected to be useful for those who study abroad, international office of the universities, partner universities and any related parties, on using social media to improve intercultural communication effectively.

LITERATURE REVIEW

Intercultural competence is defined as “. . . a complex of abilities needed to perform effectively and appropriately when interacting with others who are linguistically and culturally different from oneself.” This definition covers several clusters or components that include various characteristics; three areas or domains (i.e., relationships, communication, and collaboration); four dimensions (i.e., knowledge, attitude, skills, and awareness); host language proficiency; and developmental levels (Fantini & Tirmizi, 2006).

Spitzberg and Changnon (2009) reviewed various model of intercultural competence. They classify the models into five types, which are compositional model, co-orientation model, developmental model, adaptation model, and causal path model. Each of these models has different focuses.

Spitzberg and Changnon observed that many of the terms used to describe intercultural competence in all five types of model (e.g., adaptability, sensitivity, etc) have not yet been properly operationalised or validated in an empirical research and that

many of the models may have ethnocentric biases as they were used to examine western European and North American societies and may lack cross-cultural generalisability (Barrett, 2012).

Compositional model and co-orientation model have been used in a research on a group Asians to increase generalisability and reduce the ethnocentric bias. Luthfia (2012) found there were differences in competency between two social contexts: formal and informal social context. In the study, the participants (Indonesian students) were sufficiently competent in the formal social context. Their competency was supported by the educational setting that accommodated them and was tolerant of their shortcomings compared with the informal social context (Luthfia, 2012).

Zhou and Griffiths (2011) showed most students did not possess good intercultural communication competence. They did not understand the differences between Chinese and Western culture and lacked knowledge about the customs and values of Western culture in general. According to the foreign lecturers, the students due to their lack of fluency in English spoke English using Chinese paradigms (Zhou & Griffiths, 2011). Therefore, ensuring intercultural communication competence is important for international students.

This study aims to compare intercultural communication competence of European students who live in Asia (Indonesia), and Indonesian students who live in Europe (United Kingdom).

Currently, there is no study that examines the role and implications of the new media on intercultural communication competence. This is another aspect that distinguishes this study with previous ones on the link between new media and intercultural communication. However, some studies proved social media and the Internet have implications and influence on the adaptation process of individuals or group in a new culture (Chen & Choi, 2011; Croucher, 2011; Sandel, 2014; Sawyer, 2011).

Croucher (2011) explained the influence of social networking on cultural adaptation through two propositions: (1) during the process of cultural adaptation, the use of social networking sites affect the immigrant interaction with the dominant (host) culture; and (2) during the process of cultural adaptation, the use of social networking sites affects the immigrants' interaction with people from the same culture (Croucher, 2011).

Sawyer (2011) showed social media connects students with host and home countries. With social media, the students strengthen their relationship with the people in the host country. Also, it provides an outlet for students to stay in touch with their family and friends in their home country especially when they are facing some challenges in host culture. The use of social media can build a sense of belonging and a feeling of being part of a community in the host country (Sawyer, 2011). Sawyer further showed that online communication

enhances students' experience, boosting their socio-cultural skills, informational needs, relational bonds, and psychological well-being. The students also prefer different platforms when communicating with friends versus family and intimates (Sandel, 2014). Students who communicate directly through Skype with family and friends in their home country are no longer worried about the latter and which means their studies are not affected (Singh & Cui, 2011).

Chen and Choi (2011) who looked at how Chinese migrants in Singapore adapt to the local culture shows they tend to communicate via the Internet often with their families and friends in China than with the local people. It also proves that the immigrants who communicate more frequently with locals via the Internet are more adaptive than those who communicate more frequently via the Internet with people from their country of origin (Chen & Choi, 2011).

MATERIALS AND METHODS

This research adopts descriptive qualitative approach and semi-structured interviews. The participants are selected based on requirements that they are registered as active students at their respective universities, have at least two social media accounts, and access them on a daily basis.

The subjects of the research were selected international students from Western Europe countries studying at Bina Nusantara University, Jakarta, Indonesia; and Indonesian students studying at a university in Norwich, United Kingdom.

The European students who enrolled in the student exchange programme in Indonesia were two female students (J and L) from Switzerland and Germany, respectively; and two male students (R and G) from France. The Indonesian students in the UK were A from Jakarta, and D from Jogjakarta.

Interviews were audio recorded and transcribed verbatim in their respective native languages. Data was analysed qualitatively marking the keywords and key ideas. After that, the researchers arranged and provided coding based on the keywords, key ideas and important concepts. The next step was sorting and categorising data.

RESULTS AND DISCUSSIONS

Social Media Utilisation by European Students in Indonesia

Facebook, Facebook Messenger, Skype, WhatsApp, Line, and Instagram are the most popular social media accounts used by the four European students. Additionally, they used email and SMS to communicate with each other. J and L noted the differences in social media usage by Indonesian students, especially the frequency and the purpose of posting. From the Indonesian students' postings of food, clothes, and activities, these European students learned about Indonesian culture and interesting places to visit there. J and L, the female European students, used Line and Instagram to communicate with their Indonesian friends.

For two-way communication with Indonesian students, J and L frequently used Line. By reading the conversation in Line group, they learned how to communicate

appropriately with Indonesian lecturers and campus staff. In addition, they also received inputs from their Indonesian friends who often reminded them how to dress and behave in accordance with the local culture. Unlike J and L, the male European students R and G used Facebook, SMS, and email to communicate with Indonesian students. Facebook and email were more frequently used by them to discuss lectures and group assignments. The two male students used Facebook Messenger only for making appointments and on important issues, while Instagram was used to learn about Indonesian customs, rituals, places and food.

The main function of social media for those European students was to plan a meeting to do assignments, search for information about college and campus activities/boarding and to engage in social activities. They did not like to discuss assignments and lectures on social media; they preferred to meet in person (face-to-face) when there are important things to be discussed. The European students thought it was better to meet in person to avoid any misunderstandings and it was found to be more effective to have face-to-face communication. Instant messaging like Line or WhatsApp was used only to decide when and where a group of friends wanted to hang out, do tasks together, or to remind each section of an assignment to be completed. Socialisation function was merely for appointments about the time and place they would meet for a walk, get-togethers or having meals together.

Social Media Utilisation for Indonesian Students in the UK

Indonesian students who studied in the UK used Facebook to communicate with native English speakers and UK students. They considered Facebook as a complete social media because of its various features, such as create a group class, upload photos, create events, make comments, chat via Facebook Messenger, and play games. The feature most commonly used was Facebook Messenger because it is more interactive than the others.

Although many Indonesian students use other types of social media, Facebook was their most preferred mode communication. Unlike Indonesian students, the British students did not really use different types of social media. They mostly used SMS (Short Message Services) or telephone to contact each other. Interestingly, British students only shared their WhatsApp number or their Facebook account if they wanted to or felt comfortable to deal with a person for further friendship. With acquaintances, they preferred to communicate directly via phone. The British students were neither active using Facebook Messenger to communicate nor left a comment on status or photos uploaded by their friends on Facebook.

Facebook was mostly used by the British students for campus affairs such as sharing information about the task in the group or arranging meeting and gathering. In addition, social media facilitated the uploading of lecture materials, as well

as strengthened their relationship and mutual friendship. To be well-informed about news and developments in UK, Indonesian students resorted to face-to-face conversation in the classroom or at the campus, and not through the social media. Most of their conversations on Facebook were about college and campus life.

Social Media Role for Intercultural Communication Competence

The categories discussed below are derived from elements of intercultural communication competence model proposed by Deardorff (2006).

Attitude

Before the international students in Indonesia joined the exchange programme, they had equipped themselves with knowledge and developed an attitude of being non-judgmental and to be open to other cultures. Thus, during their stay in Indonesia, they minimised any potential problems and accepted their cultural differences.

“Social media did not help much gaining our confidence communicating with Indonesian students... our confidence and tolerance gained through direct face-to-face communication with local students”.

For Indonesian students in the UK, social media was useful in helping them improve their self-esteem when they meet the locals because they had familiarised themselves

with popular topics before the meeting takes place. This made them confident in participating in the conversation.

By reading the commentary, conversations, and photos uploaded by their British friends, their intercultural awareness increased as they learned the cultural differences between Indonesians and the British. Additionally, they became open-minded in accepting the differences.

Knowledge and Comprehension

The European students in Indonesia obtained most of their information and insights into Indonesian culture from Instagram and Facebook. They learned about the daily lives of Indonesians from the pictures and conversations on Instagram and Facebook. They could see this lifestyle from the photos uploaded by their Indonesian friends about interesting places, food, clothes, and events (such as religious customs and rituals) that are considered important in Indonesia, including tips to adapt to local culture during their stay in Indonesia.

Indonesian students in the UK in the meantime found social media could help them improve their knowledge. They learned a lot from status uploads, comments, and conversations between the British in social media. According to A:

“Social media provides various types of information. I can see someone’s status update, or their posts, quotes or pictures. From there we can see how the British mingle, how the Chinese mingle

and compare it to how Indonesian make the connection. It may not be an obvious difference, but soon we can see the difference.”

Skills

The European students in Indonesia said their knowledge and language skill were not obtained through communication in social media but via face-to-face meetings since they used English as a primary language to communicate in the social media. Facebook and Instagram were helpful to improve their ability to observe, interpret, analyse, and evaluate their relationships with Indonesian friends and culture. For example, through project-group on Facebook, they learned that their Indonesian friends were not happy to be rushed to complete the group assignment.

For Indonesian students in the UK, by observing the British conversation in social media, they could understand the popular topics and they could learn how to respond to the conversation. This observation helped them to be more flexible when joining a conversation in a face-to-face meeting. The difficulty they faced was to understand British jokes in the social media as it was very specific and highly contextual. Sometimes British students used terms that were very particular which could only be understood by the natives.

Internal and External Outcome

Both groups of students said there is a difference in communication style between

Indonesians and Europeans. Indonesian students in the UK were aware that British people did not using social media to discuss serious or intimate topics, but they sometimes shared jokes. Therefore, the Indonesians can adapt to different communication styles and behaviours to adjust to a new cultural environment. They also show flexibility in which they can select and use appropriate communication style and behaviour. This is reflected in a statement by D:

“I customize the type of social media used in Norwich with the people here. They only use WhatsApp and Facebook, whereas I use Line, Instagram, Twitter too but I didn’t use it here. I also understand that they’ve never talked about anything in-depth through social media, only superficial things. If there is a serious or intimate matter that should be discussed, they choose to meet in person.”

Both groups of participants used social media for communicating with local students, completing campus tasks, and understanding local customs. Through the social media, they could assess and study the cultural differences, as well as learn the different communication styles. It can be summed up that Indonesian are more expressive and much ‘chattier’ compared with the Europeans. They are more direct and are not fond of communicating via social media; they very rarely discuss anything in depth in the social media.

The two groups of students gained intercultural communication competence through face-to-face communication while social media only helped them improve their knowledge and understanding of their local cultures and others. Both sides showed spirit of tolerance, accepting differences, and open-mindedness from direct meetings and togetherness that do not exist in the social media.

Both groups of students stated that social media was beneficial for them as it enabled them to feel as part of the society in their host countries. This is consistent with the findings of Sawyer (2011) on the role of social media to being part of a community in the host country. However, Croucher (2011) argued that social media does not play a prominent role in developing relationship, but this study show the opposite result. This study has shown that social media plays a significant role in increasing the ability of the two groups of students in building relationship with people in their host country.

This study is in line with others that found social media can enhance individual experience, provide information and assist socio-cultural skills (Sandel, 2014). However, this study shows different results on the role of social media in the relational bonds. For the European students in Indonesia, social media could help them to build relational bonds with people in the host country. As for Indonesian students in the UK, they were not able to build relational bonds through social media because of limitation whereby social media

was only used (by their British friends) to make appointment or to ask about important issues. Thus, the Indonesian students in the UK build relational bonds only through direct interaction.

The participants are active students and are curious about the new culture. They are individuals who are open-minded and have a high motivation to adapt to a new culture. Motivation is the most important dimension in communication competence (Martin & Nakayama, 2007). The first step in the process of achieving intercultural competence is to have motivation and appropriate intercultural attitude followed by knowledge and understanding, and skills. The students' attitude towards cultural difference is positive; hence it can lead to knowledge and comprehension (Deardorff, 2006).

The results of this study indicate that Indonesian students in the UK felt more comfortable and confident in communicating with native speakers through face-to-face communication than through social media. According to Etae, Krish and Hussin (2016), this happens because the communicators are more concerned with engaging in an efficient communication with the native speakers. Indonesian students were unsure if they were able to communicate with native speakers, who have their own conversational style i.e., to be direct, simple and flexible. It can be inferred that the participants were conscious of their selection of politeness strategy or appropriateness with the people from a different cultural milieu (Etae et al., 2016).

Internal and external outcomes are the embodiment of intercultural communication competence. If the students in both countries had the ability to adapt and emphasise, be flexible, and have an ethnorelativism view on other cultures, then all of these capabilities are expected to be seen as an external outcome. External and internal outcomes will be achieved in a synergistic way. The results showed that all participants were produced internal outcome although external outcome was not specifically shown in this research.

Croucher (2011) stated social media affected the immigrants' interaction with their host culture and it simultaneously influenced the ways they interact with people the same cultural background. This study indicated otherwise, whereby communication style and behaviour of the host culture affected the use of social media by international students. When they communicate with people with similar cultural background or with their families in their home countries, they will make adjustment on the social media they use. They use Skype or WhatsApp to communicate with their families, whereas Line or FB is used to communicate with their friends in the host culture.

CONCLUSION

Social media is found to be beneficial for both the European students in Indonesia and Indonesian students in the United Kingdom to improve their knowledge and

understanding about cultural differences. However, their intercultural communication competence did not benefit from their interaction in social media, but from face-to-face communication and direct interaction.

Social media is capable of improving intercultural communication competence of both groups of students. Among various types of social media, Facebook is considered the most useful for its complete features. It enables students as users to communicate and learn about cultural differences in a comprehensive way. Social media plays an important role in developing relationships with people in the host country.

Facebook and Instagram are helpful for international students to improve their adaptability and flexibility in the new cultural environment. This is because both types of social media have features that are capable of displaying the local culture in a more vivid and concrete way through photographs. It is clear from this study the social media used in host countries are similar.

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Patron-Client Relationship in Microenterprise Development as a Cultural Heritage in Modern Era

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ABSTRACT

The development of small and medium enterprises has become the Indonesian government's priority to strengthen the national economy. Traditional society is a group which needs special attention since not all government's development programmes can be implemented and are suitable. Traditional society has its own experience in developing business such as the patron-client relationship. The patron-client relationship is one of the existing cultural heritages. Amidst views which considers the relationship exploitative, the pattern is still spreading in traditional society. This study shows that patron-client relationship is the best choice for traditional society since it does not erase their culture. In fact, it helps to develop and protect culture amid today's modernity.

Keywords: Culture, development programmes, microenterprise, patron client, traditional society

INTRODUCTION

There are many studies on the rural economy. Generally, the research focuses on the agriculture sector because of its role in the rural economy (Eicher & Witt, 1964; Johnston & Mellor, 1961; Lewis, 1954).

The social-economic relationship formed in society is affected by their high work risk and unstable income. This is where the traditional form of organization or what is referred as patron-client relationship came into place.

Researchers have two different views on the client patron relationship, either as exploitive of clients (Bremen & Wiradi, 2004; Rustinsyah, 2011; Suryanegara & Hikmah, 2012) or as a form of social insurance or subsistence ethic. Suriadi (2005) stated this type of relationship is more beneficial compared to the microfinance organization

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or any government related programme or intervention. The patron-client relationship is considered as the most effective solution to guarantee the fulfilment of economic and social needs. The mountainous area in Suruhwadang Village was not a promising area for farming due to its infertile nature and lack of irrigation system. Many locals have moved to do poultry farming. Based on Blitar government's data, almost 200 tons of eggs are produced from that area alone every day. The people's economic condition has completely changed; most of them are no longer in poverty. The successful pioneers, as informal leaders with transformational leadership (Caesar, 2016) support them to start and grow their own business. The informal leader is chosen from that who has already made it, or successful in the business (Lukiyanto, Margono, Troena, & Noermijati, 2015). Those leaders became the patron or role model in the development of the poultry farming for others around them. There are factors contributing to the patron-client relationship as a social-economy organization in the community of poultry farmers in South Blitar. Their reason to become a client instead of being an independent farmer, as well as the interactions in the relationship are discussed in this study.

LITERATURE REVIEW

The civil society's strength has a role in the development of national capacity (Sumarti & Saharudin, 2003). Those strengths include natural resources, economic resources, and

human resources. The governments and private institutions contribute especially for increasing the human resources' quality to overcome challenge in the development of the natural and economic resources (Nurliah & Grydehøj, 2014). In order to achieve the national development, a nation needs to be supported by its local capacity, which cannot be separated from the local cultures. The culture here includes the locals' behaviours as well as the organization or institution's system.

In traditional society, business development cannot be separated from local culture. For farmers in South East Asia, including Indonesia, prosperous farmers are the benefactors of the poor. Lipton, as cited in Scott (1994) stated that some routines in the village may seem unusual or strange but it serves as a form of covert insurance.

The traditional pattern of interaction is natural, informal, and personal, effective for the society to support their economic continuation and revenue in fulfilling their basic needs. The presence of security in physical means (safety), economic, and self-actualization socially in a community is affected by the interactions between social strata involving resources exchange (De Wit & Berner, 2009). The pattern present in the patron-client relationship, an alliance of two groups of community or individual that comes from different social status, power, or income, that places client in a lower position (inferior) and patron in a higher position (superior). Scott (1994), and Jarry and Julia (1991) stated that a patron is someone who is in a position to help his clients.

The type of relationship between patron and client is showed by attachment, moral and emotional responsibility, trust, and empathy. According to Auyero, Lapegna and Poma (2009); Dwianto (1999); Eisenstadt and Roniger (1984), the characteristics of the relationship are: (1) special – the individuals are involved in their own private matter and not in general matter; (2) private – the relationship is based on the interpersonal responsibility, represented by loyalty and reciprocity; (3) voluntary – someone can participate or leave the relationship voluntarily; (4) organized – informal characteristic means there is no legality or contract, but organized in symbolic tradition.

New studies revealed the existence and continuity of the patron-client relationship in various countries (Auyero et al., 2009; Kitscheld & Wilkinson, 2007). This relationship exists too among poultry farmers in Blitar. The presence of social insurance is very important due to the uncertainty in getting the desired result and capital needed for production. The patron-client relationship in the traditional poultry farmer community is a social innovation that exists and survives despite the appearance of more modern organizations.

For the traditional society, the patron-client relationship is an alternative that is viewed to be more effective and efficient (Masyhuri, 2000). The relationship is reciprocal in which both parties mutually benefit from each other, which strengthen their ties (Boissevain, 1966).

The patron-client relationship has a few characteristics, as cited in Scott (1994), as followed:

- Inequality of exchange - shows the difference in power, wealth, and status.
- Face-to-face interaction between the patron and client
- Diffuse flexibility - not limited to work relationship but also to the neighbourhood, hereditary, or past relationship; also shown by the exchange type that not only involves money or goods, but also resources and power.

Scott (1994) also explained that in patron-client relationship there is an exchange between both parties, lower rank farmers, and higher rank farmers, in whereby an individual with higher social economic status (patron) uses the influence and resources owned to provide protection and/or benefits by someone with lower status (client). In turn, the client pays back by offering general support and help including service to the patron.

A patron will bear all the operational needs before production time, which could reach tens of million rupiahs every month. It also means that the patron shoulder all the risks. However, there is no responsibility to support the daily economic needs of their farmers. The resources provided by a patron will be returned after the products come out. The farmer will give the patron some portions of their products, after using

a specific calculation to repay the production cost. If the farmer still has spare or excess products after the return, it will be counted as debt subtraction. This is where the negative perception towards the relationship pattern is noted. The price given to farmers is normally higher than the market price, while the production buying price by the *juragan* (patron) is lower compared to the market price.

Farmers do not mind sharing part of their profits with their patron because the norms in traditional society require them to do so. This reciprocal norm is the centre of the norms of behavior between individuals, as well as the key of subsistence ethics. The moral principle is rooted in the idea that people have to help others who have given them help before, or at least not to cause them loss or damage (Damsar, 1997). Scott (1994) stated that the principle means to tell people that any given gifts or services endows the receiver with a responsibility to reciprocate, to give back to the giver, at least with the same worth or value in the future. The responsibility of paying back is a moral principle for any type of relationship, between the individuals.

MATERIALS AND METHOD

This research investigates patron-client relationship pattern among poultry farmers in South Blitar. The study uses qualitative method and data was collected from the selected key informants. There are two patrons and eight clients included in the data collection. To be selected in this study, each

of the informants had to have the following criteria:

Patrons – the locals who are considered as an informal leader; who have successfully run the business for over ten years.

Clients – the locals who run a business and following the patron-client pattern; who are dependent to their patron in all things related to business; and who have been running the system for over three years.

The descriptive study was used to gather information. According to Kothari (2004), descriptive research can be adapted to gain information on the behaviours or characteristics of a situation and relationship between people and things. It is used to identify the patron-client relationship pattern and the farmers' activities in poultry farming by implementing the relationship. Primary data was collected through observation and interviews. Observation was done for a period of three months. The researcher was present and followed the daily activities of the farmers in the community in South Blitar.

Secondary research on the patron-client relationship was done through literature study.

RESULTS AND DISCUSSIONS

Local economic development is more effective if community development focuses on creating job fields and income for local citizens (Yusman & Sutara, 2003). The daily

job activity in South Blitar was dry land farming and later poultry farming. Of 2,459 local citizens of Suruhwadang Village, the total number of farmers is over 1,400, of which four are big farmers, normally called *juragan*, based on patron-client relationship. Two of which were willing to be involved and serve as informants in this study. It was noted that from them both, there are total of 725 farmers as their clients.

There is no work or written contract on the cooperation between the *juragan* and the client farmers. The awareness to grow together is encouraged by the spirit of helping and collaborating with each other, based on local culture. Trust is the key word of this collaboration.

The beginning of the collaboration actually started through knowledge sharing, when a farmer came to the *juragan* and expressed his interest in chicken poultry farming, and the *juragan* explained and shared the farming technique as well as all of the benefits and risks. That process is made possible because of the farmers' relationship. When the farmer first came in, they did not come as a business partner, instead, they were considered a friend or neighbour who just wants to exchange ideas or looking for information related to farming. Additionally, the *juragan* is not trying to make the farmer their client. However, if the farmer is interested to become a client, he will guide and teach

them. Thus, the patron-client relationship is formed voluntarily.

One of the client farmers shared his first experience:

" I was actually able to work by myself, but because of no experience, I have fear. Eventually, I decided to go with a juragan. The seeds, the feed, medicines... he bought for us. ... Selling the eggs is also entrusted to them, so it will be easier and not complicated from having to look for a seller. If juragan takes some benefit then it is alright, they also have to work. In fact, it is better for me, if I do not have enough money to buy feeds or other stuff, I can borrow money first and pay back later once the eggs are sold."

All farmers had similar experiences.

This pattern is the same as the patron-client pattern in general. The business relationship is not planned from the beginning, it just happens naturally and supports the patron-client relationship pattern theory by Scott (1994). At first, the existence of face-to-face interactions, even though this relationship is instrumental, in which two parties consider loss and gain, the closeness factor in the relationship exists. Secondly, the bond is flexible in nature (diffuse flexibility).

***Juragan* (patron) – farmer (client)
relationship pattern was not built in
pure business behavior**

The relationship is not built solely for business purpose. Profit and loss are only a part of the work relationship and not the end purpose, as stated by a *juragan*:

“I did take some profits from the farmers, but the profit actually would be bigger if I do my own farming. Just imagine, first, I already have to put out some big capital, and that will only be able to be paid back by the farmers starting on the sixth month only. How much do you think it is if you count it with the interest charge like in a bank? However, since most of them are relatives and friends, what to do. The most important is that I do not suffer loss and still get a bit of profit. Nonetheless, we have to be sociable, help each other, it's not always about profit-loss.”

Field data shows *Juragan* gets the profit from the price gap between the feed's price and egg's price. *Juragan* can buy the feed with a lower price and sell the eggs with higher price due to the high volume of transactions. The farmers enjoy the price decided by *juragan* with some profits for *juragan*. From the data obtained, it can be presumed that the *juragan*-farmer relationship is a form of partnership initiated by Javanese culture to help each other and

develop society rather than putting emphasis on profits.

***Juragan* (patron) – client (farmer)
relationship pattern is very risky to
fraud**

Masyhuri (2000) and Suriadi (2005), clients were assumed to be victims of exploitation arising from the inequality in resources ownership. All farmer informants agree that the relationship gives them more benefits than costs. One informant who has tried to leave the *juragan*-farmer pattern shared his experience:

“Once, I got out of the partnership with juragan and became an independent farmer. I thought we were gaining loss from it. Juragan earned profit from the feed's sales, also from the egg's sales, and I thought we're suffering a loss. Turned out I was wrong. ... After a year, I tried to calculate the result and I found out I did not profit from it. Therefore, I had no choice but to go back to juragan, even though I was kind of ashamed.”

This indicates clients do not feel exploited. The absence of binding contracts, collateral, and direct supervision, means farmers can indulge in fraudulent activities. One of them revealed about it with irritation in his tone:

” Their lifestyle is often crossing the line. They only want to live well.

All the things they want they can buy, does not matter that they still have debts. Sometimes they would buy unnecessary things just to look cool.”

The farmer's position which is more controlling compared to the *Juragan* is acknowledged by all informants. The *juragans* agreed that the clients are the ones who obtain more benefits from the relationship. The accessibility of information provided by the *juragan* helped the clients know the recent market price. Therefore, the *juragan* can no longer set a price (e.g. eggs' price) that is too high. In contrast, the clients can easily manipulate the price through negotiation with the seller to sell their products without the *juragan*'s knowledge. When confirmed with the clients, the low level of supervision enabled them to maximize their profits. On the other hand, they also admitted that the financial increase they have gained from their poultry farming business cannot be separated from the kindness and guidance of the *juragan*.

Based on the collected data, it can be concluded that the relationship between the farmer and *juragan* is very vulnerable to cheating or fraud on the part of farmers. Nevertheless, the awareness of the culture becomes the moral principle that has managed to control or limit the existence of fraud. Obedience to God also works as an important reminder to not cheat.

CONCLUSION

Based on the data analysis, two interesting conclusions were obtained. The *Juragan* (patron) – farmer (client) relationship pattern is a business pattern formed based on the Javanese culture of helping each other in the society proved to be effectively used in the development of rural community enterprise.

The *Juragan* (patron) – farmer (client) relationship pattern is vulnerable towards fraud from the farmer side. The result shows the client as being exploited, in fact, *juragan* is actually in a weaker position.

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Defining Women Owned Enterprises in Participating and Contributing Women to Business and Entrepreneurship

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ABSTRACT

Women's understanding and insight on how to develop business and entrepreneurship is still limited. Data shows that from year to year, the participation of women in the national economy is increasing. The purpose of writing this paper is the issue of the lack of gender-based recognition and discrimination. The method used in this study combines quantitative methods using a gender analysis framework developed by the Harvard Institute. The findings of this study on women's business is defined as an effort in which a woman or group holds most important roles and positions in capital ownership/business input, business management, human resources, labour, and/or business control.

Keywords: Business, contributing, entrepreneurship, participating, women's business

INTRODUCTION

Women and men have a very strategic role in developing business and entrepreneurship. Women's understanding and insight on how

to develop business and entrepreneurship is still limited, especially women's empowerment policy in the region has not been able to touch the need to increase the capacity of women in business and entrepreneurship. This makes it difficult for women to participate actively and therefore necessary to develop the competence of stakeholders by developing policies that can increase the involvement of women in business development.

The scope of this paper is that gender equality is one of the key issues in Indonesia.

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In many areas of development, women in particular, still face serious challenges and experience various forms of gender-based discrimination. This is due to the patriarchal cultural values that place the main role of women only as wives or housewives. Therefore, efforts should be made to eliminate gender-based discrimination by collecting data and documentation on women's participation and contribution to the economy and business and creating programs and policies that can encourage women to start and Expand their business.

Data on Women's Participation in Economics, Business and Entrepreneurship shows the participation of women in the national economy is increasing. The Labor Force Participation (LFPR) rate in 2013 was 50.26%, a steady increase of 32.43% and 38.79% respectively in the 1980s and 1990s. This figure cannot be ignored because it implies that half of Indonesian women of productive age over 15 years are economically active. According to data from the National Labor Force Survey (SAKERNAS) compiled by BPS, 40.44 and 46.06 percent of the total number of workers in the industrial and service sectors are women. While in the trade sector, the participation of women is even slightly above the men with 50.84% achievement. In business and entrepreneurship, in May 2014 women accounted for more than a third of the number of people aged 15 years and over who worked on their own business status. In the micro and small industries, the participation of men is 58.56% and female participation is 41.44%. When analysed by

age group, the highest number of business operators is in the 25-44 year age group and women account for 47.37 percent of the total (Supriyanto, 2014). In 2009 - 2010, the World Bank estimated that there was a share of women ownership of 42.8 percent of companies in Indonesia and 31.2 percent had female managers. Other data released by International Finance Corporation (IFC) in 2011 showed that one-third of SMEs in Indonesia are owned by women with an estimated annual growth of 8%.

The purpose of this paper is the issue of the lack of gender-based recognition in the economy and business.

LITERATURE REVIEW

A new key report from the World Bank says that greater gender equality can increase productivity, increase development outcomes for future generations, and make institutions representative. The World Development Report: Gender Equality and Development says Indonesia - like most other Developing Countries - has made significant progress in improving health for women and girls and has also been able to improve access to finance and justice. However, there are still areas that can be improved. In terms of economic activity, for example, women's rural enterprises are less profitable than those of men. Education, asset ownership, access to economic opportunities and income-generating opportunities are key to improving the welfare of women and their families (The World Bank, 2011).

The Beijing Declaration and Platforms for Actions formulates twelve strategic goals

of development one of which is women and the environment. The declaration explicitly states that: (1) actively involve women in environmental decisions at all levels; (2) increasing gender awareness and perspectives into policies and programs for sustainable development; and (3) strengthening or establishing mechanisms at the national, regional and international levels to assess the impact of development and environmental policies on women (UN Woman, 1995).

Field experience shows that women have a strategic role in environmental education, both for themselves, their family members, and the community. In addition, women have the same enthusiasm as men in business and entrepreneurship (Caesar, 2016). Therefore, sustainable business and entrepreneurship development can be implemented more optimally if men and women work together at every stage of business development and entrepreneurship activities, doing jointly in the planning, implementation, monitoring and evaluation phases. For example, the situation of women's involvement in business and tourism in the field of tourism.

Women's involvement in tourism development is not yet optimal. The results of Nurhaeni, Sugiarti and Nugroho (2004) found the desertion of the role of women compared to men in all phases of planning, implementation, monitoring and evaluation of sustainable tourism development activities. Women are mostly confined at the operator level rather than managerial positions. The existing policy is

not in favour of the optimisation of women's empowerment.

The results of the study found that the involvement of women in the planning stage is lower than that of men with the highest gender disparities in activities related to the development of tourism infrastructure (tourism disparity of -12), the development of tourist activities at tourist sites (Gender disparity of -11) and actively expressed opinions in meetings (gender disparity of -8.5), following development/development meetings of tourism potential (gender disparity of -8), and following meetings to explore tourism potential (gender disparity of -7).

In the implementation stage of tourism development, there is a division of traditional gender roles in which men are identified with physical activities while women are dominant in carrying out service-related activities. Nurhaeni et al. (2004) found that men were more dominant in constructing infrastructure facilities at tourist sites, building MCK at tourist sites, participating in maintaining security at tourist sites and participating in maintaining order in tourist sites.

Women are dominant in providing culinary services at tourist sites, organizing places and merchandise as well as maintaining shops and serving buyers. These findings reinforce the traditional role where men are identified with physical development activities while women are dominant in performing services. Although female LFPR continues to rise, its achievement is still below 83.37% in 2013.

The International Labor Organization (ILO) argues that the low participation of women in the labour market is driven by the values and norms that place women as wives and housewives (International Labour Organization, 2015).

This gender stereotyping, which considers the main place of women to be at home to care for the raises another, more serious problem of discrimination in wages and salaries. Women generally receive lower salaries and wages than men, with a gap of 22.26% between the two. Furthermore, according to BPS, women dominate the total number of family/unpaid workers with a percentage of 73.04% in 2013 (Central Bureau of Statistics, 2014).

In the business and entrepreneurial world, the responsibility of taking care of the family resulted in a double burden phenomenon for women entrepreneurs and restricted their access and opportunities to become professional entrepreneurs. In many cases, women even assume that the business they run is limited to hobbies, additional family income or temporary jobs, and suffering from lack of support from their husbands and families. In addition, it is often mentioned that women's business dominates informal enterprises that are mostly in the form of home-based industries on a micro and small scale. There is no comprehensive national data in Indonesia which states exactly the number of women businesses or enterprises. The absence of this data leads to unclear roles on the position of women in the business and entrepreneurial world.

MATERIALS AND METHODS

The process of conducting this study are: (1) Identification of strategic issues and problem formulation, (2) Theoretical studies, (3) Determination of study objectives and targets, (4) Determination of study boundaries, determination of study methods and stages of analysis, (5) Stage of data collecting both primary and secondary data, (6) Stage analysis, (7) Preparation of study findings which is the result of identification of the above analysis; What is the form of infrastructure and supporting facilities tourist attraction, (8) Stage preparation of conclusions and study recommendations.

The method of this study is to combine quantitative methods using a gender analysis framework developed by the Harvard Institute, using 3 main tools. The data required are: 1) Activity profiles that identify the division of labour (female role form), time allocation, and income between women and men in specific contexts; 2) Access and control profiles that measure access and control of women and men against resources; 3) Participation profiles that focus on quantitative and qualitative participation in activities differentiated by sex.

One of the gender analysis tools that has been implemented in Indonesia based on the mandate of Presidential Instruction Number 9 Year 2000 on Implementation of Gender Mainstreaming in National Development is Gender Analysis Pathway or Gender Analysis Workflow (GAP) as shown in the diagram below (Government of Indonesia, 2000).

These frameworks are used to briefly introduce gender concepts to those who ‘unfamiliar’ with the issue of women/gender in development, stressing that gender is a development issue and that development

is not value-free and potentially oppressive of a particular gender. It is not meant to be trapped in the thinking that “fill the matrix” are solely and fragmentedly, but it provides the basics of gender analysis.

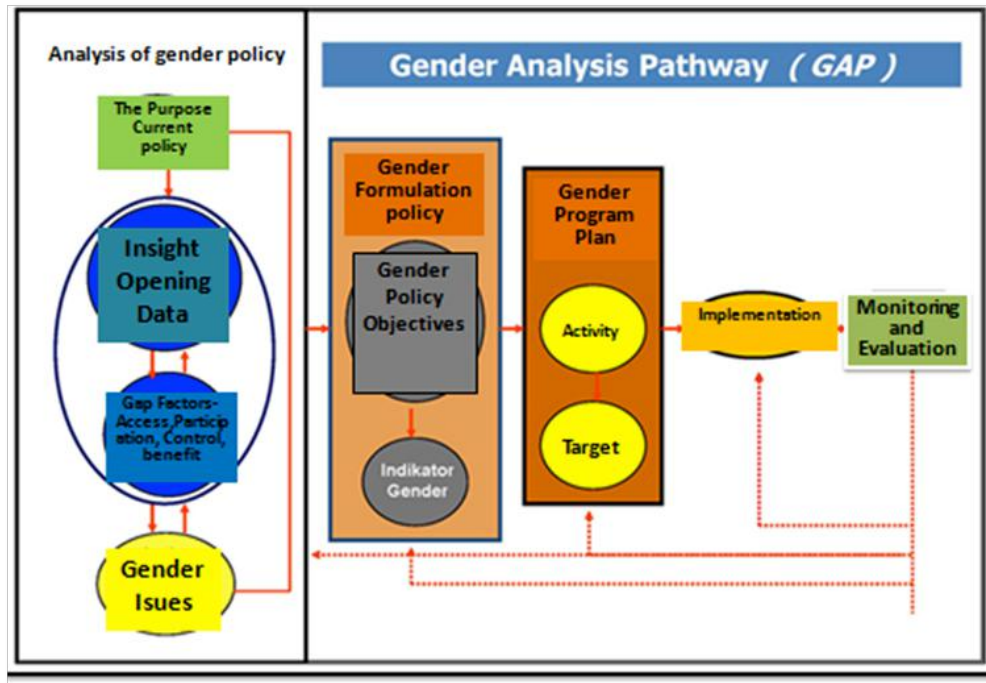


Figure 1. GAP workflow

Gender policy analysis is conducted with reference to current policy objectives as well as gender issues.

RESULTS AND DISCUSSIONS

Data is an important element in assessing the essence and magnitude of a problem and is an important factor in determining the most appropriate intervention. Disaggregated data indicates in reality women’s participation in the world of economy and business is increasing. However, the national data

only describes the individual profession in the form of TPAK data and shows the number of women and men who work as micro and small industry entrepreneurs, regardless of the number and dynamics of the businesses and companies involving women. In addition, Indonesia also does not have a clear business ownership concept that can be used as a reference in collecting static data. The lack of data and documentation of women’s participation and contribution in business and entrepreneurship is one of the

main reasons for the lack of recognition of women's roles and their contributions.

Various efforts to overcome the absence of such data is expected to contribute to the creation of gender sensitive databases in business and economics. This would be in line with the GOI's commitment to promoting gender equality and women's economic empowerment, as set forth in:

- 2015-2019 National Medium-Term Development Plan (RPJMN) which emphasizes the improvement of women's quality of life and the role of women in various development sectors through enhancing women's contribution in the economy from the non-agricultural sector, the availability of data and gender gap analysis and gender responsive policies in Industry, trade and SMEs (The London School of Economics and Political Science, 2015).
- Strategic Plan (RENSTRA) of the Ministry of Women Empowerment and Child Protection 2015-2019 which emphasizes the implementation of gender mainstreaming strategies and women's empowerment in various development sectors, among others by increasing the number of gender responsive policies to support women's empowerment and understanding of the public and the business world Gender equality, and increased availability of disaggregated data to be used as a reference in creating, monitoring and evaluating various development policies and programs (Government of Indonesia, 2015).

- Regulation of the State Minister of Women's Empowerment of the Republic of Indonesia Number 6 Year 2009 concerning the Implementation of Gender and Child Data and Number 5 Year 2014 concerning Guidance on Implementation of Gender and Child Data Information System
- Joint Understanding between the Ministry of Women Empowerment and Child Protection with Indonesian Statistics Agency in 2010 and 2015 which emphasizes the enhancement of cooperation between the two agencies in the context of organizing data and information on gender and children.

Study on Formulating the Definition of Official Women Owned Enterprises in Indonesia

In line with the Government of Indonesia's priority in creating gender responsive data collection in business and economics, MCA-Indonesia has undertaken a draft definition study to refine the conceptualization of business ownership by women. The main purpose of the study is to formulate a definition of women's business that is strategic, inclusive and relevant to the situation and condition of women's business in Indonesia. The study involved a wide range of stakeholders, both governmental and non-governmental, consisting of central and regional government representatives from eight provinces in Indonesia as well as NGO representatives, women's study centres, universities, research institutes, employers' associations.

The data can be used as an important basis for government and non-government in creating policies and programs that benefit women's business as an effort to overcome the challenges that women and women business women often encounter. In affirmative action programs that specifically assist women's businesses, this definition can also be used to identify which businesses are deemed eligible to receive capital assistance or other support from both the government and donor organizations.

Definition of Women Owned Enterprises

Based on the findings of the study, women's businesses are defined as follows: the

business in which one or a group of women holds most important roles and positions¹ in (1) ownership of capital/business inputs, (2) business management, (3) human resources/labour, and/or (4) business control.

This definition illustrates the standard concept of business ownership currently does not exist in Indonesia. There are four important aspects: capital ownership/business input, business management, human resources / labour, and business control/decision making are the main criteria for a person to own a business.

To get a clearer picture of the definition this study devised the following operational definition:

Table 1
Operational definition of aspects of definition of women owned enterprises

No	Aspect	Operational Definition
1	Ownership of capital / for business	Ownership of essential resources for business establishment and development (such as human resources, finance, operations, energy, technology, information, strategies and networks) by women
2	Business management	Involvement of women actively in daily activities in business management.
3	Work force	A person or group of women working for another person or institution / office / company and obtaining money / cash or goods as wages / salaries, either with permanent or permanent status.
4	Business control / decision	(1) A woman or a group of women who leads the business and holds the highest decision-making position in the business (e.g. CEO, President Director, Executive Director, etc).

CONCLUSION

As the main character behind national development planning, it is expected that Bappenas can provide support on the use and integration of the definition of women's business in data collection and related programs developed by both government and non-government institutions in Indonesia.

To improve data collection on women's participation and contribution in business and entrepreneurship, the definition of women-owned enterprises can be integrated into data collection methods undertaken by BPS, especially the 2016 Economic Census to collect data on economic activity in Indonesia including the number and

characteristics of business activities in various scales and sectors, Micro and Small Industry Profiles, SAKERNAS and other related surveys. The data can be used as an important reference for financial institutions such as Bank Indonesia, the Financial Services Authority, commercial banks and cooperatives to increase women's access to financial services.

Current efforts of the Ministry of Women's Empowerment and Child Protection to develop a home industry dominated by women, our definition may be used by the Ministry to improve data collection on women's home-based business and target selection in affirmative programs for business owned by women.

Other Ministries and Institutions such as the Ministry of Industry, the Ministry of Cooperatives and SMEs, the Ministry of Manpower, the Government Procurement Policy Institution (LKPP) and their respective offices in the regions are also expected to utilize our definition of women's business to strengthen business owned by women. In addition, it can also be used by NGOs, research institutes, women's study centres, universities and employers' associations.

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Effects of Corporate Image, Brand Personality and Consumer Perceived Value on Consumer Attitude and Intention to Use DU Battery Saver Product

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ABSTRACT

The purpose of this research was to determine the influence of corporate image, brand personality and consumer perceived value toward consumer attitude and its impact on intention to use DU Battery Saver, PT Baidu Digital Indonesia. Population of this research is 427 Jakarta residents that had downloaded DU Battery Saver. SEM-PLS method was used to measure the relationship and influence between variables in this research. The findings showed there's a strong relationship and a significant effect of corporate image and consumer perceived value on consumer attitude. But brand personality doesn't have direct impact on the intention to use the DU Battery Saver. Therefore, the moderating variable, namely consumer attitude, had a strong relationship and a significant effect on intention to use.

Keywords: Brand personality, consumer attitude, corporate image, DU Battery Saver, intention to use, perceived value

INTRODUCTION

There is currently rapid growth in development of technology and the communication industry. The mobile phone is no longer considered as a luxury item and meant for certain purposes. According to the US Census Bureau Data (www.teknologi.news.viva.co.id), in January 2014, there was a sharp increase in mobile phone market share in Indonesia.

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There are 281 million mobile phones in Indonesia for a population of 251 million. (www.teknologi.news.viva.co.id, January, 2014), Their modern lifestyle also encourages the emergence of other complementary needs related to the use of mobile phones, namely the Internet. The Internet is considered as a medium connecting one individual to another without constraints of place and time. In Indonesia, for instance, the internet use spiked between 1998 and 2015. As cited in APJII (2015), 2013 to 2015 was the peak growth of internet users in Indonesia. From 2013 to 2014 the increase reached 25 million users, while the peak occurred in 2014 to 2015 where 32 million users were recorded or about 32%. Data on web traffic (www.wearesocial.com) further showed that 70% of internet users access the internet via their mobile phone, instead of the laptop or personal computer.

Accessories appear to be very important to optimise the use of their mobile phones. It has led to an explosive growth of new products in the form of mobile applications from various existing technology companies. A survey conducted in February 2015 (www.cnnindonesia.com) on 2,000 smartphone users revealed that 85% of Indonesians have at least 10 applications on their smartphones.

This prompted major technology companies such as Baidu to produce mobile apps to meet the high demand of consumers. Baidu is a technology company that specialises in search engine and mobile applications. According to Alexa (2017),

Baidu continues to show significant progress by being in the top 4 of Top Website category in 2016 while in 2014, Baidu it was ranked 6th place.

However, the number of users of DU Battery Saver, one of Baidu's products, actually decreased. In July 2015, there were 82,108,177 users but decreased to 58,082,417 in September 2016.

This study has two main objectives: a) to understand the effects of Corporate Image, Brand Personality and Consumer Perceived Value on Intention to use; b) to find out the impact of Corporate Image, Brand Personality and Consumer Perceived Value on Consumer Attitude and their impact on Intention to use derived from the Consumer Attitude.

Literature Review and Filling the Gap

Most of the previous studies found a positive effect of corporate image and brand personality on the attitude and intention to use. However, the studies were conducted in different countries and digital industry groups. The present study seeks to examine the effect of corporate image and brand personality on consumers' attitude and intention to use DU Battery Saver in the city of Jakarta.

LITERATURE REVIEW

Intention to Use

Intention to use can be defined as a form of user desire to use or reuse a particular object. Interest is one of the aspects of human

psyche that pertains to giving attention or feeling greater pleasure to an object that can push one to achieve his goal (Kusumah, 2009). Intention to use is also defined as an individual commitment to a particular technology and a tendency to perform certain behaviours (Lestari, Sugiarto, Simamora, & Richter, 2016). Intention to use can also be interpreted as a tendency to use a product or service which is generally based on the relevance between motives and product attributes or characteristics to consider. So, it can be concluded that the intention to use is a form of individual desire to use or reuse a product or service as a result of the relevance between the motives of using a product or service with the attributes or characteristics of existing products or services. In her study, Suki, Ramayah and Suki (2011) revealed that there are four dimensions of intention to use, namely Planning, Interests, Intention and Maintaining the use.

Perceived Value

Consumer perceived value is the customer's perception on values at which the firm should consider the values in the development of its products and services so that it matches what the customer expects (Vanessa, 2007). According to Kotler and Keller (2007), consumer perceived value is the difference between the prospective consumer's evaluation of all the benefits and all the costs offered, and all of the alternatives considered by the consumer. Consumer perceived value can also be defined as the exchange between the advantages and disadvantages

of the reference performance of goods and services. In terms of advantages, customers will think about the desire of what value they pay, what they will receive as well as the quality they will get.

According to Sweeney and Soutar in Akdeniz (2012), there are four dimensions of consumer perceived value, namely: 1) Quality Functional Value; 2) Emotional Value; 3) Functional Value (Value for Money); 4) Social Value

Brand Personality

According to Long-Yi (2010), in *The Journal of Products and Brand Management*, and Aaker (1997) brand personality is a set of human characteristics associated with the brand. It has three main sources: (1) Associations owned by consumers with particular characteristics, (2) The image that the company is trying to build. (3) Product attributes. Personality pertains to the importance of a consumer to choose a brand. In line with Aaker (1997), Kotler and Keller (2012) defined brand personality as "a mixture of certain human traits that can be associated with a particular brand." In line with the two definitions, Kumar (2009) stated that brand personality involves activities to connect individuals with brands using a variety of ways. Ramaseshan and Tsao (2007, p. 460) revealed that "brand personality is the soul of the brand which is derived from the brand characteristic and emerged because of effective marketing communication."

Jennifer Aaker refers to the Brand Personality Dimensions as a framework for

describing and measuring the personality or brand personality in five core dimensions.

1) Sincerity (Down-to-earth, honest, wholesome, cheerful); 2) Excitement (Bold, spirited, imaginative, up to date); 3) Competence (Reliable, intelligent, successful); 4) Sophisticating (Upper class, charming); 5) Ruggedness (Outdoorsy, tough).

Corporate Image

The corporate image helps stakeholders, including consumers, to recognise the company (Cornelissen, 2008). Corporate Image is a consumer response in respect of the offer and is determined based on the number of beliefs, ideas, and impressions of the company to the public. According to Khvtisiashvili (2012, p. 36) “corporate image represents a self-personalized attitude of the environment, knowledge, and views with respect to the company. Corporate image is the result of a set of processes in which consumers compare various attributes owned by the company, attributes such as product, price, product quality and service quality.” Corporate image is an association of what the consumer of a company has that produces goods or provides services to consumers (Kotler & Keller, 2009).

According to Keller (2013), the dimensions of corporate image are: 1) Common Product Attributes, Benefits or Attitudes; Quality, Innovativeness; 2) People and Relationship (Customer Orientation); 3) Values and Program;

Concern with Environment, Social Responsibility; 4) Corporate Credibility; Expertise, Trustworthiness, Likeability.

MATERIALS AND METHODS

This is quantitative and cross sectional study and it is based on primary data obtained from questionnaires to respondents. Data is analysed using Likert scale. A questionnaire is a set of questions that serve to obtain information from respondents (Malhotra, 2010).

The non-probability sampling technique is used to provide an unequal opportunity to all the individuals in the population to be chosen as a sample (Sekaran & Bougie, 2013). This study also used Convenience / Accidental Sampling. Convenience / Accidental Sampling to recruit the samples by chance (anyone who by chance meets with the researcher can be used as a sample) (Boone & Kurtz, 2016). The questionnaires consisted of 37 questions and data determined using validity test, reliability test and structural model test (inner model and outer model), The Structural Equation Modelling (SEM) method was also adopted using the SmartPLS 2.0 application.

RESULTS AND DISCUSSIONS

The final results showed that all the items included in the calculation are valid and reliable and all variables are normally distributed. The SEM analysis is used to answer the research questions.

The value of effect that has been found in this study is used to calculate the total

effect of the variables in the study, in accordance with the hypothesis that has been developed. The calculation of the effect is based on multiplying the value of effect (path coefficient) and the value of the relationship (latent variable correlation) as follows:

$$\begin{aligned} \text{Corporate Image} &\rightarrow \text{Consumer Attitude} \\ &= (\text{Path Coefficient} \times \text{Latent Variable Correlation}) \times 100\% \\ &= 0,119214 \times 0,762481 \\ &= 9,09\% \end{aligned}$$

$$\begin{aligned} \text{Corporate Image} &\rightarrow \text{Intention to Use} \\ &= (\text{Path Coefficient} \times \text{Latent Variable Correlation}) \times 100\% \\ &= 0,117727 \times 0,731743 \\ &= 8,61\% \end{aligned}$$

$$\begin{aligned} \text{Brand Personality} &\rightarrow \text{Consumer Attitude} \\ &= (\text{Path Coefficient} \times \text{Latent Variable Correlation}) \times 100\% \\ &= 0,242778 \times 0,850668 \\ &= 20,65\% \end{aligned}$$

$$\begin{aligned} \text{Brand Personality} &\rightarrow \text{Intention to Use} \\ &= (\text{Path Coefficient} \times \text{Latent Variable Correlation}) \times 100\% \\ &= -0,034039 \times 0,786794 \\ &= -2,68\% \end{aligned}$$

$$\begin{aligned} \text{Consumer Perceived Value} &\rightarrow \text{Consumer Attitude} \\ &= (\text{Path Coefficient} \times \text{Latent Variable Correlation}) \times 100\% \\ &= 0,588998 \times 0,888765 \\ &= 52,35\% \end{aligned}$$

$$\begin{aligned} \text{Consumer Perceived Value} &\rightarrow \text{Intention to Use} \\ &= (\text{Path Coefficient} \times \text{Latent Variable Correlation}) \times 100\% \\ &= 0,289680 \times 0,843156 \\ &= 24,42\% \end{aligned}$$

$$\begin{aligned} \text{Consumer Attitude} &\rightarrow \text{Intention to Use} \\ &= (\text{Path Coefficient} \times \text{Latent Variable Correlation}) \times 100\% \\ &= 0,556220 \times 0,874485 \\ &= 48,64\% \end{aligned}$$

$$\begin{aligned} \text{Corporate Image} &\rightarrow \text{Intention to Use (via consumer attitude)} \\ &= \% \text{ effect Corporate Image} \rightarrow \text{Consumer Attitude} \times \text{effect Consumer Attitude} \rightarrow \text{Intention to Use} \\ &= 9,09\% \times 48,64\% \\ &= 4,42\% \end{aligned}$$

$$\begin{aligned} \text{Brand Personality} &\rightarrow \text{Intention to Use (via consumer attitude)} \\ &= \% \text{ effect Brand Personality} \rightarrow \text{Consumer Attitude} \times \text{effect Consumer Attitude} \rightarrow \text{Intention to Use} \\ &= 20,65\% \times 48,64\% \\ &= 10,04\% \end{aligned}$$

$$\begin{aligned} \text{Consumer Perceived Value} &\rightarrow \text{Intention to Use (via consumer attitude)} \\ &= \% \text{ effect Consumer Perceived Value} \rightarrow \text{Consumer Attitude} \times \text{effect Consumer Attitude} \rightarrow \text{Intention to Use} \\ &= 52,35\% \times 48,64\% \\ &= 25,46\% \end{aligned}$$

This above shows a summary of the causal relationship between variables X1, X2, X3, and Y on Z.

Corporate Image on Consumer Attitude

The study showed that Corporate Image has a significant positive effect on Consumer Attitude. This is in line with Balla and Ibrahim (2014) which showed that corporate image affects consumer attitude. The most powerful factor that can shape and influence consumer attitudes is the corporate image or image of the company in the eyes of its customers. When the company's image is viewed favourably by the consumer, there will be corresponding behaviour from the consumer company to encourage a good quality product and services from the company (and vice versa, if the image of the company is considered bad by consumers, then they will have a bad view of the company's products and services). Rattanaphan and Mat (2012) agreed that that attitude has a significant positive relationship with corporate image. Therefore, companies are advised to build a good corporate image aimed at building consumers' positive attitude. Li, Wang and Cai (2011) revealed there is a direct and indirect effect of brand image on the corporate image, product image, and user image by the consumers and which in turn, influence their desire to buy or use the product or service. Additionally, there is a mediating role of cognition and affection which belongs to the dimension of consumer attitude in the influence of corporate image on the intention to purchase or use.

Brand Personality on Consumer Attitude

The study showed that Brand Personality has a significant positive effect on Consumer Attitude. This is supported by Ardestani and Afshar (2015) showing that brand personality affects consumer attitude. The personality of a brand has a very significant influence on consumer attitudes that is significantly related to brand name and consumer commitment to an industry as well.

Consumer Perceived Value on Consumer Attitude

The study showed Consumer Perceived Value has a significant positive effect on Consumer Attitude. This is in line with the study conducted by Yadav, Rai and Srivastava (2014) which showed that consumer perceived value affects consumer attitude. Consumer Perceived Value is influenced by several factors such as credibility, interactivity and more. This factor affects one's affection and cognition where it ultimately proves that consumer perceived value directly affects attitude. This is corroborated by Mahesh (2013) who suggested that when there is an increase in consumer perceived value, the behavior associated with the product will also increase.

Corporate Image on Intention to Use

The current study showed that the corporate image has a significant positive effect on Consumer Attitude. This is in line with the

findings of Premayani and Kusumadewi (2015) who showed that corporate image affects intention to use. Corporate image significantly mediates other various variables in purchase intention. It is in line with the study conducted by Huang, Yen, Liu and Chang (2014) which proved that corporate image influences purchase intention. Similarly, Samuel and Wijaya (2008) indicated the better the image of the company, the more encouraged the consumer is in buying or using products of the company.

Brand Personality on Intention to Use

The study shows that the Brand Personality has a non-significant negative direct influence on Intention to Use. However, Brand Personality influences Intention to Use and the Consumer Attitude mediates both. It is in line with the study conducted by Bouhlef, Mzoughi, Hadiji and Slimane (2011) which showed that brand personality influences intention to use through consumer attitude. Adding or creating personalities into a brand will shape the attitude of consumers who want or crave the brand more. The more consumers feel that the brand is sincere and competent the more it will increase the trust of the consumers to the brand that will ultimately also encourage consumers to buy or use the brand.

Consumer Perceived Value on Intention to Use

The study shows that the Consumer Perceived Value has a significant positive

effect on intention to use. It is in line with the study conducted by Mahesh (2013) which showed that consumer perceived value affects intention to use. Furthermore, consumer perceived value has a significant role in determining the interest of purchasing in the future. The greater the value perceived or attained by a consumer of a product or service, the more likely the consumer will re-purchase the product or service in the future. This is supported by Yadav et al. (2014) who found that consumer perceived value is influenced by several factors that will affect affection and cognition that will then shape one's attitude which will finally determine consumer interest to use or make the purchase.

Consumer Attitude on Intention to Use

The study shows that Consumer Attitude has a significant positive effect on Intention to Use. It is in line with the study conducted by Liou, Hsu and Chih (2014) which showed that consumer attitude influences intention to use. It is because of attitudes and the drive or desire of consumers to fulfil their life purpose through the implementation of an attitude (attitude-conation) that it affects their interest to use a product or service. This is also consistent with the study of Agarwal and Prasad (1999) which indicated the crucial factor determining the consumer's interest in using a product or service is attitude. The finding is supported by Delvarani, Gazali and Othman (2013) who found that in addition to subjective norms and perceived behavioural control, attitude is the most important factor in influencing

interest in use. It is because people with a high positive attitude tend to have a higher intention to use anyway.

Corporate Image, Brand Personality and Consumer Perceived Value on Intention to Use through Consumer Attitude

The study has shown that Consumer Attitude can mediate the effect of variables such as Corporate Image, Brand Personality, and Consumer Perceived Value on Intention to Use. It is in line with the study conducted by Bouhrel et al. (2011) which showed that consumer attitude could mediate the influence of brand personality on intention to use. The results showed that the attitude in the form of brand personality of a brand could increase consumer interest to buy and use the brand. This is also in accordance with the study of Balla and Ibrahim in 2014 which indicated that consumer behaviour factor or consumer attitude is actively formed by the image of the company and in the end, will be able to improve intention to use. It is also supported by the study conducted by Mahesh (2013) which stated that consumers who perceive greater product value would increasingly be interested in buying, using and even re-purchasing the product.

CONCLUSION

This study has shown there is a strong relationship and a significant effect of corporate image and consumer perceived value on consumer attitude. However, brand personality does not have a direct effect on the intention to use. Therefore, it

is the moderating variable, i.e. consumer attitude, which has a significant effect on the intention to use.

Perceive value has a more influential role compared with the corporate image in affecting attitudes and intention to use whereby consumers tend to pay attention to the offered values instead of the greatness of a product owner's image. Baidu, however, can reinforce the values offered to consumers so that it can boost consumers' intention to use its product.

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Analysis of Users' Satisfaction with Website Service of STIE Inaba Bandung

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ABSTRACT

This study discusses the importance of the internet to improve the competitive edge of Sekolah Tinggi Ilmu Ekonomi Inaba (Inaba School of Business) Bandung compared with other universities. The STIE Inaba Bandung's website www.inaba.ac.id serves as a communication medium to provide information for students, lecturers, and the general public. This research adopted a survey method to analyse the effects of website design and information quality on user satisfaction. A total of 39 questionnaires were distributed to 2016 first-semester postgraduate students from Management Studies. A quantitative method by using structural equation model, partial least square SEM – PLS, was used to analyse the data. Findings showed that website design and quality of information had a positive effect on user satisfaction.

Keywords: Communication medium, information quality, user satisfaction, website service, web design

INTRODUCTION

The Internet has become a popular medium of communication and the website of Sekolah Tinggi Ilmu Ekonomi Inaba (STIE), www.inaba.ac.id, serves as a medium of

communication that provides information for students, faculty, and the general public.

Many factors affect user satisfaction (students) of a website, namely web design, quality of information, speed, web navigation, personalisation, and others. Satisfaction refers to student expectations of the website service in terms of its design and quality of information. A website design that has good quality of information will impact positively on users' satisfaction. Thus, STIE Inaba should focus on increasing user satisfaction.

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Al-Kasasbeh, Dasgupta and Al-Faouri (2011) examine users satisfaction pertaining to the online system of University of Petra. The dimensions were website design, navigation, and personalisation. The results showed that all three dimensions affected the users' satisfaction of the online system at the University of Petra, Jordan. Subsequent research by Al-Manasra, Zaid and TaherQutaishat (2013) investigated customer satisfaction in the telecommunication sector in Jordan from the perspective of website quality, namely quality of information, interaction and service quality, and ease of use. The results showed all these had a positive and significant effect on the telecommunication users' satisfaction. Maditinos, Chatzoudes, Tsairidis and Theriou (2011) found that some website's attributes contribute to user satisfaction. User satisfaction refers to how satisfied the users are to a website. The results showed that each attribute influenced information quality, system quality, security, privacy, and ultimately affected user satisfaction.

Ranjbarian, Sanayei, Kaboli and Hadadian (2012) studied customer satisfaction of online booking. Five variables of customers' satisfaction were examined, namely convenience, merchandising, web design, security, and service. The results showed four variables significantly influenced customer satisfaction: convenience, merchandising, security, and service. On the other hand, web design does not have a significant impact on the customer satisfaction. However, it is different from the results of research

conducted by Al-Kasasbeh et al. (2011), who reported that web design has a significant influence on the satisfaction level of internet users.

Sanjaya (2012) on the website service of the Communication and Information Technology Ministry (Kemenkominfo) showed that from the 3-dimensional WebQual 4.0, only the dimensions of usability and interaction quality are considered influential to the users' satisfaction, while the dimension of information quality is considered to be influential for users' satisfaction of websites service.

In this study, the authors discuss the quality of a website from two-dimensions: web design and information quality. Web design can be in the form of the website's visual display, the use of images, colours, photos, and the type of text that is used to make the website attractive. The information quality refers to the presence of information on the website that provides a high level of usefulness to the users. Based on the above explanation, the present authors conducted research on "Analysis of Users' Satisfaction with the Service Website of STIE INABA Bandung".

Formulation of the Problems

1. Are there any significant effects between the web designs and users' satisfaction with the service website of STIE Inaba Bandung?
2. Are there any significant influences of the information quality to users' satisfaction with the service website of STIE Inaba Bandung?

LITERATURE REVIEW

Satisfaction

According to Dwiastuti, Shinta and Isaskar (2012), consumers' satisfaction is a condition in which the needs, desires, and expectations of consumers towards a product and service are appropriate or fulfilled with the products appearance and services. Consumers who are satisfied will continually consume these products, encourage themselves to be loyal to the products and services, and are happy to promote such products and services verbally (Pebrianti, 2016).

Kotler and Keller (2008) define consumers' satisfaction as consumers' feelings, both as either a pleasure or a disappointment resulting from comparison of the product with the consumers' expectations for the product.

WEBSITE QUALITY

Internet Definition

According to Turban and Rainer (2009), the internet is a global network (wide-area network) that connects millions of networks of computers around the world. Kotler and Armstrong (2010) define the internet as a public web that is linked to a computer network which connects different types of users around the world to establish a large information repository.

Website Definition

According to O'Brien (2006), a website is a facility that offers chat rooms, e-mail, and

instant messaging features where internet surfers can browse the World Wide Web by using browser software to obtain various information, entertainment, or do business-related objectives.

Further, a website is a collection of web pages summarised in a domain or subdomain on the World Wide Web (WWW). Websites can be defined as a collection of pages that are used to display information, still or dynamic images, sounds, or a combination of these items, whether static or dynamic, which form a series of interconnected structures where each is connected to the pages' network (hyperlink) (CV Brilian Krisdatama, 2012).

Website's Quality Definition

According to Tjiptono (2012), well-managed qualities will contribute positively to the realisation of customers' satisfaction and loyalty. Qualities motivate customers to establish mutually beneficial relationship with the company.

Based on Levis, Helfert and Brady (2008), quality is the totality of characteristics of an entity to satisfy written and implied needs. Two requirements for the evaluation of website that emerge from this definition are: (1) The general valuation of the whole characteristics of a website; and (2) How well the site meets specific needs. Quality of the website is also related to criteria such as promptness, ease of navigation, ease of access, and presentation of the information.

Dimensions of Website Qualities

Al-Kasasbeh et al. (2011) tested the online system users' satisfaction at the University of Petra, Jordan based on the following dimensions, such as website design, navigation, and personalisation. Jasur Hasanov (2015) revealed the dimensions of service qualities that consist of ease of access, information quality, and service quality of the interaction. In this study, two (2) dimensions that will be examined are web design and information quality.

1) Web Design Quality

According to Al-Kasasbeh et al. (2011), web design is measured by the visual presentation, use of graphics, colours and images, and the diversity of fonts used in the website.

2) Information Quality

According to Yaghoubi (2011), information quality refers to the website's quality of content and information relevancy to the user's purpose, for example, the level of accuracy, context, form/display, and the relevance of the information.

Therefore, it can be concluded that information quality refers to the quality of information both in terms of accuracy, relevance, context, and form of presentation.

Maditinos et al. (2011), McKinney, Yoon and Zahedi (2002) found understandability, reliability, and usefulness of information as a key dimension of information quality.

- Understandability is the extent to which the information can be easily understood by users. It measures how well a website presents information so that it is clear, meaningful, and can be interpreted and understood. Thus, it depends on the information format or the form, conciseness, and consistency.
- Reliable information means that the information is valid. Reliability can be ensured only if several conditions are met. For example, if the information is accurate, up-to-date, objective, and came from a legitimate source, it should be considered as reliable. Xiao and Dasgupta (2002) found that the promptness and accuracy of information play an important role in the satisfaction development.
- Useful information means that the information can be used effectively for a particular purpose. In other words, usefulness enables the website users to use the information for their respective purposes. Therefore, it is important that the information is complete, relevant, and includes all the necessary details.

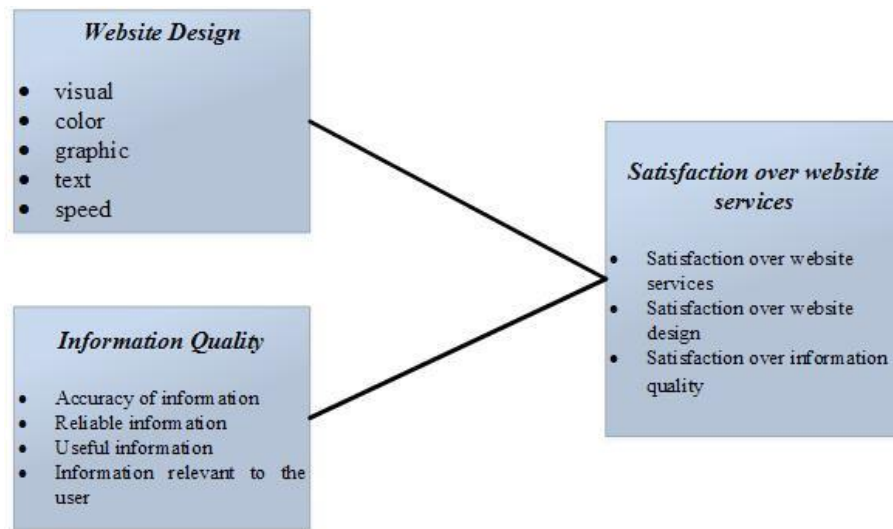


Figure 1. Conceptual framework of the research

Table 1
Variables and indicators

Variable	
Users' satisfaction on the website service (Adapted from Al-Kasasbeh, 2011)	<p>I am satisfied with the web services provided of STIE Inaba Bandung</p> <p>I am satisfied with the quality of STIE Inaba Bandung website design</p> <p>I am satisfied with the quality of information of the website of STIE Inaba Bandung</p> <p>I am satisfied with the ease of use of the website of STIE Inaba Bandung</p>
Website design (Adapted from Al-Kasasbeh, 2011)	<p>Visual presentation on the website of STIE Inaba Bandung</p> <p>The use of colour on the website of STIE Inaba Bandung</p> <p>The use of graphics and photos website STIE Inaba Bandung</p> <p>Diversity of texts in the website of STIE Inaba Bandung</p> <p>The speed of access of STIE Inaba Bandung website</p>
Information quality (Adapted from Al-Manasra et al, 2013)	<p>The website of STIE Inaba Bandung provides accurate information</p> <p>The website of STIE Inaba Bandung provides reliable information</p> <p>The website provides useful information to users</p> <p>The website provides information that can be easily understood by users</p> <p>The website provides information that is relevant to users</p>

Hypothesis

Based on the theoretical and conceptual framework, the hypotheses proposed are:

1) Web design has a positive and significant

influence on users' satisfaction with the website service of STIE Inaba Bandung;

2) Information quality has a positive and significant impact on users' satisfaction with the website service of STIE Inaba Bandung.

MATERIALS AND METHODS

Study Research Object

Population and sample

According to Sugiyono (2012), population refers to subjects in a region that have certain qualities and characteristics defined by the researchers to be studied and then concluded. Husein Umar (2008) states that population is a collection of elements that has certain characteristics in common and equal opportunities to be selected into the sample.

The population of this study is 39 first-semester postgraduate Management Studies students. According to Sugiyono (2012), sample is a part of the population's number and characteristics. The sampling technique used in this research is total sampling technique. Total sampling technique refers to the sampling technique where all members of the population are used as the sample.

The sampling collection was done using total sampling technique, meaning that all of the population are the sample of this study.

Operational Definition of the Variables

Dependent variables

Satisfaction with the website service

- Satisfaction with web service
- Satisfaction on the web design
- Satisfaction with the information quality
- Satisfaction on the web accessibility

Independent variables

Website Quality

- Visual
- Colour
- Graphics
- Text
- Speed

Information quality

- Accuracy
- Reliability
- Usefulness
- Relevancy to the users

Data Analysis Techniques

Data analysis technique used in this research is the track/path analysis using software Smart PLS (Partial Least Square) 3.0. The evaluation model of Partial Least Square (PLS) is based on non-parametric predictions measurement (Ghozali, 2008).

1. The measurement or outer model with reflexive indicators was analysed by the convergent and discriminant validity of the indicators and composite reliability for the block indicators.
2. The structural or inner model are analysed by observing the variance percentage explained by the values of R^2 .

3. Dai stability estimation was analysed by using the statistics of the t test obtained through bootstrapping procedure.

Descriptive analysis is used to describe the respondents in this study which is based on the percentage value of the respondents' answers. The frequency of the descriptive analysis is used to present and describe the obtained data. Data is then shown separately which consists of one variable only.

RESULTS AND DISCUSSIONS

Respondents' Profile

The following table is a descriptive profile of the 39 respondents in this study.

Table 2
Descriptive profile of the respondents

Category	Description	Percentage
Age>	<20	0
	21-30	15
	31-40	65
	41-50	8
	50	2
	Male - male	28
	Female	72

Source: Data processed (2016)

Validity and Reliability Test of the Research Variables

Reliability test

Reliability test relates to the consistency of the variables used in the study. The variables should have an alpha value Cronbach > 0.6. Table 3 shows that all variables used are reliable.

Table 3
Reliability test

Variable	Cronbach Alpha	Description
Web users' experience web	0.834	Reliable
Web design	0.812	Reliable
Information quality	0.881	Reliable

Source: Data processed, 2016

Validity test

Validity test is used to measure the accuracy of the indicators and variables used in the study. Each indicator must have a Pearson r values above 0.197. It can be seen from Table 4 all the indicators used are valid and eligible.

Table 4
Validity test

Variable	Indicator	Pearson	Note
Website users' satisfaction	Y1	0.624	Valid
	Y2	0.796	Invalid
	Y3	0.797	Invalid
	Y4	0.798	Valid
Web design	X1.1	0.799	Valid
	X1.2	0.800	Valid
	X1.3	0.801	Valid
	X1.4	0.802	Valid
	X1.5	0.803	Valid
Information quality	X2.1	0.804	Valid
	X2.2	0.805	Valid
	X2.3	0.806	Valid
	X2.4	0.807	Valid
	X2.5	0.721	Valid

Source: Data processed, 2016

Research Variables Description

The questionnaire administered to the respondents concerned website users’

satisfaction, website design, and information quality. Table 5 below contains results of the survey:

Table 5

Website users’ satisfaction

Variable	Indicator	Score Total	Total %	Average
Web users’ satisfaction value %	Satisfaction with the web service	152	95.5%	91.5%
	Satisfaction with the web design	144	91.5%	
	Satisfaction with the quality of information	146	92.5%	
	Satisfaction with the web’s ease of use	137	88%	

Source: Data processed, 2016

Based on Table 5, the average users’ satisfaction for the website is 91.5%. It means the students’ satisfaction as users

of STIE INABA Bandung website can be classified in the category of “good”.

Table 6

Website design

Variable	Indicator	Score Total	Total %	Average
Web design value %	Visual presentation on the web	149	94%	92%
	Use of colour on the web	151	95%	
	The use of graphics and photos	145	92%	
	The diversity of text	145	92%	
	Free access to the web	140	89.5%	

Source: Data processed, 2016

Table 6 shows average percentage of variables of the web design is 92%. The value of web design is classified in the category of “good” which means the website design of STIE INABA Bandung website is

appealing for the students and prospective students to obtain more information and to increase the number of students in the new academic year.

Table 7
Information quality

Variable	Indicators	Score Total	Total %	Average
Value % information quality	The website provides accurate information	155	97%	96.5%
	The web provides information that can be trusted	154	96.5%	
	Use of graphics and photos	155	97%	
	The diversity of text	152	95.5%	
	The web's speed of access	149	94%	

Source: Data processed, 2016

Based on Table 7, the average percentage of the quality information is 96.5%. This value is classified in the category of “good” since all parties such as the public relation

and marketing division, the academic, as well as the student activity units participate in providing the latest information updates on the website of STIE INABA Bandung.

Partial Least Square

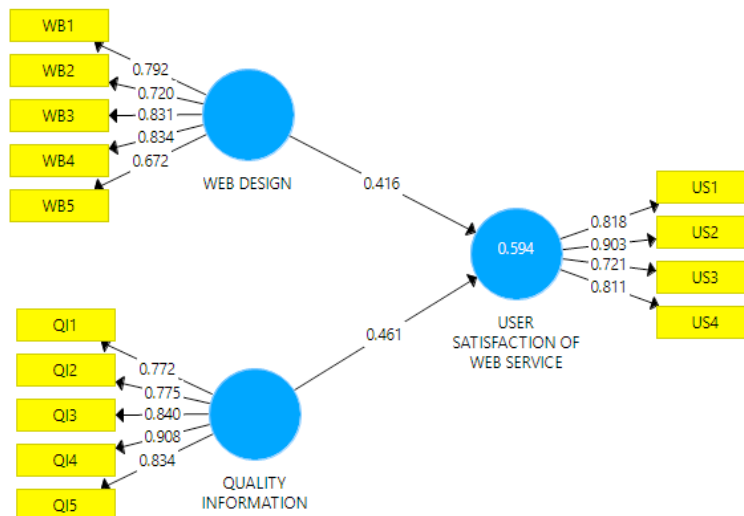


Figure 2. Partial least square

Indicator Reliability

Indicator reliability is used to test the consistency of the indicators used in the

study. With a minimum requirement of 0.4, it can be seen that all the variables used are qualified.

Table 8
Reliability test

Variable	Indicator	Reliability
Website users' satisfaction	Satisfaction with the web services	0.818
	Satisfaction with the web design	0.903
	Satisfaction with the quality of information	0.721
	Satisfaction with the web's ease of use	.811
Design web	Visual presentation of the web	0.792
	The use of colour in the web	0.720
	Use of graphics and photos	0.831
	Diversity of the text	.834
Quality information	Access speed of the web	0.672
	The website provides accurate information	0.772
	The web provides information that can be trusted	0.775
	Use of graphics and photos	.840
	Diversity of the text used	0.908
	Speed access to the web	0.834

Source: Data processed, 2016

Internal Consistency Reliability

Internal consistency reliability is used to measure the consistency of the variables used in the study. With the composite reliability above 0.6, it can be seen that all variables are eligible.

Validity Convergent

Validity Convergent is used to measure the accuracy of the variables used in the study. With the requisite values above 0.5 ave, it can be seen that all the variables used are valid.

Table 9
Composite reliability

Variable	Composite Reliability	Description
Web user experience	0.915	Reliable
Web design	0.888	Reliable
Information quality	0.88	Reliable

Source: Data processing, 2016

Table 10
Validity convergent

Variable	AVE	Description
Web user experience	0.685	Valid
Web design	0.666	Valid
Information quality	0.597	Valid

Source: Data processing, 2016

R-Square and Q-Square Values

Based on the table below, the website design's influence and information quality on users' satisfaction with its service is 59.4%.

Table 11
R-square

Variable	R – Square
Web users' satisfaction	-
Web design	-
Information quality	0594

Source: Data processing, 2016

Value Q^2

$$= 1 - (1 - 0.594)$$

$$= 1 - 0.406$$

$$= 0.594$$

The value of Q-Square showed the goodness of fit of the model used was 59.4% and thus, it was seemed suitable.

Hypothesis Testing

Hypothesis testing is used to see the value of each hypothesis with a minimum value of 5% that can be expressed as significant. Every hypothesis proposed in the study had a path coefficient value above 5%.

Table 12
Path coefficient

Effect of	path coefficients	t statistics
Web design -> Web users' satisfaction	0.461	3.355
Information quality -> Web users' satisfaction	0.416	2819

Source: Data processing, 2016

CONCLUSION

The results of the research conducted by Al-Manasra et al. (2013) who studied the impact of website quality on customers' satisfaction to telecommunication companies in Jordan showed that website's quality influences users' satisfaction. The results show that there is a positive and significant correlation between the information quality and customer satisfaction in Jordan. This finding is corroborated by Al-Kasasbeh et al. (2011) who studied the factors affecting users' satisfaction of University of Petra website. The results showed that web design has a positive and significant influence on the internet users' satisfaction.

Based on the foregoing following conclusions were drawn in relation to the service website of STIE Inaba Bandung: 1) Web design has a positive and significant influence on user satisfaction 2) The quality of information has a positive and significant influence on user satisfaction 3) The information quality has the most dominant influence on users' satisfaction.

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Production Efficiency Analysis for Empowerment Strategy of Troso Weaving Craft Micro, Small, and Medium Enterprises (SMES) in Jepara Central Java

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ABSTRACT

This study attempts to analyse the business efficiency level of Troso weaving craft (*tenun ikat* or woven fabrics) of small and medium enterprises (SME) in Jepara, Central Java. In this research, a Data Envelopment Analysis (DEA) was used to obtain data from productive and unproductive SMEs. It analyses the value of technical efficiency and revenue efficiency of 41 Troso weaving craft SMEs with various business scales in Jepara. Results show that only 14 SMEs or 34% of the businesses were technically efficient. 50% of enterprises fulfilled the revenue efficiency.

Keywords: DEA, production efficiency, SME, Troso weaving craft

INTRODUCTION

Micro, small, and medium enterprise (SME) play a significant role in improving Indonesia's economy. In 2009, SMEs contributed 32% of the GDP, which increased to 34% in 2014 (data from the Directorate

General of Small and Medium Industries, the Ministry of Industries of the Republic of Indonesia). The GDP earns much of its revenue from the fashion industry, such as through natural silk, leather products, batik, and woven items (*tenun*).

However, Indonesian SMEs still face many obstacles. One of the main constraints is the low quality of human resources (HR) to compete in this free market era. To be able to compete in the Asian Economic Community (AEC), it is necessary to (1) anticipate the dispersion of EAC insights among SME communities;

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(2) enhance the production efficiency and business management; (3) increase the good performance of market absorption for local SME products; and (4) create a conducive business climate. Therefore, guidance and empowerment of SMEs are needed to improve the product quality and standards, increase the performance, and produce highly competitive products.

Troso *tenun ikat* or weaving crafts, besides carving, are one of Jepara's primary products. Troso weaving crafts used to flourish but is now declining due to production efficiency factors. From 2009 to 2013, the enactment of the Jepara Regency regulation to wear traditional Troso weaving craft fabric as uniforms for all regional government employees, excluding civil servant regional police units (Satpol PP) and transportation sector (Dishub) employees, every Wednesday, Thursday, Friday, and Saturday, resulted in an increase in the number of units, number of employees, amount of production volume, amount of investment value, and amount of production.

In 2009-2010, the production volume increased by 11.6%; it continued to increase by 2% in 2010-2011; rose by 5% in 2011-2012; and reached 59% in 2012-2013. In terms of production value, in 2009-2012 it increased by 11.6%; continued to 0.38% in 2010-2011; rose to 12% in 2011-2012; and topped at 59% in 2012-2013. Marketing strategies, from 2009 to 2013 was focused in local national markets.

A problem that arises in the Troso weaving craft industry is the lack of competitiveness with other textile and

fashion industries, such as batik, in the international market. This is due to the lack of human resource quality and low efficiency, while there is a need for a high cost economy. Moreover, the Troso weaving craft quality, quantity, and continuity of the products are still largely not up to par for world trade.

Research on the efficiency of Troso weaving craft production is necessary to improve its competitiveness in the global market. The development of the SME human resources, especially Troso weaving craft plays an important role in the creation of quality, resilient, competitive, and independent workers. SMEs should strive to increase their competitiveness by improving the quality and efficiency of their products. This study aims to analyse and measure the efficiency of Troso weaving craft SMEs in Jepara. The study also expects to provide inputs for small and medium industry on using better production factors to improve product quality.

LITERATURE REVIEW

Production

Production refers to the transformation of various inputs or resources into output in the form of goods and services (Salvatore, 2003). Production is also the result of an economic process or activity by utilizing some input or input (Tati & Fathorrozi, 2003). In general, there are two notions of production, namely economic production and physical production. Economical production is an activity to increase the

added value of a good, either through the form of utility, time of utility, or place of utility. Meanwhile, physical production is the relationship between factors of production; it is a relationship between the input and output in the productive process (Sudarsono, 1984).

The technical relationship between inputs and outputs in the form of equations, tables, or graphs is a function of production (Salvatore, 1996). The production function can also be defined as an equation that shows the maximum number of outputs produced with combined input using technology (Hutami & Yusrina, 2016). Soekartawi (2003) claimed that the production function is a physical relationship between the described variable (Y) or output and the variable that explains (X) or the input.

After utilizing every available input, companies strive to obtain maximum results at the highest technological level (Nicholson & Snyder, 2013).

Efficiency

Efficiency is the ratio between input and output (Stoner, Freeman, Gilbert, & Daniel, 2013). The obtained input and the comparative figure depends on the purpose of using the benchmark. Efforts to increase efficiency are generally linked to lower costs in obtaining an outcome and waste suppressed to the minimal.

Meanwhile, Wattanutchariya and Panayotou (1982) argued that the efficiency of input utilization requires usage an input at a level where marginal value is at the same level with price or $MVP_i = P_i$, so

that the $MVP_i/P_i = 1$; MVP_i is the marginal value product of i value inputs and P_i is the i value. If the marginal value is greater than the price, the gain is increased by escalating the input utilization.

Concept of Economic Efficiency

Miller and Meiners (1997) suggest that efficiency is based on the relationship between output and input. Technical efficiency requires a production process that can utilize fewer inputs to produce the same amount of output. Implicitly, in the concept of economic efficiency, the idea being that the least cost is the best. In other words, at each level of output, a company will have an economically efficient production process if it utilizes the cost of resources for each unit of output (whatever its total output) at the cheapest/lowest cost. The resources owned by a company are limited (rare). Therefore, the company must be able to determine the most efficient means of production (Soeratno, 2000).

Soekartawi (2003) categorizes efficiency into three aspects: technical efficiency (TC), economic efficiency (EE), and price efficiency (PE). Technical efficiency is the ratio between actual production and maximum production. Economic efficiency is a quantity that shows the comparison between actual profit and maximum profit.

Economic efficiency is achieved when the following two conditions are met (Doll & Orazem, 1984): (1) technical production efficiency is a required condition that indicates the physical relationship between input and output, where the elasticity of

the production process is between 0 and 1; (2) a sufficient condition is related to the objective, that is, the maximum profit condition is achieved when the value of the marginal product equals the marginal cost.

MATERIALS AND METHODS

This study has four main stages: (1) describe the problem formulation and research objectives, conducting a literature study and field survey, determining the decision making unit (DMU), and identifying the variables; (2) explain the data collection and collect primary data from site visits and observations of 41 Troso weaving craft SME units in Troso, Jepara; (3) explaining input and output variables using the DEA model and conducting an analysis of the efficiency; and (4) analysing the results and drawing a conclusion of the analysis.

There were two types of efficiency values generated by the DEA: radial efficiency values (efficiency values of each DMU) and efficiency values per part (input and output variables). The values of the radial efficiency and efficiency per part was examined. The radial efficiency was expanded into super-efficiency, and the efficiency per part was extended into potential improvement.

Data Envelopment Analysis

A Data Envelopment Analysis (DEA) was used to measure the technical efficiency. The DEA, which is a relatively convenient measurement of profit and non-profit organizations, measures the inefficiency of business units with other efficient business

units in existing data sets. Through the DEA analysis some units had 100% efficiency.

The DEA model is specifically designed to measure the relative efficiency of a production unit with a larger number of inputs and many outputs (Alvarez & Crespi, 2003). One of the advantages of using DEA in an efficiency analysis, according to Hadad, Santoso, Ilyas and Mardanugraha (2003), is to detect the source of inefficiency. In this study, an analysis was conducted on the efficiency performance using a multi-stage DEA model, with a constant return to scale (CRS) and variable return to scale (VRS).

Two kinds of data were analysed: input and output. Inputs are the amount of raw material, production costs, and labour in the weaving craft industry, outputs are the final products of the Troso weaving crafts.

RESULTS AND DISCUSSIONS

This research was conducted using Data Envelopment Analysis (DEA) model with a constant return to scale (CRS) and variable return to scale (VRS). In accordance with the characteristics of the nonparametric approach, DEA does not require a special functional form in measuring the relative efficiency as required in the parametric approach.

The results of the technical efficiency analysis on 41 Troso weaving craft SMEs show that 14 SMEs are technically efficient in production with a technical efficiency value reaching 100%. This indicates 14 Troso weaving craft SMEs used the input to produce the output (weaving crafts) at optimum levels. The craftsmen work

efficiently and do not waste the production factors. In employing labour, craftsmen use remuneration based on the amount of work production and through work supervision to minimize the unstandardized production yields.

The remaining 27 SMEs or 66% are not technically efficient, as their technical efficiency values are below 100%.

Revenue efficiency analysis of 41 SME respondents found that 21 respondents have fulfilled the revenue efficiency with 100% scores. This can be interpreted that these SMEs' usage of input and remuneration (price) is optimal.

A total of 20 SME respondents showed revenue efficiency results of less than 100%, indicates they are inefficient in utilization of input and remuneration.

Troso weaving craft SMEs in Troso, Jepara, are not fully efficient, both in technical efficiency and revenue efficiency. Out of 41 SME respondents, 66% of the respondents did not fulfil the technical efficiency and 50% of the respondents the revenue efficiency.

Inefficient conditions arise if the actual value does not match the target value. For example, there is the use of less professional labour inputs and a lack of training and supervising of the new workforce. The lack of supervision happens due to production activities being done in residences where the workforce is located, making the level of work concentration less controlled.

The excessive use of raw materials and/or auxiliary materials also results in non-optimal output and affects their prices.

SMEs which cannot use inputs efficiently will have high product prices. Integrated and specific empowerment is needed to help overcome the causes of inefficiency in every form for SMEs.

CONCLUSION

It can be concluded that SMEs in the Troso weaving sector are in the main not fully efficient in both technical and revenue aspects. Out of 41 respondents from SME 66% do not fulfil technical efficiency and 50% do not fulfil revenue efficiency. These inefficient conditions indicate that the use of both input and output is not optimal with implications on productivity. It is necessary to create integrated empowerment programs, especially those that are concerned with improving production efficiency. The empowerment of *tenun ikat* (weaving craft) businesses should include the cooperation of academics who conduct research on the management of small industry enterprises, the local government which makes policies to support the development of SMEs and commerce businesses, and craftsmanship organizations to facilitate human capital reinvigoration. Such involvement can improve the competitiveness of the Troso weaving craft sector vis a vis local heritage fashion fabrics, such as batik, both nationally and internationally.

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Measuring Digital Customer Experience

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ABSTRACT

Substantial connections and supportive relationships between customer experience and digitalisation (Roytman, 2015) is a strategic issue in the service industry. This study aims to propose a digital customer experience (DCX) model to be tested as a measurement scale. The study uses 598 users' active mobile data of the largest telecommunication provider in Indonesia from six cities. The model is tested using exploratory factor analysis (EFA), confirmatory factor analysis (CFA), and the structural equation model to analyse the data. The study finds digital service experience, digital image experience, digital touchpoint experience, and digital broadband experience are factors determining digital customer experience.

Keywords: CFA, digital customer experience, EFA, telecommunication industry

INTRODUCTION

The latest trend shows that the Telecommunications industry is facing a tough period beginning in 2010. It is represented by declining financial indicators,

i.e., revenue growth which decreased from 4.5 to 4 percent, Earning before Interest, Taxes, Depreciation and Amortization (EBITDA) margins which decreased from 25 to 17 percent, and cash-flow margins which decreased from 15.6 to 8 percent (Caylar & Menard, 2016).

The digital revolution has reshaped the industry. A survey found 72 percent of 2000 executives in fifteen diverse industries predict that the intensity of digital disruption will increase to moderate or even massive in the coming 12 months (Grossman, 2016).

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However, from another perspective, this digital trend is not only considered as a threat; it is also an opportunity for telecom companies to reshape their market positions, rebuild their business systems, and produce innovative products and offer them to customers. Most executives consider that transformation in the company should put digitization as a top priority (Caylar & Menard, 2016). The McKinsey research shows that by implementing digital initiatives companies expect more growth in their annual revenue and more cost efficiency in the next three to five years at a range of 5 to 10 percent (Catlin, Scanlan, & Wilmott, 2015).

There are 3 (three) drivers which triggered the digital revolution, i.e. the reduction in the cost of computing power (microprocessor) from \$222 per million transistors in 1992 to only \$0.06 in 2012, the cost of data storage decreased from \$569 per gigabyte to \$0.03 and the cost of Internet bandwidth from \$1,245 per 1 Gbps to \$23 within the same period. All those three drivers are present in the form of mobile devices (Hagel, Brown, Samoylova, & Frost, 2013). In fact, as of Q1 2017, 90 percent of internet users are accessing the internet through mobile devices (Wearesocial.com, 2015), thus making Mobile Telecom operators become the key players in digitization.

In Indonesia, Telkomsel is the leading player in digital transformation. It established its foundation in 2011 by giving its Annual Report the title “Driving Digital Lifestyle Experience”, followed by XL Axiata in 2012

with the title “Towards Digital Lifestyle.” The Indonesian digital market potential is very attractive; there are 132.7 million internet users or 51 percent of the population with a 51 percent annual growth. The number of active social media users is 106 million, and 87 percent of them are mobile device users, with a yearly increase of 39 percent. The total volume of online transactions in 2016 was \$5.6 billion with 33 percent of it done through mobile devices (Wearesocial.com, 2015). The ultimate objective of any digital transformation is customer experience. Today’s customers are more careful choosing to avoid brands that do not align with their values and needs (Newman, 2016).

To this date, the growing related literature is still focused on customer experience (Meyer & Schwager, 2007; Gentile, Spiller, & Noci, 2007; Pine & Gilmore, 1998; Teixeira et al., 2012; Vorhoef et al., 2009) or service experience (Berry, Carbone, & Haeckel 2002; Dube & Helkkula, 2015; Gupta & Vajic, 1999; Klaus & Maklan, 2012; Sandström, Edvardsson, Kristensson, & Magnusson 2008). However, Roytman (2015) acknowledges the connection and interplay between customers experience and the digital world. Thus a specific study for digital customer experience is urgently needed, especially when considering its applicability in the telecommunications industry.

The study begins with reviews of previous literature and empirical research in digital customer experience. Setting out the research questions is the subsequent step.

Afterwards, the adoption of the research methodology for the present study is explained, followed by the findings of the study. Lastly, the conclusions obtained from this study are presented, also the implications for further study.

LITERATURE REVIEW

Digital Customer Experience

This study uses the definition of both customer experience and service experience as the nearest constructs in providing the right definition for digital customer experience. Schmitt (2011) conceptualizes experience as a mix of customers' rational and emotional states as the result of the customers' engagement process with the brand and specifically, products or service, of a company. While according to Adeosun and Ganiyu (2012) experience is defined as thought which is represented through actions and yields in significant customers' feeling. In a different context, Meyer and Schwager (2007) explain that based on its nature, service experience is a subjective and personal reaction towards the process of interaction with a company. Supporting the statement, Klaus and Maklan (2012) clarify that the responses consist of cognitive, physical and emotional valuation. They believe that service experience is a broad construct, including pre- to after-service felt by the customer.

Klaus and Maklan (2012) consider service experience and customer experience as a unity concept because they perceive that customer's perspective is a base in

formulating the right scale for evaluating service experience. On the other hand, Klaus (2011) adds that customer experience management is one of the paramount points in general strategy especially for industries engaged in service. According to Teixeira et al. (2012), customer experiences are the core and root to gain continuous competitive advantage.

The common definition used by the researchers for customer experience is that developed by Gentile et al. (2007); where it is conceived as the result of customer's intimate interaction with the company at all levels. Moreover, Gentile et al. (2007) explains that the levels range from a plausible decision to the purest spirit of the customer.

There is further support in the literature for customer experience and service experience. According to Chauhan and Manhas (2014), customer experience comes from a set of interactions between customers and companies that cause a reaction. Dube and Helkkula (2015) suggest that service experience sees the concept of indirect experience and direct experience as a part of the service experience. Akesson, Edvardsson and Tronvoll (2014) define customer experience as the outcome of the service process in a particular context within the service organization. Further, Fawcett, Fawcett, Cooper and Daynes (2014) assert that the lack of managerial commitment in designing a customer experience system leads to continuous service failures. It is important to understand how each touchpoint type of customer experience influences

customer satisfaction. Johnston and Kong (2011) suggest that service is a process or activity, while customer experience is a personal interpretation of the service process as well as their interaction with it as long as they use various touchpoints, and how they are perceived by the customer. From the perspective of best telecommunication industry practitioners, Rich (2012) defines that customer experience comes from interactions and relationships between customers and their providers over time produce observations, perceptions, thoughts, and feelings. According to Du Plessis and De Vries (2016) customer experience is not only based on a single corporate meeting with customers, but rather on the entire life cycle or collective meetings that customers have with the company, including advertisers, purchases, uses, service interactions, contract cancellation, or product disposal. Thus, customer experience is the agnostic touchpoint and agnostic time. Rose, Hair and Clark (2011) suggest that the importance of CE is driven by the organization's need to augment the basic product and service offerings in order to create a differential offering, particularly within saturated and highly competitive markets. When customers become annoyed, frustrated, dissatisfied or angry, their loyalty may decline and in turn, weakens efforts to keep customers. (Chan & Tan, 2016). However, whatever services or products customers buy or receive, customers will

have experiences of them: good, bad, or indifferent (Johnston & Kong, 2011).

According to Klaus (2015), customer experience is more complex than customer satisfaction and service quality. Through multiple studies, Klaus (2015) developed and validated the dimensions of customer experience quality: brand experience, service experience, and post purchase experience. First, brand experience describes the influence of all direct and indirect customer experience prior to purchase, such as searching and pre-purchase evaluation. Next, the service (firm) experience describes customers' experiences of all direct interactions with the provider during the purchasing and selection process. The ensuing post-purchase experience describes the evaluation and possible outcomes of a customer's experience with the firm after the purchase or consumption or use of the offering. All three CX dimensions have a positive and significant impact on customers' behavior (Klaus, 2015).

Aligned with the definitions constructed by prior studies and this study's specific context, this paper proposes that digital customer experience in a telecommunications industry can be defined as customer experience based on: (1) digital service experience, (2) digital image experience, (3) digital touchpoint experience and (4) digital broadband experience. Thus, the study proposes these four experiences as the dimensions of digital customer experience.

MATERIALS AND METHODS

Characteristics

This study applied the characteristics of Aaker, Kumar and Day (2011), namely descriptive research and verification. Descriptive research is used to depict phenomena such as the frequency of the occurrence of the activities of the users' active mobile data of Telkomsel in defining Telkomsel digital customer experience for Telkomsel service. In addition, the study includes verification to justify whether or not there is some correlation among the items in the DCX (digital customer experience) construct.

This study empirically developed, refined, and validated the multiple-item scale (Klaus & Maklan, 2012) for measuring DCX which was gained from the customer perceptions (Edvardsson, Gustafsson, & Roos, 2005). The research process applied a mixed method that combined qualitative and quantitative approaches in one study (Creswell, Klassen, Clark, & Smith 2011; Rufaidah, 2017, 2016a, 2016b) to attain valid items.

Methodology Research

This study adopted Rufaidah's (2017, 2016a, 2016b) to take into consideration Adeosun and Ganiyu (2012) experience where thought is represented through action yields in significant customers' feelings in the eight stages of scale development. This study, however, only used the first seven steps of the stages (Rufaidah 2017, 2016a, 2016b) in building the construct of digital

customer experience. The steps are the qualitative process, defining the number of samples required, determining the scale of the questionnaire, developing a reliable and valid questionnaire, collecting data, and examining the validity and reliability of the constructs of DCX.

The qualitative process, through Focus Group Discussions (FGD), was used to develop the items or indicators of DCX. This development process involved six respondents with different backgrounds but were all active mobile data users and gained the various possible indicators of DCX. The results were merged with those of the literature study to construct all the fit items.

The next stage refined and validated the indicators of DCX which were structured based on the results of the FGD and the literature study. The process employed a quantitative approach, whereas the data collection was done using the survey method. Researchers asked active mobile data users of Telkomsel from six cities to fill out an online questionnaire. It aimed at creating a sharp insight into customer perspectives in their experience of using digital devices. After completing the online questionnaire, an incentive in the form of phone credits for their mobile phone was given.

Prior to data collection, researchers identified 645 respondents and a five-point Likert scale for each item, ranging from 1: strongly disagree to 5: strongly agree. The subsequent process was the analytical step through a quantitative approach. The first step comprised exploratory factor analysis

(EFA) aimed at refining the multiple-item scale defined from the results of the FGD and literature study. The results classified the items into dimensions of DCX. The second step confirmed the factors purified by EFA through confirmatory factor analysis (CFA). This process is part of building the model through the Structural Equation Modelling

(SEM) method, namely the measurement model. This research constructed the *second-order model* (Figure 1). Some of the assumptions are shown in the results. It depicted the validity and reliability scale of the items in each dimension. This stage was aimed at examining and confirming the new theoretical construct of DCX.

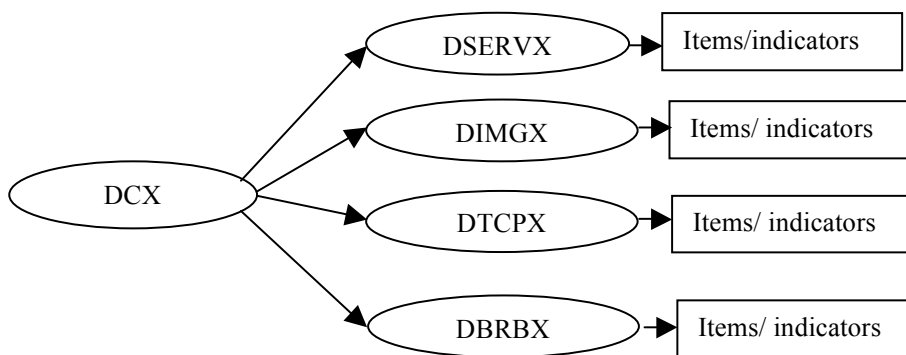


Figure 1. The pre-defined model of DCX

The last stage proposes the final result of the model which consists of the definitions by multiple-items of DCX. The whole process was analysed using SPSS version 23 and Lisrel version 8.72.

RESULTS AND DISCUSSIONS

New research results obtained

The FGD and literature review results were used to construct the preliminary scale of DCX consisting of 42 items. The survey process obtained 645 responses. Some of these responses were omitted from further analysis when they did not meet the screening criteria (no missing data, no unengaged response, and zero outliers for continuous variables). The result identified

598 Telkomsel users as the final number of respondents for further analysis. The sample size exceeds what is needed to attain the required statistical power (Bentler & Chou, 1987; Bollen, 1989; Boomsma, 1985, 1982; Nunnally, 1967).

The demography of the respondents consisted of an almost equal number of male and female respondents 43.65% and 56.35%. The proportion of the respondents' age varied (aged <17: 3.34%; 17-22: 47.32%; 23-27: 26.59%; 28-32: 6.35%; 33-37: 3.18%; 38-42: 5.02%, and ≥ 42: 8.19%). The majority of the respondents are between 17 and 30 years old. In terms of occupation, most of them are college/university students (31.44%) and entrepreneurs (22.07%).

Table 1
Results of EFA

No. Item	CODE	Communalities	Factors			
			(1)	(2)	(3)	(4)
X1_1	DSERVX_1	.709				.720
X1_2	DSERVX_2	.795				.776
X1_3	DSERVX_3	.793				.779
X1_5	DSERVX_5	.573				.493
X1_11	DSERVX_11	.598				.480
X2_1	DIMGX_1	.726			.632	
X2_2	DIMGX_2	.752			.667	
X2_3	DIMGX_3	.766			.728	
X2_4	DIMGX_4	.749			.727	
X2_7	DIMGX_7	.683			.610	
X3_3	DTCPX_3	.604		.619		
X3_6	DTCPX_6	.702		.707		
X3_7	DTCPX_7	.730		.740		
X3_8	DTCPX_8	.763		.783		
X3_9	DTCPX_9	.747		.784		
X3_10	DTCPX_10	.763		.769		
X3_12	DTCPX_12	.730		.700		
X4_1	DBRBX_1	.773	.789			
X4_2	DBRBX_2	.799	.824			
X4_5	DBRBX_5	.771	.800			
X4_7	DBRBX_7	.766	.805			
X4_8	DBRBX_8	.735	.792			
X4_9	DBRBX_9	.793	.837			
X4_11	DBRBX_11	.760	.787			
Cumulative Variance Explained			54.72%	64.18%	69.82%	73.25%

The EFA (Table 1) classified 24 items loaded into four dimensions or factors and validation used the combination of factor analysis and reliability analysis. The factor analysis created a clean pattern using *Principal Component Analysis* as an extraction method and *varimax* for the rotation process since the study preferred to have non-correlation of each factor (Costello, 2005). The dimensions can

predict the variability in responding the items as Kaiser-Meyer-Okin (KMO) have high value, 0.96. Moreover, the Bartlett test of sphericity identified the very small p-value, 0.000 (<0.05) indicates that there is significant correlation amongst at least some of the items of DCX (Klaus & Maklan, 2012). Results showed the total variance explained (TVE) is 73.25 percent while the score of communalities are above 0.5 and

loading factors are above 0.4. This meets the minimum requirement for the next step of multiple-item validation. In terms of reliability analysis, the results show that all

dimensions are reliable (Table 2) since the number of alpha-value are above 0.7 which are acceptable according to Nunnally (1967) guidelines.

Table 2
Results of the reliability test

Dimensions, AVE & CR	Items	Validity	Cronbach's Alpha if Item Deleted
Digital service experience $\alpha=0.877$, AVE=0.874, CR=0.886	X1_1	0.697	0.854
	X1_2	0.784	0.834
	X1_3	0.770	0.835
	X1_5	0.641	0.867
	X1_11	0.662	0.863
Digital image E\experience $\alpha=0.913$, AVE=0.888, CR=0.898	X2_1	0.777	0.894
	X2_2	0.812	0.886
	X2_3	0.782	0.892
	X2_4	0.772	0.895
	X2_7	0.747	0.900
Digital touch point experience $\alpha=0.930$, AVE=0.891, CR=0.901	X3_3	0.707	0.926
	X3_6	0.750	0.922
	X3_7	0.776	0.919
	X3_8	0.811	0.916
	X3_9	0.795	0.918
	X3_10	0.802	0.917
	X3_12	0.794	0.918
Digital broadband experience $\alpha=0.949$, AVE=0.882, CR=0.893	X4_1	0.828	0.941
	X4_2	0.851	0.938
	X4_5	0.830	0.941
	X4_7	0.829	0.941
	X4_8	0.803	0.943
	X4_9	0.841	0.939
	X4_11	0.818	0.942

Note: AVE=Average Variance Explained, CR= Construct Reliability

The limitations of EFA allowed researchers to use the component factor analysis (CFA). When the EFA cannot compute the pure

results of the loading factor among the dimensions or latent variables (Voon & Lee, 2009), CFA is more suited. The study was

done to specify the measurement model using the weighted least square method and the assessment of model's overall fit.

The study also tested the validity constructs which consisted of reliability constructs and discriminant validity. Ghozali and Fuad (2014) suggest Construct Reliability (CR) and Average Variance Extracted (AVE) indicated as reliability constructs also defined as convergent validity, measuring the closeness of items in each dimension. The results show (Table

2) that all the scores are above the cut off value (>0.5). The next is the discriminant validity which evaluates the relationships amongst dimensions. The study determined the differences of the chi-square in two models. In the first model, the correlation of latent variable sets to free while the second model sets fixed equal to 1. The results demonstrated the p-value <0.05 meaning that the latent variables are not correlated to each other or differ significantly from each other (Bagozzi et al., 1991).

Table 3
Fit indices of DCX constructs

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
DCX	4	0.84 – 0.98	2.522	0.051	0.878	0.847	0.852	0.779
DSERVX	5	0.67 – 0.88	0.663	0.007	1.000	0.990	1.000	0.990
DIMGX	5	0.79 – 0.87	1.030	0.007	1.000	0.980	1.000	0.990
DTCPX	7	0.75 – 0.86	1.616	0.032	0.980	0.960	0.990	0.960
DBRBX	7	0.81 – 0.88	1.298	0.022	0.980	0.940	0.990	0.960

Note: (A): Latent Variable, (B): Number of Items, (C): Range of Std. Regression, (D): chi/df, (E): RMSEA, (F): GFI, (G): AGFI, (H): CFI, (I): BBC Coef. Δ

The study shows that the results of digital customer experience (Table 3) indicated by all scores are above cut off value based on recommendation of Hooper et al., (2008), such as Relative Chi-Square/df (cut off value at <3); RMSEA (<0.07); GFI (>0.95);

AGFI (>0.95); CFI (>0.95). Moreover, the study used the Bentler-Bonnet Coefficient (>0.95) as the measurement for convergent validity (Voon & Lee, 2009). The results show the good fit indices and convergent validity for various dimensions of DCX.

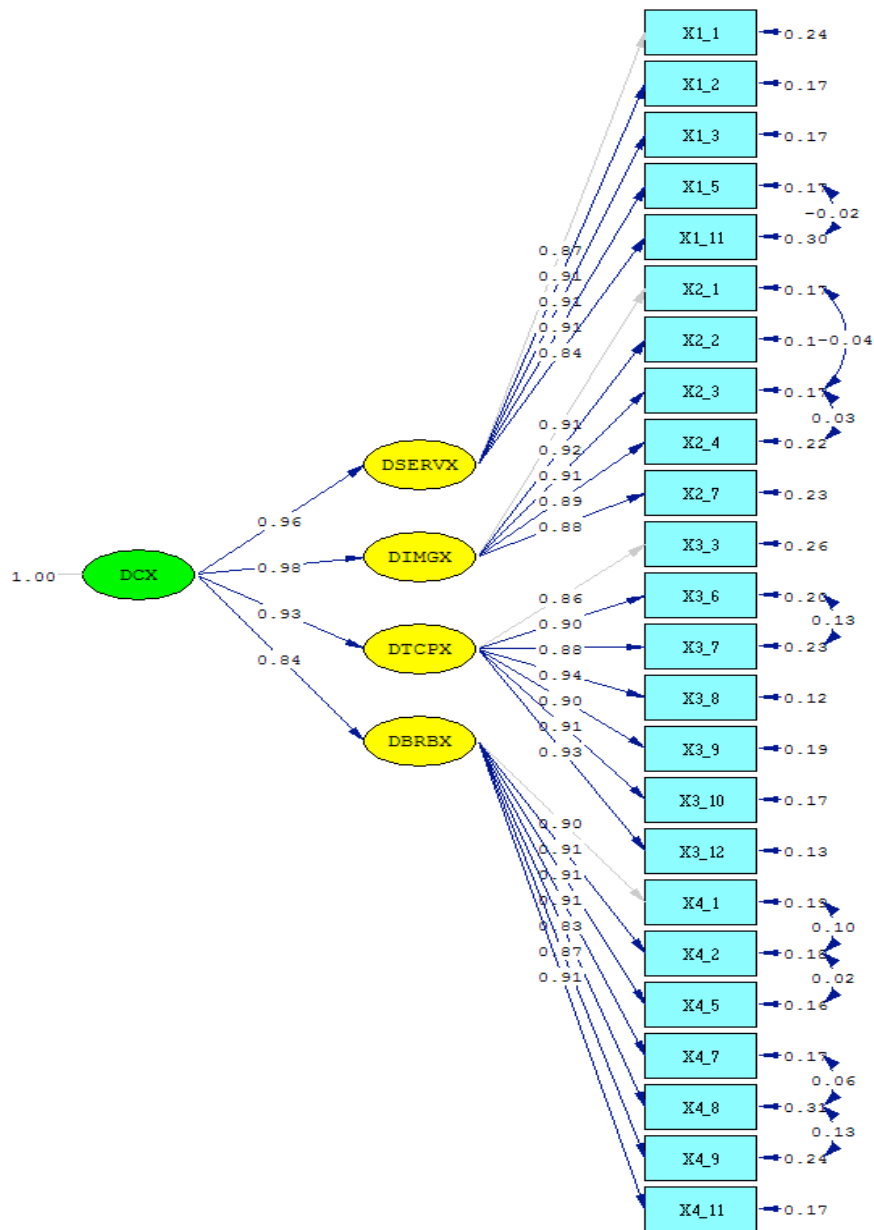


Figure 2 Measurement model of DCX

Finally, the variable of DCX was measured using four dimensions (Figure 2) namely Digital Service Experience (DSERVX), Digital Image Experience (DIMGX), Digital Touchpoint Experience (DTCPX), and

Digital Broadband Experience (DBRBX) (Figure 2). It was determined by the p-value in the t-test result of each dimension and which showed that the loading factor significantly belonged to that dimension.

The validity construct also supported the results of the dimensions.

The results show that each dimension of DCX has a loading factor higher than 0.7 (>0.7) which ranges between 0.84 and 0.98 and fulfilled the fit indices (Table 3) for DCX with all the scores being above the cut off value.

CONCLUSION

As business shifts into the digital world customer experience needs to be transformed into digital customer experience. This study examines what is digital customer experience and which factors influence it. It found that digital service experience, digital image experience, digital touchpoint experience, and digital broadband experience are factors that determine digital customer experience.

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Analysing Destination Experience, Satisfaction and Loyalty of Domestic Tourists: A Case Study of Bali, Indonesia

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ABSTRACT

Domestic tourism contributes substantially to the economy of a nation. Domestic tourism in Bali, Indonesia, has been growing rapidly in the past few years, and since Bali's economy relies heavily on tourism, it is essential to maintain its long-term viability as a tourist destination. The aim of this research is to measure domestic tourists' satisfaction and loyalty based on their overall destination experience, in Bali. It also examines the relationship between destination experience, reflected by experience with destination environment and service infrastructure, satisfaction, and loyalty, as reflected by intention to return and intention to share positive WOM. Different analysis such as descriptive analysis and confirmatory factor analysis (CFA) was employed to answer the objectives of this research. The results of study indicated tourists were highly satisfied with their travel experience in Bali and they intend to visit the destination again. They were also willing to share positive WOM with others regarding Bali.

Keywords: Bali, destination experience, loyalty, service infrastructure, satisfaction, quantitative

INTRODUCTION

In 2014, domestic travel spending generated 72.5% of the world's direct travel & tourism contribution to GDP (World Travel &

Tourism Council, 2015b). Besides providing income and employment creation, domestic tourism is also an excellent tool for regional development, social integration and income distribution (Mendiratta, 2011; Pierret, 2010).

Bali has been recognized internationally for its beautiful mountains, beaches, rice fields, temples, strong Balinese and Hindu culture, and warm hospitality (Ministry of

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Tourism, 2014). In the past decade, the number of domestic tourist arrivals in Bali has nearly tripled from 2,404,509 arrivals in 2005 to 7,147,100 arrivals in 2015 (Tourism Authority of Bali Province, 2016a).

Indonesia has a population of around 250 million people, a rising middle class, and an increasing trend to travel among its people, and support from the government ("Statista", 2016; Tourism Authority of Bali Province, 2016c).

However, the continuous emergence of highly competitive destinations around the world makes it critical for destinations like Bali to focus on their competitive advantage for their long-term survival.

The success and popularity of a destination depends on tourists' experience in that destination, their satisfaction and loyalty towards the destination (Petrick & Backman, 2002). Understanding tourist experience in a destination is very important because it determines their level of satisfaction with the destination (Murphy, Pritchard, & Smith, 2000). Satisfied tourists are more likely to return and share positive word-of-mouth (WOM) to others (Kozak & Rimmington, 2000; Yoon & Uysal, 2005). Although much research has been conducted on the relationship between tourists' experience, satisfaction and loyalty to a destination, the focus on domestic tourism has been neglected (Baker & Crompton, 2000; Kozak & Rimmington, 2000; Lin & Kuo, 2016; UNWTO Commission, 2012) despite these sectors' increasing importance (Ministry of Tourism, 2014).

LITERATURE REVIEW

Domestic tourism plays a vital role in Bali's economy. The growth of domestic tourist arrivals in Bali has nearly tripled from 2,408,509 tourist arrivals in 2005 to 7,147,100 in 2015. In 2015, the number of domestic tourist arrivals in Bali was around twice more than international tourist arrivals (Tourism Authority of Bali Province, 2016a; Tourism Authority of Bali Province, 2016b). Bali is not only popular amongst international tourists but also amongst domestic tourists. It recorded a total of 4,001,835 international tourist arrivals, which was an increase of 6.24% from the previous year, and 7,147,100 domestic tourist arrivals in 2015. This was an 11.77% increase from the previous year (Tourism Authority of Bali Province, 2016a; Tourism Authority of Bali Province, 2016b).

Destinations offer a combination of tourist products and services which are together experienced under the brand name of the destination. Gunn and Var (2002) came up with an idea that the functioning tourism system is made up of supply and demand in this fast-growing industry. The tourism system shows that destinations are responsible for the supply side and that the tourism product is made up of a complex consumptive experience where tourists use multiple services during their visit. These services are categorized into attraction services, accommodation services, transportation services and information services.

Intense competition between destinations in today's world has made

differentiation unavoidably important for a destination to survive. It is important for destinations to focus on improving their quality and their brand value to maintain their attractiveness to potential tourists (Stevens, 1992). In order to do this, it is crucial for destination marketing organizations (DMOs) to understand what they can do to maximize the tourists' experience.

Hence, Murphy et al. (2000) created a conceptual framework to describe destination experience. Destination experience is made up of destination environment and service infrastructure. "Each 'moment of truth' encountered with the destination environment and its service infrastructure becomes a thread woven into the traveler's overall sense of trip quality. Indeed, the more positive those encounters are the stronger the sense of quality."

Destination environment makes up a large part of tourist destination experience (Murphy et al., 2000). It includes the natural environment of the destination, the political/legal factors, technological factors, economic factors, cultural factors, and social factors.

The natural environment refers to the environment that is naturally present on earth. It includes the geographical landscape of destinations, the resources available, the flora and fauna, and climate among others (Buckley, 1994; Goeldner & Ritchie, 2012).

The political/legal factors refers to the political situation of the destination including their security, political stability, and international relations. It also includes

the government policy and regulations which affect the treatment of tourists. Travel requirements to enter the destination like visa application procedure are also a part of these factors (Goeldner & Ritchie, 2012; Hall, 1997; Weaver & Lawton, 2014).

Cultural factors or way of life of the society in the destination can be attractive for tourists. Authentic cultural heritage and interesting history can motivate tourists to visit the destination (Goeldner & Ritchie, 2012; Prentice & Hudson, 1993). Lastly, the social factors of a destination refers to the characteristics of people in the destination. The main social factors that affect tourists are the friendliness of the local people, the language spoken by most people, the population density, and religion (Goeldner & Ritchie, 2012). This research will focus on the natural environment, safety and security factors, cultural factors and social factors.

Service infrastructure is made up of accommodation services, transportation services, travel services, food services, recreation and attraction services, and shopping services (Goeldner & Ritchie, 2012; Murphy et al., 2000).

Accommodation services refer to the places where tourists can sleep during their stay in a destination. It includes hotels, resorts, motels, apartments, and other accommodation facilities. Transportation is a vital part of the tourism system. Transportation is defined as the movement of tourists from their original region to the destination and also within the destination. The availability of good transportation

services makes traveling more convenient for tourists (Goeldner & Ritchie, 2012).

Food services serve tourists with food and beverages during their stay and include facilities like restaurants, caf  s, bars, etc. which provide various types of cuisine for tourists. The availability of quality food may affect the tourism experience in a destination. Recreation and attraction services refer to all the natural and manmade attractions that a tourist would like to visit in the destination (Weaver & Lawton, 2014). This research will focus on the accommodation, transportation, food and attraction services.

Tourist satisfaction is crucial for building a successful destination because it highly influences tourists' decisions to recommend the destination to others and also to revisit (Weaver & Lawton, 2014). The two main aspects of the tourism product are intangibility and heterogeneity (Shoemaker, Lewis, & Yesawich, 2007).

Oppermann (2000) measured loyalty through behavioural and attitudinal approaches. The importance of customer loyalty is investigated in different fields (Hidayat, Saifullah, & Ishak, 2016) and loyalty behavior of tourists is quantified by their intention to revisit the destination and attitude to share positive WOM to others.

MATERIALS AND METHODS

The author collected data from 174 Indonesians through a valid online questionnaire. The data was collected using Google Forms and was distributed through

the author's email, instant messaging services and social media.

The sampling technique used in this study was non-probability sampling, which was purposive or judgment sampling. Those who are eligible for this research were Indonesian citizens who had visited Bali at least once in the last year prior to questionnaire distribution date. Most of the respondents were young people from the island of Java island. Most of the domestic tourists who visited Bali belonged to the 26-55 years old age group (60.8%), followed by those who were 16-25 years old (31.2%). The top four origin provinces of the tourists were East Java (35%), Special Capital Region of Jakarta (17.1%), Central Java (11.4%), and West Java (11.2%).

The first part of the questionnaire introduced the author, the purpose of the study, and its objectives, to the respondents. The second part contained ten questions regarding the profile of the respondents. The third part of the questionnaire consisted of questions to measure the variables tested in this research. A 7-point scale was used for all of the variables in this study, ranging from 'Strongly Disagree' to 'Strongly Agree'. The language used in the online questionnaire was Bahasa Indonesia.

The data from the online questionnaires were analysed using the statistical software, SmartPLS. SmartPLS is one of the most popular software used for Partial Least Squares Structural Equation Modelling (PLS-SEM).

RESULTS AND DISCUSSIONS

Pretest Result

The reliability and validity of the questionnaire was tested prior to its distribution by testing the responses of 30 respondents.

Two tests were also conducted to ensure the validity of the questionnaire:

- (1) Convergent validity was tested using the Average Variance Extracted. The AVE value should be more than 0.50

to pass the standard; (2) Discriminant validity. For discriminant validity, “an indicator’s outer loadings on a construct should be higher than all its cross loadings with other constructs” (John & Benet-Martinez, 2000).

Demographics

The total number of valid responses used in this research was 174. The demographics of the respondents can be observed in the table below:

Table 1
Sample profile (in percentages)

1.	Gender	Female	61%
		Male	39%
2.	Age	21-30 years old	72%
		<21 years old	19%
		31-40 years old	9%
3.	Marital status	Not married	87%
		Married	12%
		Other	1%
4.	Occupation	Student	43%
		Private employee	37%
		Entrepreneur	11%
		Other	9%
5.	Origin province	Jakarta	64%
		West Java	19%
		Other	17%
6.	Travelling purpose	Leisure	82%
		Business	10%
		Other	7%
7.	Length of stay	3-5 days	67%
		>7 days	15%
		6-7 days	13%
		<3 days	5%
8.	Average daily spending in Bali	IDR 250,000-499,000	40%
		IDR 500,000- 749,000	24%
		>IDR 1,000,000	21%
		IDR 750,000-999,000	8%
		<IDR 250,000	7%

Hypothesis Testing

Descriptive Analysis

Table 2
Sample profile (in percentages)

Variables/ Items	Mean	Std. Deviation
Destination Experience		
... Bali has a beautiful natural environment	6.15	.925
... I felt safe and secure when I was travelling in Bali	5.30	1.25
... In general, the people I met in Bali were friendly and helpful	5.73	1.03
Service Infrastructure		
... In general, my experience with the accommodation services like hotels or resorts in Bali was good	5.90	1.05
... In general, the transportation services available in Bali were efficient and reliable	4.69	1.53
... In general, my experience with restaurants and other food services in Bali was good	5.62	1.05
... In general, Bali has interesting tourist attractions	6.22	1.06
Satisfaction		
...I feel satisfied with my experience in Bali	6.14	.927
...My experience in Bali met my expectations	5.93	1.00
...I am happy with my decision to go to Bali	6.13	.965
Intention to Return		
... I plan to return to Bali in the near future	5.52	1.43
... Bali is one of my choices for my next travel plan	5.16	1.58
Intention to Share Positive WOM		
... I will say positive things about my trip to Bali to my friends and relatives	5.77	1.16
... I am willing to recommend Bali to other people	5.92	1.18

Hypothesis Testing

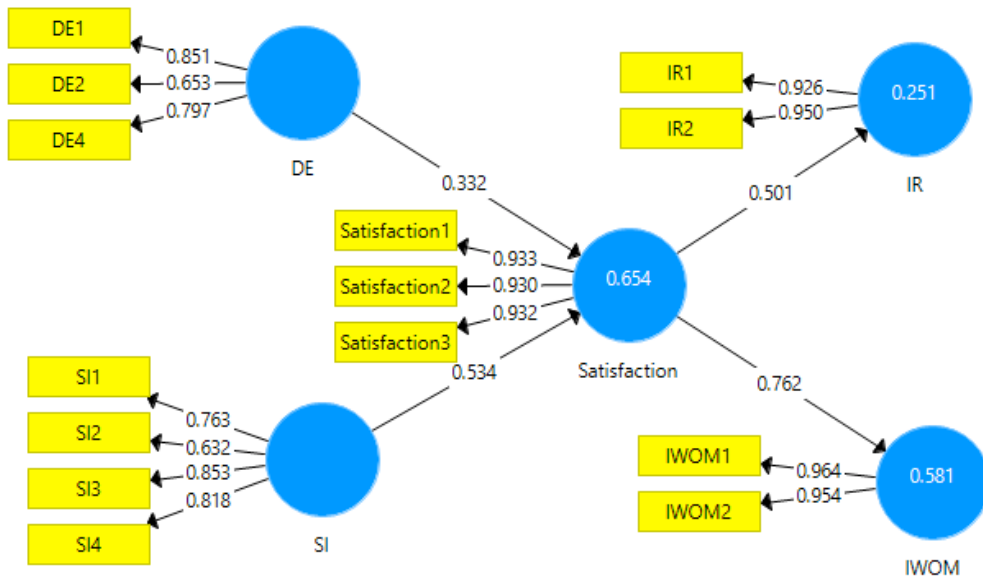


Figure 1. SmartPLS results for hypothesis testing

With an R^2 value of 0.654, t-statistics of 5.039 (sig. value: 5%, two-tailed test; >1.96), and path coefficient of 0.332 (>0.1), H1: “There is a positive relationship between experience with destination environment and satisfaction; in which the more favourable the experience with destination environment, the greater the level of tourist satisfaction”, is supported.

With an R^2 value of 0.654, t-statistics of 8.335 (sig. value: 5%, two-tailed test; >1.96), and path coefficient of 0.534 (>0.1), H2: “There is a positive relationship between experience with service infrastructure and satisfaction; in which the more favorable the experience with service infrastructure, the greater the level of tourist satisfaction”, is supported.

With an R^2 value of 0.251, t-statistics of 7.103 (sig. value: 5%, two-tailed test; >1.96), and path coefficient of 0.501 (>0.1), H3: “There is a positive relationship between tourist satisfaction and intention to return; in which the greater the tourist satisfaction, the greater the level of intention to return”, is supported.

With an R^2 value of 0.581, t-statistics of 13.293 (sig. value: 5%, two-tailed test; >1.96), and path coefficient of 0.762 (>0.1), H4: “There is a positive relationship between tourist satisfaction and intention to share positive WOM; in which the greater the tourist satisfaction, the greater the level of intention to share positive WOM”, is supported.

DISCUSSIONS

1. What is the satisfaction level and loyalty of domestic tourists, where loyalty is reflected by their intention to revisit and intention to share positive WOM, based on the quality of current destination environment and service infrastructure?

The mean value for the satisfaction of domestic tourists with Bali was 6.07. This means that most of the respondents agree that their experience in Bali met their expectations, and that they were satisfied and happy with their decision to go to Bali. The mean value for the intention to return was 5.34. This means that most of the respondents slightly agree towards the statements that they plan to return to Bali again in the near future and has Bali as one of their choices in their next travel plans. The mean value for the intention to share positive WOM was 5.85. This means that most of the respondents agree that they said positive things about their trip to Bali to their friends and relatives and were willing to recommend Bali to other people.

These values explain the rapid growth of domestic tourism in Bali (Tourism Authority of Bali Province, 2016b). In addition, a report by McKinsey & Company (2013) also endorses this phenomenon and stated that WOM is considered to be one of the most credible sources of information for the decision-making of Indonesian customers. The high mean value for tourists' intention to share positive WOM can further explain the rapid growth of domestic tourism in Bali.

2. Does destination experience, in terms of experience with destination environment and service infrastructure, affect satisfaction?

According to the findings of this research, the destination experience of domestic tourists reflected by tourists' experience with destination environment and service infrastructure, has a significant relationship with satisfaction. This implies that the more favorable the experience that domestic tourists have with the destination environment and service infrastructure of a destination, the higher their level of satisfaction. This confirms with the study conducted by Murphy et al. (2000) which stated that both destination environment and service infrastructure are predictors of perceived trip quality and value.

In relation to path coefficients, the relationship between the experience with service infrastructure and satisfaction has a higher coefficient (0.534) than the relationship between destination environment and satisfaction (0.332). This means that domestic tourists' experience with service infrastructure (in terms of accommodation, transportation, food, and attraction services) has a stronger influence towards tourists' satisfaction than their experience with destination environment (in terms of natural environment, safety and security, and friendliness of local people) towards satisfaction.

3. Does domestic tourists' satisfaction with a destination affect their loyalty, in

terms of intention to return and intention to share positive WOM?

According to the findings of this research, domestic tourists' satisfaction had a significant relationship with loyalty, reflected in tourists' intention to return and intention to share positive WOM. The greater the level of satisfaction, the greater the level of loyalty. The results conform with the findings of several past studies by Baker and Crompton (2000), Kozak and Rimmington (2000), and Lin and Kuo (2016). They have reported that satisfaction directly influences intention to return and intention to share positive WOM.

In terms of the results of the path coefficients, satisfaction has more influence for intention to share positive WOM (0.762) than towards intention to return (0.501). The result is understandable because when tourists are highly satisfied with a destination, they will most likely share their experience with their friends or relatives. The sharing of positive experience is also fuelled by the growing prevalence of social media in Indonesia. "Indonesia has the highest social network penetration rate among internet users in Southeast Asia, with 77.4% of internet users visiting a social network at least once a month in 2015" (eMarketer, 2015). However, they will not always revisit the destination due to the financial cost related to travelling to a destination. The opportunity cost of time and money spent on a familiar destination

is high. Tourists may be satisfied with the destination but have a desire to explore other destinations.

This finding further supports previous studies conducted by researchers like Bigne, Sanchez and Sanz (2005); Saren and Tzokas (1998) among others, who stated that loyal tourists have more intention to share positive WOM than intention to return.

CONCLUSION

According to this study, both experience with destination environment (in terms of natural environment, safety and security, and friendliness of local people) and service infrastructure (in terms of accommodation, transportation, food and attraction services) were found to be the key predictors for domestic tourists' satisfaction in Bali.

It is therefore important for a destination to have various services that can satisfy the needs of different types of tourists. At the same time, this also indicates the need for government to balance infrastructure development with proper sustainable public policies and regulations related to environmental protection, security and safety concerns, and creating a pro-tourist society. According to this study, satisfaction was found to be a key predictor of loyalty, reflected in tourists' intention to return and intention to share positive WOM. Thus, current efforts carried out by the Indonesian government through marketing and investments on infrastructure and human resources among others, are supported

in this study. Aggressive and continuous efforts should be taken to maintain and boost tourists' experience and loyalty.

This research only utilized the experience with destination environment and service infrastructure as the antecedents of domestic tourists' satisfaction. Future research can include other variables that may have a direct influence on satisfaction and loyalty. The research model for destination environment and service infrastructure was very simplified. Future research can further analyze the specific elements that build the experiences so that the understanding is more detailed. The research can be carried out with respondents from other regions in Indonesia. It can also include more respondents from different age groups and marital status. A cross-tabulation can be done to compare the different characteristics of different groups of respondents. A qualitative research can be conducted to gain more insights on domestic tourists' evaluation regarding the destination environment and service infrastructure to better understand their needs. Increase the number of respondents as it will enhance the credentials of the findings.

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Entrepreneurial Intention and Competencies of Vocational and High School Graduates in Indonesia

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ABSTRACT

Unemployment in Indonesia is relatively high at 5.3%, majority of whom are vocational school and senior high school graduates. Vocational school graduates are better prepared to be entrepreneurs but only 1-2% of them are involved in entrepreneurship. This study aims to understand the intention of vocational school graduates to become entrepreneurs and their entrepreneurial competencies. The study involves 374 vocational school graduates, consisting of 156 graduates in Gunung Kidul and 218 graduates in Jakarta. The study uses convenient sampling technique. Three measurement instruments are used in this study; (1), the intention to become entrepreneurs, (2) soft skill competencies adapted, and (3) hard skill competencies. It was found that vocational school graduates have a moderate desire to become entrepreneurs. The perceived feasibility dimension tends to be low, whereas both soft and hard skills entrepreneurial competencies tend to be high. When comparing school locations, graduates in Jakarta indicate significantly higher intention to become entrepreneurs than those in Gunung Kidul. As for the competencies, both soft and hard skills, vocational graduates in Gunung Kidul have significantly higher competencies than in Jakarta.

Keywords: Competence, entrepreneurship, intention, vocational graduates, competencies

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INTRODUCTION

Entrepreneurship is a remarkable force that can facilitate growth and societal progress. It involves innovation, employment generation, and social empowerment. Education in the area of entrepreneurship

may help people to develop skills and knowledge, which could benefit them for starting, organizing and managing their own enterprises (Paltasingh, 2012). The occupational transition from salaried to self-employment status is important in developed economies but is even more critical in emerging economies, and individuals' occupational choices can drive economic development (Monsen, Mahagaonkar, & Diener, 2012).

Vocational school in Indonesia are essentially aimed at producing graduates who are better prepared for the workplace, but the current statistics indicate a high number of unemployed vocational graduates. According to Paramita (2014), only 50% of vocational high school graduates are directly hired, about 1-2% become entrepreneurs, whereas the rest remain unemployed.

The Indonesian Central Bureau of Statistics reported in August 2016 that the unemployed are mostly graduates of vocational schools. Unemployment is most prevalent in urban areas at a rate of 6.60 % compared to 4.51 % in the rural areas. Based on educational level, unemployment in Indonesia is found highest among vocational school graduates with a rate of 11.11 %, followed by graduates of high school 8.73 %, Diploma III (university non-degree program) 6.04 %, junior high school 5.75 %, university 4.87 % and primary school 2.88 % (Ariyanti, 2016). The Central Bureau of Statistics also indicated that the unemployment rate in Indonesia is relatively high at 5.3%, with vocational school and senior high school graduates dominating

in numbers (Badan Pusat Statistik, 2017). Vocational school graduates should be better prepared to be entrepreneurs but the fact is only 1-2% are immediately involved in entrepreneurship (Badan Pusat Statistik, 2015).

This phenomenon is not in line with the aims of the Indonesian government which encourages vocational school graduates to become entrepreneurs. This condition is also found in countries outside Indonesia. In Malaysia, for example, vocational school graduates are rarely found to be involved in the process of developing new business, however much they were well-prepared to do so (Othman, Hashim, & Wahid, 2010).

Hamidi, Wennberg and Berglund (2008) found that entrepreneurship programs in Sweden are successful. It is a training session that asks participants to think and act creatively, using a case study approach where students are asked to create new solutions to a business idea, and even to start a business. Fayolle and Gailly (2015) found that students who received entrepreneurship education were more likely to build business, have higher entrepreneurship intentions, and better developed self-efficacy perceptions. Self-efficacy is known to be a single best predictor of individual performance in general, and it is considered to be a state-like characteristic that generally increases with experience and is highly related to ability (Hechavarria, Renko, & Matthews, 2012). Some experts say entrepreneurship is a process, and thus it is more important that someone shows interest in becoming a new entrepreneur prior to receiving the

necessary education to become one. To build a new business involves planning and consideration with high-level cognitive processes, that entrepreneurial behavior should be regarded as a type of planned behavior which could be simply described by using intention models (Krueger, Reilly, & Casrud, 2000).

What of the role of education in Indonesia? Expert opinion on entrepreneurship education, particularly on the capability needed to create new entrepreneurs, has already been recognized by Ministry of Education and Culture, particularly by the Directorate of Vocational School Guidance. This is evident in the content of ministerial regulations concerning vocational school curriculum, especially in the syllabus of entrepreneurship in vocational subjects. The core of the curriculum in vocational schools is developed to increase competency and skills for graduated to compete in the era of globalization. Education in vocational school consists of the specialized subject according to students' interest, total credits are 48. The subject of entrepreneurship will be delivered in grade 1, 2, 3, and 4 respectively 2 credits. When referring to the curriculum designed for vocational students, then after graduation, vocational students should have an interest or desire to become entrepreneurs and have the necessary competence skills.

The learned competencies of vocational education are technical and non-technical competencies or soft skills. Technical competencies in vocational school can be obtained from the specialized subjects such

as carpentry, engine, computer skills, and food processing and serving. In addition to that, vocational subjects are also related to knowledge on the production process, marketing, business processes, and human resource management.

The interest or desire to become entrepreneurs is commonly known in psychology as intention. An intention is a person's position in the dimensions of subjective probability that involves a relationship between him- or herself and some action. Therefore, the intention of behaving leads to the person's subjective probability that he or she will take action in real behavior (Ajzen & Fishbein, 2005).

According to Shapero and Sokol theory, Riyanti (2009), a person with the intention to become entrepreneurs will be influenced by three matters: perceived desirability, perceived feasibility and propensity to act. People who intend to become entrepreneurs would typically indicate personal preference or interest, have the capability and at the end would unconsciously put their desires into reality through their actions.

Entrepreneurship education plays an important role in providing knowledge and understanding of business processes. It also plays a role in fostering entrepreneurial intentions to become entrepreneurs (Fayolle & DeGeorge, 2006). In this case, the model of entrepreneurial intentions of Shapero and Sokol (Riyanti, 2009) provides a tool that can explain a person's decision to become an entrepreneur.

Competency is defined as knowledge, skills, and ability of the individual

(personality) that directly affect the performance (Spencer & Spencer, 1993). Knowledge and skills are usually associated with hard skill competencies, while personality is usually associated with soft skill competencies (Shermon, 2004).

Entrepreneurship soft skill competencies according to Spencer and Spencer (1993) covers 13 dimensions, namely: (1) initiative, (2) sees and act on opportunities, (3) persistence, (4) information seeking, (5) concern for high quality of work, (6) commitment to work contract, (7) efficiency orientation, (8) systematic planning, (9) problem-solving (10) self-confidence, (11) persuasion, (12) use of influence strategies, and (13) assertiveness. All thirteenth dimension are characteristic that is generally owned by entrepreneurs.

Entrepreneurship hard skill competencies according to Chou, Shen, Hsiao and Chen (2010) cover ten competencies among business students, namely: (1). entrepreneurial spirit and entrepreneurial competencies, (2) marketing competence, (3) business and economy competence, (4) financial competence, (5). accounting affair competence, (6) management competence, (7) globalization competence, (8) business law competence, (9) enterprise resources planning competence, and (10) information technology competence. In this study, only five of the ten hard skill competencies proposed by Chou et al. (2010) will be measured.

Based on the above-mentioned phenomenon, the researchers would like to study the intentions to become entrepreneurs and entrepreneurial competence among recent vocational school graduates. It seeks to determine the extent of the educational program's success in preparing vocational school graduates that have great potential to become entrepreneurs.

Research Question

To measure intention to of vocational school graduates in Gunung Kidul and Jakarta to become entrepreneurs and to measure their soft and hard skills.

MATERIALS AND METHODS

By using a quantitative approach, the study is descriptive and comparative. Three variables are measured, namely the intention to become entrepreneurs, soft skill, and hard skill entrepreneurial competencies.

Population and Sampling

The population in this study are recent vocational school graduates in Gunung Kidul, Yogyakarta and Jakarta who have passed the 2016 National Examination. Two areas have been chosen for the purpose of presenting the area with potential for entrepreneurship. The total population of vocational school graduates in Gunung Kidul is 5,393 graduates (2 Siswa SMK, 2017), while the population in Jakarta is

64,349 (Jumlah Kelulusan, 2016). The sampling technique used is convenience sampling.

Instruments and Data Collection Techniques

The instrument to measure intention to become entrepreneurs is a questionnaire developed by the researchers based on Shapero and Sokol theory (Riyanti, 2009). The questionnaire is divided into three dimensions, namely perceived desirability, perceived feasibility, and propensity to act.

Entrepreneur soft skill competencies are those competencies needed to improve businesses and are measured with an instrument developed by the researchers based on construct theory of Spencer and Spencer (1993). Soft skill competencies consist of initiatives, seeing and acting on opportunities, persistence, information seeking, concern for high quality of work, commitment to work contract, efficiency orientation, systemic planning, problem-solving, self-confident, persuasion, use of influence strategic and assertiveness.

Hard skill entrepreneurial competency is technical competence related to the establishment and management of a business, which is measured by an instrument developed by the researchers based on the construct theories of Chou et al. (2010). The original instrument consisted of

10 competencies but for the purpose of this study, we have only used five competencies this assuming vocational education level develop only five of these competencies. Selection of the five hard skill competencies is based on the vocational school curriculum, namely (1) human resource management competence, (2) marketing competence, (3) production competence (4) management competence, and (5) financial competence.

RESULTS AND DISCUSSIONS

Validity and Reliability Test Results

We test the validity of the measuring devices for validity and reliability using the coefficient Cronbach alpha formula (Anastasi & Urbina, 1997; Crocker & Algina 2008). Results of intention to become entrepreneurs indicate that all items are valid, while for soft skill competency instrument, three items were not found to be valid. All items in the hard skill competency measurement instrument were found to be valid and reliable.

Description of Respondents

Of the 374 respondents, 42.51% are male and 57.49% are female, whereas 41.71% of the respondents were vocational school graduates in Gunung Kidul, Yogyakarta and 58.29% were vocational school graduates in Jakarta.

Descriptive Statistics

Table 1
Descriptive statistics

Variable/Dimension	No item	Mean	Theoretical Mean	Standard Deviation
Desire	15	66.436	60	7.455
Feasibility	13	45.000	52	3.289
Propensity	10	44.957	40	6.525
Intention	38	156.253	152	13.365
Initiative	6	34.0349	24	4.983
Opportunity	8	46.2287	36	7.520
Persistence	8	43.4690	36	6.958
Information	8	46.8488	36	6.477
Quality	7	39.8256	28	5.352
Commitment	8	47.9109	36	6.225
Efficiency	7	40.5465	28	5.438
Systematic plan	8	46.5543	31.5	6.233
Problem solving	9	52.9767	40.5	6.393
Self-confident	8	45.4341	36	6.448
Persuasion	6	34.7403	24	4.692
Influence	8	46.0116	36	5.748
Assertiveness	8	47.3527	36	5.585
Human resources management				
Capability	7	40.9884	28	5.047
Marketing	7	40.3372	28	5.187
Production	9	51.5243	40.5	7.747
Management	8	46.2636	36	7.447
Financial	6	41.2326	24	7.915
Valid N (listwise)	374			

The above results (Table 1) indicate the following:

- 1). In the *desirability dimension*, the empirical mean score is 66.643 while the theoretical mean score is 60. This means that the respondent's desirability dimension scores are high;
- 2). In the *perceive feasibility dimension*, the empirical mean score is 45 and the theoretical mean score is 52. This score is low because of the empirical mean
- 3). The *propensity to act dimension*, empirical mean score is 44.957 above than the theoretical mean score 40. This means that the propensity to act dimension scores of respondents are high
- 4). The intention to become entrepreneurs, the empirical mean score is 156.253, the score is higher than theoretical mean

score is lower than the theoretical mean score;

score 152. This empirical indicates that respondents have moderate to high intention to become entrepreneurs;

skills and hard skills respondents' competencies tend to be high.

- 5). For competence, both soft skill and hard skill, the empirical mean score in all dimensions is above the theoretical mean score. It shows that both soft

T-TEST

T-Test Based on Gender

The researchers tested gender differences in all dimensions and variables.

Table 2

Differences in hard skill competencies of entrepreneurship among male and female vocational school graduates

Dimension	Gender	Mean	T value	Alpha
Marketing	1=159	41.120	2.296	0.022
	2=215	39.656		
Financial	1=159	44.957	3.597	0.00
	2=215	39.898		
Valid N (listwise)	374			

Note: 1 = male; 2 = female

Only marketing and financial competencies were found to differ significantly between male and female respondents, with males

having a higher level of competence compared to females.

T-Test Based on Area

Table 3

Differences in intention to become entrepreneurs and entrepreneurial competencies among vocational school graduates in Gunung Kidul and Jakarta

Variable/Dimension	Area	Mean	T value	Alpha
Intention	1=156	153.181	-4.101	0.000
	2=218	158.834		
Propensity	1=156	42.329	-6.503	0.000
	2=218	46.917		
Valid N (listwise)	374			

Note: 1 = Gunung Kidul; 2 = Jakarta

As indicated in Table 3, the intention to become entrepreneurs is significantly different between vocational school graduates in Gunung Kidul and Jakarta, where those in Jakarta have higher intentions to become entrepreneur compared to those in Gunung Kidul.

When analysed across dimensions that form of the intentions to become

entrepreneurs, it appears that the propensity to act is a major contributor to the differences in intentions. The propensity to act is significantly different between vocational school graduates in Gunung Kidul and Jakarta, where graduates in Jakarta have higher scores than those in Gunung Kidul.

Table 4

Differences in soft skill competencies among vocational school graduates in Gunung Kidul and Jakarta

Dimension	Area	Mean	T value	Alpha
Initiative	1=156	34.561	2.106	0.036
	2=218	33.484		
Opportunity	1=156	46.987	2.901	0.004
	2=218	44.741		
Persistence	1=156	44.368	2.453	0.015
	2=218	42.581		
Information	1=156	47.884	4.722	0.000
	2=218	44.544		
Quality	1=156	40.407	2.744	0.006
	2=218	38.802		
Efficiency	1=156	40.903	2.647	0.008
	2=218	39.378		
Systematic Plant	1=156	47.084	3.129	0.002
	2=218	44.931		
Problmsolv	1=156	53.684	4.003	0.002
	2=218	50.701		
Valid N (listwise)	374			

Note: 1.00 = Gunung Kidung; 2.00 = Jakarta

As indicated in Table 4, it can be seen that the vocational school graduates in Gunung Kidul are significantly different than vocational school graduates in Jakarta in their soft skill competencies, i.e. initiative, sees and act on opportunities, persistence,

information seeking, concern for high quality of work, efficiency orientation, systematic planning, and problem-solving. In all eight soft skill competencies, the vocational school graduates in Gunung Kidul are significantly higher than those in

Jakarta. But no significant differences were found in their competence of commitment to work contract, persuasion, influence strategies, self-confidence and assertiveness.

Table 5

Different hard skill competencies among vocational school graduates in Gunung Kidul and Jakarta

Dimension	Area	Mean	T value	Alpha
HRM	1=156	41,181		
	2=218	39,830	2,271	0,024
Marketing	1=156	41,284		
	2=218	39,567	2,686	0,008
Production	1=156	53,458		
	2=218	50,899	3,071	0,002
Management	1=156	47,665		
	2=218	45,115	3,441	0,001
Financial	1=156	46,265		
	2=218	43,673	3,632	0,000
Valid N (listwise)	374			

Note: 1 = Gunung Kidul; 2 = Jakarta

As seen in Table 5, there were significant differences found in the following dimensions: human resources management, marketing, production, management, and financial competencies as hard skill competencies among vocational school graduates of Gunung Kidul and Jakarta, where those in Gunung Kidul had higher competency than those in Jakarta.

Career Options after Graduation from Vocational School

The researchers also asked “what would you do when you graduate from vocational school?”. There were six options that respondents had to rank. The results were that 108 vocational graduates answered “to become entrepreneurs” as their first choice.

DISCUSSIONS

The results indicate that in general vocational school graduates have strong intentions to become entrepreneurs. When analysed according to dimensions of their intentions, it was found that the propensity to act, the respondent feels that becoming an entrepreneur is interesting and he or she has done some real action to realise his intention to be an entrepreneur, is the strongest dimension. However, respondents also consider that becoming entrepreneurs is not easy, indicating some personality barriers among respondents in realizing his desire to become entrepreneurs (the perceived feasibility mean scores are lower than the theoretical mean score). The constraint of students to become

entrepreneurs is influenced by three factors: limited experience, limited capital, and the inability to take risks (Rosati 2016).

The above is due to entrepreneurship education being more theoretical level where the practical experience is inadequate. To transform the knowledge into practice, i.e. the propensity to act (the tendency to prepare everything so that one's wishes will come true), the student needs continual practice to experience entrepreneurship as a process, starting from planning a business, better prepared to keep the business running, launching efforts, and managing the business. As entrepreneurship is a process, there should be an opportunity for continuing education where students can practice the art of entrepreneurship as a process within the vocational school curriculum.

There was no significant difference found between male and female graduates in the intention to become entrepreneurs. This finding brings hope that entrepreneurship education can be applied for both males and females.

However, there were significant differences between the vocational school locations (Gunung Kidul and Jakarta) were noted, with graduates in Jakarta having stronger intentions than those in Gunung Kidul - a hilly, rural area. When comparing soft skill competencies, the Gunung Kidul graduates had significantly higher mean scores than those in Jakarta. Gunung Kidul has higher mean score than vocational graduates in Jakarta in hard skill competencies.

These results are interesting that students from the rural have higher competencies score which may perhaps indicate that the local environment is more conducive for students in forming their competence. Students in the rural areas tend to be more obedient and more serious in doing school assignments and have more energy to focus on education. Unlike in big cities, the distance between the student's home and school is shorter and they need less time to travel, which may also lead to the fact that they experience less stress and fatigue because of lower traffic congestion, and fewer temptations to hang out in shopping centres, movie theatres or other entertainment places. Vocational students in rural areas also come from middle to lower income level families who put a strong emphasis on the importance of education for their future.

The most interesting finding of this research is that despite the significantly higher soft skill and hard skill competencies found among vocational school graduates in Gunung Kidul the intention to become an entrepreneur is still higher in Jakarta than in Gunung Kidul.

The real purpose of entrepreneurship education is to encourage a change in attitude, so the students will business start-up as a career opportunity (Hamidi et al., 2008). Results on soft skill and hard skill competencies in this study showed that in general respondents have a high score. These results indicate that the graduates of vocational school have an adequate soft skill and hard skill competencies.

CONCLUSION

The intention to become entrepreneurs among vocational school graduates is low in the perceived feasibility dimension. Therefore, teaching and learning in vocational school must be changed. The curriculum should make entrepreneurship education an early phase for business establishment with an emphasis on practice rather than theory. Such education will allow students to cultivate intentions to become entrepreneurs and develop competencies necessary for establishing businesses. According to Rosati (2016), curriculum-based entrepreneurship is important as it will be a measure or indicator of success among school graduates and increase competitiveness in the labour market.

Entrepreneurship curriculum should be applied to all vocational schools in Indonesia and the curriculum should always be related to the local economic potentials. It is therefore important that future theoretical and empirical studies that take into account the potential in the area where the school is located.

Sharpening entrepreneurship through education can reduce unemployment, increase investment, and improve society's welfare and the Gross National Product as well as lower business failure rates.

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The Analysis of Export Potency for Indonesian Pepper

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ABSTRACT

The purpose of this study is to examine the factors that influence the Indonesian pepper export volume. Factors used in this research include: the area to plant pepper, the number of pepper farmers, total production of pepper, the exchange rate between the Indonesian rupiah and the US Dollar, the productivity of the Indonesian pepper industry, the consumption of pepper per capita, the export price of Indonesian pepper, and the price of Indonesian pepper in domestic market. The research was conducted using quantitative analysis and multiple linear analysis technique with estimation model OLS (Ordinary Least Square). Analytical results from this research conclude that the area under plant pepper, total production of pepper, the exchange rate between the Indonesian rupiah and the US Dollar, the productivity of Indonesian pepper, and the price of Indonesia pepper in domestic market have a significant positive influence on the volume of pepper export. Meanwhile, the number of pepper farmers, the consumption of pepper per capita, and the export price of Indonesian pepper

Keywords: Indonesia pepper export volume, the land area, the number of farmers, the total production, the exchange rate, the productivity, the export and domestic price

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INTRODUCTION

Many governments have issued regulations that make trade become complex between the countries. There are many challenges that prevent a country from fulfilling their domestic demand on their own and therefore the importation of goods is required (Ebadi & Ebadi, 2015). A country will export

the product in which it has a comparative advantage and import the product in which it has a comparative disadvantage (Smith, 2013).

Indonesia has historically been known as an agrarian country and a leading producer of spices. Around 600 B.C., at a time when spices were one of the world's most valuable commodities, pepper was introduced from south India to Indonesia's Sumatra and Java Islands. Two main types of pepper continued to be produced in Indonesia today: black pepper and white pepper. Black pepper is the result of picking un-ripened fruits and drying them in the sun. While white pepper comes from larger fruits left on the vine until ripened. Many European countries still believe that Indonesia delivers high quality peppers that meet their standards and fulfil their demand.

Market demand for pepper is very high in almost every country because pepper is used to make the food more delicious. Pepper has an important role in Indonesia's economy as an employment provider and is sold domestically and abroad as an industrial raw material and consumer good. Pepper has the potential to become an economic powerhouse for increasing farmers' income if the government can manage it well through integrated agribusiness approaches. There are many programs initiated by the Indonesian government to develop and expand the pepper industry in addition to providing financial and technological support.

Indonesia is the fourth largest pepper producer in the world after Brazil, Vietnam

and India. The aim of this paper is to identify the key factors affecting Indonesia's export volume to aid government policy towards optimizing the industry's profits and benefits to the country.

This research will analyse the export potency of Indonesian pepper. The triumph of Indonesia pepper export in each province will increase local competitiveness and incomes. If farmers can cut cost by reviewing their system, making it more efficient, it can compete better in the international market.

Looking at global pepper demand, indeed the area of cultivation will have an impact on exports. In Bangka, they turned there mining into agricultural sector because all the plants for cooper is vanished and would not be able to explore anymore. This is just a few examples, where this is the time for Indonesia could grow their pepper industry into global market. With Indonesia Rupiah is strategically in floating rate, which could attract investor and buyer to Indonesia. Therefor the productivity is high and consumption per capita will gradually increase with the number of export price become reasonable and competes within the global price. In this situation, in local price in Indonesia will clearly at the best price and will help pepper farmers to survive and at its best position to over best quality pepper to the world.

LITERATURE REVIEW

According to Purwito and Indriani (2014), export-import refers to the exchange of the following things: 1) Goods that are produced, physically distributed, and sold

in customs areas; 2) Services that are provided for foreigners abroad; 3) Capital invested outside of customs areas for direct investment or portfolio investment in the form of tangible assets and deposits.

Research by Fitri and Purbadharmaja (2015) found that one of the factors that influence the export volume of pepper is the available area to plant pepper. However, research by Wardani and Sudirman (2015) concluded that there is no effect of the area to plant pepper to the export volume of pepper. In India, research has also shown land area influences the export volume of pepper (Yogesh & Mokshapathy, 2013). Moreover, the area to plant pepper has tight relationship with productivity. Crop area has an uncertain effect to productivity - it could be linear or vice versa. A study in Pakistan had concluded that agricultural exports and agricultural productivity has a bi-directional causality, in other words there's a relationship between export volume and productivity (Jacob, 2015). These conflicting results from various studies points to the need for further research relating the crop area of pepper to total export volumes.

Human resource capabilities have also been shown to have an indirect influence on the export volume of pepper. According to Idayanti and Dewi (2016), human resources have a positive and significant influence on exports. Farmers have a significant role in determining the production of pepper (Jacob, 2015). The skill of farmers in Indonesia is still low with respect to technology and production systems. In

international markets, Dradjat (2002) said that the competitiveness of main field crops was estimated to be lower than those of its competitors. Low competitiveness was also present in the domestic market, thus resulting in low prices received by farmers. This points to a wide price gap between the exporters and the farmers. Addressing this problem has been the focus of government policymaking and program development of agricultural marketing (Directorate General of Processing and Marketing of Agricultural Products, 2001).

Radam and Ismail (1999) said that frontier production functions proved significant in computing efficiency level in pepper production. The results can assist those involved in the industry's decision making to formulate strategy in abating inefficiency and increasing productivity. For example, a low level of technical efficiency indicates that increasing production would require new innovations or high-tech farming systems. Through the utilization of the current technology's rapid development, the pepper industry could grow into a stronger commodity in Indonesia.

In 2008, Indonesia's pepper export growth rate in value and volume reached 17.01% and 4.07% respectively – a rate stronger than the average for world exports. In 2009-2010, the export growth rate increased to 75.7%, which is higher than other major producing countries (Sudjarmoko, 2015). When it comes to increasing profit and opportunity, Indonesia needs to learn a better and new way to meet the international market's expectations.

Moreover, Indonesia needs to accomplish this while also meeting the local pepper demand.

Another factor that determines the success of the export volume of pepper is the currency exchange rate. Dewi and Setiawina (2015) has shown it to have a large effect on export volume. This statement is also supported by a collaborative study between Iran and Canada that claim exchange rates are one of the most determinant macroeconomic variables that can influence other economic variables such as production, export, balance of payments, etc. (Fitri & Purbadharmaja, 2015). Nevertheless, other research findings show exchange rates having no significant impact to export volume (Wardani & Sudirman, 2015).

Domestic demand in the form of consumption per capita also has an effect on export volume. In a study on fresh pineapple exports from Ghana, domestic consumption was shown to have an inverse association with export volume (Boansi, OdilonKounagbeLokonon, & Appah, 2014). Technically, increasing consumption will decrease the export volume. This calls for Indonesia to balance domestic and international demand. Mercantilism is one of the concepts applied when countries like Indonesia want to reduce imports and increase exports by focusing on production, whether it is the volume, quality, service, distribution, or marketing, through the open world (Gilani, 2015).

Other essential factors that can influence export is price, whether it is the domestic price or export price. In a study on black

pepper in India, domestic price and export price it was shown to have an influence on export volumes, although not significantly (Hema, Kumar, & Singh, 2007). Increasing prices is just one way to increase profits. In Indonesia, with lower labour wages, the COGS for pepper is relatively cheaper than other countries. With this cost advantage, Indonesia has an opportunity to compete in the international market. Pepper farmers also could increase earnings by selling directly to other countries. Price setting could be a considerable factor for Indonesia as higher prices can increase the volume of export, to an extent.

MATERIALS AND METHODS

Types and Sources of Data

This study used time series secondary data for the quantitative analysis. The numbers of an observational period as the time series data were 31 years, from 1985 to 2015. The objects of this study were whole pepper and ground pepper using the 6-digit classification of harmonized system (HS) code, with code 090411 for whole pepper and 090412 for ground pepper.

The respective data on the volume of pepper exports, the area to plant pepper, the number of pepper farmers, and total production of pepper were obtained from the Indonesian pepper statistics book published by the Directorate General of Estate Crops. Furthermore, the data on productivity of Indonesian pepper, the consumption of pepper per capita, the export price of Indonesian pepper, and the price of Indonesian pepper in the domestic market

were obtained from an Indonesian pepper outlook report published by the Agricultural Information System and Data Center, from the Ministry of Agriculture. The exchange rate data between Indonesian Rupiah and the US Dollar was obtained from the Bank of Indonesia and the Indonesian Ministry of Finance website.

Data Analysis

This research used a multiple linear regression with *Ordinary Least Squares* (OLS) estimation model to analyse the quantitative data. In this study, the data was analysed using a model of export demand. The dependent variable of this study is volume of pepper exports. Meanwhile the independent variables are the area to plant pepper, the number of pepper farmers, total production of pepper, the exchange rate between the Indonesian Rupiah and the US Dollar, the productivity of Indonesian pepper, the domestic consumption of pepper per capita, the export price of Indonesian pepper, and the price of Indonesian pepper in domestic market. The model equation of export demand can be written as follow:

$$Y_{it} = \beta_0 + \beta_1 LX_{1t} + \beta_2 LX_{2t} + \beta_3 LX_{3t} + \beta_4 LX_{4t} + \beta_5 LX_{5t} + \beta_6 LX_{6t} + \beta_7 LX_{7t} + \beta_8 LX_{8t} + e_t$$

Where:

- Y_{it} = volume of pepper exports
- β_0 = intercept
- LX_1 = the area to plant pepper
- LX_2 = the number of pepper farmers
- LX_3 = total production of pepper

- LX_4 = the exchange rate between Rupiah and USD
- LX_5 = the productivity of Indonesian pepper
- LX_6 = the domestic consumption of pepper per capita
- LX_7 = the export price of Indonesian pepper
- LX_8 = the price of Indonesian pepper in domestic market
- $\beta_1, 2, \dots, 8$ = estimated parameter
- t = period-t
- e_t = error term

The selected regression model has to meet the classical assumptions based on Gauss-Markov theory in order to at the best linear unbiased estimator. The model must have no heteroscedasticity, autocorrelation. Moreover, the model must pass the normality, multicollinearity, and linearity test. Still, the model has to meet statistical tests such as t-statistic test, F-statistic test, and coefficient of determination test (Hayashi, 2000).

RESULTS AND DISCUSSIONS

The determinants of export volume of Indonesian pepper were analysed to explain the effect of economic and noneconomic variables to the trade flow of Indonesian pepper in the international market. The results of the data regression model of Indonesian pepper exports can be seen in the Table 1.

Table 1
The results of multiple linear regressions

Variables	Coefficient	Probability
C	0.051635	0.9909
LX1 (the area to plant pepper)	0.229566	0.7623
LX2 (the number of pepper farmers)	-0.136139	0.7297
LX3 (total production of pepper)	0.481272	0.4962
LX4 (the exchange rate between rupiah against the USD)	0.004392	0.9821
LX5 (the productivity of Indonesian pepper)	0.380954	0.3340
LX6 (the consumption of pepper per capita)	-0.007733	0.9720
LX7 (the export price of Indonesian pepper)	-0.092570	0.5818
LX8 (the price of Indonesian pepper in domestic market)	0.164233	0.4235
Adjusted R-squared	0.169267	
Prob (F-statistic)	0.139180	

Source: Researchers, 2017

Based on those data, the Adjusted R-squared of this model is 0.169267, showed that 16.92% of the change of Indonesian pepper export volume can be explained by the independent variables in the model, while 83.08% of the change can be explained by other factors outside the model.

The t-statistic shows that the area to plant pepper, the number of pepper farmers, total production of pepper, the exchange rate between rupiah against the US Dollar, the productivity of Indonesian pepper, the consumption of pepper per capita, the export price of Indonesian pepper, and the price of Indonesian pepper in domestic market does not have a significant effect either at 5% or 10% of the significant level. The estimation model of Indonesian pepper export volume can be written as follow:

$$Y = 0,051 + 0,229 LX1 - 0,136 LX2 + 0,481 LX3 + 0,004 LX4 + 0,380 LX5 - 0,007 LX6 - 0,092 LX7 + 0,164 LX8$$

The Area to Plant Pepper

The area to plant pepper (LX1) has a positive effect and statistically insignificant effect on the volume of Indonesian pepper exports. The estimated coefficient of this variable is 0.229, which implies that a 1% increase in the area to plant pepper in Indonesia (LX1) will lead to a 0.229% increase in the export volume of Indonesian pepper. It implies that the area to plant pepper (LX1) has a positive and statistically insignificant effect on the volume of Indonesian pepper exports.

The number of pepper farmers

The number of pepper farmers (LX2) has a negative effect and statistically insignificant effect on the volume of Indonesian pepper exports. The estimated coefficient of this variable is -0.136. It shows that with a 1% increase in the number of pepper farmers in Indonesia (LX2), the export volume of Indonesian pepper will decrease by

0.136%. This implies that the number of pepper farmers (LX2) has a negative and statistically insignificant effect on the volume of Indonesian pepper export.

Total production of pepper

Total production of pepper (LX3) has a positive effect and statistically insignificant effect on the volume of Indonesian pepper exports. The estimated coefficient of this variable is 0.481, which implies that a 1% increase in the total production of Indonesia pepper (LX3) will lead to a 0.481% increase in the export volume of Indonesian pepper. It implies that total production of pepper (LX3) has a positive and statistically insignificant effect on the volume of Indonesian pepper exports.

The exchange rate between the Indonesian Rupiah and the US Dollar

The exchange rate between Rupiah and the US Dollar (LX4) has a positive effect and statistically insignificant effect on the volume of Indonesian pepper exports. The estimated coefficient of this variable is 0.004, which implies that a 1% increase in the exchange rate of the Rupiah against the USD (LX4) will lead to a 0.004% increase in the export volume of Indonesian pepper. It implies that the exchange rate between rupiah against the US Dollar (LX4) has a positive and statistically insignificant effect on the volume of Indonesian pepper exports.

The productivity of Indonesian pepper

The productivity of Indonesian pepper (LX5) has a positive effect and statistically insignificant effect on the volume of Indonesian pepper exports. The estimated coefficient of this variable is 0.380, which implies that a 1% increase in the productivity of Indonesian pepper (LX5) will lead to a 0.380% increase in the export volume of Indonesian pepper. It implies that the productivity of Indonesian pepper (LX5) has a positive and statistically insignificant effect on the volume of Indonesian pepper exports.

The consumption of pepper per capita

The consumption of pepper per capita (LX6) has a negative effect and statistically insignificant effect on the volume of Indonesian pepper exports. The estimated coefficient of this variable is -0.007. It shows that with a 1% increase in the consumption of pepper per capita in Indonesia (LX6), the export volume of Indonesian pepper will decrease by 0.007%. This implies that the consumption of pepper per capita (LX6) has a negative and statistically insignificant effect on the volume of Indonesian pepper exports.

The export price of Indonesian pepper

The export price of Indonesian pepper (LX7) has a negative effect and statistically insignificant effect on the volume of

Indonesian pepper export. The estimated coefficient of this variable is -0.092. It shows that with a 1% increase in the export price of Indonesian pepper (LX7), the export volume of Indonesian pepper will decrease by 0.092%. It implies that the export price of Indonesian pepper (LX7) has a negative and statistically insignificant effect on the volume of Indonesian pepper exports.

The price of Indonesian pepper in domestic market

The price of Indonesian pepper in domestic market (LX8) has a positive effect and statistically insignificant effect on the volume of Indonesian pepper exports. The estimated coefficient of this variable is 0.164, which implies that a 1% increase in the price of Indonesian pepper in domestic market (LX8) will lead to a 0.164% increase in the export volume of Indonesian pepper. This implies that the price of Indonesian pepper in the domestic market (LX8) has a positive and statistically insignificant effect on the volume of Indonesian pepper exports.

CONCLUSION

This study examines the influence of the export volume of Indonesian pepper against several independent factors. The area under plant pepper, total production of pepper, the exchange rate between the Indonesian Rupiah and the US Dollar, the productivity of Indonesian pepper, and the price of Indonesian pepper in domestic market show positive effect to the export volume of Indonesian pepper. Meanwhile, the number

of pepper farmers, the consumption of pepper per capita, and the export price of Indonesian pepper have a negative effect to the export volume of Indonesian pepper. However, all independent variables have a statistically insignificant to the volume of Indonesian pepper export.

There are several hypotheses that can explain the relationship between each independent variable to dependent variable. The area of plant pepper influences positively and not significantly on the pepper export volume due to low productivity. The number of pepper farmers influence negatively and not significantly on the pepper export volume due to lack of information on how to take care of pepper plants. Total production of pepper influences positively and not significantly on the export volume because the more total production of pepper the more we can sell so it'll increase the export volume of pepper literally, but due to high domestic demand for pepper in local market also makes this variable have insignificant effect. The exchange rate between the Rupiah and the US Dollar influences positively and not significantly on the pepper export volume because changes in exchange rates will have an impact only on the level of earnings of exporters and farmers so importers do not consider it as a big concern.

An increase in productivity will also increase the export volume of pepper; unfortunately, Indonesia still has low productivity compared with other pepper producing countries. The consumption of pepper per capita has a negative and

statistically insignificant effect on the volume of Indonesian pepper exports because the more domestic consumption the less pepper is exported. The export price of Indonesian pepper has a negative and statistically insignificant effect on pepper exports because price is one of the most sensitive issues. An increase in price will lead to decrease in demand. The price of Indonesian pepper in the domestic market influences positively and not significantly on the export volume due to the desire of exporter who wants to reap the profits as much as they can. However, it has insignificant effect according to the decline of the importers interest.

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The Role of Tacit Knowledge on Sustainable Competitive Advantage Moderated by Top Management Support in BINUS Online Learning

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ABSTRACT

This research aims to study the tacit knowledge exchange process and the effect of tacit knowledge for sustainable competitive advantage moderated by top management support in BINUS Online Learning (BOL). Data was collected from all 23 BOL employees and questionnaire was used as a tool for data collection. The data was analysed using Structural Equation Modelling (SEM) with SmartPLS 3 software. The research found that tacit knowledge exchange significantly affects sustainable competitive advantage where top management support played a role as the mediator. It showed for every 1% increase in tacit knowledge exchange there is a 46.4% increase in sustainable competitive advantage.

Keywords: Competitive advantage, sustainable, tacit knowledge exchange, top management support

INTRODUCTION

Research Background

The Ministry of Health of Indonesia (2014) stated that according to the census in

2010, the number of children and youth of educational age in Indonesia is 66 million or 28% of the population; of which 46 million or 70%, are in primary and secondary school and 30% attend college. The country's large population and limited number of schools means it is not possible for everyone to get an education. Thus, long-distance learning is designed to solve this problem.

BINUS University is one of the six universities that has received official permission from The Directorate General of Higher Education to organize online learning

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classes. The other five higher education institutions are University of Indonesia (UI), Bandung Institute of Technology (ITB), Sepuluh November Institute of Technology (ITS), Gadjah Mada University (UGM), STMIK AMIKOM Yogyakarta (APTIKOM) (Wardani, 2014).

The online learning process is learning with information technology (IT) and requires high technology literacy. The process includes curriculum, academic content, operation, and IT support. It requires staff to be competent with IT especially tacit knowledge which tightly relates to the senior or supervisor. This process, however, must also be supported by the top management.

Research Objective

This study is aimed at studying sharing knowledge, especially tacit knowledge in BOL, and determining whether tacit exchange influences sustainable competitive advantage when moderated by top management support in BOL.

LITERATURE REVIEW

Tacit Knowledge

It is not simple to develop the tacit knowledge into a core competence of a company, requiring expertise in sharing knowledge with different companies. The organization can foster the transfer of tacit knowledge by allocating resources to develop learning histories (Lubit, 2001).

One of knowledge management dimensions is differentiating explicit knowledge and tacit knowledge (Polanyi, 1966). Tacit knowledge has a positive correlation with competitive advantage (Rahimli, 2012). Tacit knowledge is very hard to transmit, to copy, to substitute. It means that tacit knowledge depicts a strategic asset of a firm, and tacit knowledge is hard to measure due to the intangible asset (Sriwidadi, Arief, Prabowo, & Muqarrabin, 2016). Tacit knowledge can be a source of competitive advantage, hence it is important to know how it can be exchanged (Arnett & Wittmann, 2014).

Top Management Support

The initiative is guided by the top management board (Arnett & Wittmann, 2014). The top management, through their leadership and resource allocation, shows the organization the importance of knowledge sharing activities (knowledge sharing) (Arnett & Wittmann, 2014, Eisenhardt & Galunic, 2000). Managers play their role as the agent of change by promoting some actions to improve the exchange of knowledge. The learning process will not be realized without this effort (Senge, 1990).

Sustainable Competitive Advantage (SCA)

According to Ramadan (2010), competitive advantage refers to the source of the

company's ability to win business and outperform its competitors at any given time. According to Wei Jinfu and Jianfeng (2010) competitive advantage is the aspect of the company to surpass the levels achieved by its competitors. Wu, Melnyk and Flynn (2010) explained that competitive advantage refers to value creation, value capture, and the value of protection.

In 2008, Barney distinguished two types of competitive advantage: temporary and sustainable competitive advantages. Furthermore, Hani and Al-Hawary (2009) referred competitive advantage as creating a barrier that causes impersonation corporate performance to be difficult to do.

MATERIALS AND METHODS

This study is a verification study aimed at describing the value of the research variables and to examine the relationship of the independent variable on the dependent variable. It is also a field study with data sourced from questionnaires without any comparison (cross-sectional) and manipulation towards the independent variable.

Data Source

There are two data sources in this study, namely primary and secondary data. Primary data was collected through questionnaires designed based on secondary data using Likert scale within the range of 1-5. The questionnaires were distributed to 23 employees of Operations and the census was conducted to collect some data and information by observing all elements of the population. The secondary data came from studies in scientific journals, articles, books, and websites.

Data Analysis Method

The data in this study was analysed using Structural Equation Modelling (SEM) with SmartPLS 3.0 M3 software.

Variable Operationalization

The variable in this study is a latent variable or latent construct and can only be observed indirectly, through its indicators (Wijanto, 2008). The indicators are derived from previous studies by using Likert scale within the range of 1-5.

Table 1
Variable operationalization

Variable	Dimension	Notation
Tacit Knowledge Exchange (Arnett & Wittmann, 2014)	• Fellow employees teach one another about the knowledge they have learned	• TCE1
	• Employees are willing to understand the knowledge that has been learned	• TCE2
	• Employees get some lessons from the failure in the organization (department)	• TCE3
Top Management Support (TMS) (Arnett & Wittmann, 2014).	• The manager believes that the knowledge sharing has an important role in the success of BINUS Online Learning in the future.	• TMS1
	• The manager wants employees to share knowledge	• TMS2
	• Sharing knowledge is supported by managers	• TMS3
Sustainable Competitive Advantage (SCA) (Byrd & Turner, 2001; Nguyen, Neck & Nguyen, 2009; Vinayan, Jayashree & Martandan, 2012)	• Managing some relationships with suppliers	SCM1
	• Managing some relationships with customers	SCM2
	• Maintaining product values	DIFF1
	• Preventing some imitation towards products	DIFF2
	• Developing some product innovation	DIFF3
	• Being able to respond some negative threat	RSP1
	• Being able to respond some positive opportunities	RSP2
	• Competing with major competitors by low prices	CL1
	• Providing superior customer value at a low cost	CL2

Source: Literature Review, 2016

RESULTS AND DISCUSSIONS

Respondents consisted of 11 men (48%) and 12 women (52%) of which a total of 15 (65%) had 0-5 years of work experience and 8 (35%) with more than 10 years' experience. 1 employee (4%) had no education while 20 (87%) had undergraduate education and 2 (9%) graduate qualification.

Validity Test

This indicator is valid if it has a loading factor greater than 0.5 against the intended constructs. The output of SmartPLS for loading factors has several results.

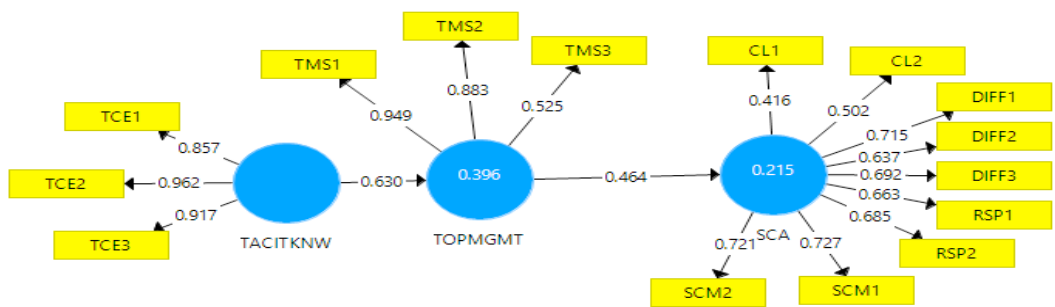


Figure 1. Loading factor
Source: Data Processing 2017

Figure 1 shows the loading factor for all indicators is 0.5, except Cost Leadership 1 (CL1). The loading factor of CL1 is 0.456 indicating all indicators except CL1 are valid. Figure 1 shows that the loading factor values are above the suggested value, i.e. equal to 0.5, except for Cost Leadership 1 (CL1). The loading factor value for CL1 is 0.416. It means the indicators used in this study are valid and met the convergent validity except for CL1. Following this tests on the structural models (inner model) are performed. Table 2 shows the value of R-Square on the construct.

Table 2
R Square and R Square Adjusted

	R Square	R Square Adjusted
SCA	0.215	0.178
TOPMGMT	0.396	0.368

Source: Data Processing, 2017

Changes in the value of R Square was used to clarify the effect of exogenous latent variables specific to the endogenous latent variables to ascertain its level of influence. Table 2 shows the R-square of the Sustainable Competitive Advantage (SCA) variable is 0.215 indicating it has only a weak effect while the Top Management Support (TOPMGMT) variable moderately influence the research model.

Path Coefficient

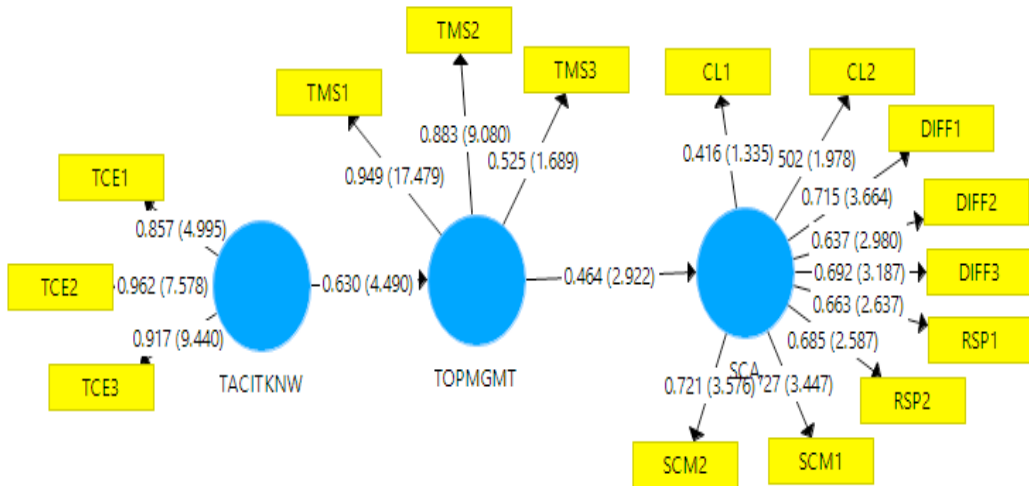


Figure 2. Path coefficient

Source: Data Processing 2017

Figure 2 shows the effect of tacit knowledge exchange (TCE) on SCA is 0.464 or 46.4%, T-Statistic of (2.922) > 1.96 and p-value of 0.002 < 0.05, which is statistically significant with

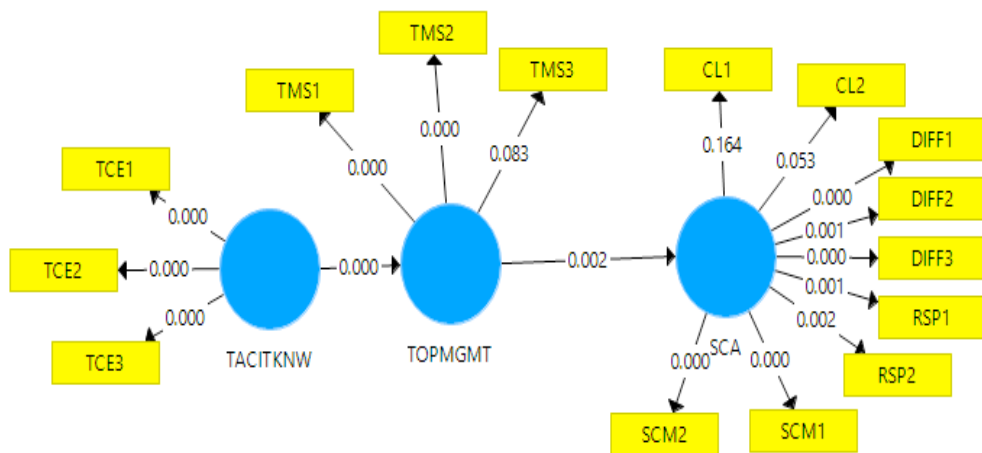


Figure 3. P-Value after bootstrapping

Source: Data Processing 2017

From Figure 3, it can be seen that TMS3 (Sharing knowledge is supported by manager) is positively influenced by TOPMGMT (Top Management Support) variables by 52.5 % as seen in T-Statistic of $1.689 < 1.96$ and p-value of $0.083 > 0.05$. This indicator can be eliminated leaving factors such as belief among managers s that knowledge sharing has an important role in the success of BINUS Online Learning in the future, and their desire that employees share knowledge. Likewise, CL1 (Competing with major competitors based on low prices) has also a positive effect (41.6%) but not significant, represented by the T-Statistic of $1.335 < 1.96$ and p-value of $0.164 > 0.05$.

CONCLUSION

The process of knowledge sharing between employees, especially tacit knowledge sharing in BOL, involves processes such as fellow employees teaching one another the knowledge that has been learnt; reviewing their understanding of learnt knowledge and learning from mistakes. The tacit knowledge exchanged can ensure sustainable competitive advantage when the top management supported BINUS Online Learning.

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Design Thinking Approach in Agroindustrial-Based Social Enterprise Development

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ABSTRACT

Relating agro-industry, business development and community empowerment has been a major challenge in fostering the impact on local people's wealth. Various obstacles are caused since some of theoretical methodologies are difficult to apply in the real conditions. Social business-based empowerment in this article will discuss the Agro-industrial-based social business development in areas in West-Java Indonesia using Design Thinking approach. This methodology allows various hidden patterns to be identified. This action research was carried out in two years and produced a new way to obtain a human centered design mechanism in empowering people. This increased awareness among stakeholders and contributed greater sustainability in communities.

Keywords: Agro-industry, design thinking, empowerment, social business, social enterprise

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INTRODUCTION

Nowadays, there is a model of business development capable in describing visions that are not economic-and-benefit-oriented only. There is also a variety of contradictions between anxieties from a number of entities in society, pertaining to empowerment and

an appropriate model in developing agro-industrial business.

Nearly all agro-industrial businesses in Indonesia support a vision dedicated to the welfare of the citizens. In the future, the development of agro-industry will be set aside from the model of conventional business to that of *Social-Enterprise* (SE). This concept offers a model in which all activities shall balance the fulfillment of roles of three components: *People, Planet, and Profit* (3P). These Triple Bottom Line concepts are used to ensure a progressive and continual process. This article evaluates several works on agro-industrial development linked to the empowerment and process of social business. The result of this article will be compared to the work model that has been carried out in West Java, using the social entrepreneurial concept.

This research aims to spawn the social entrepreneurial concept for the development of the agro-industry in Indonesia. A holistic discussion is given to explain how to sustain a continuous agro-industrial development using the *Triple Bottom Line* approach—they are *People, Planet, and Profit*.

MATERIALS AND METHODS

This research was conducted a working model and utilizes an approach of “action research method” that are examined in the scope of Universitas Padjadjaran for developing social entrepreneurial business. It is designed systematically based on the *Design Thinking* approach and through the observation on societal empowerment process in the framework

of social entrepreneurship based on a social entrepreneurial agro-industrial-based business model.

RESULTS AND DISCUSSIONS

New Approach for Indonesian Agro-Industry in These Days

Indonesian agro-industrial development has its own characteristics compared to that of the developed countries. An industrialization approach, indeed, has to be re-evaluated by doing a concrete sustainability and a continuous progress-oriented approach.

The approach of agro-industrial development uses a conventional profit-oriented business model through the emphasis on the scale and volume of production. In fact, the characteristics of Indonesian agro-industrial society has such benchmarks as food crops and small scale; meanwhile, the agriculture outside Java island is mainly barn, forest, large scale, small business scale, small average of agricultural field maintenance, less difference between business and household, for instance, a house including warehouse, cattle pen, business finance and domestic stuff—all meshed, leading to an unprofessional management (Baladina, Anindita, Isaskar, & Sukardi, 2013).

Therefore, it is necessary for a new approach to ensure sustainability in the process of societal empowerment, one of which is by turning social entrepreneurship into a basis of agro-industrial development activity.

The development of agro-industrial business is not initially designed to explain

the mechanism of creating developmental patterns that guarantee sustainability and bring benefits to society. The business model used poses a number of problems such as social and environmental problems, caused by many measurements whose weight is based on economic aspects. It is necessary to create an empowerment concept suitable with, and has, a bright vision way forward. Such empowerment must be treated as a transformational process using science as its basis.

Social Entrepreneurship

The social entrepreneurial concept offers its proximity to the *Triple Bottom Line* approach (Elkington, 2004) to show that the world of industry has to measure its work not only through financial aspects. With the dividend-measured indicator or the “bottom line” thereof, the result is yet adequate to keep the sustainability hand in hand with continuous effort. A broad influence between the economy, environment, and society is required to ensure the sustainability.

Furthermore, the characteristics of social entrepreneurial actors are as follows: having a strong ambition to contribute in problem solving, being driven by a mission to enlighten social values and benefits, promoting social system change in a tangible objective, having a strategic vision in developing the system, solution-creating and discovering a variety of new approaches intensively carried out and controlled by its very social vision. Others include the ability to build up resource-gathering skill because

of its handicaps to access modal and its tendency to use traditional-market system. Therefore, social entrepreneurial actors need skills to mobilize human, finance, and political resources. Social entrepreneurship is a business whose objective is to solve social problems and then reinvest half of their profits on social activities. In a nutshell, it could be defined as “Trading for Social Purpose” whose relation to agro-industry leads the activity of agricultural business to be more tangible by enlightening variables that enhance their own added values. A number of emerging problems in the world of agriculture such as the farmer’s welfare aspect, the quality of agricultural commodities, competitiveness, distribution and many others need to be overcome. Agricultural products such as those that have been processed thereby increasing their values have not always improved farmers’ welfare. This is because the system and the model are only considering economic aspects.

The process of Design Thinking approach has been developed in Indonesia since 2012, especially in the area of West Java Province. Universitas Padjadjaran developed 40 new agriculture-based businesses with a social business model. This new effort was developed to solve social and agricultural problems in their respective regions. In the course of the impact that arises not only on the economy, but further its impact on social impacts, the growth of entrepreneurial interest, collaboration, cooperation and interest in the agricultural world.

Design Thinking

“Design thinking is really about using the sensibilities and methodologies that designers have developed to create new choices, new alternatives, new ideas that haven’t existed in the world before” (Brown,

2008). This way of thinking is done to spawn a number of different innovations in every region or commodity. It involves giving meaning and discovering Hidden Pattern from a research or empowerment object.

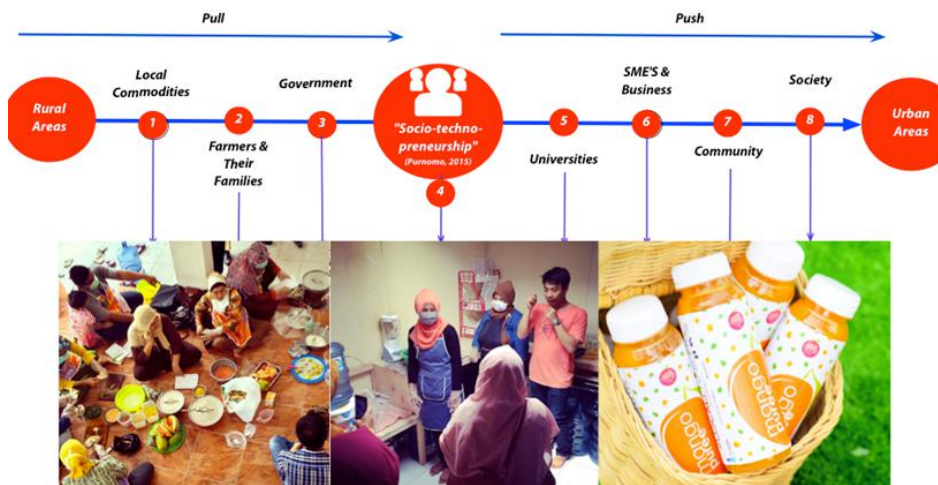


Figure 1. Fruters Model and its variety of activities along the supply chain

In *Fruters Model* (Purnomo, 2014b), the relationship of head-to-toe from Rural Area to Urban Area involves villagers in urban areas that include agro-local commodity, farmers and their families in the process of cultivation and half-finished modification, government, young entrepreneurs as the axis, universities, small enterprises, communities, all the way up to urban citizens in which the process of head-to-toe could have a network through social-entrepreneurial-based activities. That activity starts from cultivation, post-harvesting process, processing and marketing. Fruters model is seen in the process below.

Social Business Model

Social entrepreneurship maintains important activities such as collaborative work among stakeholders with visions that would spawn a variety of changes on the actors’ positive attitude and continuous innovations (Purnomo, 2014a). As in the conventional *Business Model Canvas* (BMC), social entrepreneurship also has a similar concept with BMC—that is, owning nine block aspects necessary to be discussed in manifesting the existence of the business. They consist of infrastructure holding onto 1) key activities, 2) key resources, and 3) partnership. Other blocks offer 4) product

values or service provided, 5) consumer's segmentation, 6) marketing distribution, 7) consumer's relation, 8) cost structure, and 9) income-receiving distribution—all developed from the conventional *Business Model Canvas* as drawn below:

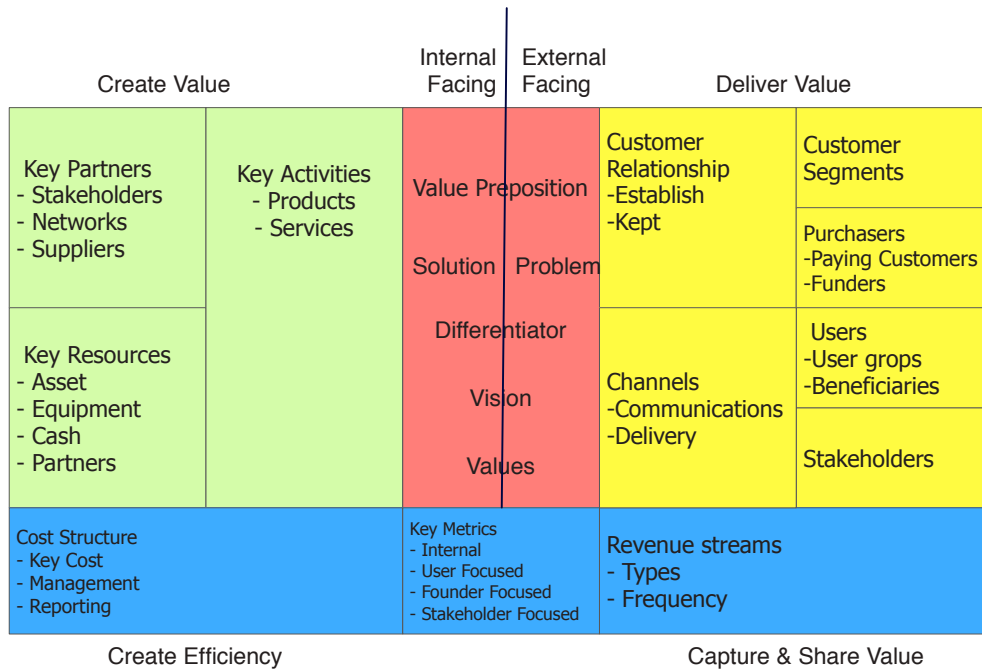


Figure 2. Picture of social business canvas developed from the business model canvas (Red Ochre, 2014)

This business social canvas consists of 1) key partner involving stakeholders, network as well as distributor, 2) key resources consisting of assets, equipment, cash money and partner, 3) key activities including products and service, and 4) cost structure including main cost elements, management, and reporting. Block 1, 2, 3, and 4 are all carried out by developing the principals of efficiency. In block 5) such as including preposition of value, 6) distribution, 7) consumer's segmentation, 8) buyers, 9) consumers, 10) stakeholders and 11) income flow. These remaining blocks are closely related to how a business social delivers

values to consumers and receives benefit so that those values are appropriately welcome by targeted parties.

From the above model, social entrepreneurship also pertains a more comprehensive aspect pertaining to how an activity being carried out contains social values that are able to be enlightened in the form of business. Therefore, it might produce profit that could be reinvested on social activities for the community. In the social entrepreneurial canvas, particularly in the field of agro-industry, there are two divisions: that of internal and external. The former focuses on entrepreneurial activities

that must highlight the skill to enlighten conventional values. It also defines that the *Social Business Canvas* is adapted from (Red Ochre, 2014) entrepreneurial concept, as described below.

An important role in social entrepreneurship concerns the 9th aspect of BMC which contains benefit in making a product or policy, which then differentiates it with other aspects, so that it garners people's attention. In social business, what needs to be developed is, above all, a key partnership by moving outside available communities to withdraw as many people

as it is. Its creative process requires time until gradually it finds a variety of partners to, collaborate in developing the business. The understanding of this aspect in social business has come to be essential since it is implemented by approaching sharing platform in many of its variables. This "sharing" technique, furthermore, is done by looking for partners who could match their resources need and complement each other despite different visions and objectives. The partnership for social business has resource sharing with several other partners reducing cost and improving efficiency.

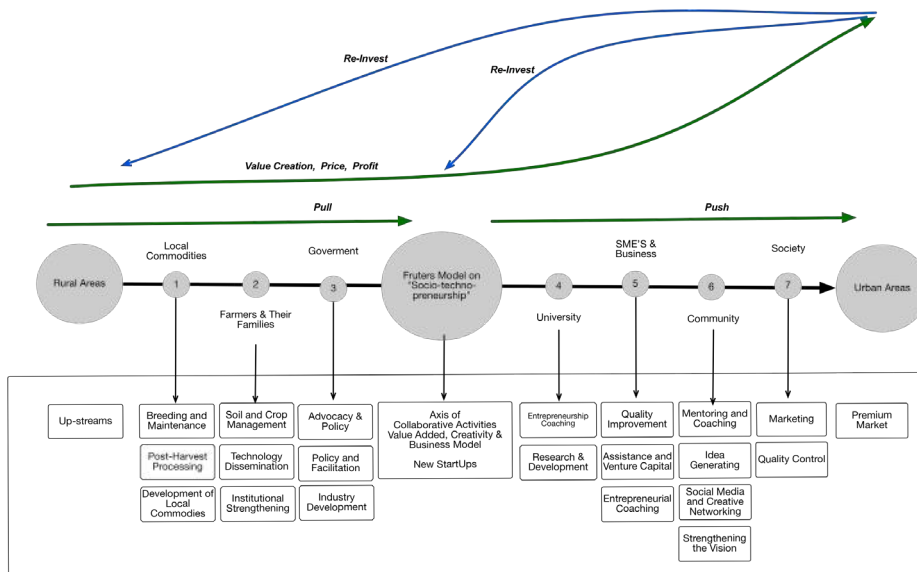


Figure 3. Picture of Re-invest concept in Fruters Model of social entrepreneurship (Purnomo, 2014b)

The social entrepreneurship with agro-industrial media as its facilitator in *Fruters* model becomes a very decent combination, knowing the value of its benefits is widespread. The profit produced is directed to sustainability by sharing it with actors

of the enterprises as well as the actors in the "head". This profit-sharing strategy is directed at re-investing so the goal of the *Triple Bottom Line* (*People, Profit, Planet*) is, eventually, achieved. Following is the re-investment concept in an agro-industry-

based entrepreneurship, taking account into chain of values from rural areas to urban areas.

Key Success of Social Business

Value Generating

In Social Business, the most important variable is how to generate value prepositions so that the product is able to have high prices and strong demand. The concept of re-investment stresses the processes

of empowerment and advocacy on social objects.

Collaboration in term of “The Local Enablers Concept”

Moreover, agro-industrial-based social entrepreneurship will lead to the emergence of local genius resulting from the involvement of local culture, local commodity, local content, local values, and local wisdom.

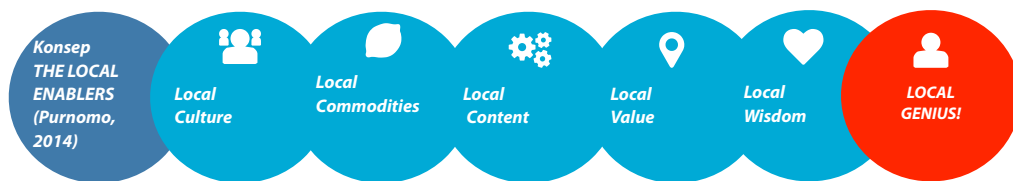


Figure 4. The Local Enablers Concept

Source: Bunyamin, Purnomo, Taofik, & Nawawi, 2016

Local Genius is one who acts out the empowerment by glorifying locality and added values as his/her main contents, collaborating with a number of background so that they provide benefits to the neighborhood. The local content includes local culture, local commodity, local content, and local wisdom. These localities are then mixed in such a way using creative approaches so that they bring about positive continuous changes.

Fair Trade

In rural areas, agricultural commodities purchased at the higher price are processed which have higher selling prices due to

input technologies and value-added. On the other hand, consumers need to ensure that the generated values are delivered properly through the appropriate “Customer Relationship” and “Channel” in the Business Model. It is evident that the most influential Value proposition is Brand Story

Design Thinking Impact

Design Thinking approach assists in the completion of problems and provide suitable solutions. Solving the problem begins with in depth observation process to uncover hidden patterns and get a thorough explanation of a problem. The use of Design Thinking in Social Business will have many impact on

1) promoting collaboration, 2) changing stakeholder's behavior, 3) Leading the social object to be independent and no rely on the provision of facilities, 4) stimulating independence, 5) revealing many important hidden patterns, 6) bottom up, 7) providing facilities to provoke awareness, 8) creating enthusiasm atmosphere, and 9) fostering positive impact in social economics and promotion sustainable progress in the long term.

CONCLUSION

Social entrepreneurship could be applied in the world of agro-industry. The utilization of social entrepreneurship improves value added in agriculture. The use of *Social Business Canvas* helps to map out variables and create efficiency in business process as a whole. The *Design Thinking* approach helps to comprehend the real conditions encountered by stakeholders and can produce innovations capable of mobilizing a number of activities. The combination between social entrepreneurship, design thinking, and the agro-industry has come to be "the thing" in Indonesia.

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The Role of Bloggers in Public Relations Activities in Indonesia

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ABSTRACT

The presence of social media shifted the strategies employed by PR practitioners when engaging their audiences. One of the PR strategies often used to disseminate information on a product is to work with bloggers. This was due to the power owned by bloggers who serve as online opinion leaders. This study was conducted to determine the role of bloggers in PR activities in Indonesia and to reveal their engagement process as digital influencers on social media. The current study employed observation of blog posts and semi-structured interviews with eight bloggers who had been involved in PR activities. Data reduction was used to analyze the data display and data verification/conclusion. The results showed that the communication patterns of digital influencers through social media applied a multi-step flow of communication model. Furthermore, bloggers engagement in the PR activities was mutually beneficial relationship as they become directly involved in either product review, event, or campaign.

Keywords: Blogger, digital influencer, multi step flow, public relations, social media

INTRODUCTION

During the past two decades, the Internet and social media have had a big impact on the way people interact with each other

(Kaplan & Haenlein, 2010). The impact and change also result in the interaction between company and audience. Moreover, Web 2.0 enables audience to interact directly with the company or engage in an interactive communication (Dijkmans, Kerkhof, & Beukeboom, 2015). Social media optimization in PR practices makes the corporate activity more global, more strategic, more two-way and more interactive, symmetrical or dialogical (Prastya, 2013). Social media used in PR

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strategy to builds and maintains beneficial relationships between corporate and the audience (Broom & Sha, 2013).

Companies through PR strategies use the power of social media as a means of communication. One of these strategies is to collaborate with bloggers and make use of bloggers' influence to publicize the company or product (Cross, 2011). In particular, a blogger can exert their influence on the attitudes and behavior of the blog readers while also maintaining relationship with community members (Uzunoglu & Misci Kip, 2014).

In addition, investigative journalists can publish stories and events related to these bloggers and make them a trending topic (Breakenridge, 2012). Bloggers communicate stories through their posts in an interesting way, aiming to reach new audience and also build relationship with loyal customers. Information dissemination concept makes use of bloggers' involvement in PR activities through the power of viral message or viral marketing message.

Viral marketing is a strategy dealing with creating original and entertaining online messages that encourage consumers to get the message across to other consumers, spreading messages on the web like viruses (Schiffman & Kanuk, 2014). Viral messages conducted by the bloggers refer to the concept of information dissemination contained in the multi-step flow model. According to Katz and Lazarsfeld (1955), certain people are recognized as opinion leaders who interpret the information and then pass it on to others. The multi-step flow

model explains that there is a reciprocal linkage from the media to the audience (which also interacts with each other), from the audience to the media, back to the audience and so on (Stansberry, 2015).

Therefore, based on bloggers' engagement in PR activities, multi-step flow model and viral marketing message, the research questions can be formulated as follow: (1). How does the role of bloggers as digital influencers through social media adopt multi-step flow model? And (2). How is blogger involvement process related to PR activities in Indonesia?

LITERATURE REVIEW

Multi-step Flow Communication and Opinion Leader

The multi-step flow model is a combination of a one-stage flow model and a two-step flow model. This model was first introduced by a sociologist Paul Lazarsfeld in 1944 and later clarified by Katz and Lazarsfeld in 1955. It states that the mass media message reaches the audience through a very complex interaction. According to Bennett and Manheim (2006), the multi-step flow model has dominated studies in information dissemination for the last four decades. However, recent advances in communication technologies led to posit a multi-step flow model in which messages travel directly from an organization to the public through opinion leaders (Stansberry, 2015). This model found a reciprocal linkage from the media to the audience (which also interacts with each other), from the audience

to the media, back to the audience and so on (Nurudin, 2011).

Particularly, opinion leaders are individuals who actively filter, interpret, or provide the information of relevant brand products, and relay it to their family, friends, and co-workers (Hawkins, Mothersbaugh, & Best, 2015). Opinion leaders can influence other individuals through their attitudes or behavior that appear appropriate to those who follow them with certain intensity (Windham, 2009). According to Koehler, an opinion leader's communication style can be seen from the way this communication style is used (Raharjo, 2016).

The characteristics of online opinion leaders are similar to those of opinion leaders in an offline setting. Online opinion leaders possess significantly higher levels of enduring involvement, innovativeness, exploratory behavior and self-perceived knowledge than non-leaders (Yoo, Gretzel & Zach, 2011). Hence, PR practitioners indicate that the rise of social web has led to the increasing efforts in engaging online opinion leaders as active social media users to reach the segmented audience (Wright & Hinson, 2010).

The characteristics of opinion leader (Shon, 2005), are: (1) *Domain-specific innovativeness*, opinion leaders tend to be more innovative than their followers and commonly show higher levels of innovativeness that are knowledgeable (Goldsmith, 2001). (2) *Enduring product involvement*, opinion leaders tend to be more knowledgeable about a relevant product and show more enduring involvement

with it compared to their followers. (3) *Media Habits*, opinion leaders display high involvement with the media. Finally, (4) *Demographics*, opinion leaders tend to influence individuals who have the same demographic variables and provide information about a product to others.

Bloggers and Public Relations

Blogger engagement guidelines to PR activities follow several methods: First, PR practitioners are recommended to do some research and find out blogs relevant to the news or content seeking to be shared. Second, PR practitioners are directed to familiarize themselves with the blog and its author. Finally, PR practitioners are instructed to contact the blogger and present the news or content seeking to be featured on the blog (Langett, 2013).

Public Relations recognize the power of bloggers to directly influence their connected network by making suggestions, which leads to the search for, purchase and use of the products (Uzunoglu & Misci Kip, 2014). Consequently, PR practitioners are looking for ways to utilize this influence to generate interest, drive action, create goodwill, establish expertise, and create the dialog with their online stakeholders rather than concentrating solely on traditional media. Understanding the opportunities that bloggers provide, PR practitioners seek to benefit from characteristics such as their perceived credibility (Schmallegger & Carson, 2008) and expertise (Droge, Stanko, & Pollitte, 2010).

The concept of information dissemination uses bloggers involvement in PR activities through the power of viral message or viral marketing message. Viral marketing message utilizes friends' recommendations and has a snowball effect. Such a message is more powerful than other advertising means because it conveys an implied endorsement from a known person (Haryani & Motwani, 2016). Hence, bloggers use open communication for PR activities, including offers from sponsorship or advertising. Blogger Segmentation by Park & Jeong asserted that blogger segmentation includes: *Active Blogger publics*, *Constrained Blogger publics*, *Latent Blogger publics* and *Routine Blogger publics* (Park & Jeong, 2011).

MATERIALS AND METHODS

This research applied qualitative-exploratory study. The research questions on blogger engagement were studied through semi-structured interviews. Qualitative study is appropriate to discover the development and implementation of blogger engagement programs since it emphasizes process as the main feature. The data collection techniques included non-participant observations and semi-structured interviews. Non-participant observations were conducted by monitoring blog posts and activities of the informants' social media which were related to PR activities. Eight bloggers were interviewed as informants. There were three stages of data analysis techniques, including data reduction, data display, and conclusion drawing (Sekaran & Bougie, 2013).

The interviews were audio recorded and complemented with written notes by the authors to prevent difficulties later in the transcription process and to allow the identification of emerging themes. The interviews were conducted with eight bloggers involved in PR activities, five face-to-face, and three via telephone, each lasting between 40 and 80 minutes (Table 1).

Table 1
Participant profile of interviews

No.	Identifier	Blogger Categories
1.	A	Parenting Blogger, since 2009
2.	B	Parenting Blogger, since 2013
3.	C	Beauty and Lifestyle Blogger, since 2013
4.	D	Lifestyle and Traveler Blogger, since 2013
5.	E	Lifestyle Blogger, since 1998
6.	F	Lifestyle Blogger, since 2007
7.	G	Traveler Blogger, since 2005
8.	H	Traveler Blogger, since 2011

RESULTS AND DISCUSSIONS

The extracts from the interviews were examined under five topics: Motivation to Become a Blogger, Definition of Bloggers, Characteristics of Bloggers as Opinion Leaders, Criteria of Bloggers in Supporting PR, and the Implementations of Blogger Communication. The common points are summarized in Table 2. Additionally, other specific findings are explained in this section.

All participants agree that their desire in daily writing is to motivate themselves to become a blogger. Writing a blog is believed to be a form of self-expression

and a means to share about their daily life. Two informants reveal that their motivation in writing a blog was linked to blogger communities that encourage them to become bloggers. The motivation, perspective, is also linked to the prior community in the economic sector that provides benefit such as advertising and promotion from brand communication.

The general agreement among bloggers is that they see themselves as content generators of digital platform. Furthermore,

blogger as a content generator is defined as an individual who freely shares all of his or her opinions and personal feelings through the Internet and someone who understands the brands in order to make good information to influence others. The majority of informants defines blogger as a digital influencer or digital opinion leader who becomes part of the Internet phenomena and has the power in giving preference to the followers about a brand through his or her blog.

Table 2
Major findings of interviews

Topics	Common Points	Participants
Motivation to become a blogger	Self-expression	B, C, G, E
	Community connection	C, D
	Sharing opinions	A, B, D, E, F, G, H
Definition of bloggers	Content generators	A, B, C, D, E, F, G, H
	Influencers/opinion leaders	B, C, D, E, F, G, H
	Internet Phenomena	A, C, E, F, , H
Characteristics of bloggers as opinion leaders	Media Habits	A, B, C, E, F, H
	Enduring product involvement	A, B, C, D, E, F, G, H
Criteria of bloggers in supporting PR	Brand match	A, B, F, G, H
	Tone of voice	A, B, C, D, F, H
	Content quality	A, B, C, D, E, F, G, H
	Reliability/ Popularity	A, B, C, D, E, F, G, H
Implementations of blogger communication	Events	A, B, C, D, E, F, G, H
	Product review	A, B, C, D, E, F, G, H

All participants highlight the characteristics of bloggers as opinion leaders due to their involvement with the products and their habit to use social media. Moreover, all informants agree that a blogger is someone who can provide knowledge and share his or her experience about a product. In one of the blog contents created, informants state that a blogger is also required to be able to provide

actual opinions based on their own personal views. And, the majority of informants mention that blogger as an opinion leader is a person who has a high involvement with the media, especially social media, and who focuses on disseminating information about a product.

The informants attribute the criteria of bloggers in supporting PR activities

based on (1). *Brand Match*: One of the essential criteria in selecting bloggers is finding the ones that match the brand and content of the blog. (2). *The Tone of Voice*: Two informants assert that the writing style of bloggers should be in line with the brand identity and the message that they aim to disseminate since the followers must be able to identify the bloggers with brands. (3). *Content Quality*: The content depends on the bloggers' interests, and the issues that are widely spread among the followers. The content should also offer something valuable to the brands' target audiences. (4). *Reliability/Popularity*: From the informants' point of view, the reliability of bloggers stems from the followers that perceive them as potential influencers. In order to maximize the reach within the target audience, all informants mention the importance of the breadth of bloggers' networks.

According to the implementation of blogger communication, all informants agree that the relationship between bloggers and PR increasingly becomes a mutually beneficial relationship. The common point is related to the involvement of bloggers in PR activities in an event or product review on their blog. The PR activities rely on digital activities that invite bloggers to directly get involved in either the event or campaign.

The Role of Bloggers As a Digital Influencers through Social Media

A blogger has the freedom to write anything on his or her personal blog. The role of

bloggers as digital influencers includes being an informative source that provides knowledge to others. A study find out that the initial motivations encouraging a person to write on a blog include self-expression, community connection and opinion sharing (Smith, 2010). Self-expression becomes the major reason that urges the blogger to describe his or her daily life. Considering the blog as a means to express themselves and share opinions, a blogger should make the content interactive to attract readers or followers. According to Wirtz, Piehler and Ulrich (2013), interactive content is considered to be a required feature on websites and social media. Interactive content includes features that spoil the needs and desires of the consumers or customers' centricity and that configure interaction between users (Pebrianti, 2016).

Based on the results, a blogger is someone who is quite influential in giving preference to the understanding of the follower or visitor about a brand. Moreover, changes in the channel and medium of the message used have an impact on changing perceptions of a brand. The results concluded that Blogger act as *Content Generators* who freely shares opinions and personal feelings over the Internet. Bloggers as *Influencers Opinion leaders* explain that a blogger has the ability to influence readers or blog visitors based on attitudes, perceptions and even buying behavior. In addition, bloggers are also widely interpreted as a *Phenomenon of Internet*, which can not be separated from the relevance of the use of bloggers on activities undertaken by PR, especially

linked with social media (Twitter, Facebook and Instagram) (Uzunoglu & Misci Kip, 2014).

Due to their ability to influence target audience's attitudes, bloggers can be regarded as opinion leaders who have the power from their blog contents. Blogger's abilities in content management affect their followers or blog visitors by stories they post on blogs. The development of social media also allows every latest blog entry to be linked to other social media platforms. It will certainly disperse the content more widely among followers or visitors of

the blogger. Online viral marketing is rapidly becoming an important and popular communication tool. Related to this potential role of bloggers in PR activities, effective execution of viral marketing campaigns can create an instantaneous buzz and help raise the promotion of brands, products and services (Haryani & Motwani, 2016). In the light of the interviews and discussion, a model (Figure 1) of blogger's role adopting multi-step flow model was developed to reveal bloggers' influential role as a digital influencers.

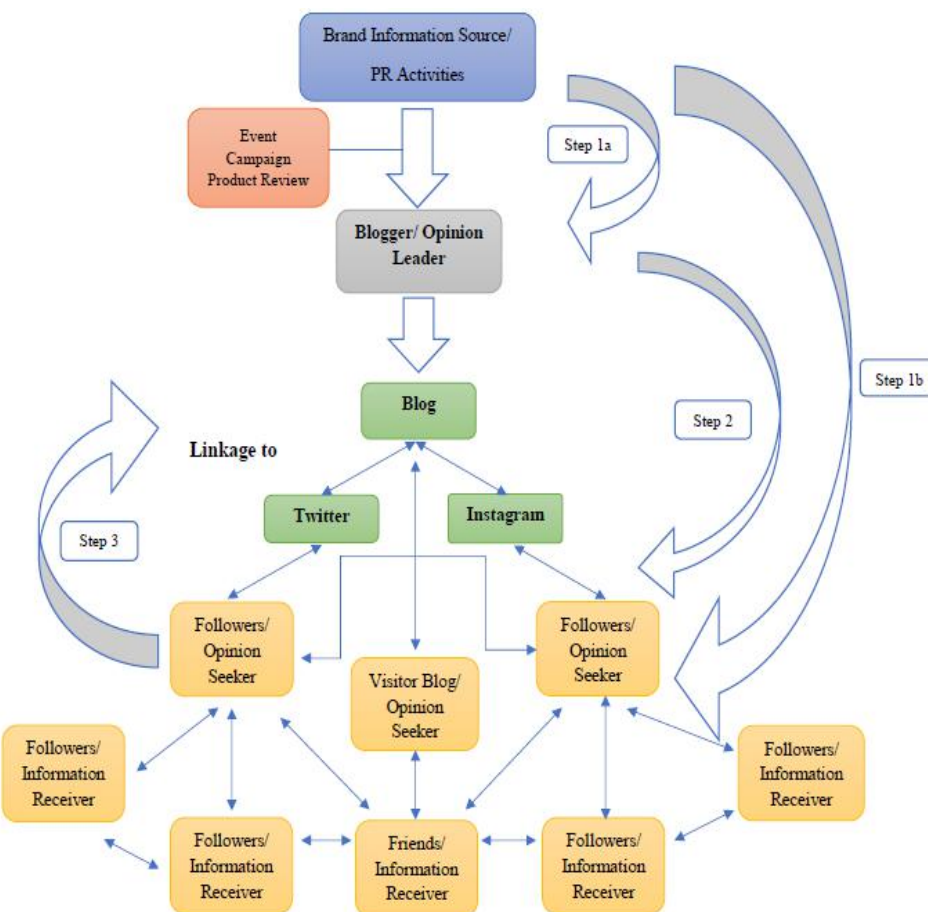


Figure 1. Multi-step Flow Model on blogger involvement in PR activities

Within the model (Figure 1), the brand information source through PR activities conveys messages directly to opinion seekers or information receivers through advertising, campaign, or event (Step 1b), both in mass media and digital media. Subsequently, the brand message is communicated to bloggers via communication activities (Step 1a), for instance sample sending or product review and events or campaigns. After decoding, the blogger codes and shares the message through his or her blog (Step 2) that is linked to other social media platforms (Twitter and Instagram). The message is transmitted to readers or followers as opinion seekers, who in turn recode, like or share it, relaying to their friends or other information receivers. Based on digital information power, readers or followers as opinion seekers have the possibility to search the information directly on the blog or social media. This information is subsequently transmitted to their friends or other information receivers (Step 3).

The whole communication process is multi-way between the senders and receivers. Due to the interactive and participative characteristics of blogs, readers, friends, and followers can comment on posts and participate in the related discussion by responding to messages delivered through blogs or social media platforms (Twitter and Instagram). Additionally, in the multi-step flow model, bloggers serve as the key in transmitting information in PR activities to a certain audience. However, blog visitors or followers in social media also send the messages to their own network (other information receivers). During the brand

communication process through online opinion leaders (bloggers) this message can be diffused virally. Brand communication in PR activities employs the power of viral message or viral marketing message that allows recommendations by friends and has a snowball effect to other information receivers.

The segmentation of bloggers targeted for cooperation with PR activities is active blogger publics (Park & Jeong, 2011). Active blogger publics are those who have high engagement in their blog. They have the ability to concurrently turn a situation into an issue. Active blogger publics tend to use blogs as a diary while retaining the language style that informs the readers. The selection of writing viewpoint that adapts to direct the experience is the key factor in the content delivery. Hence, blog contents vary according to the readers.

The role of bloggers as digital influencers through social media become the benchmark in PR activities of a brand or buzzer agency working with bloggers. It is concluded that the dominant characteristics for selecting bloggers for PR activities are enduring product involvement and media habits (Shon, 2005). The characteristic of enduring product involvement is related to the previous study that emphasizes a blog as an innovative tool to share information and knowledge from bloggers to their blog visitors and followers on social media (Chai, Das, & Rao, 2011). Blogger's experience is explained through the blog content which provides information or extensively serves a product.

Blogger's involvement process related to PR activities in Indonesia

Online or digital PR has become part of PR strategy. There are several methods used in PR digital strategy such as: Expert Articles, Email Newsletter, Blogs, web seminars, and Podcasts. The concept of viral and buzz is done by PR to run a digital strategy in order to reach the audience. This explanation further confirms the role of bloggers as buzzers in PR activities. Audiences can view and read various information shared by other audience via blogs or trusted website. This process makes the audience source the information positively and leads them to buy the product. Currently, PR practitioners are focusing on blogger engagement strategies by reaching through e-mail, and sending information about the product or campaign to which they can contribute to share through active participation on their blogs. It is important to personalize relationship with bloggers and cultivate trust in order to have good communication with them about their content (Langett, 2013).

PR activities tend to be conducted digitally. One of these activities is to invite bloggers to engage directly in product events or campaigns. There are at least two things that make it a mutually beneficial relationship between bloggers and PR: bloggers getting free products and company getting cheap advertising. This also depends on the delivery of blog content as viral message or buzz through social media.

Based on the results of the current study, it can be concluded that some of the important categories or criteria in choosing

bloggers for PR activities are brand match, content quality and Reliability/Popularity (Uzunoglu & Misci Kip, 2014). Brand match is proved by the suitability of the segmentation of readers or blog visitors with the product event or review conducted by the bloggers. Content quality is a linkage to the way bloggers create and maintain their blog quality as well as writing style.

The criteria of Reliability/Popularity are considered by the number of followers on social media and visitors per post. It is in line with the results of previous studies considering blogger's productivity and popularity as essential aspects in finding top influential bloggers. Both aspects also play a vital role to find influential bloggers within a blogging community so that effective PR activities can be achieved (Khan & Daud, 2016). Blogger engagement is related to advertising as one of PR activities. This aspect is based on previous studies emphasizing that trust and credibility are further seen as decisive factors determining the influential effect of bloggers. Meanwhile, "Honesty" and "Transparency" about blog advertisements are considered to be crucial in winning readers or followers' trust and loyalty (Halvorsen, Hoffmann, Coste-Manière, & Stankeviciute, 2013).

Bloggers are considered to be an important aspect in creating social media effects due to their role as the doers in the dissemination of messages or content in real time. Bloggers also contribute in spreading the message or content anytime, anywhere, and for anyone. This is in line with the previous research finding out that

influential blogger's flow model is based on the features such as Recognition, Activity Generation, and Novelty (Aggarwal, Lin, & Yu, 2012).

The important point made in this study is that the power of bloggers lies in their blog readership and number of followers. Besides the brand, the number of followers or readers is usually used as an indicator to measure the effectiveness of viral advertising on social media, especially in getting through the consumers who have not been reached by the conventional media. In digital PR activities, cooperation with bloggers is highly profitable since it is very effective and has measurable size compared to the advertising through other conventional mass media. From the blogger's perspective, promoting and advertising as involvement in PR activities are a new source of income and benefit (Sepp, Liljander, & Gummerus, 2011).

CONCLUSION

It can be concluded that bloggers as digital influencers is focused on being a source of reference and information about a brand for readers or blog visitors. This also applies to the followers on their social media to where all blog content will be directly linked. It proves that the role of bloggers as opinion leaders implement the multi-step flow model. The writing style that emphasizes a form of self-expression makes the blog content easily received. Bloggers are regarded as influencers or opinion leaders with regards to their ability to influence the readers or blog visitors on their attitudes,

perceptions and buying behavior even by relying on the concept of user-generated content. Blogger segmentation targeted for PR activities is those categorized as active blogger publics. The dominant criterion in selecting bloggers for PR activities is the characteristic of enduring product involvement.

Blogger's involvement in PR activities is a mutually beneficial relationship. The PR activities rely on digital activities to get bloggers directly involved in either the event or the campaign. Other important criteria in selecting bloggers to support PR activities include Brand match, Content Quality and Reliability/Popularity. From the blogger's point of view, income from their involvement in PR activities also provides financial benefits.

Implications

In this article, the implication of multi-step flow model on blogger's involvement in PR activities identifies the role of bloggers as opinion leaders. Additionally, the multi-step flow model also provides a theoretical perspective on blogger's communication process through blog content that is linked to social media. The current study has several implications: Firstly, as proposed in our model, bloggers mediate brand messages through blogs and social media. They share their experience, being the point of reference to readers or followers and being the main source to opinion seekers or information receivers. This model (Figure 1) simultaneously adopts two-step flow model on the role of bloggers as opinion leaders in

brand communication activities (Uzunoglu & Misci Kip, 2014). Secondly, blogger engagement in PR activity is mutually beneficial relationship, for both blogger engagement and PR activities. In the future, PR practitioners can further make use of the role of bloggers as opinion leaders in product communication.

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The Effect of Customer Satisfaction, Employee Satisfaction, Society and Environment on Key Result Indicators at Pakarti Luhur Foundation

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ABSTRACT

This paper aims to determine and evaluate key performance measurement at Pakarti Luhur Foundation. The primary data in this analysis were obtained by distributing questionnaires to 39 respondents at managerial level. The data was analyzed using multiple regression method. The results indicate that Key Result Indicators were affected by customer satisfaction, employee satisfaction, as well as society and environment, both partially and simultaneously with 5% significance level. The authors recommend the foundation should pay more attention to key performance factors such as customer satisfaction, employee satisfaction, as well society and the environment to achieve competitive advantage.

Keywords: Customer satisfaction, employee satisfaction, key result indicators, society and environment

INTRODUCTION

A number of organisations mostly focus on increasing income or maximising shareholder value rather than expanding

great business and satisfying stakeholders including employees, customers, and wider community. Assigning an organisation's purpose in this regard and beyond shareholder value really matters in the long run.

Effective employee performance is a key to a company; their understanding of business goals, boundaries, ethics, values, and performance standards. This will convince the Board that the management fully understands how to run the business.

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The basic measurements of Key Result Indicators use past measurable performances such as revenues to predict future performance. Parmenter (2010) suggests there are four types of measurements namely Performance Indicator (PI) to measure the employee's activities, Key Performance Indicator (KPI) to measure employee's activities in enhancing the work performance successfully, Result Indicator (RI) to measure the employee's achievement, and Key Result Indicator (KRI) to measure work performance on critical success factor.

This research concentrates on three most important factors namely customer's satisfaction, employee's satisfaction, and organization responsibility to the society and environment. These factors are employed to guide the Board in designing the future plan. This research is limited to the case of a Private Educational Foundation *Pakarti Luhur*. Established in 1981 it operates some pre-university level establishments, i.e. playgroup, kindergarten, elementary school, junior high school, senior high school, vocational school at all grades. During the previous decades, the Foundation has implemented a conventional performance measurement system focusing on personal achievement. This research will contribute to the Foundation in the event it desires to improve its strategy and future plans.

LITERATURE REVIEW

Brewster (2007) states that performance management is a comprehensive human resource management process since it

performs goal setting, performance appraisal with feedback, continuous training, development effort, and performance-related pay. In line with Brewster (2007), performance management is a uniquely goal-oriented activity and it continues to be a way of appraising and managing employees' performance (Dessler, 2013). It is a continuous process of identifying and developing the performance of individuals and teams, as well as aligning their performance with the organization's goals (Glendinning, 2002). A good performance management provides a company the basis for managing its business today and preparing for its future through the performance of its people (Williams, 1991). The performance management system will help an organization to deliver much-improved business reputation. A coherent "reputation platform" covers improvement in investor relations, internal communication with employees, customer experience through better marketing, and public relations management. Improving an organization's communication systems will bring improvement in organizational performance and its ability to acquire additional resources (Fombrun & Van Riel, 2007).

Key Result Indicators (KRIs) measure customer satisfaction, net profits before tax, and the profitability of customers, employee satisfaction, and return on capital (Parmenter, 2010). The KRIs are the result of actions based on a clear picture of the organization's goals and provide a good overview of progress of its strategy. A good

dashboard with KRIs convinces the Board that management is in accordance with their plan.

Mittal and Kamakura (2001) state that customer satisfaction is a key factor in formatting customer's future expectation. The customer is no longer a passive receiver of products but involves in designing and refining them (Edersheim, 2007). Mills (2004) defines the customer into four groups consisting of diamonds at the top 1%, followed by rubies at the next 4%, opals at the following 15%, and pearls at the bottom of 80% of customers. An uneconomical order from "pearl" could adversely affect the quality of large order from "diamond" customer.

Employee satisfaction describes employees' happiness in their job position

(Moyes, Shao, & Newsome, 2008). Kelley (2005) states that a competitive advantage to the success of the company in achieving higher profitability relates to the employees' satisfaction in the workplace. Therefore, it is important to search the factors affecting employees' satisfaction in different industries.

The environment is an important variable in the human resource management model (Alifianty & Susanty, 2016; Ivancevich, 2012). In his ARDM (Acquiring, Rewarding, Developing, and Maintaining) Model, Ivancevich (2012) emphasizes the elements of the external and internal environment and their direct and indirect influence on human resource management. Environmental dynamics enable human resources to optimise the management practice.

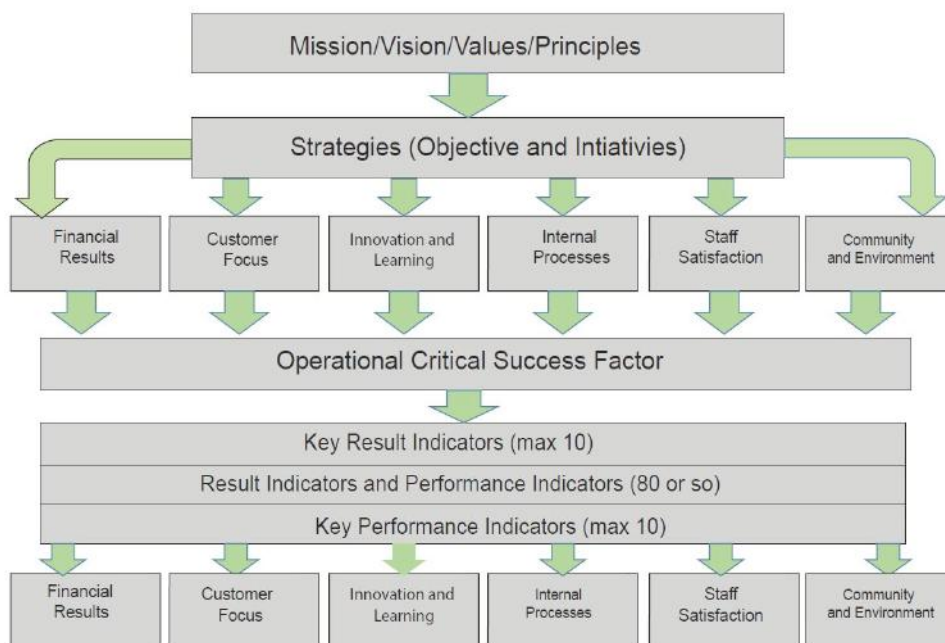


Figure 1. Critical success factors by David Parmenter, 2015

Based on the above theoretical review, the flow of Key Result Indicators can be seen in Figure 1. There are six critical success factors before KRI, RI, PI, and KPI. Therefore, the result of its indicators will meet the organisation's plan, i.e. financial results, customer focus, innovation and learning, internal process, staff satisfaction, and community and environment.

In this context a conceptual framework was formed to describe the influences

among the variables with the following hypotheses:

- H₁: Customer satisfaction significantly affects the Key Result Indicators.
- H₂: Employee satisfaction significantly affects the Key Result Indicators.
- H₃: Society and environment significantly affect the Key Result Indicators.
- H₄: Customer satisfaction, employee satisfaction, society and environment simultaneously affect the Key Result Indicators.

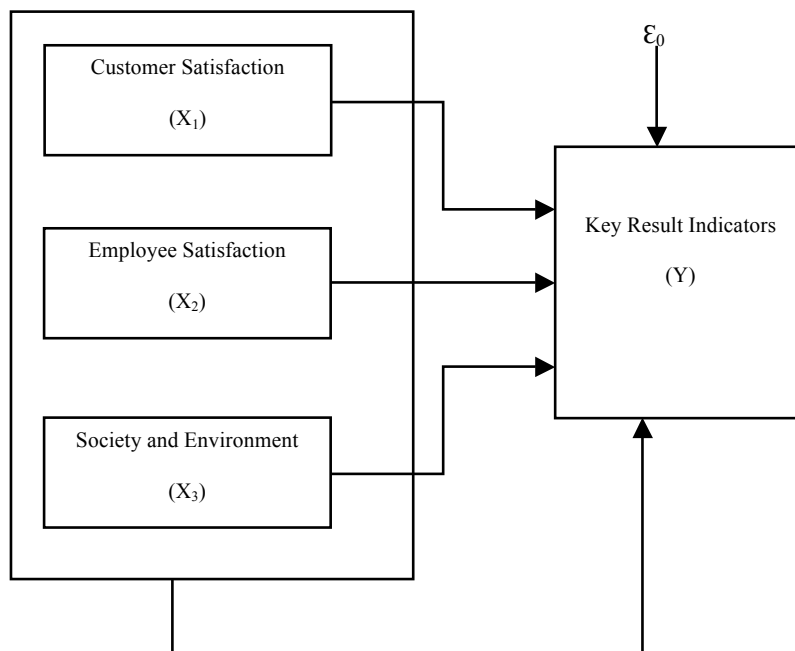


Figure 2. Regression model

MATERIALS AND METHODS

The descriptive-associative research method was employed to identify the effect of customer satisfaction, employee's satisfaction, and society and environmental

responsibility on key result indicators at Pakarti Luhur Foundation. In pre-university levels, these are: playgroup, kindergarten, elementary school, junior high school, and senior high school, vocational school at

all grades. A census method was used on 39 respondents representing all decision makers of the foundation. Self-administered questionnaire and data access were used to collect the data. The respondent's demography covers several categories such as gender, age, education, length of employment, and current position in the foundation respectively. The sampling strategy is based on simple random sampling to the available respondents.

The KRIs (key result indicators) secondary data was obtained from the schools' academic databases whereas all three independent variables were obtained as primary data from the questionnaires. The total of 81 questionnaires comprising 12 customer's satisfaction statements, 31 employee's satisfaction statements, 13 social and environmental statements, and 25 statements related to KRIs was distributed. Multiple regression method was applied by using Microsoft SPSS version 21 software with 5% confidence level.

RESULTS AND DISCUSSION

Validity and Reliability Tests

Table 1
Reliability test result

No.	Variable	Test Result	Mark
1.	Customer satisfaction (X_1)	0.895	Accepted / reliable
2.	Employee satisfaction (X_2)	0.962	Accepted / reliable
3.	Society and environment (X_3)	0.901	Accepted / reliable
5.	Key result (Y)	0.953	Accepted / reliable

The validity test shows that the correlation of 39 respondents is above R table of 0.316 (Ghozali, 2013) suggesting that all questions are valid. The reliability test demonstrates that Cronbach Alpha of all variables is > 0.6 and, therefore, all variables are accepted as can be seen in Table 1.

Normality Test

Table 2 demonstrates that Asymp.Sig test is higher than 0.05 suggesting a normal distribution of the data.

Table 2
Normality test result

		One-Sample Kolmogorov-Smirnov Test			
		x1	x2	x3	y
N		39	39	39	39
Normal parameters ^{a,b}	Mean	83.5385	47.6493	45.5434	134.4615
Most extreme differences	Std. Deviation	13.90541	9.64412	9.74594	17.06311
	Absolute	0.091	0.197	0.165	0.115
	Positive	0.091	0.197	0.165	0.053
	Negative	-0.064	-0.129	-0.070	-0.115
Kolmogorov-Smirnov Z		0.566	1.232	1.028	0.717
Asymp. Sig. (2-tailed)		0.905	0.096	0.241	0.683

Multi-Collinearity Test

Table 3 shows the Multi-Collinearity test

Table 3
Multi-Collinearity test result

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
x1	0.940	1.063
x2	0.938	1.067
x3	0.993	1.007

All VIF values are less than 10 ($X_1 = 1.063$, $X_2 = 1.067$, and $X_3 = 1.007$) whereas the

tolerance values are: $X_1 = 0.940$, $X_2 = 0.938$, and $X_3 = 0.993$ respectively. Therefore, it can be concluded that multi-Collinearity did not exist among the independent variables.

Heteroscedasticity Test

The scatterplots in Figure 1 show that the points are spread out in a random fashion, both above and below zero Y axis. Therefore, the regression equation method used for all variables in this study does not conflict with the heteroscedasticity.

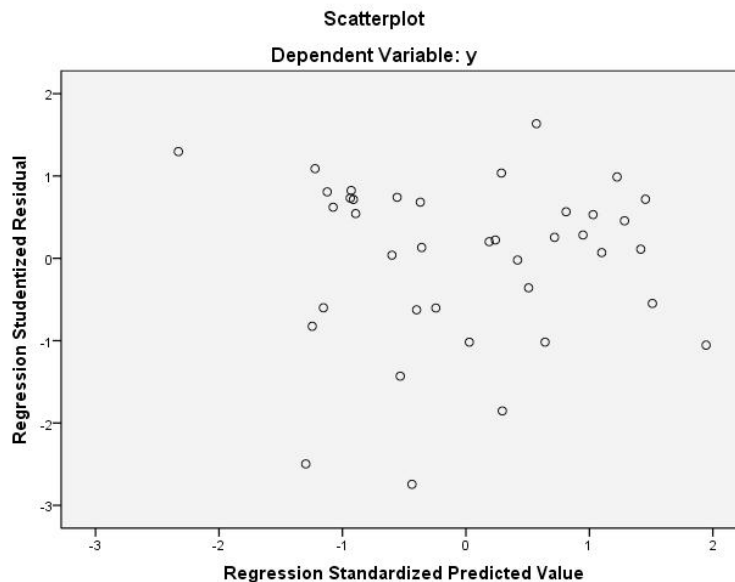


Figure 3. Heteroscedasticity test result

Multiple Regression

Partial Significance Test (Statistic t-test)

The significance of customer satisfaction (X_1) on key result indicator (Y). The value of “t” test is 4.329 suggesting that

H_0 is rejected and, therefore, the customer satisfaction significantly affects the key result indicators “Y”.

The significance of employee satisfaction (X_2) on key result indicator (Y). The value

of “t” test is 44.956 suggesting that H₀ is rejected. It is concluded that the employee satisfaction significantly affects the key result indicators “Y”.

The significance of society and environment (X₃) on key result indicators (Y). The value of “t” test is higher than 5.199 and, therefore, H₀ is rejected. Therefore, the society and environment significantly affect key result indicators “Y”

Simultaneous Significance Test (Statistic F-test)

Table 4 demonstrates that the value of F test is 1070.531 and the probability is 0.000. This suggests the hypothesis H₄ is accepted. Therefore, customer satisfaction, employee satisfaction, and society environment simultaneously and significantly affect the value of key result indicators.

Table 4
Simultaneous test result

Anova ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10944.420	3	3648.140	1070.531	0.000 ^a
	Residual	119.272	35	3.408		
	Total	11063.692	38			

a. Predictors: (Constant), X₃, X₂, X₁

b. Dependent Variable: y

Regression Test

$$Y = -5.997 + 0.042X_1 + 0.807 X_2 + 0.095 X_3 + e$$

Table 5 suggests that the regression equation can be formulated as follows:

Table 5
Regression test result

coefficients ^a									
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations		
		B	Std. Error				Zero-order	Partial	Part
1	(Constant)	-5.997	2.564		-2.339	0.025			
	x ₁	0.042	0.027	0.037	1.542	0.132	0.580	0.252	0.027
	x ₂	0.807	0.020	0.924	41.364	0.000	0.991	0.990	0.726
	x ₃	0.095	0.030	0.080	3.158	0.003	0.650	0.471	0.055

a. Dependent Variable: y

Multiple Correlation Analysis (R)

This analysis was used to check the correlation between the variables (X_1 , X_2 , and X_3) and the key result indicator (Y) variable in a group. Table 6 shows that the adjusted value of R^2 equals to 0.988 or

98.8%, meaning that the key result indicator or dependent variable is explained by the independent variables at a value of 98.8% whereas the remaining 1.2% is explained by other variables outside this model.

Table 6
Coefficient determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics				Durbin-Watson
						F Change	df1	df2	Sig. F Change	
1	0.995 ^a	0.989	0.988	1.84602	0.989	1070.531	3	35	0.000	1.929

a. Predictors: (Constant), x_3 , x_2 , x_1

b. Dependent Variable: y

CONCLUSION

A real customer is someone who makes the buying decision (Edersheim, 2007). It is compulsory to survey employees, (Parmenter, 2015) the survey should consist of excellence organisation, areas needing improvement, and substantial information source. The foundation has an annual program related in social awareness, such as giving charity to less fortunate, give an extra discount or scholarship for talented but in less fortunate circumstances student who register to their school, and one day teaching and supporting remote school. The environment is increasingly playing an important role in supporting the foundation's sustainability (Ivancevich, 2012).

This study also found customer satisfaction, employee satisfaction, and society and environment are simultaneously

significant to Key Result Indicators. Therefore, it is recommended the Foundation approach its customer effectively, maintain its employees as a valuable asset, and expand its social and environment activities to achieve its goals.

Future research should use Structural Equation Model (SEM) in its methodology.

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Sustainability and Alliance Performance Car Rims Retail in Jakarta

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ABSTRACT

One of the strategies retail companies with limited resources use to sustain and obtain excellence in operational performance is by forming alliances. In the car rims retail sector in Jakarta, business alliances have lasted for 24 years. The success and sustainability of this alliance offers a valuable lesson for other alliances. This study aims to explain the importance of forming strategic alliances; the effectiveness of strategic alliances with respect for inventory, price, quality, and delivery; the benefits of alliances; and the future expectation of strategic alliances. We conducted semi-structured interviews on 14 companies which have formed strategic alliances and analysed the data using descriptive statistics. The study uses secondary data as complementary information in the form of documents and appropriate records on the performance of strategic alliance in the car rims retail business. It was found that strategic alliance matches the framework of a resource-based view and social media networks.

Keywords: Alliance, cars rim retail, delivery, inventory, performance, price, quality, sustainability

INTRODUCTION

Retail comprises several value-added business activities for products and services provided to consumers for personal or family use. These value-added activities include providing a wide range of inventory and service delivery. Retail involves not only providing goods and services in a store and shopping area, but also utilizing other marketing channels such as social media and

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marketplace and Internet forums. Retail is an important component in the supply chain that connects producers to consumers (Levy, Weitz, & Grewal, 2014).

Retail is a significant step in the goods distribution process, and it is also the last step. Through retail, products and services reach the users. The retail industry is defined as an industry that sells value-added products and services to meet personal, family, group, or end-user needs. The retail industry in Indonesia contributes significantly to the Gross Domestic Product (GDP) and also absorbs a large amount of manpower. As a developing country, the growth rate of Indonesia's retail industry is influenced by people's purchasing power, population growth, as well as community needs

To survive in a competitive market, retail should implement cutting-edge strategies supported by excellence processes and service performance. According to Levy et al. (2014), retail strategy is a process to identify the target of a retail market, a format that retailers will use to increase consumer satisfaction and make the competition long lasting. When a retail entity faces limited resources one way to cope is to join or to form strategic alliances among the incumbents.

Alliances between companies or between business units are an unavoidable aspect in today's modern business life (Wheelen, Hunger, Hoffman, & Bamford, 2015). Alliances are partnerships between two or more companies to achieve mutual advantageous strategic objectives (Emulti

& Kathawala, 2001). An effective strategic alliance can initiate and grow profitability both in domestic and global markets (Ernst, Halevy, Monier, & Sarrazin, 2001). Furthermore, Gerhard and Odenthal (2001) state that the alliance is one of the most capable strategies to create value for the company.

Some alliances increase firm profitability and have a positive impact on a firm's value (Estrin, Poukliakova, & Shapiro, 2009; Park, Mezias, & Song, 2004). However, not all alliances can survive in the long run; some alliances survive only short term, just enough for one partner to build a foothold in a new market. The extension of time and conflicts over goals and controls often occur among alliance partners. For this and other reasons, about half of all alliances (including the international alliance) become unsatisfactory (Das & Teng, 2000; Park & Ungson, 2001).

In Jakarta, a strategic rim car retail alliance was formed by 14 retail companies. The alliance has been in operation for 24 years. The success and sustainability of this alliance provides a valuable lesson for other alliances and enriches the empirical evidence of the alliance, but to date there has been no study of it. It is, therefore, interesting to review the sustainability of this retail alliance and see the performance of the alliance from the point of view of its members. The purpose of the study is to explain 1) the importance of joining a strategic alliance; 2) the effectiveness of strategic alliance with regard to inventory,

price, quality, and delivery; 3) the benefits of the alliance; and 4) the future expectation of the alliance.

LITERATURE REVIEW

Ireland, Hitt and Vaidyanath (2002) summarize several theories to explain the reasons for the formation of alliances, including 1) transaction cost, 2) social network, and 3) resource-based view. The theory of transaction cost argues that the alliance, as a more efficient form of market or hierarchy, can minimize transaction costs. Social network theory states that the company's strategic actions are influenced by the social context in which the company exists. The social context in question is either directly or indirectly related to the actors in that network. Contexts include inter- and intra-organization relations. While the resource-based view based on the understanding that the company is a collection of multiple resources, Resource-based theory argues that the alliance can develop value creation by collecting resources together in cases in which each company is unable to create it independently.

Wheelen et al. (2015) state several reasons why companies form alliances: 1) to obtain or learn new capabilities, 2) to obtain access to specific markets, 3) to reduce financial risk, and 4) to reduce political risk.

Kanter (1994) refers to alliances as PALs (polling, allying and linking, or join, alliance, and related) between companies. According to him, the alliance provides a

way for companies to shift from being rivals to serving as allies. There are three main types of alliances:

Service alliances occur when a group of organizations with similar needs (often in the same industry) create new organizations to meet those needs. A common example of this alliance is an industry research consortium.

Opportunistic alliances are formed when a group of organizations sees an opportunity to gain a competitive advantage, possibly temporarily, by forming strategic alliances. The goal in this type of alliance is to form a new organization and create opportunities that are not realized if each partner moves on its own. This type of alliance is commonly known as joint ventures.

Stakeholder alliances are so called because this alliance creates a complementary coalition between interested parties. It occurs when a company forms an alliance with suppliers, consumers, workers, or other interested parties. Depending on the interested parties, each of the alliances has different potential goals. For example, an alliance with a supplier is formed to outsource the development and production of a particular product or component.

MATERIALS AND METHODS

The subject of research is the retail owner or retail manager. He or she is considered

to be a person who understands strategic alliances. The samples of this study are 14 car rim retail businesses. We conduct semi-structured interviews upon the 14 companies which have joined in the strategic alliance. The study also applies secondary data as complementary information in the form of documents and appropriate records with regard to the performance of the strategic alliance in the car rims retail business. We also observe and assert that the strategic alliance matches the framework of resource-based view and social media networks.

The effectiveness of the retail is reviewed from four aspects. These aspects selected are adapted from Badri, Davis and Davis (2000); Li, Ragu-Nathan, Ragu-Nathan and Rao (2006); Schroeder, Goldstein and Rungtusanatham (2010). The operational definitions of these variables are as follows: 1) Inventory is the stock of car rims used to meet customer demand; 2) Price is selling price; 3) Quality is the extent to which the retail provides products that meet specifications or meet consumer needs; 4) Reliable delivery is the ability of a retail to deliver products on a timely basis, and with the type and volume to suit the customers' needs.

RESULTS AND DISCUSSIONS

Description of the Car Rims Alliance

Alliance operational processes are described in Figure 1. Beginning from the time consumers come to retailer 1 to buy type X of car rim, but the retailer 1 does not have the type of rim the consumers want, so retailer 1 contacts its associate alliances to find the rim. Retailer 1, which is in the condition of needing goods, already knows beforehand which associates are likely to have the type of rim needed. In this strategic alliance, each retailer already has the data and information for the specifications of each other's rims.

Upon retailer 1 finds the item, there price negotiation occurs between retailers 1 and 2. When the negotiation process has been completed, the goods are sent to retailer 1. Furthermore, retail buyer hands it to the consumer along with the payment by consumers. After the consumer pays for the item, retailer 1 pays retailer 2 according to the negotiated price.

Based on the above description of the alliance process, this alliance is classified as a service alliance (Kanter, 1994), in which a group of organizations with the same needs, in this case in the same industry (the car rim retail industry), creates a new organization to meet those needs.

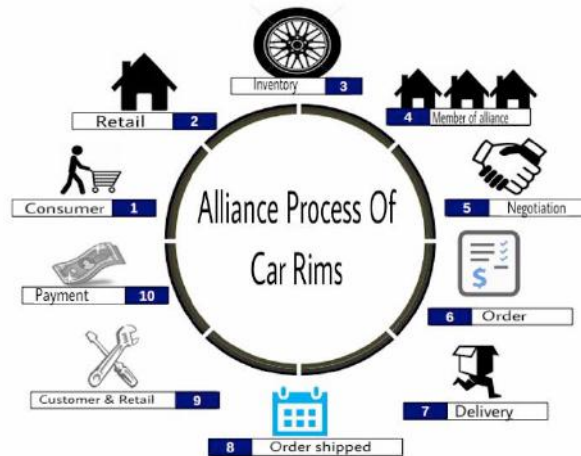


Figure 1. The alliance process

Source: Formulated by authors from field results, 2016

This alliance was established in 1992, and now 14 car rim retail companies have joined.

The Importance of Joining Strategic Alliance

In this study, the survey respondents were given open questions on the importance of joining the strategic alliance. The answers to those questions are summarized in Figure 2.

As shown in Figure 2, there are 6 reasons given for joining the strategic alliance. The predominantly main reason

listed is limited inventory. Problems with inventory limitations should be addressed immediately in the retail industry, given that the function of retail is to provide various types of products and services required by consumers. This means that a retailer is encouraged to remain responsible for what consumers need in various conditions. Thus, the implementation of this procurement alliance becomes a preferred strategy to meet consumer demand and can survive in the midst of competition.

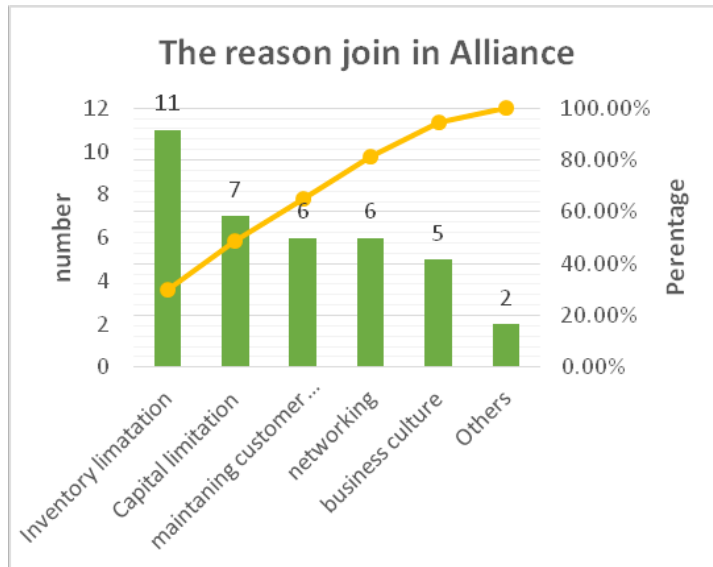


Figure 2. Reasons retail companies join the alliance

Additional reasons include capital limitation, maintaining customer satisfaction, networking, and business culture. Capital limitation is the constraint in providing various types of rims. The retail industry also needs to join the strategic alliance in order to ensure customer satisfaction and gain trust from the customer. The establishment of alliances within business culture helps retailers survive competition.

The theories presented by Ireland et al. (2002) show that the existence of the rim alliance matches the framework of the resource-based view, whereby retailers join the alliance because of limited inventory and capital. By joining an alliance, they can increase their value with their limited resources. Social network theory can also explain the incentives to join; i.e., networking and business culture. However, companies joining later (after forming alliances) join the alliance because their

actions are directly or indirectly influenced by the network's inter- and intra-organization relationships. It also relates to the reason for establishing alliances as outlined by Wheelen et al. (2015). It is clear that car rim strategic alliance has been established to obtain or to learn new capabilities and gain access to specific markets.

The Effectiveness of Strategic Alliances

We investigated the effectiveness of the alliance operations with regard to inventory, price, quality, and delivery. Respondents were asked their opinions on questions such as, "has the alliance been effective in certain respects?" The possible answers to these questions are "yes" and "no." Then the answers are tabulated into a descriptive table. In addition, the respondents are also asked to answer why they responded the way they did. The answers to each respondent for each aspect were summarised.

Table 1
Inventory aspects

I – 01	Specifications for different rims	100%
I – 02	Availability of ready stock items	71%
I – 03	Recording the alliance transactions	43%
I – 04	Availability of the latest products	93%

In question code I-01, the specification of different rims gets 100%. All allied retailers have different specifications. Since the inventory used in the car rim retail business is vast and overly diverse, alliance helps retailers meet both consumer demand and peer alliance demand. Although there are several retailers that are included in one distributor, the specifications for inventory taken differ from each other. When a retailer has a different or limited inventory, it will be helpful to run the operation to fill the shortage of inventory between one retailer and another.

Question code I-02 relates to the availability of required goods (ready stock) of 71%. This percentage is obtained from 10 retailers who agree that the desired rims are always ready in stock. However, the required rims are sometimes not available. This is due to several factors: 1) The rims ordered were manufactured long ago (more than 8 years ago) and are no longer produced; 2) The rims ordered are new arrivals and at high demand; 3) The rims are not ready to be traded because they are still in the repair stage (valid for second-hand rims).

The unavailability factors listed above do arise, but the frequency is very rare.

With regard to the question on recording each transaction (code 103), only 43% of the retailers answered yes. This indicates that some retailers do not make special records of alliance transactions. Some retailers think recording is not very important, because the transaction agreement has been conducted on the phone so that recording activities are not always the case. This may be due to trust building among retailers. Even if the retailer conducts the transaction recording, the record is only stored in personal documents on the computer. In the case in which strategic alliances convey the requested proof of transaction in the form of a receipt, it is prepared and provided.

Among the members of the alliance, 93% agree that the alliance has the availability to offer the latest product (question code I-04). The type of car rims on the market is very diverse, and it becomes the concern of the retailer. The latest product updates are also vital in supporting the establishment of well-executed alliances. Retailers strive always to have the newest products and seasonal products. On average, the newly arrived car rims come in every 2 to 4 months.

Price Aspect

The price given to the consumer is the price of the retailers' agreement, not the dealer's pricelist. In procurement alliance operations operated by retailers, there is a price agreement that is previously determined by the retailer and its alliance

associate. Although there is the price agreement, the retailer who takes the goods does not expose the price he/she charges the consumers.

Table 2
Price aspect

P – 01	Price agreement between retail	100%
P – 02	Price depends on the dealer pricelist	0%
P – 03	Positive trend of net profit	71%

In this alliance, the price does not depend on the pricelist dealer. 71% of the alliance members confirm that they earn more considerable profits. We also investigate the retail documents from 2016. We found that the retailers earn a profit of 10% - 25% of the agreed price on each transaction. The amount depends on the type of car rim and the ability of the retailer to pursue consumers. The manner of communicating, negotiating, providing the car rim's specification information, and convincing consumers are additional factors to help a retailer generate the maximum advantage.

Quality Aspect

A quality strategy is defined as a company's activity to produce or provide products and services that meet specifications as well as consumers' needs. Quality improvement is one way for organizations to improve business performance (Badri et al., 2000).

Table 3
Quality aspect

Q – 01	The suitability of the ordered rims	100%
Q – 02	Condition of rims is 100% (no flaws)	79%
Q – 03	Exchange related to rim quality	100%

Based on the quality aspect review, retailers incorporated in an alliance agreed that they can achieve the rims' suitability to meet consumer demand. There are no rim errors sent, because all fit with the kind and type ordered on alliance partners according to the kind, type, bar, and colour of the rims being sought.

The question of the "condition of rims" that are sent with no flaws (such as scratches, uneven colour, rough to uneven shape) generated 79%. This is attributed to second-hand rim transactions. But even if this situation occurs, the rims can be exchanged or repaired by the alliances' colleagues/partners, who act as second-hand rim originators or sellers. The third question regarding the quality aspect validates the second question, which reveals that all retailers agree that inappropriate quality can be exchanged. This condition is valid only with the provision that the rims have not been installed or used by consumers.

Delivery Aspect

According to Badri et al. (2000), delivery strategy includes the ability to respond to both

consumer and corporate customers' demands. This delivery strategy also demonstrates the ability to meet delivery schedules and customers' orders. Measurement of delivery performance emphasizes activities that focus on improving delivery reliability; for example, on-time delivery, accuracy in inventory status, and delivery waiting time. Flexibility is defined as the ability to respond to rapid changes in product, service, and process growth.

Table 4
Delivery aspect

D - 01	Realization of on-time delivery	86%
D - 02	Conformity of delivery time and arrival of the goods	36%
D - 03	Potential penalty	7%
D - 04	Needs improvement in the delivery process	86%

Members of the retail alliance state that 86% of goods delivery is on time. When the negotiation process has been agreed upon, the rims are sent as soon as possible. It can be seen that the timing of delivery between retailers is appropriate. Among the respondents, 36% (5 of 14 retailers) answered that the goods were delivered on time. Obstacles to goods arrival can include the retailer's location; if the distance between peer alliances is great, it can disturb the delivery time conditions slightly, so consumers wait a longer time for the arrival of goods. In addition, Jakarta's traffic situation can also delay the arrival of the goods. To avoid time non-conformity, some retailers have prepared goods before the

consumer arrives (proactive approaches), so that consumers do not have to wait long. In this case, the consumer has contacted the retailer beforehand.

On the question of potential penalty if delivery takes too much time, the percentage obtained is only 7%. Only one retailer answered regarding the existence of a penalty if the delivery takes a long time. These penalties are sometimes in the form of a discounted price from retailers who fail to meet the time of delivery, but this discount applies only to certain circumstances. Meanwhile, according to the 13 other retailers in this alliance, there is no formal agreement regarding the provision of penalties if the delivery fails to meet the expected time of delivery.

Question 4 relates to the need for improving the goods delivery process recorded 86%. Twelve retailers indicated a need for improvement. An example of this improvement process is the preparation of a vehicle to carry the goods or devote more care to the car rim packaging that is sent by motorcycle so that the rims can be protected better from scratches during the delivery process. Another example is the procurement of goods system through a computer catalogue, or an e-procurement system, which makes it easier to facilitate the process of alliance partners in finding the type of goods to promote time efficiency. The Benefits of Joining the Alliance

The most important benefit or advantage of joining this procurement alliance is the increased in profit. These findings confirm the empirical results, which suggest that

alliances can increase the profitability of their members and have a positive impact on company value (Estrin et al., 2009; Park et al., 2004). Thus, this alliance can be said to be effective because it can drive profitability, as suggested by Ernst et al. (2001). It also supports the findings by Gozali (2016) that the combination of a resource-based view and market-based view in Indonesia SOEs will have a great impact on corporate strategy, which in turn influences corporate performance.

Other impact are increased business networking and consumer trust, increased numbers of customers, and the latest inventory information. Within a cooperative alliance, the information gained tends to be obtained more quickly or is more up to date, since retailers cooperating in this alliance develop such data together. The diagram in Figure 3 provides a more detailed explanation.

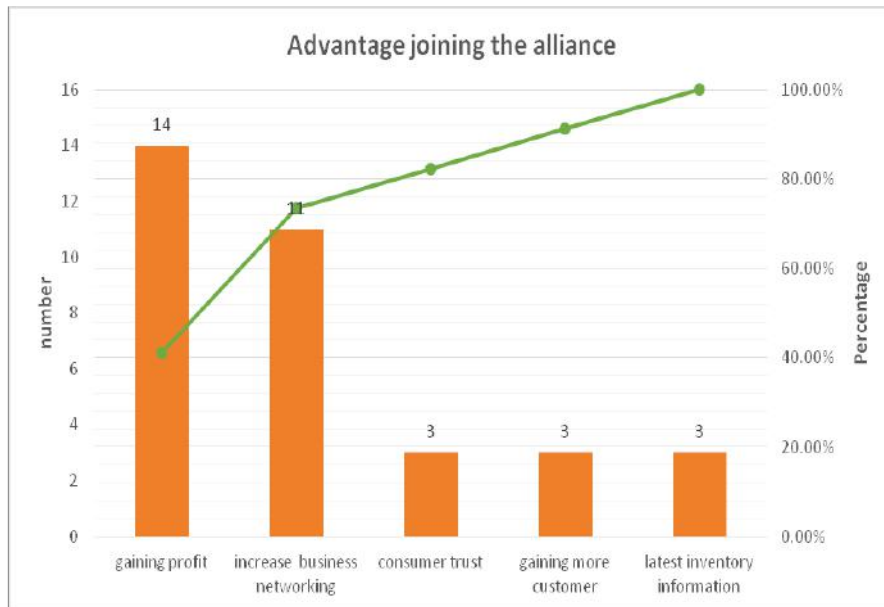


Figure 3. Retail profits after joining the alliance

The Expected Improvement of the Alliance

In maintaining the success of the alliance, it is necessary to continually improve the existing system. Improvements expected in this alliance are 1) technological system improvements using a web-based catalogue

system that lists the availability of inventory types from each retailer, 2) significant improvement in the wait time, 3) updated inventory, and 4) expanded alliance partnerships. In addition to the expectations set forth by companies incorporated in the alliance, researchers look at some of the

opportunities that the alliance can introduce to improve their performance: 1) Companies begin to think of specific segments according to the retail location. For example, in south Jakarta, the consumer is a young boy who likes to change wheels. With consumer segments like this, promotions can be done by following the exhibition of the car market segment of young people and also market through social media. For the sustainability of the alliance, companies should also consider the form of alliance they seek for the future, which is focused on knowledge development and service system improvements.

CONCLUSION

Based on the objectives of the research above, the following conclusions are drawn:

The main reason retailers form an alliance is to address their limited goods or inventory.

The effectiveness of the alliance from the inventory aspect, especially regarding the different rim specifications, the availability of new products, and the availability of goods, is considered very effective, but the records of alliance transactions are still lacking. Price agreement between the retailers is quite effective for greater profit, and price does not depend on the pricelist of dealers at all. Quality, as measured by the suitability of the type of rims ordered and the condition of the rims, is also considered effective.

The benefits gained by retailers joining the strategic alliance are mainly higher

profits and increased business networking. In addition, they generate more trust from consumers who promote opportunity to add more customers as well as the latest information.

Retailer expectations for future alliances are to incorporate technology systems into this alliance process (online catalogue) through what is called e-procurement.

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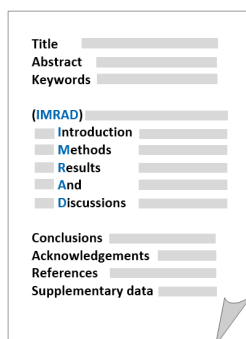
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The Analysis of Export Potency for Indonesian Pepper <i>Lim Sanny, Johanes Ronaldy Polla and Ika Fatmawati</i>	237
The Role of Tacit Knowledge on Sustainable Competitive Advantage Moderated by Top Management Support in BINUS Online Learning <i>Teguh Sriwidadi, Hartiwi Prabowo and Regina Eka Riantini</i>	247
Design Thinking Approach in Agroindustrial-Based Social Enterprise Development <i>Dwi Purnomo, Diana Sari, Anas Bunyamin, Wahyu Gunawan and Santi Susanti</i>	255
The Role of Bloggers in Public Relations Activities in Indonesia <i>Sari Ramadanty and Handy Martinus</i>	263
The Effect of Customer Satisfaction, Employee Satisfaction, Society and Environment on Key Result Indicators at Pakarti Luhur Foundation <i>Eti Ariyanti, Setyani Dwi Lestari and Sugiharto</i>	275
Sustainability and Alliance Performance Car Rims Retail in Jakarta <i>Sarah Leani, Anbanathan Subrahmaniam and Prima Naomi</i>	285

The Mediating Role of Learning Agility on the Relationship between Work Engagement and Learning Culture <i>Nopriadi Saputra, Sri Bramantoro Abdinagoro and Engkos Achmad Kuncoro</i>	117
Analysis of Green Marketing Mix Effect on Customer Satisfaction using 7p Approach <i>Selly Novela, Novita and Scherly Hansopaheluwakan</i>	131
Role of Social Media in Improving Intercultural Communication Competence: A Comparative Study of European Students in Indonesia and Indonesian Students in Europe <i>Amia Luthfia, Rosidah and Ferane Aristrivani Sofian</i>	145
Patron-Client Relationship in Microenterprise Development as a Cultural Heritage in Modern Era <i>Kukuh Lukiyanto, Anindya Widita and Riesta Devi Kumalasari</i>	155
Defining Women Owned Enterprises in Participating and Contributing Women to Business and Entrepreneurship <i>R. A. Aryanti Wardaya Puspokusumo, Ernie Tisnawati Sule and Umi Kaltum</i>	163
Effects of Corporate Image, Brand Personality and Consumer Perceived Value on Consumer Attitude and Intention to Use DU Battery Saver Product <i>Alex Maulana Muqarrabin, Rizqie Yusario Ifdhola and Sheila</i>	171
Analysis of Users' Satisfaction with Website Service of STIE Inaba Bandung <i>Adryan Rachman, Ratih Huriyati, Lili Adi Wibowo and Vanessa Gaffar</i>	181
Production Efficiency Analysis for Empowerment Strategy of Troso Weaving Craft Micro, Small, and Medium Enterprises (SMES) in Jepara Central Java <i>Ngatindriatun, Listya Ayu Saraswati, Hardiyansyah and Aries</i>	193
Measuring Digital Customer Experience <i>Sukardi Silalahi and Popy Rufaidah</i>	199
Analysing Destination Experience, Satisfaction and Loyalty of Domestic Tourists: A Case Study of Bali, Indonesia <i>Yuliana</i>	213
Entrepreneurial Intention and Competencies of Vocational and High School Graduates in Indonesia <i>Christine Winstinindah Sandroto, Benedicta Prihatin Dwi Riyanti and M. Tri Warmiyati</i>	225

Pertanika Journal of Social Sciences & Humanities
Vol. 26 (T) Mar. 2018

Contents

Ecosystem, Innovation and Excellence in Enhancing Organization	
The Influence of Simplicity on Cellular Corporate Service Quality for Performance Excellence in Jakarta and West Java Provinces <i>Tjahjono Djatmiko, Lili Adi Wibowo and Ratih Hurriyati</i>	1
An Effort to Lower Electricity Bill in University Building by Automatic Lighting Switches Application <i>Martini, Indra Riyanto, Krisna Adiyarta and M. Suparmoko</i>	11
The Role of Electronic Word-of-Mouth on Customer Confusion in Increasing Purchase Intention <i>Viany Utami Tjhin, Bahtiar Saleh Abbas, Dyah Budiastuti, Raymond Kosala and Sofian Lusa</i>	21
A Critique of Local Wisdom Values in Indonesia's <i>Pesantren</i> <i>Sofyan Sauri, Nunung Nursyamsiah and Yayan Nurbayan</i>	37
A Multi-Group Analysis of Innovation in Online Business Models <i>Abdullah F. Basiouni</i>	51
Factors Affecting Customer Trust and Their Impact on Customer Behavioural Intention: A Study of Social Commerce in Indonesia <i>Eded Tarmedi, S. Sulastrri, Sumiyati and Puspo Dewi Dirgantari</i>	63
Mediating Effect of Job Satisfaction on Relation between Power Distance and Collectivism toward Employee Performance in Indonesia <i>Dony Saputra, Mts. Arief, Didiet Gharnaditya and Desaura Vhany</i>	75
Analysis of Quality Function Deployment to Improve Competitiveness: A Case Study of Universitas Pendidikan Indonesia <i>Ratih Hurriyati, Ahim Surachim and L. Lisnawati</i>	87
Working Values Preferences among Gen-X, Y and Baby Boomers in Indonesia <i>Ami Fitri Utami, Mochamad Sandy Triady and Rumondang Puji Nur Suci</i>	95
Testing the Public Experience Model <i>M. Fariza Y. Irawady and Popy Rufaidah</i>	107



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