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& HUMANITIES**

JSSH

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Thematic Edition

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



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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.

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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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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, Harjanto Prabowo
& Edi Abdurachman**

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Preface

We are glad to present this thematic issue of the *Pertanika Journal of Social Sciences and Humanities (JSSH)*. It is a compilation of 27 research articles from scholars who hail from **Indonesia, Malaysia, Canada, Saudi Arabia and Thailand**. This special thematic issue contains the 27 papers that were selected from a total of 128 papers presented at International Conference on Organizational Performance Excellence 2017. The theme of the issue is ***Ecosystem, Innovation and Excellence in enhancing competitiveness and sustainability***. 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. There are 3 papers focussing Leadership, 5 papers on Strategic Planning, 5 papers on Customer and Market, 4 papers on Information, Measurement and Knowledge Management, 3 papers on Human Resource management, while 3 papers on Operational management, and 4 papers on Communication management for Performance Excellence.

All the papers published in this edition underwent *Pertanika's* stringent peer-review process. One internal and one external referees reviewed the papers to ensure the quality of the papers justified the high ranking of the journal. It is a heavily-cited journal not only by authors and researchers in Malaysia but by worldwide.

We would like to thank the contributors as well as the reviewers for their commitment and patience which made this edition a success. It is hoped this publication would encourage researchers from around the world to be more active in publishing their research papers to contribute to the scholarly world.

We are grateful to *Pertanika's* Chief Executive Editor, Universiti Putra Malaysia for his tremendous efforts, leadership, courage and dedication to improving the quality of this issue. This has certainly motivated us to do more and better in the future.

Guest Editors:

Bachtiar H. Simamora (*Dr.*)

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August 2018



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Analysing How Indonesian Viewers Choose their Favourite Talk Show Programmes

Ina Melati Indartoyo^{1*}, Nisa Noviyana¹, Teddy Indira Budiwan¹ and Aidin Nobahar Sadeghifam²

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ABSTRACT

This study adopted a mix research methodology to analyse factors influencing Indonesians' choice of talk show programme. It found themes, timing of the programme, the actors' performances and the appropriateness of the show were the main factors. Additionally, interests, value of entertainment if it was inspirational and informative, language used, duration of advertisement, presenter, guests, content and the influence of social groups (friends and family) played a role. These can be categorised as sensibility, contentment, fondness, and suitability.

Keywords: Factor analysis, Indonesian television viewers, talk show programme

INTRODUCTION

Mass media refers to mass communication, such as newspapers, magazines, radio, and television (Tea, 2014). Based on its kind, mass media is divided into three types: printed media, electronic media and cyber media.

According to a pilot research conducted prior to this study, electronic media is considered as superior media compared with printed media (real data). Electronic media is most effective and widely used by the company because it can reach all layers of society (Rangkuti, 2009).

According to Nielsen research profile

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in 2014, in Java and outside of the island, television is the main media (95%), followed by the internet (33%), radio (20%), newspapers (12%), and magazines (5%) (Nielsen, 2014).

Indonesian televisions are famous for their news programmes, soap operas, sports, music, cartoon programmes talk shows, and reality shows among others.

Television can drastically affect the maturity and growth of a teenager (Staff, 2012). Therefore, it is important to ensure appropriate viewing for teens because it can have a positive and negative effect on them. According to the WHO (World Health Organization), those classified as teens are those who are at a stage of transition between childhood and adulthood, with an age range between 12 and 24 years old.

The television industry in Indonesia is growing rapidly, as indicated by research agency AC Nielsen Media Research in their survey of viewership in 2011 (Hatta & Ardhitia, 2016). The competition among television stations is stiff and private television stations compete with each other to implement broadcasting strategies to improve their programme ratings.

Television rating is a statistical calculation by the company to assess the popularity of the programmes based on the number of the audience (Suwadi, 2011).

Television stations' ratings are important as an indication of the quality of their programmes evaluated by their audience (Fachruddin, 2014). When a high rating is achieved, the strategy used in producing the broadcasting is considered to have been

effective, and *vice versa*.

In order to know which television programme genre categories are preferred by the viewers, a preliminary test was conducted and it pointed to talk shows as the most popular genre.

The talk show is a programme-debriefing dialogue guided by a host with several guests (Fachruddin, 2015). Talk shows have become a popular genre and they have a strong presence in the minds of viewers today (Piotrowicz, 2013).

Thus, it can be concluded that television is the preferred electronic media among teenagers and talk show is the preferred genre by viewers today. Fundamentally, every television viewer has different characteristics. For instance, it can be differentiated based on the demographic and psychographic profiles. Therefore, it is interesting to explore the factors that influence viewer's decision to watch a talk show programme which would be beneficial for television stations.

LITERATURE REVIEW

Every television show attracts a particular audience. Market segmentation is the process of dividing the market into several groups of consumers based on similar characteristics (Peter & Olson, 2014). The company then selects the group that to match the products offered, in this case, the television programme. This is an effective and efficient marketing strategy.

Demographic segmentation is the most common method of market segmentation, as information gained through demographic segmentation will help marketers identify

potential sales based on market demand (Kumar, 2013). However, demographic segmentation has not been able to explain fully the consumer preferences (Rizal, 2013). Therefore, it is necessary to participate in psychographic segmentation in order to obtain complete information about the behaviour and characteristics of consumers.

Talk shows have become one of the most popular television programmes that has a strong presence in the viewer's minds (Piotrowicz, 2013).

This is supported by Preliminary Test results which showed 67% of viewers chose talk show program, 21% viewers chose music, 7% viewers chose news, and the rest are drama series and so on. Therefore, it is clear each audience has their own preference.

TV companies can design their programmes by implementing marketing strategies that can stimulate consumer interests (Kotler & Keller, 2012). By understanding their preferences through segmenting, the company can create programmes that cater to the interest of the viewers.

Preference is the process of determining the ranking order of all product attributes with the aim of obtaining the preference for a product to be consumed (Frank, 2011). It can be concluded that preference influences the viewership of a television programme.

The selection consists of various items considered by the audience for choosing a particular show. When the company identifies the viewer's preference, they can

create programmes that would attract view interest and generate a positive response from the audience.

Some various factors that influence audience's preferences of television programmes, such as awareness and language of the program, interactivity with the station, timing, number of commercial breaks, presenters of the show, the guests/panel members, content of the programme, influence of family and friends, as well as religious issues (Alhassan & Kwakwa, 2013).

These factors have an impact on the audience's decision because basically, preference will be formed through the viewer's perception of the aired programmes.

Preference phase from a person to a product is the first step in building loyalty to the product, so companies need to learn how to create products that fit consumer preferences (Putri & Iskandar, 2014), one of which is to find any underlying factor to selecting a television programme.

In relation to the factors that influence the audience's preferences of a talk show, each segment has a particular preference. Therefore, an in-depth study on the factors that influence viewers decision to watch a talk show is vital.

MATERIALS AND METHODS

This study used a mixed research methodology. It was both a qualitative and quantitative research to analyse data using multivariate analysis and factors analysis.

The populations in this study were talk show program viewers residing in DKI

Jakarta area. Data was collected through in-depth interviews to explore factors that influenced respondents in choosing a talk show programme.

Generally, to get an insight into any issue, there should be as many as 15 to 30 in-depth interviews (Marshall, 2013). Therefore, this research was conducted with 15 informants.

Questionnaires were distributed to 400 respondents by using simple random sampling methods (quantitative research).

This technique used a formulation statistic in accordance with the purpose of research (Narimawati & Munandar, 2008), which considered whether the respondents had a clear understanding of the topics

studied so the results can be generalised.

Research Design

Due to business competition, television stations have forced the industry to be creative in presenting a fresh and engaging program for viewers (Masitoh, 2014). Therefore, companies need to consider factors that include the demographics and viewer’s preferences in their choice of television programmes.

These factors need to be explored to help the television companies in creating television programmes that match viewer interest (refer Table 1). Hence, market segmentation based on viewership is vital.

Table 1
Research design

Objective	Types of Research	Unit Analysis	Method of Data Collection	Method of Analysis	Time Horizon
RQ* 1	Qualitative: Exploratory and Qualitative: Descriptive	Individual: Viewers of Talkshow Program	In – depth Interview and Questionnaire	Content Analysis and Factor Analysis	Cross Sectional

Explanation: ***Research Question 1 = Finding out the factors that influence viewers in watching a talk show programme**

RESULTS AND DISCUSSION

Content Analysis

There are four elements of validity and reliability in qualitative research, namely credibility, transferability, dependability, and confirmability (Sugiyono, 2011). All the data used in this study has been declared valid and reliable, so it can be concluded that there are 14 factors influencing viewers of a

talk show programme (refer Table 2).

Exploratory Factor Analysis (EFA)

There are two important tests required in processing the CFA: the Kaiser Mayer Olkin Test (KMO) and Measure of Sampling Adequacy (MSA) (Usman, 2013).

KMO value is 0.964, whereby if the value of KMO is between 0.9 to 1, it

Table 2
Content analysis

Factor	Informant Statement
Theme attraction	<i>"The theme of a talk show programme attracts me to watch the programme"</i>
Show time	<i>"I watch a talk show programme during my free time"</i>
Actor performance	<i>"I watch a talk show programme where the actors give a good performance"</i>
Favouritism suitability	<i>"I watch a talk show programme that discusses my favourite themes/hobby"</i>
Interest suitability	<i>"I watch a talk show programme that fits my interests"</i>
Entertainment benefit	<i>"I watch a talk show programme that provides entertainment for me"</i>
Inspiration benefit	<i>"I watch a talk show programme that inspires me"</i>
Information benefit	<i>"I watch a talk show programme that is very informative"</i>
Language	<i>"I understand the language used in the talk show programme that I watch"</i>
Advertisement period	<i>"I watch a talk show programme that does not have long commercials"</i>
Presenter	<i>"I watch a talk show programme hosted by a fun presenter"</i>
Guest star	<i>"I watch a talk show programme that has competent guest stars"</i>
Content	<i>"I watch a talk show programme with up to date content"</i>
Social group influence	<i>"I watch a talk show programme recommended by friends or family"</i>

Table 3
KMO and Bartlett's test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.964
Bartlett's Test of Sphericity	Approx. Chi-Square	3529.662
	df	91
	Sig.	.000

means the data is excellent for use in factor analysis. Moreover, Bartlett value of 0.00 was already qualified for the testing requirement (the Bartlett test value must be <0.05 for it rated fit for use) (refer Table 3).

All factors used in the study have a value greater than 0.5 MSA so each factor can still be corrected by other indicators accurately without an error rate so that the whole is fit for use. After Bartlett testing,

Kaiser Mayer Olkin (KMO), and Measure of Sampling Adequacy (MSA), were used which showed the factors were fit for use. Data was later analysed using statistical software IBM SPSS Statistics 20.

The 14 factors were reduced and categorised as sensibility, contentment, fondness, and suitability.

Table 4
MSA value

Factor	MSA Value	Mark	Determined Value
Theme attraction	0,963	≥	0,5
Show time	0,967	≥	0,5
Actor performance	0,971	≥	0,5
Favouritism suitability	0,965	≥	0,5
Interest suitability	0,960	≥	0,5
Entertainment benefit	0,968	≥	0,5
Inspiration benefit	0,952	≥	0,5
Information benefit	0,955	≥	0,5
Language	0,961	≥	0,5
Advertisement period	0,971	≥	0,5
Presenter	0,974	≥	0,5
Guest star	0,972	≥	0,5
Content	0,960	≥	0,5
Social group influence	0,948	≥	0,5

Table 5
Component matrix

	Component
	1
Theme Attraction	.783
Show Time	.639
Actor Performance	.829
Favouritism Suitability	.784
Interest Suitability	.799
Entertainment Benefit	.790
Inspiration Benefit	.762
Information Benefit	.808
Language	.783
Advertisement Period	.570
Presenter	.836
Guest Star	.784
Content	.797
Social Group Influence	.577

Table 6
The reduction factors

Factor	Mix Factor
Sensibility	Presenter
	Actor performance
	Informational
Contentment	Interest suitability
	Content
	Entertainment benefit
Fondness	Theme attraction
	Favourite programme
	Language
	Guest star
	Inspiration
Suitability	Show time
	Advertising period
	Social group influence

CONCLUSION

It can be concluded from the foregoing factors affecting the audience's decision to watch talk show programme are; the

theme, timing, actors' performances and appropriateness of the show. Additionally, interests, value of entertainment, whether it's inspirational and informative, and

language used, duration of advertisement, presenter, guests, content and the influence of social groups (friends and family) play a role. These can be categorised as sensibility, contentment, fondness, and suitability.

A good talk show programme hosted by a unique presenter can attract viewers' sensibility. Moreover, the presenter of a talk show should be a Master of Ceremony, who has the ability to entertain and make the show interesting and interactive and not monotonous (Fachruddin, 2015). The same applies in terms of the actor's performance and whether the show is beneficial. In addition, current affairs, health programmes, and inspirational / religious programmes have very good viewership in Indonesia (Alhassan & Kwakwa 2013).

On the other hand, there is segmentation in the contentment group. They are viewers who consider factors such as suitability, content and entertainment whereby they will watch a television programme if the content is interesting and entertaining. It is adjusted to specific market segmentation.

In the category of fondness, viewers are attracted to the theme of the programmes/shows. There are six characteristics that appeal to the program viewers (Barandiaran & Samaniego 2013). They are attractiveness, intelligence, friendliness / sense of humour, personality, work and nonconformist / rebellious attitude. Friendliness / sense of humour is the most attractive for this group of viewers. Certainly, the theme can be adjusted to anything else that can affect the fondness group. They are favouritism, suitability, language, guest star, and

inspiration.

In the category of suitability, the viewers are more concerned with timing of the show, duration of advertisement, and the influence of social group. In order to attract greater viewership, the programmes are shown during prime time, 18:00 – 21:59 (Pratama, Sumarwan, & Wijayanto, 2016). They also consider the duration of the advertisement, because if it is too long, they can do "zapping". Zapping is the action to avoid advertising by switching to other television channels because it feels like the ads aired are too long or boring (Saiganesh & Parameswaran, 2012).

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How Price Perception and Satisfaction Influence Online Repurchase Intention

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ABSTRACT

This research investigates how price perception, performance and satisfaction of Indonesian consumers impact online shopping experience and online repurchase intention at the same shops. The study specifically examines the important interrelationship between three variables that affect customer's intention to repurchase. The results facilitate the understanding of factors that influence repurchase intention of online shopping in Jakarta. One hundred valid responses from a set questionnaires were analysed. Regression analysis was employed to test the hypotheses. The results showed the customer's price perception and after-delivery satisfaction influenced their overall satisfaction and their intention to return to the same online shop (e-tailer). In addition, overall satisfaction influenced repurchase intention at e-tailer. Customer at-checkout satisfaction was not found to influence the overall satisfaction and their intention to return to shop at the same e-tailer. The findings suggested that customers after checking-out from an e-tailer required further favourable experiences to support their judgment and decision to return to the same online shop.

Keywords: After-delivery satisfaction, at-checkout satisfaction, intention to return online, overall satisfaction, price perception

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INTRODUCTION

The dawn of the Internet age means shopping can be done online anywhere and at any time. In fact, the electronic marketplace is thriving. It is an experience to watch the retail market shifting from a real-time, bricks and mortar market to a virtual, digital market. E-commerce has created a whole

new market as platform for developing Business to Business as well as Consumer to Consumer relationship. Bricks and mortar shops have an opening and closing time which is not the case for online shopping. Now they have a new way of promoting their products through e-commerce where people can access their website 24 hours a day, seven days a week, with more advantages such as detailed information than an actual seller can provide.

According to 'E-Purchase in Indonesia', based on the Nielsen Global Online Survey, over 51% of internet users in Indonesia have shopped online. This means Indonesia is now ranked 13 out of 14 Asia Pacific Countries as having largest number of online shoppers (Nielsen Global Online Survey, 2009). The number of internet users in Indonesia in 2011 reached over 55 million, an increase of 13 million users from 2010. Internet users are mostly between the age of 15 and 64, and they use the internet more than three hours a day. The growing Internet market has been successfully identified as a potential profit generator for businesses. Kuenn (2008) pointed out that it took years of visionary programmers and ingenious entrepreneurs to introduce people to the online shopping world. It is not a miracle that built it.

The need to attract and retain customers has always been the primary objective of companies to succeed or even survive in a competitive business environment. These same objectives or principle have not changed with the advent of e-commerce (Heshan, Zhang, & Xiao, 2007).

Despite the fact that companies do everything in their power in order to attract a customer online, it is impossible to replace the physical aspects of shopping such as touching the material of a dress, seeing how a dress looks on a person based on his or her body type, and trying on a shoe and walking around in it to see how comfortable it is. Another aspect would be that instant feedback is non-existent in online shopping. Some good news, however, is that with the growth of internet usage comes a new paradigm in the word-of-mouth communication context, known as electronic word of mouth (eWOM). The EWOM transformed interpersonal traditional communication to a new generation of online communication. With the advance of technology, more consumers search information about products or services they are going to buy via the internet before the purchase is made (Gunawan, Diana, Muchardie, & Sitinjak, 2016). In online stores there is no simultaneous exchange of goods with cash as compared with bricks and mortar stores where once you pay you will get what you purchase instantly without delay. Customers are used to getting things instantly when they desire them which is an intrinsic value that they actively pursue; whereas online shopping offers a more deferred form of gratification. This is one of the reasons that makes a consumer contemplate returning to an online shop because of the waiting period, which can be frustrating at times (Wen, Prybutok, & Xu, 2011).

Based on the foregoing, this research addresses the question on *How are in-process satisfaction (at-checkout and after-delivery), price perceptions, and overall satisfaction interrelated, and how do any or all of these variables directly influence customer intention to return online?*

LITERATURE REVIEW

Customer Perception

The key to understanding and improving customer experience is customer perception (Fisher & Europe, 2009). Perception from customers can be used by companies to evaluate themselves in the way they operate. Further, perception is built through criteria, such as:

- *Overall satisfaction*: when the consumed product fulfils the customer's need, satisfaction is achieved.
- *Product/Service reliability*: the more a consumer can depend on the product/service to fulfil their needs, the more positive perception they will have towards the company.
- *Flexibility (to customer needs)* the more flexibility customers have with the company they make a purchase from, the more positive they become, as they experience convenience.
- *On-time delivery*: when a company delivers products/services at the time promised, customers

begin to trust the company. This builds positive perception in the customers' mind, as they believe the next purchase made will satisfy them in the same manner.

Customer Intention

Customer intention is the plan to make a purchase. It is important for companies to predict customers' intention to meet demand. Underestimating and overestimating customers' demand is one of the companies' biggest mistakes because it leads to a dramatic failure (Blackwell, D'Souza, Taghian, Miniard, & Engel, 2006). According to Blackwell et al. (2006), intentions are "subjective judgments about how we will behave in the future". Predicting customers' intention can help companies figure out certain aspects like the location in which the customer will purchase the product; how much they will purchase; and when they will make the purchase. Relying on customers' past behaviour can help in predicting customers' future behaviour. Past behaviour gives companies an idea on what kind of products customers prefer. Amazon.com has a database-driven website that incorporates personalisation and customisation. When users register at Amazon, the website records information about the user in its database. Among the types of consumer intentions are:

- *Purchase intentions*: represents what a customer thinks they will buy. Purchase intention is the plan

to purchase a product or service. Customers first plan what they need, and then actually decide what to do about it. Purchase intention can come from personal need or influenced by others such as family, friends, etc.

- *Repurchase intentions*: represents whether customers anticipate buying the same product or brand. It is customers' plan on purchasing the same product or service they have once purchased. If a customer plans on making a repurchase, it means they are satisfied. That is why they make a repeat purchase of that particular product or brand.
- *Shopping intentions*: indicate customers' plan for product purchases. When planning to buy a product, customers always consider where the product can be obtained before directly making a purchase. Few alternatives will be considered before getting the product.

Customer Satisfaction

When consumers' expectations are matched with the perceived information, satisfaction is achieved. Nevertheless, when companies fail to encounter customers' expectations, dissatisfaction occurs. When a customer feels satisfied, there is an assurance that the evaluation will be stored in the memory for future decisions (Blackwell et al.,

2006). Online retailers need to provide customers with prompt service delivery and a personalised service as their primary marketing and distribution channel. These online retailers must not fail to ensure that there are enough staffs to answer a customer's questions and show reliability. Customer representatives can help customers feel more 'at home' shopping in that particular website.

For a customer to return online and make more purchases, he or she needs to feel satisfied. There is a mutual relationship in loyalty and customer satisfaction in both environments, i.e. the online and offline environments.

The success of online shopping depends on the satisfaction of the customers. Customer satisfaction is greatly influenced by customer service (fulfilment of customers' specific needs), reliability of the system, product portfolio, ease of use of the product, and security of the website. Additionally, there are behavioural aspects that also affect the intention to shop online including recommendations from others, repurchase intention, price sensitivity and complaining behaviour of the customer (Zeng, Hu, Chen, & Yang, 2009).

Online e-tailers can include a few additional attributes such as online chat and forum to improve customer satisfaction and website usefulness. These additional attributes contribute to a high growth of the website's interactivity which leads to providing a better website for customers

to shop online. Hence a pleasant shopping experience adds up to repurchase intention (Wen, Prybutok, & Xu, 2011). The satisfaction customers derive from making purchases at a particular online store will eventually lead to the building of customer loyalty which is an important determinant of the overall growth and success of a business (Atcharyachanvanich, Sonehara, & Okada, 2006).

E-Commerce

According to Laudon and Traver (2011), e-commerce is defined as: “the use of the internet and the web to transact business. More formally, it is digitally enabled commercial transactions between and among organizations and individuals”. The success of e-commerce depends largely on the fulfilling the three aspects of E-commerce (Heshan et al., 2007) namely Information Quality, System Quality and Service Quality.

MATERIALS AND METHODS

Research Model

The measurement variables were adapted from Jiang and Rosenbloom (2005). The independent variable, customer price perception, was measured by one construct item, variable customer satisfaction at check put point measured by six constructs or items and, variable customer satisfaction after delivery measured by four constructs or items. For dependent variables, ‘customer overall satisfaction’ and ‘customer intention

to return’ to the same e-retailer were each measured by one construct or item. The scope of this research is Jakarta’s customers that have been into online shopping for several years. The focus is on customers between 17 and 35 years old because they are the most exposed to the internet, reside in the greater Jakarta area, the capital city of Indonesia. The sample was drawn from students and faculties of two private universities in Jakarta. A self-administered questionnaire was distributed during January to February 2015, and 100 valid responses out of 200 distributed questionnaires were collected. The method of distributing the questionnaire was the offline method where questionnaires were distributed directly and personally to the respondents in their specific location. The reason for using the offline method was to get a higher response rate rather than distribution through email or online.

Data was further analysed for validity, reliability, and regression was employed to test the hypotheses. Data analysis was conducted by employing SPSS data analysis software.

This research model shows interrelationships among variables that developed the related ‘7 Hypothesis of Customer Intention to Return Online’ based on ‘price perception’, ‘attribute-level performance’, and ‘satisfaction unfolding over time’ are depicted in Figure 1:

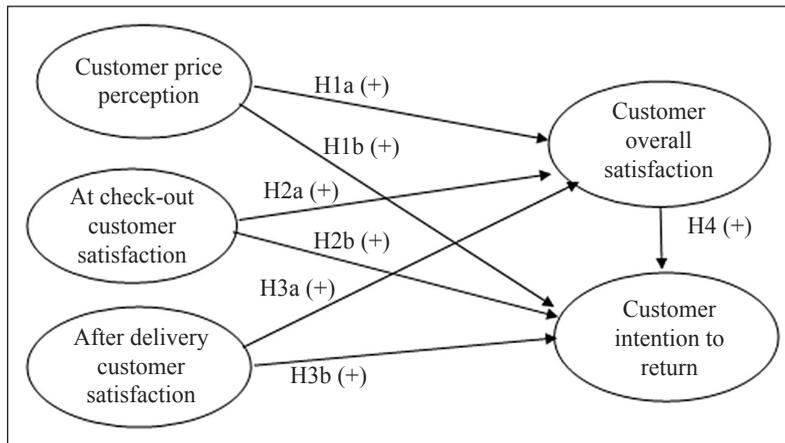


Figure 1. Research model

RESULTS AND DISCUSSION

The respondents’ monthly spending on online shopping was between Rp1,000,000 to Rp1,500,000 (29%), between Rp700,000 to Rp1,000,000 (21%) and the rest spent between Rp2,000,000 to Rp3,000,000.

They shop online in a month between 1 to 3 times (49%), 39% between 4 to 6 times, and a 12% of them shop online more than

6 times a month. Seventy six percent were comfortable in doing shopping online due to ease of use, simplicity, broad selection of goods, prompt delivery service, competitive price, while another 24% of respondents claimed that they felt less comfortable shopping online. Table 1 provides summary of hypotheses testing result.

Table 1
Summary hypotheses testing

Hypotheses	Statement	t-value	Sig
H1A	Price perception has effect on overall satisfaction	2.476	0.015 → supported
H1B	At check-out satisfaction has effect on overall satisfaction	1.829	0.070 → not supported
H2A	After delivery satisfaction has effect on overall satisfaction	9.560	0.00 → supported
H2B	Price perception has effect on intention to return	2.803	0.006 → supported
H3A	At check-out satisfaction has effect on intention to return	1.124	0.264 → not supported
H3B	After delivery satisfaction has effect on intention to return	6.201	0.00 → supported
H4	Overall satisfaction has effect on intention to return	13.383	0.00 → supported

CONCLUSION

This research found that ‘after delivery satisfaction’ and ‘price perception’ play a very important role in influencing customers to return online. However, after delivery satisfaction has a stronger effect compared with price perception. At-checkout satisfaction had the least effect on customer’s intention to return.

From the survey, it was noted more males (56% of respondents) shopped than the females. It was assumed that woman would be more prevalent when it comes to shopping, but this research has proven differently. The findings revealed that the majority who shopped online were between 26 and 35 years of age. This is due to the fact that most of the customers that shopped online were MBA students who were also employees. They earn a living and likely to make a purchase online instead of going to the mall directly to save time.

‘In-process satisfaction (at-checkout and after-delivery)’, ‘price perceptions’, and ‘overall satisfaction’ had an effect on ‘customer intention to return’. When making a purchase online, every customer expects the whole shopping process to work out well. From the minute a customer decides to make a purchase until the transaction period he or she expects everything to be quick and easy. Therefore, the entire shopping process plays an important role in building customer’s intention to return. If in the middle of making a purchase, customer finds a hurdle in one of the processes, there is a high probability that the customer will not return. There is an interrelationship

between price perceptions, in-process satisfaction, service quality and behavioural intentions (Jiang & Rosenbloom, 2005). A combination of these help to generate demand through pre-sales service and transactions as well as fulfilling demand by completing orders and providing after-sales service in the e-retail industries. Customers rely on the entire experience when forming intentions and making repurchase decisions.

‘Customer after-delivery satisfaction with the store’s fulfilment reliability’ has an effect on ‘Customers’ overall satisfaction’ and ‘Customers’ intention to return’ to the e-tailer.

Customers can only consider an online shop reliable when the delivery is made on time, when the product is delivered as promised and a trouble-free tracking system can be used by customers. When an e-tailer is considered ‘reliable’, they will receive a positive response from the customer. Thus, reliable e-tailers should have the power to generate higher overall customer satisfaction and their intentions to return to the store.

‘Customer’s overall satisfaction with the whole transaction process’ has an effect on ‘Customers’ intention to return to the e-tailer’. Customers overall satisfaction is the evidence of whether the customers like or does not like the experience using a particular shopping website. If they liked it, the chance of returning to make another purchase is higher. When customers are dissatisfied with the experience they had in the website, they will not return to that website for the next purchase.

‘Customer at-check out satisfaction’ was not found to significantly affect ‘overall satisfaction’ and intention to return to an e-tailer. When customers prior to an online purchase decide to check-out a shopping website, they will have to experience further processes to actually feel satisfied (of the whole online shopping process) that leads to a decision to return (to the same e-tailer). Providing conveniences such as faster checkout and minimising complexity of the website’s system may increase satisfaction and retain customers.

Managerial Implications

Price perception. Marketers should not charge too high or too low a price that would make customers be sceptical about the product because customers cannot touch the product before making a decision to buy it. The price charged should be competitive so customers can compare prices with other sites. The website should offer other services such as free delivery, chat forum and order-tracking. Management of the online shopping site need to ensure that information about price is easily accessible by customers and are up-to-date.

At-checkout satisfaction. Marketers should understand that convenience in shopping is important for customers. Convenience such as faster checkout helps in retaining customers as these customers do not like to go through hassle to make a purchase especially if the purchase is just a single item. Management of the online shopping site needs to make sure that the site’s system

is always ready to be used and accessed by all customers and there should be no complications when a customer makes a purchase.

After-delivery satisfaction. After delivery service is another very important aspect in online shopping. Customers feel like they are being well treated especially when companies provide them with after-delivery services. After-delivery service can be in the form of updates through e-mails or member card online for future discounts or delivery on time. Marketers need to come up with new and unique ideas to please customers after they make a purchase. The relationship does not end when they make payment. Managers need to make sure that the after-delivery service provided is not less than that provided by another company.

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The Symbolic Meaning of Wonderful Indonesia TVC (A Visual Journey through Banyuwangi Version)

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ABSTRACT

One of the promotional activities of Wonderful Indonesia is through advertising on television (TVC). It is aired both on the national television, as well as pay-tv aired in various countries. In 2016, Indonesia was ranked 47 out of 144 countries. The purpose of this study was to find the symbolic meaning of wonderful Indonesia version of A Visual Journey through Banyuwangi. It aims to examine connotative and denotative meaning contained in the advertisement. The identity of Indonesian, culture and philosophy is reflected in the advertisement. Semiotic analysis of Roland Barthes who claimed that social life is a sign of its own system was adopted as a research method. Data was collected through observations and interviews to complete the analysis. The results showed that the video "A Visual Journey through Banyuwangi TVC" contained denotative and connotative meaning. Denotative meaning refers to depiction of Banyuwangi in East Java, such as waterfalls, traveling to there, the uniqueness of natural stone and see the activities of tourists and local people in their daily activities. While the connotative meanings are attributed to Indonesian culture and philosophy, such as humble and harmony.

Keywords: Banyuwangi, symbolic meaning, TVC, visual journey

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INTRODUCTION

In order to increase the number of tourists visiting Indonesia, the government of Indonesia, through the Ministry of Tourism, introduced a tourism programme called Wonderful Indonesia. In 2015, Indonesia was among the top 100 destinations for tourists and in 2016 it was ranked 47th

out of 144 countries though it was still below Singapore which ranked 41. In 2019, Indonesia plans to attract 20 million foreign tourists to Indonesia (Jokowi-TV, 2016). One of the promotional activities in Wonderful Indonesia is advertising via television (TVC), both national and private television in Indonesia, as well as pay-tv aired in various countries. Wonderful Indonesia promotion is done through TV Commercials, Vignettes, and TV Series. The advertisement was made up of 24,000 spots, 25 TV Series, and 6 Weeks Social Media Campaign on CNBC (Consumer News and Business Channel). The advertisements were broadcast during prime time and regular time. Indonesia also targeted global media, such as Discovery Channel, Travel and Living Channel, Asian Food Channel, Fox International, Channel News Asia, CNBC, CNN International, and BBC World among others (Gibbons, 2016).

A Visual Journey through Banyuwangi was produced and aired in 2016. The aim of this study was to find a symbolic meaning of Wonderful Indonesia: A Visual Journey through Banyuwangi. It will examine the denotative and connotative meanings contained in the advertisement. Therefore, this paper is expected to benefit prospective tourists who will visit Indonesia to have better understanding behind the meaning of these images. The study will also contribute to knowledge on the culture of Indonesia through the display of images of tourist attractions.

LITERATURE REVIEW

Today advertisement plays an important role in persuading customers to purchase products and services. However, expenses of advertisement can be prohibitive compared with other promotional activities (Jolodar & Ansari, 2011). Advertising is a form of creating social reality which was supported by Ulani Yunus who opined reality is the result of human creation in mind, which is creatively gained through the power of social construction to the social world around. In short, social reality is a description of a thing that exists in the society which is constructed by mass media through programme display or advertising campaign (Yunus, Angeline, & Ramadanty, 2017). The process of communication is not easy. TVC Wonderful Indonesia is targeted at various groups and with various cultural backgrounds. According to Khizbullin et al. (2017), the misunderstanding caused by communication can impair planning and cause some nations to be left behind by others.

This study examines television advertisements produced by Chelsea Yamase and Travis Burke with cameraman Mikai Carl. The scene is a raging waterfall with small turtles being protected and allowed to escape into the open sea. The scene later shifts to an overland journey using a car to explore the forests. This is followed by scenes of residents involved in clearing the hills and by cutting through stones, football match among local teens, friendliness of the people, clean white beaches, the waves on the beach, and a clear green sea. Scenes

also focus on surfing followed by sunset with beautiful beaches (Yamase & Burke, 2016). Banyuwangi's tourist spot is part of the conservation effort and preservation of culture (Firzan, Keumala, & Zawawi, 2017). Engagement of professional evaluators as specialists in conservation projects may be considered by heritage owners, organisations, or authorities to yield a better outcome and results.

Previous research on Wonderful Indonesia by Wulandari confirmed that tourism campaign with the content analysis, textual and visual information of the website was important to attract tourists. Each picture is classified into the list of image dominant attribute to see the visual representations on the website. This study classified the pictures based on the visually appealing layout and attractive images of Indonesia (Wulandari, 2014). Ulani Yunus (2012) stated that Barthes's maps could be drawn from the denotative sign consisting of the signifier and the signified, but at the same time the sign also had denotative and connotative meaning. Denotation is the first level of signification system, while the connotation is the second level. In this case, the denotation was associated with the closure of meaning while the connotation was identical to the operation of ideology, which he called the 'myth' and serves to reveal and provide justification for the dominant values prevailing in a given period. In the myth, there is also a three-dimensional pattern of the sign, the signifier and the signified. At the first level (language) Barthes called signifier (1) and signified

(2), a combination of both yield sign (3) on the first level. In the second stage, sign (3) back into a signifier (I) and combined with the signified (II) and a SIGN (III). There is a second level, a MYTH, also called a *metalanguage* (Yunus & Tulasi, 2012).

In this study, TVC as a form of communication can be translated as a message according to the situation and according to Wurtz (in Yunus, Sari, & Patriana, 2016), communication varies with roles and relationship, with concern for belonging and fitting in and occupying one's place. In this case, communication will depend on the circumstances in which communication takes place.

MATERIALS AND METHODS

This research adopted the semiotic analysis method of Roland Barthes where social life was a sign with its own system. Saussure was what Barthes referred to in investigating the relationship between the signifier and signified on a sign. Reality, according to Barthes, was composed of: external and internal reality. Barthes called external reality as the denotation, which was the most obvious meaning of the sign. The connotation as used by Barthes describes the interactions that occur when the sign evokes feelings or emotions of the culture (Kurniawan, 2001). Connotations have subjective meaning or at least intersubjective meaning with codes while denotation is a sign related to the object (Sobur, 2003). Signifier and signified is the subject of this study supported by theory and based on findings of previous researches.

Data for study was obtained through observation of the advertisement, video recording, and images. Data was also obtained from interviews of several sources.

Translating symbols in Indonesia is very important (Yunus & Tulasi, 2012).

RESULTS AND DISCUSSION

Wonderful Indonesia can be declared a successful advertisement as Indonesia is now ranked 47th out of 144 countries based on the World Economic Forum and Tourism Competitiveness Index in terms of its tourism appeal. The Ministry of Tourism has three formulas to attract 20 million tourists: encourage direct flights to tourist areas, build 100 thousand tourism themes in Indonesia, and promotion through digital media. Tourist arrivals in Indonesia has seen a steady increase year by year. In January 2016, the number of Indonesian tourists was recorded at 851,462 a drop from January 2017 where the number of Indonesian tourists totalled 1032,930. If compared between January 2016 and January 2017, it is an increase of 21.31 % (Indonesia_Investment, 2017).

Denotative Meaning in a Visual Journey through Banyuwangi TVC

One of the most popular tourist destinations is Banyuwangi district, located at the eastern tip of Java Island. It attracts 1.5 million domestic tourists and 30 thousand foreign tourists annually. The usual tourist destinations are promoted in Banyuwangi (Farhan, 2016).

Ijen Crater. *Ijen* crater is a natural scenery above an altitude of 2,368 meters above sea level. A crater measuring 20 km walled caldera as high as 300-500 meters. *Ijen* is one of two traditional sulphur mining areas in Indonesia after *Welirang*. It is the biggest Crater Lake in Java. The sulphur Crater Lake lies between natural dams of deeply etched rock. It is 200 meters deep and contains about 36 million cubic meters of steaming acid water, shrouded in a smelling swirling sulphur cloud. Inside the crater, different colour and size of stones are found. Indeed, the crater of *Ijen* is a beautiful garden of stone as well (Banyuwangi Tourism, 2016).

Plengkung Beach. *Plengkung* beach or also called G-Land is very popular among domestic and foreign surfers. *Plengkung* beach has waves that are ideal for surfing and has a nickname The Seven Giant Waves of Wonder. This is because the waves in these places are shaped as seven large rolls with a height of up to 6 meters. Indonesia is proud of the *Plengkung* Beach at the eastern tip of Java Island. Aside from its enchanting natural beauty, the long curving coast line here is recognised as one of the best-surfing sites on earth. It is a paradise for surfers offering some of the most outstanding waves in the world. The international surfers have surfed 7 rolls of waves that can reach up to 6 meters high (G-Land, 2016).

Rajegwesi Coastal. It is located in the *Sarongan* Village, *Pesanggaran* district and offers very interesting scenes. The sand is brown and very tender. Besides the

natural beauty and its historic value, tourists can also see the life of the surrounding community. Rajegwesi is one of the nature-based tourism destination areas in Meru Betiri National Park. Administratively, the park is located at two regencies, Jember and Banyuwangi, East Java, coordinates 8.5333°S, 113.7833°E. It spans across 580 km of varying topography including sandy, coastal plains, mangrove swamps, lush rainforests, and highlands of over 1,000 m. Meru Betiri National Park has several tourism areas; one of them is Rajegwesi, a coastal area (Raharjo & Hakim, 2015).

Green Bay

Green Bay has clear water and its greenery is fascinating. Tourist attractions in Banyuwangi include Meru National Park area Betiri with soft white sand surrounded by tropical forests. Tourists can swim, snorkel, playing along the beach and go fishing. To get to Green Bay, or commonly called the *Teluk Ijo* by local residents, the traveller must go to Pesanggaran village first. Green Bay or *Teluk Hijau* is located in Banyuwangi, southern Pesanggaran, Sarongan village. This is a hidden paradise in East Java. Or one can go towards Pesanggaran-Sukamade-Sarongan along the route to Merubetiri National Park Sukamade coast. On the east and west side there are metamorphic rocks. There is clear sea water which is and greenish and with beautiful atmosphere. On the east, there is a fresh waterfall (eastjava.com, 2015).

Kalibendo Waterfall

Located about 20 km from the city centre of Banyuwangi, *Kalibendo* waterfall offers incredible views of the beautiful and soothing, crystal clear waters and rivers with cold water flowing from the waterfall. Kalibendo is located at west of the city centre. There are not many foreign tourists here and it is surrounded by rubber plantations. Some of the workers traditionally load the latex with an average weight for about 70 litres using bamboo. Visitors can find other plants, such as cloves and coffee, and there is also a coffee processing factory nearby. The areas are still very still surrounded by green rain forest. Around 2 km walk through the river, there is a waterfall, clean and fresh ideal for swimming (ijenminertour.com, 2015).

Denotative image above contained in the TVC posted in the Indonesian Traveller in October 2016 has been seen by 9009 viewers with the theme a Visual Journey through Banyuwangi.

Connotative Meanings in a Visual Journey through Banyuwangi TVC

The object of this research is video or audio visual to understand the connotative meanings of a visual image. As mentioned by the South Korean researchers who introduced and applied an innovative method of semantic network analysis, South Korea, as well as the failure of science communication. In short, the supporters' internet representations connote concerns in daily life that motivated their sympathy and activism (Kim, 2011). In a Visual Journey through Banyuwangi TVC, overall

grant symbol markers are aired which is a marker of life; green trees reflect the natural serenity, baby turtles as a symbol of concern for the environment, the activity of tourists and local residents describe the dynamics of a life full of passion.

Elements of Symbols in a Visual Journey through Banyuwangi TVC

Water has connotative meaning as the giver of life and freshness in enjoying life. Water flowing in the form of waterfalls offers hope in life. The green colour gives peace. This is shown in Figure 1.



Figure 1. Kalibendo waterfall hinted life

Source: <https://www.youtube.com/user/TheIndonesiaTravel>

The trees around the waterfall reflect hope and passion in life. The meaning of reality is also dynamic. It used to be a waterfall is a sign of danger, but now is seen as fluid and dynamic. They create the impression that the results of social activity are unchangeable. The critical theory provides an ‘analysis of the mystical consciousness that is unclear about itself’ stated by Marx (Fuch, 2016). Research reveals connotative meaning differ based on cultural backgrounds. Unfortunately, in this kind of research, it revealed important things related to things deeper than the denotative meanings. It is certain expressions are used to make a prediction about the future of people either because of what they are engaged in at present or as a piece of advice (Rabab’ah & Al-Saidat, 2014).

Furthermore, the depiction of hatchlings heading to the ocean, reflect connotative meaning that man cannot dominate pleasure. Amid excitement and enjoyment of nature, people should keep in mind the preservation of other creatures. Overall, the symbols of Visual Journey through Banyuwangi TVC can be interpreted as follows: Air signifies life; green trees display natural serenity, young turtles as a symbol of concern for the environment, while the activity of tourists and locals describes the dynamics of life.

The coolness of the air via road travel and river journey brings forth emotion and sensation. The assumption is man controls the journey. We understand the new design approaches not in the sense of a universal principle but as a dynamic process that, dependent on the context and in the



Figure 2. The journey overland through the tea plantation
Source: <https://www.youtube.com/user/TheIndonesiaTravel>

exchange with other cultures, continually seeks new solution. Research on the cultural implications of imagery is most often approached from a theoretical perspective, pursuant to an art-historical or visual-studies inquiry (Baur & Felsing, 2016). The symbols of the image can be translated differently from time to time depending on the translator. The visualisation in this study was interpreted based on general Indonesian cultural perspective. According to Goodman (1986), people can set symbols together to form words when representing something, but the meanings of such words are given by users of these words. Crystal (2006) clarified this, "Words have no life of their own. It is people who have lived, and it is they who give life to words. Or death. And as people, and their societies, never stand still, neither do words (Omar, 2012).

This woman in the TVC ad show their posture and profile. She looks at the open sea with optimism and enthusiasm to meet

the open sea with confidence. Connotative meanings indicate the women can swim in the open sea with a feeling of serenity and joy. In addition to the natural beauty, the local residents are an attraction for tourists. On the contrary, the German films of 2008 are still of topical interest, because the suffering of its heroes are not exploited but revealed with humour, fine irony, decency. It is also a gentle reprimand of ignobility and lack of people's curiosity (Dragan, 2016; Lulic, 2016). Understanding the simplicity of locals is important as tourists join the locals in the game of football. One consequence of this development is the massive change in communication requirements (Baur & Felsing, 2016). The advertisements by Yasmin Ahmad are not only a work of aesthetics, but a cultural product that has opened up a dialogue between intellectuals, theologians and humanists on issues of religion and culture in Malaysia (Ngo & Baharudin, 2015).

Interpreting Culture through Images

Waterfall. Humans should not be arrogant, water will flow from top to bottom with maximum force. Flowing water is a form of encouragement to live life fully. Humility is for the prideful.

Turtle babies denote that one should not be greedy. Turtles are allowed to go to the open sea which means human beings must be involved in sustainability of other creatures.

Stone in baskets. Hard work is a part of Indonesian life. Stones with bright blue sheen indicates the beauty of hard work.

Men’s bare chest. Humans need to be involved with nature and treat it as a friend. This is evident from the enthusiastic locals playing football bare chested in muddy areas, while foreign tourists swimming and surfing describe the harmony of nature.

Smiling boy. It is an indication of sincerity like a child. Images of smiling children and foreign tourists who teach indigenous children show sincerity.

The symbols of Wonderful Indonesia “A Visual Journey through Banyuwangi Version” can be summarised in Table 1.

Table 1
The symbols present on wonderful Indonesia TVC (2017)

No	The Visuals	The Meaning of Symbols
1	Waterfall	Humans should not be arrogant
2	Turtle babies	Interested in sustainability of other creatures
3	Stone in baskets	Hard work
4	Man barred chest	The harmony of nature
5	Smiling boy	Sincerity

CONCLUSION

Through the advertisement titled Visual Journey through Banyuwangi, TVC has managed to deliver denotative and connotative meanings as reality. Denotative meanings were in the form waterfalls, clean beaches, natural formations and tourist activities and the local population engaged their daily activities. The connotative meanings in the meantime were attributed to the Indonesian culture and its unique

philosophy such as unity with nature, hard work, humility, generosity, sincerity, intermingling of all cultures, Indonesian identity displayed through colour, upturned hands (denoting religiosity), and the red and white flag. Wonderful Indonesia is about the beauty of Indonesia, the friendly locals well as humility and harmony. Therefore, the natural beauty of Indonesia must be preserved.

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The Influence of Psychological Contract on Turnover Intention through Work Engagement: Case Study of Pt. Indah Jaya Londrindo

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ABSTRACT

This research analysed direct and indirect effects of psychological contract towards turnover intention through its effect on work engagement in PT. Indah Jaya Londrindo. Data was obtained from PT. Indah Jaya Londrindo's 183 regular employees. Validity and reliability test, classical assumption tests, goodness of fit test, and SEM were used to analyse the relation between variables. Findings indicated psychological contract had a significant effect on work engagement and turnover intention individually; and that work engagement significantly mediated the relation between psychological contract and turnover intention. Thus, this study contributes to the knowledge of Human Resource Management by pointing to the importance of psychological contract and work engagement to turnover intention. This research also offers solution to PT. Indah Jaya Londrindo's 'increasing employee turnover intention'.

Keywords: Direct and indirect effects work engagement, psychological contract, turnover intention

INTRODUCTION

Every organisation or company is built initially to fulfil a certain mission and to achieve goals. An organisation must have adequate resources to achieve its goals and missions. There are many types of

resources: tangible and intangible which are interrelated. It adds value and supports the organisation. Among the different types of resources, there is one that stands out - it is human resources (HR). The HR of an organisation is like the brains, organs and limbs in a human body – they are the essential, which keeps the organisation running.

According to George and Jones (2012, p. 25), "human resources are an organization's most important asset." It has become a

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major success factor for many successful companies and organisations. According to Lestari, Sugiarto, Simamora and Richter (2016), a company's performance influenced by leadership, training, and rewards. However, making a group of people able to work together to achieve the same goal is not easy. Every organisation consists of stakeholders who have needs, wants and, ensure their individual/collective interests, which is different and sometimes contradict one another. This clashing interest could cause trouble if not handled well. It could also lead to gradual loss of important company asset, namely human resources. This condition leads to an additional cost: direct cost (through recruitment, selection, training, etc.) and indirect cost (in the form of lost knowledge and reduced productivity) (Biron & Boon, 2013). Nickels and McHugh (2010, p. 256) said, "today the job of human resource management has taken on an increased role in the firm since qualified employees are much scarcer, which makes recruiting and retaining people more important and more difficult ." That is why "once an organization has invested significant dollars in recruiting, selecting, orienting and training employees, it wants to keep them, especially the competent, high-performing ones" (Robbins & Judge, 2014).

Therefore, this study examined the impact of psychological contract towards turnover intention through its effect on work engagement in PT. Indah Jaya Londrindo (PT. IJL). PT. IJL had chosen as research object because this company is part of a new industry in Indonesia, the Central

Commercial Laundry industry. The company started in 2012 by providing commercial laundry services to hotels around Jakarta, Tangerang, and other neighbouring areas. PT. IJL is popular for its modern-capital intensive factory with 24-hours service and their 99% almost perfect ironing quality. Although the company has been operating for almost five years, it has managed to gain popularity and becomes the market leader in the commercial laundry market within their first and a half year since the opening.

PT. IJL also invests in their human resources. First, engineers and workers. They are specially trained to handle and maintain those machines. Checkers are also trained to double check the laundry pick-up and also act as a liaison. They often become the first line to face and handle emerging problems with the client. The third is a few well-known marketing people who are trusted by hospitality industry for years. Those marketing people have knowledge about the hospitality industry and its connections that enable them to introduce WFL directly to the right people (decision makers) in hotels and clients' company as well as persuading them to realise that they need the service of PT. IJL. This offers many benefits to the company, and without them, hotels would not even consider PT. IJL's service.

Based on the initial study of the company, it is found that employees in PT. IJL did not feel they are being appreciated and respected by their superior, and some employees felt they were being micromanaged, and sometimes they are indirectly threatened to

be suspended or replaced. Employees felt they were being blamed for little mistakes they made, but never acknowledged when they did their job well or when they were proactive. Some said that the workload division was not fair. Additionally, some were the favourites of their managers and hence had normal workload; while those not in the good books of the managers had to contend with huge workload and were pressured by those managers.

Additionally, employees complained about their benefits because the company did not provide additional insurance other than the mandatory insurance by Badan Penyelenggara Jaminan Sosial (BPJS). Furthermore, since the company was

understaffed employees complained about being overworked.

Thus, PT. IJL's employees felt their expectations were not met. This psychological contract gap triggered the commitment issue employees have for PT. IJL. In the end, it caused the company to suffer from high employee turnover rate as suggested by the HRD records below.

From Table 1, PT. IJL's employee turnover rate is quite high and is on a steady increase. The employee turnover rate indicated that in every ten employees PT. IJL hired, at least three of them would not stay in the company in that same year. This is a huge percentage of employee turnovers.

Data was collected during the interview

Table 1
Employee turnover ratio

Year	2013	2014	2015	2016
Average number of regular employees	76	92	118	195
Number of regular employees who quit	14	19	29	56
Regular employee turnover rate	18.42%	20.65%	24.58%	28.71%

Source: Processed PT. IJL's HR Records

with managers and supervisors who had also complained that within the last six months, some new employees who worked for not more than three months had requested to resign from the company. The processes of recruiting and re-recruiting employees led to additional cost for the company. Thus, a company which cannot retain their employees, as their resource of their competitive advantage, will face high cost in terms of recruitment. It can be concluded that the main source of problem is perceived

psychological contract violation, employee turnover, and work engagement.

LITERATURE REVIEW

An organisation's human resource department (HRD) plays a significant role. It aligns interests to reduce employee turnover intention. Jackson, Elenkov, Wright and Davis (2012) believed by aligning the employer's interest and needs with the employee's, HR Managers could maintain good employment relationship.

This “individual’s beliefs regarding the terms and conditions of a reciprocal exchange agreement between that person and another party is known by the term psychological contract” (Parzefall & Hakanen, 2010). In addition, “psychological contract is somewhat concerned with an individual’s subjective beliefs, shaped by the organization, regarding the terms of an exchange relationship between the individual employee and the organization”. It is subjective, unwritten, and often not discussed or negotiated. Also, it goes beyond any formal contract of employment (Wangithi & Muceke, 2012, p. 4)

Parzefall and Hakanen (2010) stated that the fulfilment of psychological contract has motivational effects. The statement aligns with the idea that the fulfilment of psychological contract affects employee’s turnover intention positively through the existence of employees’ work engagement. Effective work engagement is important in reducing turnover intention in connection with a psychological contract. Bal, Cooman and Mol (2013) found the relations of work engagement and turnover intention with the content of the psychological contract (i.e., employer obligations) to be much stronger than the effect of employer fulfilment on work outcomes. Their study highlighted the importance of work engagement as they stated: “employers offer resources to their employees to enhance their loyalty and productivity, and employees negotiate better psychological contracts through their loyalty and the effort they invest in their jobs.” Therefore, it can be said

that psychological contract and work engagement are very closely related to one another, especially regarding good employer-employee relationship.

Thus, a company’s ability to grow and retain good relationship with its employees by fulfilling its psychological contract is crucial in reducing employees’ turnover intention.

MATERIALS AND METHODS

Research Object

Wonderful Laundry (WFL) belongs to PT. Indah Jaya Londrindo (PT. IJL) which is one of the sub-groups of PT. Indah Jaya Textile Industry. The company began its operations in 2012 by providing commercial laundry services to hotels around Jakarta, Tangerang and other neighbouring areas. The PT. IJL is known for its modern-capital intensive factory, 24 hours service, and their 99% almost perfect ironing quality. Although the company has been operating only for six years, it has become the market leader in the commercial laundry market within its first and a half year since opening. Since then, PT. IJL has managed to double their laundering capacity up to more than 48 tons per day, from only 24 tons per day. PT. IJL managed to attain such achievement by always pushing themselves and pursuing the highest quality of service for their customers.

Initially, the company invested in the largest and latest laundering technology from German. Those technologies enabled PT. IJL to handle a laundering capacity of tens of thousands of kilogrammes

per laundering batch. It also enabled the company to achieve the-almost-perfect ironing-result that no other machine could do. Furthermore PT. IJL also invested in reverse osmosis (RO) water treatment installation which enabled the company to control and maintain the quality of water they use. The RO treated water benefited the company by making the laundry products retain its original colour and prevent any discoloration.

Apart from technological investment, PT. IJL also invested in their human resources. First, their engineers and workers were specially trained to handle and maintain those machines. Second, trained Checkers were trained to double check the laundry pick-up and also act as a liaison. They often become the first line to face and handle emerging problems with the client. The third is a few well-known marketing people who have been trusted by the hospitality industry for years. These marketing people have knowledge about the hospitality industry and its connections that enable them to introduce WFL directly to the right people (decision makers) in hotels and clients' company as well as persuading them to realise that they need the service of PT. IJL.

Even though PT. IJL is a technologically advanced company, they are still dependent on their HR. Both the owner and the General Manager (GM) of PT. IJL (who helped the owner develop the company from the start) are individuals who value loyalty and human relation. They hoped PT. IJL would eventually develop to be a paternalistic

organisation. That is why the founder had a vision to create a comfortable, close-knit and reciprocal relationship with the employees. However, in reality, problems persisted in ensuring good employee-employer relationship. Those values and vision do not seem to be understood and implemented by other managers and supervisors in the company which has led may WFL's employees uncomfortable and insecure working in the company.

PT. IJL does not have a big pool of workers; instead it relies heavily on the small number of employees it hires. Hence, the role of HR is crucial for PT. IJL to ensure good output. That is why the issue of employee's engagement and the retention of good employees is crucial to PT. IJL.

Research Methodology

This is a quantitative study and an associative-causal research to show the relations between psychological contracts, work engagement, and turnover intention. Figure 1 shows the research model.

Data was collected through observing, interviewing and distributing questionnaire to several PT. IJL's employees. The interview was unstructured and informal so that PT. IJL's employees did not feel intimidated, and the researcher could gain more personal information about the employees and their direct superior. Moreover, structured questionnaire in Likert scale was also applied to gather a formal (written) respond of PT. IJL's employees.

Pre-test questionnaires were distributed

to a small group of 30 (each time differing) subjects to find to what extent was the psychological contract and work engagement related to turnover intention issue on PT. IJL. The research population was all PT. IJL's employees, 187 of them. They consisted of regular employees and daily-paid worker. This research used consecutive sampling method. However, from the 187 questionnaires that had been distributed, only 183 were returned. Four employees did

not participate as they were either on sick leave or it was their day-off.

In this study, data was analysed and processed using SEM in SPSS AMOS 23. The data had to be verified in order to be tested using SEM. It was tested for validity, reliability, normality, multicollinearity, heteroscedasticity, and correlation test in SPSS 23.

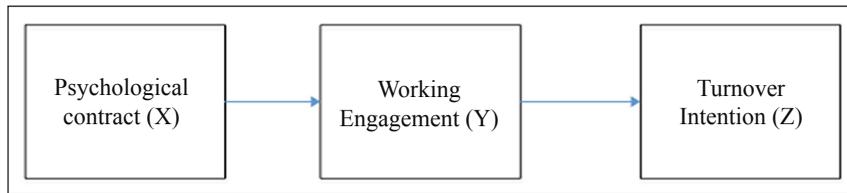


Figure 1. Research model

RESULTS AND DISCUSSION

This section explains the result of data analysis (refer Table 2).

SPSS Amos output for testing the association between psychological contract (X) and work engagement (Y) showed there was a significant positive association between perceived employer psychological contract fulfilment and employee's work engagement in PT. IJL. This result supported the hypothesis regarding "positive association." This estimated value also means that perceived

employer psychological contract fulfilment have the power to affect 54.1% of changes in employee work engagement. This is mainly caused by the "fair exchange" relationship trait of the psychological contract. When an employer provides their employee with both the transactional and relational psychological contract, the employee will feel that the employer had fulfilled their part of the perceived contract and therefore the former is willing to contribute their part by being engaged. Thus, psychological contract fulfilment leads to an increase in employee work engagement.

Table 2
Partial direct effect test

	Estimates Value	p-value	Sign	Alpha Value	Conclusion
X → Y	.541	***	<	0.05	Significant, positive association
X → Z	-.590	0.001	<	0.05	Significant, negative association

The result of the association between psychological contract (X) and turnover intention (Z) test shows a p-value of 0.001. It means Ho hypothesis is rejected while Ha is accepted. There is significant negative association between perceived employer psychological contract fulfilment and employee's turnover intention in PT. IJL. In addition to that, test result also shows a negative estimate value of -0.590. This result is aligned with the hypothesis claim regarding negative association between psychological contract and turnover intention. This estimated value also means

that perceived employer psychological contract fulfilment have the power to change 59% employee turnover intention. This is caused by the "fair exchange" relationship trait of the psychological contract. As long as the employer provides their employee with both their transactional and relational psychological contract, the employee will feel that the employer is their source of psychological contract fulfilment. Therefore, employee will not have any reason to leave. Thus, fulfilled psychological contract reduces employee turnover intention.

Table 3
Indirect effect test

	Estimates Value	CR	Sign	t-table	Conclusion
X → Y → Z	-0.242	2,223	>	1.973	Significant, negative indirect effect

The indirect effect test of psychological contract (X) and turnover intention (Z), through work engagement (Y) results in a |CR| value of 2.223. The |CR| value of 2.223 is larger than the t-table value 1.973 (under the condition of a $\alpha = 5\%$). Therefore, there is significant positive effect of perceived employer psychological contract fulfilment (X) on work engagement (Y), which in turn reduces employee turnover intentions (Z) in PT. IJL. Additionally, test result also shows a negative estimate value of - 0.242. This estimated value indicates that every time psychological contract increases by one scale, it then will affect work engagement then turnover intention will be reduced by a scale of 0.242. This estimated value also means that

perceived employer psychological contract fulfilment has indirectly affected 24.2% of employee turnover intention through work engagement.

Perceived employer psychological contract fulfilment has a significant positive effect on work engagement, which in turn leads to reduced turnover intentions in PT. IJL. This is mainly caused by the "fair exchange" relationship trait of the psychological contract. When an employer provides their employee with both transactional and relational psychological contract, the employee will feel that the employer had fulfilled their part of the perceived contract and therefore, employee will willingly contribute their part by being engaged. Thus, psychological contract

fulfilment leads to (an increase in) employee work engagement. Furthermore, work engagement also has a “growing” trait, in which once an employee is engaged, they will seek higher level of work engagement. Employee’s feeling of the need to engage more and more eventually will cause them to be so attached to their work and the organisation that they will not find any intention to leave.

Recommendation for PT. IJL

During recruitment interviews and orientation, recruiters should clearly and honestly communicate employee responsibilities and employer’s expectations and the reciprocal relationship. As psychological contract starts to form during the hiring process, it is necessary that the recruiter or user not to oversell the job, thereby setting unrealistic expectations which when violated may result in dissatisfaction and reduced employee commitment.

Regular performance reviews offers an opportunity for the employee to receive accurate feedback on their performance and may help prevent any false beliefs, of either party, that they have fulfilled their part of the psychological contract. Reviewing and renegotiating future responsibilities and expectations of the psychological contract on a regular basis will reduce psychological contract violations that are caused by misunderstanding between both parties.

Create and apply total reward/ compensation standards. This is to reward employees for short as well as long-term

achievements. Total reward includes transactional and relational compensation. Total rewards may be used to attract, retain, motivate and satisfy employees. The aim is to maximise the combined impact of a wide range of reward initiatives. Thus, compensation and reward distribution can become more fairly distributed across all organisational hierarchy layers and also across all the different departments.

Appreciate employees for simple achievement and initiatives. PT. IJL can implement “Employee of the Month” programme. It is simple and does not require additional cost for the company. However, it means a lot for employees to be acknowledged and appreciated for their extra effort they put into the company.

Open and honest communication between managers and employees is vital and managers must make time for that. This is to prevent or at least minimise psychological contract violation by explaining the circumstances of the breach. Managers could explain that although promises were made in good faith, circumstances beyond the control of the organisation make it impossible for those promises to be kept for the time being, but that the management team will make it right. Moreover, open and honest communication could be a channel to build trust between the employer and employees.

CONCLUSION

Based on the result of this research, it can be concluded that perceived employer psychological contract is significantly

positively associated with work engagement in PT. IJL. Moreover, perceived employer psychological contract is significantly and negatively associated with turnover intention in PT. IJL.

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A Survey of Community Behavior in Family Planning Using Long Term Contraceptive Method in Slum, Poor, and Densely Populated Areas of Jakarta

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ABSTRACT

This research is aimed at measuring Family Planning (FP) Behaviour using Long Term Contraceptive Method (LTCM) on FP Practices and Small Happy Prosperous Family Norm (SHPFN) by employing a quantitative approach. The respondents were 1,501 women of Eligible Couple (Elco) aged 15-49 years living in poor, slum, and densely populated areas in Jakarta. The findings show that 62.9% of Elco use modern contraceptives and 39.5% of them use LTCM. All independent variables of FP have a significant linear relationship with FP Behavior with a coefficient of below 0.500 (weak). The influence of behavior on LTCM practice has a coefficient correlation below 0.500, with an exception for LTCM Attitude on LTCM Behavior at 53.3 %. The coefficient correlation of attitude and behavior on the practice of SHPFN is also still low. We recommend greater awareness via information dissemination, education, and communication (IEC) provided to the people and Eligible Couples that modern contraceptive methods including LTCM are safe and comfortable to use. There should also be collaboration between FP providers with health centres, clinics, hospital, and private services providers.

Keywords: Family planning behaviour, IEC, Long Term Contraceptive Method, practice of SHPFN

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INTRODUCTION

The Indonesian government has realised in order to control its population growth, the country needs to decrease its total fertility rate (TFR) to ensure net reproduction rate is close or equals to one ($NRR = 1$). It means, every woman is expected to have one child in her lifetime.

The achievement of the Family Programme (FP) program in Jakarta, based on Indonesia Demographic and Health Survey (IDHS) in 2012, showed a decrease from 63.2% in 2002/2003 to 57.3% in 2012. However, its TFR (Total Fertility Rate) which was 2.10 children increased to 2.30 children (IDHS, 2012) during the same period. It is important to maintain TFR at around 2 and it still needs to be lowered based on the country's FP programme between 2013 and 2017. The TFR or Total Fertility Rate refers to the total children of married women during her reproductive period (15-49 years), as measured per age group or Age Specific Fertility Rate (ASFR). The survey result can be seen in the table below.

The total population of Jakarta was 10.075.300 with an annual growth rate of 1.4% during 2000-2010. It increased from the period of 1990-2000 to only 0.78%, influenced by migration (Source: Central Bureau of Statistics/CBS). The

percentage of the poor is 3.07% of the total population. The birth rate trend in Jakarta by IDHS from 1991-2012 has decreased, without ignoring the various factors and the influence contributing to increasing TFR. But what happened in the last decade was different (IDHS 2002-2012). Table 1 shows that the proportion of Elco actively using a contraceptive method actually decreased to below 60%. So, the TFR actually increased from 2.10 to 2.30. The trend in terms of the use of the contraceptive method by IDHS 1991-2012 is shown in the following table.

In Table 2, it is seen that the last IDHS in 2012 (IDHS is conducted periodically every four years), the prevalence of active FP of total Elco is only 57.3%. If only modern methods are considered, it is only 53.4% and only 11.2% for the long-term contraceptive methods.

The problem is that the participation level of FP and LTCM in slum, poor, densely populated areas is low, and Family Planning behaviour and practice of Small

Table 1
Total fertility rate trends by age specific fertility rate (IDHS, 1991-2012)

ASFR and TFR married women aged 15-49 for a period of three years prior to the survey of IDHS in Jakarta 1991-2012						
Age Specific Fertility Rate	IDHS 1991	IDHS 1994	IDHS 1997	IDHS 2002-2003	IDHS 2007	IDHS 2012
16-19	-	25	24	-	14	20
20-24	-	97	98	-	97	106
25-29	-	117	125	-	128	133
30-34	-	89	96	-	96	105
35-39	-	42	43	-	65	63
40-44	-	10	15	-	19	10
45-49	-	2	5	-	-	2
TFR 15-49	2.14	1.90	2.04	2.20	2.10	2.30

Note: the period 1-36 months prior to the interview, ASFR is per 1000 women

Source: CBS et al., 1992, 1994, 1998, 2003, 2008, 2012

Table 2
Trends in tools/methods of FP in Jakarta (IDHS, 1991-2012)

The percentage of married women aged 15-49 years who currently use a contraceptive method.						
Tools / method of FP	IDHS 1991	IDHS 1994	IDHS 1997	IDHS 2002-2003	IDHS 2007	IDHS 2012
Modern methods:	56	59.7	58.9	63.2	60.1	57.3
Pill	11.9	14.5	13.8	12.6	13.8	13
IUD	17.5	12.4	10.8	10	6.5	6.2
Injectable	12.7	19	22.2	27.5	27.2	26.4
Condom	2.4	1.9	2	3.1	3.6	2.8
Implant	1.4	1.2	0.8	1.4	2.1	1.4
Female Sterilisation	5.5	5.7	4.2	2.8	2.7	3.6
Male Sterilisation	0.4	0	0.1	0.1	0.4	-
Traditional ways:	2.3	2.8	2.9	3.5	2.2	2
Periodic Abstinence	0.9	0.7	0.9	1.4	1.4	1.8
Withdrawal sex	-	-	-	-	-	-
Other	0.1	1.5	1.1	0.9	0.1	0.1
Number of women	973	1140	1043	919	1352	1261

Note: the period of 1-36 months prior to the interview, ASFR is per 1000 women

Source: CBS (2012)

Happy, Prosperous Family Norm (SHPFN) behaviour are still low.

The aims of this study are to determine the proportion of family planning practices of the eligible couples in slum, poor, and densely populated areas and to examine the relationship between variables of information, knowledge, feelings, and attitude of Elco on Family Planning Behavior and the practice of SHPFN.

LITERATURE REVIEW

The continuous use of the contraceptive method is influenced by many different factors, one of them is access to the healthcare (Singh, Frost, Jordan, & Wells, 2009). Okwaraji, Cousens, Berhane, Mulholland and Edmond (2012) noted that community,

cultural attitude, and personal attitude can be considered as obstacles for women in applying the correct use and effective method of family planning objectives. Every day, nearly 800 women across the globe die due to complications during pregnancy and childbirth (World Bank, 2013). The global maternal mortality rate fell by nearly 50% between 1990 and 2010. This decline is in line with the goal set in the Millennium Development Goals (MDGs). In Sub-Saharan Africa, where maternal mortality is the highest, the w fell by 48% in between 1990 and 2013 (UNDP, 2014). One of the most basic methods of avoiding maternal deaths is by preventing pregnancy, particularly unplanned and unwanted pregnancies (Campbell & Graham, 2006).

For decades, family planning programmes have worked to reduce the number of such pregnancies.

The factors associated with contraceptive choice or the effectiveness of its use include the woman's personality and her childbearing goals (Nettleman, Chung, Brewer, Ayoola, & Reed, 2007); sexual relationship characteristics and partner influences (Harvey, Beckman, & Wright, 1997); social and economic characteristics (Raine, Minnis, & Padian, 2003); community, family and peer relationships (Unger & Molina, 1998); service access and provision; (Forrest & Frost, 1996); and method-specific experiences and attitudes (Polaneczky, Guarnaccia, Alon, & Wiley, 1996). Beekle and McCabe (2006) stated that in developing countries, where women are dependent upon old traditions and social constraints, knowledge, and awareness about family planning acceptance would not be the only decisive factor in reducing fertility rate.

A study in the United States (Sangi-Haghpeykar, Ali, Posner, & Poindexter, 2006) showed that there are a series of complicated factors for non-use or ineffective use of contraceptive methods among Hispanic women. Estimated perfect-use failure rates and typical-use failure rates differ widely. For example, oral contraceptives have a perfect-use failure rate of 0.3% and a typical-use failure rate of 8%; the failure rates of condoms are 2% and 15% (Hatcher & Nelson, 2007). Contraceptive discontinuation is also common although the rates vary among countries (Barden-

O'Fallon & Speizer, 2011). On average, 38% of women discontinue using a reversible method by the 12th month. The discontinuation of any modern contraceptive is 13% (IUCD) to 50% (condom) within the first 12 months of its use (Cleland & Shah, 2012). Although failing to adhere to a medication's requirement can reduce its effectiveness, roughly half of people taking medication do not take it as prescribed (Playle, 2000). This is consistent with prior results showing a strong association between women's motivation to avoid pregnancy and gaps in contraceptive use (Frost, Singh & Finer, 2007). Although economic factors and access to the healthcare are important, it has been proven that knowledge, attitude and cultural values impact on reproductive behavior (Ozgoli, Ahmadi, Goli, & Baghban, 2004). The tendency to use a contraceptive method as well as any other desired methods depends on an individual's general attitude towards using that method. According to experts, the four relationships of the concept are: Relationship of Knowledge, Attitude, Intention, and Behavior (Fishbein & Ajzen, 2010). Behavior is an action that can be observed directly and estimated by others. A behaviour is specifically aimed at a particular target. Consumer behavior is related to the physical act of consumers that can be directly observed and measured by others (Peter & Olson, 2010; Simamora, Jerry, & Hartono, 2016). Attitude is when someone is doing a thorough evaluation of a concept (Allan & Burrige, 1991). A concept or object that is being evaluated, whether good or bad for, whether pleasant

or unpleasant, whether like or dislike, determines the future decision (Hui & Bateson, 1991). Albert Bandura views the self-system in the reciprocal system (Bandura, 1986). It turns out that, in addition to the behaviour, there are still elements of affection, cognition, and environment (Izard, Kagan, & Zajonc, 1984) which mutually affect each other, and also affect a person's attitude.

Research Model

To measure and test the relationship between variables of information, knowledge, feelings, and attitude towards of Elco, Family Planning behavior and practices of SHPFN, the same method was done with the LTCM knowledge, feelings LTCM, the attitudes, behavior, and practices of FP, LTCM and SHPFN and the model of relationship whose variables drawn as Figure 1.

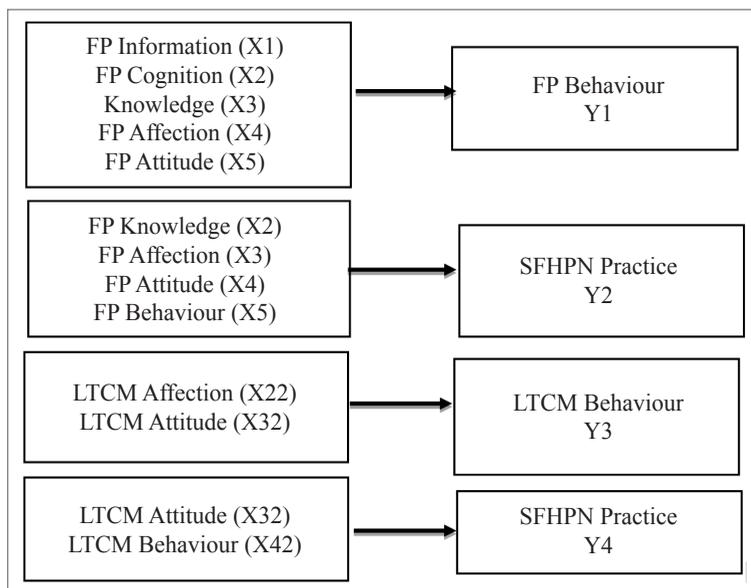


Figure 1. Research model

MATERIALS AND METHODS

The study employed quantitative approach and questionnaires were distributed to select sample. The responses were measured according to Likert Scale measurement (1-5). The survey was conducted in Jakarta Province. Data was collected from 75 villages included in the category of the slum, poor and densely populated areas (CBS,

2011). A proportional cluster technique was used as a survey method. The total sample of this study was 1,501 married women aged between 15 and 49 years. Data was imported into Excel for Windows and it was processed using IBM SPSS V.20. All the tests utilised test parametric measurement ranging from the interval, ratio, and analysis matching the parametric analysis begun with data test

regarding the reliability, normality, validity, homogeneity and then Fisher (F) Test ANOVA and t-test in coefficient correlation. All tests must be based on the hypothesis of H0 and Ha with a given significant level. The test of the linearity between the dependent variable and independent variables used the regression equation (Levin & Rubin, 1994) with the following formula:

$$\hat{y} = a + b_1X_1 + b_2X_2 + b_3X_3 \dots b_nX_n$$

RESULTS AND DISCUSSION

The 1501 respondents in this study were married women aged between 15 and 49 years. Seventeen respondents or 1.1% of Elco were under 20 years of age. Most of the respondents were from Elco group aged between 30 and 39 (678 respondents or 45.2%), followed by those in the age group between 20 and 29 years (473 respondents or 29.1%) as shown in Table 3.

From Table 3, it is shown that most of the respondents graduated from high school (689 or 45% of respondents). There was 18.5% respondent who did not complete primary school and there is only 4.1% of them who had a higher education degree. Based on data processing, there are 944 respondents (62.9%) who actively use one method of modern family planning, and the remaining 557 respondents or 37.1% did not use it. The number of participants using LTCM (Implants, IUDs, Vasectomy, and Tubectomy) was 374 persons or 24.1% and those using simple contraceptive method or Short-Term Contraceptive Method (pills, injections, and condoms) was 38.8%.

It is proven that the participants of LTCM in the slum, poor and densely populated areas are fewer than the participants of Non-LTM. Nonetheless, the distribution of users across the region, including the LTCM, also needs to be taken into account.

Table 3
Education of Eligible Couple (Elco) respondents by age group

		Education				Total	
		Primary / Elementary School	Middle- High School	High School	Bachelor		
Elco age group (Year)	<20	Number	4	9	4	0	17
		% Of Total	0.3	0.6	0.3	0.0	1.1%
	20-29	Number	56	162	206	13	437
		% Of Total	3.7	10.8	13.7	0.9	29.1%
	30-39	Number	125	191	328	34	678
		% Of Total	8.3	12.7	21.9	2.3	45.2%
	40-49	Number	93	111	151	14	369
		% Of Total	6.2	7.4	10.1	0.9	24.6%
Total	Number	278	473	689	61	1501	
	% Of Total	18.5%	31.5%	45.9%	4.1%	100.0%	

Source: Output processing data IBM SPSS V.20

Table 4
 Number and percentage of Elco, Active FP and Not Active FP

		FP Method							Total	
		Not Active FP	Pill	Injectable	Condom	Implants	IUD	Vasectomy/Tubectomy		
FP	Active	Count	0	132	422	16	120	178	76	944
		% Of Total	0.0%	8.8%	28.1%	1.1%	8.0%	11.9%	5.1%	62.9%
FP	Non-Active	Count	557	0	0	0	0	0	0	557
		% Of Total	37.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	37.1%
Total		Count	557	132	422	16	120	178	76	1501
		% Of Total	37.1%	8.8%	28.1%	1.1%	8.0%	11.9%	5.1%	100.0%

Source: Output processing data IBM SPSS V.20

The percentage of Implant users is 8%, Intra Uterine Device (IUD) is 11.9%, and Operation Method for Man (Vasectomy) and Operation Methods for Women (Tubectomy) is 5.1%. The weakness or shortcoming of using Non-LTCM (Pill, Injectable, Condom) is that participants might forget to take the pill, forget to use a condom, forget to obtain repeat injection which means the continuity of these three methods is lower than LTCM (Barden-O’Fallon & Speizer, 2011).

Statistical Analysis

According to the validity test, data in this research are 100% valid. Reliability was tested using Lambda Test and the data was reliable as all values of the variables are above 0.500 and close to 1. All the variables are normally distributed and there is no hegemony and heterogeneity among them. Pearson Correlation shows the relationship between these variables.

Multiple Linear Regression

A multiple linear regression test was conducted to test the effect of the independent variables on the dependent variable simultaneously. The hypothesis H0 says that there is no linear correlation between independent variables and the dependent variable. If there is a linear relationship between them, Ha is accepted and H0 is rejected. ANOVA or Fisher (F) test was also conducted to test the relationship between independent variables and the dependent variable. To test the linearity between the dependent variable and independent variables, the following regression equation is used:

$$\hat{y} = a + b_1X_1 + b_2X_2 + b_3X_3 \dots b_nX_n$$

In this analysis, there are four regression equations to measure and test the relationship between independent variables and dependent variables. They are as follows:

Relationship between Independent Variables and FP Behaviour as Dependent Variable

It is found that the value of R² is 49.2 %. From the ANOVA analysis, the F-calculated value is 333.337 which is larger than t-table of 3.36. Thus, Ho is rejected and Ha is accepted. Coefficient correlation also explains the relationship strength between the linearity of each independent variable on the dependent variable. This is shown in Table 5.

The equation obtained from table 5 is as follows:

$$Y1 = 0.441 + 0.192X1 + 0.163X2 + 0.145X3 + 0.399X4$$

It means every increase in variable X will increase variable Y. The t-test was conducted with a confidence level of 95% or significance at 5%. All t-calculated values are more than t-table of 2.576 and significant at p=0.000. Nonetheless, the effect of all independent variables is weak as shown by the values which are below 0.500.

Table 5
Coefficient of multiple linear regression of independent variables and FP behaviour as dependent variable

Model		Coefficients ^a			T	Sig.
		Unstandardised Coefficients		Standardised Coefficients		
		B	Std. Error	Beta		
1	(Constant)	.441	.102		4.302	.000
	FP Information	.192	.027	.169	7.179	.000
	FP Knowledge	.163	.026	.155	6.217	.000
	FP Affection	.145	.024	.137	6.132	.000
	FP Behavior	.399	.020	.444	20.204	.000

a. Dependent Variable: FP Behaviour
Source: Output processing data IBM SPSS V.20

Relationship between Independent Variables and the Practice of SHPFN as the Dependent Variable

ANOVA analysis shows that the F-calculated value is 257.813, larger than t-table 3.06. The R² is 42.8 %, meaning that the independent variables can explain the dependent variable at 42.8%.

From Table 6, it is shown that all independent variables are significant at 0.0.000. Nevertheless, t-test with a

confidence level of 95% or a significance of 5% with p = 0.000 show the influence of variable X on Y is weak. All the independent variables have a significant linear relationship with the practice of SHPFN. The multiple regression equation generated is as follows:

$$Y2 = 0.979 + 0.293 X2 + 0.165 X3 + 0.170X4 + 0.158 X5$$

That equation shows that H_0 is rejected, independent variables on the dependent and H_a is accepted, meaning there is a variable. positive linear relationship between the

Table 6
Coefficient of multiple linear regression of independent variables on SHPFN practice as dependent variable

		Coefficients ^a				
Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
2	(Constant)	.979	.094		10.443	.000
	FP Knowledge	.293	.024	.300	12.115	.000
	FP Affection	.165	.024	.168	6.974	.000
	FP Attitude	.170	.022	.204	7.684	.000
	FP Behaviour	.158	.026	.169	6.028	.000

a. Dependent Variable: SHPFN Practice
Source: Output processing data IBM SPSS V.20

Relationship between LTCM Independent Variables and the LTCM Behavior as Dependent variable

ANOVA analysis shows that the F-calculated value is 376.476, larger than F-table of 3.02. The relationship between independent variables [LTCM Knowledge (X1), LTCM Feeling (X2) and LTCM Attitudes (X3)] and Dependent variable [LTCM Behaviours] was tested with a 95% degree of confidence and $\alpha = 5\%$. It is shown that significance is $p=0.000$, thus H_0 is rejected. Therefore, H_a is accepted. The positive linear relationship is shown in Table 7.

The coefficient correlation of all independent variables is weak (< 0.500) but they remain significant in a linear regression equation. The LTCM Knowledge (X12) is removed from the equation, resulting in R^2

= 45.8 % and F-calculated value of 182.989 which is larger than t-table of 3.36 with sig $p=0.000$.

The linear regression equation obtained is as follows:

$$Y_3 = 0.990 + 0.283 X_{3.2} + 0.553 X_{4.2}$$

The t-calculated value of the variable of LTCM Feeling is 11.758, larger than t-table of 3.182. The value of r is 0.283 or 28.3 %. The t-calculated value of the variable of LTCM Attitude is 19.975, larger than t-table of 3.182. The value of r is 0.533 or 53.3 %, meaning that it has a moderate linear relationship with LTCM Behavior with significance $p = 0.000$. Thus, H_0 is rejected and H_a is accepted.

Table 7
Coefficient of multiple linear regression of independent variables on LTCM behaviour as dependent variable

Coefficients ^a					
Model	Unstandardised Coefficients		Standardised Coefficients	T	Sig.
	B	Std. Error	Beta		
3 (Constant)	.990	.076		13.026	.000
LTCM Affection	.283	.024	.279	11.758	.000
LTCM Attitude	.533	.027	.474	19.975	.000

a. Dependent Variable: LTCM_Behavior

Source: Output processing data IBM SPSS V.20

Multiple linear regression of LTCM Independent Variables with the Practice of SHPFN

ANOVA analysis shows that the F-calculated value is 182.989, larger than t-table of 3.36. From the summary, we the value of $R^2 = 21\%$. The data processing also produces a linear regression equation as shown in Table 8.

In table 8, it is shown that LTCM Attitude and LCTM Behavior variable have t-calculated values higher than t-table value.

The relationship values or r are 17.7% and 20.6 % respectively, and significant at $p = 0.000$. Thus, H_a is accepted stating that there is a positive linear relationship. The linear regression equation obtained is as follows:

$$Y_4 = 2.683 + 0.177 X_{3.2} + 0.206 X_{4.2}$$

The linear regression relationships are shown in Figure 2.

Table 8
Coefficient of multiple linear regression of independent variables with SHPFN practice as dependent variable

Coefficients ^a					
Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.
	B	Std. Error	Beta		
4 (Constant)	2.683	.068		39.365	.000
LTCM Attitude	.177	.025	.220	7.201	.000
LTCM Behavior	.206	.022	.288	9.418	.000

a. Dependent Variable: SHPFN_Practice

Source: Output processing data IBM SPSS V.20

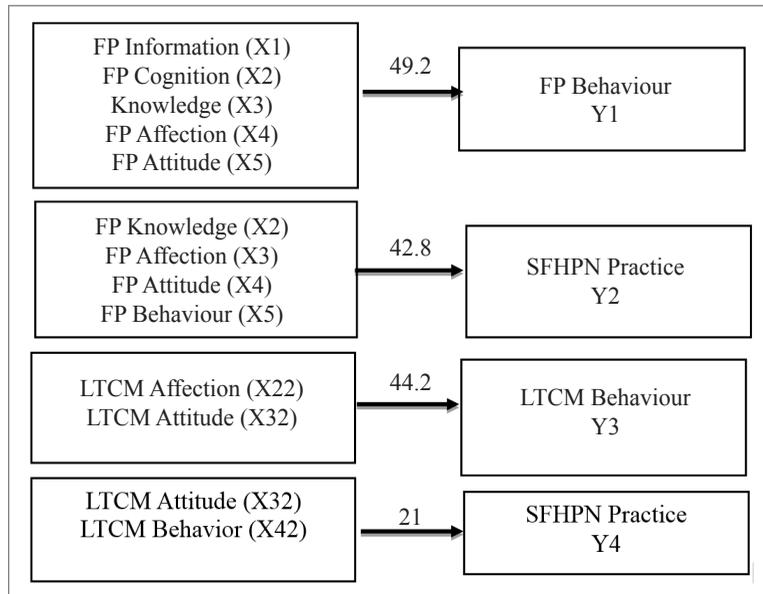


Figure 2. Output research model

CONCLUSION

About 25 % (from total Elco) of FP participants still use LTCM while 62.9% of them use modern methods. So, the argument that the number of users FP modern method in a slum, poor and densely populated areas in Jakarta is low must be rejected.

There is a linear relationship between FP information, knowledge, affection, and attitude as independent variables on FP behavior, but the relationship is weak (below 0.500). Without FP information, all of the independent variables of FP have a relationship with the practice SHPFN as the dependent variable.

There are linear relationships of LTCM affection and attitude on LCTM Behavior, and LTCM attitude and behavior in the practice of SHPFN, but the relationship is also weak (below 0.500).

Recommendation

Family Planning (FP) officers and managers in Jakarta should strengthen collaboration with FP service providers such as Health Centre's, Clinics, Hospital and private service providers to improve people's knowledge of FP and motivating eligible couples to be active participants in using a modern method of Long Term Contraceptive Method (LTCM).

Family planning managers and participants need to improve their knowledge and skills to master Information, Education, and Communication (IEC) materials, including reproductive healthcare through training, development programme, and their implementations, and develop the IEC and manage it through virtual media, etc.

Future research should examine the relationship between FP, especially LTCM

attitude, behavior, religions, cultures, customs, and the other social and economic aspects on Small Happy Prosperous Family Norm.

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Brand Attitude, Purchase Intention, Perceptual Mapping of Slim-Type Napkin Market, and Competitive Strategy for Charm Body Fit Super Slim

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ABSTRACT

The objective of this study is to analyse the influence of brand attitude factors on purchase intention, the comparison of brand attitude factors, the positioning of the Charm Body Fit Super Slim in the slim-type female napkin market and recommend competitive strategy for Charm Body Fit Super Slim. The study adopted qualitative and quantitative methodology including content analysis. Independent sample t-test, multiple regression, and multidimensional scaling were used to analyse data. The study sample was 100 people in addition to interviewing 10 respondents for an in-depth analysis. The results confirmed Brand Attitude had no significant persistent influence on purchase intention. There is significant influence of product quality, attitude on price, attitude on brand perception and usage attitude on purchase intention. There is no significant effect on purchase intention of product attributes, attitude on advertising, and in-store promotion. The positioning of Charm is the slim-type female napkin brand that is quality oriented. The study recommends competitive strategy in the form of product development using Japanese R & D technology, price promotion with tagline “Anti Spread Anti Leak, No Pouch No Worry”, and campaign #SayYesToSlim.

Keywords: Brand attitude, competitive strategy, positioning, purchase intention

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INTRODUCTION

Based on the population census conducted by the Central Bureau of Statistics in 2010, it is known that the percentage of the population of adult and adolescent female continues to increase by an average of 0.12% annually (BKKBN, 2011). The increasing number of female and adolescent female population

who is classified as early users would have a positive impact on the increasing use of female napkin products, which is one of the main needs of female every month (Gunawan, Diana, Muchardie, & Sitingjak, 2016). Evident from the Nielsen Consumer & Media View 2014 showed an increase of 4% in the average expenditure on napkin products by Indonesians in 2013. Charm occupied number one position in the overall market share of female napkins, accounting for 40.75%. Uni-Charm Indonesia accounts for 38.02% of Charm's market share in the slim-type female napkin market below Laurier (Nielsen, 2014).

Literature review showed positive brand attitude would increase consumer purchase intention (Tseng & Lee, 2013). Previous researches on FMCG products (fast-moving consumer goods) found that perceived value, perceived product quality functional value and perceived social value had a positive effect on purchase intention (Akdeniz & Aybeniz, 2012). Therefore, the present study examines more specific factors of brand attitude, and to find out its effect on purchase intention of slim-type female napkin specifically Charm Body Fit Super Slim. This is followed by recommendation of strategies that can highlight the direct and indirect benefits of Charm Body Fit Super Slim, and how it can have a competitive edge against its rival brand Laurier Double Comfort. This is a unique study that looks at brand attitude of consumers of two brands of female napkins, namely Charm and Laurier, and its effect on the purchase intention of the brands.

The purpose of this study is a), to understand the factors of brand attitude of slim-type female napkin of Charm and Laurier (T-1) brand, b) to compare factors of brand attitude between Charm and Laurier (T-2), c) to know the influence of the factors of brand attitude to the consumers purchase intention of the slim-type female napkin of Charm and Laurier (T-3) brand, d) to understand the positioning of Super Slim Body Fit Charm on the market competition map (T-4) and d) to come up with a sound competitive strategy for Charm to outperform Laurier brand (T-5). It is expected that with this study, PT. Uni-Charm Indonesia can gain knowledge related to consumer behavior of slim-type female napkin, especially in terms of brand attitude and purchase intention between Charm and its main competitor, Laurier. Charm is expected to understand the positioning of Charm Body Fit Super Slim among other competitor brands when viewed from the eyes of the consumers.

MATERIALS AND METHODS

Four study approaches were used, namely explorative (T-1), descriptive-comparative (T-2), descriptive-associative (T-3), and descriptive (T-4). The types and sources of study data included qualitative, primary data and obtained from in-depth interview (T-1), then quantized qualitative, primary data and obtained from questionnaires (T-2, T-3, T-4), and last is qualitative, primary and secondary data (T-5). A simple random sampling technique was used to recruit respondents in addition

to using Slovin formula for descriptive-comparative, descriptive- associative, and descriptive study. The number of samples used in the in-depth interview phase is 10 respondents, based on the previous research (Chambers, 2013). The analytical unit under study was individual female consumers of Charm, Laurier, and MDS questionnaires that are using Charm Body Fit Super Slim, Laurier Double Comfort, and slim-type female napkin simultaneously. Data analysis methods used in the study were content analysis (T-1), independent sample t-test (T-2), multiple regression (T-3), and multidimensional scaling for (T-4).

RESULTS AND DISCUSSION

Content Analysis

This is an explorative study using word-in-context analysis method which produced 7 factors of brand attitude. Table 1 below summarises the factors, dimensions and indicators of brand attitude which can then be used as independent variables affecting the dependent variable of purchase intention in descriptive-comparative, descriptive-associative and descriptive study.

Independent Sample t-test. Results of testing the t-test independent-sample in order to compare the factors of brand

Table 1
Factors of consumer brand attitude of slim type napkin

Factors	Dimensions	Indicators
<i>Attitude on product quality (X1)</i>	Absorption	Consumers believe that Charm Body Fit Super Slim / Laurier Double Comfort has a good absorption quality
	Anti-irritation	Consumers do not experience irritation when using Charm Body Fit Super Slim / Laurier Double Comfort
<i>Attitude product attribute (X2)</i>	Product packaging	Packaging of Charm Body Fit Super Slim / Laurier Double Comfort looks interesting
	Physical form of Product	Consumers consider that the type and length of the Charm Body Fit Super Slim / Laurier Double Comfort in in line with their needs
<i>Attitude on price (X3)</i>	Affordable price	Consumers find that the price of Charm Body Fit Super Slim / Laurier Double Comfort is relatively affordable
<i>Attitude on advertising (X4)</i>	Clarity of product knowledge in the advertising	The benefits and advantages of Charm Body Fit Super Slim / Laurier Double Comfort product can be known clearly through the advertising
	Advertising attraction	The actress who became the advertising star of Charm Body Fit Super Slim / Laurier Double Comfort is favoured by the consumers
	Celebrity endorsement	Consumers will believe in the benefits and advantages of Charm / Laurier female napkin product when endorsed by famous celebrities
Brand perception (X5)	Brand popularity	Consumers consider that Charm / Laurier brand is the most popular brand of female napkin
	Brand advantages	Consumers consider that Charm / Laurier brand is superior to any other female napkin brand
	Brand satisfaction	Consumers have satisfaction with Charm / Laurier brand

Table 1 (continue)

Factors	Dimensions	Indicators
In-store promotion (X6)	Sales person	Consumers are interested in purchasing Charm Body Fit Super Slim / Laurier Double Comfort due to an offer from the SPG
	Discount promotion	Consumers are interested in purchasing Charm Body Fit Super Slim / Laurier Double Comfort because there are discount promotions at the store
Usage Attitude (X7)	Usage of female napkin during heavy flow	Consumers always use the Charm Body Fit Super Slim / Laurier Double Comfort female napkin during heavy flow
	Product usage satisfaction	Consumers are satisfied using the Charm Body Fit Super Slim / Laurier Double Comfort female napkin during menstruation

attitude between Charm and Laurier brand are shown in Table 2.

Table 2
Summary of independent sample t-test result

Variable	Differences		Superior
	Exist	No Exist	
X1		√	-
X2	√		Charm
X3		√	-
X4	√		Charm
X5	√		Charm
X6	√		Charm
X7	√		Charm

Analysis of Attitude Differences to Product Quality (X1) between Charm and Laurier.

Consumers of Charm and Laurier both consider the product quality as the most important thing in choosing female napkin. Absorption and anti-irritation are two indicators of product quality, no matter what the brand is.

Analysis of Attitude Differences to Product Attribute (X2) between Charm and Laurier.

In Table 2, it is stated that the average

consumers of Charm are superior to Laurier’s consumers. It can be interpreted that Charm consumers have a more positive attitude towards product attributes such as packaging display and Charm type and length of the napkin.

Analysis of Attitude Differences to Price (X3) between Charm and Laurier.

The Charm consumer group believe that Charm’s product prices are quite cheap and in line with their spending budget, while the majority in the Laurier group with higher income levels are less likely to question the price, although Laurier’s product price is relatively higher than that of other female napkin product.

Analysis of Attitude Differences to Advertisement (X4) between Charm and Laurier.

Charm’s advantages are the clarity of product knowledge in the advertising, the advertising attraction, the stars that starring the advertising, and celebrity endorsements. Charm consumers are dominated by members of the SES B and C

group (63%). It found members of the SES B and C groups are generally easier to be influenced by advertising in purchasing the female napkin product.

Analysis of Brand Perception Differences (X5) between Charm and Laurier. Charm has an advantage in terms of brand perception. It can be interpreted that the majority of Charm consumers consider that the Charm brand is the most popular brand of female napkin, is superior to other female napkin brands, and they are very satisfied with the Charm brand.

Analysis of In-store Promotion Differences (X6) between Charm and Laurier. The average consumers of Charm are superior to Laurier's customers. It can be interpreted that Charm consumers are more affected by in-store promotion in purchasing the products. Based on the results of in-depth interview, it is known that Charm product prices are relatively cheaper and in-store promotion in the form of price discounts can increase their purchasing desire.

Analysis of Usage Attitude Differences (X7) between Charm and Laurier. The average consumers of Charm are superior to Laurier's customers. This suggests that Charm consumers tend to have a higher rate of usage of slim or thin-type of female napkin during heavy flow and are satisfied with Charm products.

Multiple Regression

The results of multiple regression tests conducted on consumers of Charm and Laurier are as follows. Among Charm consumers, X1, X3, X5 and X7 each has an individual and simultaneous influence on Y, while among Laurier consumers, only X1, X5 and X7 that has an individual and simultaneous influence on Y.

In Figure 1, it can be seen independent variable influences significantly, individually and simultaneously to the dependent variable, that is, purchase intention. These variables are Attitude on Product Quality (X1), Brand Perception (X5), and Usage Attitude (X7). But there is one difference between the consumers of Charm and Laurier, in the form of Attitude on Price (X3). Attitude in relation to price of Charm consumers has a significant influence individually and simultaneously to the purchase intention, while the attitude on price on Laurier consumers does not have a significant influence individually to the purchase intention. Thus, it can be concluded that Charm consumers are more price sensitive than Laurier consumers. That is, if the price of products is more affordable, then purchase intention of Charm consumers will increase.

Multidimensional Scaling. A multidimensional scaling test on the six brands of slim-type female napkin in Indonesia was conducted in order to understand the positioning of Charm Body

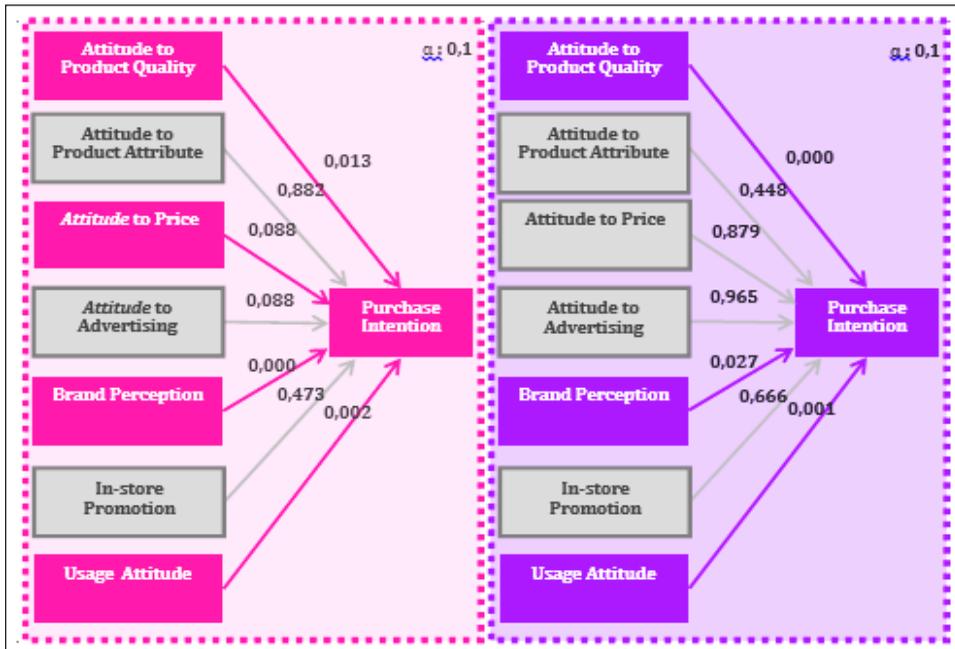


Figure 1. Comparison of multiple regression test result between Charm and Laurier

Fit Super Slim. The results are in the form of perceptual map along with the new dimension, as described in Figure 2.

Charm is in quadrant 3, which tends to the dimensions of Quality Oriented and Targeted Marketing Activities. Consumers perceive Charm as a brand of slim-type

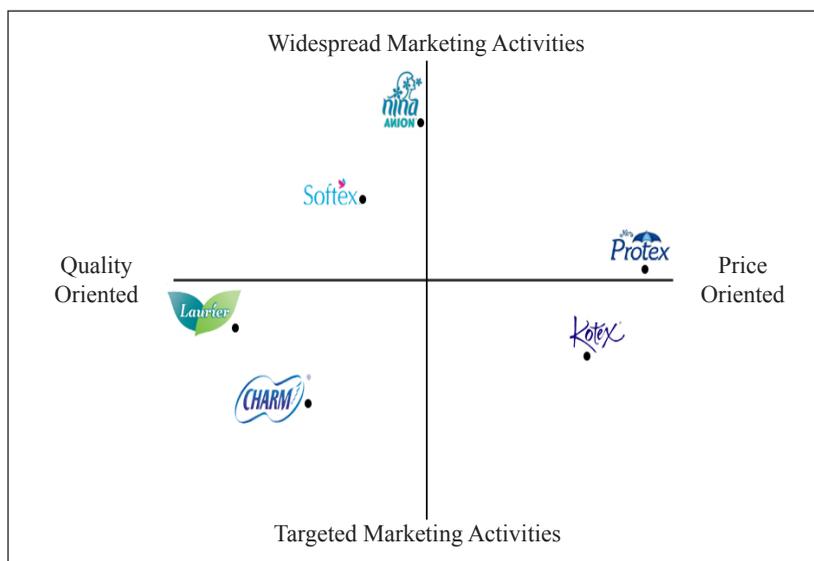


Figure 2. Perceptual map of slim-type female napkin

female napkin that prioritises product quality, and has excellent marketing activities. Targeted marketing activities is a set of marketing activities that are focused on a specific target of consumers, for example, customer engagement, product sampling, product offerings through SPG, and bundling promotional and promotion of product price discounts. Targeted marketing activities can make it easier for Charm to increase consumers' purchasing intentions directly. However, Charm is perceived to be less superior in terms of product quality when compared with Laurier. Therefore, if Charm can improve its targeted marketing activities and improve its product quality, it has a great potential to capture a wider market share and outperform Laurier.

Competitive Strategy Recommendations

Recommendation of Attitude Strategy on Product Quality (X1). In order to increase the purchase intention of the consumers, Charm can evaluate and improve the quality of Charm Body Fit Super Slim product once every three months, by first conducting a survey on the satisfaction of product usage experienced by the consumers. Charm can use the assistance of the SPG assigned in retail stores and cooperate with retail stores to distribute questionnaires to women consumers who buy Charm Body Fit Super Slim products. The results of the questionnaire will be analysed by members of the Marketing Research division of PT. Uni-Charm Indonesia. The results of consumers survey analysis are then

forwarded to the department of Research & Development of PT. Uni-Charm Indonesia to take action in the form of evaluation and improvement of product quality.

Recommended Attitude Strategy against Price (X3).

Charm consumers tend to be price sensitive, or in other words they are more interested in buying female napkin products at a more affordable price. Charm can do price promotion by including the tagline "Anti Spread Anti-leaked, No Pocket No Worry", as described in Figure 3. The word "Anti Spread Anti leaked" highlights the functional benefit of Charm Body Fit Super Slim, and the word "No Pocket No Worry" emphasises the affordability of Charm Body Fit Super Slim product prices.

Price promotion material can be communicated via POP in the form of wobblers put on shelves at retail stores and digitally via Facebook posts of Charm



Figure 3. Illustration of price promotion material of charm body fit super slim

fanpage. With this strategy, it is expected that Charm will potentially attract early user segment who have not yet decided which brand of female napkin to buy and use. Charm consumers and other female napkin brand consumers will be lured to use Charm BodyFit Super Slim products and minimise the chance of trial purchase for Laurier slim-type female napkin products, The Laurier Double Comfort.

Brand Perception Strategy Recommendations (X5). The author proposes that Charm Body Super Fit Slim organises a campaign themed #SayYesToSlim. The Campaign #SayYesToSlim to target consumers between the age of 16 and 25, who are the active users of social media, have many activities and feel comfortable and free despite menstruating. Charm can work with Cincercella, to promote the #SayYesToSlim campaign messages through Facebook, Instagram and Youtube channels. Cincercella, aka Marcella Febriane Hadikusumo is an

Indonesian beauty blogger as well as an active member of the ICC Allstars Gold cheerleading team who has won the national cheerleading competition of Indonesia National Cheerleading Federation (FSIC) for three years in a row. She has a creative, active and cheerful characteristic and comes from the same age group as the Charm Body Fit Super Slim targeted consumers. Both of these make Cincercella relatable with Charm Body Fit Super Slim targeted consumers who come are aged between 16 and 25 years, and who may be open to affective, cognitive and behavioural influence.

The message to influence Charm consumers' affective aspect and other slim-type female napkin is the emotional benefit, namely freedom of active movement and self-confidence during the menstruation. The message to affect Charm consumers' cognitive aspect and other slim-type female napkin is that Charm Body Fit Super Slim has a functional benefit in the form of absorbing fluid at the centre of the napkin.



Figure 4. Illustration of promotion material and testimony of #SayYesToSlim Campaign

Those messages can be conveyed through campaign promotional material in the form of images posted to Charm's digital assets and Cincercella's social media account, then create a 5-minute-long video on their products and Cincercella's 'social experiment' to prove the excellence of Charm Body Fit Super Slim.

Recommended Usage Attitude Strategy (X7). The #SayYesToSlim themed Campaign described in the previous section also aims to educate women about menstruation and health, product knowledge, and invite Charm consumers to use Charm Body Fit Super Slim even if they have heavy menstrual flows. An example can be seen in Figure 5, whereby Charm customers are reminded to not forget to replace the napkin once every 4 hours. Educational materials can be packaged in a more attractive form, such as infographics, Graphics Interchange Format (GIF), and short duration videos created by Charm or a creative digital agency. Educational materials can feature Cincercella as the ambassador campaign of Charm Body Fit Super Slim. Charm can then use its digital media assets more optimally by doing a digital activation on the website, Facebook fanpage, or Charm Youtube channel, to spread this education.

In addition to educating the public on menstruation and Charm products, this method has the potential to increase the usage of Charm Body Fit Super Slim napkin products and other Charm product series. The proper usage of female napkin will enhance the feeling of comfort when

wearing napkin and is expected to increase the satisfaction of the usage of Charm products.

CONCLUSION

The seven factors of brand attitude of the slim-type female napkin Charm and Laurier



Figure 5. Illustration of female napkin usage education

brand are Attitude on Product Quality (X1), Attitude on Product Attribute (X2), Attitude on Price (X3), Attitude on Advertising (X4), Brand Perception (X5), In-store promotion (X6) and Usage Attitude (X7).

Independent sample t-test results on Charm and Laurier consumers showed:

- There is no difference between Attitude on Product Quality (X1) or Attitude on Price (X3) between Charm and Laurier.
- There is a difference between Attitude on Advertising(X4), Brand Perception (X5), In-store Promotion (X6) between Charm with Laurier, Usage Attitude (X7) between Charm and Laurier, whereas Charm

is always superior to Laurier.

Regression test results on Charm consumers showed:

- Attitude on Product Quality (X1), Attitude on Price (X3), Brand Perception (X5) and Usage Attitude (X7) have significant influence on Purchase Intention both simultaneously and individually.
- Attribute on Product Attribute (X2), Attitude on Advertising (X4) and In-store Promotion (X6) each has significant effect on Purchase Intention simultaneously but have no significant effect individually.

Regression test results on Laurier consumers showed:

- Attitude on Product Quality (X1), Brand Perception (X5) and Usage Attitude (X7) have significant influence on Purchase Intention both simultaneously and individually.
- Attribute on Product Attribute (X2), Attitude on Price (X3), Attitude on Advertising (X4) and In-store Promotion (X6) each has significant influence on Purchase Intention simultaneously but have no significant effect individually.

Positioning of Charm Body Fit Super Slim:

- There are 4 dimensions in the form of Quality-Oriented, Price-Oriented, Targeted Marketing Activities and Widespread Marketing Activities.

- Positioning of Charm as a slim-type female napkin brand that is quality oriented and superior in terms of targeted marketing activities.
- Charm is still being perceived to be less superior than Laurier in terms of its quality.

Recommendations

The focus of Charm strategy based on brand attitude factors would be better if it implements a strategy that focuses on attitude factors on product quality, brand perception, attitude on price, and usage attitude that has significant influence on purchase intention.

The focus of Charm strategy based on positioning shall be better if it implements a marketing programme that can increase the positioning quality oriented on the market competition map.

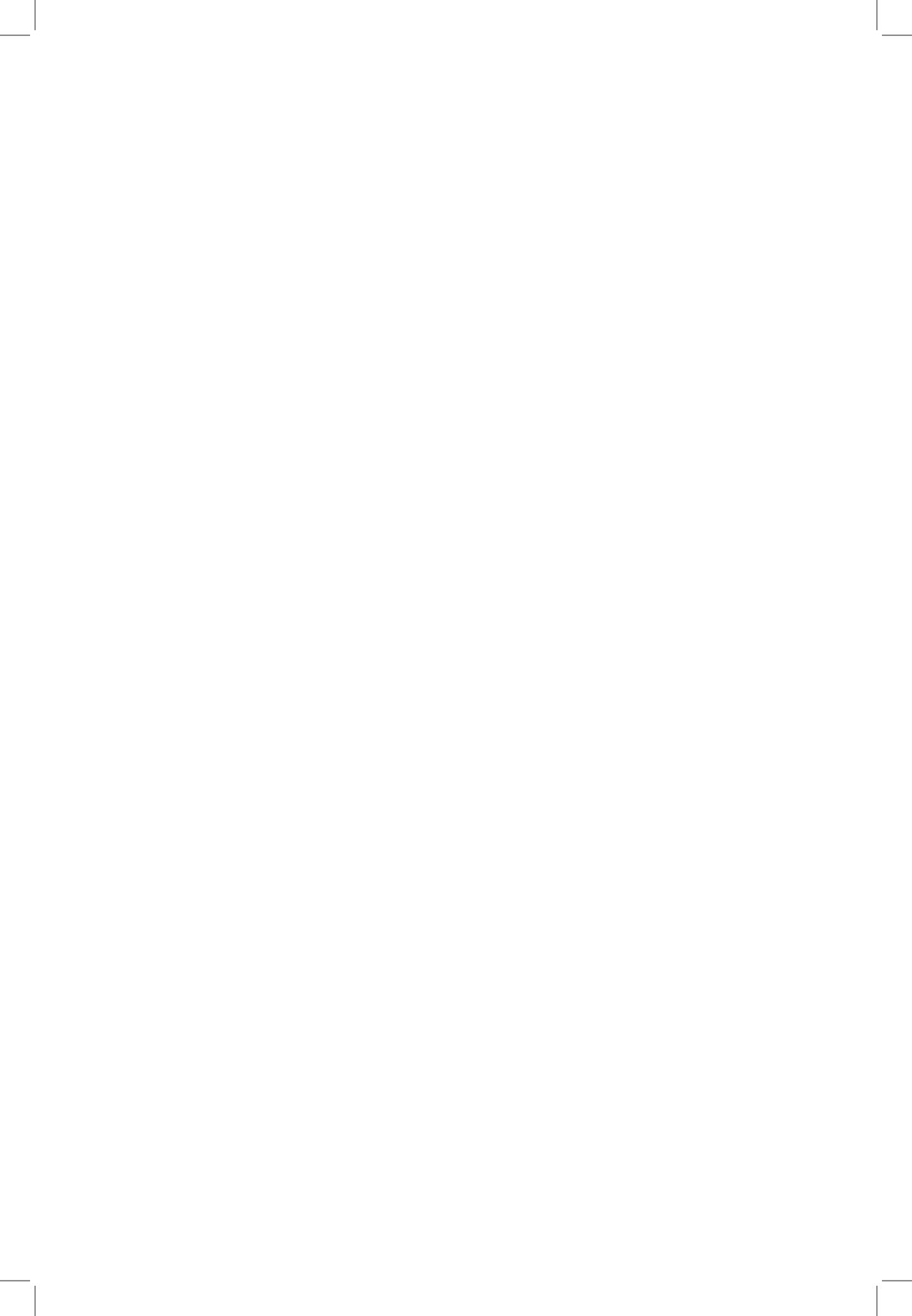
Suggestions for PT. Uni-Charm Indonesia is to conduct further marketing survey related to brand attitude or other variables that may affect the purchase intention of Charm Body Fit Super Slim.

It is recommended that future study examines brand attitude factors that affect purchase intention with different age groups and across the population.

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Enroute to Good Governance: Society-based Government in Sulawesi

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ABSTRACT

This qualitative case study aims to describe a society-based government as a manifestation of political communication and democracy at Muna District, Southeast Sulawesi Province. The aim is to achieve good governance which is a manifestation of political communication. It is a process where government and society must continue interacting to create a society-oriented government. The society-based government as a manifestation of democracy has been carried out but it does not include all regions in Muna district. This is due to several factors, namely; (1) Inadequate land and sea transportation facilities due to the government's transportation policy; (2) economic inequality; (3) insufficient job opportunities; and (4) education. The study concludes Muna district embodies democratic principles of governance based on populist principles (from the people, by the people, and for the people).

Keywords: Democracy, government, political communication, society

INTRODUCTION

The concept of community-based governance is almost similar to the concept of good governance, a government whose policies are always directed or based on the interests of the people. A community-based governance as a benchmark in the implementation of clean and accountable governance encompasses the central government and the local governments.

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In Indonesia, good governance acknowledges and involves the people. Policies are made based on the interests of the people. Clean government is free from corruption and other illegal or dishonest practices. Meanwhile, good governance is a government that can be respected and appreciated by the people, by the nation, and other countries. Those concepts are known as good governance. Thus, the concept of government based on community is the manifestation of good governance and democracy. Indonesia as a democracy is ruled on the principles of community-based government and democracy. It means that all state affairs are from the people, by the people, and for the people. Therefore, all government policies are based on the people's interests.

Besides Indonesia, a country that tries to develop the concept of good governance is the United States. It proposes the concept of *works better and costs less* which means performance is considered better and has lower costs in its system. Therefore, the country should guarantee people's welfare. This concept has been implemented in the process of policy making and governance. In the Indonesian context, this concept is similar to "talk less do more". However, this concept is difficult to be applied in the government.

The spirit of good governance as applied throughout the country aims at boosting development. It improves services delivered to the community and encourage the growth and development of democratic principles. These principles support the

author's perspective regarding the concept of society-based government, that all powers, authority, and policies are aligned with the people's interests.

The central government and local governments cooperate to ensure smooth good governance. The president, governors, mayors, and regents have the authority to regulate and manage society to protect people's interests and aspirations which are covered by the legislation supported by stakeholders including the House of Representative, Regional House of Representative, and Government Structures. However, it can be argued this is still inadequate based on the statistical data where poverty rate is still high even though the percentage has decreased (BPS, 2017).

The focus of the study is not questioning the excess or the lack of government's performance since the old order, new order, and the reform era were based on a set of rules or laws. The study focuses on how government meets the desire of its people, which is according to their expectations seen in the development policies of the government. The public faces hardship during an economic downturn and austerity measures of the government further adds to the burden of its people. Hence, the concept of good governance which is society-based is proposed in this study. Based on the needs of the people, the government has to advance the welfare of all Indonesians. It is important to conduct a critical study on society-based government as the manifestation of political communication and democracy. Thus, the research aims to

explain the phenomenon of society-based government as the manifestation of political communication and democracy in order to realise good governance in Indonesia.

LITERATURE REVIEW

The Concept of Government and Its System

According to Kansil and Christine (2008), the term 'government' can be defined both in a broad sense and in a narrow sense. The government in a broad sense refers to the entire nation's organs, including the House of Representatives. The popular form of government is kingdom or monarchy and republic. Monarchy is a rule by a king, an emperor, or a shah, for example, the United Kingdom, the Netherlands, Norway, Sweden, and Thailand. A republic is a country ruled by the people who elect their president manage the country for a specified period, for example, the United States and Indonesia whose president rule for four years and five years respectively. According to Winarno (2007), government is a set of policy making and policy implementing structures with binding authorities over a particular population in a particular territory. Government agencies are multifunctional. Executive agents make policies as well as strengthen them and make decisions; legislative agents participate in the implementation of the policies as well as in policy making (Winarno, 2007).

A country has either one of the systems (1) presidential, (2) parliamentary, (3) communist, (4) liberal democracy, (5)

liberal, and (6) capital. Arifin (2014) stated that the government is an organisation of people who manage a state. Additionally, the government is in charge of managing the country and ensure the interests and welfare of the people.

Parliamentary Government System.

The parliamentary system of government is where the parliament has the most important role. The parliament has the authority to appoint the prime minister and also overthrow governments by pushing no-confidence motion (Great Publisher, 2009). According to Budiardjo (2010), in the parliamentary system, the executive body and legislative body depend on each other. The cabinet as a part of the executive body is expected to reflect the political power inside the legislature that supports it. The cabinet depends on the support of the legislative body (the principle of ministerial responsibility).

Presidential Government System.

Presidential system is a government system of a republic in which the executive power is in the hands of the people and separated from the legislative power. According to Rod Hague (in Great Publisher, 2009), a presidential system consists of three elements: (1) the president is elected to lead the government and appoints government officials; (2) the president and the legislature have a fixed term; they cannot overthrow each other; and (3) there is no overlap between the executive and the legislative.

Communist Government System. The concept of communist system of government was first proposed by Karl Marx. It is a one-party policy which means there is only one party declaring its loyalty to the communist. Furthermore, this system is only a tool to take control of power against the capital on behalf of individuals (Yunus, Sari, & Patriana, 2016). Thus, the means of production have to be controlled by the state for the prosperity of its people. However, in reality, the benefits are exploited by political parties (Bimbingan, n.d.).

Dictatorship Government System. Dictatorship or authoritarian system is where a government is ruled by a few people or a particular group. In this system, the power of the state covers all aspects of the state and society. Therefore, the public does not have the authority to regulate their life. The political system is related to the principles of authoritarian or totalitarian (Haezer, 2015).

Liberal Government System. This system could also be called an ideology, philosophical view, or political tradition based on the understanding that freedom and equality are the primary political values. In modern society, liberalism will develop into a democratic system. This is because both the democratic system and liberalism are based on the freedom of the majority (Haezer, 2015).

Political Communication Concept

Prior to discussing political communication, it is necessary to address politics. According to Kaid (2004), politics is a drama taking place in an assumed and reported world that evokes threats and hopes, a world people do not directly observe or touch. This statement explains that politics is a drama in which there is the actors' hopes and also possible threats. However, the ultimate goal is to have a better performance. Similarly, political communication becomes the means of communication or bridge between people's interests and political organisations (legislative, executive, and political party) in encouraging people's interest and welfare. Political communication is the process of human relationships as citizens deliver or receive verbal and nonverbal messages of political nature with the aim of achieving a better political life (Aras, 2015).

Therefore, according to Dan Nimmo, political communication is political based on its consequences (actual and potential) which regulate human conduct under conditions of conflict. Dan Nimmo's view explains that politics can be seen based on its consequence. The consequence is the result of communication activities by individuals or groups that regulate their behavior in social conflict conditions (Harun & Sumarno, 2006). The Aras's view (Aras, 2015) is in line with Dan Nimmo's view that political communication is an interaction of political activities to achieve a particular goal, and every political action has a possibility of conflicts, both actual and potential. According to Aras (2015), there

are two kinds of conflicts which are manifest conflict and latent conflict. Manifest conflict is a conflict or problem that can be observed and seen directly by people or groups. On the other hand, latent conflict is a potential conflict and or problem that is invisible because it is closed and can only be felt. Thus, the conflicts can be understood through non-verbal communication of communicator and communicant involved in political interactions. So, communication can minimise or resolve conflicts (Aras, 2014). Nimmo (1999) stated that political communication was an interpretive process of personal preparation of a citizen by considering some potential impacts on the possibility of responses to political communication, social, and socialisation influence (colleague, family, friends, other important persons in someone's life, the tendency of belief arrangement, value plan, and psychology, and law and constitutional factors).

Democracy Concept

Democracy is a system of government in which the right to make political decisions is guaranteed for every citizen; it is actualised through the majority procedure, or direct democracy. The principles of direct democracy come from the Athenian. In direct democracy, all citizens take part in political decision-making (Maran, 2007). Democracy is also described as a form of government in which citizens use the same rights. However, the rights are indirect, through the representatives in the House of Parliament. The representatives are elected by the people

and are responsible to the citizen. This is called representative democracy. Budiardjo (2010) stated that there were various common terms of democracy, including constitutional democracy, parliamentary democracy, guided democracy, Pancasila democracy, People's democracy, Soviet democracy, national democracy, and others. The concept of democracy was first introduced by Pericles in his speech in front of the Athens in Classical Greek BC. The development of thousand years led to at least 550 definitions of democracy (Collier & Levitsky, 1997). The term of democracy is complex and multifaceted, having various meanings. There are various definitions and understanding of democracy (Arifin, 2014).

Democracy is a system of government founded on people's sovereignty. One of the pillars of democracy is the principle of triad politics that has three branches of governance: executive, legislative, and judicial that have equal independent positions. Thus, these three institutions can monitor and control each other based on the principle of checks and balances. The concept of democracy becomes an important key word in political science because it is an indicator of a country's political development (Great Publisher, 2009).

Indonesia implements a specific type of democracy, which is Pancasila democracy. As it is still in the early stage of development, there are various interpretations regarding its nature and characteristics. However, it is undeniable that some principles of the Pancasila democracy are incorporated in the 1945 Act which has not been amended.

Further, the constitution explicitly mentions two principles that animate the text and are included in the explanation of the Act of 1945 regarding the system of government of the Republic of Indonesia (Budiardjo, 2010).

MATERIALS AND METHODS

The objective of the research is to critically discuss society-based government as the manifestation of communication and democracy to realise good governance in Muna District, Southeast Sulawesi Province, Indonesia. This research is based on qualitative approach. Some characteristics that can be analysed in qualitative research are: (1) the study was conducted on natural objects, objects developed as they were not manipulated by the researcher; further, the researcher's presence did not affect the dynamic of the objects; (2) the instrument of qualitative research was the individual, that is the researcher; and (3) the data collection method employed triangulation, combining various data collection methods. The data analysis was inductive based on facts that were identified in field and then constructed into hypotheses or theories (Sugiyono, 2015).

The research method used was case study. In case study analysis, the main activity of the researcher is to seek and explore information about the research object, in this case, populist-based government as a manifestation of political communication and democracy. The observations and interviews are at the core of this research. The case study method, is

a limitation of this study, making it easier for researchers in collecting data. Case studies can involve individuals, groups, organisations, movements and events. According to Neumann (2000), a case study is basically a comprehensive description and explanation of various aspects of an individual, a group, an organisation (community), an event, or a social situation. In addition, through case studies, certain social situations will get a very detailed explanation (Neumann, 2000).

Through case studies, researchers can learn as much as possible to research objects so as to provide a complete and deep picture of the reality under study. Some of the advantages or features of the case study are, Mulyana (2003) mentioned: (1) thorough description; (2) its ability to describe a clear relationship between the researcher and the respondent; (3) a high level of trustworthiness (trustworthiness); and (4) opening up wide opportunities for assessment because of the diverse elements of the context. There are two common case study designs: single case and multi-cases; each of which has a holistic type (single unit of analysis) and a multi-unit analysis. Single case study focuses on one case, whereas multi-cases or multiple case studies deal with more than one or many cases.

Based on the context of this research, the case study method used is the single case type. It is because the research focuses on one local government, that is Muna Regency which has many factors or units to be analysed (multi-unit analysis), that are elements of government. So, by itself, this

study cannot use multi-case research design or holistic single case. Single case studies have advantages or strengths, as noted by Lipset, Trow and Coleman in their 'Union Democracy (1956). According to Robert (2005), a case study concerns politics that includes several units of analysis and the main unit of analysis is the organisation as a whole, and the smallest unit is individual members, and some important intermediate units.

RESULTS AND DISCUSSION

Society-Based Government as the Manifestation of Political Communication

Political communication is a bridge that links the people's interests with the government. Communication as used in this research is a process of political messages conveyed by the government to the people (as a form of socialisation) and the people to the government (as a form of aspiration) with the purpose of complaining or delivering political purposes related to the policy. Political communication often faces challenge due to the following reasons:

Political communicator. The government as a message source is likely to be slow and not smooth in conveying messages to the society. This aspect is important considering the fact that all information related to policies must be communicated by the local and central government to ensure societal needs are met.

Political message. Political message is contained in the socialisation of government

programmes, vision and missions. Many Indonesians especially in Muna Regency of Southeast Sulawesi Province are not familiar with the programmes implemented by the government, especially related rules, policies, and laws which are not optimally delivered. So many people do not know when they violate a rule. It is caused by the messages related to the policies done by the government.

Political media. Political media in this research refers to mass media. The power of mass media cannot be denied. Mass media are used to communicate the interests of the government and political parties. They are an effective channel in disseminating the government's policies and programmes because of the distance, space, and unlimited time to provide access to information to the public. Every government and political party have a level of dependency on the mass media to disseminate information and act as bridge between the people and the government. Political communication, as already noted, is largely mediated communication, transmitted through the print and electronic media. The media alter the message, in their roles as reporters of commentators on it (McNair, 2003).

Communicant as recipient of the message is the society or people as a whole. An obstacle in delivering the government's political message as well as the socialisation of program and government's future goals is the Indonesian human resources who have little education or never received an

education (elementary, secondary, or high school). This problem happened because of several factors such as laziness, low level of public awareness and willingness, and financial problems (cost of education). Those also can become obstacles in the process of political communication between the government and its people. So, people's feedback is generally not received.

However, Indonesians, especially those in Muna District Southeast Sulawesi Province, are very respectful of the culture that has been transmitted by their ancestors.

Culture. Culture is human ability to think that was concretely and abstractly created. Thus, culture is divided into two: physical and non-physical cultures. Physical culture can include traditional house, building, and technology while non-physical culture includes values, norms (ethics), customs, and beliefs. Culture that makes people appreciate the government includes values, norms (ethics), and customs passed down from ancestors who had been taught manners, and moral ethics embedded in the Indonesian's hearts. Similarly, the political culture that came from basic values of cultural root is difficult to change. If it can be changed, it will require a process of discussion, dialogue, and argumentation which are relatively long.

Ideology. In general, ideology is used to reflect a way of life or a mental behaviour. In particular, ideology is a collection of ideas as well as attitudes and values or a thought about people and society. A pattern

of belief can come from ideology, religion, and values of a tradition. Differences in patterns of belief as an ideology, in turn, will be the limiting factor to the process of political communication. Ideology is dogma that does not have an alternative. The Indonesian society, especially in Muna District Southeast Sulawesi Province, still respect their ideology. It means they still retain the belief that society chooses and appreciate their government with the reason or consideration that the ideology of the country comprises local wisdoms and religions to guide their life.

Society-Based Government as a Manifestation of Democracy

Society-based government system is absolute. Society-based government is a concept that adheres to the principle and system of democracy, such as Indonesia and other countries that implement democratic system. In a democracy, people become the pillar and the focus of attention of the government in formulating the policy and state guidelines. Democratic government system from people, by people, and for people is ideal at the concept level, but it is difficult to be implemented. As a democratic country, Indonesia should be able to make it happen, either at the level of policy and government action to empower people in all areas of life, which include health, economic needs, education, security, and others that are important to the society. In the economic area, many people still live in poverty, for example in the eastern regions of Indonesia (Sulawesi, Maluku, Ambon, Irian Jaya, the

border areas of Borneo, as well as the islands of Sumatra shores, and many more). The rate of poverty is still high (the total of poor people/poverty rates (in million) in City + rural area in 2013 was 28.55 million), or 22.94% (BPS, 2017).

The author's research observation related to society-based government is also supported by the concept of democracy that is a system where the implementation of government affairs is based on the interests and welfare of the people. All aspects of society's life is included, such as social, economy, politics, culture, education, and other aspects that support the society such as health and safety. These areas of life, if they are related to the concept of democracy, should be based on people's interests.

Each government policy regarding these areas should be based on the interests of the people. However, the problem is in embracing the concept and principle of democracy, it does not necessarily lead to strict practices of democracy. For example, the economic policy is not based on people's interest. A democracy ceases to function if there is high cost of basic needs triggered by the increase of fuel prices followed by other price increases. This indicates that the government has not been able to improve the economy. Similarly, in other areas, the government has not formulated and implemented policies based on the needs and interests of the people.

Based on the observation, concepts, and critical thinking of issues related to society-

based government, the references or main characteristics of democratic government is the government in which all policies made by the government are based on the people's: 1) A platform as a reference for government in making decisions on behalf of the people; 2) Involving the society or the people in decision-making process and for the people's interests through the House of Representative; 3) Protecting the citizens' right such as the right to live without fear and comfortably, the right to get education and teaching, the right to get health care, and the right to get fair treatment before the law; 4) The freedom to have views or opinions; 5) Respecting other races, ethnicities, and religions; 6) The guarantee of the rights of religion or beliefs of each citizen; 7) The guarantee of the right to receive and impart information; 8) The right to vote and to be elected as a leader in the community, including public office or political office.

Therefore, the nation will be free from poverty, be self-reliant, productive, innovative, and able to compete with other countries. The results of observations related to the governance system in Muna District Southeast Sulawesi Province, which is society-based government as a manifestation of democracy, has been good, but not maximal and evenly distributed in all regions in Muna district. This is caused by several factors, among others: (1) land and sea transportation policy, because this area is one of the islands in the central part of Indonesia, that is not adequate; (2)

economic inequality; (3) insufficient job opportunities; and (4) education. All of these factors are indicators of the implementation of democratic principles of government that is government based on populist principles (from the people, by the people, and for the people).

CONCLUSION

Based on the findings, it can be concluded that: (1) the society-based government as a manifestation of political communication is a process where the government at Muna District Southeast Sulawesi Province and the society must continue to interact to ensure aggregation and articulation of political interests that benefit society. This can be a source of political messages, political media, society/people as recipients of the message, as well as cultural factors and people's political ideology that has been adopted since a long time ago; and (2) society-based government as the manifestation of democracy is a necessity; it should be done by the government in the interest and welfare of the people of Indonesia. Democracy includes all aspects of society, such as social, economic, political, cultural, and educational, health and other areas that support the community life. Therefore, a government should be ruled by the people, of the people, and for the people).

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Law Enforcement, Taxation Socialisation, and Motivation on Taxpayer Compliance with Taxation Knowledge as Moderating Variable

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ABSTRACT

This research examines the effect of law enforcement, taxation socialisation, and motivation on taxpayer compliance with taxation knowledge as moderating variable. The sample is 98 taxpayers and data obtained from the respondents was analysed using Structural Equation Model. The results of the study showed that: (1) law enforcement had a significant effect on taxpayer compliance; (2) tax socialisation had significant effect on taxpayer compliance; (3) taxpayer motivation had significant effect on taxpayer compliance; (4) law enforcement, taxation socialization, and taxpayer motivation simultaneously had significant effect on taxpayer compliance; and (5) taxation knowledge did not strengthen law enforcement, tax socialisation, and taxpayer motivation in influencing taxpayer compliance. The findings of this research support the compliance theory used in taxation.

Keywords: Law enforcement, motivation, taxation socialisation, taxpayer compliance

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INTRODUCTION

In managing economic resources efficiently, effectively and economically, two important aspects must be considered, namely management of economic resources related to the receipt of funds and those related to their use. Economic sources related to state revenues include oil and gas, non-oil and gas, and tax. According to State Budget (APBN), the largest source of revenue is tax. Data from Ministry of Finance showed tax revenues compared with total budget for the last five years were 62.46% in 2012,

64.04% in 2013, 63.53% in 2014, 73.47% in 2015, and 74.63% in 2016. Tax revenue has increased every year, except in 2014. The average of tax contribution per year is 67.63%, meaning that more than 50% of the state financing or expenditure depends on tax revenue. The percentages of tax revenue realisation from 2012 to 2016 are as follows: 90.02% in 2012, 90.37% in 2013, 91.16% in 2014, 96.17% in 2015, and 96.95% in 2016. The largest increase was in 2015 at 5.01%. The percentage of realisation of average tax revenue during this five-year period is 92.93%.

Puspitasari and Meiranto (2014) focused on motivational posturers and tax compliance decisions while Savitri and Musfialdy (2016) studied the effect of taxpayer awareness, tax socialisation, tax penalties, compliance cost at taxpayer compliance with service quality as mediating variable. Tarjo (2009) examined complexity and socialisation of taxation rule in affecting the taxpayer accounting behaviour in Indonesia while James and Alley (2002) analysed tax compliance, self-assessment and administration in New Zealand. Riahi-Belkaoui (2004) studied the relationship between tax compliance internationally and the selected determinants of tax morale. Gopalakrishnan (1994) studied corporate tax rate relationship using the inventory valuation method while Frankel, Micah and Trezervant (1994) examined the relationship between inventory valuation method and tax reform act (TRA). The findings of Puspitasari and Meiranto (2014) showed motivational posture does not influence tax

compliance decisions while Gopalakrishnan (1994) showed tax rates were negatively related to the choice of accounting methods. When tax rates increased, the management chose an inventory valuation method to reduce the company's earnings, resulting in lower profits and lower taxes paid. Frankel et al. (1994) found that the companies using LIFO methods were motivated to buy extra inventory at the end of the year to lower the rate of return in order to save taxes and shifted those profits to the following year when the 1986 Tax Reform Act (TRA) was enacted. This indicates that the company's management is trying to minimise the amount of tax to be paid. There are differences in research results and taxpayer compliance levels that need to be improved. Thus, it motivates us to do re-research on taxpayer compliance.

LITERATURE REVIEW

Tax

Tax is a public obligation (person or entity) to the state to finance the government's operations in serving the community. Eshag (2011) argued the amount of tax revenue generated by the government for expenditure programmes depended on the willingness of the taxpayer to comply with the state's tax law. This willingness could be attributed to the attitude that taxpayers demonstrated at any given point in time on the one hand and the purpose of the tax on the other hand (Noami & Joel, 2009). Tax, as state revenue, has two functions: (1) budgeter function which is a source to finance expenditures; and (2) regulatory

function which is a tool to regulate or implement government policies in the social and economic fields (Mardiasmo, 2009). For individuals and companies, the tax is considered as a deduction from income received. Thus, the taxpayer can do tax planning to minimise the tax debt in the future. The purpose of tax planning is supported by Crumbley, Friedman and Anders (1994) who stated that tax planning is a systematic analysis of different tax options to minimise current tax liabilities and the subsequent tax period. Taxes paid by the taxpayer to the state is analogous to the theory of insurance stating that the duty of the state is to protect its citizen and all their interests.

Taxpayer Compliance

Tax compliance is a taxpayer's willingness to meet his tax obligations. Taxpayers are obligated to obey and comply with and carry out taxation obligations in accordance with the provisions of the taxation legislation. This view is shared by Ogundele (1999) show stated tax compliance is an act of submission to the tax law either voluntarily or with inducement or coercion. The simplest concept of tax compliance is the extent to which taxpayers comply with tax law (James & Alley, 2002). The Organization for Economic Cooperation and Development (OECD, 2001) stated that tax compliance was concerned with reporting all information on time and filling out the correct tax amount and taxes paid on time. Thus, tax compliance is awareness for the fulfilment tax obligations reflected

in the following situations: (1) the taxpayer understands or endeavours to understand all provisions of the tax laws and regulations; (2) completes the tax form completely and clearly; (3) calculates the amount of tax payable correctly, and (4) pays taxes on time. Gerald and Leung (2009) suggest that there is a concern for tax authorities and policymakers about tax evasion that could threaten the government's ability to increase its revenue. This is supported by GIZ (2010) who found developing countries are vulnerable to tax evasion and tax evasion activities by individuals and corporations. This contributes to reduced state revenue. Braithwaite and Braithwaite (2001) reported that the tax office evaluates and influences taxpayer compliance. Taxpayer compliance level is influenced by internal factors and external factors. Internal factors are ethics (moral), knowledge of taxation, awareness of taxpayers, and willingness (motivation). External factors are law enforcement, tax dissemination, taxation environment, and economic conditions.

Taxation Knowledge

Taxation knowledge is everything that is known related to the taxation obtained from the learning process influenced by motivation and external factors in the form of available information and socio-cultural circumstances. Society's knowledge of the tax laws, either obtained through formal or non-formal education, will have a positive impact on taxpayers' awareness to pay taxes. James and Alley (2002) stated that tax knowledge was an essential element

for taxpayers in the voluntary tax system. Other studies conducted in Malaysia (Loo, 2006; Loo, Mckerchar, & Handsford, 2008; 2009) suggested that tax knowledge was the most influential factor in determining taxpayer compliance behavior under a self-assessment system. Thus, a taxpayer who has knowledge of taxation will be more compliant in paying taxes.

Law Enforcement

Law enforcement in the field of taxation is an action performed by the relevant officials to ensure that taxpayers and prospective taxpayers comply with the provisions of tax laws, such as filling and submitting the Annual Tax Return (SPT) correctly, bookkeeping, and other relevant information, and paying taxes on time. Riahi-Belkaoui (2014) stated that the level of tax compliance was still low due to the impact of a social contract. This implicit social contract between an individual and a state ensuring an effective competition law is hypothesised to have a positive impact on tax compliance. Law enforcement is therefore important in improving compliance of taxpayers, both individuals, and agencies/companies.

Taxation Socialisation

The socialization of taxation is the effort of the Directorate General of Taxation to provide information, understanding, and knowledge to the public, especially taxpayers on taxation and legislation. Socialisation is expected to motivate people to understand so as to improve taxpayer compliance.

Taxation socialisation by the Directorate General of Taxation includes consultation, discussion, delivery of information from tax officials, and website creation (Savitri & Musfialdy, 2016). Tarjo (2009) stated that the lack socialisation of taxation by tax office would result in taxpayers having difficulty in understanding the new tax laws or even cause them to be ignorant of regulations. With the socialisation of taxation, taxpayers obtain information more clearly and detailed so their knowledge increases. Eventually, the compliance rate for paying taxes increases.

Tax Motivation and Compliance

Intention is a motivating factor that affects behavior that is under control of the will of an individual (Ajzen, 1991). Control of the will is where the individual can decide upon the will to do or not to do. Theories of hope in motivation argue that the drive for an action depends on the expectation that action will be followed by the results. Although the tax is a legal product to be obeyed and a decision to obey, the taxpayer is motivated to pay taxes based on the deterrent effect of audits and fines (Kirchler, 2007; Kirchler, Hoelzl, & Wahl, 2008). If the taxpayers are motivated to pay taxes when they are afraid of being audited and fined, the motivation relates to the concept of extrinsic motivation (Ryan & Deci, 2000). Taxpayers are motivated or feel a considerable social distance between them and the tax authorities and the state (Braithwaite, 2009). As a result, taxpayers tend to be motivated to have negative attitudes and feelings in

paying taxes (Kirchler, 2007). They may even condemn the state collecting taxes as thieves (Sloterdijk, 2010). State and tax authorities are regarded as taking money in terms of taxes from taxpayers with the help of coercion and force of law (Kirchler et al., 2008). Braithwaite, Murphy and Reinhart (2007); Kirchler et al. (2008) propose that the motivational qualities of taxpayers differ with assumptions when they are correlated with different types of tax compliance. This explanation proves that the variable of motivation for the taxpayers becomes important in encouraging and directing them to obey paying taxes which is their obligation.

MATERIALS AND METHODS

This is an associative research. The research unit is Tax Service Office (KPP) with the population of individual taxpayers at KPP Serpong, Tangerang, and Banten Province. The sample set is one hundred and fifty (150) respondents. The sample selection is based on the respondents who are willing to fill out the questionnaire. From 150 respondents who received the questionnaires, only 115 respondents (77%) returned the questionnaires and only 98 questionnaires could be further processed. This research uses Likert scale to measure responses of five research variables. The collected data are processed using structural equation model (SEM). Operational research variables can be explained as follows; (i) taxpayer compliance consists of five dimensions (filling, counting, paying, reporting and receiving warning letters) and

eight indicators; (ii) taxation knowledge consists of five dimensions (functions, rules, procedures, registration, and mechanism) and five indicators; (iii) law enforcement consists of three dimensions (ideas, concepts, and laws) and four indicators, (iv) taxation socialization consists of four dimensions (media, counselling, ways, and organisers) and six indicators, and (v) tax motivation consists of two dimensions (intrinsic and extrinsic) and fifteen indicators.

RESULTS AND DISCUSSION

Data was processed using Smart PLS 3.0 software.

The stages of processing are as follows: 1) Testing the data and research model with PLS Algorithm and Bootstrapping; 2) Testing Outer Model by observing the validity test and reliability test; 3) Testing the Inner Model with R Square; 4) Testing the hypothesis with t-statistic. Figure 1 and Figure 2 are PLS Algorithm and Bootstrapping respectively.

Based on Figures 1 and 2, it can be explained that the values of the indicator score to the construct are all above 0.5. This indicates that all data are eligible for further processing. According to Hartono (2012), before conducting the hypothesis testing to predict the relationships in the structural model, it was important to test the measurement model for the verification of indicators and latent variables.

The test of Convergent Validity is seen from the measurement model using a reflexive indicator which is assessed based on AVE (Average Variance Extracted)

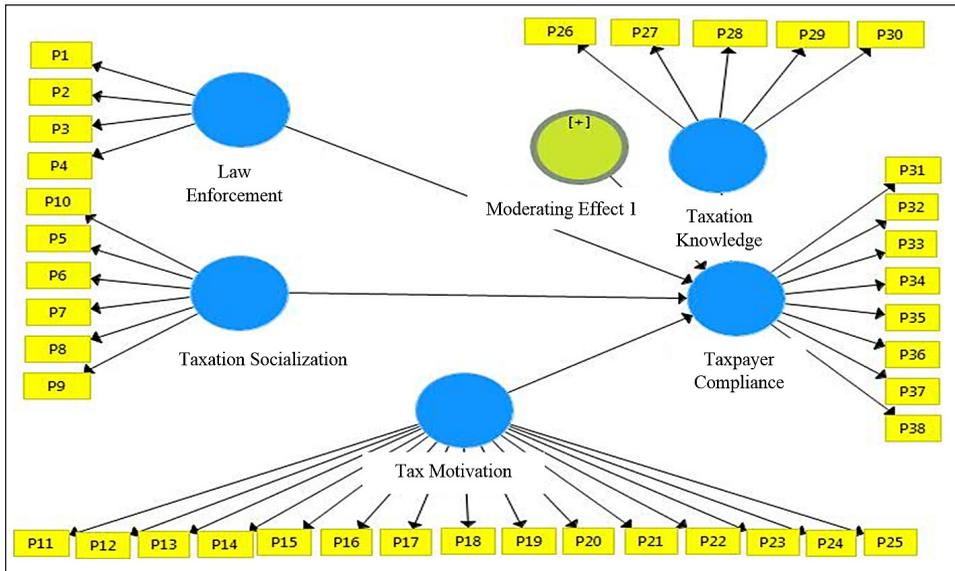


Figure 1. Measurement model

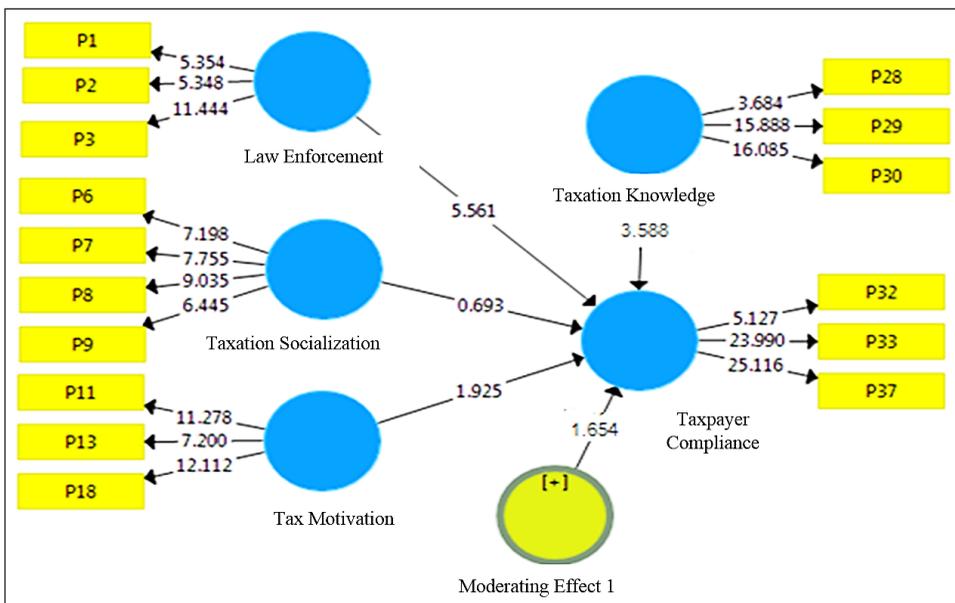


Figure 2. Structural model
Source: Result PLS Algorithm

where each value must be above 0.50. This means that the probability of indicator in a construct going to another variable is lower (less 0.5) so that the probability of

the indicator converging and entering the construct is greater than 50%. In this study, there are five constructs and between two and seven indicators. Based on the results of

the measurement model test in Figure 1 and the fact that all variables have AVE greater than 0.05, it can be said that all indicators are valid.

The test of Discriminant Validity is done by looking at cross loading measurement with its construct. From the calculation of cross loading, it is shown that the value of cross loading has a good discriminant validity because the correlation between the value of the indicator and the construct is higher than the correlation between the value of the indicator and other constructs. The test of Reliability is measured by the value of Cronbach' alpha and the value of composite reliability. In order to have a reliable construct, the value of Cronbach' alpha and composite reliability value must be more than 0.70. The calculation results show that all constructs have Cronbach' alpha value and the composite reliability value of more than 0.70.

Structural Model (Inner Model)

The inner model describes the relationship between latent variables based on substantive theory. The structural model is evaluated by using R-square for the dependent construct. The result of R-square described in the

dependent variable should be above 0.10 so it can be stated that the dependent construct is good. The results of data processing show that R-square value of tax compliance constructs is 0.788. It can be said that 78.7% taxpayer's compliance is influenced by independent variables, namely law enforcement, motivation, taxation knowledge about the taxation and taxation socialisation. Thus, the research model meets the requirements.

Testing the Hypothesis

To test the hypothesis, the t-statistic (calculated t) value generated from the PLS output is compared with the t-table value. The PLS output is the estimation of the latent variable which is the linear aggregate of the indicator. The hypotheses of this research are developed as follows:

- If calculated t value > t table, calculated t value is more than 1.96, the hypothesis is accepted.
- If t calculated t value < t table, calculated t value is less than 1.96, the hypothesis is rejected.

Table 1 shows the results of data processing via smart PLS regarding the inner model.

Table 1
Inner Model T (Hypothesis testing)

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (IO/STDEVI)
Law Enforcement	0.806	0.787	0.082	9.842
Taxation Socialisation	0.848	0.833	0.050	16.814
Tax Motivation	0.883	0.876	0.041	21.536
Mod Effect	0.06	0.049	0.037	1.609

Law Enforcement Has an Effect on Taxpayer Compliance

Law Enforcement has a significant effect on taxpayer compliance. This indicates that the indicators of law enforcement, namely appeals and reprimands submitted by relevant and strict law enforcement, appropriate law, as well as strict legal sanctions affect taxpayer compliance. Law enforcement in relation to the tax must not discriminate taxpayers. Therefore, such indicators should be consistently implemented by the Directorate General of Taxation, Ministry of Finance. If taxpayers are law abiding by paying their taxes on time, state revenue will increase so the state has sufficient funds and does not resort to use of debt. The results of this study are consistent with Riahi-Belkaoui (2004) based on data from 30 countries, indicating that international tax compliance is positively correlated with the level of economic freedom, the level of equity market interest and the effectiveness of competition laws and high moral norms.

Taxation Socialisation Has an Effect on Taxpayer Compliance

Taxation socialisation has a significant effect on taxpayer compliance. The results of this study showed that socialization conducted by the Tax Office contributes to influencing taxpayer compliance. This indicates that the indicators that shape socialisation are able to effect the taxpayers to comply with the rules of taxation. Nevertheless, the Tax Office is expected to continuously evaluate the indicators used in tax socialisation,

such as materials of socialisation, methods and media of socialisation, socialisation time, and mastery of the material for the implementation of socialisation. Thus, the socialization of taxation affects individual taxpayers as well as agencies. The results of this study are consistent with Savitri and Musfialdy (2016) who showed the relationship between socialization and tax compliance was not mediated by service. This indicates that socialization has an effect on tax compliance. In relation to the influence of taxation socialisation on taxpayer compliance, Tarjo (2009) stated that the intensity of taxation socialisation to taxpayers would suppress the willingness/intention of taxpayers to avoid taxes by making artificial accounting, thereby increasing taxpayer compliance.

Tax Motivation Has an Effect on Taxpayer Compliance

This research has shown that motivation has a significant effect on taxpayer compliance. The results of this study showed that the indicators shaping the motivation perceived by taxpayers can influence them to comply with tax regulations. The higher the motivation of taxpayers, the greater their level of adherence. With the influence of motivation on taxpayer compliance, the Tax Office is expected to play a more important role in maintaining/increasing taxpayer motivation by observing external motivation indicators. The external motivation indicators are service by tax authorities, good image of tax officials, rewards for taxpayers, increasing state

revenues, supporting development, an online system of Tax Office, and modernization of taxation. The results of this study are not supported by Puspitasari and Meirianto (2014) who showed that the posture of motivation as a factor of togetherness does not affect taxpayer compliance. However, findings of the current study are in line with Braithwaite et al. (2007) and Kirchler et al. (2008) who suggested that the motivational qualities of taxpayers differ if they are associated with different types of taxpayer compliance.

Law Enforcement, Taxation Socialisation, and Taxpayer Motivation Have an Effect on Taxpayer Compliance

Law enforcement, taxation socialisation, and taxpayer motivation simultaneously have a significant effect on taxpayer compliance. The results of this study are useful for the Tax Office (Tax Authority) in enhancing their service. If there are new tax rules or policies, these should be disseminated appropriately and immediately so they can be understood by the taxpayers quickly. A quick understanding by the taxpayers will motivate them to implement the rules or policies socialised. In addition, the Tax Service Office is expected to apply regulations firmly and fairly to all taxpayers. By optimising the three independent variables, namely Law enforcement, taxation socialisation, and taxpayer motivation, the taxpayer compliance will increase. Thus, it increases the state's tax revenue.

Taxation Knowledge Moderates Law Enforcement, Taxation Socialisation and Taxpayer Motivation on Taxpayer Compliance

Knowledge of taxation rules does not succeed in moderating the relationship between law enforcement, tax socialisation, and taxpayer motivation on taxpayer compliance. Therefore, knowledge about taxation rules weakens the relationship. When a taxpayer understands and knows more about taxation rules, he tends to act opportunistically in carrying out tax obligation by avoiding the tax amount to be paid. This will have implications on state tax revenues. This finding is consistent with James and Alley (2002) who found taxpayers' knowledge did not affect their compliance. Further, Loo et al. (2008) warned that a possible lack of tax knowledge could lead to unintentional behavior of non-compliance among taxpayers as witnessed in Australia and Malaysia.

CONCLUSION

The study concludes that (1) law enforcement has an effect on taxpayer compliance, (2) taxation socialisation has an effect on taxpayer compliance, (3) tax motivation has an effect on taxpayer compliance, (4) law enforcement, taxation socialisation, and taxpayers motivation has an effect on taxpayer compliance, and (5) knowledge on taxation rules does not moderate/strengthen the relationship between law enforcement, tax socialisation, and taxpayer motivation on taxpayer compliance. Therefore, the Tax Authority should optimise the three

independent variables for increasing taxpayer compliance, namely (a) services which are in accordance with standard operating procedures, (b) appropriate and prompt information delivery to the taxpayer; and (c) firm and fair law enforcement.

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Interaction of Learning Models and Student's Condition in Improving Critical Thinking Skills at Accounting Vocational School

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ABSTRACT

This research was aimed at examining the interaction of learning models, Problem Based Learning (PBL) and Inquiry Based Learning (IBL) with Student's Condition, Gender Factor and Academic Achievement, to improve Critical Thinking Skills (CTS). It was conducted through a "quasi-experiment", with Accounting Vocational students as the object of the experiment in three types of schools, namely public school, privately-owned schools accredited "A" and "B". The experimental design used was factorial of 2x3x3 with three ways ANOVA. The results showed that gender factors had no interaction with learning models while academic achievement interacted with learning models in improving CTS. In the PBL learning model, students with low achievement have a higher level of improvement compared with IBL. Both model learning, gender and academic achievement interact with CTS. Therefore, the student's condition, namely gender and academic achievement must be the focus in applying IBL and PBL to improve CTS of students at Vocational School of Accounting.

Keywords: Academic achievement, critical thinking, gender, inquiry based learning, Problem Based Learning, quasi experiment

INTRODUCTION

High-level of critical thinking skills must be encouraged among students to enable them to get a better job and to improve the quality of their life (Thomas, 1992). In addition, this pool of human resources would enable the country to compete with other nations. Learning process is expected to build the capacity of students' knowledge

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by improving high-level thinking, such as critical thinking. By thinking critically, employees can make sound decisions, assess and solve problems (Hassoubah, 2004). In Indonesia, the high level thinking ability of students is still low. This is indicated by the survey data from TIMSS (*Trends in International Mathematics and Science Study*) in 2011 that 95% of Indonesian students are only able to work on the problem to the middle level, while the survey conducted by PISA (*Program for International Student Assessment*) in 2012 shows only 5% of Indonesian students can achieve high-level thinking skills and 95% only to the middle level or at the level of application. Therefore, the future challenge is to further develop critical thinking skills.

Critical thinking in accounting is very important and economic thinking is about making difficult choices. Therefore, critical economic thinking is all about being aware of how you think about economic issues so that you can make the best decision possible (Leyden, 2011). The ability to have critical think critically on economic learning is shown in basic competencies. Critical thinking is a competence to analyse, synthesize and evaluate and considered a high-level thinking. Accounting, which includes economics, has the same characteristics that students are required to have in analysing, synthesising and evaluating.

Problem Based Learning (PBL) can improve students' thinking ability. It is a motivational, challenging, and fun learning approach (Norman & Smith, 2000). It is a

process of working toward an understanding or process towards solving a problem (Barrows & Tamblyn, 1980). PBL was first introduced at McMaster University in Canada in 1965 at a medical school. Since then, PBL has been popularised and adopted in the curriculum of several higher education institutes around the world (Kolmos et al., 2007). It is a learning approach in which the students learn by solving problems contextually in social teams. The students rely on their knowledge of a problem, identify the information they need to know to solve the problem and strategies to solve it (Stanford University Newsletter, 2001). There are several studies on the effectiveness of PBL on critical thinking skills (Savery, 2006). The ability to think critically is an important skill to identify problems and set parameters on the development of solutions that can be built through PBL. In the field of framing Problem Based Learning is effective in improving the ability of critical thinking (Şendağ & Odabaşı, 2009).

Constructivist theories of learning emphasise on the need of learners to investigate the environment and construct knowledge that is personally meaningful in providing theoretical basis for PBL (Arend, 2008). Inquiry Based Learning is adopts a constructivist approach where followers question, gather and analyse information, create solutions, make decisions, justify conclusions and act. In other words, students build their own understanding of the existing reality (Fattahi & Haghverdi, 2015; Khalid & Azeem, 2012).

Apart from Problem Based Learning

and Inquiry Based Learning, there are some predictors that may influence individually critical thinking ability that is gender, age and academic achievement (Masek & Yamin, 2011). The students' critical thinking skills are influenced by their personal characteristics, such as age, gender and academic achievement. Therefore, besides the learning methods, individual aspects are also reviewed (Torres & Cano, 1995). In this study, two predictors are gender and academic achievement. This research aims at investigating the interaction between Problem Based Learning, Inquiry Based Learning and Gender on students' critical thinking skills; interaction between Problem Based Learning Method, Inquiry Based Learning Method and Academic Achievement on students' critical thinking skills; and interaction between Problem Based Learning Method, Inquiry Based Learning Method, Gender and Academic Achievement on students' critical thinking skills.

LITERATURE REVIEW

Literature has shown that women score higher than the men in critical thinking skills. Women are also rated higher than men in the ability to make conclusions. This means that women have greater ability to identify the elements needed to draw conclusions, to construct hypotheses, and to consider relevant information (Fendiani & Tandiono, 2016). The findings of this study can be explained as follows. In women, brain regions associated with language function work harder which results in female having

higher language ability than men. Language is a tool used to express thoughts. The ability to use language with good grammar is an indicator of high thinking ability (Ricketts & Rudd, 2004). Women have greater ability to express their opinions to others (Guiler, Ross, & Durndell, 2005). Men are better at manipulating visual images and numerical abilities, while women are generally better at tests of verbal skills (Halpern & La May, 2000; Halpern, 2004). The findings of this study are not in line with the results of others that show no significant differences between men and women in the aspect of intelligence in general, although in certain aspects there are differences between boys and girls (Rubin, 1993). Likewise, there is no difference in critical thinking skills between boys and girls (Myers & Dyer, 2006).

Gender is a significant variable in influencing critical thinking where women have the greatest disposition to critical thinking than men (Rudd, Baker, & Hover, 2000). Therefore, there is a link between gender and critical thinking skills in which women have great skills in critical thinking (Giancarlo & Facione, 2001). In terms of academic achievement, the Grade Point Average (GPA) has an influence on students' critical thinking ability. Nevertheless, findings of this study show a modest number of Grade Point Average variants that can explain the ability to think. Similarly, the GPA as a control variable has a certain contribution to critical thinking ability (Torres & Cano, 1995). Academic achievement has a positive relationship to critical thinking (Soodmand, Afsar, Rahimi,

& Rahimi, 2014). This research uses several factors, namely gender and student achievement. Gender factors and academic achievement in accounting skills have not received much scholarly attention.

MATERIALS AND METHODS

The object of this research was students of Public Vocational Schools Accredited ‘A’, Private Vocational Schools Accredited ‘A’ and ‘B’. The method was quasi-experiment. The quasi-experiment has treatments, outcome measures, and experimental units, but does not use the random assignment. The population of the study was all 12th grade vocational school students in Bandung, Indonesia. The samples were male and female students of vocational high school, namely Public Vocational High School 1

Accredited A, Public Vocational High School 3 Accredited A, Private Vocational High School MVPR International Accredited A, Private Vocational High School Pasundan 1 Accredited A, Private Vocational High School Daarut Tauhid Accredited B, Private Vocational High School Puragabaya Accredited B. The total sample of the study was 182 students, of which 38 were males. Criteria for academic achievement used posttest scores, classified as high, moderate, and low. The design of this research was the factorial 2x2x3 design. The paradigm of factorial design is presented as follows (Table 1).

The instrument used was an observation sheet on the students’ critical thinking skills, adopted from Ennis (1985) and Wade (2011).

Table 1
Factorial 2x3x2 design

Gender	Academic Achievement	Method	
		PBL	IBL
Male	High	PBL/M/H	IBL/M/H
	Moderate	PBL/M/M	IBL/M/M
	Low	PBL/M/L	IBL/M/L
Female	High	PBL/F/H	IBL/F/H
	Moderate	PBL/F/M	IBL/F/M
	Low	PBL/F/L	IBL/F/L

RESULTS AND DISCUSSION

Test shows non homogeneous data which means that the group has a variant that is not the same but is still used because the Anova is robust (Ghozali, 2011) (refer Table 2).

Meanwhile, the normality test result is shown in Table 3.

It is found the data is not distributed normally so that the hypotheses testing uses nonparametric with Mann-Whitney.

Table 2
Test of homogeneity of variances

CRITICAL THINKING SKILLS			
Levene Statistic	df1	df2	Sig.
15.014	1	352	.000

Table 3
Tests of normality

	Methods	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
		Statistic	df	Sig.	Statistic	df	Sig.
CRITICAL THINKING	PBL	.079	178	.009	.961	178	.000
SKILLS	IBL	.139	176	.000	.861	176	.000

a. Lilliefors Significance Correction

The interaction results between-subject of the methods, gender, and academic achievement on the critical thinking skills is shown in Table 4.

The interaction test showed no interaction between methods and gender, which means there is no difference in critical thinking skills using either PBL or IBL

Table 4
Tests between-subjects effects

Dependent Variable: Critical Thinking Skills						
Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	15635.515 ^a	11	1421.410	9.181	.000	.228
Intercept	1909305.440	1	1909305.440	12332.589	.000	.973
Methods	2982.603	1	2982.603	19.265	.000	.053
Gender	148.199	1	148.199	.957	.329	.003
Academic Achievement	3976.918	2	1988.459	12.844	.000	.070
Methods* Gender	400.465	1	400.465	2.587	.109	.008
Methods*Academic Achievement	935.447	2	467.724	3.021	.050	.017
Gender**Academic Achievement	657.167	2	328.584	2.122	.121	.012
Methods* Gender*Academic Achievement	2688.856	2	1344.428	8.684	.000	.048
Error	52947.719	342	154.818			
Total	2472389.000	354				
Corrected Total	68583.234	353				

a. R Squared= .228 (Adjusted R Squared= .203)

based on gender. The result of this research is not in line with Torres and Cano (1995) who showed that students' critical thinking skills are influenced by their personal characteristics, such as age, gender and academic achievement. The absence of such interaction means that there is no difference in critical thinking skills of both male and female student groups using PBL and IBL methods. This result means the influence of PBL and IBL methods on students' critical thinking skills in accounting subjects is not dependent on gender. This is in line with the opinion of some scholars who claim there is "...no relationship between gender and critical thinking" (El Hassan & Madhum, 2007; Facione, 1990; Zoller, Ben-Chaim, & Ron, 2000). Characteristics of male and female students are different. Rudd et al. (2000) stated that gender was a significant variable in influencing critical thinking where women had the greatest disposition to think critically than men. In this research if only seen from gender with the used of PBL and IBL methods to the ability to think critically have the same effect.

There is an interaction between the two methods and academic achievement on students' critical thinking skills. It means that there is a difference in students' critical thinking skills that use the method of PBL and IBL with the academic achievement where in PBL, the low academic-achievement students have score high in critical thinking, whereas in IBL, the high academic achievement students have high score in critical thinking. The result of this research is in line with Giancarlo and

Facione (2001) who stated that academic achievement based on GPA (*Grade Point Average*) influence students' critical thinking skills. Torres and Cano (1995) showed similar findings that GPA as a control variable had contributed to critical thinking skills. However, the results of this study contradict that of Soodmand et al. (2014) who showed academic achievement had a positive relationship to critical thinking.

Meanwhile, there is an interaction between the PBL, IBL, gender, and academic achievement on the students' critical thinking skills. It is found that in the method of PBL, female students with low academic achievement have the highest critical thinking skills but based on the method of IBL, the male students with low academic achievement have the highest critical thinking skills.

Vierra (2014) explained the relationship between gender and critical thinking is the subject of much debate and with little conclusive evidence. Some studies have pointed to a relationship that favoured men (Leach, 2011), while others who supported (Srinivasan & Cooks, 2005) and there was also a result that showed no relationship at all (El Hassan & Madhum, 2007).

Leach (2011) examined the relationship between students' critical thinking ability and gender. The study found that women had greater critical thinking abilities than men where "*female students receive grades nearly three points higher than their male counterparts*".

The differences are due to differences in communication. According to Wood

(1994), this communication difference could distinguish the critical thinking ability of students by using PBL method where this method gives more emphasis on how to solve a problem in a group, working together and using information from various sources to provide solutions to the problem. The syntax is clear that the communication style and capability possessed by women are more suitable in Problem-based Learning method for critical thinking because it requires cooperation, focus, attentiveness, selflessness and a desire to be with the other (Mason, 1994).

In terms of academic achievement, many studies generally highlight the strong relationship between critical thinking and academic achievement (Cabrera, 1992; Garrett & Wulf, 1978; Steward & Al-Abdulla, 1989; Williams, Oliver, Allin, Winn, & Booher, 2003; Williams & Stockdale, 2003). Studies showed students who have low academic achievement also have a high average critical thinking. Karbalaei (2012) stated that a high academic achievement can encourage students to think critically both in knowledge and skills. This is inversely related in the present study where students who have low academic achievement have a high critical thinking ability. Problem Based Learning has an influence. Lee (2001) stated that PBL appeared to create powerful motivational effects. Furthermore, by learning collaboratively students benefit from interpersonal skills through dialogue and learning together. Therefore, students who have low academic achievement will be motivated to perform better. It can be

concluded that the influence of PBL learning methods on students' critical thinking skills depends on gender, and PBL has influence only on females who have low academic achievement.

In this study, IBL influences male students' critical thinking who have high academic achievement. Theoretically, IBL can improve students' critical thinking skill, but in this finding, apart from the method of learning, there are also other factors that have relationship in critical thinking, namely gender and academic achievement. The difference is due to different communication factors between the two (male and female). The use of IBL method in this research point to the fact male students with high academic achievements have greater critical thinking ability. One of the characteristics of IBL method is developing systematic, logical and critical thinking (Hosnan, 2014). Wood (1994) stated that "*Men, on the other hand, are more competitive in their communication, and discussions are often a competition to prove a point of view. Thus, males may be perceived to have higher critical thinking skills*". Karbalaei (2012) found a high academic achievement encouraged students to think critically both in knowledge and skills. From the above explanation it can be concluded that by using the method of Inquiry Based Learning, there are differences in critical thinking skills between men and women and the academic achievement of students where male students with high academic achievement have a high average value in critical thinking skills.

CONCLUSION

It is found that there is no interaction between methods and gender. It means that there is no difference in the critical thinking skills of the students who used the PBL and IBL based on gender. It is also found the interaction between both methods and academic achievement on critical thinking skills showed a difference of critical thinking skills of students who use the method of PBL and IBL with the academic achievement, whereas in PBL, students with low academic achievement have a high score in critical thinking skills. There is an interaction between methods, gender, and academic achievement, where the female students with low academic achievement have the highest score compared with other groups. It can be concluded that the influence of IBL learning method on students' critical thinking ability depends on gender, and academic achievement where IBL learning method is more effective in men who have high academic achievement. The method of IBL can be used regardless of gender, but the teachers may use the PBL to help female students who have low academic achievement improve their critical thinking skills. With the PBL, they have high critical thinking skills. These findings may encourage educators in Indonesia to employ both model of Problem Based Learning and Inquiry Based Learning to improve students' critical thinking ability.

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Mapping Entrepreneurship Education Programmes: A Case Study of Higher Education Institutions in Bandung, Indonesia

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ABSTRACT

This study fills the gap in the literature on entrepreneurship education by examining the portrayal of entrepreneurship education programs (EEPs) in higher education. Therefore, it aims to analyse the implementation of entrepreneurship education at three universities in Bandung, Indonesia. The research method employed is qualitative approach by conducting in-depth interviews with several key informants in this field. The results indicate that the characteristics of entrepreneurship education are based on the input, process, and output. The input here relates to the institutional setting, audience, type of EEP, and objectives. The process includes the content, teaching and training method. Meanwhile, the output encompasses the success indicators, drawbacks and advantages as an effort to leads students in the venture creation process. This study also addresses the current issue of entrepreneurship education and recommends improvement strategies, the implications of which are that policymakers should create regulations that encourage students to become entrepreneurs.

Keywords: Entrepreneurship education programme, high education, innovation, venture creation

INTRODUCTION

There has been an increasing interest in entrepreneurship education and training (Jones & Matlay, 2011; Solomon, 2007). This development has occurred due to a belief in the potential for entrepreneurship education to produce more entrepreneurs thereby, over time, promoting economic growth. A considerable number of studies has looked at this important topic (Ligthelm, 2007; Mojica, Gebremedhin, & Schaeffer,

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2010; Ruswanti, 2016).

In Indonesia, research related to entrepreneur education remains relatively scarce. Hadi, Wekke and Cahaya (2015) conducted a study to enhance entrepreneurship education in East Java through the Potency and Entrepreneurship Program for senior high school students. According to Hadi et al. (2015), the solution to the shortage of entrepreneurs consisted of nurturing students as early as possible to realise their potential and, importantly, to introduce and instil a spirit of entrepreneurship. Research in this area has been conducted through entrepreneurship policy mapping (Mirzanti, Simatupang, & Larso, 2015). Goldstein, Ick, Ratang, Hutajulu and Blesia (2016) employed an action research approach to analysing the process of entrepreneurship education at Cenderawasih University. The results indicated that differences in gender, culture, and socio-economic conditions affected the entrepreneurial mindset which would also eventually influence their entrepreneurial spirit and business performance. Additionally, Christina, Purwoko and Kusumowidagdo (2015) attempted to assess the effectiveness of entrepreneur education at Ciputra University.

At the time of writing, limited research exists on entrepreneurship education at tertiary level institutions. Therefore, this study seeks to examine the implementation of entrepreneurship education within higher institutions in Indonesia. It addresses why entrepreneurship education is relatively scarce (Fayolle & Gailly, 2008; Solomon,

2007).

The current study is an attempt to map the characteristics of entrepreneurship education based on input, process, and outcome. It review literature on entrepreneurship education and recommends a more adaptable structural entrepreneurship education as a means of promoting entrepreneurship.

LITERATURE REVIEW

There is a lot of interest in entrepreneurship education, especially in higher education institutions in Indonesia. Education in this specific discipline has been promoted by the Indonesian Ministry of Higher Education since 1997 through an entrepreneurship development programme within universities offering various activities, including; entrepreneurship lectures in an effort to introduce entrepreneurship as a means to develop entrepreneurship spirit on the part of students. Entrepreneurship lectures are delivered to provide entrepreneurial knowledge, share entrepreneurial experience and encourage the growth of entrepreneurial motivation as an initial activity of prospective entrepreneurial students (Directorate General of Higher Education, 2010b). Entrepreneurial Apprenticeship is a student activity providing an opportunity to gain real work experience within small and medium enterprises which is expected to develop an entrepreneurial spirit. Practical entrepreneurial work is an activity that includes the necessary skills to apply science and technology, entrepreneurial managerial practices and the marketing and adoption of technological innovation

(Research and Development Agency, 2010). The New Entrepreneur Incubator, offers an integrated package to college alumni interested in becoming entrepreneurs at an affordable cost over a fixed period of time (2-3 years). It includes: 1) office facilities or production rooms that can be shared; 2) access and networking opportunities with technology and business support services, technology and information resources, raw material resources, and finance; 3) consulting services covering aspects of technology, management, and marketing; 4) establishment of a network of entrepreneurs, and 5) development of research products to be commercially produced (Directorate General of Higher Education, 2010a).

There are two policies relating to the implementation of entrepreneurship education programmes in Indonesia: 1) entrepreneurship as a subject at both secondary and tertiary education levels and 2) entrepreneurship as a skill assessed against a competence standard (Ministry of National Education, 2010). Higher education institution curricula are invariably required to follow developments in science and technology and work need trends. It should combine explicit knowledge in one area with explicit knowledge in others; in other words, it entails the process of translating concepts into knowledge. The 2010 findings of a Research and Development Agency indicated that a curriculum creative-oriented and entrepreneurial spirit need to be nurtured within the education sector.

Since 2009, the Indonesian Ministry of Higher Education has introduced a

programme that fosters creativity among students via research, community service, technology application, scientific articles, and students' own ideas to enable them to be creative in various fields, including entrepreneurship. The programme is based on the fact that college graduates' competence in a particular scientific field no longer guarantees them entry into an increasingly competitive employment market. Rather, graduates require the ability to analyse, synthesise, take advantage of opportunities, demonstrate the necessary courage to take calculated risks, as well as entrepreneurial competence.

In response to the importance of entrepreneurship education, higher education institutions across the world have formulated entrepreneurship education programmes and provided students with entrepreneurship courses. In Indonesia, the entrepreneurship education concept has been adopted and integrated into engineering and science courses. It is inevitable that when implementing entrepreneurship education, one should define the outcomes expected and strategy to achieve the goals. In this study, the framework created by Fayolle et al. (2006) was adopted. Figure 1 shows the components of assessment model of entrepreneurship education. This study adapts the work of Fayolle et al. (2006) as a conceptual framework since it is considered suitable. Therefore, this research analyses implementation of entrepreneurship education in higher education institutes. Additionally, it maps the entrepreneurship programme using the same framework.

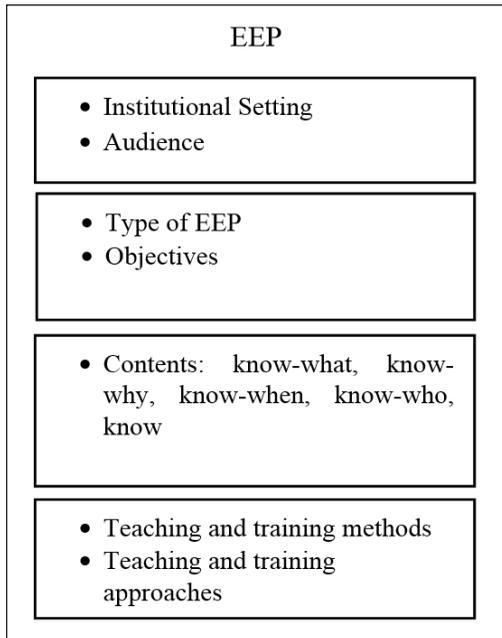


Figure 1. Framework of entrepreneurship education programme by Fayolle, Gailly and Lassas-Clerc (2006)

MATERIALS AND METHODS

This paper incorporates a case study due to the nature of the research questions. According to Yin (2009), case studies were appropriate when researchers asked the question of “how?” or “why?” when the investigator had little or no control of the condition. This study covered multiple cases and interviewed seven respondents who taught entrepreneurship education in three tertiary level institutions in Bandung.

This study focused on higher education institutions in Bandung because the city received the “Natamukti Nindya” award for the best development of small and medium enterprises (SMEs) in Indonesia as assessed by the Indonesian Council for Small Business (ICSB) and the Ministry of Cooperatives and SMEs (Pikiran Rakyat,

2016). This means that the environment in Bandung is very supportive of the establishment of new businesses. These three universities established entrepreneurship majors and courses more than 10 years ago and considered providing entrepreneurship learning as part of the university’s goal to encourage creation of more Indonesian entrepreneurs. In addition, these three institutions are included among the universities in Indonesia offering the highest quality entrepreneurship and management degree courses. It is assumed that by interviewing lecturers directly involved in entrepreneurship education, developing a deep understanding would be possible as they have first-hand knowledge and information on this.

Informants were asked on the institutional setting, type, and purpose, process and success indicators of entrepreneurship education. Table 1 shows the profile of informants participating in this study. The identities of sample members are deliberately withheld to protect the college’s reputation. The initials HEI represent an abbreviation for the higher education institution, while the code letters are the initials of a particular participating division or faculty.

The collected data was processed by means of an iterative process in a search for meaning and patterns between categories. In order to produce robust findings, the authors decided to undertake qualitative coding. Following the data collection process, the interpreting and thematic coding of the data were completed.

Table 1
Profile of respondents

Case Study	Description	Sample Details
HEI-1, F1	HEI-1 is one of the technology-based public universities in Bandung. This institution consists of 12 faculties. It has the best-known engineering programme in Indonesia. This F1 is the business and management faculty in HEI-1. This faculty offers entrepreneurship study as a major in the hope that in the long term, entrepreneurial spirit can be developed within each faculty leading to commercialising of every innovative product which addresses a societal problem. Furthermore, this public institution is the only one offering an entrepreneurship major in Indonesia.	38-year-old male Educational Background: Doctoral Degree Position: Director of the Bachelor Programme in Entrepreneurship Programme at the School and Business Management Expertise: Entrepreneurship, Technology Commercialisation
HEI-1, F2	F2 is one of the faculties focused on pharmacy. It has been delivering entrepreneurship courses for more than ten years with its knowledge and alignment with institutional goals at that time rendering it an entrepreneurial university. Moreover, the faculty develops products such as drugs, food, and drinks. This faculty offers several entrepreneurship courses, including: bachelor's degrees and master's degrees in the pharmaceutical industry.	60-year-old male. Educational Background: Doctoral Degree (Professor) Position: Entrepreneurship lecturer on both bachelor degree courses and in the professional school of pharmacy Expertise: Hospitality Management
HEI-1, BI-1	BI-1 is a business incubator whose function is to support the innovative commercialization of R&D results in HEI-1. This incubator offers various programs in the selection process, coaching, training, creating awareness of intellectual property, and forming of an innovative ecosystem and cooperation with industry.	39-year-old female. Educational Background: Doctoral Degree Position: Tenant Coordinator specialized in Entrepreneurship Expertise: Corporate Social Responsibility, Small Business Development
HEI-2	HEI-2 is one of the private higher education institutions in Bandung and consists of five faculties. This institution consistently strives to produce professional graduates who demonstrate competence and competitiveness in the field of Business and Commerce. In addition, this institution offers entrepreneurship education as a compulsory subject. The institution is included in the 37 private higher education institutions delivering the best management major courses in Indonesia.	36-year-old male. Educational Background: Master's Degree Position: Lecturer Expertise: Entrepreneurship and Small Business Management
HEI-3	HEI-3 is a private higher education institution in Bandung consisting of seven faculties. The institute has specialized study programs in information technology and communication, management and the creative industries and promotes entrepreneurship as one of the values. Moreover, this institution offers entrepreneurship education as a compulsory subject. The institution is also included in the 37 private higher education institutions offering the best management majors in Indonesia.	36-year-old, Female Educational Background: Master's Degree Position: Lecturer Expertise: Entrepreneurship and Small Business Management

Table 1 (continue)

Case Study	Description	Sample Details
HEI-3, BI-2	BI-2 is a business incubator established through cooperation between higher education institutions and the Ministry of Industry of the Republic of Indonesia. This institution synergizes the role of the Quadruple Helix (academy, business, government, and communities) as an innovation forum where lecturers, students, and the general public can learn to do business. The institute aims to produce innovative products, start-up creation, and the commercialization of research results.	30-year-old male Educational Background: Master's Degree Position: Incubator Coordinator Expertise: Information Technology
HEI-3, DSA	DSA is a unit of the higher education institution focusing on student problems. One student affairs division is that of student entrepreneurship which facilitates student entrepreneurship through gaining access to the network and meeting entrepreneurial experts.	50-year-old female. Educational Background: Master's Degree Position: Student Affairs, Head of Entrepreneurship Student Division Expertise: Management

RESULTS AND DISCUSSION

Entrepreneurship education possesses various characteristics because it has a range of learning objectives. As shown in the table above, there are three types of entrepreneurship education programmes, namely courses, training and undergraduate degree programmes. This study found these characteristics to be heavily influenced by curricula which detail the learning objectives that were managed by higher education institutions.

Based on the findings from in-depth interviews and their observations, there are several characteristics of the implementation of entrepreneurship education shown in the framework adapted from Fayolle et al. (2006). In this study, variables such as instructors, the success indicator, and the advantages and drawbacks of the programme are also considered. Table 2 shows the results of data analysis.

Based on the contents of the table, it can be concluded that a higher education institution has distinct goals for its entrepreneurship programme which consequently shape the design of content, teaching and training methods, and the delivery mode. Additionally, it can also be seen that there are several unique characteristics of entrepreneurship education programme in three higher education institutions in question. The first is related to the input of entrepreneurial education programme which consists of instructors, audience, and institutional setting. The following excerpt from an interview provides insight into issues connected with the implementation of the entrepreneurship education programme.

As Figure 2 shows, the institutional setting is where the development of the course and the nature of entrepreneurship content will be conveyed. Both instructors

Table 2
Results tabulation

	HEI-1	HEI-2	HEI-3
Institutional setting	<ul style="list-style-type: none"> • Entrepreneurship Education Major, • University-based incubator, • Entrepreneurship education as a mandatory course 	<ul style="list-style-type: none"> • University-based incubator, • Entrepreneurship education as a mandatory course 	<ul style="list-style-type: none"> • University-based incubator, • Entrepreneurship education as a mandatory course • Incubator business • Student entrepreneurship division
Audience	<ul style="list-style-type: none"> • Students selected based on their business proposal • Engineering students with business ideas • Science students 	<ul style="list-style-type: none"> • Students selected on the basis on their business proposal • Students who have business ideas 	<ul style="list-style-type: none"> • Students selected on the basis of their business proposal • Students who have business ideas
Type of EEP	<ul style="list-style-type: none"> • Course, • Training and Seminar, • Major 	<ul style="list-style-type: none"> • Course, • Training and Seminar 	<ul style="list-style-type: none"> • Course, • Training and seminars • Entrepreneurship-focused meetings • Entrepreneurship competitions
Objectives	<ul style="list-style-type: none"> • Promotion of entrepreneurship as an academic discipline • Increase in the number of entrepreneurs and start-ups • Provide basic knowledge of what entrepreneurship is and how it works 	<ul style="list-style-type: none"> • Promotion of entrepreneurship as an academic discipline • Increasing of entrepreneurs and start-ups • Provide basic knowledge of what entrepreneurship is and how it works 	<ul style="list-style-type: none"> • Promotion of entrepreneurship as an academic discipline • Increase in the number of entrepreneurs and start-ups • Provide basic knowledge of what entrepreneurship is and how it works • Facilitate student access to a wider network and the legality of their business through recommendation to the student entrepreneurship division
Contents	<ul style="list-style-type: none"> • General management • Entrepreneurship • Practical aspect of managing new or small businesses • Theoretical dimension • Professional dimension • Spiritual dimension • Occasional lack of consensus on content (based on students' needs) • Extensive alignment of the main educational content, such as pharmaceutical management 	<ul style="list-style-type: none"> • General management • Entrepreneurship • Theoretical and professional dimensions • Practical aspect of managing new or small businesses • Occasional lack of consensus on content (based on students' needs) 	<ul style="list-style-type: none"> • General management • Entrepreneurship • Theoretical and professional dimensions • Practical aspect of managing new or small businesses • Occasional lack of consensus on content (based on students' needs)

Table 2 (continue)

	HEI-1	HEI-2	HEI-3
Teaching and training methods	<ul style="list-style-type: none"> • Experiential learning (action and reflection) • Didactic teaching methods • Constructivist teaching methods • Guest lecturers, practitioners • Case studies • Business plan, lean start-ups and business model canvas, simulation 	<ul style="list-style-type: none"> • Experiential learning (action and reflection) • Constructivist teaching methods • Guest lecturers, practitioners • business plan, lean start-ups and business model canvas, simulation 	<ul style="list-style-type: none"> • Experiential learning (action and reflection) • Constructivist teaching methods • Guest lecturers, practitioners • Case studies • Business plan, lean start-ups and business model canvas, simulation
Teaching and training approaches	<ul style="list-style-type: none"> • Focus on venture creation • Nurturing entrepreneurial spirit • Broadening entrepreneurial awareness • Emphasis on combining the R&D and commercialisation 	<ul style="list-style-type: none"> • Focus on entrepreneurial characteristics education • Nurturing entrepreneurial spirit • Broadening entrepreneurial awareness 	<ul style="list-style-type: none"> • Focus on entrepreneurial characteristics education • Nurturing entrepreneurial spirit • Broadening entrepreneurial awareness • Emphasis on combining the R&D and the commercialisation
Instructors	<ul style="list-style-type: none"> • PhD in entrepreneurship • Specialised in entrepreneurship, most having general business school background • Engineer or science PhD who have field experience as managers or previously owned a business • Have training and coaching experience in entrepreneurship 	<ul style="list-style-type: none"> • Specialised in entrepreneurship, most having general business school background • Lecturer who have field experience as managers or previously owned a business • Have training and coaching experience in entrepreneurship 	<ul style="list-style-type: none"> • Specialised in entrepreneurship, most having general business school background • Lecturers who have field experience as managers or previously owned a business • Have training and coaching experience in entrepreneurship
Success indicator	<ul style="list-style-type: none"> • Venture creation • Change in behavioural mindset to have greater entrepreneurial spirit • Awareness of the importance of entrepreneurship 	<ul style="list-style-type: none"> • Venture creation • Change in behavioural mindset and to have greater entrepreneurial spirit • Awareness of the importance of entrepreneurship 	<ul style="list-style-type: none"> • Venture creation • Change in behavioural mindset to have greater entrepreneurial spirit • Awareness of the importance of entrepreneurship
Drawback	<ul style="list-style-type: none"> • Little integration between teaching and research • Sole focus on students who may become entrepreneurs • Have no trace study to measure the effectiveness of the programme 	<ul style="list-style-type: none"> • Little integration between teaching and research • Have no trace study to measure the effectiveness of the programme 	<ul style="list-style-type: none"> • Little integration between teaching and research • Sole focus on students who may become entrepreneurs • Have no trace study to measure the effectiveness of the programme

Table 2 (continue)

	HEI-1	HEI-2	HEI-3
Drawback	<ul style="list-style-type: none"> • Have little outreach on prospective business funding • No active collaboration between each major in the university 	<ul style="list-style-type: none"> • Have little outreach on prospective business funding • No active collaboration between each major in the university 	<ul style="list-style-type: none"> • Have little outreach on prospective business funding • No active collaboration between each major in the university
Advantages	<ul style="list-style-type: none"> • High visibility of new entrepreneurs • Increasing the use of real-life ventures as vehicles for learning • In the long term, the university strives to address the mechanism for creating entrepreneurs through collaboration with each stakeholder such as faculties and majors 	<ul style="list-style-type: none"> • High visibility of new entrepreneurs • Increasing the use of real-life ventures as vehicles for learning 	<ul style="list-style-type: none"> • High visibility of new entrepreneurs • Increasing the use of real-life ventures as vehicles for learning • The university seeks to collaborate with stakeholders, such as the banking industry to establish business incubators (funding access)
Obstacle	<ul style="list-style-type: none"> • Bureaucratic barriers and regulations that still do not stimulate and support new small business • Students abandoning their business due to the demands of daily life and their main responsibility of finishing other courses to graduate • The synergy between university, faculty and major. • Robust curricula and learning methods of the entrepreneurship course appear obsolete 	<ul style="list-style-type: none"> • Bureaucratic barriers and regulations that still do not stimulate and support new small business • The synergy between university, faculty and major. • Robust curricula and learning methods of the entrepreneurship course appear obsolete 	<ul style="list-style-type: none"> • Bureaucratic barriers and regulations that still do not stimulate and support new small business • Students abandoning their business due to the demands of daily life and their main responsibility is to their courses before graduating • Robust curricula and learning methods of the entrepreneurship course appear obsolete
Margin for improvement	<ul style="list-style-type: none"> • Creating business ecosystem and a scheme to stimulate emergent entrepreneurs • Product portfolio • Window displayed prototype of R&D product 	<ul style="list-style-type: none"> • Creating business ecosystem • Product portfolio • Business incubator 	<ul style="list-style-type: none"> • Creating business ecosystem • Product portfolio • Window displayed prototype of R&D product • Mentorship

- *The entrepreneurship course has become mandatory since the rector requires that this university should be an entrepreneurial institution.*
- *The requirements for acceptance onto the entrepreneurship major course include a business executive summary and permission from the student candidate.*
- *In the incubator, the tenant must form part of two teams, one as the leader; and the other as the motor.*
- *The lecturer must be equipped with entrepreneurship knowledge, or at least have experience of both corporate sector work and self-employment.*
- *The lecturer has play the role not only of provocateur, promoting an entrepreneurial mindset, also of supporter.*

Figure 2. Input of EEP

and students are considered to be assets of the programme. Their quality and self-development are what is required to maintain the excellence of the outcomes. Moreover, the process includes content, methods and type of EEP.

Figure 3 shows that even lecturers recognise the need to introduce technology-based learning or e-learning or blended learning within entrepreneurship education. Unfortunately, the method used in the classroom remains conventional in nature, namely instructors relying heavily on theories. This finding is in line with that of

Solomon (2007) who argued that traditional teaching methods are still prevalent within entrepreneurship education. In contrast with the aforementioned characteristics, entrepreneurship as a major is based on an experiential and constructivist perspective of learning. A previous study by Higgins & Elliott (2011) also posited that entrepreneurship education should be more action-oriented in character. Meanwhile, the output of entrepreneurship education is represented by its objectives, success indicator, advantages and drawbacks.

- *We provide training in business cycles, design thinking, business launches, managing start-ups, business development, business sustainability and business exits. In addition to formulated courses, each week the students receive training and coaching from practitioners and/or professionals.*
- *Over several semesters, entrepreneurship students will be directly involved in business set-up. They must gain experience managing their own enterprises.*
- *Sometimes, lecturers are aware of their limited competence in the area of advanced technology that is supposed to stimulate students to learn. At times, we still teach in a conventional manner. Occasionally, we provide business cases while, at other times, students who are already running their own businesses raise context-specific problems.*

Figure 3. Process of EEP

- *My hope is that students taking this course have changed in regard to their orientation, not merely being satisfied with becoming a marketer, but also becoming an entrepreneur and finding solutions to social problems.*
- *The greater my involvement in entrepreneurial studies, the deeper my understanding that, even in so-called entrepreneurial universities, weaknesses persist. We do not have collaborative mechanisms to support and enhance business creation.*
- *The goal itself is too wide-ranging. No wonder it will require considerable time to accomplish. We cannot see it yet. However, even the smallest achievement of this generation represents improvement and things will continue to improve further in the long run.*

Figure 4. Output of EEP

The recommendation with regard to the obstacles hindering entrepreneurial activities in higher education institutions mostly relate to the lack of regulatory support. This may stem from internal regulation such as that exercised by the rector and the consolidation between faculty members, or from external strictures, for example, the government encouraging an expansion in the number of entrepreneurs still active in higher education institutes. As mentioned by one respondent, portfolios represent one possible solution. Sandhu and McQuarrie (2016) emphasise that the portfolio for learning programme constitute a significant resource for developing networks with external stakeholders and securing access to them. According to Jensen (2014), in order to develop a dynamic and systematic understanding of entrepreneurship education initiatives, one should focus on outcomes, especially on the competence and experience that the programme seeks to transfer and the lessons learnt by students since these relate closely with their intention to become entrepreneurs. From the findings based on interviews with respondents (see

selected excerpts in Figures 1 to 4), this study formulated the conceptual model of entrepreneurship education programme in higher education institutions. Figure 5 below describes the conceptual model.

The conceptual model to examine the entrepreneurial education programmes is modified from the themes which recognise the use of modified discourse analysis based on Fayolle's work (2006). This comprises three principal themes: inputs, (institutional setting and audience that leads to the differentiation of EEP type and objectives), process, (contents, teaching methods and approaches), and output, (entrepreneurial knowledge, spirit and behaviour) of the entrepreneurship education programme. The three main themes that constitute the entrepreneurial education programme is presented diagrammatically (Figure 5). The existence of entrepreneurial education programmes in Indonesia can be determined through them. Three types of EEP are identified, each possessing its own characteristics, namely entrepreneurship as courses, entrepreneurship as a major degree subject, and entrepreneurship as training.

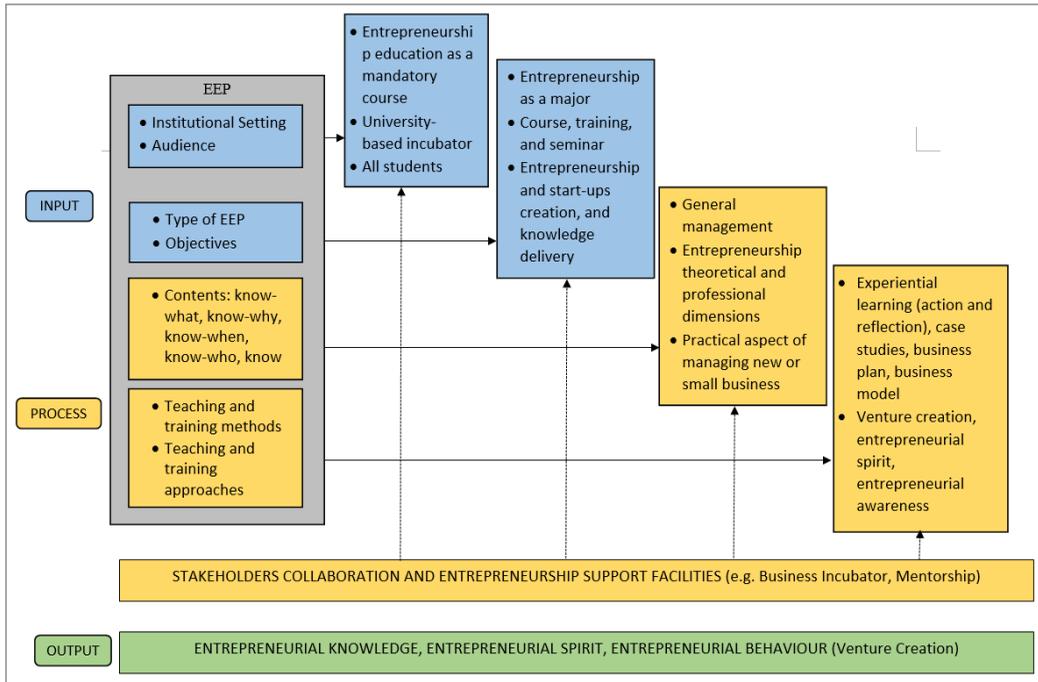


Figure 5. Conceptual model

CONCLUSION

The study aimed to examine the delivery of entrepreneurship courses in higher education institutions in Bandung. The results showed that the characteristics comprised input, process, and output. The inputs are related to the institutional setting, audience, type of EEP, and objectives. Meanwhile, the processes include the content, teaching and training method. The outputs is represented the success indicators, drawbacks and advantages as an effort to leads students in the venture creation process. In addition, this study addressed the current issue of entrepreneurship education and recommended improvement strategies.

This research contributes to the existing body of knowledge about entrepreneurship

education by mapping such existing education in Indonesia. The limitations on the study arise from the fact that it was only conducted in a single time frame and focused solely on undergraduate entrepreneurship education. For that reason, further research should be conducted into entrepreneurship education programmes at Master's and Doctoral degree level in order to provide a comprehensive analysis of these programmes' distinguishing features and involve other stakeholders, such as the government. Subsequent research could also adopt a quantitative approach to determine the presence of these characteristics and the framework feature in each entrepreneurship education programme.

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Business Ecosystem of SMEs with Value Network Analysis Approach: A Case Study at Binong Jati Knitting Industrial Centre (BJKIC) Bandung

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ABSTRACT

The purpose of this study is to identify the parties involved in Binong Jati Knitting Industrial Centre (BJKIC) ecosystem. An ecosystem here refers to reciprocal and mutual relationship among connected parties. This study uses a transaction approach in mapping roles and parties involved in BJKIC ecosystem. It uses a qualitative method with the case study as its type of research. The result of this study shows a weakness of some parties in BJKIC. It brings about the decrease in terms of the number of knitting businessmen in BJKIC and consumer buying interest towards BJKIC knitting products. There has to be an evaluation and strategic planning for the future. It can be done by brainstorming with all parties in BJKIC ecosystem and doing a further examination so it becomes a healthy ecosystem.

Keywords: BJKIC, business ecosystem, evaluation and strategic planning, Small Medium Enterprise, value network analysis

INTRODUCTION

Small and Medium Enterprises (SMEs) contribute significantly to the economy of Indonesia and ASEAN. The SMEs contribute to job and revenue creation (Central Bureau of Statistics Indonesia, 2012). One of the features of SMEs is its endurance in facing critical situations and had survived from economic shocks and even 'rescued' the Indonesian economy during the 1997 and 2008 financial crises. One of the industrial centres in Bandung is Binong Jati Knitting Industrial Centre

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(BJKIC) that produces all kinds of knitting material. The sluggish national and global economy and decrease in orders and interest for knitting products have all affected BJKIC drastically.

The BJKIC ecosystem has a network of knitting businessmen (individual), “Kampoeng Radjoet” (community), cooperative (organisation), supplier, the City of Bandung Industry and Trade Department (organisation), research institutions, media, and consumers with reciprocal relationships among parties called an ecosystem. According to Soemarwoto (1983), ecology and economy had numerous similarities. Unlike economy, the currencies used in ecology trading is not monetary but material, energy, and information stream. Moore (1996) said that the term ‘business ecosystem’ did not only cover the main supply chain and the company but also other stakeholders, such as industry associations and the government. Furthermore, a business ecosystem consists of all individuals, organisations, government, and regulations in which the business interaction includes consumers, competitors, media, and so on.

This study aims to identify all the parties involved in BJKIC ecosystem and their role in boosting its revenue. Value network analysis is used to show the interaction in the relationship of each of party in BJKIC business ecosystem. The role identification of each party will be used as a guidance in setting strategies to be performed for BJKIC ecosystem development.

LITERATURE REVIEW

Ecosystem Concepts

According to Soemarwoto (1983), a central concept in ecology was ecosystem which referred to a reciprocal relationship between creatures and their environment. It is a system consisting of components that are well organised and operate as a unit.

Business Ecosystem

Business ecosystem is the relationship and attachment of each actor in an ecosystem. In the nature of ecology, an ecosystem is formed by a reciprocal relationship between creatures and their environment. A biological ecosystem involves all organisms that interact with each other as well as the environment in the same place. Moore (1996) claimed that business worked hard to provide its best to consumers. However, many companies fail because they do not recognise, understand, and deal with the environment outside them. Businesses and organisations must have knowledge and be able to adapt to a change of environment surrounding them (Simamora, Jerry, & Hartono, 2016). Successful businesses and organizations also have to develop a mutual long-term relationship with other actors in their business ecosystem.

MATERIALS AND METHODS

This study used qualitative method where a case study was a model of qualitative research that focused in individual or a particular social unit in a certain amount of time (Herdiansyah, 2012). The data

collection techniques employed in this study were observation, documentation, and interview. The informants were civil servants from City of Bandung Industry and Trade Department, two members of Kampoeng Radjoet community who were also businessmen in BJKIC, a member of Knitting Industrial cooperative Binong Jati, and a lecturer from Telkom University as the representative of the research institution. This study used Value Network Analysis model to identify roles and interactions of each of party in BJKIC ecosystem.

Value Network

A value network is any set of roles and interactions in which people engage in both tangible and intangible exchanges to achieve economic or social good. Internal value networks include activity-focused sets of relationships among individuals (e.g., the chief executive officer and the chief financial officer or team members) within and among work groups (e.g., those within and between the manufacturing, research and development, or sales departments), and among the various work groups that make up the organisation (Allee, 2008). The value network of the enterprise helps us to fully understand the role of knowledge and intangibles in value creation (Allee, 2008).

RESULTS AND DISCUSSION

Based on the observation and interview at BJKIC, there were several parties with significant roles in BJKIC. They were Binong Jati knitting businessmen, the government from City of Bandung Industry and Trade

Department, the research institution, consumers, suppliers, communities, media, and a cooperative. In order to understand the role and interaction of each actor towards BJKIC knitting businessmen, a value network analysis is conducted.

A partial value flow map was used to describe the exchange value that commonly happens between BJKIC knitting businessmen and the stakeholders. In the description of the value exchange in BJKIC, there were forms and symbols used in this study: 1) oval forms were used in the value flow map to represent the key player in BJKIC; 2) straight lines were used to show flow of money or cash payment; 3) dotted wide lines were used to show the flow of goods, services, or value given as the direct exchange of money or cash payment (tangible); 4) small dash lines were used to show the indirect benefit flow; and 5) arrows showed the direction of value flow.

Mapping Transaction

Figure 1 shows the activity that happens in BJKIC. An arrow with a label shows all tangible and intangible transactions between one party and the other. The model in Figure 1 shows the real condition of each of party who takes a role in BJKIC.

Binong Jati Knitting Businessmen

One of the criteria of SMEs according to Article 5 of Regulation of The Ministry of Cooperative and Small and Medium Business is there are at least 20 people working in the SMEs with the capacity for production that can cover the area of

innovation to support development and providing theories related to business matters as well as seminar and workshop about digital knowledge, operation knowledge, entrepreneurship, and so on. Besides that, research institution also conducts research aimed at producing solutions for issues faced by the businessmen and for BJKIC development. The current research benefited from information and data from the businessmen.

The City of Bandung Industry and Trade Department

The City of Bandung Industry and Trade Department has a more prominent role in terms of funding support, doing training, providing infrastructure facilities, holding an exhibition, giving certification, regulation, providing information, and performing public services that help all activities of BJKIC. It is supported by the theory proposed by David (2009) that both the central and the local government are regulation and deregulation makers, subsidiser, employer, and main consumers of an organisation. Besides that, the transaction that occurs between the businessmen and the government is due to the provision of data, information, and income to help regional development and support the government mission.

Customers

The BJKIC produces knitting materials for all ages and all sex. According to Article 1 Paragraph 2 of Indonesian Constitution No. 8 in 1999, consumers are those who use

goods and/or services available in society, either for themselves, family or others. In buying and using knitting products, consumers order and pay the businessmen. When the need of the product is fulfilled, there will be the feeling of satisfaction from consumers. Consumers are divided into two parts: end customers and wholesale - around 80% of BJKIC consumers are wholesale and rest are end users. The fulfilled needs of wholesale consumers lead to their loyalty in addition to providing feedback to the development of knitting products useful for businessmen who are involved producing knitting products.

Kampoeng Radjoet Community

Based on Indonesia Dictionary (2017), a community is an organism group (person and so on) that lives and interacts with each other in a particular area. The community of Kampoeng Radjoet has a vision for BJKIC y, such as data delivery from both the community and the businessmen. Besides that, to realise this vision, the community also provides important feedback to all businessmen in Binong Jati by evoking a sense of togetherness and support to move forward and grow.

Knitting Industrial Cooperative Binong Jati

Cooperative is an economic unit which benefits its members. The purpose of a cooperative is to encourage business growth of its members who are businessmen in the knitting industry. The transaction occurs between the cooperative and the businessmen

in the form of data delivery. Besides that, the cooperative gives information and does some activities to evoke a sense of togetherness for all businessmen in Binong Jati in order to make BJKIC move forward and grow.

Media

Based on the definition of Association of Education Communication Technology (AECT), media a form of communication to convey a particular message. Media involvement is vital for BJKIC to promote its knitting products through printed media and online media. To do so, the media needs data and information from the businessmen.

CONCLUSION

The business ecosystem in BJKIC is where the parties have selected roles that will benefit the centre. Based on the result of observation and interview, the parties involved BJKIC are Binong Jati knitting businessmen, community, cooperative, supplier, City of Bandung Industry and Trade Department, research institution, media, and consumers. In order to understand the role and relationship of each party, a value network analysis was conducted which showed not all the players in BJKIC performed their role well.

This inevitably led to a reduction in in the number of businessmen in BJKIC and which affected its profit and economic growth of Binong Jati. Evaluation and planning of strategies for the future are vital by brainstorming with all the parties in BJKIC for a healthy ecosystem. Future

study should provide solutions for the development of BJKIC ecosystem and for every actor in performing their roles properly.

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The Adaptability of Company's Strategy in Managing Its Life Cycle Stages

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ABSTRACT

The aim of this study is to evaluate how companies adapt their strategy based on changing circumstance by measuring the frequencies of its life cycle phases. This study used sales growth as its variable. Quarterly data was collected from IPO date that happened before the year 2000. A total of 84 manufacturing firms from the 2015 Indonesia Capital Market Directory were sampled. Birth, growth, maturity, maturity survival and maturity revival phases of the companies were studied and it was found only 6% from the total were categorised as adaptable companies which tried to ensure steady sales. Few of them never experienced any changing phases. After the growth phase, their sales showed steady growth, even indicating increasing pattern.

Keywords: Adaptable company, firm life cycle phases, manufacturing firms, sales growth, strategy

INTRODUCTION

Firms should use appropriate strategies for its growth and according to condition of the firm. One of several conditions that need to be considered is the phase where the firm is. Management strategies of a firm in its birth phase must be differentiated with the management strategies of a firm in the growth

phase. Management strategies of a firm in its growth phase must be differentiated with the management strategies of a firm in the maturity phase. This is because strategies that have been proven to be effective in the past can become inappropriate in a new stage of development (Greiner, 1998).

Companies strive to establish the right strategy with goals such as managing the company's sales. Companies that have appropriate strategies will show stable growth in sales especially after the growth phase. It shows that the company has adjusted its strategy continuously. Consequently, the frequency of changing from stable to unstable sales growth and

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vice versa after growth phase is relatively low. Thus, these firms have good adaptable strategy. Companies with fluctuating sales growth reflect their inability to control their market. Therefore, the frequency of changing from stable to unstable sales growth and vice versa especially after growth phase is relatively high. These happen to companies that do not have adaptable strategy. Interestingly, little has been learned how firm life cycle and corporate strategy are related.

The analysis of the adaptability of managing company's strategy through firm life cycle stages has never been examine for manufacturing firms listed in Bursa Efek Indonesia. Therefore, the purpose of this study is to evaluate a firm's flexibility in managing its strategy through its changing life cycle stages.

LITERATURE REVIEW

A firm life cycle phase in general has four stages, namely: birth or introductory, growth, maturity, and decline phases (Pashley & Philippatos, 1990). Some writers use only three phases (Anthony & Ramesh, 1992), but some others add one phase like shake-out phase or revival phase, making it five phases (Miller & Friesen, 1984).

Each writer has different numbers of variables in their methodology. It can be one variable like sales growth (Yan & Zhao, 2010) or two variables: firm age and sales growth (Miller & Friesen, 1984), or even three variables, such as operating cash flow, investing cash flow, and financing cash flow (Dickinson, 2005).

The firm life cycle will predict what the managerial practices are to determine its life span, thus allowing to anticipate the necessary changes in firm development and its external environment in order to react appropriately (Quinn & Cameron, 1983 as cited by Stepanyan, 2012). A firm's structure and its policies can be explained using firm life cycle theory (DeAngelo, DeAngelo, & Stulz, 2006). Thus, there is an association between firm life cycles and competitive strategy (Lester, Parnell, & Carraher, 2003). However, only few studies have investigated the company's strategy in relation to its life cycle stages.

MATERIALS AND METHODS

The population of this study is all 155 firms listed in by Indonesian Capital Market Directory (ICMD) 2015 (Manufacturing Sector). The manufacturing sector is divided into 20 sub sectors as shown in Table 1. The study looked at three sectors, in which all companies in those sectors had complete data, namely adhesive sector consisting of four companies, fabricated metal sector consisting of two companies, and photographic equipment sector consisting of three companies. Unfortunately, two sectors where all companies included did not have complete data, namely, chemical and allied products and machinery sector. Hence, a total of 18 subsectors were examined and which consisted of 84 companies (Table 1).

Following Yan's methodology, this study used sales as its variable. Sales data was obtained from Quarterly Financial Report and Annual Financial Report of

Table 1
Population and sample

No.	Sector	Number of Companies Population - Sample
1	Food and Beverages	19 – 9
2	Tobacco Manufacturers	4 – 1
3	Textile Mill Products	10 – 5
4	Apparel and Other Textile Products	8 – 5
5	Lumber and Wood Products	3 – 2
6	Paper and Allied Products	7 – 3
7	Chemical and Allied Products	10 – 0
8	Adhesive	4 – 4
9	Plastic and Glass Products	15 – 6
10	Cement	4 – 3
11	Metal and Allied Products	18 – 10
12	Fabricated Metal	2 – 2
13	Stone, Clay, Glass and Concrete Products	5 – 4
14	Cables	6 – 5
15	Electronic and Office Equipment	4 – 2
16	Automotive and Allied Products	18 – 12
17	Photographic Equipment	3 – 3
18	Pharmaceuticals	10 – 6
19	Consumer Goods	4 – 2
20	Machinery	1 – 0
Total		155 – 84

Source: Indonesia Capital Market Directory 2015

the firms. The quarterly sales data is from firm's IPO date until December 2015. IPO date and sales can be found at www.idx.ci.id. Only firms that have already been in the market for at least 15 years, meaning that they have IPO date earlier than the year 2001, and have complete data, were used. For companies whose data are incomplete for a maximum of five, smoothing technique will be applied by calculating the data using the proportion of two quarter data. Thus, this study involved 84 firms.

Unlike Yan's methodology, the basic pattern of firm life cycle here consists of birth, growth, maturity, maturity survival and maturity revival phase. The last three phases can happen repeatedly and interchangeably. The definition of each phase is given as follows: 1) Maturity phase happens when sales growth is in stable condition at the middle or high level; 2) Maturity survival phase occurs when sales growth is in stable condition but at the low level; 3) Furthermore, maturity revival phase happens when sales growth is volatile.

The adjustment methodology consists of 4 steps. Step 1 to step 3 follows Yan's methodology. Yet it needs an adjustment in step 1. For having industry adjusted sales growth rate, the firm's sales growth may reduce industry average sales growth rate instead of industry median sales growth rate. Furthermore, there is no industry average sales growth rate data. Thus, this data comes from the average sales growth of each company. The complete steps of the adjustment methodology are: 1) Step 1: calculate quarterly industry adjusted sales growth rate. It equals sales growth minus industry average sales growth rate; 2) Step 2: calculate industry adjusted moving-average sales growth. It is four-quarter moving averages of industry adjusted sales growth for each quarter by taking the average of the previous three quarterly industry adjusted sales growth rate and current quarterly industry adjusted sales growth rates; 3) Step 3: rank industry adjusted moving-average sales growth for each firm and get 33 percentiles and 67 percentiles (P33 and P67 for short); 4) Step 4: decide life cycle stages.

Initially, the firm life cycle is classified into two stages: birth and growth. To identify the birth phase, it uses IPO date (Yan & Zhou, 2010). Birth phase lasts between two and four months. The duration of growth depends on when the first at least a sequent 6 quarter periods in which industry adjusted moving-average sales growth all are greater than P33 but less than P67 (maturity phase at medium sales growth, M) – or all are greater than P67 (maturity phase at high sales growth level, M) – or all are less than

P33 (maturity survival phase, MS) – or all are fluctuating among less than P33, greater than P33 but less than P67, or greater than P67 (maturity revival phase, MR) – is found. If it exists, then a firm enters maturity phase / maturity survival phase / maturity revival phase at the starting quarter of this period. Maturity phase/maturity survival phase/maturity revival phase are phases that can happen repeatedly and interchangeably (Irawan & Dewi, 2016).

RESULTS AND DISCUSSION

Analysis for each subsector can be seen in Table 2 that shows how many times the phases occurred after the growth phase. This study proposes the grouping of companies into two types, namely low phase-changing company and high phase-changing company. Having one to three phases after the growth phase, a company is classified as low-phase changing company. When having four or more phases, a company is classified as high-phase changing company. Maturity phase (M) and maturity survival phase (MS) are two phases that describe sales growth in stable conditions. When these two phases occur sequentially, they are counted only once and are signed by * in Table 2. Frequency in Table 2 shows how many times the sales growth underwent phase changes from stable/unstable to unstable /stable. The higher the frequency, the more often the company experience changes from stable to unstable conditions and vice versa. List of all companies sampled here are given in appendix 1.

Table 2
The frequency of each company

Food and Beverages	Frequency (times)
ADES G 9, MR9, M10, MR18, MS11, MR29	5
INDF G10, M9, MR17, MS7-M13-MS8*, MR21	4
MYOR G10, M8, MR23, M8, MR17, M6, MR30	6
MLBI G 9, MR61, M7-MS10*	2
PSDN G 9, MR26, M12, MR24, MS10-M3*	4
SKLT G 9, MR7, M8, MR24, M7, MR27, MS5	6
STTP G11, M7, MR15, MS7, MR27, M9	5
TBLA G11, MR14, M7, MR28	3
ULTJ G10, M20-MS11-M6*, MR16, MS6-M7-MS10*	3
Sales growth of MLBI started from an unstable condition for a long period and then changed into stable for the rest of the period. Sales growth of TBLA underwent changes from an unstable into a stable and back to an unstable condition, while ULTJ experienced changes from a stable into an unstable and back again to a stable condition.	
Tobacco Manufacturers	Frequency (times)
GGRM G23, MR70	1
Sales growth of GGRM were always in an unstable condition.	
Textile Mill Products	Frequency (times)
ARGO G 11, MR58, MS8, MR22	3
ERTX G 13, M20, MR36, MS9, MR24	4
HDTX G 11, M9, MR8, M6, MR39, MS15, MR13	6
RDTX G 13, MR15, M6, MR11, MS9, MR49	5
SSTM G 6, MR41, M11, MR5	3
Sales growth of ARGO and SSTM changed three times. It started from fluctuated, then became a stable condition, but finally returned to an unstable condition.	
Apparel and Other Textile Products	Frequency (times)
MYTX G 8, M8-MS8-M13*, MR17, M12, MR37	4
ESTI G19, M7, MR8, MS9, MR13, M9, MR9, MS8, MR10	8
PBRX G13, MS9-M10*, MR13, M8, MR15, MS8-M15*, MR6	6
BIMA G 8, M10, MR8, MS11, MR48	4
RICY G 9, M7, MR55	2
Sales growth of RICY started from a stable condition for less than two years but then got into a fluctuated condition for the rest of the time.	
Lumber and Wood Products	Frequency (times)
SULI G 7, M17, MR49, MS1-M8*	3
TIRT G 9, MR7, M9, MR40	3
SULI and TIRT, both are classified as low-phase changing companies. SULI underwent a stable condition at the first and at the end of the period while TIRT experienced the opposite.	

Table 2 (continue)

Paper and Allied Products	Frequency (times)
FASW G10, M8, MR67	2
INKP G 7, MR14, M17, MR40, MS6, MR14	5
TKIM G18, MR6, M17, MR58	3
Sales growth of FASW started from a stable condition for only two years and then fluctuated for the rest of the period.	
Adhesive	Frequency (times)
DPNS G 7, M7, MR10, M9-MS7*, MR50	4
EKAD G 8, MR35, MS8, MR20, M8, MR12, M6, MR4	7
INCI G17, M7, MR11, MS6, MR18, M6, MR23, M6, MR7	8
KKGI G10, M19-MS29-M7*, MR8, M24	3
After growth, KKG I saw three changing phases, but its unstable condition was only 10 %.	
Plastics and Glass Products	Frequency(times)
AKPI G10, MS22-M60*	1
AMFG G 6, MR46, M6, MR17, MS5	4
APLI G 7, MR6, MR7-MS7-M7*, MR6, M7, MR15	5
BRNA G 8, MR41, MS7, MR23, MS6, MR6, M8-MS5*	6
IGAR G11, MR15, M9, MR50, M6-MS3*	4
LMPI G6, MR78	1
AKPI and LMPI have only one phase after their growth period. The sales growth of LMPI were always unstable. At the same time, sales growth of AKPI were extremely controllable. It started with a stable pattern at low level and then experienced stability at the middle level and finally were stable at a high level. So, for more than 20 years sales growth of this company were never in an unstable condition. Hence, sales growth of AKPI showed an excellent pattern.	
Cement	Frequency (times)
SMCB G 7, M7, MR16, MS6, MR8, M6, MR26, M6, MR22	8
INTP G 8, MR65	1
SMGR G11, M9, MR4, M7, MR28, MS6, MR26, MS6	7
INTP has only one pattern where the sales growth was always fluctuating	
Metal and Allied Products	Frequency (times)
ALMI G13, MR62	1
BTON G 8, M7, MR4, M8, MR30	4
CTBN G10, MR26, MS8, MR32, MS6, MR20	5
INAI G 9, MR18, MS8, MR42, M6	4
JKSW G 5, M6, MR39, MS8, MR15	4
JPRS G 9, MR25, M10, MR53, M8	4
LMSH G13, MR27, M6, MR13, MS7, MR14, M7, MR5, MS9	8
LION G12, MR78	1
PICO G 8, MR68	1
TBMS G10, MS7, MR64, MS7	3
TIRA G 7, MR81	1
Sales growth of ALMI, LION, PICO, and TIRA were always in an unstable condition.	

Table 2 (continue)

Fabricated Metal Products	Frequency (times)
KICI G14, M10-M6-MS11(*), MR15, M6, MR26	4
KDSI G12, M6, MR60	2
KICI has never experienced a stable sales growth, but in a declining pattern. KDSI has only two phases from stable to unstable.	
Stone, Clay, Glass and Concrete Products	Frequency (times)
ARNA G13, M5, MR33, MS6	3
IKAI G 9, M6, MR54, MS4	3
MLIA G 9, M6, MR11, MS7, MR31, M6, MR11	6
TOTO G 8, M8, MR19, M7, MR37, M7, MR14	6
ARNA and IKAI have exactly the same pattern. MLIA and TOTO have the same pattern as well.	
Cables	Frequency (times)
JECC G11, MS 6, MR 67	2
KBLM G 8, MR8, MS6, MR23, M7, MR39	5
KBLT G 8, MR14, MS8, MR17, M7, MR39	5
IKBI G10, M9, MR22, MS9, MR49	4
VOKS G10, M12, MS6, MR20, MS6, MR18, MS6, M12, MS10	8
Sales growth of JECC started in a stable but then got in an unstable condition. KBLM and KBLT have the same pattern of life cycle phase.	
Electronic and Office Equipment	Frequency (times)
ASGR G 6, M8, MR23, MS8, MR8, MS6, MR29, M17	7
MTDL G 5, M6, MR22, M8, MR6, MS9, MR23, M16-MS7*	7
Both have the same pattern of the firm life cycle phase.	
Automotive and Allied Products	Frequency (times)
ASII G13, M8, MR16, M6, MR12, M6, MR19, M9,MR13,	8
AUTO G12, MS8, MR27, M9, MR8, MS6	5
GJTI G17, M19, MR27, M11, MR16, MS16	5
BRAM G11, MR48, MS7, MR17, MS6, MR11	5
INDS G10, M8, MR15, M10, MR23, M7, MR23, MS6	7
INTA G10, M12, MR10, MS6, MR51	4
LPIN G11, MR23, M8-MS11*,MR49	3
NIPS G12, MS6, MR79	2
PRAS G 7, MR22, M8-M6*,MR5,M7,MR12,MS6,MR8,MS11,MR9	9
SMSM G11, MR12, MS7, MR41, M6	4
TURI G16, M7, MR35, M8-M8-MS8*	3
UNTR G14, MR35, MS8, MR14, M6, MR14, MS14	6
After fluctuating for short period, TURI experienced declining phases in which sales growth were stable first at high level and then at middle level and finally at low level.	

Table 2 (continue)

Photographic Equipment	Frequency (times)
INTD G6, M6, MR34, MS7, MR33, M6, MR13	6
MRDN G7, MR19, M8-MS8*, MR8, M10-M7-M7*	4
KONI G11, MR12, M6, MR38, MS10, MR20	5
Finally, MRDG succeeded in stabilising its sales growth	
Pharmaceuticals	Frequency (times)
DVLA G 6, M13-M12-MS6*, MR47	2
INAF G 8, MR21, M8, MR21	3
KLBF G 8, MR9, MS8-M16*, MR40, M9-MS7*	4
KAEF G12, MR14, M7, MR8, M9-MS7*	4
SCPI G12, MR81, M9	2
TSPC G 8, MS22-M28-M28*	1
DVLA has a stable condition but has declining pattern before fluctuating condition. While SCPI began at fluctuating condition, it tried to be at a stable condition. The TSPC pattern showed an increase in growth pattern. It was stable at low level, but then at middle level and finally at high sales growth level. So, it was always at a stable condition. Sales growth of TSPC showed an excellent pattern.	
Consumer Goods	Frequency (times)
TCID G13, M9, MR66	2
MRAT G15, M9, MR8, M7, MR16, MS8, MR5, MS6, MR8	8
TCID's sales growth were stable at the beginning but then were unstable for the rest period of time	

Source: Processed data

This study found only 6% of the firms had adaptable strategy to stabilise their sales growth after growth phase. Among adaptable companies, three different patterns were obvious. All of them were in low-phase changing group. The first group consisted of companies that never faced phase changes. After growth phase, their sales growth was always in a stable condition and showed an increasing pattern from stable in low level into middle level and finally stable at a high level such as AKPI from plastics and glass products and TSPC from the pharmaceutical sector. The second group shows that company's sales growth after growth phase was unstable. However, it soon returned to a stable condition, such as

MLBI from food and beverages sectors. The third group consisted of companies that had a frequency value of 3. It means their sales growth changed three times, from a stable condition to an unstable condition for a short period of time and eventually returned to a stable condition. An unstable condition affected only 10% of KKG from adhesive sector and occurred less than 30% for ULTI from food and beverages sector.

A total of 94% of companies were inadaptable. These companies had limited ability to control the market. Among those companies, several patterns of sales growth were noted in low-changing phase group and in high-changing phase group, starting from companies with sales growth that were

always fluctuating. Hence, they experienced only one phase after growing period, such as like GGRM, LMPI, INTP, SMCB, ALMI, LION, PICO, and TIRA. The second were companies whose sales growth were at first stable, but soon fluctuated, such as RICY, FASW, KDSI, JECC, NIPS, and DVLA. The other patterns showed sales growth was not in a stable condition for a long time, so the change in each phase occurred repeatedly.

CONCLUSION

The slight changes in company's life cycle indicate that the company has the right strategy for certain period. The adaptability of managing strategy is reflected by firm success in stabilising its sales growth from time to time. Furthermore, the inspiring condition is having stable sales growth and a pattern that shows growth. First, sales growth is stable at low level, then in the middle level and finally at the high level. This is an excellent sales growth pattern that is shown by only few adaptable companies. Excellent sales growth can be achieved by focusing strategies on the customers' satisfaction and trust that will lead to their loyalty (Hidayat, Saifullah, & Ishak, 2016).

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The Relationship between Socio-Economic Backgrounds and Intrepreneurial Characteristics

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ABSTRACT

The purpose of this research is to identify the socioeconomic backgrounds of women traders in the traditional markets in West Jakarta. In addition, it also aims to find about the entrepreneurial characteristics of the women traders and to determine the relationship between their socioeconomic backgrounds and their entrepreneurial characteristics. The research used associative method with the primary data obtained through interviews and questionnaires distributed to 72 women traders as respondents. The secondary data was obtained through literature review. Data was subjected to factor analysis and then correlated to each other. The results show that in general the correlation between the components of socioeconomic backgrounds and entrepreneurial characteristics of the women traders was very low, as indicated by a score below 0.5. Among the lowest correlation scores, the highest was the correlation score between age (in socioeconomic backgrounds) and leadership (entrepreneurial characteristics) with a score of 0.279, which means age had 27.9% correlation to leadership. Therefore, it can be concluded that the older the women traders, the higher the level of their leadership.

Keywords: Entrepreneurial characteristics, socioeconomic backgrounds, traditional markets, women traders

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INTRODUCTION

High poverty rates often force women as family financial managers to rise and solve the problem, at least in their own family environment. The first and most possible alternative effort to address the problem, with all the limitations of being a woman and the limited opportunity available, is by indulging in trading. The most probable trading place with many visitors and serving

as an integrated centre for traders is the market, and the most likely option for the women is the traditional market, where traders can enter the market without any major obstacles. The existence of traditional markets, especially in urban areas, over time has been gradually replaced by rapid growth of modern markets. Until recently, according to data *Republika Daily Online* (1 March 2007) there has been a 8.1% decline in the traditional market growth rate in contrast to modern market growth of up to 31.4%. The modern retail growth has resulted in the closing of 10 thousand traditional stalls in Jakarta. Turnover of the traditional markets also decreased by 75%. These conditions cannot be allowed to continue, as their real impact is going to further marginalise the traders, especially women who dominate the traditional markets. Furthermore, if these women market traders are the backbone of their families, the modern market will push them further to the edge, hence increasing the number of poor families.

Research related to the topic of this study is, among others, by Littunen (2000) who examined the relationship between entrepreneurship and personal characteristics of entrepreneurs. Littunen (2000) found that being an entrepreneur is not a coincidence, but rather is formed by the values and attitudes as an entrepreneur. Meanwhile Chavez (2005) who studied the characteristics of women entrepreneurs in Paliparan the Philippines, noted a dominant characteristic inherent in women entrepreneurs, and the results showed that the most dominant characteristic

was achievement orientation. Further, Chavez recommended the involvement of government agencies to reduce poverty (Ruswanti, 2016). The involvement can be a starting point for the determination of microfinance projects as the most appropriate measure to increase the income of women in poor communities. Herein, the present study intends to explore the socio-economic backgrounds of women traders in traditional markets that affect the characteristics of their entrepreneurship in the face of pressures from the increasingly widespread modern markets. Traditional market traders have become increasingly difficult to survive. Only determination and the soul and spirit of entrepreneurship will enable them to survive in order to support their families. It is hoped this research will be able to provide input to the parties associated with this research topic in formulating relevant policies to address this vital concern. The parties referred to here are, among others, the traditional market managers who will hopefully be able to assist in improving the traditional markets in the face of threats of the modern market; financial institutions, both banking and non-banking, which will be able to give a clear loan scheme to MSMEs (Micro, Small and Medium Enterprises), especially for traditional market women traders; and the Minister of Women Empowerment and Child Protection and NGOs concerned with women that will contribute into the development program for lower class women. Hopefully, either directly or indirectly the research results will improve the allocation of

SME financing, empowerment of women traders, improvement of competitiveness of traditional markets, improvement of the quality of family, household economic improvement, and ultimately poverty reduction. Therefore, based on the background mentioned above, several relevant issues can be identified as follows:

- What are the socio-economic backgrounds of traditional market women traders in West Jakarta?
- What are the entrepreneurial characteristics of traditional market women traders in West Jakarta?
- Is there any relationship between socio-economic backgrounds and entrepreneurial characteristics of traditional market women traders in West Jakarta?

MATERIALS AND METHODS

Research Design

This research was designed using a combination of quantitative and qualitative approaches, in which the qualitative approach was to support the quantitative approach. Creswell (2002) stated that these two approaches were legitimate to be used as a model approach to the study of social sciences. The quantitative approach was in the use of survey research to obtain quantitative data on socio-economic backgrounds and entrepreneurial characteristics of traditional market women traders. Meanwhile, qualitative approach referred to the way of obtaining primary data from the women traders who were spread throughout the traditional markets in West

Jakarta.

This research can also be regarded as associative research, as it aims to determine the relationship between variables and the degree of dependence between variables. In the execution, survey method was applied. The unit of analysis is the designated individual or individuals, i.e. women traders in the traditional markets in West Jakarta. Information obtained from the respondents was collected once at a particular time or cross-sectionally.

Respondents

The sample or respondents in this study were traditional market women traders from two traditional markets representing West Jakarta, namely Palmerah and Slipi. The process of selecting the sample was done through convenience sampling, which aimed to facilitate data collection process. Given the difficulties of obtaining the respondents, the number of respondents was limited to a maximum of 100 women traders.

Sampling Techniques

The exact population of women traders was not known, and therefore the research sought to divide the group by area, in this case the municipalities in West Jakarta, especially Palmerah and Slipi areas. One traditional market in each region was determined first as research object. This was followed by determining a sample of respondents in the selected traditional markets in accordance to the following characteristics: (1) women traders, (2) owning a permanent stall, (3) at least 1 year of trading experience, and (4)

in the age range of 20-50 years.

Data Collection Techniques

Data collection instruments used in this approach consisted of a questionnaire and interviews. Data was collected from several sources, such as the transcription of interviews and responses to the questionnaire, pictures, and relevant literature that were used as supporting quantitative data.

Data Analysis

In order to achieve the research goals, the data was analysed using several techniques as follows:

Descriptive analysis technique in the form of a single frequency table of relevant variables. Data was used to describe the socio-economic backgrounds of women traders and the entrepreneurial characteristics of the women traders.

Factor analysis to prove that the socio-economic background variables were determined by several construct variables. The same was done for the variables of entrepreneurial characteristics.

Correlational analysis was done to see the correlation between the variables of socio-economic backgrounds and entrepreneurial characteristics of women traders in traditional markets.

RESULTS AND DISCUSSION

Traditional Market Overview

The present research was conducted among women traders in the traditional markets of Palmerah and Slipi located in West

Jakarta. Both of these markets have similar characteristics such as in terms of the variety of products offered to prospective buyers. The difference lies in the area of the market, where Slipi market is smaller than Palmerah market, so that the number of traders who can be accommodated in Slipi market is relatively smaller than the number of traders in Palmerah market. In addition, Slipi market has not undergone any renovations, so that its building has remained the same since its inception. On the other hand, Palmerah market has undergone several renovations, although the original design is not changed, so it can still be categorised as a traditional market. Palmerah is a large market, enabling it to accommodate a greater number of traders. Slipi market has a capacity of 750 units of stalls or kiosks, but the market occupancy rate is only 400 units, which means approximately 53.3% of the total existing units. Of the 400 units, 100 units or 33% of them were occupied by women traders (www.beritajakarta.com/3October2014). Palmerah market, which is a four-story building, has a capacity of 890 units of kiosks, with occupancy rate approaching 75%, or about 670 units. The commodities traded in Palmerah also vary; however, almost 50% of the stalls are occupied by vendors that sell perishable or known as wet products such as animal products to fulfil the protein needs of the community, including fish, chicken, and beef. In addition, it is interesting to note that in the meat stalls, no merchants with female sex were found, and this phenomenon tends to be found in

any market. Therefore, in this survey no meat traders could serve as respondents because the meat trade was dominated by the male sex. From the 670s stalls, women traders occupied approximately one-third or around 200 kiosks. Therefore, in this survey, respondents from Palmerah market were greater in number than the respondents from Slipi market.

Profile of Research Respondents

The respondents in this study were women traders in traditional markets located in Slipi and Palmerah. There were around 500 women traders owning stalls in Palmerah market, whereas in Slipi market there were around 100 female kiosk owners. As this study took a sample of women traders proportionally, initially it was planned to collect data from 100 respondents from the

two traditional markets, but in reality, it was difficult because many of the respondents were reluctant to provide information relating to the questions and statements proposed. Eventually, data from a total of 72 respondents were obtained to be further processed, where 51 respondents were women traders in Palmerah market, while the remaining were from Slipi market.

The information presented in Table 1 above may be explained as follows: In general, survey respondents of women traders over 40 years old were dominant, with the length of trading experience of less than 10 years, and the net profit on average below IDR 10 million per month. The net profit generated is proportional to the trading years, in which the women traders of less than 10 years trading experience had a lower net profit compared with those who had been in the business for more than 10

Table 1
Socio-economic backgrounds of the women traders in the traditional markets of Palmerah and Slipi

No		Socio-Economic Factors	Frequency	Percentage (%)
1	Age	< 40 y.o.	32	44
		> 40.1 y.o.	40	56
2	Trading years	< 10 years	39	54
		> 10.1 years	33	46
3	Net profits	< IDR 10 million per month	38	53
		> IDR 10.1 million per month	34	47
4	Types of product sold	Dry products	32	44
		Wet products	40	56
5	Education	Not finished high school	35	47
		Finished high school	37	53
6	Marital status	Unmarried (including divorcees)	24	33
		Married	48	67
7	Children	Max. 2	42	58
		More than 2	30	42

Source: Processed data (2015)

years. With regard to the type of products traded, mostly the women traders sold fresh produce such as vegetables, fruit, side dishes (fish and chicken), tofu, and other types of perishable, wet products that they could not sell optimally. This explains why the turnover tended to be smaller than that of dry products (such as dry food, plastics, cosmetics, grocery).

One indication of how education has become an important consideration for the women traders is that they had high school or its equivalent level of qualification. As graduates of high school, there are two possibilities, namely that they can find a job and work in a company; alternatively, considering a high level of unemployment in Indonesia, they probably had some difficulties in finding a job so they chose to trade. The second possibility is that they did have entrepreneurial spirit and chose to become a merchant as self-actualisation of this spirit. As regards marital status, women traders above 40 years old and with a length of trading period of less than 10 years, the respondents under this category have been in the business for more than 5 years. This is supported by their age of more than 40 years, and it is clear that most of the traders were married with a maximum number of two children.

Factor Analysis and Discussion of Socio-Economic Backgrounds

Factor analysis for the variable factors of socio-economic backgrounds and entrepreneurial characteristics of women

traders in traditional markets in Slipi and Palmerah was performed with the help of SPSS v.19. The steps of the factor analysis can be described as follows:

The results of the calculation of the correlation coefficients of socio-economic backgrounds indicate that almost all factors in this category had a low correlation coefficient, meaning that the factors of socio-economic backgrounds had a weak relationship. Furthermore, in terms of value of significance (p -value > 0.05), the weak correlation between the socioeconomic factors was not significant. For example, the age factor had a negative and weak correlation (-0.187) with the factor of trading years. It means that the older the women traders, the shorter the length of their business is.

The weak relationship that is inconsistent with the reality in the field turned out to be insignificant after testing, where a p -value of 0.058 ($0.058 > 0.05$) was obtained, which is a little over 0.05. Thus, the negative relationship was not significant. Another example of weak or insignificant negative relationship is between age and marital status, in which the correlation coefficient was 0.013, meaning the relationship of age to marital status was very weak. Moreover, the weak relationship was not significant after the significance test, in which the p -value was much greater than 0.05, namely 0.455. Subsequently, the Bartlett's Test of Sphericity generated a chi-square score of 98.786 and significance value of 0.000 (>0.05), which shows that the correlation

matrix was not an identity matrix, so a principal component analysis was carried out. In addition, the KMO value generated was equal to 0.544 and the p -value was 0.000. This value was in the category of more than appropriate for performing factor analysis. Therefore, the above variables can be further analysed (Santoso, 2014).

The next stage was an analysis based on the anti-image matrix to determine whether the whole factors can be partially analysed and are eligible to be included in the testing. It appears that out of the seven factors, only one factor had an MSA value of below 0.5, namely the age factor. Thus, the age factor could not be further analysed and was removed, whereas the other six factors were re-tested. Once the age factor was removed and re-tested, the KMO value increased to 0.567 with a 0.00 significance value. Factor reduction could increase the value of KMO, so it is reasonable to make that reduction. The increased value also shows the six factors were appropriate for factor analysis.

In addition, four of the six factors had communalities value greater than 0.5, while the remaining two had a value of slightly below 0.5. This may imply that the four factors had a strong relationship, while the other two factors had a rather strong relationship with the formed factor. The greater the communalities value, the better the factor analysis is, because there will be more characteristics of the original factors that can be represented by the factor formed.

Explanations. A degree of relationship between the factor of number of children

and the formed factor of 0.755 means that the relationship between the factors of number of children to the formed factor was strong. In other words, the contribution of the factor of number of children to the formed factor was 75.6%.

A degree of relationship between marital status to the formed factor of 0.729 means that the relationship between the factor of marital status to the formed factor was strong. Or, it can also be said that the contribution of the factor of marital status to the formed factor was 72.9%.

A degree of relationship between the net profit to the formed factor of 0.697 means that the relationship between the net profit to the formed factor was strong. Alternatively, it can be said that the factor of net profit contributed 69.7% to the factor formed.

A degree of relationship between the factor of types of business to the formed factor of 0.622 means that the relationship between the factor of types of business and the formed factor was strong. In other words, the factor of types of business contributed 62.2% to the formed factor.

A degree of relationship between the factor of trading years to the formed factor of 0.479 means that the relationship between the trading years and the formed factor was rather strong. Or, it can also be said that the contribution of the factor of trading years to the formed factor was 47.9%.

A degree of relationship between the factor of education level to the formed factor of 0.440 means that the relationship between the factor of education level to the formed factor was quite strong. In other words, the

contribution of the factor of education to the formed factor was 44.0%.

Next, in terms of total variance, the percentage of total variance explained by each of the components after rotations is more evenly distributed than it was before rotations. The first factor explains the total data variance with the largest proportion, i.e. 35.419% according to the extraction method with factor analysis (before rotations), and with factor analysis (after rotations) the initial data variance can be explained for 34.624%. The second factor explains the initial data variance with a proportion of 26.606% according to the extraction method with factor analysis (before rotations), and with factor analysis (after rotations) the initial data variance can be explained for 27.401%. The more uniform data variance after rotations indicates that the initial data variance explained by each factor became maximal.

After finding the significance value and the MSA value of the remaining components of entrepreneurial characteristics, the next tests performed were factoring and rotations resulting in communalities values and total variance explained. There were three components included in the factor analysis, namely risk-taking, leadership, and task- and result-orientation. The results show that there was only one factor formed because this was the only component or factor with an eigenvalue of more than 1, namely risk-taking (1.365). Meanwhile, the two other components had eigenvalues below 1, which were leadership (0.869) and task- and result-

orientation (0.765), so that the factoring stopped at one factor only.

The component matrix also shows the distribution of the three components on a single formed factor. The figures are factor loading matrices which show a degree of correlation between a component and factor 1. The highest value is for the task- and result-orientation component for 0.721, which had a negative correlation to factor 1, followed by risk-taking (0.692) and leadership (0.605).

The last test in this study was the correlation or relationship between the variables of socioeconomic backgrounds that consist of the components of age, trading years, net profit, types of business, education level, marital status, and number of children with the variable of entrepreneurial characteristics comprising of the components of confidence, task- and result-orientation, risk-taking, leadership, and future orientation. The results show that in general the correlation between socioeconomic backgrounds with entrepreneurial characteristics was not strong because its overall score was under 0.5. Among the correlations between each of the variable component, the highest value was obtained for the correlation of age and leadership (0.279). This means that with 27.9% correlation, the older one gets, the more eligible s/he is to lead. The second highest correlation value is shown by net profit and future orientation, each equally obtained 0.251. This means that with a correlation of 25.1%, it can be explained that the greater

the net profits, the more hopeful one will be for the business orientation in the future.

Research Implications

Socio-economic backgrounds in this study consisted of age, trading years, net profit, types of business, education level, marital status, and number of children, based on factor analysis. In general, socio-economic backgrounds had a weak correlation with the entrepreneurial characteristics of women traders in traditional markets in West Jakarta.

For socio-economic backgrounds, based on the factor analysis method, the component of types of business and the number of children had the highest correlation, namely 0.775 and 0.835, respectively. The types of businesses were classified into wet and dry products, whereas the number of children is categorised into those with a maximum of two children and those with more than two children. Based on this finding, we can conclude that the socio-economic backgrounds of women traders in the traditional markets in West Jakarta have a stronger relationship in the types of business and number of children. Hence, the high and low socioeconomic conditions of women traders in West Jakarta are related to the type of business and the number of children in their family. Overall, the type of business of dry products and a relatively small number of children will improve the socio-economic conditions of the women traders in West Jakarta. In contrast, the type of business of wet products and a relatively

large number of children will lower the socioeconomic level of the women traders in West Jakarta.

Other findings showed the entrepreneurial characteristics of women traders in West Jakarta. The components are confidence, task- and result-orientation, risk-taking, leadership, and future orientation. Based on the factor analysis method, it is found that task- and result-orientation and risk-taking had a strong relationship to the entrepreneurial characteristics of women traders in West Jakarta, with a score of -0.721 and 0.692, respectively. The component of task- and result-orientation is defined as the commitment and effort to run a business in order to be successful. Based on this research finding, it appears that women traders in West Jakarta on average do not have a strong commitment and serious efforts to improve their businesses. As for the component of risk-taking, on average the women traders dare to take risks and challenges in their business. It can be concluded that the entrepreneurial characteristics of women traders in West Jakarta on average are characterised by low commitment to working hard to improve their business and to take risks in their business.

The correlation between socio-economic backgrounds and entrepreneurial characteristics of women traders in West Jakarta was also examined. In general, the correlation between the components of socio-economic backgrounds and entrepreneurial characteristics of the women traders was

very low, as indicated by a correlation value below 0.5. Among the low correlations, the highest correlation was between age (socio-economic backgrounds) and leadership (entrepreneurial characteristics) for 0.279. This means that age is linked to leadership for 27.9%. The older the women traders in West Jakarta are, the better their leadership is.

CONCLUSION

The results of this research can be summarised as follows:

In terms of socio-economic backgrounds of women traders in West Jakarta, the components of types of businesses or traded products and the number of children had a high correlation. In general, the type of business of dry products with a relatively small number of children will improve the socio-economic conditions of the women traders in West Jakarta. In contrast, the type of business of wet products and a relatively large number of children will lower the socioeconomic conditions of the women traders in West Jakarta.

Regarding entrepreneurial characteristics of the women traders in West Jakarta, the components of task orientation and risk-taking were highly correlated. Based on this research, it turns out that women traders in West Jakarta on average do not have the commitment and efforts to improve their business. As for the component of risk taking, on average, the women traders like to take risks and challenges in their business.

In general, the correlation between the components of socio-economic backgrounds and entrepreneurship characteristics was very low, as indicated by a correlation value below 0.5. Among the low correlations, the highest correlation was between age (socio-economic backgrounds) and leadership (entrepreneurial characteristics) of 0.279; in other words, age is associated with leadership for 27.9%. The older the women traders in West Jakarta are, the better the leadership they show.

Suggestions

It is recommended that:

The government provide training and give motivation to improve the women traders' business. It can provide low interest loans to ease their effort in getting additional funds.

Local government should give more attention to women traders in the region through regulations that are more aligned to small enterprises/business, particularly in traditional markets, and able to keep the distance between the modern retail markets and traditional markets.

Future research can look into understanding the interrelatedness of socio-economic backgrounds and entrepreneurial characteristics in the region.

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The Use of Cloud-based Knowledge Management in E-Marketplace

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ABSTRACT

Recent rapid growth of online business in Indonesia has encouraged companies to embrace knowledge management system (KMS) that enables them to deliver better services to their sellers and customers. The article examines one of most popular e-marketplace provider, Tokopedia, that helps millions of internet users. E-marketplace is defined as an electronic place that links sellers and buyers. It analysed the use of Amazon Web Service (AWS) as an essential component of KMS to manage people's interactions and flow of information within Seller Centre (SC) department. The SC department is a strategic business division of Tokopedia, with main objective to promote sales, store image and managing needs of customers. The outcome of the study will provide insights into how the cloud-based KMS is used by e-marketplace provider.

Keywords: Amazon Web Service (AWS), cloud computing, e-marketplace, Knowledge Management System (KMS), Seller Centre (SC)

INTRODUCTION

Knowledge management (KM) has been used widely in major industries and has delivered tremendous benefits for companies (Alavi & Leidner, 2001). In the era of knowledge, practitioners consider the use of IT to support the application of KM known as KM system (KMS) (Trusculescu, Draghici, Ivascu, & others, 2016). Many applications have been developed to support KMS, such as social media application, video / teleconference, corporate directories,

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e-mail, e-learning, and other potential repositories tools (Storey, Treude, van Deursen, & Cheng, 2010).

Scholars have discussed the use of KMS to break down barriers by presenting information to each level and unit within the company, and to boost effectiveness of the company (Bordeianu, 2015). The vital function of KMS is to manage knowledge creation through people's interactions either physically or virtually. When developing KMS, companies should pay attention to social factors, such as people's interaction and technological aspects (Wallin & Von Krogh, 2010). The article looks at case study of cloud-based KM implementation in one of most popular e-marketplace providers in Indonesia, known as Tokopedia. Tokopedia was founded in 2009, and serves more than 12 million active customers every day. Every year, approximately 400 million products are sold, with total sales transaction exceeding US\$1 billion. The article examines the strategic business unit of Tokopedia, namely Seller Centre (SC). The SC's main tasks are to manage and link customers with the sellers. The study presents insights into the use of Cloud-based KMS application by e-marketplace provider.

LITERATURE REVIEW

Knowledge Management (KM)

Sveiby and Simon (2002) stated the role of KM is to create value through increasing intangible assets. Two important components in KM were examined such as: (1) managing

people interaction, related to collaboration on the network; (2) managing knowledge/information, relates to accessibility, searching, validating, taxonomy, up-to-date, knowledge flooding, managing IT related to information/knowledge security, speed, and reliability. Jabbary, Tosanloo, Shima and Zahra (2016) explained the basic issues of KM were related to creation, sharing and use of knowledge resources via e-learning application. The e-learning application in the KM process facilitates the success and growth of the company. This interaction is known as knowledge conversion.

Nonaka and Takeuchi (2008) summarised the four modes of knowledge transformation: (1) tacit-to-tacit knowledge (Socialisation). It involves sharing experience that creates tacit knowledge; (2) tacit-to-explicit knowledge (Externalisation). It involves codifying knowledge into explicit documentation; (3) explicit-to-explicit (Combination): It involves the incorporation of different objects from different explicit knowledge sources; (4) explicit-to-tacit knowledge (Internalisation). It involves absorbing documented knowledge into tacit knowledge.

According to Hedlund, the knowledge format can be applied as several level of expressions shown in Table 1 (Hedlund, 1994): (1) individual; (2) group; and (3) organisation. The KM integration in Tokopedia's SC department enables managing interaction activities among sellers, and customers.

Table 1
Typology and form of knowledge conversion

Form of organisational knowledge	Levels of expression of organisational behaviour		
	Individual	Group	Organisation
Knowledge	<ul style="list-style-type: none"> Professional qualifications 	<ul style="list-style-type: none"> Common projects 	<ul style="list-style-type: none"> Organisational structure
Explicit knowledge	<ul style="list-style-type: none"> Permanent memories Manuals etc. 	<ul style="list-style-type: none"> Rules of cooperation Group norms 	<ul style="list-style-type: none"> Rules and work procedures Collections of information and knowledge Inventions, innovations, patents
Tacit knowledge	<ul style="list-style-type: none"> Personal experiences Informal learning Imagination Talent 	<ul style="list-style-type: none"> Joint representations Cognitive maps “Group spirit” 	<ul style="list-style-type: none"> Organisational cultural values “Group spirit” Ethics of decisions “know-how”

Source: Hedlund, 1994

Knowledge Management Practices in Company

The KM promotes people’s interaction in the community (Masa’deh et al., 2017), and has proven to be an effective entity where they are enable to create knowledge and influence perception in the company (Scarso & Bolisani, 2008). Young (2010) addressed community interaction within a company to ensure a thriving KM. Community of Interest (CoI), Community of practices (CoP), Share Learning (SL), Project Retrospective (PR), and Peer Assist (PA). In addition, companies can implement a repository (storage) of knowledge to support the interaction of such activities. Table 2 below explains the interaction of activities among the community.

Table 2 shows each activity in the community has different benefits and characteristics. Community of interest (CoI)

has become the best method for companies in getting ideas from the public. Tokopedia provides value opportunity for new sellers to learn from top sellers in SC media. The SC media needs to understand the benefits and values of each community activity and decides on the best activities they can develop for their KM. The concept of community activity is relevant to the SECI model of Nonaka (2008) that emphasises the interaction of people and how knowledge can be made and centred in different activities.

Nowadays with the support of technology, activities can be done through a virtual world known as virtual community (Storey et al., 2010). The virtual community comprises many people, who are connected to each other on the internet and there is an exchange of views on certain subject matter. Virtual communities need IT support

Table 2
KM practices in organisation (Young, 2010)

KM Practices	Definition
Knowledge Repository	A knowledge repository is a computerised system that systematically captures, organises and categorises an organisation's knowledge. The repository can be searched and data can be quickly retrieved.
Expert Locator	Expert locator is an IT tool to enable effective and efficient use and/or share of existing knowledge by connecting people who need particular knowledge with people who own the knowledge.
Community of Interest	Communities of interest (COIs) are groups of people (e.g., committees, working groups or technical sub-committees) who authoritatively represent their respective domains.
Peer Assists	A Peer Assist transfers of knowledge before doing high impact repeatable events of high risk activity.
Shared Learning	Shared Learning/ During Action Review (DAR) is a simple method for employee or team to learn during an event or project.
Project Retrospectives	Project Retrospectives/An After-Action Review (AAR) is simple method to learning immediately after one project is complete.
Community of Practices	A group of people who share a concern, a set of problems of a passion about a topic and who deepen their knowledge and expertise in this area by interacting on an ongoing basic.

to share information, communications and cross-enterprise resource sharing (Jabbary et al., 2016).

There are some implementation challenges such as: (1) communication between community members should be improved to reduce geographical and cultural gap; (2) effective knowledge sharing must be activated. A structured knowledge base is essential in collecting general knowledge; (3) management of community should be simplified. The purpose of the virtual community is about managing communication and collaboration (Thomas & Thomas, 2012). Social media has evolved as an important learning process because it allows asynchronous while timely involvement in the (open) learning process (Thomas & Thomas, 2012). In addition, social media allows ‘conversation’ about

knowledge management (Wagner, 2004) in a distributed setting where knowledge resides among multiple users. Scholars acknowledge that social media is an important driver of knowledge creation, sharing, capturing knowledge, and its use is also increasing. However, the fundamental question is about the nature and value of corporate knowledge (Von Krogh, Nonaka, & Rechsteiner, 2012).

Young (2010) defines KMS as a mechanism to manage corporate knowledge. Stary (2016) examined KMS as a system to improve organisational performance by improving employees’ decision making skills using knowledge in their daily work activities. According to the two authors, two important factors in KMS were: (1) KMS should have the ability to connect people to support them to interact in the

community, communicate between them and collaborate; (2) The KMS role is to manage information/knowledge to help people reuse

knowledge and make better decisions with their knowledge (Figure 1) (Von Krogh et al., 2012).

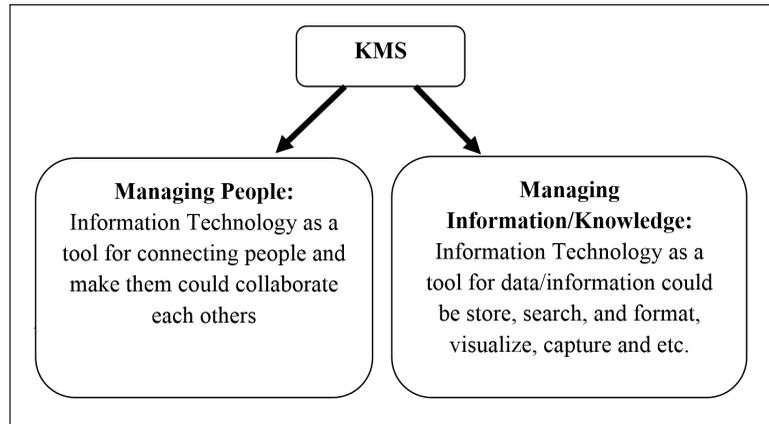


Figure 1: Knowledge Management System (KMS)

Tokopedia utilises KMS through Amazon Web Service (AWS). The database services are provided by Amazon Web Services, such as (1) Amazon relational database service (RDS), a database server service where data and servers will be in the cloud to ensure connection quality, speed, security and reliability. The AWS enables connection with several DBMS, such as MySQL, Oracle and SQL Server; (2) Amazon DynamoDB, is a NoSQL database server service that provides high connection quality, speed, security and easy setup and configuration. This service provides ease of scalability that enables data to grow and shrink as needed; (3) Amazon SimpleDB, is a NoSQL database server service like Amazon DynamoDB, but smaller; (4) Amazon Elastic Cache, is a memory cache sitting on top of the cloud. By using this service, we can improve the performance of

web applications through storing the cache over the cloud and not burdening the web server application.

With the technology provided by Amazon, Tokopedia's SC can develop relative robust access, since it has to service millions of users each day. According to Debowski (2005), KMS comprised: (1) business process management (BPM), directs and sharpens the development of KMS by developing company strategy for KM. It is directly affects KMS and its other aspects that determine access to certain knowledge, how to support access to knowledge, and determine the knowledge that has high priority; (2) content management system (CMS), ensures effective content and document management so that KMS effectively connects end users with many sources of intellectual content, both within and outside the company

(figure 2); (3) web content management system (WCMS), operates KMS platform. At the basic level, it provides technological capacity to connect KMS with users and other sources of knowledge inside and outside the company. The presence of servers, interfaces, and KMS portals that support WCMS; (4) knowledge applications management (KAM), provides user knowledge tools that enables to improve ease and effectiveness. Its main function is to facilitate the formation of knowledge, collaboration, and communication. The effectiveness of KMS depends on the capacity of users in creating new knowledge and managing workflows using existing technology and knowledge management applications that support this.

Debowski (2006) further examined the successful implementation of KMS, such as (1) the system should reflect and was responsive to the needs of the company; (2) the system reflected the principles of KM, particularly the impetus for collaboration and communication; (3) the system reflected a deep concern for the individual throughout the development phase. Tokopedia SC provides facilities that make it easy for all users to sell products only by uploading photos and writing product descriptions. Buyers are also given a complete product browsing system in a variety of search options. Tokopedia provides complete information about the seller so that buyers can compare and choose suitable vendor. Tokopedia also provides a marketplace for all sellers with no cost. Now Tokopedia has millions of stores registered in Tokopedia.

MATERIALS AND METHODS

KMS Formulation



Figure 2. Content guideline

The paper had examined the KMS formulation within SC. Currently, thousands of sellers are applying to Tokopedia every day. The TKP Seller Centre has challenges to disseminate knowledge about sellers in Tokopedia, such as promoting new features, to establish networks with local seller in the region. The SC has 5 missions to focus in its development such as: (1) integrating seller education channel; (2) developing a seamless seller education

course; (3) increasing seller's interest in using paid Merchant Gold features; (4) increasing inbound marketing (acquisition & retention); (5) providing source of information for online customers. Figure 3 shows content categorisation applied in the SC. There are 3 stages that every seller needs to go through: creating awareness, assessment, and making decision. Each stage is different in terms of branding, advertising, and shop management.

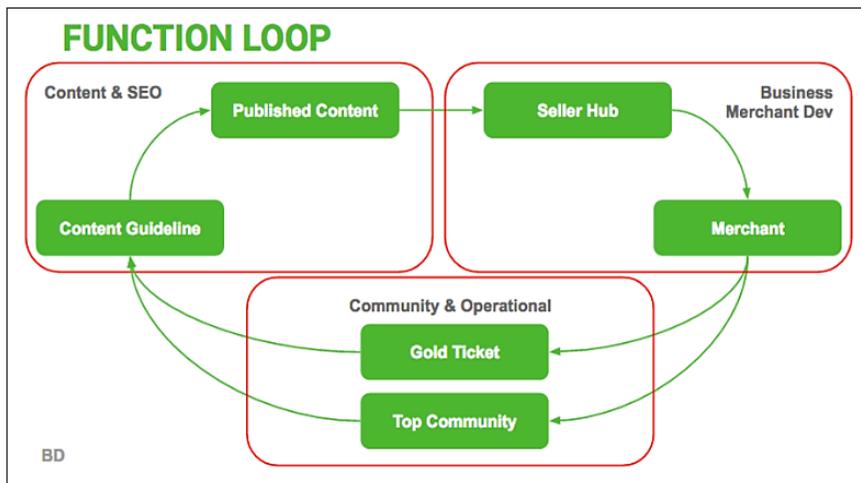


Figure 3. Function loop in Seller Centre (SC)

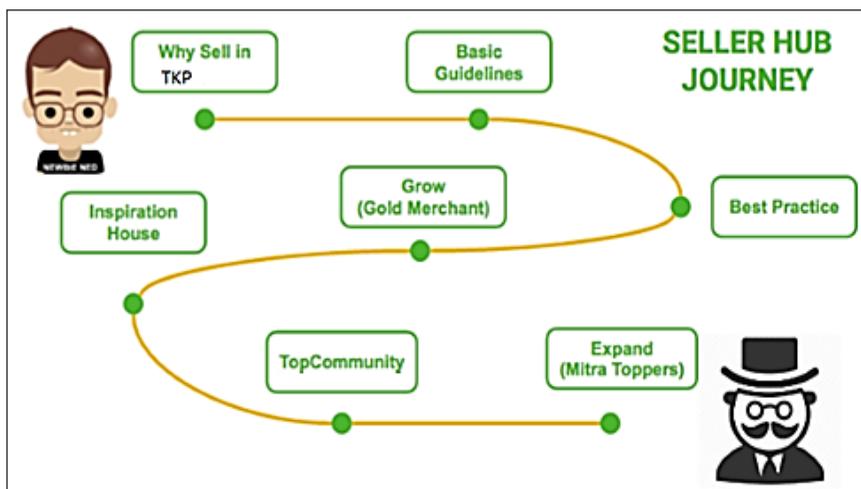


Figure 4. Seven stages to be expert seller

Figure 3 shows Tokopedia has 7 tips to become expert seller (see Fig.4): (1) why selling at Tokopedia; (2) basic guidance on how to sell; (3) best practice tips that have been done by top sellers; (4) preparation development by using Gold Merchant features; (5) inspiration for sellers who needs sharing and discussion; (6) joining top

community in the area; (7) provide capital loan and technical assistance as a strategic partner.

Figure 4 shows the relationship of the three functions involved in the development of SC. The content of each stage is summarised in Figure 5.



Figure 5. Content in each seller stage (seller hub journey)

Tokopedia appreciates the interaction mechanisms among sellers to provide valuable ideas for feature development that enables them to sell easily (Valdez-Juárez, L. E., García-Pérez de Lema, D., & Maldonado-Guzmán, G., 2016). Sellers can access sharing information through <http://seller.Tokopedia.com>. Here are some views of sellers in Tokopedia (see Figure 6).

Tokopedia SC is managed by a knowledge manager and assisted by a team of knowledge engineers. The role of

knowledge engineer is to monitor, codify, assimilate, and distribute knowledge created through interaction mechanisms by sellers, buyers, internal staff, and other third parties.

In serving sellers, customers and industries, the complexity of knowledge also increased dramatically. All staff are expected to develop into fast learners and adopt advance knowledge management framework to cater to unique needs of their customers.

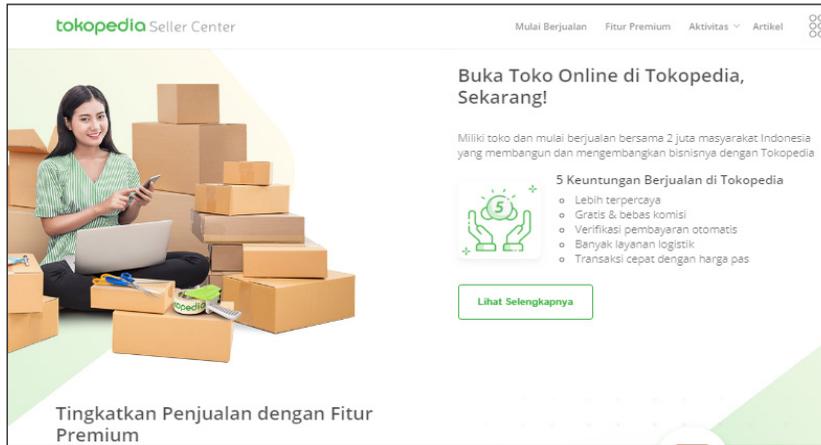


Figure 6. Front page of Seller Centre (SC) support



Figure 7. Knowledge sharing article

Existing Problem

Tokopedia has placed high priority on its customer base, especially in vendor training. However, many problems prevail, such as: (1) lack of training; (2) training facility for all vendors in all places; (3) gold programme that is yet to be utilised. The SC department is given a mandate to provide easy access and information that: (1) enable integration and monitoring vendor achievements; (2) promoting Gold Merchant programme to all vendors; (3) having creative features to boost image of the store.

RESULTS AND DISCUSSION

Data from Google Analytics from 1st July – 30th September 2017, is summarised in Figure 8.

Managing knowledge in SC is not an easy task, since there are thousands of sellers with different industry background wanting to Tokopedia seller. They have different interests and may be carrying unique style of selling or serving their customers. As a huge e-marketplace, SC should develop necessary competence and information system that to cater to these unique needs of sellers and industries/customers.

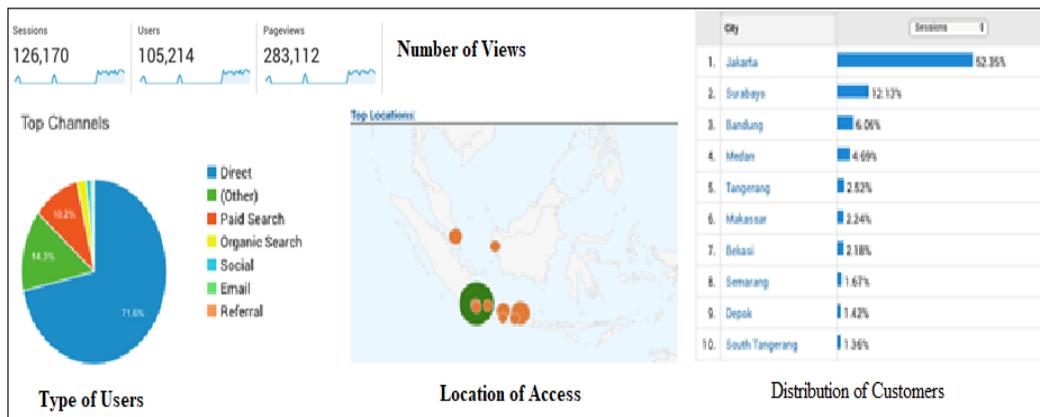


Figure 8. Results of Google Analytics

CONCLUSION

The KMS is very useful for all sellers in Tokopedia whereby SC is a good implementation in equity of knowledge on how to be a good seller in Tokopedia. Tokopedia needs to pay attention to social and technological aspects in developing and implementing KMS at SC. In general, KMS has two functions: managing people interaction and managing knowledge / information. Tokopedia must maintain the interaction within Top Community as a source of practical knowledge from seller-seller to collect its knowledge for other sellers. The use of Amazon Web Service boosts the confidence of Tokopedia when SC is used by millions of users. Implementation of KM becomes very important for the company and SC plays a key role to realise that goal.

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Role of Foundations in Promoting Social Entrepreneurship for Community Welfare

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ABSTRACT

The purpose of this research is to find out the role of social entrepreneurship to promote social welfare of the community and what is the most effective way to do that This research used Neuro-Research method, which was a mixed method between qualitative method (exploration) and quantitative survey method (explanatory and confirmatory). The survey involved 50 presidents of foundations from all over Jakarta and 30 other participants. Content validity was determined via focus group discussion and construct validity using RASCH MODEL approach. The results indicated that the foundations which practised social entrepreneurship tended to be more innovative than those who did not. However, it was difficult to determine the social spirit and social mission of the foundations.

Keywords: Mission and welfare, Neuro-Research, social entrepreneurship, social spirit

INTRODUCTION

Rampant poverty and unemployment are serious problems faced by developing countries, which need attention. According to the Indonesia Central Bureau of Statistics or Badan Pusat Statistik (Central Bureau of Statistics), in 2017 10.70% of the population (about 3.8 million Indonesians) was considered poor in addition to 293,000 unemployed people in the country. In 2005, between 23.1% and 29.1% of the poor were concentrated in rural areas, while 12% of the

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poor lived in urban areas. There are many reasons for poverty and among others, it is due changes in consumptive expenses which increases the cost of life. In this case, urban areas witness higher poverty rates than the rural ones. Poverty is also due to unskilled labour that has an impact on household income (Warr, 2005).

A study in West Kalimantan found that the poverty rate is affected by unemployment (Yacoub, 2012) and it was the same scenario in Jakarta (Rika, 2014). The issue of poverty and power imbalances is a problem that requires a holistic approach because it deals with risks and uncertainties so that there is an adequate understanding of the context (Voorst, 2015).

Eventually, poverty and unemployment will lead to social problems that will affect = stability and economic growth. An example is the 1998 economic crisis in 1998 that aggravated poverty problem in Indonesia forcing the government to intervene in implementing strategies with social protection measures (Dhanani & Islam, 2002). Therefore, what is needed is a real solution to overcome the problems by promoting social entrepreneurship among the young who are backbone of the nation (Utomo, 2015).

Social entrepreneurship is a practice that integrates the creation of economic and social value for the wider community (Mair & Martí, 2004). Social entrepreneur understands social problems and uses his or her entrepreneurial skills to make social change, especially related to welfare,

education, and health (Santosa, 2007). If a business entrepreneur measures his or her success from their financial performance (profit or income), then the social entrepreneur's success is measured by the benefits felt by the community. Social entrepreneurship plays a real and significant role in solving social problems. Creation of social values and innovation is the main aim of social entrepreneurship (Firdaus, 2014).

Social entrepreneurship can enhance individual creativity, empathy, and entrepreneurship as well promote social problem-solving in society and contribute to developing sustainable national economy (Dobele, 2016). Social entrepreneurship also involves an innovative approach to addressing issues in education, environment, commerce, health and human rights that are widely regarded as building blocks in the sustainable development of a country. What makes social entrepreneurship unique and interesting is that ordinary people having social leadership and entrepreneurship are capable of doing extraordinary things even though we are often less aware of their presence (Mair & Nobos, 2006).

In the last few years, social entrepreneurship has become the main subject discussed among entrepreneurs, social institutions, and government. Social entrepreneurship is a new phenomenon in the movement of social change. This research aims to understand the role of social entrepreneurship to achieve social welfare and finds indicators sin achieving the welfare of social society.

Various researchers studied social entrepreneurship from many angles. The social entrepreneurship is about how business people integrate their social responsibility into their business operations. In other words, literature on social entrepreneurship highlights the work and social contribution of entrepreneur (Dacin, Dacin, & Tracey, 2011). A study using in-depth interview methods found that social entrepreneurship focused on social needs and was used to build social credibility and support for the organisation. This implies that the risks of the implementation of social entrepreneurship are related to social credibility and reputation ultimately, so that social entrepreneurship becomes important to be considered as a determinant factor for organisational sustainability (Shaw & Carter, 2007).

Another study attempted an analytical, critical and synthetic examination of the concept of social entrepreneurship by emphasising two concepts: social elements and entrepreneurial elements. They found a significant difference in social goals and what was regarded as a prominent feature in entrepreneurship. The study concluded that social entrepreneurship is done by those who have an exclusive purpose to create social value and pursue the realisation of their goals through several activities. That is done by recognising and taking advantage of opportunities to create value, improve innovation, tolerate risk and accept limited resources (Peredo & Mclean, 2006).

A group of people who usually perform this activity are usually incorporated in

an I called foundation. Generally, the foundation runs business processes that are closely related to social life. Law of the Republic of Indonesia No. 28 of 2004 and the amendment of Law No. 16 of 2001 about the foundation is not adequate to encourage foundations to adopt a social mission as part of its agenda. This law is open to many interpretations and its amendment was aimed at guaranteeing the legal rights of the foundation and restore its role to achieve certain goals in the social, religious and humanitarian fields (Indonesia, 2004).

This research attempts to capture how the foundations perform their entrepreneurial social function. Because of the importance of optimizing the function and the role of the foundation in applying social entrepreneurship, it is necessary to examine the factors that influence social entrepreneurship for its optimal application. This research also examines the role of demographic aspects of the implementation of social entrepreneurship in the foundation.

Therefore, the research examines the (1) concept of entrepreneurship, (2) the social missions of the foundation as a social entrepreneurship institution? (3) tendency of innovative condition of foundation as a social entrepreneurship institution (4) revenue model of the foundation as a social entrepreneurship institution (5) tendency of the socially-committed regular enterprises as a social entrepreneurship institution?, (6) dimensions of social mission, innovativeness, revenue model and socially-committed regular enterprises, and (7) difference in the capacity of the

foundation as a social entrepreneurship institution, if differentiated by age, gender and education?

LITERATURE REVIEW

Social entrepreneurship is a challenging activity because it seeks to overcome complex and systemic social problems (Lepoutre, Justo, Terjesen, & Bosma, 2013). Social entrepreneurship combines the spirit of the social mission with discipline, innovation and business determination (Dees, 1998). In addition, social and institutional environmental factors also promote social entrepreneurial activities that drive social improvement (Jiao, 2012).

Sociability affects all dimensions of social entrepreneurship, while openness gives positive effects to social vision, innovation and financial gain (Nga & Shamuganathan, 2012).

A behavioural theory of social entrepreneurship introduces new organisational typologies that make, measure, and sustain social change. Studying motivations and conditions upon which social enterprises develop will help in expanding research on yield management and social impact. As the focus of the different typologies of social enterprises is to produce measurable social impacts, researching the types of social organisations will advance research in the social sciences. The study will also look at the phenomenon of social entrepreneurship and explaining the company's unique social, characteristic, and typological behaviour will advance

research to create sustainable public wealth rather than just focusing on personal wealth and business performance.

While Schumpeter's entrepreneurial theory leads the literature on economic growth, social entrepreneurship theory can be a factor of sustainable of social development and feasible. This research will study the role of social entrepreneurs in creating new social institutions and structures, promoting social movements, and mobilise resources to create sustainable social impacts. The study is also an attempt to contribute to the literature on entrepreneurship by providing new insight into the behavior of social entrepreneurship. The result of this research is the behavioural theory of social entrepreneurship, which introduces new organisational typologies that create, measure and sustain social change (Ebrashi, 2012).

The association factor of social entrepreneurship involves three components: the ability to identify unequal conditions in society, realizing opportunities and acting to make significant changes to the local community (Listyorini, 2012). Social entrepreneurship plays a real and important role in solving social problems. The creation of social value and innovation is the main instrument in social entrepreneurship. This was done by BinaSwadaya and Mitra Bali with the aim to reduce poverty. Social goals with the impact of community empowerment become a significant value in the practice of social entrepreneurship (Firdaus, 2014).

MATERIALS AND METHODS

This study used a neuro-research method, a mixed method between qualitative method (exploration) and quantitative method (explanatory and confirmatory) (Fios, Sasmoko, & Gea, 2016; Sasmoko & Ying, 2015). Theoretical construct is the final conclusion of the theoretical study of the variables of “the role of social entrepreneurship in the pursuit of social welfare for social change” inspired by earlier research that has been contextualised to the study population in Jakarta which contains conceptual definitions, dimensions, and indicators. In Neuro-research, the theoretical construct is an academic prediction that must be proven through instrument calibration (construct validity) and field survey (Onwuegbuzie & Collins, 2007). Quantitative research, namely explanatory and confirmatory research was also undertaken.

Responses were measured using the Likert scale. The population is all 50 the chairmen of Foundations in Jakarta. Calibration of research instrument was done in two phases - validity content by focus group discussion to validate dimension, indicator, and contents of the instrument. Construct validity was done based on RASCH MODEL where item parameters can be estimated independently of the characteristics of sample calibration parameters (Curtis & Boman, 2007; Goh, Marais, & James, 2015; Lewandowski, 2015; Masters, 1982). The analysis used RASCH model which is an iterative procedure that begins by examining the overall item based

on the model (Medvedev, Siegert, Feng, Billington, Jang, & Krägeloh, 2016).

The decision to examine valid items that are not appropriate (outlier or misfit) based on: (a) outlier-sensitive fit of mean-square fit statistic between 0.5 s / d 1.5; (b) standardise fit statistic (ZSTD) that is test (t) for data fit with model equal to -1.9 s / d +1,9; And (c) the value of the point of correlation (Pt Mean Corr) of 0.4 s / d 0.85 (Sumintono & Widhiarso, 2013). Based on these calculations, out of 21 items, five items are invalid. Hence, the valid instrument implements 16 items with a reliability index of 0.93.

RESULTS

Research Result 1 (Exploratory Research)

The results of exploratory research via literature review showed suggested the concept of social entrepreneurship should be contextualised, in this case Indonesia, especially Jakarta, and considered the role of the foundation as an organisation that was engaged in social welfare.

This study focuses on social entrepreneurship in an attempt to achieve social welfare. The concept of social change used in this research refers to the capacity of the organisation to carry out its social mission, so that it can help overcome social problems to achieve social welfare; the latter is examined from several dimensions and indicators, namely explicit self-identification and grouping by goal, innovation, revenue and organisational social commitment.

Research Result 2 (Explanatory Research)

The following hypothesis is developed:

Hypothesis 1: The tendency of the condition of the foundation in general as a social entrepreneurship institution?

In showing social entrepreneurship, three categories were established: (a) no

social life, (b) sometimes has a social life, and (c) has a social spirit. Data analysis was done with the confidence interval at 5% significance level and produced lower and upper bound between 1.2705 and 2.1247. Based on these results, it can be concluded activities of the foundations tended to be significant at $\alpha < 0,05$ (only occasionally socially oriented).

Table 1
Result of Hypothesis 1

Tendency of Variable	Lower Bound	Upper Bound	Range	Min	Max	Conclusion
Social Entrepreneurship	1.2705	2.1247	8.80	1.09	7.71	Its activity as a foundation tends to be at the level of 'occasionally socially-oriented' significant at $\alpha < 0,05$.

Hypothesis 2: The tendency of the social mission condition of the foundation as a social entrepreneurship institution.

To establish the foundation's Social Mission (X1) condition, three categories of self-assessment are established: (a) lacks social mission, (b) sometimes has

social mission, and (c) has a full social mission. The data analysis was done with the confidence interval at 5% significance level and produced lower and upper bound between 2.1694 and 3.3198. Based on these results, it can be concluded the foundation's activities tended to be at "sometimes has social mission" significantly at $\alpha < 0.05$.

Table 2
Result of Hypothesis 2

Tendency of Variable	Lower Bound	Upper Bound	Range	Min	Max	Conclusion
Social Mission	2.1694	3.3198	6.58	-.12	6.46	Its activities as a foundation tend to be at the level of 'sometimes having a social mission' significant at $\alpha < 0.05$.

Hypothesis 3: The tendency of the innovative condition of the foundation as a social entrepreneurship institution.

In order to prove innovativeness condition (X2), three categories of self-assessment were established: (a) not innovative, (b) sometimes innovative,

and (c) innovative. Data analysis showed confidence interval at 5% significance level and produced lower and upper bound between 0.4802 and 3.5526. Based on these

results, it can be concluded that its activities as a foundation tend to be innovative significantly at $\alpha < 0.05$.

Table 3
Result of Hypothesis 3

Tendency of Variable	Lower Bound	Upper Bound	Range	Min	Max	Conclusion
Innovativeness condition	.4802	3.5526	24.14	13.00	11.14	Its activities as a foundation tend to have been significantly innovative at $\alpha < 0.05$.

Hypothesis 4: The tendency of the revenue model condition of the foundation as a social entrepreneurship institution.

In proving the revenue model condition (X3), three categories of self-assessment of the foundation are established: (a) not revenue oriented, (b) sometimes revenue

oriented, and (c) fully revenue oriented. Data analysis showed confidence interval at 5% significance level and produced lower and upper bound between 1.7494 and 3.0322. Based on these results, it can be concluded that its activities as a foundation tend to be occasionally revenue-oriented significantly at $\alpha < 0.05$.

Table 4
Result of Hypothesis 4

Tendency of Variable	Lower Bound	Upper Bound	Range	Min	Max	Conclusion
Revenue Model	1.7494	3.0322	10.48	2.54	7.94	Its activity as a foundation tends to occasionally revenue - oriented significantly at $\alpha < 0.05$.

Hypothesis 5: The tendency of the socially-committed regular enterprises condition of the foundation as a social entrepreneurship institution.

In evaluating foundations that s that are socially committed (X4), three categories are

established: (a) has no socially-committed regular enterprises, (b) sometimes has socially-committed regular enterprises, and (c) fully has socially-committed regular enterprises. Data analysis was done with the confidence interval at 5% significance level and produced lower and upper bound

between 1.8241 and 3.3755. Based on these results, it can be concluded that a foundation is considered to be socially-committed significantly at $\alpha < 0.05$.

Table 5
Result of Hypothesis 5

Tendency of variable	Lower Bound	Upper Bound	Range	Min	Max	Conclusion
Socially-Committed Regular Enterprises	1.8241	3.3755	11.58	-3.00	8.58	Its activities as a foundation tend to occasionally have social missions at $\alpha < 0.05$.

Hypothesis 6: Which one is the most decisive to realise the social entrepreneurship chairman foundation in Jakarta between the dimensions of social mission, innovativeness, revenue model and socially-committed regular enterprises.

The analytical approach is defined by a Binary Segmentation called Classification and Regression Trees. In this analysis, the researchers set the Prunning of Depth by 2; Parent of 2; And Child equal to 1, with significance level $\alpha < 0,05$. Summary of the results as follows.

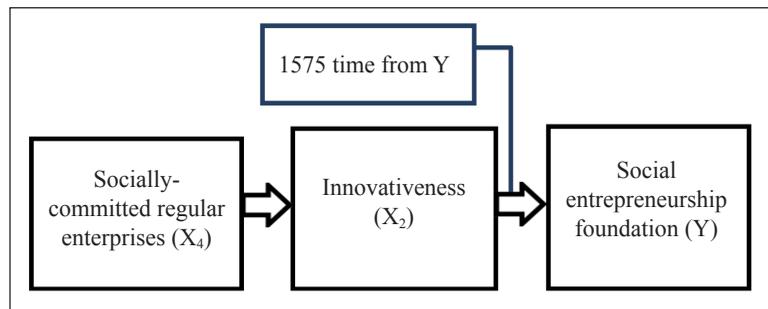


Figure 1. Results of binary segmentation analysis

The results of the analysis show that the innovativeness of Chairman of Foundation (X2) is the most dominant dimension to determine the realisation of the foundation as Social Entrepreneurship (Y). The more innovative foundation leaders in managing foundations, the foundation’s position as Social Entrepreneurship will increase

by 1,575 times from current conditions. If the Entrepreneurship Attitude (X2) is improved then the Business Paradigm (X1) will increase 5.2487 times. Meanwhile, the development capacity of the foundation is very determined by Socially-Committed Regular Enterprises.

Hypothesis 7: Difference in the capacity of the foundation as a social entrepreneurship institution, if differentiated by age, gender and education.

If the Social Entrepreneurship Chairman of the Foundation is reviewed from age category (X5), gender (X6) and level of education (X7), researchers found that there is no significantly difference at $\alpha < 0,05$. It means all age, gender and education backgrounds tend to be at the level of sometimes social and not fully yet as a social organization significantly on $\alpha < 0.05$.

DISCUSSION

Social entrepreneurship is an evolving concept (Chipeta, Koloba, & Surujlal, 2016).

The results of the present study show foundations in Indonesia have conducted activities that are focused on innovation and revenue generating with very limited social missions.

Therefore, the foundations must make efforts to transform themselves to be oriented towards social entrepreneurship as well. The chairman of the foundations must streamline their activities with a social mission in mind. Innovative social entrepreneurship must have a social mission.

Innovation deals with new ideas, outcomes, and methods (Pihie & Bagheri, 2011). Innovation is one of the important

factors for implementing sustainable practices that help the foundation to commit to carrying out the social vision, networking and ensuring financial returns for institutional sustainability (Nga & Shamuganathan, 2012).

Therefore, the foundation should be committed in its social practices and facilitate each individual to be more innovative with a social mission.

CONCLUSION

The study concludes that: 1) foundations only occasionally show social spiritedness and its social mission; 2) The foundation activities tended to be innovative and revenue-oriented occasionally; 5) The foundation has Socially- Committed Regular Enterprises occasionally; 6) Innovativeness of Chairman of Foundation is the most dominant dimension to achieve Social Entrepreneurship. The innovative nature of foundation leaders in managing foundations, and promoting social entrepreneurship will increase by 1,575 times from current conditions. Meanwhile, if the entrepreneurship attitude is improved, then the business paradigm will increase 5.2487 times. The Socially-Committed Regular Enterprises innovatively determine the capacity of development of foundation; 7) All age, gender and education backgrounds tend to be at the level of sometimes social and not fully recognised t as a social organisation.

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Brand Image Analysis of Online Shopping Sites in Indonesia: A Case Study in Bina Nusantara University

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ABSTRACT

The aim of this study was to show differences in brand images of online shopping sites, namely Lazada, Tokopedia and Bukalapak based on six factors: *attributes, benefits, culture, value, personality* and *users*. Data is obtained from questionnaires distributed to respondents from Bina Nusantara University students. The study period was from March to November 2016. Data was analysed using ANOVA. Results showed differences in terms of *attributes, culture* and *value* except *personality*. These results can be useful for new or current companies that already have or about to create new online shopping sites to enhance their brand image and differentiate their online shopping site.

Keywords: Attributes, brand image, culture, online shopping sites, value

INTRODUCTION

The development of information technology in Indonesia provides new opportunities for various types of companies - both large and small - to use it as a new tool in their

marketing. The company may conduct its marketing by distributing brochures and catalogues to its customers through its own company website, or through other online communication, such as via e-mail, Facebook, and Line. The brochures and catalogues contain information about the company specifically its business activities as well as the products of goods or services traded.

Online shopping companies are different from traditional companies in the sense they are not constrained by the size of their stock. In addition, the company can use online facilities as a marketing medium to deliver

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information of their products and services, where they no longer have to make and print brochures and catalogues.

Online shopping sites, such as www.lazada.co.id, www.tokopedia.com and www.bukalapak.com sell thousands of products ranging from household products, fashion, health products, beauty, watches, jewellery and electronic products from various brands and varying prices. According to ecomeye.com, Bukalapak.com is number ranked second among the top 25 Indonesian online shopping and ecommerce website followed

by Lazada.co.id at number 3 and Tokopedia.com position at 6. The sites face tight competition, with their own advantages and shortcomings in selling their products. Therefore, each online shopping site must have a brand which can compete with other online shopping sites. The research question is: "Is there a difference in the brand image of each of the Indonesian online shopping sites?" This study will look at the factors that affect the brand image, namely *attributes*, *benefits*, *value*, *culture*, *personality* and *users*.

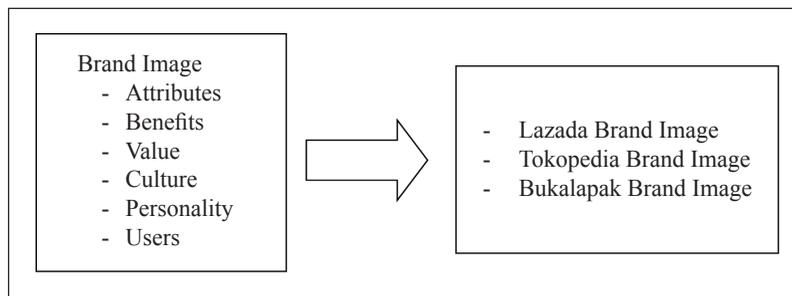


Figure 1. Brand research model
Source: Moon and Millison (2000)

The following hypotheses were formulated:

- There is no (H0) or existing (H1) difference in terms of fixtures to the brand image of the online shopping site.
- There is no (H0) or existing (H1) difference in terms of benefits to the brand image of the online shopping site.
- There is no (H0) or existing (H1) cultural differences to the brand image of the online shopping site.
- There is no (H0) or existing (H1) difference in personality to the brand image of the online shopping site.
- There is no (H0) or existing (H1) difference in terms of the user to the brand image of the online shopping site.
- There is no (H0) or (H1) difference in value to the brand image of the online shopping site.

The purpose of this research is to know the difference between www.lazada.co.id, www.tokopedia.com and www.bukalapak.com on brand image by analysing attributes, benefits, value, culture, personality and users. The samples collected came from Bina Nusantara University students who were familiar with the three online shopping sites. This research focuses on brand image, not covering other brand strategies.

LITERATURE REVIEW

The first study conducted on this topic was by Maunaza (2012) titled 'The Influence of Brand Image on Consumer Buying Interest (A Study of Lion Air Airline as a Low Cost Carrier)'. She showed how consumer use of Lion Air was influenced by its brand image.

The second study was conducted by Evawati (2012), titled 'Product Quality and Brand Image of Mc Donald's: Influence on Consumer Satisfaction'. The research method was quantitative causal, with data collected through the distribution of questionnaires to consumers of Mc Donald's – Alfa Indah, West Jakarta. Forty respondents were chosen via convenience random sampling. The questionnaire consisted of a set of closed questions whereby respondents either strongly disagreed or to strongly agreed. The study showed brand image and product quality positive and significant effect on consumer satisfaction.

The third study was conducted by Wicaksono (2011), titled 'Differentiation Analysis of Brand Image of Indonesian Local News Websites'. The research method for this study was descriptive which sampled

50 (fifty) graduate respondents from Bina Nusantara University that had experience with multiple Indonesian local news sites. The result of multiple comparison tests showed that culture had a significant impact on purchase decision.

The fourth study was conducted by Sallam (2016), titled 'The Impact of Brand Image and Corporate Branding on Consumer Choice: The Role of Brand Equity'. The role of independent variables e.g. (brand image and corporate branding) on brand equity and the impact of brand equity on consumer choice was studied. The results showed that brand image had no impact on brand equity while the latter had a positive impact on customer's choice.

The fifth study was by Momeni, Khesal, Roustapisheh and Zohoori (2013), titled 'Factors Influencing Brand Image in the Banking Industry of Iran'. This research concentrated on factors influencing relationships between service quality, brand image and advertisements. The study highlighted that two important factors may affect brand image in the banking industry, namely advertisements and service quality which included *tangibles*, *reliability*, *assurance*, *responsiveness*, and *empathy*.

According to Kotler and Armstrong (2014), brand image was a set of beliefs that existed in certain brands. Consumer confidence may differ based on experience related to perceptions, vagueness and certain vulnerabilities. In addition, brand has two uses: to establish relationships between buyers and sellers and bring similar things to interested parties in the company, including

employees and partners. The brand makes selection easier, because it lowers search costs and speeds up transaction time, minimises risk with certainty in quality and ease in procuring and reaffirming the brand identity. The advantage for the seller is to provide a premium price for the brand, differentiation, marketing focus, simplification of message delivery, lower sales costs, certainty of future sales increase, obstacles for other competitors to enter and efficiency in finding and maintaining consumers.

Kotler and Keller (2012) emphasised the website was a significant part of the brand-building programme because it was a form of communication which provides information, association, and profit based on brand strategy. One of the key benefits of internet sites over other media is its controlled environment. Consumers choose to enter the site by typing the URL or directly via the web link. They can also choose where they want to go and how long they are on the site, and they are involved with the processes and messages of a brand.

Brand identity is a set of unique association brands used to create or maintain the brand by designers of marketing strategies (Aaker, 1996). This association shows what a brand offers and the promise made by the company to the consumer. The identity of a brand provides guidance on the purpose and intent of the mark. Brand identity can help in the relationship between the brands itself and its customers through the benefits it provides.

The present study shows if differences in the brand image of these online shopping websites are.

MATERIALS AND METHODS

The data for this study was obtained by distributing questionnaires to 650 selected Bina Nusantara University students who were familiar with various online shopping sites, especially Lazada, Tokopedia and Bukalapak. This descriptive analysis explains the difference in brand image in online shopping websites of Lazada, Tokopedia and Bukalapak by analysing variables, such as *Attributes, Benefits, Values, Culture, Personality* and *Users*. The sample was determined using Slovin's Formula (Equation 1). Out of 1000, we found that only 650 respondents had visited and shopped in all of the three online shopping sites. Our research is also about the brand image analysis of the three online shopping websites. Variables in this questionnaire used a five level Likert scale. Moreover, the measured variables are explained in several indicators and each indicator contains several sub-indicators.

This research employed validity and reliability tests to measure the reliability of the instrument for each variable. By using significant alpha $\alpha = 0.05$, if the results obtained from data processing were greater than 0.05 it can be said that there is a difference between the population or sample of the variables studied. Multiple comparisons were performed with the aim of comparing each online shopping site to one another.

RESULTS AND DISCUSSION

Reliability test results and validity for factors affecting brand image from Lazada, Tokopedia, and Bukalapak are shown in tables 2, 3 and 4. From all of the six factors that affect brand image, *benefits* and *users* got the lowest score for Lazada, Tokopedia, and Bukalapak. Hence, it can be concluded that both of these factors were not feasible to be tested. The ANOVA test should compare at least two out of three online shopping sites.

After reliability and validity tests were conducted to find out the appropriate variables, the next step was to ANOVA test to see if there is any difference in brand images between Lazada, Tokopedia and Bukalapak.

The results showed there was a difference in terms of *attributes*, *culture* and *value* to the brand image of Lazada, Tokopedia and Bukalapak. However, there was no difference in terms of *personality*.

Based on the results in Table 1 and Table 2, the only variables not included in the next research for Lazada are *benefits* and *users*.

Table 1
Instrument variable research

Variables	Indicators	Sub-Indicators	Number of Instrument Items
Attributes (X1)	1. Completeness of product type	1. Various types of products	1
	2. Appearance	2. Site appearance	2
	3. Service	3. 24 hours site service	3
Benefits (X2)	1. Consumer expectations	1. Variety of product that meet customer expectation	4
	2. Benefits of product information	2. Benefits of the product to the consumers	5
	3. Easiness	3. Ease of access to the site	6
Value (X3)	1. Value offered	1. Price variety	7
	2. Reliability	2. Trusted service	8
Culture (X4)	1. Language	1. Use of Indonesian language	9
	2. Technology	2. Use of the latest technology for delivery	10
	3. Shopping culture	3. Make purchases of products online	11
Personality (X5)	1. Personality	1. Personality of online shopping sites	12
	2. Site name	2. Names of online sites that are easy to remember	13
	3. Facilities	3. Convenience of facilities	14
User (X6)	1. Age of consumers	1. Used by teenagers to adults	15
	2. Job	2. Used by those with various job backgrounds	16

Source: Kotler and Armstrong (2014)

Table 2
Reliability test results and validity factors affecting Lazada brand image

Factors that Affect Brand Image	Reliability Test Results and Validity
Attributes	0.662
Benefit	0.08*
Value	0.765
Culture	0.653
Personality	0.86
User	0.450*

Table 3
Reliability test results and validity factors affecting Tokopedia brand image

Factors that Affect Brand Image	Reliability Test Results and Validity
Attributes	0.6
Benefits	0.510*
Value	0.95
Culture	0.633
Personality	0.765
Users	0.211*

The only variables not included in the next research for Tokopedia are *benefits* and *users*.

Table 4
Reliability test results and validity factors affecting Bukalapak brand image

Factors that Affect Brand Image	Reliability Test Results and Validity
Attributes	0.612
Benefits	0.444*
Value	0.812
Culture	0.609
Personality	0.811
Users	0.5*

Based on the results in the above table, the only variables not included in the next research for Bukalapak are *benefits* and *users*.

CONCLUSION

Based on the results above, it can be concluded that there is a difference in terms of *attributes*, *culture*, and *value* for the respective brand images of Lazada, Tokopedia and Bukalapak. Lazada and Tokopedia have the highest results of brand image in terms of *attributes*, which means that they are better in depicting the attributes of an online retail shopping site, variety of products offered and the suppliers, site appearance depicting that it is an online retail shopping and services. Moreover, Lazada seems to perform better than its competitor Tokopedia and Bukalapak in terms of *value* and *culture*. Hence, it can be concluded that Lazada offers products with better price, better quality products, are more reliable in terms of product information, availability and are better at positioning themselves in terms of language used to deliver information. They use the latest technology related with online retail, and they make it easy to access to create comfortable and safe online shopping.

This research has also shown there is no difference in terms of the *personality* factor, which means that all sites have similar appearance and facilities. These results can be useful for new or current companies that are already established but have not decided whether or not to be part of the online shopping business by focusing on

enhancing their brand image in terms of their *attributes*, *culture* and *value* to distinguish from their competitors. According to Stark and Stewart (2011), it is possible to create more customer value by talking to them, surveying them, and watching their actions and reactions. It is important to obtain data related to understanding what is important to your customers and what opportunities are provided by helping the customers. Further research can be done by measuring the level of customer satisfaction with a certain brand image or by repeating the study with different population samples. Understanding and identifying the customers and segments is vital so the online shopping sites can create more value relative to their competitors. Creating a win-win situation with your customers by setting a value that make it clear that customers are receiving value also maximises yours. Satisfied customers that perceive a lot of value in the offering are usually willing to pay more, rather than unsatisfied customers that leave, even at a low price.

In terms of *attributes*, according to Lea (2013), there were no fixed checklist. The writer suggests to cultivate a customer-centred culture across the organisation. A successful customer-centred culture is indicative of a united and focused company, highly dependent on a strong web of internal relationships between executives and employees, spanning a wide range of departments. Companies which focus on customer experience recognise that the strategy is largely dependent on interdependency across functional groups.

The ability to generate and scale customer-generated marketing content not only within the online shopping sites, but through other marketing media improves customer loyalty.

In terms of *culture* of the company, what sets customer experience is delivering the basics well - addressing touchpoint gaps and pain points – to focus on cultural alignment where it improves the customer experience. By realizing the long-term benefits of sustainable business growth through higher revenues and decreased costs, the sites can reap the rewards of customer retention, recommendation, lower marketing and operational costs. This is also related to improving customer experience by improving the employee experience. According to Morgan (2015), most companies today operated in a top down ‘waterfall’ environment. Values and priorities at the executive level trickle down quickly becoming the reality of those in all departments. If customer service does not have what its need to be successful, it is because it is not a priority to those making decisions at the top. If customer service has everything it needs to serve the customers, and they seem eager to satisfy the customers, that is because it is a priority of the executive leadership. According to Brown (2012), increasing customer focus would improve business performance so the question then becomes, how? There are several ways business leaders can help customer to improve the level of focusing on their business, and can get everyone within the company involved in creating an impact on their customers. Not just sales,

marketing, and customer services who deal with customers on daily interactions, but also non-customers facing staff such as finance, and human resources can have a powerful impact. To help employees connect their work with customers, a company needs to provide the tools and communication to help them connect their work with the bigger picture - not only relying on phone lines. Recognizing customer-focused behavior is important because individuals demonstrating the right customer-focused behavior need to be highlighted and recognized in a meaningful way. If employees believe they will be recognised they will be motivated to do things differently.

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Using Social Media to Promote Student Entrepreneurship

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ABSTRACT

This study examines how students use social media as a business medium base. Using UTAUT model developed by Venkatesh, it shows factors that affect one's acceptance of information technology. There are four constructs/variables that affect behaviour of technology acceptance: performance expectancy, social influence, effort expectancy, and facilitating conditions. The research method is verification and explanatory survey. The study population is 21 student entrepreneurs of Universitas Pendidikan Indonesia who use social media as a business medium. Data is analysed using partial least square-path modeling (PLS-PM) using SmartPLS 3 software. The results indicate that UTAUT is a good model that proves performance expectancy, effort expectancy, social influence and facilitating conditions have a positive effect on behavior intention and implications on user behaviour. This means that student entrepreneurial behavior in using social media for business needs to focus performance.

Keywords: Behaviour of technology acceptance, business medium, social media, student entrepreneurship, UTAUT

INTRODUCTION

Young entrepreneurs today belong to the millennial generation. The Internet has changed the way they purchase items or

materials. The number of Internet users in Indonesia has reached 70 million or 28% of the total population. Online merchants in Indonesia can win online customer loyalty by focusing their strategy on customer satisfaction and trust (Hidayat, Saifullah, & Ishak, 2016). Social media, namely Facebook users, account for about 50 million or 20% of the total population, while Twitter users reach 40 million or 16% of the total population which is showing a steady increase (Anggraeni & Purba, 2014). Social media have various features

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that can be utilised for promoting business. Promotion can be done through social networks that can remove the barriers of distance and time. Therefore, social media are increasingly popular among young businessmen for promoting their products. Harsono and Suryana (2014) stated that college students in Bandung city had high desire and intensity of using social media.

This research is based on the development of communication technology that facilitates easy communication in commercial activities. The presence of online media, especially in Indonesia, provides opportunities for student entrepreneurs for expanding their consumer market targets. It is because most students shop online. The students are consumers who prefer to shop online (Pebrianti, 2016).

Young entrepreneurs in the field of online and offline business, nowadays have been utilising technology primarily to attract consumers. Proper use of social media will attract consumers to buy products or use the services offered. Digital marketing in Indonesia is increasingly being used as a way to promote sales. Business activities can be done with the help of social media. In order to increase the number of students doing business through social media, it is necessary to understand the behavioural model of adaptation/acceptance of social media technology as a business medium for student entrepreneurs.

LITERATURE REVIEW

Engel, Blackwell and Miniard (2006)

defined consumer behavior “as the direct action involved in getting, consuming and spending your products and services, including the decision process preceding and following on the move”. Consumer behavior is an attitude or behavior which is shown or which arises in finding, purchasing, using, evaluating, and determining or choosing products, services, and ideas that they hope meet their needs. Consumer behavior in the purchase of products or services is influenced by many factors that interact with each other. The main dimensions that influence consumer behavior in the process of making a purchasing decision are: (1) individual differences; (2) effect of the environment; and (3) psychological process.

The UTAUT Model is a theory-based model developed by Venkatesh, Morris, Davis and Davis (2003) through their study on eight models/theories reception/adoption of the technology, which are now widely used in the study of technology acceptance behavior. These theories are: Theory of Reasoned Action (TRA) (Davis, 1989; Sheppard, Hartwick, & Warshaw, 1988), Technology Acceptance Model (TAM) (Davis, 1989), Motivation Model (MM) (Davis, Bagozzi, & Warshaw, 1992; Vallerand, 1997; Venkatesh & Speier, 1999), Theory of Planned Behavior (TPB) (Ajzen, 1991; Harrison, Mykytyn, & Riemenschneider, 1997; Mathieson, 1991; Taylor & Todd, 1995), Combined TAM and TPB (C-TAM-TPB) (Taylor & Todd, 1995), Innovation Diffusion Theory (IDT) (Agarwal & Prasad, 1998; Karahanna & Straub, 1999; Moore & Benbasat, 1996;

Rogers, 1995; Thompson, Higgins, & Howell, 1991; Tornatzky & Klein, 1982; Vandenbosch, Hulland, & Plouffe, 2001), Social Cognitive Theory (SCT) (Badura, 1986; Compeau & Higgins, 2014; Compeau, Higgins, & Huff, 1999).

There are four constructs/variables into a direct determinant factor that is significant to the behavior of reception technology. In addition, these four variables serve as mediators which amplify the

effect of the four main variables on the acceptance or use of Technology. The four mediators are gender, age, experience, and voluntariness. The research model was created by Venkatesh et al. (2003) as shown in Figure 1.

The UTAUT dimensions can be described as follows: Performance Expectancy, Effort Expectancy, Social Influences, Facilitating Condition, Behavioural intention, and Behavioural Use.

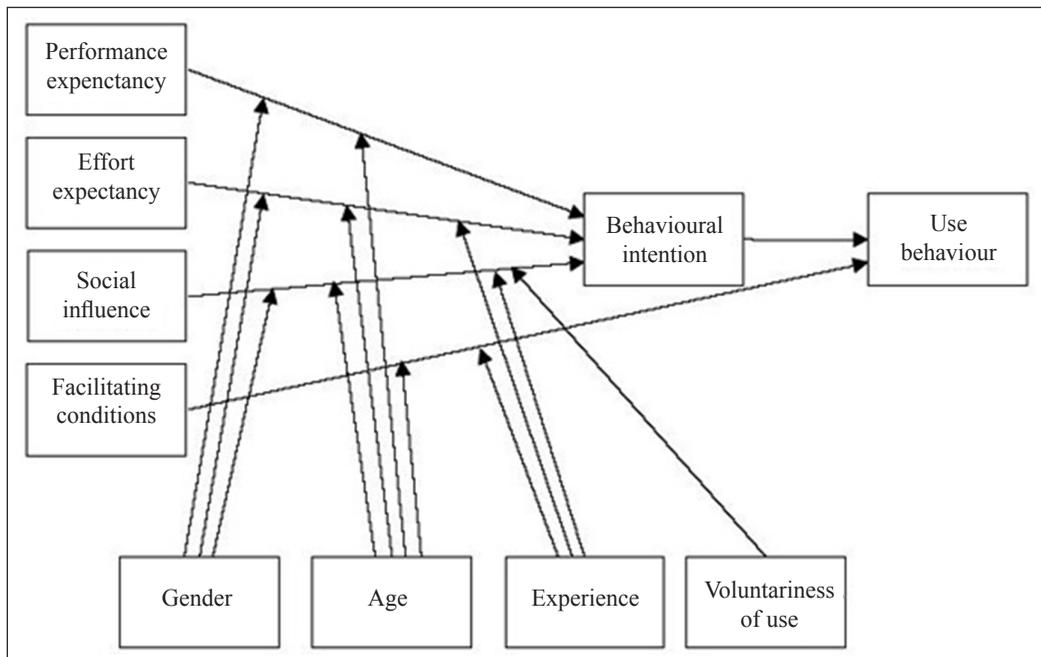


Figure 1. Unified theory of acceptance and Use of Technology (UTAUT)

MATERIALS AND METHODS

The research used a simpler UTAUT model. The original model of UTAUT is modified to be simpler as shown in Figure 2. This research is conducted to find out the adoption

model of student entrepreneurial behaviour using social media as business media on student entrepreneurs at Universitas Pendidikan Indonesia who use social media as a business medium for minimum of three months up to three years. It used an

explanatory survey method and a purposive sampling method with the following criteria: 1) the selected students are entrepreneurs; 2) the student entrepreneurs use social media as a business medium; 3) the social media used include Facebook, Twitter, and Instagram. Respondents in this study are 121 student entrepreneurs of Universitas Pendidikan Indonesia who use social media as a business medium. The scale used is semantic differential 7 points while the instruments in this study are based on

the UTAUT scale instrument developed by Venkatesh et al. (2003) adapted to the research context.

The object of research as the independent variable is Performance Expectancy (PE), Effort Expectancy (EE), Social Influence (SN), and Facilitating Condition (FC). The dependent variables are Behavioural Intention and Use Behavior. This research was conducted in less than one year. The research design used partial least square path-modelling (PLS-PM) analysis.

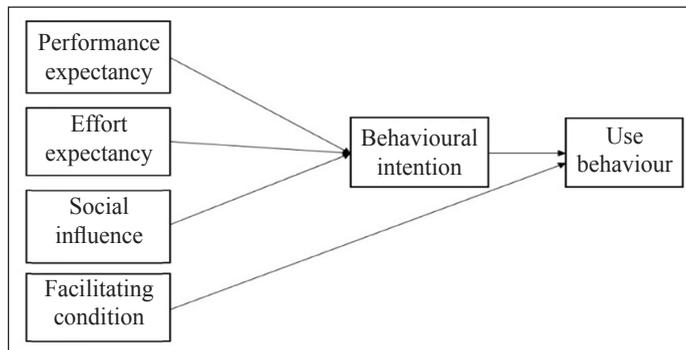


Figure 2. Research model

RESULTS AND DISCUSSION

The model was done through several stages, including Evaluation of Measurement Model (Outer Model), and Evaluation of Structural Model (Inner Model).

Evaluation of the Measurement Model

The measurement model was evaluated to see its relationship between the indicator and the latent variable (construct). The objective is to measure the validity and reliability of each indicator. The first three measurements are grouped in convergent validity.

Convergent Validity

Reliability item. Item reliability is commonly called the validity of the indicator. Here is the value of loading factor for PLS model (Table 1).

Based on the table above, it can be seen that each indicator that forms the construct of both indicators on the variables, such as performance expectation, effort expectancy, social influence, facilitating condition, behavioural intention, and user behavior already has a value of loading above 0.7. Hence, all the indicators are valid.

Table 1

Initial loading factor model value PLS

Indicator	Performance Expectation	Effort Expectancy	Social Influence	Facilitating Condition	Behavioural Intention	User Behaviour
PE1	0.96					
PE2	0.95					
PE3	0.96					
PE4	0.96					
EE1		0.97				
EE2		0.96				
EE3		0.97				
EE4		0.95				
SN1			0.95			
SN2			0.96			
SN3			0.95			
SN4			0.95			
FC1				0.94		
FC2				0.92		
FC3				0.93		
FC4				0.94		
BI1					0.98	
BI2					0.98	
BI3					0.98	
USE1						0.98
USE2						0.94
USE3						0.96

Composite reliability. The statistics used in composite reliability are Cronbach's alpha and D.G rho (PCA). Here is the value of composite reliability (Table 2).

Table 2 shows that the value of Cronbach Alpha and the value of composite reliability for the constructs of performance expectation, effort expectancy, social influence, facilitating condition, behavioural intention, and user behavior are above 0.7. Then, the constructs have high reliability or are reliable as a measuring tool.

Table 2

Composite reliability model PLS

	Cronbach Alpha	Composite Reliability
Performance Expectation	0.97	0.98
Effort Expectancy	0.97	0.98
Social Influence	0.97	0.97
Facilitating Condition	0.95	0.96
Behavioural Intention	0.98	0.98
User Behavior	0.96	0.97

Convergent validity. The valid convergent results through the Average Variance Extracted in Table 3.

Table 3 shows that the AVE value for each construct: expectations, work

expectations, social influences, facilitation conditions, behavioural intentions, and usage behaviours, is above 0.5 which means that the construct is able to explain over half of the variance of the indicator.

Table 3
Convergent validity

	AVE
Performance Expectation	0.92
Effort Expectancy	0.92
Social Influence	0.91
Facilitating Condition	0.87
Behavioural Intention	0.96
User Behaviour	0.92

Discriminant Validity. Good discriminant validity will be able to explain the indicator variable by explaining the variant of other construct indicators. Table 4 presents the discriminant validity values for each indicator.

Based on Table 4, it can be seen that the factor of validity or weighting for BI1 - BI4 is higher with Behavioural Intention than other variables.

Table 4
Discriminant validity

Indicator	PE	EE	SN	FC	BI	USE
PE1	0.96	0.92	0.92	0.64	0.91	0.68
PE2	0.95	0.90	0.90	0.66	0.92	0.67
PE3	0.96	0.91	0.91	0.65	0.90	0.66
PE4	0.96	0.91	0.91	0.68	0.91	0.69
EE1	0.91	0.97	0.93	0.69	0.97	0.74
EE2	0.89	0.96	0.91	0.63	0.96	0.68
EE3	0.92	0.97	0.93	0.68	0.97	0.74
EE4	0.89	0.95	0.89	0.64	0.95	0.64
SN1	0.87	0.88	0.95	0.65	0.88	0.67
SN2	0.90	0.92	0.96	0.70	0.92	0.71
SN3	0.93	0.93	0.95	0.66	0.94	0.72
SN4	0.91	0.90	0.95	0.66	0.89	0.67
FC1	0.66	0.66	0.69	0.94	0.68	0.76

Table 4 (continue)

Indicator	PE	EE	SN	FC	BI	USE
FC2	0.66	0.66	0.66	0.92	0.69	0.72
FC3	0.62	0.61	0.63	0.93	0.64	0.70
FC4	0.63	0.64	0.65	0.94	0.65	0.71
BI1	0.94	0.94	0.95	0.72	0.98	0.73
BI2	0.92	0.92	0.92	0.66	0.98	0.71
BI3	0.93	0.95	0.94	0.72	0.98	0.74
USE1	0.91	0.74	0.74	0.79	0.76	0.98
USE2	0.71	0.67	0.68	0.69	0.68	0.94
USE3	0.64	0.67	0.68	0.75	0.69	0.96

Evaluation of Structural Model (Inner Model)

There are several stages in evaluating the model. The first is to look at the significance of the relationship between constructs. This can be seen from the coefficient path (path coefficient) which describes the strength of the relationship between constructs.

Path Coefficient. The sign in the path coefficient must be in accordance with the hypothesis.

Table 5 shows that the effect of Performance Expectancy on behavioural intention has t-value of 2.59 (>1.96) with significance level of 0.01 (<0.05). Therefore, Performance Expectancy has

an effect on behavioural intention. The effect of effort expectation on behavioural intention has t-value of 3.14 (>1.96) with a significance level of 0.00 (<0.05). Hence, effort expectation construct has an effect on behavioural intention. Meanwhile, the effect of social influence on behaviour intention has an exchange rate of 2.12 (<1.96) with a significance level of 0.03 (<0.05). Statistically speaking therefore, Social Expectations construct has an effect on Behavioural Behavior. The influence of Facilitating Condition on Use Behavior has a t-value of 5.54 (<1.96) with a significance level of 0.00 (<0.05). Facilitating Condition construct statistically influences User Behaviour. Meanwhile Behavioural

Table 5
Path coefficient model PLS

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (IO/STDEVI)	P Value	Conclusion
PE -> BI	0.27	0.28	0.10	2.59	0.01	Ho Rejected
EE -> BI	0.42	0.41	0.13	3.14	0.00	Ho Rejected
SN -> BI	0.30	0.30	0.14	2.12	0.03	Ho Rejected
FC -> USE	0.50	0.51	0.09	5.54	0.00	Ho Rejected
BI -> USE	0.38	0.37	0.10	3.70	0.00	Ho Rejected

Intention on User Behavior construct has a t-value of 3.70 (<1.96) with a significance level of 0.00 (<0.05) which means the former has a significant effect on User Behavior.

Evaluate R². Table 6 shows how performance expectation, effort expectancy, social influence, and facilitating condition explain the behavior of intention and user behaviour.

Table 6
R² for PLS model

	R ²	R ² Adjusted
Behavioural Intention	0.94	0.94
Use Behavior	0.67	0.67

Table 6 shows performance expectation, effort expectancy, and social influence explain the behavioural intention at 94% while the rest are influenced by factors not incorporated into the research model.

Construct facilitating condition and behavioural intention explain the user behavior at 67% while the rest are influenced by other constructs that are not included in the research model. The influence of each construct is shown in Figure 3.

Performance expectations, business expectations, social influences and facilitation conditions simultaneously influence behavioural intent. The strongest influence on behavioural intent are facilitating conditions and performance

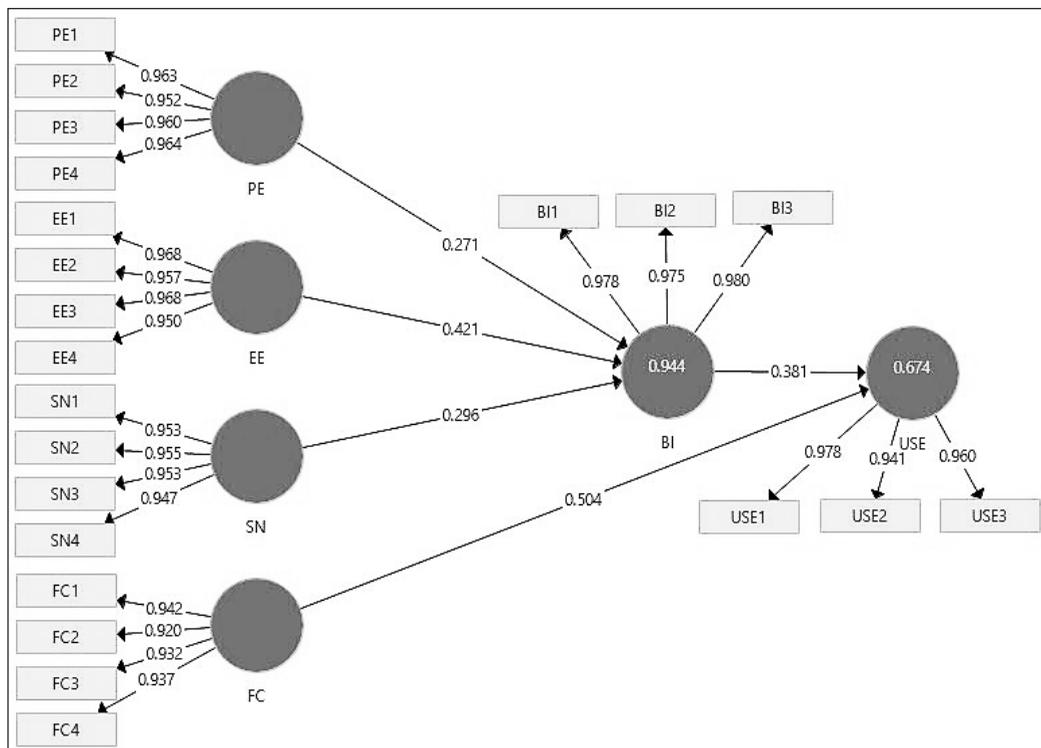


Figure 3. Structural model of research

expectations. Facilitating condition becomes an important variable for student entrepreneurs in improving online sales performance because facilitating condition is an objective factor that can facilitate an action. Misuse of access to support facilities will result in user behavior. In the facilitation conditions, the cost factor must be included because this will directly affect user adoption behavior (Qingfei, Shaobo, & Gang, 2008).

Effort expectancy is the second biggest contributing factor in influencing student entrepreneurial behavior, namely the use of social media technology in running a business. Providers of buying and selling sites that offer ease in the use of buying and selling systems are favoured by student entrepreneurs. Small businesses are less complex in terms of online communication to the consumers, which will appeal to entrepreneurs in the use of such systems, as it minimises their efforts in adopting e-commerce.

CONCLUSION

The findings of the research suggest that performance expectations, work expectations, and social influences have significant positive influences on behavioural intention. The greatest influence on intention behavior is work expectations and the least is performance expectations. This shows that social media as a business medium for student entrepreneurs are easy to use, learn and understand. The social media as a business medium for student entrepreneurs influence performance expectations,

effort expectations, and social influence simultaneously in forming and influencing behavioural intentions. Similarly, facilitating condition and behavioural intention has a positive effect on user behavior. The greatest effect on user behavior is the by facilitating condition. This shows that in using social media as a business medium for student entrepreneurs, facilitating condition and behavior intention will significantly and positively influence the user behavior of social media as business media for student entrepreneurs.

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The Effects of Market Orientation on Environmental Social Responsibility Programmes: The Moderating Effects of Institutional Pressures

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ABSTRACT

Using market orientation perspective, this study addresses the effects of customer- and competitor orientations on environmental social responsibility (ESR) programmes. This study also examines under what conditions these orientations engender greater or lesser uptake on ESR programmes. This study examines whether the adoptions of ESR programmes determine the level of organisational performance. The results from a large-scale, cross-industry study show that being responsive towards customers and competitors leads organisations to adopt ESR programmes. Results also indicate that governmental pressures serve as a moderator on these relationships. In addition, the adoption of ESR programmes in newly developed products enhances an organisation's reputation, although they have no direct influence on enhancing organisational performance from the financial perspective.

Keywords: Environmental social responsibility (ESR), institutional pressures, firm performance, organisational responsiveness

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INTRODUCTION

Since the late 1980s, awareness of global warming has increased. Following the Kyoto Protocol in 1997, a commitment was made to create a cleaner and greener world. The ratification, which took effect in February 2005, was signed by more than 55 countries that, together, produce 55% of the world's greenhouse gas (GHG) emissions (Boiral, 2006). In addition to governmental commitment and support, for-

profit organisations, such as producers, play a critical role in producing and distributing products which are eco-friendly. In support of this, Porter and van der Linde (1995) had claimed that the adoption of eco-friendly operations and products increased an organisation's competitive advantage.

Although many companies are aware of, and care about, global warming, in reality many companies remain hesitant and reluctant to adopt *environmental social responsibility* (ESR) programmes (Siegel, 2009). There are many reasons behind their decision, but most of them believe that implementing the programmes will not be matched by the benefits that they might accrue (Boiral, 2006). This belief might have been true in the 1990s, but, a decade after the millennium, surveys indicated that more than 20% of consumers around the world (the percentage being even higher for consumers in developed countries) did care about global warming and had a greater willingness to purchase eco-friendly products (Ambec & Lanoie, 2008; Marakanon & Panjakajornsak, 2016). If this fact is not convincing enough, the success of Toyota's Prius or Clorox's Brita (Unruh & Ettenson, 2010) in popularising eco-friendly products could be the trigger for organisations to adopt and implement ESR programmes.

The question is what are the factors that determine organisational adoption of ESR programmes? Using a market orientation perspective (Kohli & Jaworski, 1990; Narver & Slater, 1990), this study argues organisational norms and beliefs shape an

integrated organisational effort to respond efficiently and effectively to customers and competitors to ensure the adoption of ESR programs.

The awareness and adoption of ESR programmes among organisations vary, with those in developed countries have a rating generally higher than developing or undeveloped countries. The second question is under what conditions are the influence of market orientation on the adoption of ESR programs strengthened or weakened? Based on institutional theory (DiMaggio & Powell, 1983), this study argues that coercive power serves as the moderator that strengthens the effect of market orientation on ESR programmes. Specifically, this study argues that stronger environmental regulations by the government (Ignatius, 2009) or social pressures from non-governmental organisations (NGOs) devoted to preserving the environment (Peng & Lin, 2008) create conditions that foster more or less adoption of ESR programmes.

Although Porter and van der Linde (1995) had argued that ESR programmes increased an organisation's competitive advantage, many companies hesitate to adopt them due to their insignificant impact on performance (Siegel, 2009). Some studies had conceptually and empirically reported that the adoption of ESR programs influence organisational performance, although the effects are marginal (Montabon, Sroufe, & Narasimhan, 2007). One of the reasons is because previous studies have mainly focused on financial performance e.g. Eiadat, Kelly, Roche and Eyadat (2008);

King and Lenox (2001). This study extends the research by looking at areas where organisational performance should be seen from financial and non-financial perspective.

LITERATURE REVIEW

Market Orientation

Market orientation refers to the extent to which firms behave, or are inclined to behave, according to the concept of marketing (Kohli & Jaworski, 1990). Homburg and Pflesser (2000) stated that market orientation has been conceptualised from both behavioral and cultural perspectives. The behavioral perspective focuses on organisational activities related to the generation and dissemination of and responsiveness to market intelligence e.g. Kohli and Jaworski (1990). The cultural perspective focuses on norms and values of the organisation that encourage behaviours which are considered consistent with market orientation (Deshpandé, Farley, & Webster, 1993; Narver & Slater, 1990). This study adopts the behavioral perspective and asserts the argument of Hult, Ketchen and Slater (2005) that cultural elements per se cannot be expected to shape ESR programs or organisational performance directly. Specifically, customers do not purchase a firm's goods and services simply because the firm has a market orientation culture. Instead, market orientation encourages organisations to act on the knowledge developed about customers' needs or competitors' actions.

In order to depict behavioural market orientation, this study adopts the perspective of Kohli, Jaworski and Kumar (1993) – *responsiveness* - as a firm's propensity to act based on knowledge gained in the market. Specifically, this study defines *customer-related responsiveness* as the extent to which an organisation responds quickly to customer-related changes, while *competitor-related responsiveness* refers to the extent to which an organisation responds quickly to competitor-related changes (Homburg, Grozdanovic, & Klarmann, 2007).

Environmental Social Responsibility (ESR) Programs

Environmental Social Responsibility (ESR) programmes refer to organisations engaging in activities for doing well with regard to the environment, beyond the interests of the organisation and/or that which is required by law (McWilliams & Siegel, 2001). According to Bagnoli and Watts (2003), an organisation was considered as adopting ESR programmes if it implemented activities to save the environment in its value chain system. In a comprehensive content analysis, Montabon et al. (2007) proposed six main activities related to ESR programmes: recycling, waste reduction, remanufacturing, eco-friendly production, eco-friendly product design and eco-innovative products.

This study supports the views of Porter and van der Linde (1995) that, basically, ESR programmes are related to organisational operations and developing innovative products and consist of any organisational

activities to save the environment, such as the 3R (reduce, reuse recycle) and the usage of renewable energy, among others. The ESR programmes related to new products refer to the organisational activities within the product development process which adopt a “green” orientation, such as eco-friendly product design (Eiadat et al., 2008) among others.

Institutional Pressures

Institutional theory (DiMaggio & Powell, 1983) posits that organisations compete not just for resources and customers, but also for political power and institutional legitimacy. Further, the isomorphism concept implies that coercive isomorphism results from both formal and informal pressures exerted on organisations by other organisations upon which they are dependent and by cultural expectations in the society within which organisations function (Peng & Lin, 2008). The formal pressures are enacted by the government through environmental regulations and legal restrictions that mitigate the adverse effects of pollution (Berry & Rondinelli, 1998). The informal pressures coming from customer, shareholder, neighbourhood and environmental protection groups usually attempt to replace government efforts and utilise public opinion to force business adoption of environmental management (Berry & Rondinelli, 1998; Hart, 1995; Henriques & Sadorsky, 1999). This study identified the latter pressures as social pressures, while the former are governmental pressures.

Organisational Performance

Prior researches mostly applied financial performance as the consequence of the adoption of ESR programmes e.g. Eiadat et al. (2008); Montabon et al. (2007). It is claimed that the direct effect of programmes occurs because of the cost reduction related with operations e.g. Ambec and Lanoie (2008); Porter and van der Linde (1995), to allow the organisation to improve financial performance. Nevertheless, there is another point of view that performance is related to non-financial measurements. Peng and Lin (2008) opined that organisations engaged in ESR programmes were able to develop the good image of their business and created a much better customer satisfaction. Therefore, there is a possibility that business reputation will be improved. Good reputations provide the rationale for a cross-sectional relationship between reputation and financial performance (Fombrun, 1996). In other words, good reputation may allow the organisation to charge premium prices, attracting more skilled applicants, enhancing their access to capital markets and attracting investors (Fombrun & Shanley, 1990). Based on these, this research uses the term organisational performance based on managers’ perceptions (Eiadat et al., 2008) of their firms’ financial and non-financial performance.

Hypotheses Development

Responsiveness to customer-related changes helps firms to satisfy customers better and, thus, it is more likely to lead to a differentiation advantage (Zhou et al., 2007).

As argued by Peattie (1999), customers were concerned more about environmental issues rather than conventional functionality, quality and cost relating to how products were made, how long they lasted and how they could be disposed of. Consequently, firms need to adopt and implement ESR programmes in their operations as well as in developing new products. As shown by Ambec and Lanoie (2008), more than 20% of consumers around the world were concerned about and deliberately consume “green” products. For example, the market for organic cotton (produced without chemical fertilisers or pesticides) soared worldwide, from US\$245 million in 2001 to an estimated US\$1 billion in 2006. Without taking account of this in operations or developing innovative eco-friendly products, firms are hardly in a position to sustain their competitive advantage (Nidumolu, Prahalad, & Rangaswami, 2009).

Responsiveness to competitor-related changes helps firms to watch costs closely, so they may quickly match the marketing initiatives of competitors (Zhou et al., 2007). As reported by Unruh and Ettenson (2010), a recent IBM survey indicated that two-thirds of executives see ESR - sustainability - programmes as a revenue driver, and half of them expect green initiatives to confer a competitive advantage. If a majority of firms believe that ESR programmes are the most promising avenue (Nidumolu et al., 2009), then every single firm might adopt and implement ESR programmes, particularly when the firms are competitor-orientated.

The trend was even more obvious when the launching of eco-friendly products increased to 500% from 2007 to 2009 (Unruh & Ettenson, 2010), which further indicates that firms respond to their competitors’ initiatives to launch green products. Therefore:

H₁: Responsiveness to customer-related changes positively influences ESR programmes within (a) operational areas and (b) development of new products.

H₂: Responsiveness to competitor-related changes positively influences ESR programmes within (a) operational areas and (b) development of new products.

Henriques and Sadorsky (1999) indicated that a firm’s formulation of its environmental plan is positively influenced by government regulatory pressures and community group pressures. The results of Peng and Lin (2008) also indicated that greater local pressures increase the adoption of a subsidiary’s green management initiatives. Interestingly, the results of Clemens and Douglas (2006) indicated that formal pressures from the government are non-existent when the firm has superior internal resources.

Based on that, this study argues that institutional pressures, both formal (government) and informal (social) pressures, serve as moderating variables on the relationship between organisation’s responsiveness toward ESR programmes. The formal pressures from environmental

regulations create a context where a firm will be more engaged in ESR programmes (Eiadat et al., 2008). Hunt and Auster (1990) also argued that coercive pressures from the government cause more environmental-friendly firms to apply pressure on all firms in an industry. Consequently, greater formal pressures could strengthen the positive influence of firms' responsiveness towards customers and competitors regarding ESR programs. Moreover, Berry and Rondinelli (1998), and Fineman and Clarke (1996) argued that stakeholder (social) pressures created enough forces for firms to adopt and implement ESR programs. Specifically, the willingness to implement ESR programmes will be greater for firms which are more responsive towards customers or competitors if they perceive that the social pressures are more than less. Therefore:

H₃: The positive influence of organisational responsiveness related to (a) customers and (b) competitors on ESR programs will be strengthened if the firm experiences more than less social pressures.

H₄: The positive influence of organisational responsiveness related to (a) customers and (b) competitors on ESR programmes will be strengthened when the firm experiences more than less governmental pressures.

As argued by Porter and van der Linde (1995), ESR programmes enhance the competitiveness of the firm because of better usage of inputs and better product

creation yields improvement through innovation initiatives. Consequently, ESR programmes enable firms to improve performance, as reported by Russo and Fouts (1997). According to Montabon et al. (2007), the practices of environmental management increase sales growth of "green" products, as reported by Eiadat et al. (2008). According to Ambec and Lanoie (2008), better financial performance results in cost reduction, whereby ESR programmes enable firms to manage inputs better and attain a zero-waste production process. Moreover, ESR programmes enabled firms to have more opportunities to increase their revenue through better access to certain markets and differentiating products in the market, where, nowadays, one-fifth of consumers prefer to consume eco-friendly products.

In addition to improved financial performance, ESR programmes also enhance the reputation of the firm (Lynes & Andrachuk, 2008) and attract substantial numbers of eco-consumers to purchase their products (Baron, 2001). The review paper of Ambec and Lanoie (2008) also indicated that ESR programmes provided firms with better environmental (reputation) performance (Kolk, 2000). As reported by Unruh and Ettenson (2010), making the bold move to develop hybrid technology in automobiles had enhanced the reputation of Toyota as a "green" company, although the first hybrid car was, in fact, the Honda Insight. As a result, Toyota has been able to extend its hybrid platform into other

models and easily outsell other companies. Therefore:

H₅: ESR programmes related to firm's operations positively influence (a) financial and (b) non-financial performance.

H₆: ESR programmes related to new products positively influence (a) financial and (b) non-financial performance.

MATERIALS AND METHODS

Research Design and Construct Measurements

The measurement items for organisational responsiveness (both customer- and competitor-related responsiveness have four items) were adopted from Deshpandé et al. (1993), Kohli et al. (1993), and Homburg et al. (2007). This research construct was tested using a 5-point Likert scale, in which 1 refers to strongly disagree, and 5 refers to strongly agree. The measurement items for ESR programs were developed based on the study

of Ambec and Lanoie (2008), Montabon et al. (2007), Peng and Lin (2008), and Siegel (2009) - six items for ESR programmes in operations and four items for ESR programs in new products. The measurement items of firm performance (both financial or non-financial performance have four items) were adopted from Eiadat et al. (2008), and Homburg and Pflesser (2000). Constructs of this study were tested using a 7-point Likert scale, where scale 1 means strongly disagree and scale 7 represents strongly agree. Finally, the measurement items for institutional pressures were developed based on study by Boiral (2006); Peng and Lin (2008); Sharma and Henriques (2005), - four items for social pressures and five items for governmental pressures. The institutional pressures were tested by using a 6-point Likert scale, in which 1 refers to strongly disagree, and 6 refers to strongly agree. Double translation method was used to translate all questionnaires with the aim to maximise functional and conceptual equivalence during the translation process. All the items used in the research are shown

Table 1
Research items, factor loadings, and composite reliability

Research Variables	Factor Loadings	Composite Reliability
I. Organisational Responsiveness - Deshpandé, Farley and Webster (1993); Homburg, Grozdanovic and Klarmann (2007); Kohli, Jaworski and Kumar (1993)		
<i>A. Customer-related responsiveness</i>		0.756
- We provide quick response if something important happens to our customers.	0.780	
- We do quick implementation according to our planned activities regarding customers.	0.822	
- If our customer-related activities do not lead to the desired outcomes, we are able to change them fast.	0.860	
- We are able to react fast to fundamental changes regarding customers.	0.839	

Table 1 (continue)

Research Variables	Factor Loadings	Composite Reliability
<i>B. Competitor-related responsiveness</i>		0.774
- We are able to quickly respond if something important happens regarding our competitors.	0.787	
- We implement our planned activities quickly regarding our competitors.	0.866	
- If our competitor-related activities do not lead to the desired effects, we are fast at changing them.	0.857	
- We quickly react to fundamental changes with regards to our competitors.	0.818	
II. ESR Programmes – Ambec and Lanoie (2008); Montabon, Sroufe and Narasimhan (2007); Peng and Lin (2008), and Siegel (2009)		
<i>A. ESR programmes in operations</i>		0.661
- We actively implement a waste reduction program.	0.682	
- We have processing facility that is able to minimise waste hazard up to zero percent.	0.687	
- We always use materials that are reusable.	0.687	
- We actively implement a recycling programme.	0.689	
- All the production and administration facility in our company has been designed to use renewable energy.	0.713	
- The usage of hazardous materials in our production system has been reduced significantly during these years.	0.746	
<i>B. ESR programmes in new product</i>		0.633
- In developing new products, our R&D team is based on life-cycle products.	0.714	
- Our new products always consider the minimum usage of energy.	0.826	
- The design of our new products is eco-friendly.	0.737	
- The package of our new products is based on the zero-waste concept.	0.715	
III. Firm Performance – Eiadat et al. (2008); Homburg and Pflesser (2000)		
<i>A. Financial performance</i>		0.889
- In the last two years, relative to our competitors, our company's market share has increased.	0.898	
- Our sales have increased in the last two years.	0.947	
- Our profit has increased in the last two years.	0.911	
- Our productivity has increased in the last two years.	0.916	
<i>B. Non-financial performance</i>		0.743
- The satisfaction of our customers has increased in the last two years.	0.773	
- In the last two years, our reputation has increased.	0.835	
- In the last two years, relative to our competitors, our reputation as a green company has increased.	0.838	
- Our company is known as a green company.	0.845	

Table 1 (continue)

Research Variables	Factor Loadings	Composite Reliability
IV. Institutional Pressures – Boiral (2006); Peng and Lin (2008), and Sharma and Henriques (2005)		
<i>A. Social pressures</i>		0.851
- Environmental organisations always suspect that our activities do not fulfil the environmental regulations.	0.878	
- Our activities have been monitored by environmental organisation to be eco-friendly.	0.898	
- The society around our production facility always criticises us to follow the environmental regulations.	0.938	
- Many complaints from the society about our activities that might endanger the environment.	0.847	
<i>B. Governmental pressures</i>		0.722
- The government has comprehensive and executable environmental regulations.	0.747	
- The implementation of environmental regulations by the government agencies is strictly implemented.	0.821	
- <i>Our company is often criticized by the government agencies with regards to our activities that endanger the environment.</i>	0.423	
- The government has an executable penalty if our company endangers the environment.	0.707	
- <i>Most of our activities have been targeted by the implementation of environmental regulations.</i>	0.496	

χ^2 (df) = 748.955 (467); p = 0.080; CFI (RMSEA) = 0.855 (0.078)

in Table 1.

According to Feldman and Lynch (1988), respondents may use the same answers used in previous survey questions. Therefore, to decrease the effect of self-generated validity, this study followed the same procedure as Podsakoff, MacKenzie, Lee and Podsakoff (2003) by utilising *counterbalancing question order*, with the survey questions not arranged sequentially. Furthermore, this research *proximally separated the measures* by having respondents to complete the measurement of the predictor and criteria variables in different formats of response (i.e., 5-point,

6-point, and 7-point Likert scales).

Sampling plan

A survey questionnaire via mail was distributed to 329 companies in three industrial parks around Surabaya, Indonesia. As the second biggest city and the acknowledged business centre for the East Indonesian region, Surabaya has a leading position. To support this position, the government has set up a number of industrial areas, which are located in urban areas surrounding Surabaya. This study targeted organisations operating in three cities, Surabaya (209 firms), Gresik (80

firms), and Pasuruan (40 firms).

The survey was conducted between mid-August to mid-October 2010, and targeted 102 companies. Thus, the response rate was 31%. The following are the basic attributes of respondents and firms. Most of the companies were in the manufacturing industry (48%), followed by trading and warehousing services (40%), and the rest in miscellaneous industries. Almost 88% of the companies had been established for more than 10 years, and most had yearly sales of more than US\$12 million (49%). Approximately 70% of the firms had fewer than 1,000 employees, and the rest had more than 2,000. Most of the companies (61%) have certifications related to the environment (i.e., ISO 14000, Eco-Labeling, EN 16000, and SA8000), with 24% of the leaders showing a greater commitment to their environmental programs. The majority of the respondents were male (77%), more than 30 years of age (77%), have a bachelor's degree (73%), working experiences of more than 6 years (77%), a position equal to or higher than middle manager (77%), and long tenure in their current position (54%).

RESULTS AND DISCUSSION

Reliability and Validity of Measurement Constructs

The guidelines in Anderson and Gerbing (1988) were used to assess the validity of the construct. First, the exploratory factor analysis for all items turned out to be factor solutions, as theoretically expected. The

composite reliability Cronbach's α for each coefficient was greater than 0.700. Secondly, we used Confirmatory Factor Analyses (CFA) to assess the convergent validity of the measures. Most of the item loadings exceeded 0.600 and each indicator t-value exceeded 10 ($p < .001$) and, thus, satisfied the CFA criteria (Hair, Black, Babin, Anderson, & Tatham, 2010). Two items were discarded (item 3 and 5 of governmental pressures) due to low factor loading and item-to-total correlation. The overall fit support the measurement model, and the χ^2 fit statistic is 748.955 with 467 degrees of freedom, and the p -value 0.080. The root mean squared error (RMSEA) was 0.078, and the comparative fit index (CFI) was 0.855. All these figures support the overall measurement quality given a particular sample and number of indicators (Gerbing & Anderson, 1992), and the measures thus, displayed adequate construct validity and reliability. The results are shown in Table 1.

To assess the potential impact of common method bias on the present research, there are three steps implemented to test out the discriminant validity. First, a Harman one-factor test by Podsakoff and Organ (1986) is conducted, which loaded all the variables into a principal component factor analysis. It turns out that there is no single dominant factor (seven factors are generated with 77.600% of the total variance, and factor 1 is only 23.876% of the variance). Second, the variance-extracted percentages for any

two factors are compared with the square of the correlation estimate between them (Fornell & Larcker, 1981). This shows that each of the variance-extracted estimates is greater than the corresponding interfactor squared correlation estimates. Finally, the χ^2 -difference test is implemented for each pair of factors having correlation values above 0.500 (three cases) by using the common method factor. All cases resulted in a significant difference, which further indicated that the pairs are not collinear (Anderson & Gerbing, 1988). Therefore, discriminant validity among the research constructs is confirmed.

This study employs multiple regressions to test the hypotheses. The first hypothesis posits that customer-related responsiveness significantly influences the adoption of ESR programmes by companies. The regression results indicate that being responsive to customers significantly influences the company's adoption of ESR programmes in operations ($\beta = 0.227$, $p = 0.050$; M1) and new products ($\beta = 0.353$, $p = 0.003$; M4); thus, H₁ is supported. The second hypothesis predicts that competitor-related responsiveness significantly influences the adoption of ESR programs by companies. The results show that being responsive to customers significantly influences the company's adoption of ESR programs in operations ($\beta = 0.237$, $p = 0.041$; M1), while there is no effect on ESR programs in new products ($\beta = 0.021$, $p = 0.859$; M4). Therefore, H₂ is partially supported.

In order to test the moderating effects as proposed in H₃ and H₄, this research used a hierarchical regression, since continuous variables are used to measure the predictor (team unlearning) and moderators (team conflict – task and affective conflict). The use of a regression can retain the continuous nature of the variables without losing information or reducing the power to detect the interaction effects e.g. Aiken and West (1991). However, Frazier, Tix and Barron (2004) went on to say that it might be possible that variables correlated with each other (high multi-collinearity), and, thus, the centring method is applied in this research to reduce these effects. Furthermore, based on previous research e.g. Homburg et al. (2007); Sharma and Henriques (2005), this research adopted seven control variables for the regression equations, which are: 1) establishment, 2) type of industry, 3) employees, 4) sales, 5) certification, 6) leadership commitment and 7) competition intensity.

The results presented in Table 3 show that social ($\beta = 0.235$, $p = 0.021$; M2) and governmental pressures ($\beta = 0.329$, $p = 0.000$; M3) have a significant effect on ESR programs related to operations. However, there are no significant effects of social ($\beta = -0.038$, $p = 0.725$; M5) and governmental pressures ($\beta = 0.050$, $p = 0.615$; M6) on ESR programmes related to new products. The expected moderating effect of social pressures on the relationship between customer- and

competitor-related responsiveness on ESR programs in operations ($\Delta R^2 = 0.030$, $\Delta F = 1.796$, $p = 0.172$) and new products ($\Delta R^2 = 0.008$, $\Delta F = 0.426$, $p = 0.655$) is not revealed; thus, H_3 is not supported. The expected moderating effect of governmental pressures only revealed significantly the relationship between competitor-related responsiveness and ESR programmes in operations ($\beta = 0.228$, $p = 0.031$; M3). Further results indicate the moderating effect of governmental pressures is significantly on the relationship between customer-related responsiveness and ESR programmes in new products ($\beta = 0.229$, $p = 0.047$; M6). Therefore, H_4 is partially supported.

The fifth hypothesis states that the implementation of ESR programs in operations significantly influences firm performance. The results indicate that there is no significant effect of such programmes

on the firm's financial ($\beta = -0.006$, $p = 0.965$; M7) and non-financial performance ($\beta = 0.138$, $p = 0.238$; M8); thus, H_5 is not supported. Finally, the sixth hypothesis argues that the adoption of ESR programs in new products will positively influence firm performance. The results show that there is no significant expected effect on financial performance ($\beta = 0.091$, $p = 0.471$; M7), but the programmes significantly influence non-financial performance ($\beta = 0.291$, $p = 0.014$; M8). Therefore, H_6 is partially supported.

Following the procedure of Aiken and West (1991), and Cohen, West, and Aiken (2003), Figure 1 shows the moderating effect of governmental pressures that, when the company has greater responsiveness with regard to competitors, increased governmental pressures boosts adoption of ESR programmes in operations ($\bar{Y} = 5.499$) and vice versa ($\bar{Y} = 4.315$). In the

Table 2
Multiple regression analyses

Independent Variables	Dependent Variables							
	ESR Programmes						Firm Performance	
	Operations			New Product			Financial	Non-Financial
	M1	M2	M3	M4	M5	M6	M7	M8
<i>Control variables</i>								
Type of industry	0.023	0.019	0.021	0.121	0.119	0.115	-0.097	-0.043
Establishment	0.012	0.011	0.010	0.051	0.050	0.047	0.049	0.113
Sales	0.099	0.101	0.097	-0.001	-0.001	-0.001	-0.005	0.009
Employees	-0.031	-0.027	-0.028	-0.108	-0.104	-0.109	0.051	0.035
Leadership commitment	-0.145	-0.137	-0.133	-0.143	-0.141	-0.139	-0.078	-0.136
Certification	0.063	0.064	0.061	0.123	0.121	0.120	-0.006	0.087
Competition intensity	0.145	0.141	0.139	0.000	0.000	0.000	0.123	0.110

Table 2 (continue)

Independent Variables	Dependent Variables							
	ESR Programmes						Firm Performance	
	Operations		New Product				Financial	Non-Financial
	M1	M2	M3	M4	M5	M6	M7	M8
<i>Main effects</i>								
Customer-related responsiveness (CuR)	0.227*	0.286*	0.196 ⁺	0.353**	0.303*	0.357**		
Competitor-related responsiveness (CoR)	0.237*	0.277*	0.210 ⁺	0.021	0.028	-0.005		
Social pressures (SP)		0.235*			-0.038			
Governmental pressures (GP)			0.329*			0.050		
ESR programmes in operations							-0.006	0.138
ESR programmes in new product							0.091	0.291*
<i>Interaction effects</i>								
CuR x SP		0.062			0.116			
CoR x SP		0.137			-0.084			
CuR x GP			-0.001			0.229*		
CoR x GP			0.228*			-0.094		
ΔR^2	0.071	0.222	0.252	0.063	0.136	0.134	0.081	0.078
ΔR^2	0.170	0.030	0.050	0.133	0.008	0.038	0.008	0.151
ΔF	9.603	1.796	3.258	7.138	0.426	2.063	0.372	8.520
<i>Sig.</i>	0.001	0.172	0.043	0.001	0.655	0.133	0.691	0.001

Note: ⁺ represents $p < 0.10$; * represents $p < 0.05$; ** represents $p < 0.01$

case of companies with less responsiveness, there is a slight difference between high versus low governmental pressures ($\bar{Y} = 4.369$ vs. $\bar{Y} = 4.556$). Figure 2 shows higher governmental pressures increase the tendency for companies to adopt ESR programmes in their new products from

$\bar{Y} = 5.049$ to $\bar{Y} = 5.603$ when they are more responsive toward their customers. Interestingly, when the company is less responsive, the level of ESR adoptions in new products is higher when the companies perceive low ($\bar{Y} = 4.830$) than high ($\bar{Y} = 4.465$) governmental pressures.

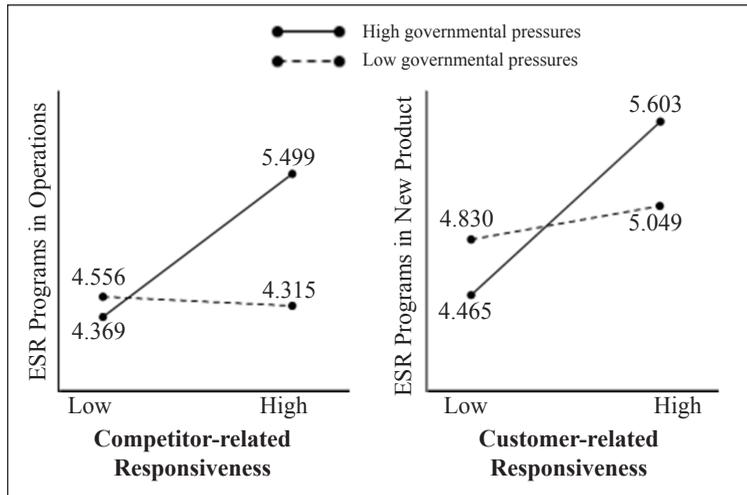


Figure 1. The moderating effect of governmental pressures

CONCLUSION

This study addressed the research question as to whether customer and competitor orientations determine the adoption level of ESR programmes. The findings indicate that the adoption of ESR programmes in operations is determined by these orientations, while programmes related to new products are only determined by customer orientation. The findings are consistent with the arguments that indicate responsiveness towards customers leads firms to adopt and implement environmental-friendly operations. Moreover, due to the rapid growth in the number of “green” consumers (Ambec & Lanoie, 2008; Unruh & Ettenson, 2010), developing innovative products is the only way to attract and retain such consumers. Moreover, competitor orientation leads firms to employ mimetic isomorphism (DiMaggio & Powell, 1983) by adopting any ESR programs of their competitors. As a result, more and more

firms will adopt ESR programs, particularly when the world’s biggest companies, such as GE, Wal-Mart, or Toyota, serve as role models as eco-friendly firms, particularly in their operations (Unruh & Ettenson, 2010).

The second research question is under what conditions the positive influence of organisational market orientation on the adoption of ESR programs are strengthened. The findings show that governmental pressure could strengthen the effect of competitor-related orientation on ESR programs related to operations, while the effect of customer-related orientation on ESR programs related to new products is also strengthened. Consistent with Clements and Douglas (2006), governmental pressures have a direct and indirect effect on the adoption of ESR programmes. Although there is no significant moderating effect of social pressures on the influence of firms’ responsiveness, the findings are in line with those of Kassinis and Vafeas (2006), and

Peng and Lin (2007), that social pressures directly influence the firms to adopt ESR programs.

The third research question addressed by this study is whether the adoption of ESR programs contributes to organisational performance. The findings indicate that there is no significant contribution of adopting such programmes on financial performance, while non-financial performance (reputation) is indeed significantly enhanced by such programmes in new product development. As argued by Nidumolu et al. (2009), firms need to use sustainability (ESR programs) as part of their innovation programmes. By doing so, consumers and other stakeholders will regard the firm highly as eco-friendly, which, in the long run, could benefit its sales and financial performance (Unruh & Ettenson, 2010). In line with many pessimistic views about ESR programmes which point to costs rather than revenues (Ambec & Lanoie, 2008; Boiral, 2006), this study argues that ESR programs might not have an immediate effect after firms implement them. In the short term, the effect will be effective in enhancing a company's reputation, which will gradually lead to increasing the firms' revenues and financial performance.

Implications

This study shows implications for practitioners as well as academics. First, as suggested by Marcus and Fremeth (2009), ESR programmes could contribute to the firms' financial performance when they have green management competencies,

which allow firms to synergise their complementary and specialised capabilities. Second, a good reputation as a consequence of ESR programmes indicates to customers and suppliers that the firms produce and deliver high quality products (Peng & Lin, 2008) and thus, positively correlated to the firms' financial performance (Fombrun, 1996). In this case, the effect on the firm's financial performance may take time, such as in the case of Toyota's Prius or Clorox's Brita (Unruh & Ettenson, 2010).

In addition to these managerial implications, this study has several theoretical ones. First, it employs a market orientation perspective (Kohli & Jaworski, 1990; Narver & Slater, 1990) to investigate how firms adopt and implement ESR programmes. The study argues that the adoption of ESR programmes by the firms is part of their responsiveness toward customers and competitors. Second, this study extends institutional theory (DiMaggio & Powell, 1983), which states institutional pressures positively influence the adoption of ESR programs. Moreover, this study indicates that greater governmental pressures positively moderate firms' responsiveness towards the adoption of ESR programmes. Third, this study employs a developing country as the context to conduct study-related ESR programs, whereas most prior studies used developed countries e.g. Clemens and Douglas (2006); King and Lenox (2001); Montabon et al. (2007), which are more stringent in the implementation of environmental regulations and there are greater pressures to be eco-friendly.

Limitations and Future Research Directions

Although these research results are compelling, their generalisations are constrained by several limitations of the study. First, this study used a market orientation perspective (Homburg et al., 2007; Hult et al., 2005) to investigate the factors that contribute to organisational decision to adopt ESR programmes. Integration with an internal perspective, such as the resource-based view (Barney, 1991) could provide a comprehensive perspective on how internal and external factors determine the adoption of ESR programmes. Second, the use of a newly-developed subjective measure for ESR programmes and institutional pressures should be noted. Although the reliability and validity of this new measurement are confirmed, future efforts to better craft this measure are warranted. Finally, the empirical setting is a developing country, which faces fewer pressures, whether governmental or social p (Nidumolu et al., 2009). This shortfall begs another related question that should be addressed, namely, to what extent or in what way do institutional or market conditions affect the adoption of ESR programmes?

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ICanStudioLive use of Blue Ocean Marketing Strategy for Value Differentiation

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ABSTRACT

This study focused on music industry facing the following challenges: changing media technology, consumer demand and value. Companies have dealt with these massive changes. However, ICanStudioLive, a music company, viewed these from a different perspective. Instead of adopting a wait-and-see approach, they looked at opportunities to create value differentiation using Blue Ocean strategy, though unconsciously. This study used mixed research methods with sequential explanatory approach. Data was obtained from 50 music groups in addition to in-depth interviews with selected management. The SWOT analysis and PMS mapping were used to analyse the data. The results showed ICanStudioLive was practising differentiation strategy akin to Blue Ocean strategy. They were leading in divergence, differentiation, innovation, human resources and motivation compared with their two closest competitors. These variables helped their marketing programme leading to value differentiation. The PMS Mapping showed IcanStudioLive was a pioneer and they should develop and apply the value differentiation to implement the Blue Ocean strategy.

Keywords: Blue Ocean, innovation and changing media technology, marketing strategy, music industry, value differentiation

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INTRODUCTION

The era of globalisation and modernisation has led to intense competition among countries to survive. One way to deal with it is via continuous innovation (Lee, Mudambi, & Cano-Kollmann, 2016). A new marketing culture is essential without neglecting hierarchy (Simamora, Marcellinus, & Hartono, 2016). Technology has become

a game changer for the education sector, businesses, government and non-profit organisations. Traditional media too has become irrelevant in this new age of modernity whereby new media have shaped innovation and help businesses to become more effective, efficient, and friendly so that the audience accept them as part of their information source. Rapid changes have been witnessed in technology information, software industry, and communication technology (Richardson, Smithies, Chapman, & King, 2014). Therefore, government, communities, academicians, and industries need to collaborate to cope with the growth of this technology and enable business and market to adapt to this rapid changing on market needs (Anggadwita, Saragih, & Alamanda, 2016). In telecommunication and music industry, the technology is known as a new digital medium. It is easily manipulated, compressible, interactive and impartial (Abrar, 2003). Today, digital media are widely used in business particularly for marketing activities (Matthew, Danjuma Joro, & Manasseh, 2015). The media have influenced the way of doing business in developing countries (Benner, 2013), including Indonesia. They have changed the way and how people communicate, study, work and play (Bickham et al., 2008). Digitisation is the standard business practice now. The music industry in Indonesia is now trying to recover and survive (Galuszka, 2015). They have to deal with the market changes especially new innovations and technology which create new demands (Shapero, 2015). Instead of trying to

survive, ICanStudioLive managed to use the digital media and technology to develop themselves and become a music recording studio with new and fresh products and services. Their vision is to become the pioneer of the music industry. Generally, other music and recording studios offer space for musicians to practice and record their music. Meanwhile, ICanStudioLive differentiation has led to a new value proposition. It offers musicians the space to work and fresh concept and a complete promotion through digital media.

This paper examines whether ICanStudioLive is implementing a Blue Ocean marketing strategy unconsciously and if its marketing tools are suitable. It also explores and analyses the idea of marketing strategy, the relevance of that strategy in a competitive market environment, and the basic principles of blue ocean strategy.

LITERATURE REVIEW

Blue ocean strategy challenges companies to pull create their own market space with new value offering so that it would be difficult for competitors to imitate them and compete in the same market (Malhotra & Seth, 2014). Blue Ocean strategy is a new concept of competition where the company has a goal to create new value for long-term purposes (Hersh & Abusaleem, 2016). However, various factors need to be considered to ensure product and service competitiveness. Blue ocean suggests companies need to build innovative philosophy, consider changing their operation, patent and copyright and

also take advantage as being pioneers in the field (Eskandaria, Mirib, & Allahyar, 2015).

Innovation is a creative nature in addressing future opportunities and is something different than usual (Feret & Hartline, 2014). This is indispensable in the competitive world of business today and companies which are able to develop it have the possibility to implement Blue Ocean Strategy better (Kim & Mauborgne, 2005). In its progress, innovation is widely used to create a new strategy differently than the existing one by emphasising the uniqueness and advantages of the company (Borgianni, Cascini, & Rotini, 2012).

MATERIALS AND METHODS

This research adopted a descriptive analysis method using a purposive sampling. A mixed method is used to collect and analyse data (Bentahar & Cameron, 2015) from 50 music player groups. Qualitative data was obtained from in-depth interview involving the company management of ICanStudioLive and its two closest competitors, namely BS Pro and Nayas Music Studio. The scale of measurement used ordinal data and the measurement models used Likert scale for the survey. The indicators and variables are based on canvas strategy dimensions. There are Divergent, Differentiation, Innovation, Pricing, Cognitive, Human Resource, Motivation, and Politics. Cross-sectional used for the time horizon of the research. Blue Ocean strategy is used (Chakrabarti, 2014) to analyse the consistent pattern of strategic thinking behind the creation of new markets and industries where demand

is created rather than fought for and the rule of competition is irrelevant regarding ICanStudioLive's market. The analytical methods used in this research are: Canvas Strategy (Rawabdeh, Raqab, Al-nimri, & Haddadine, 2012), mapping PMS (Alhaddi, 2014), three tiers of non-customers, and confirmatory factor analysis. The PMS mapping shows an understanding of the growth trajectory of the business in terms of revenue, profit, and market share and customer satisfaction. The PMS Map (pioneer, migrator, settler) analyses a company or industry's product portfolio and reveals the growth potential of existing and planned products and services. The idea is to plot the company's existing products into pioneer, migrator or settler and then plot future offerings into the adjacent column (to see if the product is on a decline or growth trajectory?). In this study, the PMS Mapping evaluated ICanStudioLive and its two closest competitors and revealed the position of each company.

Settler means a company's offering that is not significantly different from other competitors in the marketplace. It has no competitive advantage and value differentiation. This does not mean that its product/service is not profitable. In fact, many cash cows are well-established as a settler. However, a settler product is in slow or declining growth in the market. It indicates a warning for the company to create an opportunity to develop a sustainable life cycle.

Migrator represents a company which has a significant competitive value to be

offered in the market. It could be the leading product in its category and offers value propositions that exceed that of its close competitors. In this category, it doesn't offer innovative value; therefore, it is vulnerable to disruptive competition.

Pioneer is a company offering unprecedented value. It stands out from the competition because its value propositions and value differentiation of its offering are leaps and bounds ahead. The company will enjoy the long market share and profit gain in the market as a result of attracting a mass following of customers. A pioneer product yields substantial profitable growth. It is a Blue Ocean offering. In this study, it is indicated that ICanStudioLive is a pioneer in terms of its effort to develop and implement marketing strategy.

RESULTS AND DISCUSSION

In this study, three music companies are investigated which offer similar product and services. Quantitative data were obtained from 60 music groups in order to get insight from market segment which becomes the main target of this company. Before conducting the analysis, the sampling was determined using the value of MSA, and the standard is 0.5. Therefore, it is accepted to determine the consistency of the sample with factor analysis.

Table 1 shows that the instrument is accepted and suits the factor analysis.

Table 2 shows the company's capability in implementing Blue Ocean strategy. Each indicator is above 50%. These indicators are proven valid to analyse the factor values. Of

Table 1
MSA analysis

Factor	MSA	Sign	0.5
Q1	0.854	>	0.5
Q2	0.853	>	0.5
Q3	0.881	>	0.5
Q4	0.909	>	0.5
Q5	0.907	>	0.5
Q6	0.887	>	0.5
Q7	0.886	>	0.5
Q8	0.891	>	0.5
Q9	0.630	>	0.5
Q10	0.818	>	0.5
Q11	0.886	>	0.5
Q12	0.920	>	0.5
Q13	0.906	>	0.5
Q14	0.921	>	0.5
Q15	0.906	>	0.5
Q16	0.914	>	0.5
Q17	0.924	>	0.5

Table 2
Communality value

Initial	Extraction
1.000	.697
1.000	.492
1.000	.640
1.000	.767
1.000	.811
1.000	.721
1.000	.525
1.000	.565
1.000	.689
1.000	.580
1.000	.784
1.000	.696
1.000	.778
1.000	.757
1.000	.757
1.000	.618
1.000	.659

the total values in the table of communalities below, there are 17 factors formed which have a large value of communalities (> 0.5). Thus, it can be interpreted that the 17 factors have a strong relationship with the factors which are formed. Therefore, the greater the value of communalities, the better the factor analysis.

The study shows ICanStudioLive employs the technique of Blue Ocean to conduct its business activities. Therefore,

this research aims to find whether it applies the Blue Ocean consciously or not. It studies two music studios with the same target market segment for comparison. They are BS Pro and Nayaz Music Studio. In order to reveal their differences, the researchers conducted interviews with the music studio owners and distributed questionnaires to musicians who regularly use each of them. The results obtained by the researchers are shown in Table 3, Table 4 and Table 5.

Table 3
Dimensional factor of ICanStudioLive

Dimension	Score assessment
Divergent	
Q1	91
Q2	91
Differentiation	
Q3	92
Q4	89
Innovation	
Q5	89
Q6	84
Price	
Q7	88
Q8	88
Cognitive	
Q9	86
Q10	91
Resources	
Q11	85
Q12	88
Motivational	
Q13	92
Q14	93
Politics	
Q15	87
Q16	92

Table 4
Dimensional factor of BsPro

Dimension	Score assessment
Divergent	
Q1	63
Q2	60
Differentiation	
Q3	51
Q4	60
Innovation	
Q5	44
Q6	58
Price	
Q7	71
Q8	74
Cognitive	
Q9	79
Q10	73
Resources	
Q11	53
Q12	56
Motivational	
Q13	56
Q14	54
Politics	
Q15	68
Q16	76

Table 5
Dimensional factor of Nayaz

Dimensions	Score Assessments
Divergent	
Q1	56
Q2	54
Differentiation	
Q3	46
Q4	37
Innovation	
Q5	29
Q6	29
Price	
Q7	73
Q8	61
Cognitive	
Q9	79
Q10	78
Resources	
Q11	37
Q12	41
Motivational	
Q13	37
Q14	41
Politics	
Q15	46
Q16	58

Canvas Strategy

After processing the data and averaging the value of each dimension, the next step is to place the dimension values on the canvas of strategy. This is done by representing them in a graphical form.

The above Canvas Strategy shows the vertical lines indicate scale level based on quantitative data and strengthened by the qualitative data. The horizontal lines on the other hand indicate the analysed variables which consist of: first is divergent, second is differentiation, third is innovation, fourth is price, fifth is cognitive, sixth is human resource, seventh is motivation, and eighth is politics.

The strategy canvas graph above shows ICanStudioLive has a high average curve value in each dimension factor. This means that it gives many offers to consumers and non-consumers. The value curve of B's Pro seems to have a curve that is down-up-down-up which indicates that the company does not have a coherent strategy or does

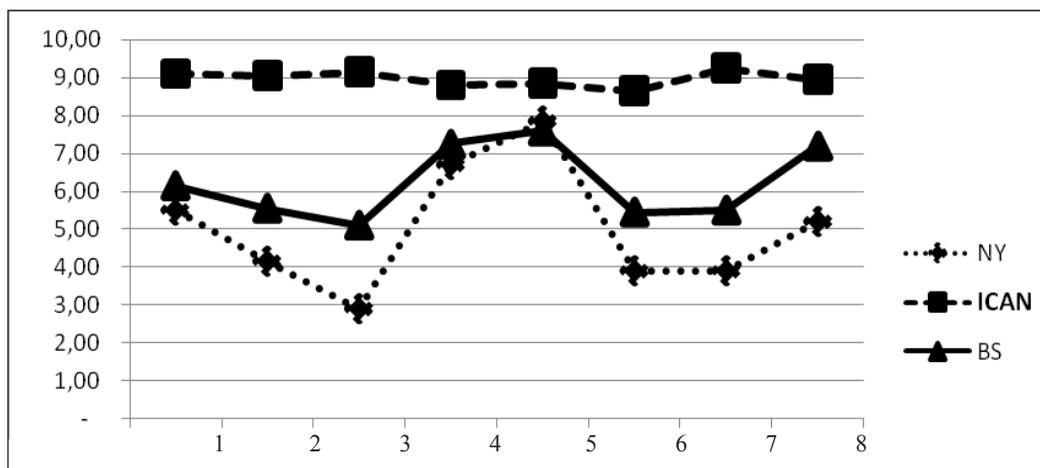


Figure 1. Canvas strategy

not focus on a specific strategy. Similarly, Nayaz Music studio's value curve has the same pattern as B's Pro. It can be interpreted that B's Pro and Nayaz Studio are caught in the red ocean strategies and are competing to show their superiority. ICanStudioLive has its separated offer area. It can be seen that although BsPro and Nayaz have shown changes, they cannot improve their value in the minds of artists as a company that offers something novel. They need to work harder if they want to create a competitive advantage and improve their marketing strategy, particularly in branding and value proposition.

PMS Mapping (*Pioneer-Migrator-Settler*)

The Pioneer - Migrator – Settler Mapping is used to categorise the value of each company and is also used to predict the extent to which the value of these companies

will grow in the future. Interview results with each owner of the studio service company are analysed to reflect its value in the PMS mapping and to predict how and towards which value is developed.

Horizontally, a benchmark assessment of innovation of each company, and vertically a benchmark assessment of differentiation of each company which has been averaged are used.

From the mapping, the result is explained as follows:

- Based on the point value of differentiation, 9:05, ICanStudioLive started as a pioneer with a value innovation, such as tapping future communication, innovation, digital marketing, and technology investment for production. Furthermore, based on the assessment and interview at 9.15 innovation, it can be predicted

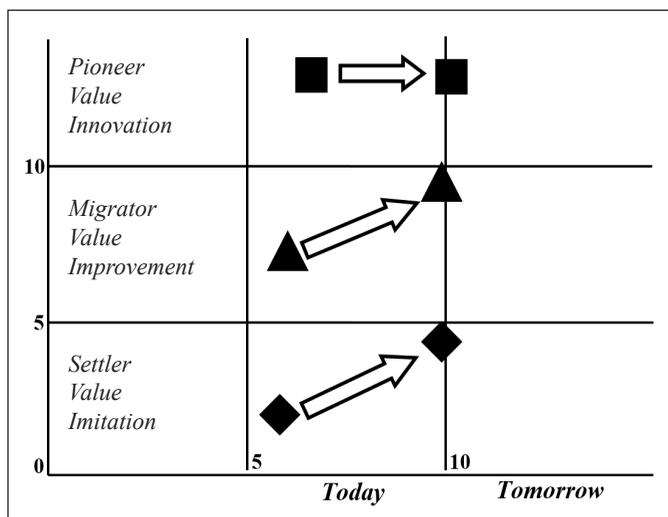


Figure 2. PMS Mapping

that the company is able to continue to develop its studio services in the future because the mission of the ICanStudioLive is to be innovative.

- Based on the point value of differentiation on 5.55, B's Pro started as a Migrator with value improvement. The owner of B's Pro service studio mentioned the improvisation values of the studio are different from the common ones such as using the services to make a jingle and company mars, providing a place for clients to support their creativity, collaborating band studio with cafe studio, standardising equipment with stage-quality grade. Based on the assessment of innovation at 5.1 and interview results, it is predicted that the company will become a pioneer in this field.
- Based on the point value of differentiation on 4.15, Nayaz Band Studio started with value imitation. Interviews with the owner of Nayaz Band Studio indicated it has a target market as ICanStudioLive can transform the studio into a producing house, focusing on marketing. However, based on innovation assessment of 2.9 and the interview results, it is predicted that Nayaz Band Studio will be a Migrator. Although the value of innovation is low for the future, many values will be improvised

by the owner, such as developing the studio to be the best with outstanding features and musicians who have their own idealism.

Three Levels of Non-Consumers

Three types of non-consumers are described that indicate which type will use the services of the company. Each nonconsumer intention is assessed.

The results of the assessment which have been disseminated through the questionnaire are: 1) ICanStudioLive obtained 9.3 from the average non-customers. It indicates high interest of non-customers to make use of the service; 2) B's Pro got 6.4 from the average non-customers indicating fair interest among non-customers to make use of its service; 3) Nayaz Music studio scored 4.5 out of average non-customer indicating low interest.

Factor Analysis

From the results, we can see three factors shape the success of the ICanStudioLive: factor 1 (Motivating Assistant, Facility Penetration, and Unique Bundle), factor 2 (Place Ambiance, Value Package, and Evaluation Awareness), Factor 3 (Criticism).

Factor 1 (Motivating Assistant, Facility Penetration, and Unique Bundle).

After completing the Rotated Component Matrix test, a unique bundle containing several indicators are formed. The indicator "I feel the way the owner markets the band studio is a new thing" has the biggest impact

by 81.1%, while the smallest percentage of indicator is “I feel the band studio has its own characteristics among other band studios” by 49.2%, and the rest are “I feel the package of services offered by the band studio has an appropriate price range “ by 56.5%, “I feel the studio has policies benefiting all parties who use the facility and does not distinguish between big or small band” by 61.8%, “I feel the quality of the studio music instrument is good to use compared to one of other band studios” by 64%, “I feel I will continue to use the services of the studio” by 65.9%, “I feel the studio crew often provide inputs and suggestions” by 69.6%, “I feel the mixing tool provided by the band studio is a new thing” by 72.1%, “I feel the owners and crew can give motivation in creation and music” by 75.7%, “I feel the band studio can accommodate and carry out inputs and suggestions for common interest” by 75.7%, “I feel the programme offered by the band studio is different from the one offered by the others” by 76.7%, “I feel the owners and crew can provide inputs in creation and music” by 77.8%, “I feel the studio crew are sincere and professional in their field” by 78.4%.

Factor 2 (Place Ambience, Value Package, Evaluation Awareness). After doing the Rotated Component Matrix test, the dimensions of place ambience, value package, and evaluation awareness that contain several indicators are formed. From these indicators, the indicator of “I feel the

music studio can offer the ambience of the place which is different from that of other places “ had the greatest response at 69.7%, while the smallest percentage is showed by indicator “I feel the package offered by the music studio is in accordance with the services offered “ by 52.5%, while the other indicator: “I feel, the music studio needs to do an evaluation periodically to keep up-to-date “ had 58%.

Factor 3 (Criticism). The Rotated Component Matrix test showed 68.9% for one indicator: “I feel music studios need to take criticism from customers” by.

CONCLUSION

Based on our research carried out on ICanStudioLive marketing strategy and its market segments, the following can be concluded:

1. Three Factors formed are:
 - (a) Factor 1: Motivating Assistant, Facility Penetration, Unique Bundle (53.268%)
 - (b) Factor 2: Place Ambience, Value Package, Evaluation Awareness (7.7%)
 - (c) Factor 3: Criticism (6.85%)
2. Marketing is the most important factor that contributes to the success of ICanStudioLive.
3. Members and non-members are interested to use the services of ICanStudioLive regularly.

4. Unconsciously, ICanStudioLive does apply the Blue Ocean marketing strategy.
5. ICanStudioLive is the first music studio in Indonesia to implement a new digital media and is considered a pioneer.

Recommendation

The study provides the following recommendations:

1. In Factor 1 (Motivating Assistant, Facility Penetration, and Unique Bundle), the smallest factor is “I feel the studio has its own characteristic among the other music studios” (49.2%) and the indicator “I feel the service package offered by the studio has a suitable range of prices” (56.5%). Therefore, ICanStudioLive should showcase its uniqueness so that it stands out among the other studios. Additionally, ICanStudioLive should provide more attention to the range of prices offered in order that it can be accepted by the target segments. In Factor 2 (Place Ambiance, Value Package, Evaluation Awareness) the smallest factor is “I feel the package offered by the studio is in accordance with the services offered” (52.5%) and “I feel the studio needs to do an evaluation to update the concept periodically to keep up-to-date” (58%). Thus, ICanStudioLive should explain thoroughly the

packages it offers so the customers understand the package offered is in accordance with the service. ICanStudioLive should also update the concept periodically so the customers are aware that its creativity is the result of its innovation. Factor 3 (Criticism): The biggest factor is “I feel, the studio needs to take criticism from customers” (68.9%). That is why we recommend they accommodate the criticisms from customers for better development of ICanStudioLive.

2. ICanStudioLive should maintain the same strategy applied to the market segment.
3. Based on of customers and also non customers who use the service of the studio, it is suggested ICanStudioLive develop communication tools to reach out to those who are not familiar with the studio and to offer insights of its potential and attain higher market share in the future.
4. ICanStudioLive must highlights its strength by promoting its fresh and creative concepts as a pioneer, and it must continue to grow and become a trendsetter.
5. Future research should examine other music studios implementing Blue Ocean strategy to reveal their differentiation and competitive advantage significantly.

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Measuring Digital Capability Maturity: Case of Small-Medium Kampong-Digital Companies in Bandung

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ABSTRACT

The objective of this study is to develop a digital capability model for Small-Medium Enterprises (SMEs) and use it as a tool to investigate the maturity of digital transformation of SMEs in three traditional business communities: Suci, Rahayu, and Binong in Bandung, Indonesia. The study employs quantitative research methodology and is exploratory in nature. A digital capability model, using the value chain analysis framework, is constructed. The model consists of nine dimensions: organisation or company presence, store presence, support, knowledge management and decision making, marketing and sales, customer relationship, internal communication, ecosystem management, and digital revenue. It is then used to collect data using saturated and random sampling method. Data is later analysed using descriptive-correlational statistical technique in an effort to describe how each variable plays its role in the digital transformation for SMEs. The aggregate of measurement shows overall digital capability maturity index for Kampong Digital Suci, Rahayu, and Binong are 2.62, 3, and 2.36 from the maximum scale of 4 respectively. The results of the measurement suggest that the constructed model of measurement may be overwhelming for the type of companies under investigation.

Keywords: Digital capability, kampong digital, maturity, Small Medium Enterprise (SME), virtual value chain

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INTRODUCTION

The focus of this study on Small and Medium Enterprises (SMEs) is triggered by an ever-increasing concerns of the Indonesian Government (IG) on enhancing the nation's competitiveness. Indonesian leaders have emphasised on dynamic digital economy as the country's short, medium

and long-term plans; this is to ensure SMEs achieve complete digitisation. This initiative of transforming companies into digital ones and fostering digital start-ups can help strengthen the Indonesian economy (ksp.go.id, 2016). This endeavour would help boost its annual economic growth by 2% in terms of Gross Domestic Product (GDP) as well as increase employment opportunities (Economic Deloitte Access, 2015).

The concept of digital maturity is very important in the digital transformation of an organisation. Digital maturity measures the organisation's digital transformation using a digital maturity model. However, there is no single agreed model of how to measure maturity, let alone a model specially designed to measure digital maturity of SMEs. Kubrick (2012) for example, proposed digital maturity measurement model by dividing the model into six dimensions of measurement, namely human resource, technology resource, data strategy, content strategy, channel strategy, and social business strategy. Stratford Managers Corporation (2015) in Sports and Entertainment Digital Maturity Assessment used a digital maturity measurement model using strategy, customer experience, data and technology, operation or management, and people and culture components. Egger and Bellman (2015) utilised a maturity framework using aspects of people, processes, and preparedness. The dimensions vary from one model to another and are mostly suited for corporation. This was confirmed by the findings of Joseph Ng and Kang, as far as information

infrastructure is concerned (Joseph Ng & Kang, 2016).

The determination of maturity level is still hotly debated and there has not been any agreement of single standard as benchmark of digital maturity level or stage. The Salford University (2014) proposes 5 level of digital business maturity: Level 0 – Non-Digital, Level 1 – Presence, Level 2 – Engagement, Level 3 – Integral, and Final Level – The Future. On the other hand, Dell (2013) uses a 5-stage model but with different terminology, which are: Stage 1 – Physical, Stage 2 – Online, Stage 3 – Self-service, Stage 4 – Connected and Stage 5 – Digital.

This study explores the dimensions of digital capability appropriate to SMEs by deriving the value chain analysis framework proposed by Porter (1985). Porter's value chain is the physical framework of business activity to create products or services. Transforming physical value chain into virtual is a proxy to the transformation of the digitalised SMEs' operation. This virtual value chain concept consists of nine components, namely *organisation or company presence, store presence, support, knowledge management and decision-making, marketing or sales, customer relationship, internal communication, ecosystem management, and digital revenue*. These nine components were then pilot-tested to measure the digital level of three "Kampong Digital" namely Suci, Rahayu and Binong, located in Bandung City area. Kampong (UKM) Digital (digital

SME village) uses the comprehensive and integrative information technology to support business processes running in a centralized SMEs or SMEs centre in a particular region or location, in order to realise millions of advanced, independent and modern SMEs. The maturity of Kampong Digital or Digital Capability Maturity of Kampong Digital is the aggregate measurement of all SMEs. It will be indicated using digital capability maturity index (DI), which is the linear non-weighted sum of the nine components and indicates the overall score of SME measurement.

LITERATURE REVIEW

The development of the digital capability model for SMEs is based on three important concepts: The Concept of Virtual Value Chain, the Concept of Digital Capability by Albanese and Manning, and the Concept

of Digital Master by Westerman, Bonnet and McAfee (2014). The logic of the development of components is shown in Figure 1 which supports Westerman et al. (2014) definition of Digital Capability. It implies “enabler” that sees technology as a means to change the way an organisation does business: its customer engagements, internal operations, and even business models. Albanese and Manning (2015) selected components derived from layers of mode of interactions as shown in Figure 1. It helps the authors to select the most important components from the perspective of SMEs. The present study adopts Jeffrey, Rayport and Jhon (1996) construction of Virtual Value Chain and its components. In this study, the capability of a company (SME) to construct Virtual Value Chain is the basis for determining its digital capability.

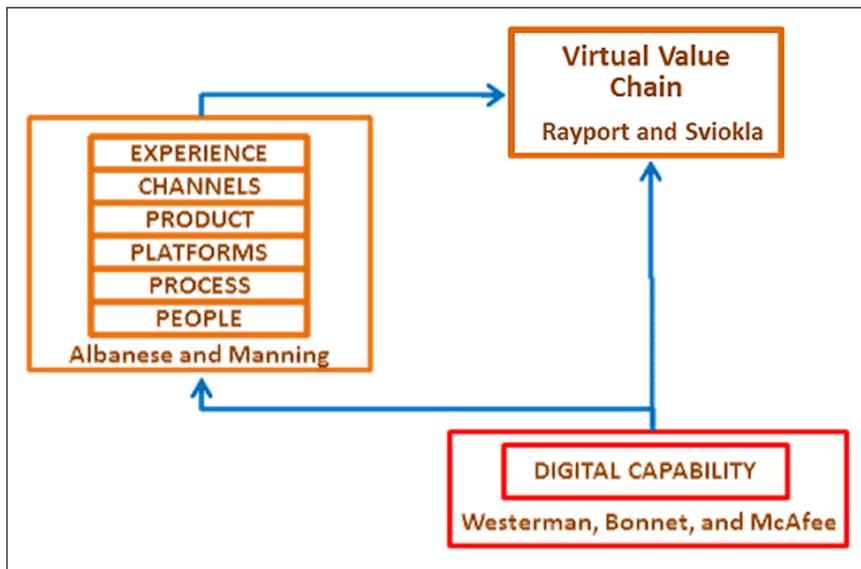


Figure 1. The construction of value chain elements for the measurement of Digital Capability Maturity

The Concept of Virtual Value Chain

The capability of a business operation to create value is represented by its value chain operation. The concept of value chain has been further used as an analytic tool. Value chain analysis is particularly useful in determining whether a company's costs and customer value proposition are competitive. Value chain analysis concerns the analysis of operational activities. Porter (1985) described value chain analysis as a systematic basis for examining all of the company's performance activities and how they relate to each other. Value chain describes the total value that contains value activities and margin. Value activities are physical activities and use different technologies in each company's performance as a component when the company creates a valuable product for consumers.

This concept of value chain has developed in the digital age. Currently, activity in value chains has started to follow technological developments. Chesbrough (2007) stated that the ability of companies to optimise the use of technology is fundamental to the innovation of the value chain platform. Malone, et al. in Auramo, Kauremaa and Tanskanen (2005) affirmed that improvements in information technology efficiency had enabled logistic

flow monitoring, has reduced inventory and has improved customer service. The value provided by IT is the speed of communication (electronic communication) and it provides intermediate automation for transactions and electronic integration. By implementing IT, customer service can focus on providing more value. Amit and Zott (2001) stated that value creation opportunities in a virtual market might result from a new combination of physical information, products and services, innovative transaction configurations, and re-configuration and integration of resources, capabilities, rules, and relationships between suppliers, partners, and customers.

Rayport and Sviokla in their article in Harvard Business Review (1995) found every business competes in two worlds: a physical world of resources that managers can see and touch and a virtual world made of information. The latter—called Virtual Value Chain—has given birth to e-commerce and e-business. Rayport and Sviokla (1995) called the place where the physical value chain lies as “marketplace” and space where the virtual value chain lies as “marketspace” (Jeffrey et al., 1996). The relationship between Physical Value Chain and Virtual Value Chain is shown in Figure 2.

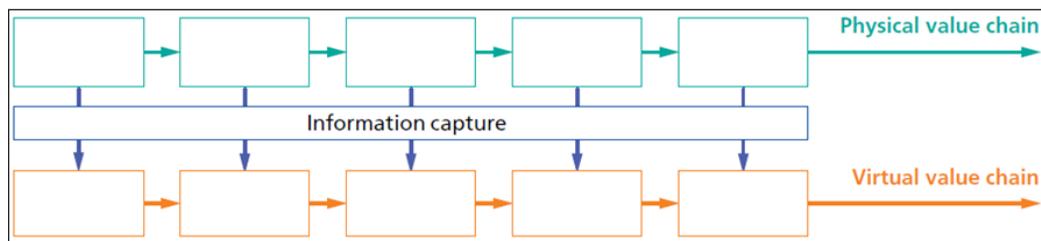


Figure 2. The relationship between physical value chain and virtual value chain (Rayport & Sviokla, 1995)

The Concept of Digital Capability

According to Albanese and Manning (2015), digital technology was multidimensional and constantly expanding, which can make it hard to measure or self-assess. Albanese and Manning deconstructed the digital into its layers in the form of layered hollow ball—from the most inner layer up to the skin—: people, process, platform, product, channels, and experience. The deconstruction into six layers made it easier to begin to understand how to interact with the aspects of digital needed for various projects, processes, or strategies.

Albanese and Manning (2015) described the components as follows:

- *Digital channels*: A different digital channels—whether social media, email, or search—are generally the touch points through which brands are most likely to be connecting with their customers and where their customers may be connecting with each other.
- *Digital ecosystem*: A structured presence or “real estate” in digital, including websites, social media profiles, and applications on smartphones, tablets, wearables, Smart TVs, car displays, and other emerging technology touch points.
- *Digital experience* refers to customer experience. This encompasses the collection of interactions between customers and the company.
- *Digital products/features* are examples of features of customisation and the latter allows users to choose how they interact with a website.
- *Digital platforms*: The platform or platforms that an organisation has created so that others can see/connect/engage with it. The strength of the organisation’s platform/platforms is crucial.

Albanese and Manning (2015)’s layered-digital-concept was used in this study to prioritise the components for digital transformation. The highest priority is “people” which is situated deepest in the ball. And the priority lessens towards the skin, with “digital platform” at the skin as the least priority.

Westerman et al. (2014) defined digital capability was the ability of a business to invest in digital technology investments and transformed it to digitise the company’s activities. The authors (2014) also opined that a business that performed digital transformation would have an impact on income as well as its profit. Using two components of measurement: digital capability (in vertical axis, scale 0 to 7) and leadership capability (in horizontal axis, scale 0 to 7), Westerman et al. (2014)’s digital map revealed four digital quadrants: beginner, fashionistas, conservative, and digital master; they further state Digital Masters excel in two critical dimensions: the “what” of a technology (digital capabilities)

and the “how” of leading change (leadership capabilities). Their statement is in line with the goal of digitising SMEs in Indonesia, namely to strengthen the Indonesian economy through the growth of Medium Business Enterprises, however, with a slight difference. Their study targeted big companies—those with revenues of \$500 million or higher while this study targets SMEs. The authors opine the measurement components in digital transformation would be somewhat very different and should be developed differently due mainly to the different size of the object under

study. The present study will limit only on answering the “what” components of digital transformation.

Virtual Value Chain Construct

As presented in Figure 1, digital capability is a measure of a company capability to construct its Virtual Value Chain. In other words, the search for digital capability model for SMEs is identical with the search for the appropriate Virtual Value Chain model for SMEs.

There are nine critical components in SME’s digital transformation endeavour, as

Table 1
List of nine critical components building Digital Capability Model for SMEs

No.	Virtual Value Chain Component	Physical Value Chain Framework	Reference
1	Organisation or company		
1.a	<i>Company presence</i>	<i>Firms Infrastructure</i>	Companies found online (Auger & Gallagher, 2006)
1.b	<i>Customer or user content</i>	<i>Technology development</i>	Online media to interact with customers (Auger & Gallagher, 2006)
1.c	<i>Content</i>	<i>Technology development</i>	The content platform online (Auger & Gallagher, 2006)
1.d	<i>Content personalisation</i>	<i>Technology development</i>	Submission of product information online (Auger & Gallagher, 2006)
2	<i>Store presence</i>	<i>Outbound logistics</i>	Using self-managed online store (Keegan & Green, 2013)
3	<i>Support</i>	<i>Technology development</i>	The use of information systems (Keegan & Green, 2013; Laudon & Laudon, 2016)
4	<i>Knowledge development and decision-making</i>	<i>Human resources management</i>	Intranet deployment to share information and/or knowledge; implementation of the analytical process for decision-making (Auger & Gallagher, 2006; Sabherwal & Sabherwa, 2005)
5	<i>Marketing and sales</i>	<i>Marketing and sales</i>	Online marketing and sales activities (Gallagher, Auger, & BarNir, 2001; Heizer & Peter, 2015)
6	<i>Customer Relationship</i>	<i>Marketing and sales</i>	Means to communicate with customers online (Peppers & Roggers, 2011)

Table 1 (continue)

No.	Virtual Value Chain Component	Physical Value Chain Framework	Reference
7	<i>Internal Communication</i>	<i>Technology development</i>	Use of technology in interaction between employee and management (Proctor & Doukakis, 2003)
8	Ecosystem management	<i>Procurement and Technology development</i>	Application of digital technology for the exchange process with a partner or partners (Adams & Frost, 2006; Brynjolfsson & Hitt, 2000; Chang, Tsai, & Hsu, 2013; Moller, Torronen, 2003; Salam, Steenkamp, & Khoury, 2008)
9	Digital revenue	<i>Margin</i>	Revenue earned through online activities (Westerman, Bonnet, & McAfee, 2014)

shown in Table 1.

The nine parameters or components of digital capability measurement are as follows:

Organisation or Company

Company presence. The company's implementation of online system to introduce and providing information about organisation or company through websites, social media, blogs or forums, and mobile applications.

Customer or user-connect. Online platform used by the company to interact with customers, such as websites, social media, blogs or trading forums and mobile applications. One of the characteristics of using new media is that the consumers can share their experience in real time using Twitter, chats, and blogs (Hennig-Thurau et al., 2010).

Content. The content of the company via online platform, such as audio, video, text

or sentence, and images. Cronin states that multimedia, such as graphics and sound, can be used to create attractive and popular sites (Auger & Gallagher, 2006).

Content personalisation. The Company provides information about the products (e-catalogue) and provides online information that customers can access through digital devices. According to Heizer and Render (2015), online catalogues would provide comparative cost and other comparisons, making the process efficient for both buyers and sellers. Companies can distribute brochures, catalogues, company information, and online support materials as a small component of printing costs (Auger & Gallagher, 2006).

Store Presence. The channel used by the company to sell its product: through web, blog, marketplace, or social media. Implementation of online sales provides benefit of cut cost and enables digitisation of the process. Auger and Gallagher

(2006) argued that a good website design can reduce the expensive human facility of customer buying processes online by selecting products and filling ordering information.

Support. The use of information systems to support the operation of the company. Information systems can technically be interpreted as a set of interconnected components, collecting (or obtaining), processing, storing, and distributing information to support decision-making and oversight within an organisation. Information system activity in producing information is needed for decision-making,

control operations, analyse problems, and creating new products or services (Laudon & Laudon, 2016). The information system for operational support includes Accounting Information System (SIA), Budgeting Information System, Human Resource Information System, Logistics Information System, and Operational Information System. As described by Mujilan (2012), internal information systems could boost the organisation's functions. Figure 3 shows the division of information system into functional functions of the organisation, which are financial, marketing, production, and human resources.

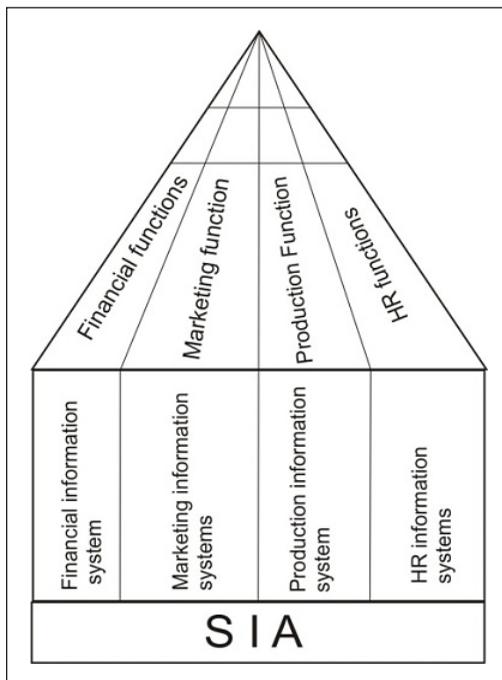


Figure 3. Functional information systems in an organisation (Mujilan, 2012)

Knowledge Development and Decision Making. How knowledge management aims to organise and make available all knowledge created within the company. Knowledge creation means development of new knowledge from data, information or knowledge priority (Sabherwal & Sabherwal, 2005). This study focuses on knowledge within an organisation (SME). First, it can be shared among individuals, groups, departments, or organisations. Second, it can be utilised by and applied among members of the organisation to guide decisions and take action. One technology that can be used to share or exchange knowledge and decision-making is intranet. The advantage of the dissemination of information at low cost can be done internally using intranet, an internal network running the internet protocol and software, but closed to the outside institution (Auger & Gallagher, 2006).

Marketing or Sales. How digital media is used by the company in marketing, such as promotions or advertisements, auctions, and co-creation with customers. Using low-price strategies, online advertising makes it possible to provide product information in the long-term for free (Gallaugher, Auger, & BarNir, 2001). This can also be done online, it can reduce entry barriers (the auction event) and increase the number of potential buyers (Heizer & Render, 2015).

Customer Relationship. How the company establishes relationship using multiple media to help to communicate with customers who do online purchasing: a) a Customer Relationship Management system to communicate with customers online, such as by e-mail; b) a portal or platform to communicate with online customers; c) social media to communicate with customers online; d) a community of experts to communicate with customers online; and e) mobile applications to communicate with online customers. Peppers and Rogers (2011) stated that the strategy behind relationship learning was that the company gave customers the opportunity to know what they wanted, to remember it, to give back to customers, and to maintain customer relationships, and these could be done by communicating with customers.

Internal Communication. Proctor and Doukakis (2003) argued that internal communication is an important part of the practice of building employee development and the core element of employee

development. Internal communication can take advantage of technology. The collaboration with technology provides a mechanism for the transmission of textual, numerical, pictorial and other types of information at very low cost (Gupta & Seshasai, 2007). There must be a means or media used for interaction between employees, employees with management or executive officers within the company.

Ecosystem Management. The Digital Business Ecosystem (DBE) is digitising socialising, collaborating, negotiating, operating and automatically managing business services in open and self-organizing operations (Salam, Steenkamp, & Khoury, 2008). In this study, this component includes signing the contracts with suppliers digitally via a digitised procurement. E-procurement has four functions, namely e-design, e-resourcing, e-negotiation, and e-evaluation. E-design represents the purchase arrangement of needs using electronic procurement system; E-sourcing refers to the process by which a company selects suppliers using an e-procurement system; E-negotiation refers to contract approval using technology; E-evaluation refers to the degree to which extensive information about suppliers is collected for future evaluations and transactions (Chang, Tsai, & Hsu, 2013); b) Quality assurance to customers is done digitally. Companies invest in information technology to improve the quality of its products and consumers to know and appreciate these benefits (Brynjolfsson & Hitt, 2000); c) Interacting

with stakeholders (employees, suppliers, and customers) digitally. Stakeholders can be defined as groups or individuals who have influence on and are impacted by the achievement of company goals. Adams and Frost (2016, p. 283), citing Andriof et al. (2002, p. 283) stated “some companies are taking this stage further and using the internet as part of a stakeholder engagement strategy involving the interaction as expectation of the roles of companies with respect to their stakeholder change”; and d) Companies value exchange with partners or partners of partner digitally. According to Chang, Tsai and Hsu (2013) e-procurement could build relationships with partners, share information, and supply chain integration and improve supply chain performance. If the company’s suppliers cannot build next-generation solutions using technology, such as PC processors, internet interface software, and automation processes, then the company will lose its competitive edge. Furthermore, the use of technology for procurement (e-procurement) can build relationships with partners, share information, and supply chain integration and improve supply chain performance.

Digital Revenue. The level of revenue generated from online activities. According to Westerman et al. (2014), companies with stronger digital capabilities would earn better. Westerman et al. (2014) argue that digital capability could help companies increase revenue by getting new customers or staying in touch with old customers in a new way.

MATERIALS AND METHODS

This study employs quantitative research methodology and it is exploratory in nature as the authors do not have prior knowledge about factors or variables best suited when studying Kampong Digital. Data was obtained from questionnaires that represent selected variables. These variables are measured by interval scales. The function of numbers on the scale is, first, as a symbol to distinguish a state from another; second, to rank the quality of characteristics; and third, to show distance or interval. Likert scale with four choices is used to measure responses of this study. This scale is chosen to show maturity using four stages/levels. Using three points in measuring attitudes provide more reliable results.

The population under this study is the member of the business centre or community defined by areas of Suci, Rahayu, and Binong. The number of population (SMEs) in Suci is 340. By using Slovin formula, with the margin of error of 5%, confidence level of 95% and proportionality of 50%, the authors selected 184 respondents. The selection of respondent in Suci is based on random sampling while for Rahayu and Binong, due to the small population, the authors adopted saturated sampling method recruiting 77 and 159 respondents in Rahayu and Binong respectively.

The questionnaire’s reliability is pilot tested using Cronbach’s alpha with satisfactory proof of reliability ($\alpha > 0.7$). Its validity is checked using Pearson Product Moment which shows satisfactory reliability with all calculated r being greater than

0.361. Data analysis is carried out using SPSS version 21 and Microsoft Excel.

The responses were measured using Likert scale with the scores ranging from 1 to 4. Score 1 indicates the SME does not apply digitisation in its business activities and will not apply it in the future. Score 2 indicates the SME has not implemented digitisation in its business activities, but in the future will implement it or it is currently in the planning stage. Score 3 indicates the SME has implemented digitisation in its business activities but is rarely used. And finally, Score 4 indicates the SME has digitised its business activities and its usage is very frequent.

RESULTS AND DISCUSSION

The results of measurements are presented using spider web visualisation in Figure 4, Figure 5, and Figure 6 for Kampong Digital

Suci, Rahayu and Binong respectively. The maturity scores for Suci for the 9 components are nearly uniform ranging between 2.3 and 2.9 with Marketing and Sales being the largest and Support being the smallest. The maturity pattern for Rahayu is slightly different from Suci. The maturity scores for Rahayu for the 9 components are between 1.8 and 3.0 with Marketing and Sales being the largest and Support being the smallest. The maturity scores for Binong for the 9 components are nearly uniform between 2.1 and 2.5 with Organisation and Store Presence being the largest and Support being the smallest.

The overall score or maturity index of each Kampong Digital is shown in Table 2. Rahayu is relatively more progressive in embracing digital technology for its business compared with Suci and Binong. The score is fairly high for SMEs, 3 (7.5

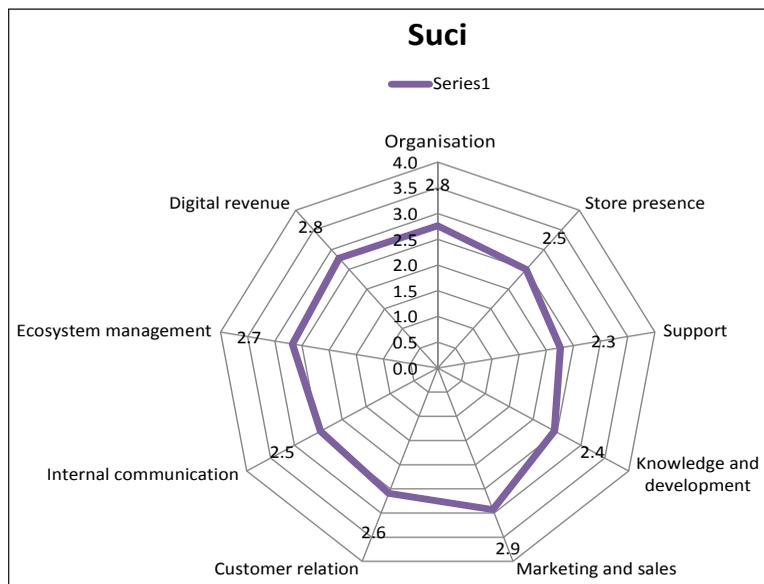


Figure 4. Spider web visualisation of Suci's digital capability measurement

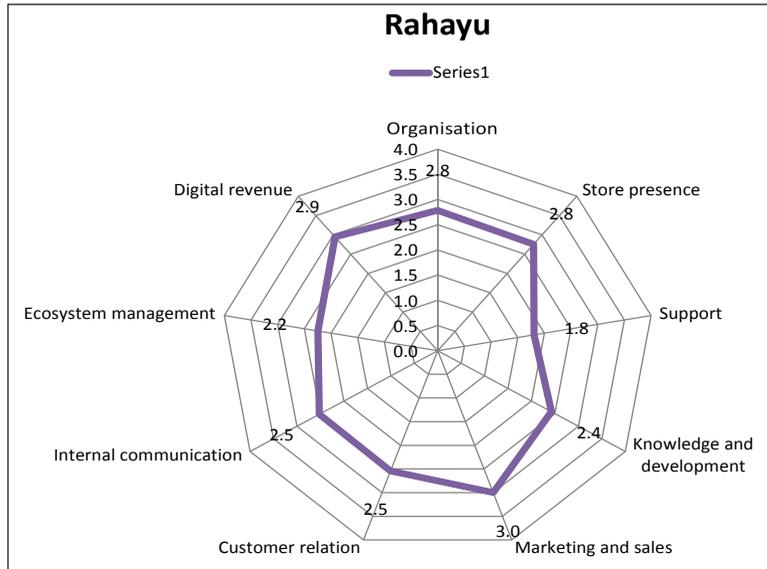


Figure 6. Spider web visualisation of Binong’s digital capability measurement

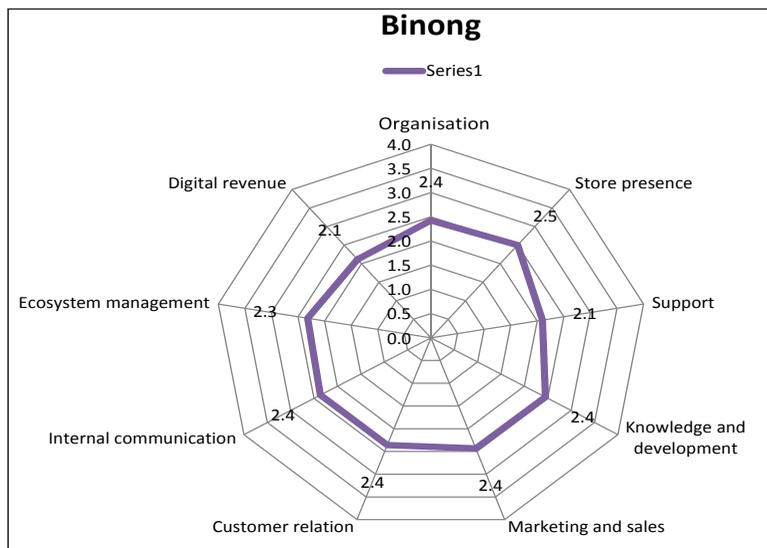


Figure 5. Spider web visualisation of Rahayu’s digital capability measurement

in scale of 10). Suci seems to have its own difficulty in its path to digital transformation shown by its relatively lower score 2.6 (6.5 in scale of 10). Binong with the score 2.36 (5.9 in scale of 10)—being the lowest—may need to be more progressive in embracing

digital technology. However, Binong may need to identify what are its obstacles in accepting digitisation of its business. Based on score in the Likert scale, only Rahayu made it to stage 3.

Table 2
Total average score

	Kampong Digital		
	Suci	Rahayu	Binong
Average Total Score (from scale 1 to 4)	2.62	3	2.36

Figure 7 shows the distribution of votes among respondents in Binong. The distribution of votes for Store Presence, Marketing and Sales, Support, Knowledge Management and Digital revenue imitates normal distribution which is encouraging. A deviation from normal distribution is shown by votes for Organisation Presence. This deviation deserves further investigation.

The vote distribution in Suci and Rahayu are relatively similar to Binong.

Table 3 shows the correlation among nine elements of measurement. The table reveals interesting phenomena indicated by cross-correlation value higher than 0.90 (the number written in bold). First, the high correlation between the elements of Organisation, Marketing and

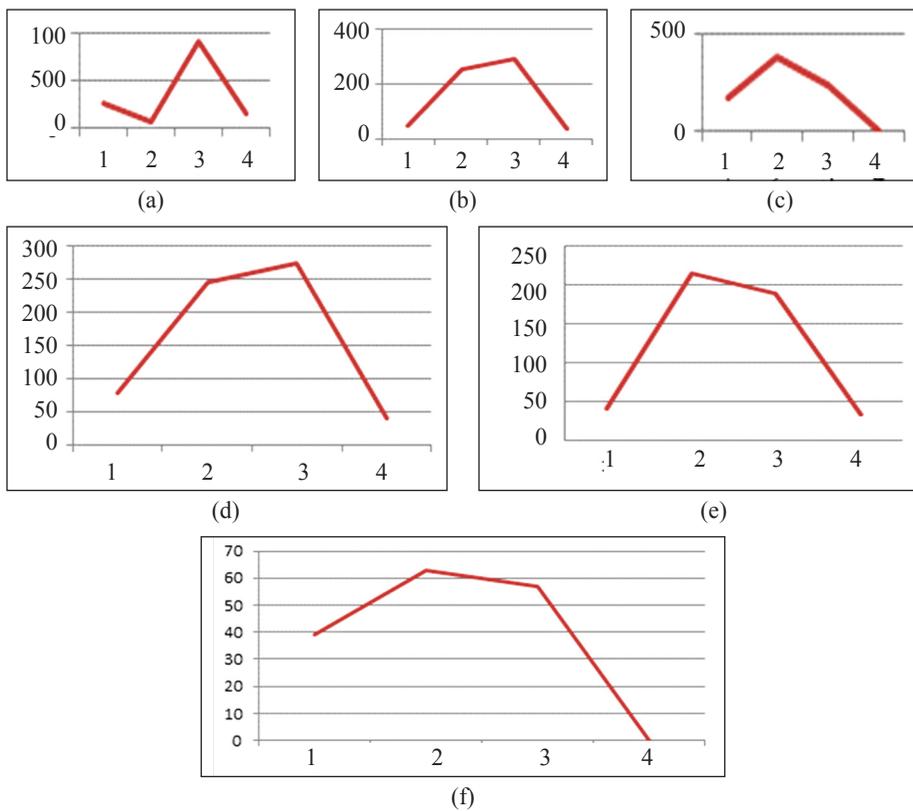


Figure 7. Sample of distribution of votes of several elements in Binong measurement: (a) Organisation; (b) Store presence; (c) Support; (d) Marketing and sales; (e) Knowledge and management; and (f) Digital revenue

Sales, Customer relation, and Internal Communication suggests that average respondents from three Kampong Digitals see that the questions in Organisation Presence as replicated in marketing and sales as well as customer relations. This confusion makes most sense from the business communication perspective because in SMEs where there is no clear organisation structure, all types of external communications are handled centrally.

Second, Table 3 shows the high correlation between Organisation Presence and Internal Communication. This suggests the questions used in the measurement tool may be either redundant or difficult-to-vague

Third, the high correlation between Store Presence with Support and with

Knowledge Management. It is difficult to make sense of this close relationship because Store Presence is outward looking while Support and knowledge are mostly inward in nature. The probable cause may come from the difficulty of average respondents to comprehend the question in the measurement tool.

Fourth, the high correlation of Digital Revenue with Organisation Presence, Marketing Sales, Customer Relations and Internal Communication. This high correlation confirms digital transformation is taking place and the respondents see the benefit of the transformation. While the authors prejudicially suspect that the concept of virtual value chain may be distant to them, the transformation is showing positive impacts on SMEs.

Table 3
Measurement elements cross-correlation

	Organisa- tion	Store presence	Support	Knowl- edge and develop- ment	Marketing and sales	Customer relation	Internal communi- cation	Ecosystem manage- ment	Digital revenue
Organisation	1								
Store presence	0.531419	1							
Suppose	-0.21301	-0.94084	1						
Knowledge and development	-0.64117	-0.99081	0.886365	1					
Marketing and sales	0.99785	0.585868	-0.2766	-0.69009	1				
Customer relation	0.964654	0.289487	0.051986	-0.41628	0.945307	1			
Internal com- munication	0.923887	0.81518	-0.57069	-0.88603	0.946982	0.790391	1		
Ecosystem management	0.307802	-0.64235	0.864048	0.532788	0.244777	0.547674	-0.07971	1	
Digital revenue	0.991105	0.639492	-0.34115	-0.73759	0.997697	0.921004	0.966595	0.178442	1

CONCLUSION

The study shows overall digital capability maturity index for Suci, Rahayu, and Binong are 2.62, 3, and 2.36 respectively from the maximum scale of 4 which indicates a positive impact on SMEs. The results of the measurement suggest that the constructed model of measurement may be overwhelming for the kind of companies under investigation.

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Optimising Human Capital via Positive Organisational Behaviour: A Case Study of Indonesia's Textile Industry

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ABSTRACT

This study examines how Indonesian textile companies can maximise its human capital through adopting positive organisational behavior. The Neuroresearch method used here combines proportionally qualitative research method (exploration) and the quantitative research method (explanatory and confirmatory). Research instrument is calibrated by calculating the construct validity with the Rasch model approach. The findings of the study show the strongest determinant of an Indonesian textile company that manifest in the form of human capital is the indicator Value, which is formed and driven by the indicator Hope.

Keywords: Behavior, human capital, indicators, neuroresearch, organisational, positive

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INTRODUCTION

A company's employees drive its performance based on their capabilities. Employees with the capacity to produce such solutions are referred to as human capital. Human capital is based on employee knowledge, talent, understanding and experience (Souleh, 2014). It is a combination of three factors, namely the character or nature that an employee

brings to the job, such as intelligence, energy, positive attitude, reliability, and commitment; the person's ability to learn, i.e., intelligence, imagination, creativity and talent; and the person's motivation to share information and knowledge, i.e., team spirit and goal orientation (Bontis & Fitz-enz, 2002).

Human capital is one of the key factors that is key to success of any company. We can assume that successful companies manage, or at least organise, their human capital management system by applying competency management and knowledge management practices (Souleh, 2014). Human capital refers to managerial fundamentals in which education, training, and health care among others are considered as corporate investments. Human capital is the total value of a company's human resources, consisting of its staff's ability to perform their jobs well (Wang, Shieh, & Wang, 2008). Human capital is also an invisible asset that must be understood and identified, because it can be logically argued that human capital contributes to the growth of value of a company (Mayo, 2000). Human capital is also not available in the labour market, is not easily duplicated by other companies and is a potential source of competitive advantage (Lepak & Snell, 2002).

A company must build what is commonly known as positive organisational behavior to maximise its human capital. Positive organisational behavior is the learning and application of the power of human resource orientation and psychological

capacity that can be effectively measured, developed and managed for performance improvement (Youssef & Luthans, 2007). All companies need employees who are energised, dedicated, give their best, perform extra work or, in other words, who are engaged; this behaviour is enabled when the companies have a culture of positive need for organisational behavior (Bakker & Demerouti, 2008).

One factor that affects organisational efficiency in different ways is related to psychological problems that must be addressed in order to improve efficiency, both qualitatively and quantitatively. This can improve relationships, identify personality and individual habits, as well as provisions to prevent deficiencies, absences, and work slowness, waste of labour, troubles, and disturbances. Currently, when human capital and positive organisational behavior (positive organizational behavior) have are established, they can be seen as a competitive advantage in an organisation (Memari, Valikhani, Aghababae, & Davali, 2013).

Indonesia is developing various kinds of industries to support the country's economy. This is in accordance with Presidential Decree no. 20 of 2008 in the National Industrial Policy, which states that the development of national industries aims to enhance the competitiveness of the country's industries by creating a healthy, fair, and sustainable business environment and that strengthening the national resilience requires a clear national industrial policy. The textile industry is one of the few

industries developed in Indonesia. The garment sector in Indonesia is the largest in the world; its growth rate exceeds 8% per year, in line with the relocation of various companies from China to Indonesia (International Finance Corporation (IFC) & International Labor Organization (ILO), 2012).

Ownership of human capital and having a culture of positive organisational behavior will greatly and positively affect the textile industry's development in Indonesia, including its ability to compete globally. However, the facts show that there are two textile industries: one sees and treats its employees as human capital, but the other sees and treats its employees as just factory workers, so the work climate for employees becomes less comfortable. Positive organisational behavior will have an impact on a company's productivity and stability, such that the employee turnover rate becomes very low (Gennaioli, Porta, Lopez-de-Silanes, & Shleifer, 2011). The level of employee welfare will increase. The company or factory is basically the owner's property, but all the elements involved in the business activity must be considered as capital including, in this case, the company's employees. Positive organisational behavior will turn employees into capital, not tools. However, there are still many textile companies that have not applied the above concept. These companies have not built their businesses on the basis of their employees participation. They treat employees only as a tool.

Data collected by the IFC and ILO

between July 2011 and March 2012 in 20 factories in the Jabodetabek area found that these factories employed 40,562 workers from the estimated total of 500,000 workers in the export-oriented garment industry. The sample of the present study consists of factories employing between 708 and 8,253 employees. The following are the findings of the study in the context of a textile factory.

In the Field of Core Employment Standards:

- a. Underage workers in a factory
- b. Full compliance

c. Non-compliance was found in all 20 factories relating to the hiring process of persons with disabilities. Six factories have inaccurate recruitment procedures relating to gender issues, in particular, with regard to job applicants who are pregnant.

d. Almost all factories can apply freedom of association as mandated by Law no. 21 of 2000 on Trade Unions, but there are also some small factories that have not fulfilled the implementation of freedom of association in the workplace. In the Field of Working Conditions (National Law):

a. Two factories do not provide minimum wage while 10 factories do not provide overtime pay. There are also ten factories that provide health insurance benefits through private health services but with lower benefits from government-administered health services (JAMSOSTEK) or collect labour contributions for old-age benefits (JAMSOSTEK) but with inaccurate deductions.

b. In three factories, there were intimidating actions, the use of harsh

words and threats from supervisors and management to workers.

c. Of the 20 factories assessed, all the factories have established the Working Safety and Health Management Committee (P2K3), but only P2K3 only functioned properly in one company which held regular meetings and it is headed by top management and has appointed a Public Safety Specialist as Secretary of P2K3. 13 factories of which have compiled OSH policy.

d. Sixteen of the 20 factories do not comply with the rules of overtime.

Almost all of the data compiled from 20 textile companies show there are still shortcomings in creating a positive organisational culture for workers' convenience. Companies that intentionally do not, or inadequately, maintain their employees as human capital are a major concern for workers, but this situation can change when companies provide a positive and conducive environment.

When companies in the textile industry view employees as human capital - which means accessing employees' knowledge, skills, and abilities to produce optimal service for the company - this condition reflects the company's collective ability to produce the best solution based on its employees' knowledge. When employees are treated as human capital, the company also benefits. Moderate changes in organisational behavior will optimize the company's employees as human capital. One way to achieve this is through a culture of positive organisational behavior. Employees who

are in a positive organisational behavior situation will be able to optimise their talents and will naturally become more productive.

Therefore, this research examines which indicators are most decisive for Indonesian textile companies to maximise human capital through their positive organisational behavior.

LITERATURE REVIEW

The role of human capital in economic growth is an ongoing debate, wherein human capital is believed to be able to increase productivity (Cohen & Soto, 2007; Rosenthal & Strange, 2008). Davemport (1999) had described human capital as comprising abilities, behavior, effort, and time - all of which the employee owned and controlled (Endri, 2011). Human capital is believed to increase the ability of owners to find and explore business opportunities in which human capital can help their employees to optimise their basic capital as an accumulation of knowledge and skills (Unger, Rauch, Frese, & Rosenbusch, 2011). Human capital is created through education, training, on-the-job learning and socialisation processes. Human capital can also be created through appropriate and complementary interpersonal interactions (Storper & Scott, 2009).

Human capital is also defined as the source level of the unit created from the knowledge, skills, abilities, and characteristics of the individual. This construct provides new insight into how human capital as a human resource has a strategic value derived from an individual's

psychological attributes and is transformed into a unit level involving both micro and macro human capacities (Ployhart & Moliterno, 2011).

Human capital is a combination of three factors, namely the character or nature that an employee brings to the job, such as intelligence, energy, positive attitude, reliability, and commitment; the person's ability to learn, i.e., intelligence, imagination, creativity and talent; and the person's motivation to share information and knowledge, i.e., team spirit and goal orientation (Bontis & Fitz-enz, 2002). The literature explains that human capital also involves how individuals make choices about their basic investments with unit level constructions that are related to groups, organisations, and even countries, so that the human capital concept is not just describing individuals but, rather, more broadly explores the basic capital phenomenon (Wright & McMahan, 2011).

An added value to the human capital is its humanistic work ideology coloured by compassion, virtue, resilience and positive characteristics, so that an organisation is equipped with a dynamic ability to adapt and has a responsible attitude toward strategic environment changes through positive efforts and approaches. The positive nature and condition of an organisation are measured through the employees' positive attitude (Luthans & Youssef, 2007; Wooten & Crane, 2004).

The study and application of positive organisational behavior are positively oriented towards the power of human

resources and the psychological capacities that a person possesses that can be measured, developed and managed effectively to improve their performance (Luthans, 2002). Positive organisational behavior sees positively what organisations can develop and contribute; it refers to improvements and organisational outcomes involving interpersonal dynamics that take into account the context in which these positive conditions occur (Bakker & Schaufeli, 2012).

MATERIALS AND METHODS

Research Methods with Heresiarch

Heresiarch is one of the research methods in the social science field that tries to combine proportionally qualitative research methods (exploration) and quantitative research methods (explanatory and confirmatory) (Fios, Samika, & Gear, 2016; Samika & Ying, 2015).

The researchers used data collection techniques with a Likert scale questionnaire for scaled ordinals and the Rasch model technique to convert all ordinal data to an equal interval scale. The research population comprised employees of Indonesian textile companies as the unit of analysis. This limited or subset of the total textile company population engaged in spinning, weaving, knitting/embroidery, and dyeing/printing/finishing activities on the production line. The research sample had a proportional representation consists of 1300 people, or 10 employees per industry. The research instrument trial used a sample of 30 people at random. The research instrument

calibration was performed by calculating the construct validity using the Rasch model approach. The Rasch model is a model of calculation analysis wherein item parameters can be estimated independently of the characteristics of sample calibration parameters (Curtis & Bowman, 2007; Goh, Marais, & Ireland, 2015; Lewandowski, Co-investigator, & Lewandowski, 2015; Masters, 1982).

Valid and drop points are based on 3 (three) aspects: (a) outlier-sensitive fit of mean-square fit statistic between 0.5 to 1.5; (b) standardize fit statistic that is test (t) for fit data with model equal to $-1,9 s / d + 1,9$; and (c) the point of correlation (Pt Mean Corer) value of $0.4 s / d 0.85$ (Karabatsos, 2001; Kim & Hong, 2004). Based on the

calculation of construct validity, of the 36 items planned, there were 2 points in the drop; Thus, in this research the valid instrument only used 34 items with a reliability index equals to 0,69.

RESULTS AND DISCUSSIONS

Table 1 below summarizes the results of the first study to prove the influence of Self-Confidence Indicators (X1), Hope (X2), Optimism (X3), Value (X4), and Uniqueness (X5) on Positive Organizational Behavior of an Indonesian Textile Company that uses Employees as Human Capital.

Table 1 explains that an indicator of Value (X4) is the most dominant influence on the formation of Positive Organizational

Table 1
Result of calculation of effect of self-confidence indicator (X1), hope (X2), optimism (X3), and value (X4) on positive organisational behavior of an Indonesian textile company that uses employee as human capital (Y)

	X ₁ →Y	X ₂ →Y	X ₃ →Y	X ₄ →Y	X ₅ →Y
r _{un}	0,595	0,712	0,768	0,762	0,710
r ² _{yn}	0,354	0,507	0,590	0,580	0,504
r ² _{yn} (%)	35,40	50,7	59,0	58,0	50,4
t	26,674	36,55	43,244	42,330	36,30
Sig.	0,00	0,00	0,00	0,00	0,00
Y	0,292 X ₁	0,398 X ₂	0,405 X ₃	0,429 X ₄	0,385 X ₅
F _{R,reg}	711,529	1335,876	1870,016	1791,805	1319,9
Sig	0,0000	0,00	0,00	0,00	0,00
r ² _{yn,m}	0,7400	0,779	0,807	0,840	0,777
r ² _{yn,m} (%)	54,76	60,70	65,12	70,56	60,37

Behavior of an Indonesian Textile Company that Manifests Employees as Human Capital (Y). The result of relationship analysis in the sample between Value (X4) with Positive Organizational Behavior of an Indonesian Textile Company that Realizes Employees as Human Capital (Y) is r_{y4} of 0.762, which shows a positive relationship. Determination of variance depicting the closeness of the relationship between Value (X4) and Positive Organizational Behavior of an Indonesian Textile Company that **Achieves** Employees as Human Capital (Y) is r^2_{y4} of 0.354 (35.4%). The relation in population between Value (X4) and Positive Organizational Behavior of an Indonesian Textile Company that manifests Employees as Human Capital (Y) is shown by (t) equal to 42,33, which is very significant at $\alpha < 0,01$. The influence on Value (X4) samples on Positive Organizational Behavior of an

Indonesian Textile Company that Achieves Employees as Human Capital (Y) is shown through linear regression equation $\hat{Y} = 0,429 X4$. Being influenced in population Value (X4) to Positive Organizational Behavior of an Indonesian Textile Company which manifests Employees as Human Capital (Y) is shown through Freg <?> of 1791,805 is very significant at $\alpha < 0,01$. The greatest pure relationship between Value (X4) and Positive Organizational Behavior of Indonesian Textile Company that manifests Employees as Human Capital (Y) occurs after being controlled by Optimism Indicator (X3) is $r_{y4.3}$ of 0.840. That is the contribution of Value (X4) to the Positive Organisational Behaviour of an Indonesian Textile Companies that uses Employees as Human Capital (Y) of 70.56%. Figure 1 portrays this.

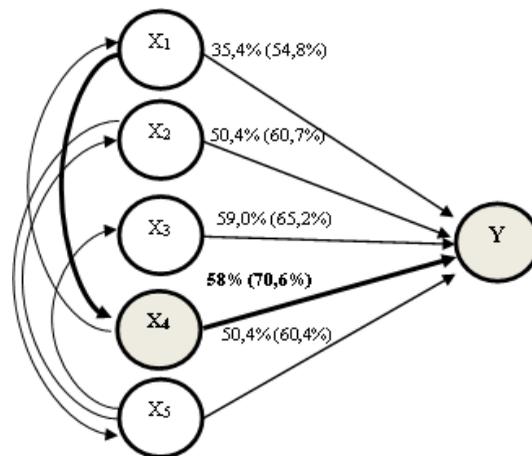


Figure 1. Value (X4) is the most decisive indicator in establishing positive Organisational behavior of an Indonesian textile company that achieves employees as human capital (Y)

Legend:

- Y : Positive Organizational Behavior Indonesian Textile Company That Brings Employee as Human Capital
- X₁ : Self Confidence
- X₂ : Hope
- X₃ : Optimism
- X₄ : Value
- X₅ : Uniqueness

CONCLUSION

The results show a textile company must have a culture of positive organisational behavior in order to optimize its employees as human capital. Only then can the company own and develop value.

Developing a value is not an easy matter for a company. Establishing, implementing and developing value for the company is a challenge to be addressed, given the key role of values as a foundation of corporate culture (Sparrow & Makram, 2015). Value is usually conceptualized as ideals, so every company tries to approach that ideal condition. Value has a central role for companies that are rooted in their mission and guidance for the company so that employment and employee responsibilities are identical to the company's goals (van Dijke, De Cremer, Mayer, & Van Quaquebeke, 2012).

Value for a company is the foundation that allows formation of a culture such that employees can find a match between their personal value and the company's value. Developing value means that companies and employees together create a climate of unity in which to work. With a strong value, a company can implement a strategic system in accordance with its corporate objectives.

A company can make various efforts

to develop and implement value. Planning is the first activity that a company's management should perform. Planning needs to be properly understood, because the right plan will contribute to the company's effectiveness (Oroh, 2016) and help it to focus its efforts on achieving its goals and vision. Companies that focus on achieving goals and a long-term vision will usually do a variety of planning exercises on both long- and short-term scales. One way to realise the plan is having a commitment and value umbrella underlying every activity determined to be essential and then to apply value in every core function of the company's business, from the selection and recruitment process to compensation. This means that companies must share their value so new employees can align their personal value with the value owned by the company. Regarding the role of value in recruitment, it demonstrates the company's commitment to building a community that always adheres to the established path to achieve the organisation's goals, as this will have an impact on the practical decisions that employees must make in order to retain the correct principles.

Improvements in the recruitment system involving the implementation of the company's value indicate that the company tries to pay attention to whether the characteristics of prospective employees are in accordance with the company's characteristics. Adding one indicator in the recruitment system that is a prospective employee characteristic will ensure that employees will greater conformity to the

organization and want to be fully involved, thus providing optimal performance.

The existence of a leader who can run the value correctly and inspire employees in applying the value is essential. Each leader must play an active role to provide support for each subordinate so that subordinates feel that support during their development process. Leaders need to approach to each subordinate personally to establish an intimacy that can improve the employee's suitability within the organisation. These improvements can help employees improve their performance that comes from within themselves, which will ultimately impact on improving the performance of departments and organisations.

Employees should also be aware of every effort the company makes so they will welcome the policy by taking an active role in carrying out duties and responsibilities based on the value set by the company. Employees should be aware that the company compensates every job done by each employee. When compensation expectations are in accordance with the employment agreement, then the company will receive reciprocity from employees through optimal performance. Employees need to realise that their performance contributions will help improve the company's performance, such that if the company's performance increases, that will increase incomes and some other things that will also be felt as positive impacts by the employees themselves. This demonstrates the need for cooperation and a good understanding between employees and their companies so their efforts are

complementary for the sake of progress together.

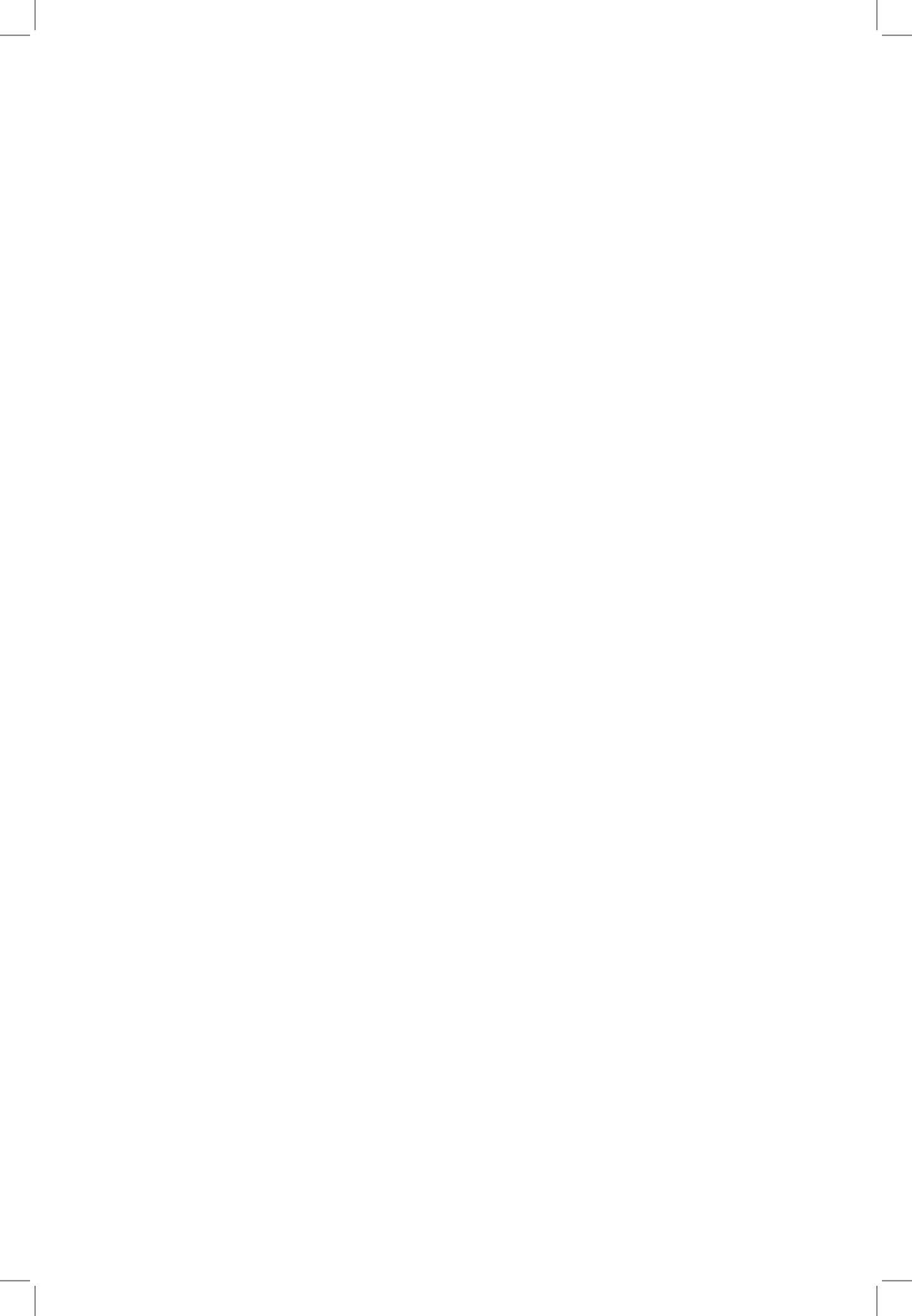
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Customer Retention as a Result of Behavioural Intention: Relationship between Customer Orientation of Service Employee and Service Quality

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ABSTRACT

The purpose of this research is to understand the impact of Customer Orientation of Service Employee (COSE) and the quality of services provided in order to determine the customer's behavioural retention motives in the banking industry at Lampung Province. A survey was conducted among 400 customers of commercial banks in Lampung for two months (June - August 2016) with proportional distribution. Survey data was analysed using Structural Equation Modelling (SEM) based on Lisrel 8.71. The findings show the customer's behavior towards banking services determine whether the latter will be retained based on its quality of service and if it is customer-oriented. Overall, the findings suggest that it is important to study the intention of consumer behavior to face competition in banking industry. For further research, it is recommended to research in the areas of customer satisfaction and other relevant variables to expand the research area.

Keywords: Banking, behavioural intention, customer orientation, customer retention, service quality

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INTRODUCTION

The Indonesian banking sector has witnessed a dramatic and rapid growth. This is in line with the growing number of national banks and foreign banks in Indonesia that conditions triggers an intense competition among banks, either state-owned or private banks.

Table 1
Banking indicator in Lampung

Indicator from commercial bank	2013	2014	2015
Banking asset	18.70	10.44	10.4
DPK growth	14.0	12.03	12.08
Credit growth	21.0	10.6	7.7
Number of accounts	24.3%	26.2%	-

Source: Regional Lampung Economic Studies, 2016

Table 1 shows banking industry in Lampung experienced downward slope in growth of its total assets, stock of third-party funds (DPK) as well as the lending credit to one of the alleged parties. It was caused by the decline of the customers' satisfaction level towards the banking industry services. In other words, the downward slope of the overall growth happened because of the bank's failure to retain its customers. Due to the high level of competition in the banking industry, customers are getting smarter in choosing the best banking services.

Preliminary research shows that the banking industry in Lampung generally experienced a slow growth in total assets, third party fund raising, credit distribution, and number of accounts. It was noted that customer orientation in banking transactions was also lacking. Therefore, it resulted in negative customer behavior and reduced retention of service.

The aims of this research are to understand the effect of: a) service quality on behavioural

intention; b) Customer Orientation of Service Employee (COSE) on behavioural intention; c) service quality on customer retention; d) COSE on customer retention; and e) behavioural intention on customer retention.

LITERATURE REVIEW

Service Quality

Parasuraman, Zeithaml and Berry (1994) explained quality of service was the gap between wish and reality. Gronroos (1984) opined that quality of service was a function of what the consumer receives (technical quality), and how the service was being delivered (functional quality).

Quality of service in the retail banking environment has been the focus of number of studies, but none of the studies have used Gronroos's service quality model as a framework for developing a method of measuring customer service quality perceptions (Abdullah & Francis, 2002). Chr (1982) reported consumer assessment of the quality service consisted of two dimensions of technical quality and functional quality (Abdullah & Francis, 2002). Gronroos then suggested that comparison between expectation and perception in the form of services played an important role in shaping consumer's assessment.

Abdullah and Francis (2002) studied the quality of services in the retail banking sector with the framework of Chr (1982) to develop methods of measuring customer service quality perceptions. Following *benchmarks*, analysing data and comparing the literature on service quality at banks, a new model of service quality was introduced

in a bank named *SYSTRA-SQ scale (SYSTEM and TRANSACTIONAL Service Quality scale)*. *SYSTRA-SQ* is one of the newest method in measuring quality service in bank (Abdullah & Francis, 2002). This model is developed from *service quality method from* Chr (1982) which consists of 12 factors affecting quality service. *SYSTRA-SQ* model consists of four factors (Abdullah & Francis, 2002) which are: 1) *Service System Quality (SSQ)*, 2) *Behavioural SQ (BSQ)*, 3) *Machine SQ (MSQ)*, and 4) *Service Transactional Accuracy (STA)*.

This model is selected because only a few researches used SYSTRA-SQ model to study the banking sector in Indonesia. Thus, it motivates the authors to adopt the SYSTRA-SQ model in order to contribute to the measurement of service quality in the banking sector in Indonesia.

Customer Orientation of Service Employee (COSE)

The theory of COSE was first introduced by German social psychologist, Hennig-Thurau (2004) who distinguished between individual knowledge, personal will, and social benefits as a general employee behavioural precondition. This theory was later known as COSE consisting of three dimensions: a) employee customer-oriented skills; b) employee motivation to serve the customer; and c) the employee's authority in his own decision-making.

Hennig-Thurau and Thurau (2003) explained that an employee could only behave in a customer-oriented way in the fullest sense if all the dimensions were present, in which

the employee is motivated, competent, and allows to treat customers according to their needs. With regard to the dimensions of consumer orientation skills of service workers, Hennig-Thurau and Thurau (2003) proposed that employees' technical and social skills were considered separate dimensions of COSE in addition to the motivation and the authority dimensions. To serve the customers, employee motivation should consist of three elements, i.e. the positive valence of customer-oriented behaviour and the consequences associated with such behavior from the employee, employee self-perception to be customer-oriented (Vroom, 1964), and employee expectations in achieving desired outcomes through such behaviour.

In addition, motivation is crucial to transform the employees' social and technical skills in customer-oriented behavior and the employee's decision-making power, which is perceived as the final dimension of COSE. The self-employed decision-making authority as the final dimension of COSE describes the extent to which the service worker feels authorised to decide on issues related to the interests and needs of the customer. The authority of making decisions is concerned with the concept of empowerment addressed in the service (Bowen and III, 1995). Spreitzer (1995) referred to the "purpose" of giving the authority to employees by the organisation, while the decision-making authority was viewed as Subjective. As with motivation, decision-making authority is required to transfer employee's skills and intentions to treat customers in a friendly and competent manner in actual behaviour.

The Hennig-Thurau (2004) study

became a reference in the selecting dimensions such as employee customer-oriented skills and employee motivation to provide service to customers by eliminating the employee authority dimension in decision making because it is less relevant. Selection of the dimension is based on the measurement of customer orientation, measured by the service of actors (how employees' perception who are customer-oriented). There are only very few studies conducted in Indonesia to measure customer orientation of service providers.

Behavioural Intention

The intention of behaving customer is defined as the behavior of customer's intention to the banking product or service which are the result of customer satisfaction process toward banking product or services. Customer's satisfaction with banking products or services can have an impact on the behavior of customers' high or low intentions, depending on the level of the customer's satisfaction.

The tendency of consumer behavior is a set of final results of the items analysed. Various theories suggest that if the number of consumers who abandon the consumption of goods or service is lower, the key to the service providers' ability will generate more profits. According to Zeithaml, Berry and Parasuraman (1996), there are five dimensions of behavioural intentions, such as: (1) attitudinal loyalty; (2) switch propensity; (3) willing to pay more (paymore); (4) external response, and (5) responses to the company (internal response)

Jr, Brady and Hult (2000) stated that consumer behavior trends are related to the

service providers' ability to spread instruction to their customers to (a) have positive statements about them (service providers); (b) give recommendations to other consumers about them (service providers); (c) remain loyal to the providers (or buy more from them); (d) spend more time with them; and (e) pay the premium price.

Zeithaml et al. (1996) theoretical study on behavioural intentions, became a reference to select the dimensions of behavioural intentions. They are loyalty, switching, willing to pay more, exit responses and responses to the company. These dimensions will be used in this study to examine samples from the banking industry in Indonesia.

Customer Retention

Some studies have shown satisfied consumers with adopt word of mouth communication (Cranage, 2004) strategy to spread good news about a service provider. Other studies have shown that long-term consumers of the company will make more purchases (Peterson, 1995). Loyal customers will be more responsive to buying any kind of products and services of the company, often paying and creating demand (Cranage, 2004); Peterson (1995) added that as well as cheaper in serving, ultimately, the consumer would not be too sensitive to price, so the margin that would be obtained by the company would be greater.

Generally, there are three different approaches to measure retention such as behavioural measures, measurement of attitudes and composite measurements (Bowen & Chen, 2001). In the service context, retention is defined as the observed behavior (Strandvik

& Liljander, 1994). In addition, behavioural approaches focus on repeat purchases will not offer comprehensive insights into the underlying reason for retention (Bloemer & Kasper, 1995). Consequently, customer retention is the construct of attitude (Hallowell, 1996) to reflect the inherent emotional and psychological ties in retention (Bowen & Chen, 2001), for example, customers' willingness to recommend service providers to other consumers (Zeithaml et al., 1996). However, attitude measures have been criticised by Dick and Basu (1994). The third approach incorporates aspects of behaviour, attitude, and cognitive customer essence (Bloemer & De Ruyter, 1998). Psychological involvement or establishing attitudes with repeat purchases has proven to be important in achieving absolute retention (Oliver, 1999). In this case, customer retention is seen as the first thing that comes to the minds of customers when making purchasing decisions, namely the first customer choice among alternatives including price tolerance (Dick & Basu, 1994; Zeithaml et al., 1996).

The findings of Zeithaml et al. (1996) have been examined by Mohammad, Tony and Leonce (2009) to ensure consumer retention. Mohammad et al. (2009) developed a group of antecedents that reflected a wider range of behavioural, attitude and cognitive intentions to service providers. The four dimensions are word of mouth communications, purchase intention, price sensitivity, and complaining behaviour.

The findings of Mohammad et al. (2009) had also become a reference in studying consumer retention dimensions, namely word of mouth, buying intention, complaining

behaviour, and price sensitivity. Mohammad et al. (2009) extended the research of Zeithaml et al. (1996) by studying antecedents of behavioural, attitude and cognitive intentions.

MATERIALS AND METHODS

Questionnaires were used as a tool to collect data and hence, it was necessary to test their validity and reliability. The next stage was analysing and interpreting the data obtained in the field using inferential statistics. The total sample of 400 respondents were drawn proportionately from each bank in Lampung, Indonesia. The distribution of questionnaire was done randomly according to the categories: 71 customers of DPK state own, 243 customers of DPK BPR and 10 customers credit of state own and 76 customers credit of BPR.

To measure the construct dimensions, the 50 items in the questionnaire were adapted from previous studies. The COSE was adapted from Hennig-Thurau (2004), service quality dimension from Abdullah and Francis (2002), behavioural intention from Zeithaml et al. (1996), customer retention from Mohammad et al. (2009). All items were measured by responses in semantic different point scale of 10. Inferential statistical method used in the data analysis was Structural Equation Modelling (SEM) based on LISREL 8.71 software. The SEM was used to test the research hypothesis. The relationship pattern among variables that will be studied was the causal relationship of one or more exogenous variables and one or more endogenous variables. In this study, relationship

forms or equations were tested. The SEM model in this study is described in Figure 1

Based on the research model, the

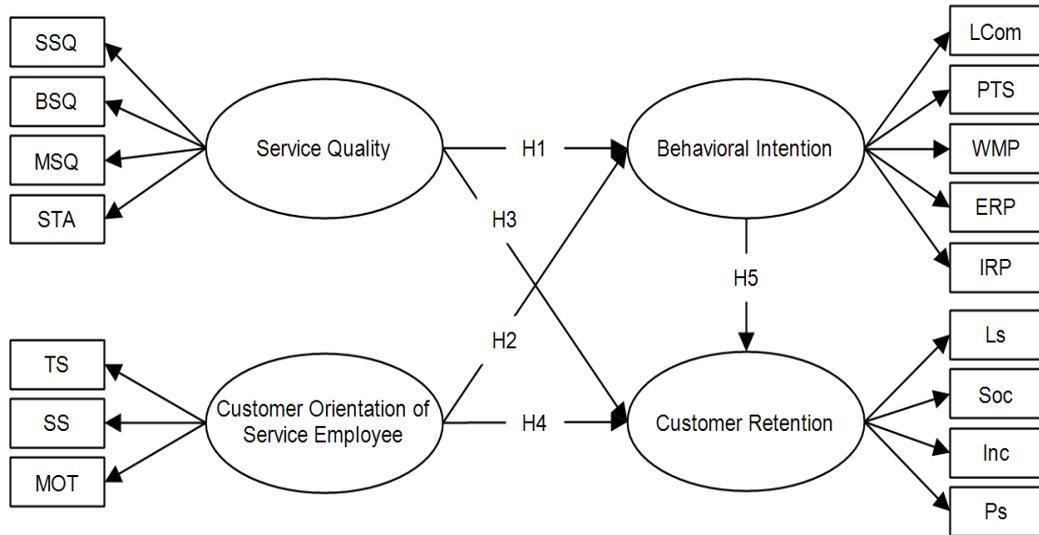


Figure 1. Research model

following hypotheses were developed:

H₁: Service quality affects behavioural intention; H₂: COSE affects behavioural intention; H₃: Service quality affects customer retention; H₄: COSE affects customer retention and H₅: Behavioural intention affects customer retention.

RESULTS AND DISCUSSIONS

Majority of the respondents were females, 55.40%, while those aged between 29 and 38 years accounted for 80.20% of the respondents. Educational attainment (Senior High School – 71.40%) and private company employees (60%) accounted for majority of the respondents. About (36.60%) of the respondents receive information from their friends and use the saving products (70.70%). Respondents on average

conducted banking transaction twice in a month (35.60%) and often switched their bank accounts to different banks (79.20%). The average active income of respondents was Rp. 8.100.000/month. Statistically, there is a correlation between the level of education and main job of respondents. This relationship shows that the higher the level of education, there is more positive contribution to the main job as well as their saving behavior.

Confirmatory factor analysis is used for validity and reliability of the testing. The questionnaire consisted of 50 items on service quality, COSE, behavioural intention and customer retention. All indicators in each dimension constructed generated a loading value > 0.5 so no indicators are excluded from the model.

Customer Retention and Behavioural Intention

Table 2
First order confirmatory factor analysis results

Construct	Dimension	λ	CR	VE
Service Quality (SQ)	Service system quality	0.950	0.960	0.858
	Behavioural service system	0.940		
	Machine service system	0.840		
	Service transactional accuracy	0.970		
Customer Orientation of Service Employee (COSE)	Technical skills	0.970	0.965	0.903
	Social skills	1.000		
	Motivation	0.970		
Behavioural Intention (BI)	Loyalty	0.890	0.963	0.840
	Propensity to switch	0.890		
	Pay more	0.960		
	External response	0.960		
	Internal response	0.880		
Customer Retention (CR)	Words of mouth	0.730	0.849	0.584
	Purchase intention	0.730		
	Complain behavior	0.780		
	Price sensitivity	0.690		

The model describes the relation between the constants. The value of X^2 177.38 with df 96 (Good), Sig. Probability 0,000 (Less good), GFI 0.95 \geq 0.90 (Good) RMSEA 0.046 \leq 0.08 (Good), Normed X^2 1.84 $<$ 5 (Good), NFI 0.98 $>$ 0.90 (Good), NNFI 0.99 $>$ 0.90 (Good), CFI 0.99 $>$ 0.90 (Good), RFI 0.99 $>$ 0.90 (Good), AGFI 0.93 (Good) and PNFI 0.78 (Marginal) are in interval 0 – 1.

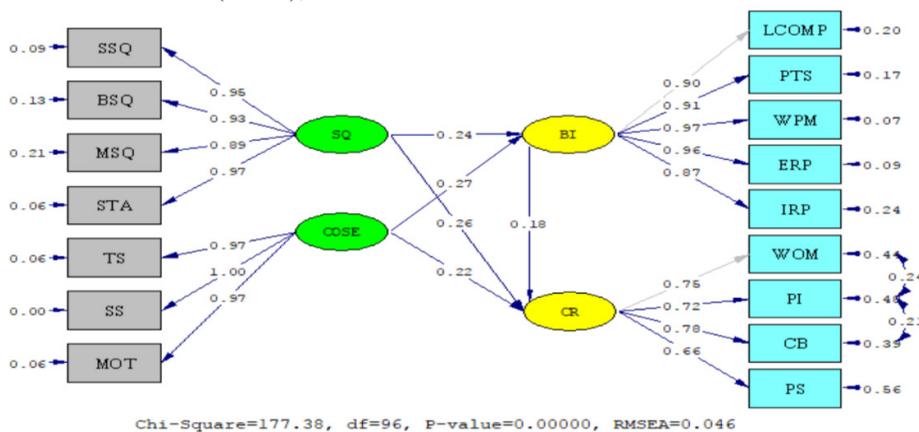


Figure 2. Customer retention model for bank

Results show that service quality influences behavioural intention with coefficient value 0.24 and t-value 4.77 (H1: received). Service quality can change customer's behaviour in using banking services. The COSE has an effect on behavioural intention with coefficient value 0.27 and t-value 5.40 (H2: received). Customer behavior intention can be influenced positively if it is supported by customer-oriented behavior and attitude of employees in providing their service. Service quality influences consumer retention with coefficient value 0.26 and t-value 4.49 (H3: received). Customer service has become an important factor in customer retention. In fact, studies explained that customer service determines whether a customer will stay or switch to another company. The COSE has effect on consumer retention with coefficient value 0.22 and t-value 3.85 (H4: received). In providing services, employee must be customer-orientated and focus on retention programme for *sustainable growth*. Behavioural intention has an effect on consumer retention with coefficient value 0.18 and t-value 3.14 (H5: received). Thus, customer's behavioural intentions are formed on the experiences of services and behaviours of bank employees.

This means that all relationships between variables are significant because the value of t-value is greater than the cut off, 1.96. Behavioural intention has a value of R^2 equals to 0.17. Service quality and COSE account for 17% of behavioural intention while customer retention equation is expressed in the value of R^2 of 0.24. Service quality, COSE and behavioural account for 24% of customer retention. Behavioural intention intervenes in

the relationship between service quality and COSE with customer retention due to their direct relationship, which initially is significant but after adding the behavioural intention value its significance declines.

CONCLUSION

Findings of this research show that service quality and COSE have significant effects on behavioural intention and customer retention. Furthermore, behavioural intention affects customer retention and is an intervening function between service quality and COSE to customer retention. This study reveals the intention of customer behavior will determine whether they will retain the services of the bank based on the latter's service quality and customer perceptions on COSE. Moreover, this research contributes to literature by pointing to the relationship between COSE and customer's behavioural intention, which has not been studied before in the banking industry. In addition, the use of dimensions SYSTRA-SQ in discussing the quality of services in the banking industry associated with customer's behavioural intention and customer retention is also a novel approach.

Overall, the hypotheses of the study were all supported. COSE is the most dominant variable in shaping consumer retention through behavioural intention. It means that consumers will retain the services of the bank if they have the intention to behave positively toward companies based on the latter's consumer-oriented behavior. For the banking players, the employee-oriented factor in providing

service becomes a benchmark for creating satisfaction that can ultimately lead to the intention of behaving in a positive direction and impacting customer retention behaviour.

Enhancing customer-oriented innovation is essential to maintain and keep customers as it affects the *sustainability* of banks. Customer-based strategy is premised on customer's behavior and responses to the quality of service and marketing that has been implemented, including customer orientation of service employee, so as to establish the customer's behavior intention that can create loyal customers.

The limitation of this research lies in its limited samples (focus was only one province). It is recommended that future research uses the same variables or adds another variable to expand the research area.

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Local Brand vs Imported Brand: An analysis of Brand Image on Customer Satisfaction and Behavioural Intention

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ABSTRACT

The purpose of this research is to compare the effect of brand image on consumers' satisfaction and behavioural intention for local versus imported brands. This research surveyed 110 respondents who preferred to buy local bags and 110 respondents who preferred imported bags. The results suggest brand image has a positive and significant impact on customer satisfaction and behavioural intention for both local and imported brands. However, brand image of imported brands has a greater impact on customer satisfaction, whereas the customer satisfaction of local brands has a greater impact on customer behavioural intention. Consumers of local brands are more satisfied with local products and show greater positive behavioural intention. However, the brand image of imported brands are perceived as being better.

Keywords: Brand image, behavioural intention, customer satisfaction, imported brands, local brands

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INTRODUCTION

The fashion industry in Indonesia is fast developing and has become one of the largest contributors to the Indonesian economy. Various foreign and local brands exist in the Indonesian market, giving nearly unlimited choice for customers. In the fashion industry, building a brand is a lifetime commitment that can bring in referrals and a high percentage of repeat business. Thus, a firm's brand image offers

it a competitive advantage for the firm (Ghodeswar, 2008). Brand image also influences customers' buying decision. The brand image is an accumulated interpretation that exists in the customer's mind about a product. Thus, many companies compete to become the most recognised brand at the top of consumers' minds by ensuring customer satisfaction. Products with high brand image produces high customer satisfaction (Hsiung, 2011) because their customer perceives a high value for the products they purchased and used. A satisfied customer will show positive after-sales behaviour, such as repurchase behaviour, recommend the product or brand to family and friends, or buy another product from the same brand (Turhan & Ozbek, 2013).

One complicated issue customers consider when choosing a brand is centred if the product is a foreign or local product. Foreign brands have always been attractive and prestigious to consumers, especially in Indonesia. Indonesian consumers are more likely to consume imported products than local products (Atmadji, 2004). Consumers like to purchase products that can boost their social status and identity (Gay, Hall, Janes, Mackay, & Negus, 1997). It is widely agreed that brands associated with Italy or France (as foreign brands or country-of-origin) are perceived as more luxurious (Krupka, Ozretic-Dosen, & Presivic, 2014). However, among seemingly never-ending options of foreign brands, local brands are also starting to get noticed as desired products.

In consumers' minds, local brands exist to compete with imported brands by offering products that appeal to Indonesian culture, thus, evoking a feeling of patriotism. However, is being culture-centred enough for local brands to compete with foreign brands in consumers' minds? Which types of brands (local or imported) have greater impact on customer satisfaction and produce greater influence on customer behavioural intention? Various studies have investigated the effect of brand image on customer satisfaction and its impact on customer behavioural intention. However, only limited studies examined the effect of local versus imported brand image on customer satisfaction and customer behavioural intention.

This study therefore analyses consumer satisfaction and behavioural intention of imported brands versus local brands. The specific objectives are to identify the different effects of brand image on consumer satisfaction and its impact on consumer behavioural intention between local brands versus imported brands. The findings will reveal if local or imported brands have greater impact on customer satisfaction and consumer behavioural intention.

LITERATURE REVIEW

Brand Image

Brand image has become one of the most important objectives for every marketing activity. Customers infer the quality of a

product by its brand image, which further affects purchasing behavior. Brand image is a customer's representation of the whole based on a series of images, beliefs, and actions (Davis & Baldwin, 2005). Effective branding means how long a brand can stay in the market and become more profitable because it has been created properly. A brand is a name, term, sign, symbol, or design, or combination of them intended to identify goods or services and to differentiate them from their competitors. The brand is an identity of a product or something to be remembered by the customer (Kotler, 2008). Brand image is a customer-designed set of assumptions and beliefs as reflected in the relationships formed in the customer's mind between themselves and the product or brand. In essence, brand image could be considered the product's personality that is remembered by the consumer (Kotler, 2008). Three main indicators are used to measure brand image, such as corporate image, user image, and product image (Li, Wang, & Cai, 2011).

Customer Satisfaction

Customer satisfaction is the customer's evaluation of a product or service in terms of whether or not that product or service has met their needs and expectations (Sangadji & Sopiah, 2013). Consumers who are satisfied with the products or services will generally repurchase those products or services, as satisfaction is the extent to which a product level is perceived in accordance with the

buyer's expectations. If the product is far below expectations, then consumers will be disappointed and are highly unlikely to use that brand's products again. On the other hand, if the products meet or are above the consumer's expectation, then the latter will be satisfied (Sangadji & Sopiah, 2013). Consumer satisfaction can establish a harmonious relationship between producers and consumers, creating the basis for repurchase and ensuring the latter's loyalty; additionally, word of mouth (WOM) recommendations could benefit the company (Sangadji & Sopiah, 2013). Therefore, customer satisfaction is a measurement of how your organisation's total product performance is related to customer's expectations (Alexander, 2006). There are four indicators to measure customer satisfaction, such as customer expectation, product performance, product comparison, confirmation, or disconfirmation (Hsiung, 2011).

Behavioural Intention

Behavioural intention is an indicator of a person's willingness to try a product and how much effort they will put in to show a certain behaviour (Japariato, 2006). Behavioural intention is therefore the consumer's willingness to act to have, discard, or use products or services. There are three main indicators to measure a consumer's behavioural intention, including brand recommendation, repurchase intention, and willingness to pay more.

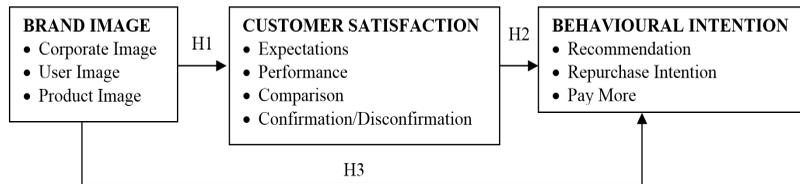


Figure 1. Research framework

Hypotheses

Based on the theories above, this research developed the following hypotheses:

H1: Brand image contributes significantly to customer satisfaction.

According to Hsiung (2011), brand image had a positive and significant impact on customer satisfaction.

H2: Customer satisfaction contributes significantly to behavioural intention.

According to Liang and Zhang (2012), customer satisfaction has a positive and significant impact on customer behavioural intention.

H3: Brand image contributes significantly to behavioural intention.

According to Zhang (2015), brand image was the most important driving force of customer loyalty, which was the most widely used predictor of consumer behavioural intention. According to Natalia, Valonia and Handrimurtjahjo (2016), customer satisfaction had a positive and significant impact on consumer behavioural intention.

MATERIALS AND METHODS

Research Framework

This study used the research framework as shown in Figure 1 to investigate the correlation between brand image and

customer satisfaction and evaluated the influence of customer satisfaction on behavioural intentions.

Data Collection Methods

This study examined the relationships among brand image, customer satisfaction, and behavioural intention on local brand bags vs. imported brand bags using primary data obtained from a five-part questionnaire sent to 220 respondents. Likert Scale was used to measure the responses which ranged from (5) strongly agree to (1) strongly disagree. Secondary data from journals, articles, books, and internet data was also used for analysis.

Sampling Techniques

The study respondents were consumers of local and imported bags in Jakarta, Indonesia, aged between 18 and 45 years. The local brands used in this study were Webe, Yongki Komaladi and Mimsy while the imported ones were CK, Mango, and Zara. A probability and random sampling technique was used to select respondents in which all members of the population have an equal chance to be selected (Riduwan & Kuncoro, 2008).

To obtain a sample that can describe and represent the population, the Ariestonandi

formula (2006: 95) was used where the sample was calculated from the number of unknown population, as follows:

$$n \geq p \cdot q \frac{(Z_{\alpha/2})^2}{e^2}$$

Where:

n = number of minimum samples required

α = degree of confidence (using a confidence level of 0.05)

p = the proportion of the desired variable (using the maximum estimation with p = 0.5)

$$q = 1-p = 1-0,5 = 0,5$$

e = the sampling error (set at 10% or 0.1).

$$n \geq (0,5)(0,5) \frac{1,96^2}{0,1^2}$$

$$n \geq 96,04 \approx 100 \text{ people}$$

From the calculations above, the minimum sample should be 100 respondents for each local and imported brand consumers

A total of 220 of respondents took part in this research, with 110 respondents using local brands and the rest who prefer imported brands.

Measurement Variable

The survey questionnaire for this study has two parts. The first part is open-ended questions related to the consumer’s profile (i.e., gender, age, profession, education, etc.). The second part is statements related to the consumer’s experience buying local brands and imported brands, brand image,

customer satisfaction, and behavioural intention.

The measurements adapted from the literature are summarised in the table as follows:

Table 1
Variable dimensional measurement

Variable	Dimension	Source
Brand Image	Corporate Image	Li, Wang and Chai (2011)
	User Image	
	Product Image	
Customer Satisfaction	Expectations	Hsiung (2011)
	Performance	
	Comparison	
	confirmation/disconfirmation	
Behavioural Intention	Recommendation	Turhan and Ozbek (2013)
	Repurchase Intention	
	Pay more	

Research Methodology

This study used path analysis to investigate the relationship between brand image of local versus imported brand bags on customer satisfaction and behavioural intention.

RESULTS AND DISCUSSIONS

Respondent Demographic, Validity, Reliability and Normality Results

Gender of Respondents: 75% Female, 25% Male.

Respondent Age: Under 20 years old (6%), 21-30 years old (75%), 31-40 years old (11%), above 41 years old (8%).

All data has met the requirements of validity, reliability and normality test.

Path Analysis

This study used path analysis to investigate the relationships between the variables. Validity, reliability, and normality tests were developed before the correlations test. In utilising path analysis, the first step is to develop a baseline measurement model. The baseline model consists of independent variables (brand image), mediating variable (customer satisfaction), and dependent variable (behavioural intention). The results show a significant and positive relationship between the variables. The relationship model is divided into two substructures. The first tests the relationship between brand image and customer satisfaction while the second tests the relationship between brand image and customer satisfaction on the customer’s behavioural intention.

Substructure 1

First test in Path analysis is Hypothesis testing to conduct significance correlation test between brand image and customer satisfaction of Local Brands.

Hypotheses Testing

If Sig $\geq \alpha$, H₀ accepted

If Sig $< \alpha$, H₀ rejected

H1a: Brand image contributes significantly to customer satisfaction of local brands.

Sig = 0.000 < 0.05, then Ho is rejected. This means image of local brands has a significant impact on customer satisfaction. Based on the results, brand image contributes

significantly to customer satisfaction, consistent with prediction. The effect of local brands on customer satisfaction is significant ($\beta = 0.680, p \leq 0.05$).

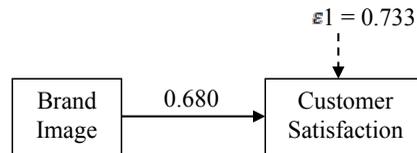


Figure 2. Relationship model of Substructure 1

The influence of brand image on customer satisfaction of local brands is 0.680. This means that brand image has a strong influence over customer satisfaction. The influence of other factors that affect the relationship among variables is shown in the following formula:

$$\rho y \epsilon 1 = \sqrt{1 - R^2_{yx}} = \sqrt{1 - 0.462} = 0.733$$

H1b: Brand image contributes significantly to customer satisfaction of imported brands.

Sig = 0.000 < 0.05 then Ho is rejected. The brand image of imported brands has a significant impact on customer satisfaction. Based on the results, brand image of imported brands contributes significantly to customer satisfaction, consistent with prediction. Image of imported brands affects customer satisfaction significantly ($\beta = 0.689, p \leq 0.05$).

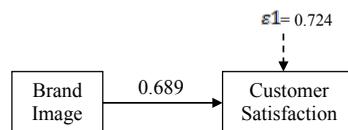


Figure 3. Relationship model of Substructure 1 (imported brands)

The influence of brand image on customer satisfaction of imported brands is 0.689. This means brand image has a strong influence on customer satisfaction. The influence of other factors that affect the relationship among variables is shown in the following formula:

$$\rho_{y \varepsilon 1} = \sqrt{1 - R_{YX}^2} = \sqrt{1 - 0.475} = 0.724$$

Substructure 2

Second test in Path analysis is hypothesis testing to conduct significance correlation test between brand image and customer satisfaction of Local Brands on customer’s behavioural intention.

Hypotheses Testing

If Sig ≥ α, H₀ accepted

If Sig < α, H₀ rejected

H2a: Customer satisfaction of local brands contributes significantly to customer behavioural intention.

Sig = 0.000 < 0.05, then H₀ is rejected. Customer satisfaction of local brands has a significant impact on the customer behavioural intention. Based on the results, customer satisfaction of local brands contributes significantly to customer behavioural intention, consistent with prediction. Customer satisfaction of local brands affects customer behavioural intention significantly, and the effect is strong (β = 0.512, p ≤ 0.05).

H3a: Brand image of local brands contributes significantly to customer behavioural intention.

Sig = 0.000 < 0.05, then H₀ is rejected. Brand image of local brands has a significant impact on customers’ behavioural intention. Based on the results, brand image contributes significantly to customer’s behavioural intention. Consistent with the prediction, brand image of local brands affects customer behavioural intention significantly; however, the effect is weak (β = 0.241, p ≤ 0.05).

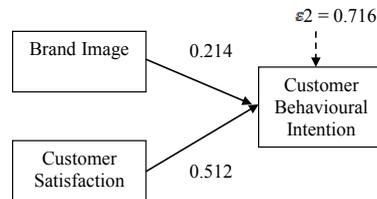


Figure 4. Relationship model of Substructure 2 (local brands)

The influence of brand image on customer behavioural intention of local brands is 0.241, while the influence of customer satisfaction on customer behavioural intention is 0.512. This means brand image has a weak direct influence on customer behavioural intention. The influence of other factors that affect the relationship among variables is shown in the following formula:

$$\rho_{y \varepsilon 2} = \sqrt{1 - R_{ZYX}^2} = \sqrt{1 - 0.487} = 0.716$$

H2b: Customer satisfaction of imported brands contributes significantly to Customer Behavioural Intention

Sig = 0.000 < 0.05, then Ho is rejected. Customer satisfaction of consumers who buy imported brands has significant impact on the customer behavioural intention. Based on the results, customer satisfaction of imported brands contributes significantly to customer behavioural intention. Consistent with the prediction, customer satisfaction of imported brands affects customer behavioural intention significantly, and the effect is somewhat strong ($\beta = 0.466$, $p \leq 0.05$).

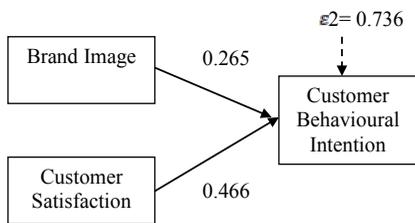


Figure 5. Relationship model of Substructure 2

H3b: Brand image of imported brands contributes significantly to customer behavioural intention.

If Sig = 0.000 < 0.05, then H3b is rejected. Brand image of imported brands has a significant impact on customer behavioural intention. Based on the results, brand image contributes significantly to customer behavioural intention. Consistent with the prediction, brand image of imported brands affects customer behavioural intention significantly; however, the effect is weak ($\beta = 0.265$, $p \leq 0.05$).

The influence of brand image on customer behavioural intention of imported brands is 0.265, while the influence of customer satisfaction on customer behavioural intention is 0.466. This means that brand image has

a weak direct influence on customer behavioural intention. The influence of other factors that affect the relationship among variables is shown in the following formula:

$$\rho y \varepsilon 2 = \sqrt{1 - R_{ZYX}^2} = \sqrt{1 - 0.458} = 0.736$$

Complete Model Structure

Path analysis reveals that significant and positive relationships exist between all variables of both local and imported brands. There is greater customer satisfaction of imported brands; however, there is a greater effect of customer satisfaction on behavioural intention for local brands.

Complete model structures that show the relations between variable are shown in Figure 6 and Figure 7.

Based on Figure 6 and 7, we can



Figure 6. Complete relationship model (local brands)

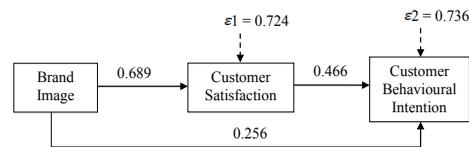


Figure 7. Complete relationship model (imported brands)

conclude that brand image of local brands has a strong influence on increased customer satisfaction. In addition, customer satisfaction of local brands

Local Brand vs Imported Brand

also has a strong influence on customer behavioural intention. However, brand image has a weak direct influence on customer behavioural intention.

Brand image of imported brands has a greater influence on increased customer satisfaction than local brands. Customer satisfaction of imported brands also has a strong influence on customer behavioural intention; however, this influence is less than local brands. Furthermore, brand image also has a weak direct influence on customer

behavioural intention.

The results indicate that consumers of local brands feel less satisfied with local brand images. These results are accepted since imported brands are well known internationally. However, consumers who are satisfied with local brands are more likely to have more positive post-purchase behavior as they are more patriotic and proud of using local products.

Table 2
The summary of relationship between models

Variables	Local Brands			Imported Brand		
	Direct Influence	Indirect Influence	Total	Direct Influence	Indirect Influence	Total
X - Y	0,680	-	0,680	0,689	-	0,689
Y - Z	0,512	-	0,512	0,466	-	0,466
X - Z	0,241	0,241 x 0,512 = 0,123	0,364	0,265	0,265 x 0,466 = 0,123	0,388
ε1	0,733	-	0,733	0,724	-	0,724
ε2	0,716	-	0,716	0,736	-	0,736

Based on the table above, brand image has a significant and positive influence on customer satisfaction, whereas brand image of imported brands has a greater influence on customer satisfaction than local brands. Customer satisfaction also has a significant and positive influence on customer behavioural intention, whereas customer satisfaction of local brands has a greater influence on customer behavioural intention than imported brands. Results also indicate overall mediation of customer satisfaction contributes greatly to customer

behavioural intention of imported brands.

CONCLUSION

Many researchers have explored and examined the effect of brand image on customer satisfaction and its impact on customer behavioural intention. However, only a few have examined which types of brands, imported brands or local brands, contributed greatly to customer satisfaction and behavioural intention. The results of this study support the findings of previous studies which found that brand image

has a significant and positive influence on customer satisfaction and behavioural intention. Furthermore, this study shows whether imported or local brands have greater influence on customer satisfaction and behavioural intention. The study indicates that brand image has a significant and positive influence on customer satisfaction for both imported and local brands. Furthermore, customer satisfaction also has a significant and positive influence on customer behavioural intention for both imported and local brands.

The key findings of this research are: (1) Imported brands have a greater influence on customer satisfaction than local brands. This is due to Indonesian consumers' desire to follow latest trends and their belief that imported brands can boost their social status and identity (Gay et al., 1997); (2) Satisfied consumers of local brands have a greater impact on customer behavioural intention. Consumers of local brands are more likely to show positive after-sales attitudes because they feel more satisfied and proud of using local products.

Thus, this research shows there are two types of consumers in Indonesia. First, there are consumers who prefer imported brands because the brand image of imported or foreign brands are more likely to be perceived as positive and luxurious. They feel the prestige of using foreign brands and want to show off their social status by using or wearing products that can reveal their identity. However, this type of consumer

shows less positive behavioural intention. Second, there are consumers who prefer local brands because they feel proud of using local brands (ethnocentrism consumers), the products are cheaper, and the products are more suitable to Indonesian cultures. This type shows more positive behavioural intentions as well, which includes the willingness to recommend, repurchase, and pay more for the products. However, this type of consumer shows a lower perception of the products' brand image.

Implication for practice

This study points to important implications for local businesses when promoting their products and services. It has been shown that local brands have a lower brand image than imported brands; however, satisfied customers of local brands are more likely to have more positive behavioural intention. These customers endorse behaviours, such as like recommending products to friends and relatives, higher repurchase intention, and willingness to pay more. Therefore, the study recommends 1) Local brands focus on campaigns that promote patriotism and raise customers' awareness on buying and supporting local products; 2) Promoting products using brand ambassadors who are well-known for his/her loyalty to local products; 3) Using social media to educate society on local products' high standard of quality; 4) Use modern channels, like shopping centres, to show local brands' existence in the market.

Limitation and Directions for Future Research

The limitations of this research suggest directions for future research. This study only focused on brands of local and imported bags. Hence, future studies should examine other fashion products and accessories, such as clothes and shoes. Second, this study examined mid end brands, thus we high end brands, such as Gucci, LV, or Michael Kors can be the future focus to study the relations between variable. Third, this study showed that consumer ethnocentrism might contribute to greater loyalty to local brands; thus, we suggest future research explores other variables, such as consumer ethnocentrism and develop a more comprehensive model that can be used to study other industries which are struggling to compete with foreign brands.

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Transactional Accountability Watch: A Fraud Detection Tool to Eradicate Corrupt Practices in Public-Private-Partnership in Indonesia

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ABSTRACT

This research assesses fraud detection systems using governance risk compliance (GRC) framework looking at two surveillance areas: national and independent. The target was public-private-partnership (PPP) agreements. Thirty samples for each national and independent examiner were collected to be analysed using neuroresearch. Using the GRC framework as basic elements of assessment, the results showed first, “a likelihood to engage in corrupt behaviour if policies are lenient” (significant at $\alpha < 0.05$), Second, “a likelihood to engage in corrupt acts if policies are lenient in the aspect of compliance and governance, along with “obvious symptoms of policies’ partiality which have been used in companies’ misbehaviour exists” in the aspect of risk. Third, it is possible for a company to commit infringements to smooth out the PPP process and the likelihood of public officers as policy makers in facilitating and accommodating PPP agreements.

Keywords: Compliance, Corrupt Acts, detection, governance, Public Private Partnership (PPP), risk

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INTRODUCTION

Combating corruption is currently at the top of the list of the sustainable development goals of the World Bank Group (WBG). Therefore, the Development Committee was set up on 22 April 2017 in Washington, D.C., by both the World Bank and the International Monetary Fund (IMF) to address problems in world economic development, especially in developing countries because the financial market there is a dynamic (Triady, Kurniasari, Utami,

& Sofyan, 2016). Two points are vital to achieve sustainable economic development: infrastructure prioritisation by the private sector and (2) flexibility in working across the public and private sectors or between both.

Emphasising these factors would be a fruitless effort if there is an absence of sophisticated management evaluation and rigorous internal control (Adewale, 2014; Moeller, 2007). These initiatives are important for sustainable economic activity but are threatened by corruption. In this context, Olken and Pande (2012) clearly stated that corruption is an obstacle to foreign direct investment from developed countries to developing countries. The problem of corruption is mainly a “corporate governmental” problem that can be solved through independent surveillance towards both public and private personnel (Nurlis, 2016). In recent times, many governmental contracts have been found to be a product of ‘corrupt agreements’ with third parties (private companies).

Several frameworks in a form of IT instruments have been developed in response to this situation. Indonesia Corruption Watch (ICW) is an instrument to detect and prevent corruption involving government bodies. Another framework is Corruption Early Prevention (CEP) that has its sources of information from three different parties (governmental, independent and social response) and aims at minimising corruption among public officers (Widhoyoko, Ariyanto, Indrianti, Muqsith, & Alamsyah, 2017). Therefore, the

uniqueness of Transactional Accountability Watch (TAW) is its ability to detect corrupt acts by either public or private parties using (1) a framework that encompasses good governance practices and (2) parameters that have been significantly proven through research and in accordance with common internal control practices. Hence, a specific system is necessary to detect corruption in public-private-partnership (PPP) agreements in Indonesia.

LITERATURE REVIEW

Corruption Detection Tool Based on GRC Framework

Corruption is broadly defined as misuse of power and trust (Akbar & Vujić, 2014). The subject of corruption detection and deterrence has been in the limelight since the formation of Sarbanes Oxley in response to the extraordinary financial losses due to freefall of shares of public companies in US and across the globe (Jain, Pankaj, & Rezaee, 2006). Many scholars noted those scandals as public companies’ breaching certain standards and statutes (Groenendijk, 1997). Others admitted that all previous accounting scandals involved dishonest personnel involved in related-party transactions and financial document alterations (Perols & Lougee, 2011).

In developing countries, corruption eradication is mainly focused on enhancing the law to combat it rather than management transformation. For instance, Rendon and Rendon (2016) in tackling corruption in the US Department of Defense recommended developing contracting processes and

internal controls as approaches to deterring and detecting procurement fraud (Rendon & Rendon, 2016). Shanikat, Al-Farh and Dorgham (2014) concluded that effective fraud prevention mechanisms should be done by involving all managerial elements including auditors and anti-fraud specialists (Shanikat et al., 2014).

The value of good governance is centred on its surveillance system grounded in two main arguments. First, Kaswell and Johnson (2013) exposed one of the deficiencies of the development of the NYSE (New York Stock Exchange) governance model as the inconsistencies of policy amendments across the periods that require exact parameters to assess the transactional accountability (Kaswell & Johnson, 2013). Second, the efficiency and effectiveness of auditors is imperilled by either incentive or agency problems that cause market instability due to investor and creditor incredulity (Coffee, 2001). Based on these arguments, a detection tool must be developed to handle these issues.

The detection tool is built on good corporate governance, risk management and compliance (GRC) that reflect the overall business process including top-level management value (Papazafeiropoulou & Spanaki, 2016). There are at least three arguments showing how all components of GRC model are significantly improving sustainable economic development:

Governance

The company's good reputation depends on the degree of investors' trust

in terms of the company's transparency. Its accountability depends on the company's treatment related to third-party transactions (Brennan & Solomon, 2008; Magdalena & Dananjaya, 2015).

Risk

It was found that significant knowledge and skills possessed by auditors affect the ability of auditors to prevent and detect occupational frauds (Kiel, 2005).

Compliance

It was found that symptoms of poor corporate value are shown by the violation of internal control policies, standard operational procedures, and law and statutes (Nkama & Onoh, 2016). This requires internal audit to depict all information for the purpose of accurate decision support systems (Rusmin, Scully, & Tower, 2013; Prawitt, Smith, & Wood, 2009).

Therefore, the framework is designed to accommodate both national and independent perspectives based on GRC elements' specific outputs.

Theoretical Framework for TAW Assessment

The TAW theoretical framework is designed based on: (1) Indonesian statutes, (2) GRC components consisting of political and procedural orientation and (3) formation of assessment indicators based on specific outputs of GRC components.

Stage 1. Categorisation according to Surveillance Body

The categorisation is based on two

Table 1
GRC components (Bedard & Johnstone, 2004)

GRC Elements	Specific Output	Independent Perspective	National Perspective
Governance	Good governance	Management control system	Credibility of company
Risk	Control upon fraud	Stakeholders' confidence	Probability of corruption
Compliance	Suitability of policies	Company's common practices	Accountability of policies

Indonesian statutes: (1) *Undang-Undang no.40 tahun 2007* requires every private enterprise to be audited by

credible and independent external audit and (2) *Undang-Undang no.14 tahun 2004* requires all governmental bodies to be audited by the higher financial inspectorate

Stage 2. Formation of Each Orientation towards GRC Components

The orientation of each group of parameters is in accordance with its organisational nature. First, national surveillance overview is assumed to have a political orientation for its assessment towards PPP transactions. Thompson (1980) described that public officials held moral responsibility to propose a

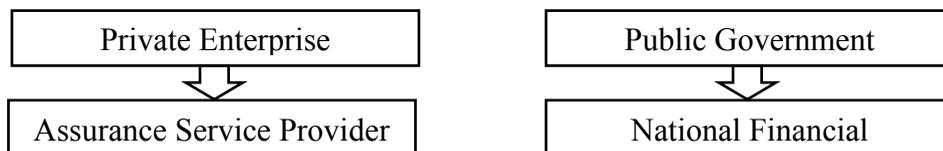


Figure 1. The alignment of PPP parties with its authorities

good policy. However, the presence of certain personnel in a lower position may influence the higher policy makers when that politician controls resources. Such influence is also called “legal corruption” that causes political distortion (Kaufmann & Vicente, 2011; Thompson, 1980). Furthermore, risk management emphasises an assumption that the policies made by the public officers can smooth out the corruption scheme between personnel from both parties for the purpose of personal benefit (Dorminey, Scott Fleming, Kranacher & Riley, 2012; Olken & Pande, 2012).

In the second model of assessment, independent surveillance embraces assurance by service providers of the private company's transparency and accountability value as an investment object for potential investors. At this stage, the parameter simply points out the governance aspect of overall GRC components to be the first priority. For example, the aspect of board transparency regarding the practices of good governance practices has been an investors' consideration for long-term investment (Tsay, 2010). To many potential investors, it refers to numerous bankruptcy cases during

1987-1997 in the US that were triggered by both unethical or ineffective boards of directors at the top (Beasley, Carcello, & Hermanson, 1999).

Another point is that the existence of sophisticated control environments shall bridge the information gap between departments and systems due to the safeguarded information flow chain that protects the enterprise from information leakage (Hayne & Free, 2014; Kolk, 2010). Meanwhile, fraud risk assessment is inevitably a compulsion for private enterprises for broader stakeholder protection from unnecessary losses (Popoola, Ahmad, & Samsudin, 2014), misappropriation of assets and misuse of trust (Alexander, 2005;

Jayaraman & Milbourn, 2012) and from the piracy of enterprise data (Lookman & Nurcan, 2015). Furthermore, the third aspect (compliance) is supporting information that has been assessed mainly in the previous model by different authorities.

Public accountability is politically defined as the involvement of the policy stakeholders in forming unbiased and impartial policies. Accordingly, there are many stakeholders who need to embrace policies, such as opinion from experts and practitioners regarding social impact, law enforcement and economic stability (Sanderson et al., 2014), the political parties as the policies' certifier and the private company as the executor of PPP (Gilbert

Table 2
Priority setting for both surveillance parameters

Components	National Surveillance	Priority	Independent Surveillance	Priority
Governance	Private parties	1	Private parties	3
Risk	Private and public parties	2	Private and public parties	2
Compliance	Public parties	3	Public parties	1

Stage 3. Formation of the Unit of Assessment for Each Component

& Allen, 2014) and independent scholars. In structuring the policies, preliminary observation must be conducted by the policy makers to direct the process in alignment with other policies, law, standards and even common social value (Schaff & Schaff, 2016). Furthermore, monitoring the likelihood of corruption is the result of fraud control according to national perspective.

Two main fraud schemes detection are included: (1) bid rigging (through budget analysis and goods inspection) (Dastidar & Mukherjee, 2014) and (2) conflict of interest (through background check techniques and notes of disclosure examination) (Yang & Tan, 2012). Finally, board ethics is always a standard parameter for the business behaviour related to a company's

governance (Tsay, 2010), which is reflected by the company's internal control policies assessed by external auditors (Sasmoko et al., 2017).

In the context of companies' corporate governance, internal control is based on three basic perspectives: (1) control environment emphasising transparency of

the board of directors (e.g. independent board and accountable disclosures for executive compensation) (Beasley et al., 1999); (2) risk assessment application through control activity (Tsay, 2010); and (3) communication procedures (e.g. whistle-blower protection policies) (Bastin & Townsend, 1996) and periodical internal

Table 3
Unit of assessment for national surveillance parameters

Priority 1 – Compliance	Priority 2 – Risk	Priority 3 - Governance
Quota of professional associations and experts.	Likelihood of committing bid rigging.	Opinion regarding to board ethics.
Quota of interested and independent parties involved.	Likelihood of committing conflict of interest.	Opinion regarding to financial transparency and reporting.
Compatibility of policies made by the government.		

audit as a common monitoring function (Badara & Saidin, 2013). Furthermore, true representation of financial conditions provided by stock brokers are usually more trustworthy to convince investors and creditors (Hansen & Trego, 2015) due to fair value and full disclosure principles as the key aspects of companies' financial risk indicators (Repousis, 2013). Finally, the scope of independent assessment emphasises merely the compliance of the company to the policies (Robertson-Snape, 1999). This can be further expanded to cover laws, statutes and other government regulations such as ensuring contracts and agreements are done in accordance with local government policies (Financial Accounting Standard Boards, 2014).

MATERIALS AND METHODS

This study used neuroresearch by combining qualitative and quantitative methods. For exploratory (qualitative) method, compiled data as a result of questionnaires gathered from surveys were used to find the trends and differences in each aspect on each surveillance. Furthermore, for explanatory and confirmatory (quantitative method), this research used descriptive analysis and homogeneity testing to measure trends for each GRC component towards each surveillance.

The questionnaires were designed based on the elements of each surveillance's parameters that contains more than one question. Furthermore, the questionnaires were measured using ordinal scale consisting

Table 4
Unit of assessment for independent surveillance parameter

Priority 1 – Governance	Priority 2 – Risk	Priority 3 – Compliance
Board transparency and accountability	Financial reporting quality	Companies policies according to standards
Fraud risk	Responses from potential stakeholders	Company’s reporting according to local agreement
Operational risk		

of: (1) highly corrupted, (2) probably corrupted and (3) asymptotically corrupted.

The samples of this research were 30 samples from an independent surveillance group consisting of the company’s auditors (i.e. internal auditors, external auditors, and anti-fraud specialists) who possess knowledge to the event related to fraudulent PPP transactions, along with 30 samples from national financial inspectorial bodies (i.e. a group of auditors from *Komisi Pemberantasan Korupsi (KPK)* and *Badan Pemeriksa Keuangan (BPK)*) who possess

relevant information related to fraudulent PPP transactions.

RESULTS AND DISCUSSIONS

First stage (exploratory research)

The priority setting for national surveillance parameters is Governance – Risk – Compliance

The priority setting for independence surveillance parameters is Compliance – Risk – Governance

Second stage (explanatory & confirmatory research)

Overall Trends

		Statistic	Std. Error	
Surveillance	Mean	12.4000	.27740	
	95% Confidence Interval for Mean	Lower Bound	11.8449	
		Upper Bound	12.9551	
	5% Trimmed Mean	12.3333		
	Median	12.0000		
	Variance	4.617		
	Std. Deviation	2.14871		
	Minimum	8.00		
	Maximum	19.00		
	Range	11.00		
	Interquartile Range	2.00		
	Skewness	.561	.309	
	Kurtosis	.573	.608	

Figure 2. Descriptive statistics of surveillance

Table 5
Results of overall trends

Interval	Meaning	Conclusion
8 – 11	Highly possible	The table shows that the value of μ is in the range between 11.8449 and 12.9551. This figure indicates that there are possibilities of fraud and violations shown by $\alpha < 0.05$.
12 – 15	Possible	
16 - 19	Almost impossible	

Three GRC Component Trends

Aspect of Governance

		Statistic	Std. Error	
Governance	Mean	4.7500	.25669	
	95% Confidence Interval for Mean	Lower Bound	4.2364	
		Upper Bound	5.2636	
	5% Trimmed Mean	4.6667		
	Median	4.0000		
	Variance	3.953		
	Std. Deviation	1.98831		
	Minimum	2.00		
	Maximum	9.00		
	Range	7.00		
	Interquartile Range	3.00		
	Skewness	.627	.309	
	Kurtosis	-.453	.608	

Figure 3. Descriptive statistics of governance

Table 6
Results of governance aspect

Interval	Meaning	Conclusion
2 – 4	Highly possible	The table shows that the value of μ is in the range between 4.2364 and 5.2636. This figure indicates there are possibilities of fraud and violations shown by significant $\alpha < 0.05$
5 – 7	Possible	
8 - 10	Almost impossible	

Aspect of Risk

Descriptives			Statistic	Std. Error
Risk	Mean		3.1333	.12457
	95% Confidence Interval for Mean	Lower Bound	2.8841	
		Upper Bound	3.3826	
	5% Trimmed Mean		3.0741	
	Median		3.0000	
	Variance		.931	
	Std. Deviation		.96492	
	Minimum		2.00	
	Maximum		6.00	
	Range		4.00	
	Interquartile Range		2.00	
	Skewness		.661	.309
	Kurtosis		.132	.608

Figure 4. Descriptive statistics of risk

Table 7
Results of risk aspect

Interval	Meaning	Conclusion
2 – 3	Highly possible	The table shows that the value of μ is in the range between 2.8841 and 3.3826. This indicates greater possibilities of fraud and violations at $\alpha < 0.05$.
4 – 5	Possible	
6 - 7	Almost impossible	

Aspect of Compliance

Descriptives			Statistic	Std. Error
Compliance	Mean		4.5167	.19671
	95% Confidence Interval for Mean	Lower Bound	4.1230	
		Upper Bound	4.9103	
	5% Trimmed Mean		4.5000	
	Median		5.0000	
	Variance		2.322	
	Std. Deviation		1.52373	
	Minimum		2.00	
	Maximum		8.00	
	Range		6.00	
	Interquartile Range		2.75	
	Skewness		.012	.309
	Kurtosis		-.665	.608

Figure 5. Descriptive statistics of compliance

Table 8
Results of compliance aspect

Interval	Meaning	Conclusion
1 – 3	Highly possible	The table shows that the value of μ is in the range between 4.1230 and 4.9103. This figure indicates that there are possibilities of fraud and violations shown by significant $\alpha < 0.05$.
4 – 6	Possible	
7 - 9	Almost impossible	

Analysis of Surveillance Types

Type of Surveillance

Group Statistics										
Type Surveillance		N	Mean	Std. Deviation	Std. Error Mean					
Surveillance	National Surveillance	30	11.3667	1.62912	.29743					
	Independent Surveillance	30	13.4333	2.12835	.38858					

Independent Samples Test										
		Levene's Test for Equality of Variances			t-test for Equality of Means					
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Surveillance	Equal variances assumed	1.404	.241	-4.223	58	.000	-2.06667	.48935	-3.04621	-1.08713
	Equal variances not assumed			-4.223	54.298	.000	-2.06667	.48935	-3.04763	-1.08870

Figure 6. Differences analysis of compliance

Using the Levene test for homogeneity of variances, the analysis results in F=1.404 with significance for 0.241 shows the non-significant value would be at $\alpha > 0.05$. Therefore, national surveillance possesses a homogeneous variance towards independent surveillance. However, T-test shows the figure 4.223 with a significant value for

0.0000, which is very significant at $\alpha < 0.01$. Hence, there is still a difference in terms of fraud probabilities. Based on this figure, **there are probabilities of transactional fraud in independent surveillance area (private companies) and highly possible in the area of national surveillance (public officers).**

Aspect of Compliance based on Surveillance

Group Statistics										
Type Surveillance		N	Mean	Std. Deviation	Std. Error Mean					
Compliance	National Surveillance	30	5.3667	1.21721	.22223					
	Independent Surveillance	30	3.6667	1.32179	.24132					

Independent Samples Test										
		Levene's Test for Equality of Variances			t-test for Equality of Means					
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Compliance	Equal variances assumed	.835	.365	5.182	58	.000	1.70000	.32806	1.04331	2.35669
	Equal variances not assumed			5.182	57.610	.000	1.70000	.32806	1.04322	2.35678

Figure 7. Differences analysis of compliance

Using the Levene test, the analysis results in F=0.835 with significance for 0.365 shows the non-significant value would be at $\alpha > 0.05$. Therefore, national surveillance possesses a homogeneous variance towards independent surveillance in terms of compliance. However, T-test shows the figure 5.182 with a significant

value for 0.0000, which is very significant at $\alpha < 0.01$. Hence, there is still a difference in terms of compliance as the assessment component for both surveillance types. Based on this figure, **there are probabilities of transactional fraud in the aspect of private companies' compliance and highly possible in the government.**

Aspect of Risk based on Surveillance

Group Statistics					
Type Surveillance		N	Mean	Std. Deviation	Std. Error Mean
Risk	National Surveillance	30	2.8000	.76112	.13896
	Independent Surveillance	30	3.4667	1.04166	.19018

Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Risk	Equal variances assumed	3.142	.082	-2.830	58	.006	-.66667	.23554	-1.13815	-.19518
	Equal variances not assumed			-2.830	53.097	.007	-.66667	.23554	-1.13908	-.19425

Figure 8. Analysis of risk

Aspect of Risk based on Surveillance

Using the Levene test, the analysis results in $F=3.142$ with significance for 0.082 show the non-significant value would be at $\alpha > 0.05$. Therefore, national surveillance possesses a homogeneous variance towards independent surveillance in terms of risk. However, T-test shows the figure 2.830 with

a significant value for 0.006, which is very significant at < 0.05 . Hence, there is still a difference in terms of risk as the assessment component for both surveillance types. In this area, **it is highly possible for private companies to commit transactional fraud; moreover, the government is statistically more vulnerable to commit fraud.**

Aspect of Governance based on Surveillance

Group Statistics					
Type Surveillance		N	Mean	Std. Deviation	Std. Error Mean
Governance	National Surveillance	30	3.2000	.76112	.13896
	Independent Surveillance	30	6.3000	1.57896	.28828

Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Governance	Equal variances assumed	13.945	.000	-9.687	58	.000	-3.10000	.32002	-3.74058	-2.45941
	Equal variances not assumed			-9.687	41.787	.000	-3.10000	.32002	-3.74593	-2.45407

Figure 9. Analysis of governance

Using the Levene test, $F=13.945$ with significance for 0.000 shows the non-significant value would be at $\alpha < 0.01$. Therefore, national surveillance possesses a homogeneous variance towards independent surveillance in terms of risk. However, the T-test shows the figure 9.687 with a significant value for 0.000, which is very

significant at $\alpha < 0.01$. Hence, there is still a difference in terms of risk as the assessment component for both surveillance types. Based on this figure, **there are probabilities of transactional fraud in the aspect of private companies' governance and highly probable in government.**

Findings

Table 9
Overall surveillance trends based on GRC aspects

Sources	Scale of Transactional Fraud Probability		
	Highly Possible	Moderately Possible	Unsymptomatically Possible
National and Independent Surveillances	-	V	-
Compliance	-	V	-
Risk	V	-	-
Governance	-	V	-

Table 10
Surveillance trends for each surveillance type

Sources	Scale of Transactional Fraud Probability		
	Highly Possible	Moderately Possible	Unsymptomatically Possible
National Surveillance	-	V	-
Independent Surveillance	-	V	-

Table 11
Trends of national and independent surveillances based on each component

		IS		
		C	R	G
NS	C	2/1		
	R		<1/1	
	G			2/1

Below are the explanations related to the figures in this table:

2/1: In the aspect of compliance and governance, there is a moderate probability for transactional fraud to occur in national surveillance (government). However, it is highly probable in the area of independent

surveillance (private company).

<1/1: In the aspect of risk, there is a high probability for private companies to commit transactional fraud; moreover, the government has a higher probability in committing transactional fraud as a policy maker.

CONCLUSION

This research attempted to build a transactional accountability watch (TAW) as a detection tool to assist fraud investigators to eradicate corrupt practices in public-private-partnership (PPP) agreements in Indonesia. In summary, the results confirmed TAW assessment model is fit to determine the probability of transactional fraud in the context of PPP agreements. The research found (1) overall trends for three aspects of GRC components towards the overall surveillances are proven to be significantly in the same trends; and (2) the homogeneity tests done in four areas of analysis proved that national surveillance (government) statistically possessed a higher probability to commit transactional fraud. To conclude, the TAW assessment model is shown to be relevant for measuring probabilities of transactional fraud in PPP agreements.

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Adaptation of Corporate Identity Model (AC²ID Test) to Measure a City Identity - Case of Bandung, Indonesia

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ABSTRACT

When a city decides to adapt with the changes forced by globalization, there are always risks of losing its character and competitiveness. A city identity as measured by its brand equity can only cover part of city's complexities. Previous studies have suggested using corporate angle to describe the identity of a city. This research used the corporate identity model (AC²ID Test) to reveal a city's identity. The sample is Bandung, capital city of West Java and the third largest city in Indonesia. Based on a qualitative approach, the corporate identity model (AC²ID Test) was used to discover the multi-dimensional identity of the city today. The research revealed that the current development plan of Bandung is inconsistent with several elements that make up the actual identity of Bandung today. This gap has the potential to cause an identity shift and may impact upon the city's overall competitiveness. These findings suggest adjustments to the city planning to be consistent with the identity of the city that is embedded in the minds of the community to strengthen the characteristics and uniqueness of Bandung.

Keywords: AC²ID Test, Bandung smart city, city Branding, corporate identity, city identity

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INTRODUCTION

Rapid technological development brought about by globalisation has led to transformation of cities around the world. The transformation has led to a change in the identity of the city. Although the city and its identity are inseparable from changes,

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every city still needs to manage and preserve its true identity to remain competitive and retain its uniqueness.

The wave of globalisation has had an impact to the identity of several cities. Rapid globalisation and modernisation, as well as development and the introduction of foreign cultures have changed several aspects of urban structures, both physical and non-physical.

The city of Bandung is the 'capital' of West Java and the third largest city in Indonesia (BPS Bandung, 2015). Like many other cities, Bandung has also faced degradation of its identity because of modernisation and urbanisation. Bandung, because it is surrounded by mountains, is scenic and one can enjoy its cool and fresh mountain air. Bandung is also a unique historical city. During the Dutch colonial era, Bandung, in 1641, was transformed into a vacation town for elite Dutch officers. Therefore, Bandung was developed based on the concept of European town planning along with its signature Art Deco style buildings.

Modern Bandung however, has been transformed into a city with uncontrolled development, increasing traffic congestion and with garbage piling up (Rachmawati, 2015; Wulansari, Dharma, & Rahayu, 2013). These changes have undermined the identity of Bandung. However, there are not many studies that have examined the shifting identity of Bandung.

A city, like a nation, derives its reputations from six channels which are tourism, investment, culture, people, policy

and brands. If the government or the policy makers understand what their city or nation stands for, the competitiveness of their city will not be an issue. They can build and maintain their competitiveness both internally and externally and create multiplier effects for their stakeholders. Stakeholders cooperate with each other to boost the identity of the city (Anholt, 2007).

Place branding is actually a complex issue. It not only defines how to promote the place, but also how the city branding should be managed. With the complexity of a city and the interaction of stakeholders, branding of a place will cover more than promotion or visual elements of branding such as new logos or slogans (Kavaratzis, 2009). Previous research about city branding, especially for Bandung, referred to the measurement of brand equity of city branding using Consumer Based Brand Equity for Destination (Yuwo, Ford, & Purwanegara, 2013; Yuwo & Purwanegara, 2012), and Anholt hexagon (Yuras & Dadi, 2016), and descriptive research (Hurriyati, 2015). The researchers have not been able to show whether the city identity experiences changes or not. The shifting of true identity is important because it will relate to how a city manages its branding and shows interaction with their stakeholders.

Place branding management is a complex issue and although several researchers, such as Anholt (2006); Hankinson (2004); Kavaratzis (2004) have suggested frameworks for integrating multiple variables to manage city branding, further exploration is necessary.

To be able to manage city branding, a methodology to measure city identity in a holistic way is required. Balmer and Soenen (1999); Balmer and Greyser (2003) first introduced the test for measuring corporate identity management, taking into account its complexities of identity change and realignment. This method is considered fit for city branding management because it can show misalignment in the multiple identities which might occur in city branding as a result of multiple stakeholder perception. This research has the objective of verifying the adaptation of the corporate identity management test to measuring city identity. What should be the focus of attention in

consisting of memories, values, thoughts, ideas, and situations, while the other type contains a relationship with the physical situation (Qazimi, 2014).

Govers and Go (2009) explained that place identity was formed from historical, political, religious and cultural interactions; through local knowledge, and power struggles. National, cultural, natural, social, and religious assets are the main identity markers. The identity of a city is composed of all the values and characteristics of the city. The concept of identity in this context is a series of socio-economic features and cultural components, which makes the city different from others. The city's identity is

Table 1

Various urban identity elements

Structural	Semi-static	Changing Signifiers	Colouring Elements
Location	Size	Great events / heroes	Past Symbolism
History	Physical Appearance	Food / Architecture / Arts / Literature / Popular culture	Past Behaviour
	Inner Mentality	Language / Tradition / Rituals / Folk	Communication

Source: Govers and Go (2009)

order to decide on how the city will manage its brand?

LITERATURE REVIEW

The concept of Place Identity (or Identities) Points

'Place Identity' (or Identities) was discussed by Proshansky (1978), who defined it as a combination of various memories, conceptions, understandings, ideas, and feelings associated with the physical condition of a place. The elements of place identity can be divided into two types; one

dynamic, and not only consists of buildings, street access and parks, but also includes the patterns of interaction and participation of all individuals who come into contact with it (Beyhan & Gürkan, 2015).

Discussing its constituent aspects, Govers and Go (2009) showed the contradiction between cultural identity and commercial interests, related with the desire of the cultural community and the government sector to preserve the original identity of the city, while at the same time commercial actors were more willing to

create new identities that could represent activities, or commodities that were in line with market demands.

The identity of a place is determined by the physical aspects that define the place. Therefore, the physical structure has an important role in a city's identity. Placelessness is a term for a situation where the place is lacking identity. This happens when a place is stripped of its unique attributes, so that its identity becomes lost (Ghodeswar, 2015).

Place identity is also associated with a place or space used and shaped by people from different backgrounds. Often, busy and modern public places like this can be a boost for creativity. When understanding true 'identity of place' or 'the identity of the actual city', the term is defined as a group of unique characteristics, or groups of meanings that exist in a place and its culture in a specific time period. It has to be kept in mind identity may change from time to time and can have many fragments of identity. In this case, the right expectations for a city are created in the minds of the potential visitors and to avoid unwanted problems. The actual range of the city's identity should be a

cornerstone in making the brand proposition of that city (Govers & Go, 2009).

Ghodeswar (2015) said the concept of place is not static, had no clear boundaries, and had to a diverse identity. In short, a place in today's modern environment no longer has a single identity, but many. Therefore, the identity of a place is inseparable from its interaction with various diverse city stakeholders. It leads to a creation of city identity that is dynamic and multi-dimensional.

The emergence of a multi-dimensional identity is because a place has many diverse stakeholders. Therefore, stakeholders are an integral element of a city which can be divided into residents, investors, visitors and business-people (Braun, 2008), or simply into two groups; residents and non-residents. In practice there is no standard way of grouping. Each city can create its stakeholder classification-based marketing strategy that will be implemented. One of the best known and widely used grouping frameworks is the one proposed by Zenker and Beckmann (2012), as presented in Figure 1.

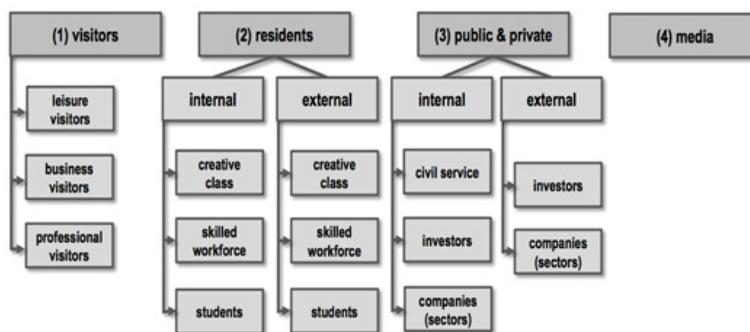


Figure 1. City stakeholder grouping (Zenker & Beckmann, 2012)

Model AC²ID Test

Balmer and Greyser (2003) introduced the Model AC²ID Test, which was a qualitative method designed to analyse multi-dimensional identity. This method is a development of the same concept proposed by Balmer and Soenen (1999). The method identified the brand and grouped them into five dimensions which in the context of this study are as follows:

Actual identity - a series of attributes of the city, which cover various physical and non-physical aspects that have been acknowledged as an identity by internal stakeholders.

Communicated identity - different forms of communication by the government of the city, as well as word-of-mouth which in this context is news about Bandung.

Conceived identity – external stakeholders' perception of city identity and communication efforts of the city government.

Ideal identity - a series of city identities expected by external stakeholders.

Desired identity - vision, mission and planning created by the city's municipal government.

The concept of the AC²ID Test also divided stakeholders into internal and external stakeholders as an aspect of the discussion in the analysis of identity. Internal stakeholders are the organisation's owner or brand manager, while external stakeholders are the group outside the organisation who have a relationship with the brand (Balmer & Greyser, 2003).

In the application of this method,

identification should be followed by an analysis of the interaction between the types of identity. Analysis of the relationship between identities will help researchers in identifying the various problems that are associated with the identity of the city and review the dimensions that need to be adjusted to solve these problems.

MATERIALS AND METHODS

The qualitative methods were used with deductive approaches to collect, process, and analyse data. The conceptual framework used is the Model AC²ID Test by Balmer and Greyser (2003), which is a qualitative research design to analyse the identity of a multi-dimensional brand. The dimensions of identity would be classified into five types of identity (Actual, Communicated, Conceived, Ideal, and Desired Identity) that are correlated with internal and external stakeholders. Qualitative methods include the collection of primary and secondary data through observations, interviews, literature studies, and content analysis.

The respondents are the stakeholders of the city represented by 14 informants (8 residents and 6 non-residents of Bandung) and the objective of this research is to study Bandung's AC²ID identity dimensions. In reality, the subject and object variables are inter-connected and the operationalisation cannot be separated from one another (Balmer & Greyser, 2003).

The informants included stakeholders who live in Indonesia and have relevant experience in Bandung. The study used snow-balling sampling method, referring

to the stakeholders grouping by Zenker and Beckmann (2012) and the concept of AC²ID as a reference, with the details as follows:

Internal stakeholders: informants represented by the city government.

External stakeholders: (1) residents: informants living in Bandung from various age groups, backgrounds, and professions, from students, professionals, to retirees; (2) visitors: informants consisting of local and international visitors who do not live in Bandung but have visited for business or leisure purposes; (3) business people: informants who have business in Bandung and (4) media: informants who speak as representatives of the media.

The data collection method used was semi-structured in-depth interviews based on question and answer (Bandur, 2014). The interview consisted of two parts; the first

part contained questions about the resource profile and continues with the second part containing questions related to the types of AC²ID identity. A debriefing process took approximately 40-90 minutes, whereby each informant was given the appropriate questions or profile role as stakeholders of the city. Besides primary data, the research used secondary data in relation to communication and government planning.

The triangulation of the information from the informants during the interview used the content comparison with several findings in city brand equity researches of Hurriyati (2015); Yuwo et al. (2013), Yuwo and Purwanegara (2012); Yuras and Dadi (2016).

The results of each identity dimension were compared and the gap was analysed to seek the consistency of identities.

Table 2
Types of identity AC²ID in the context of state identity

Actual (A)	Various aspects of the physical and non-physical which form an identity of the city (environment, infrastructure, lifestyle, culture, etc.)
Communicated (C)	Primary Communications: products and services Secondary Communication: advertising and PR Tertiary Communication: Word-of-Mouth (Kavaratzis, 2004)
Conceived (C ²)	External stakeholders' perception over the identity of the city is communicated by the brand manager
Ideal (I)	A series of city's identity expected by external stakeholders
Desired (D)	The series of planned city identity managed by internal stakeholders (brand manager)

Table 3
Stakeholders grouping according to AC²ID identity (Zenker & Beckmann, 2012)

Type Identity	Stakeholders group	Interviewees
Actual	External and internal	City government, residents, visitors, business people, media
Communicated	Internal	City government
Conceived	External	Residents, visitors, businesses, media
Ideal	External	Residents, visitors, business people, the media
Desired	Internal	City government

RESULTS AND DISCUSSION

Processing and data analysis began with grouping of keywords that reflected the five types of identity: Actual, Communicated, Conceived, Ideal, and Desired, and then proceeded with the analysis of the relationship between the types of identity.

Actual Identity

Data on actual identity gathered through

interviews with all sources, both internal and external, was then grouped according to the respective associations. The results of the grouping indicated the existence of six building blocks of Bandung identity which included physical elements: (1) nature, (2) urban infrastructure, and non-physical or social; (3) lifestyle, (4) socio-cultural, (5) government & organisation, and (6) feelings about the city. Given the wide scope of actual data obtained

Table 4
Key-words table actual identity Bandung

ASPECT	KEY-WORDS
Natural	Cold weather, cool, natural, shady trees, green, reachable, <i>Lembang, Tangkuban Perahu, Ciater, Cikole, Paribaya</i>, Moko Hill, Ciwidey White crater.
Infrastructure City	Heritage buildings, traffic jams, shady streets, ideal place to live, crowded, dense, <i>Gedung Sate, Gedung Merdeka</i>, higher Education, ITB, <i>Alun-alun</i> , city parks, <i>Asia Afrika, Dago, Braga</i> , Bank Indonesia in Braga, cafes, Elephant Village, Strawberry House, Bandros.
Lifestyle	Culinary, fashion, shopping, entertainment, recreation, trendy, everything is available, more economical.

Table 4 (continue)

Socio-cultural	Friendly, familiar, funny/ like to joke, creative, Sundanese , soft, accepting of new people, love to hang-out, beautiful woman.
Government & Organization	Ridwan Kamil (the mayor), increased performance of the municipal government, PERSIB (the football club) , improvement of the city, a change, motorcycle gang.
Feeling	Homely, home, made at home, comfortable, homesick , many memories, peaceful, I really love, fun memory, togetherness.

regarding actual identity, further data reduction was conducted to sharpen analysis and facilitate conclusion. During the process, triangulation was conducted by comparing opinions from groups of informants, and dominant key-word extraction, which were those most often mentioned by the respondents. In the triangulation process, it was found that there was a difference between the opinion of the population, and visitors or people who did not live in Bandung. Residents mentioned the aspect of government & organisation, while the

group that did not live in Bandung did not. Therefore, that aspect was eliminated because it was considered not to represent the city’s identity from the perspective of the whole society. Similarly, on the socio-cultural aspect, not many visitors mentioned the culture of the people, their opinions mostly referred to ‘friendly’ attitudes, in contrast to the inhabitants who talked a lot about familial culture. After triangulation, the actual identity of Bandung is represented in Table 5.

Table 5
Actual identity Bandung

Physical		Non-Physical/Social		
Natural	City	Style	Socio-cultural	Feeling
	Infrastructure	Life		
Cool & Green	Building	Cuisine	Friendly	<i>Homely</i>
	<i>Heritage</i>			

Communicated Identity

The data shows communicated identity obtained from interviews with internal stakeholders (the government) and it was

supplemented by secondary data derived from communication activities undertaken by the city and various news about the city of Bandung. Data analysis was conducted by

combining primary and secondary data, and then grouping it into six aspects of Bandung

and purpose of the city government communications, it can be concluded that the main stakeholders or target market today are the government/state, business players and investors, both local and international. Table

Table 6
Key-words communicated identity Bandung

ASPECT	KEY-WORDS
Natural	-
City Infrastructure	Teknopolis, Bandung Smart City, the construction of Fast Trains Jkt-Bdg, Park-Garden City , factory outlets, the development of sports facilities, improving sanitation and greening, improved access, facilities, and public transportation.
Lifestyle	Culinary centre, shopping, entertainment, leisure , restaurant & cafe, tourist attractions, Bandung Dignity.
Socio-cultural	Creative, Champion Bandung , Bandung Friendly, human resources development; tourism events, beautiful women, empowerment, smoking restrictions, <i>Gemah Ripah Authority Mukti</i> , Sundanese cultural preservation, PON XIX.
Government & Organization	Ridwan Kamil, increased investment, PERSIB, improving the performance and quality of public services , to build together with the people, fighting corruption, partnerships with the private sector and foreign, elections, support for SMEs and small businesses, municipal government achievements.
Feeling	-

identity builders, as described in Table 6.

Communicated identity analysis shows that communication by the municipal government was concentrated on building public confidence on the performance of Bandung city government and promoting the 'Smart City' concept. From the direction

7 contains a summary of the communicated identity of Bandung.

Conceived Identity

This type of identity is a collection of perceptions in the minds of external

Table 7
Communicated identity Bandung

Objective	Improvement of the economy and competitiveness of cities through Bandung Smart City
Target Stakeholders	Government / Country, Business Actors & Investors at home and abroad
Key Message	Bandung Smart City as a centre of technology RI

stakeholders as a result of primary, secondary and tertiary communication (Kavaratzis, 2004) in Bandung. Table 8 shows the conceived identity data.

The dominant perception about Bandung

losing their beloved Bandung. Twigger-Ross and Uzzel (1996) used Breakwell's model of social identity (Breakwell, 1986) to explain that the loss of continuity of place identity would cause grief or sorrow, a sense of loss

Table 8
Key-words conceived identity Bandung

ASPECT	KEY-WORDS
Natural	Cool weather, unlike the old Bandung, diminishing trees.
City Infrastructure	Traffic jams, old buildings, many parks, unlike the old Bandung, crowded, dense, outlets, circling roads, lots of public transportation, <i>Gedung Merdeka</i> , Town Square, <i>Gedung Sate</i> , Parks, <i>Dago</i> , <i>Kampung Daun</i> , cafes, <i>Tol Cipularang</i> , Travel, facilities are not adequate.
Lifestyle	The ideal place to stay, the business outlook, short holiday, quiet, cuisine, shopping, simple, economical, lots of souvenirs, innovate.
Socio-cultural	Friendly, Sunda, creative, beautiful women.
Government & Organization	Ridwan Kamil (the mayor), PERSIB (the football club), city improvements, changes, innovation.
Feeling	Missing the old Bandung, homely, refreshing, romantic, new atmosphere.

among external stakeholders was the old Bandung and the current Bandung which referred to the two conditions that were very different in their minds. The aspects that were considered different were the temperature that was not as cold as before, the diminishing greenery, the congestion, and crowded areas due to its urban infrastructure. This phenomenon showed the impact of perceived modernization and the negative reactions from urban stakeholders, especially regarding the congestion that has reached a very disturbing level in the eye of society and has started to become an identity in their minds about Bandung. All the informants gave negative responses by showing disappointment, and a sense of

especially of emotional significance to the venue. Breakwell (1986)'s identity process theory was designed to examine threats to identity, because of disruption to the place. These theories explain the phenomena that occur in the city of Bandung, especially among the residents, where there is a discontinuity, namely the loss of consistency in the city's identity.

Therefore, it can be deduced that the conceived identity of Bandung is currently in a stage of transition, or shifting, from the perception of old-Bandung to current-Bandung, which has happened because of the changes in the physical aspects of the city that are inconsistent with the previous Bandung identity. This has led to public

disappointment and if this condition is allowed to continue to happen, then it could lead to a loss of people's emotional attachment to the city.

Ideal Identity

Ideal Identity in the context of this study includes the aspirations of our external stakeholders, especially the residents of

city in their minds.

Desired Identity

Desired Identity in the context of this research includes vision, mission, and urban planning carried out by the government of Bandung. Information was obtained through interviews with representatives of

Table 9
Keywords Bandung ideal identity

ASPECT	KEY-WORDS
Natural Aspect	Cool weather, the old Bandung, rehabilitation and preservation of the environment , development of nature tourism.
Infrastructure, Access & Transportation	Unplanned and uncontrolled development, preservation of heritage, no traffic jams, not crowded , good public facilities, improved access and public transportation, the backpacker area, the old Bandung.
Urban Lifestyle	Travel history, not promoted , cheap shopping, and the development of branded replicas.
Social & Cultural Society	Sundanese Cultural Preservation, rising employment , rising income standards, restrictions on the number of visitors.
Government & Regional Organization	Conducive government, must have a vision, economic improvement , and support for entrepreneurs and investors.
Feeling	Missing the old Bandung

Bandung about their expectations for the city. Table 9 lists the aspects that make up the Ideal Identity of Bandung.

It can be seen that what is expected by the community is the absence of congestion, a less crowded city, and controlled development, preservation of history, culture and environment. Ideal Data Identity was dominated by aspirations to go back to the old Bandung. The feeling of all informants was their desire that Bandung could return to how it used to be, a perfect

city governments officials with expertise in urban planning. This type of identity analysis also incorporated secondary data as support, obtained from content analysis of RPJPD Bandung 2005-2025 (Government Planning 2005-2025) and some related news.

Data shows the focus of the Bandung Government is to develop Bandung into a smart city, which has been realised through development efforts and communication.

Table 10
Keywords Bandung desired identity

ASPECT	KEY-WORDS
Natural Conditions	Environmental conservation, environmental protection.
City Infrastructure	Bandung Smart City, Teknopolis, international standards, green open land, technology-based, competitive, IT infrastructure, adequate public facilities, superior, flood prevention.
Lifestyle	Improved quality of life, technology.
Socio-cultural	Creative, prosperity, economic growth, human resources improvement, increasing employment and income, cultural preservation.
Organisation and Administration	Open government, smart government, transparency, improved performance, government & private cooperation, integrated financing.
Feeling	Safe, comfortable.

This statement explains that the concept of ‘smart’ is not intended as a substitute identity for ‘Bandung Creative City’, but rather a form of improvement, which will make Bandung a city based on creative technology (*Bappeda Bandung*, 2013). From the research results presented, it can be concluded that there is a desire to identify Bandung as a smart city.

Comparison with Previous Studies

Previous research using quantitative methods by Yuwo et al. (2013), and Yuwo and Purwanegara (2012) measuring brand equity of Bandung showed similar perceptions of Bandung’s identity. The measures of Brand Image and Quality in the previous research, such as pleasant weather, shopping facilities, cuisine have also been pointed out by the informants as the actual identity. The unpolluted environment, high quality of infrastructure and cleanliness are not considered as the measures for identity, but in this research the same statements

were mentioned in the conceived identity of Bandung. This may be an example on how dynamic the city branding is, because the city government during the previous study is not the same as the city government during the current study. The positive city improvements are mentioned in the current research, while in the previous research, the infrastructure was not used to measure the city’s brand quality.

The perception of a smart city was discussed by Yuras and Dadi (2016) and which was also mentioned by the informants in the current research under the desired identity of Bandung. This finding shows that city identity management might be similar to corporate identity that adopts the vision-driven approach (Balmer & Soenen, 1999; Balmer & Greyser, 2003).

Identity of Bandung

Balmer and Greyser (2003) found that in multi-dimensional identity, each dimension of identity affected the others, and different

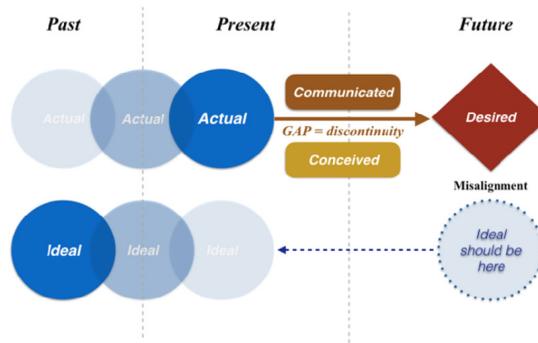


Figure 2. Interaction phenomenon between identity dimensions of Bandung city

dimensions of identity generally had different time spans. Based on this theory, the researchers added the time dimension; past, current (present), and future, as a component of the analysis to look at the position and influence of each identity against another.

When time is included in the analysis, it is important to examine the position of each identity in the context of time in this research. Actual identity is the identity of the city that refers to the current conditions, so that this identity is in the present dimension (present). Then both Ideal and Desired are collections of aspirations of the stakeholders towards a city that they want to be realised, so it should be in the dimensions of the future (future). Communicated and conceived can be interpreted as communication and perception, which in theory may affect each other. Communication in this context are the efforts made by the government to achieve desired identity. While perception is the result of interpretation of the communication process (Strydom, 2005), which in this context is also influenced by the primary and secondary communication of the

city. Therefore, both are involved as a process that existed within the period in which the actual and desired identity are. The phenomenon of interaction types of identity AC²ID Bandung is illustrated in Figure 2.

The analysis of AC²ID identify the gap between actual and desired identity, which is the inconsistencies between town planning and the city's identity at this time. In the discussion of conceived identity, people showed feelings of sadness or loss, associated with changes in Bandung. The feeling is an indicator of the occurrence of discontinuity, or the lack of continuity between the current city identities with the planning done by the government. Kavaratzis and Hatch (2013) argued that identity of a place dynamic and place branding should be revealed as one of the interactions and dialogues between stakeholders.

CONCLUSION

The conceptual framework AC²ID Test can be applied to management of city identity

management.

The research has proven that the AC²ID Test can determine the multi-dimensional city identity and identify the misalignment between identity types.

The Bandung city identity is summarised as below:

1. Actual identity - Physical cities: cool weather and beautiful city, heritage building; Non-physical: cuisine, friendly people, and the 'homely' feeling.
2. Communicated identity - Bandung Smart City.
3. Conceived identity - Bandung is not the same as before.
4. Ideal identity - The old Bandung.
5. Desired identity - Bandung Smart City.

The analysis of the relationship between the five types of identity reveals a gap between the actual-desired identities which can create a potential problem in city management in the long term. This problem is caused by discontinuity, or misalignment between the conditions of the current city's identity with the government's desire to develop Bandung into a Smart city. These problems might undermine the city's identity, namely the fading character and characteristics of the city, which might eventually lead to decreased emotional attachment to the community and the overall competitiveness of the city depending on the gap.

In addressing the problems of identity faced by the city of Bandung, it is necessary to modify the desired identity of the city, which in this context is the development

plan of the municipality. Urban planning should be based on and take into account the identity that is perceived by stakeholders of the city. Good urban planning is important to maintain consistency and strengthen the character, or characteristics of the city (Breakwell, 1993). This study found physical aspects of the city had changed the public perception, so the city government as a manager of identity must perform its role in implementing relevant measures to maintain the distinctiveness and continuity of the physical aspects. Rather than implement urban changes wholesale, Bandung should first consider conservation measures and restoration to preserve its physical characteristics. The rapid development should also be pre-empted by a strong effort to preserve the city's identity to create uniqueness and competitiveness with other places. A continuous dialogue between internal and external stakeholders should be initiated to preserve the city's identity without holding back development.

Further longitudinal research is needed with larger samples to confirm whether the AC²ID Test Model can be used to measure identity of the city.

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Impact of Packaging Design on Perceived Quality, Perceived Value, Brand Preference, and Repurchase Intention of Candy Products in Jakarta

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ABSTRACT

This research aims to examine the influence of packaging design on perceived product quality, value, brand preference and repurchase intention of candy products in Indonesia. A survey was conducted to collect data from 201 respondents. This study employed Cronbach Alpha to test the reliability and Confirmatory Factor Analysis (CFA) to test the validity of the measurement items. Additionally, Structural Equation Modelling (SEM) was used to test the hypotheses. The results indicate that attitude towards packaging design has a significant and positive relationship toward perceived quality; perceived quality in turn has a significant and positive relationship with perceived value. Additionally, brand preference significantly and positively influence repurchases intention. However, attitude toward visual packaging design does not show any significant relationship toward brand preference and perceived value. Furthermore, perceived quality is found to insignificantly influence brand preference and repurchase intention.

Keywords: Attitude, brand preference, candy products, perceived quality, perceived value, repurchase intention, visual packaging

INTRODUCTION

According to Silayoi and Speece (2007), packaging was a marketing and communication tool. It represents a chain of production, handling, and transportation (Panwar, Mao, Ryoo, & Li, 2004). It is also an essential part in branding process, where it communicates brand identity of a firm (Abdalkrim & Al-Hrezat, 2013). Nowadays, packaging has become important

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both in modern life and business (Silayoi & Speece, 2007) as it plays a role in attracting the consumer and influence product selection and decision making. Packaging also influences consumers at the point of purchase.

The packaged food and beverage industry (including candies) in some developed countries is considered a mature market. However, Euromonitor International (2014) stated that companies could still strengthen their market position and growth through several innovations including innovation through packaging design, alternative channels of distribution, and lifestyle products (including foods). Hence, a company can create excitement through packaging design to overcome competition with a wide range of products and brands displayed at the supermarkets.

In 2014, Indonesia emerged as the fourth most populous nation in the world with a population of 252.8 million people (World Population Review, 2015). With its huge population, Indonesia offers a huge market for various products and brands. Indonesians spend up to 33% of their income on food and majority of its population is young. It is also rapidly urbanising and has one of the fastest growing consumer markets in the world. Indonesian consumers are seen to have an optimistic view about their futures and are more willing to try new products (Nevid, Rathus, & Greene, 2005). However, the growth of Fast Moving Consumer Goods sector has been stagnant in recent years. This has posed a big challenge to companies to grow their businesses.

Also, a healthy lifestyle trend may also influence consumption specifically food products, such as candy, since they may prefer to choose healthier alternatives. Intense competition has forced companies to be more innovative in order to grab more market share.

Previous studies have shown the significant influence of perceived value toward purchase intention of food products (Zukri, Naing, Hamzah, & Hazlina, 2009) and consumer brand preference directs purchasing behaviour (Mallinckrodt & Mizerski, 2007). In addition, earlier research suggested that product packaging is an important marketing instrument that can influence consumer's perception of product quality (Venter, van der Merwe, de Beer, Kempen, & Bosman, 2011; Horsky & Honea, 2009). An empirical study by Wang (2013), showed that visual packaging directly impacted on consumer perception of product quality and brand preference in food product category. However, there is still a theoretical and empirical gap on how the design of packaging can impact purchase intention. Therefore, this study aims to identify packaging attributes, and to examine whether packaging design impacts on consumer perception of quality, value, brand preference, and repurchase intention.

LITERATURE REVIEW

Packaging

Packaging was previously believed only to have the function of protecting a product or an item or a physical object that was being sold in the market. Nevertheless,

packaging can be used as an effective communication tool to attract consumer attention thus, persuading them to purchase the product (Underwood & Ozanne, 1998). Furthermore, packaging serves as a 'protector' to 'information provider' and 'persuader' (Agariya, Johari, Sharma, Chandraul, & Singh, 2012). Nowadays, packaging attributes, such as size, shape, text colour, material, and graphics, are often used as an important marketing tool to achieve marketing objectives to ensure customer satisfaction (Rundh, 2013). Moreover, it plays an essential part in the branding process to communicate company's image and identity thus differentiating the company from its competitors. Also, packaging is an effective sales promotion tool that stimulates impulse-buying behaviour.

Based on its cognitive processing, packaging has two attributes: (1) verbal cues; and (2) visual cues (Gedara, Kauppinen, & Louarn, 2015). In the verbal cues, a cognitive process needs a certain intentional effort, whereas in visual cues the cognitive process is conducted unconsciously and unintentionally (Muller et al. 2010). Moreover, visual cues require a product to have certain physical and psychological benefits in order to attract consumer attention. According to Adam and Ali (2014), these packaging visual elements could be classified into size, graphics, colour, and design.

Perceived Quality

According to Zeithaml (1988), perceived quality is consumer evaluation about a

product's superiority. Also, perceived quality is seen as: (1) the variance of objective or actual quality; (2) a higher level construct rather than a particular attribute of a product; (3) a global evaluation of a product; and (4) a judgment driven consumer's evoked set.

Perceived Value

According to Holbrook (2001), value was defined as the outcome of an evaluation and refers to standards, or rules, or criteria, or norms, or goals, or ideals that served as the basis for such product evaluation (Sanchez-Fernandez & Iniesta-Bonillo, 2007). According to Bolton and Drew (1991), "value" and "quality" were different concepts, although the two share certain characteristics (Sanchez-Fernandez & Iniesta-Bonillo, 2007). Both value and quality are considered as individual, and "context-dependent". In addition, perceived value is seen an essential element in the consumer's decision making process. Thus, a consumer would tend to purchase a product that gives them higher perceived value in a sense that the product would give them relatively more benefits than the cost/price the customer has to pay (Kotler & Keller, 2006).

Brand Preference

Previous studies define 'preference' as the desirability of alternative. However, according to the literature on marketing, there is no single definition of the word 'preference'. Customer preference is seen as unstable and can also be classified as either endogenous or exogenous variable.

Meanwhile, brand preference is described as brand choice that assists consumer's purchase decision thus, influencing the customer to buy a particular brand. In addition, according to Ebrahim (2011), brand preference was largely related to "consumer's predispositions" towards a brand based on the consumer's salient belief at a given period of time.

Repurchase Intention

Fornell (1992) defined repurchase intention as a possibility of a customer using a particular brand consistently (Sahin, Zehir, & Kitapci, 2012). Repurchase intention is an individual's evaluation of a chosen product or service from the same brand or company (Ahmed, 2014). The concept of 'behavioural intention' can better described repurchase intention as it not only means repurchase intention, but also word-of-mouth intentions, and complaint intentions. Previous studies have stated several important antecedents that influence a customer's intention to repurchase, such as product/service quality, past behaviour, customer satisfaction, brand loyalty, (Petrick & Backman, 2002). Fullerton (2005), and Johnson, Herrmann and Huber (2006) included service quality, brand experience, brand satisfaction, brand trust, and brand commitment as indicators to measure repurchase intention (Sahin, Zehir, & Kitapci, 2012).

Hypotheses Development

Packaging is described in the literature as measuring quality of a product which include variables known as visual packaging

design, namely colour, material, shape, size, and graphics. These variables have been generally used to measure visual packaging design for food product context. According to Wang (2013), when consumers were exposed to packaging, they would have a perception of the product. This is becoming very relevant in food category where information is difficult to obtain and therefore, visual cues serve as indicators of the quality of products. Thus, the following hypothesis is proposed:

H1: Attitude towards packaging design positively impacts on perceived quality of candy products.

Brand preference refers to a customer tendency to choose a particular product compared with the others. Therefore, as stated previously, packaging design can give company an important tool to form brand identity and belief. In this case, manufacturers who sell candy products can use packaging to inform, persuade, as well as to remind consumers. A positive visual attribute is important to develop a brand preference (Wang, 2013). Therefore:

H2: Attitudes toward visual packaging design positively impacts brand preference

Perceived quality creates additional value for consumers. According to an empirical study by Herman, Widiyari, Lasmy and Hartono (2016), product quality positively correlated with consumer purchase decision. In addition, according to Choi and Kim (2013), the perception of

consumer on product and service quality directly impacted on value and positive perception (Choi & Kim, 2013). Therefore:

H3: Perceived candy product quality positively impacts on perceived candy product value.

Product quality perception is considered as one of the most important factors that impact purchase intentions. Previous studies have suggested a significant positive relationship between brand preference and the product quality perception (Chomvilailuk & Butcher, 2010). Therefore, the following hypothesis is developed:

H4: Perceived quality of candy products positively impacts brand preference.

Literature have suggested a significant and direct positive relationship between perceived value and brand preference (Wang, 2013). Hellier, Geursen, Carr and Rickard (2003) showed a positive

relationship between purchase intention and consumers perceived benefits (Dickson & Sawyer, 1990). Finally, perceived value is seen as an important antecedent that impacts on consumer purchase intention due to its transaction and acquisition utilities (Werner, De Bondt, & Thaler, 1985). Thus, the following hypothesis is proposed:

H5: Perceived value of candy product positively impacts brand preference.

Earlier studies have suggested brand identification is an antecedent of brand loyalty. Brand identification also plays a critical role in customer brand choice and buying behaviour (Ahmed, 2014). Hossain (2006) suggested a causal association between customer's disposition of a product from particular supplier as a form of brand preference and the willingness of customer to purchase the product again. This indicates that the strength of a brand preference directly and positively impacts customer's purchase intention.

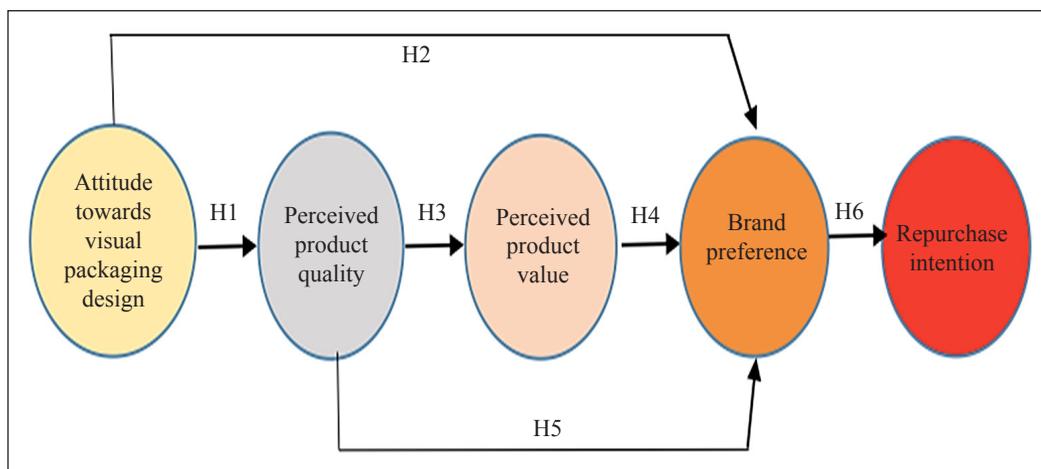


Figure 1. Framework research

MATERIALS AND METHODS

Research and Sampling Procedures

A descriptive quantitative analysis was employed in this study where six hypotheses were developed from literature and empirical studies. A non-probability and convenience sampling were employed in this research. This study explored the responses from candy consumers aged between 13 and 50 years old in Jakarta and their evaluations of the impact of visual packaging design on their brand preferences and repurchase intentions. The researchers targeted a specific age range to get objective insights from respondents about their selection motives. Children aged below 13 years old were not considered as respondents although they are consumers of chocolate and candy products as they may not have a level of understanding of the research questions. Those above the age of 50 were also excluded from the sample because many already have health concerns (Global Consumer Trends Age Demographics, 2012).

Prior to conducting a survey, the authors distributed a pre-test survey to 30 individuals to determine whether the items for each construct were reliable and valid. Finally, a full-scale survey was conducted and questionnaire was distributed online through surveymonkey.net. The authors obtained 201 valid responses.

Measurements and Data Analysis

Data was generated from questionnaires and this were designed, based on and modified from previous studies as stated previously. Attitudes toward the visual packaging construct were measured using five items (Underwood & Ozzane, 2003). Perceived product quality construct was tested using three items (Chandrashekar, 2004). Perceived product value was tested using three items (Chandrashekar, 2004). Brand preference was tested using three items (Davis & Newsroom, 2006). Finally, repurchase intention was measured using five items (Johnson et al., 2006). This study measured all questions using a six-point Likert scale, where: 1 = strongly disagree; 2 = somewhat disagree; 3 = disagree; 4 = agree; 5 = somewhat agree; and 6 = strongly agree. Lastly, in order to analyse respondent's profiles, this study included several demographic questions such as age, gender, education, and occupation.

Using the survey data, descriptive statistics procedure in SPSS 22 was employed in order to validate data gathered from the questionnaires. Moreover, to validate the consistency of the measurements, Cronbach Alpha was then used. Meanwhile, a validity test was conducted using Pearson Product Moment. The reliability and validity test results of the pilot-test samples indicated that the variables and indicators could be used to conduct a full-scale survey. Finally, structural equation modelling was tested using AMOS 21.

RESULTS AND DISCUSSION

The data set gathered from pre-test was further analysed using SPSS 22 to validate the results of the questionnaire. A Cronbach's Alpha test was used to validate whether the measurements were consistent. The results showed the reliability test for all variables were reliable with Cronbach's Alpha values greater than 0.6 ($\alpha > 0.6$). Additionally, all the variables used in this study had a satisfactory internal-consistency reliability. The results showed all the indicators were valid with a significance level ≤ 0.05 . This indicated a relationship between the concept and the indicators used to measure the concept. Moreover, the result of both validity tests indicated the variables and indicators were valid with a significance level of ≤ 0.05 .

Analysis of measurement model showed all the 19 indicators have a standardised loading factor ≥ 0.5 , with Construct Validity (CV) ≥ 0.7 (ranging between 0.82 and 0.91), and Variance Extracted (VE) ≥ 0.5 (ranging between 0.55 and 0.83). Therefore, each construct and each indicator is statistically significant and sufficiently high to demonstrate they are acceptable.

The conceptual structural equation model was tested using IBM AMOS 21, also the chi-square (χ^2) equals to 313.317 with norm chi-square equals to 2.123. The model shows a good fit between the conceptual model and the data with GFI = 0.855, RMSEA = 0.075, TLI = 0.904, IFI = 0.919, CFI = 0.90, AGFI = 0.811, PGFI = 0.657 (Designed cut-offs: GFI ≥ 0.9 , RMSEA ≤ 0.08 , TLI ≥ 0.9 , IFI ≥ 0.9 , CFI ≥ 0.9 , AGFI ≥ 0.9 , PGFI ≥ 0.5 Hair et al., 2010). As shown in Table 1 and Table 2, three hypotheses were supported (H1, H3, and H6), while the other three hypotheses were rejected (H2, H4, and H5).

The findings showed visual packaging design affected the level of product quality and product value, but not brand preference and repurchase intention. Therefore, a company can use packaging as a marketing tool to influence customers since consumers would have better perceptions of products with attractive visual design. Since graphic design is the most important attribute in packaging design for consumers, managers should put more efforts into making a design better, use a suitable packaging size and make good use of colour.

Table 1
Result *p* value

	Path	Estimate	Standardised estimate	S.E.	C.R.	P
PQ	<--- AD	0.48	0.528	0.08	6.009	0.000
PV	<--- PQ	0.609	0.78	0.092	6.629	0.000
BP	<--- AD	0.112	0.113	0.082	1.357	0.175
BP	<--- PQ	0.322	0.297	0.177	1.818	0.069
BP	<--- PV	0.436	0.314	0.237	1.836	0.066
PI	<--- BP	1.192	0.842	0.126	9.459	0.000

Table 2
Hypothesis result

Hypothesis	Path	P	Remarks
H1	Attitude toward visual packaging design → perceived quality	0.000	Data supports the hypothesis, thus H1 is accepted
H2	Attitude toward visual packaging design → brand preference	0.175	Data does not support the hypothesis, thus H2 is rejected
H3	Perceived quality → perceived value	0.000	Data supports the hypothesis, thus H3 is accepted
H4	Perceived value → brand preference	0.066	Data does not support the hypothesis, thus H4 is rejected
H5	Perceived quality → brand preference	0.069	Data does not support the hypothesis, thus H5 is rejected
H6	Brand preference → repurchase intention	0.000	Data supports the hypothesis, thus H6 is accepted

CONCLUSION

This study analysed the impact of visual packaging design on perceived quality, value, brand preference and repurchase intention of candy products in Jakarta. Five variables, namely attitude toward visual packaging design, perceived product quality, perceived product value, brand preference, and repurchase intention were used in this study. The findings showed packaging design has a significant impact on perceived product quality. Perceived product quality significantly and positively influenced perceived product value. These findings support those of previous research (Wang, 2013). The results of this research revealed that brand preference has a significant and positive influence on repurchase intention. This finding supports that of Hossain (2006) which revealed a causal effect between customer of product (brand preference) and the customer's willingness to purchase that product again. Additionally, brand preference has a significant positive direct

impact on repurchase intention. However, this study fails to confirm the relationship between packaging design and brand preference, perceived food product value, brand preference, and perceived food product quality and brand preference. Furthermore, this research confirms that visual packaging design impacts on product quality and product value. However, this study fails to support the relationship between brand preference and repurchase intention.

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Optimisation of Resin Production Quantity Using De Novo Programming Models

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ABSTRACT

PT. ABC is one of the well-known resin manufacturing companies that produces resin in large quantity. However, there is still residual production due to excess raw materials. The objective of this research is to find out appropriate combination of resin to be used in paint production, so that PT. ABC would achieve an optimal profit. The research method used to solve the problem is Forecasting Method and De Novo Programming. Besides, this research uses QM for Windows 2 software to support data analysis process. The results show that the demand forecast in December 2015 for each type of resin is: 240,146 kg (long type), 311,858 kg (medium type), 340,783 kg (short type), and 376.660 (other types). The combination of resin types to be produced that can optimise the production in December 2015 is: 240,146 kg (long type), 311,858 kg (medium type), 340.783 kg (short type), and 473.712,6 kg (other types). From this combination, PT. ABC would achieve optimal profit of Rp 6.388.886,315 or approximately Rp 6.3 billion.

Keywords: De Novo Programming, demand forecasts, linear programming, production quantity, profit

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INTRODUCTION

The paint industry in Indonesia is one of the emerging industries and according to TribunBisnis (2014), paint sales in Indonesia had increased 10% annually. It happened because of high consumer

demand for paint in many areas for the purpose of painting the house and other properties. To meet consumer desires, paint manufacturers have made available wide selection of paint colours that can be selected according to consumer desire and wants. Paint industries in Indonesia must compete with each other to get consumers who are loyal to its paint products by doing new development and innovation in the manufacture of paint. Green coating is paint that is environmentally friendly and not hazardous to health.

According to the daily (Kompas, 2009), paint usually contained VOC (Volatile Organic Compound) material which could cause nerve reproductive disorders when it was inhaled. Therefore, the composition in the paint manufacture should also be considered for health reasons. Therefore, manufacturers understand t current need of consumers

in order to get the desired market share.

One of the directors of Frost and Sullivan paints, Eugene van de Weerd, argued that the paint and coating industries are heavily depended on end users (Republika, 2010). The demand for paint comes primarily from the construction, shipping, automotive and furniture sectors.

Increasing the value of the paint market encourages the paint industries in Indonesia to be more productive. Data (MarsIndonesia, 2013) showed that from 2010 to 2013 the paint market value increased. Based on Indonesia Business Daily (2014), in 2010, the market value of paint in Indonesia reached Rp10.47 trillion and in 2011, it reached Rp11.37 trillion. In 2012, it was estimated the market value of this paint was not less than Rp12.57 trillion. The paint market in 2013 was worth Rp13.8 trillion and in 2014, it reached Rp15 trillion.

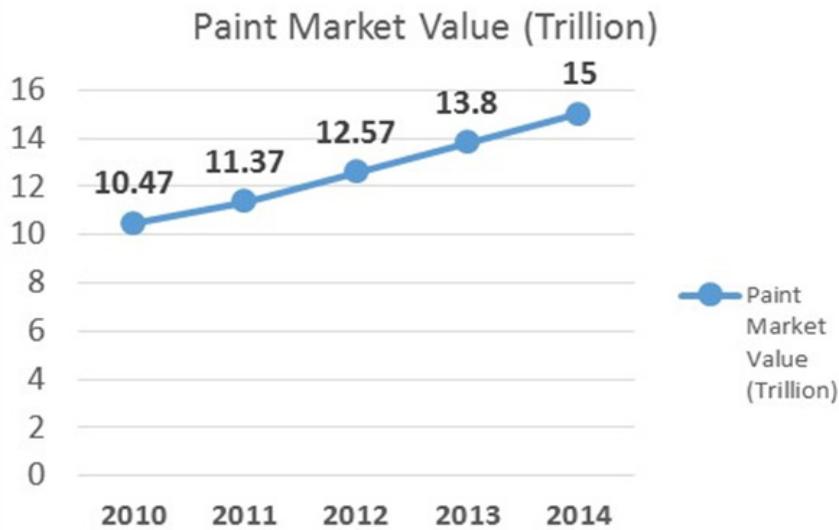


Figure 1. Paint market value

Source: Indonesia Business Daily, February 22nd, 2014

One of the main components of paint is resin which attaches the entire material to the surface. If there is no resin, the paint cannot be formed. Resins are made of sap produced by plants. When chemically processed, the resin is made with a mixture of oil (soya, coconut), chemical acids, polyols and reagents (reagent solution). Resin has a liquid, sticky and viscous form.

One of the well-known paint companies specialising in good quality of resin manufacturing is PT. ABC. This company has been certified with Quality Management System ISO 9001 and ISO14001 Environment Management System certificate for paint and resin unit. Its competitors are shown in Table 1.

Since resin is used for internal and external needs, PT. ABC produces it in large quantities. Therefore, PT. ABC uses common method to forecast the production capacity for the next period. As a result,

there is still residual production due to the excess of raw materials on production every year (Table 2).

From the table, we can know that there is an excess of raw material for each period.

As a qualified and competitive company, PT. ABC must be able to manage the company's operations very well in order to increase sales volume and achieve the vision of PT. ABC to become the top 2 resin company in the industry in Indonesia. As described above, one of the obstacles PT. ABC is facing is the waste that occurs due to the excess of raw materials. This study hence focuses on ways to help PT. ABC determine the exact amount of raw materials with a predetermined budget so as to achieve maximum profit for the company. The current researchers used De Novo Programming analysis method using QM for Windows 2 and Microsoft Excel.

Table 1
The competitors of PT. ABC

	Competitors	Resin Demand	
		2014	2015
1	ETERNAL BUANA	17689	15000
2	NUPLEX RESIN	16203	13500
3	PT. ABC	15588	12700
4	TUNAS SUMBER KREASI	14017	11500
5	PARDIC	13200	10500
6	INAC	9170	8000

Table 2
 PT. ABC's production and sales (Year 2013-2015)

Month	Production				Sales				Residual			
	2012	2013	2014	2015	2012	2013	2014	2015	2012	2013	2014	2015
January	1203	1283	1467	909	1195	1182	1432	903	8	101	35	6
February	1213	1318	933	1470	987	1307	945	1441	234	11	-12	29
March	1460	1149	1246	1118	1580	1182	1239	1132	-120	-33	7	-14
April	844	954	1291	980	840	948	1145	842	4	6	146	138
Mei	1478	1028	1347	1176	1312	1111	1493	1280	166	-83	-146	-104
June	1489	1144	1565	1362	1660	1044	1481	1317	-229	100	84	45
July	967	1400	1346	1295	962	1462	1250	1335	5	-62	96	-40
August	1464	905	988	1500	1325	901	1187	1553	139	4	-199	-53
September	1277	1343	1348		1314	1371	1217		-163	-28	131	
October	981	1168	1466		903	1167	1462		78	1	4	
November	1495	1215	1190		1579	1144	1317		-84	71	-127	
December	730	1267	1471		715	1292	1420		15	-25	51	

LITERATURE REVIEW

Literature review consisted of the following:

Journal: Comparative Study on Forecasting Accuracy among Moving Average Models with Simulation and PALTEL Stock Market Data in Palestine (Safi & Dawoud, 2013).

Muniroh, Ismail and Lazim (2017) described that forecasting was an important tool to make decisions in a variety of fields. It helps government and top management of firms in their decision making for strategic planning purposes. There are differences in forecasting applications, such as in marketing where it plays a key role in determining the sales targets, pricing and advertising expenditure.

Umarusman and Turkmen (2013) explained that the De Novo Programming technique can be used to determine the optimum amount of production so as to maximise the company's profit. This paper explains that using De Novo Programming

enables reduction of expenditure.

Taghrid and Fatma (2009) explained that demands might not be known before resources were acquired. The demand determines actual quantum of sales and revenue.

Gill, Murray, Saunders, Tomlin and Wright (2008) described his legacy of optimisation system in solving complex real-world problems. George B. Dantzig, also known as “GBD”, was a famous for inventing the simple method for linear programming; foundational research on duality, complementarity theory, integer programming, quadratic programming, decomposition algorithms, stochastic programming, and methods for large specially structured linear programs; inspiring generations of students and colleagues; and shaping the entire field of optimization. Although George’s lifetime achievements included a substantial body of deep theory, he derived his greatest professional satisfaction from the successful

application of theory to real-world problems.

Balogun, Jolayemi, Akingbade and Muazu (2012) explained that company managers often faced resource constraints. These resources may include men, materials and money. The problem is on deciding resource allocation to obtain the best result, which may relate to profit or cost or both. Linear Programming is heavily used in Micro-Economics and Company Management such as Planning, Production, Transportation, Technology and other issues.

Ezema and Amakom (2012) showed the application of linear programming method to optimise company profit using the case of Golden Plastic Industry which produced PVC pipes. Eight types of products should be produced in order to optimise company profit. These products are differentiated by their size, thickness and length. In producing these pipes, the company needs different materials in different combinations. The major raw materials used by the company in the production of the products include: Resin (the major raw material), Calcium carbonate, Tio 2, Stabiliser, Cast, Carbon black, and Blend. The result shows that there are only two sizes of the total eight "PVC" pipes. It also shows that there are only two of the raw materials –tio 2 and labour time- which were surplus, while the other six-resin, calcium carbonate, stabiliser, cast, carbon black and blend-were scarce in relation to the model.

According to Sarjono, Kusuma, Hamali and Mulyono (2016), their study used 2 stages of data processing to produce

optimum production capacity planning for polyethylene plastic. The first phase is forecasting the demand for the next year. The second phase is conducting rough cut capacity planning (RCCP) that will provide alternative solution to meet consumer demand.

According to Maurya, Misra, Anderson and Shukla (2015), their study had the following recommendations: (1) The company should employ linear regression, linear trend and/or nonlinear regression and trend models to forecast its production capacity and sales, (2) It is clear that model-based decision is important for its accuracy and objectivity. But such decision-making approach is not widely used in practice. Qualitative decisions, such as subjective estimation, intuition and trial and error are commonly used by company. It is an eye opener to policy makers in the company to shift the model-based decision-making styles in general.

Based on Haider, Fareed, Tariq, Usman, Ud din and Sehrish khan (2016), their study used Linear Programming Technique in solving one of the paint company problems in Pakistan.

Lucey and Lucey (2002); Wagner (2007) suggested Linear Programming and operation research technique can be used in other sectors, such as airlines, agriculture, oil refining, education, energy planning, pollution control, transportation planning and schedule production planning, research and development, and health care system among others.

Zeleny (1998) explained Multiple

Criteria Decision Making (MCDM) that was an alternative concept of optimality where multiple criteria characterise the notion of optimal. It suggests that because there are no trade-offs along a single criterion, optimality is an essentially multi-criteria concept. Eight concepts of optimality were described in five complementary ways: (a) simple, real-life examples with a defined set of discrete alternatives; (b) formal (mathematical) statement of a general optimization problem; (c) graphical representation of two-dimensional linear-programming problems; and (d) simple numerical problem.

Chen and Tzeng (2009) recommended adopting an efficient alliances/allocation planning model as key for achieving the company's financial goals, especially relating to resource sustainability. This study showed the De Novo programming approach helped companies find an optimal resource allocation base for company's financial goal planning. The more advanced efficiency-planning model combines strategic alliances from different company's resources.

Choy and Cheong (2011) explained the existence of demand function so we could do the forecasting with the right techniques to forecast the demand for the next period.

Safi and Dawoud (2013) discussed three methods for measuring the accuracy of forecasting: moving average, weighted moving average and exponential weighted moving average.

Aryani (2009) described techniques to overcome the problem of waste goods due to excessive production and excessive raw

materials to maximise corporate profits.

Fiala (2011) described De Novo programming as a re-formulation of linear programming useful in providing pricing on resources and producing products within a budget.

Umarusman (2013) described Multi-objective Decision Making (MODM) technique as having an important role in solving decision-making problems which could include more than one objective functions.

There is no rule that states that it is compulsory for an NRI/PIO/OCI to get a PAN card. This is definitely not needed if you do not plan to invest large amounts of money in India. However, as per the latest government regulations, services like opening a new bank account in India, getting a new credit card, investing in the stock market in India or making a purchase of more than INR 50,000, the PAN card is mandatory. However, if you have no taxable income from India or your income is below the tax threshold, then you can make use of Form 80 in lieu of a PAN card. This will allow you to open bank accounts without getting a PAN card. Note

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that this option is only open to NRI/PIOs/OCI holders.

It is not mandatory for an NRI / PIO to have a PAN for entering into a property transaction (as per Rule 114C). However PAN is required to repatriate the sale proceeds of the property out of India.

If constraint resources are not used at full capacity in a mathematical model, unused resources will lead to objectives not being realised. Therefore, it is very important to ensure that all objectives are realized at optimal levels, and limited resources are used at full capacity.

Based on the literature review of the journal, the study will forecast demand in advance the exact number of requests, after which a demand constraint will be used to calculate the combination of resin products produced with De Novo Programming and to determine the maximum profit that can be achieved by implementing this method.

The research will use 6 methods of forecasting (naïve method, moving average, weighted moving average, exponential smoothing, exponential smoothing with trend, and trend analysis) to test which method is the most accurate and to use forecasting result as comparison of researcher calculation with actual company. The most accurate forecasting result is determined with the smallest value of MAD and MSE.

The research also used three variables based on the De Novo Programming method (decision variables, constraint function,

objective functions) to determine the right product combinations for each resin and to calculate the maximum profit that could be achieved by implementing this method. The results of the calculations of researchers will then be compared with the actual results of companies to find out whether the research conducted by researchers provided a positive effect for the company.

The main objectives of this research are to find out the: 1) right product combination to be produced by PT. ABC in December 2015 to optimise the profit of the company; 2) total profit obtained by PT. ABC.

MATERIALS AND METHODS

Primary data was obtained from interviews with Marketing Manager of PT. ABC in addition to conducting a survey of resin products made by PT. ABC. Secondary data was obtained from PT. ABC's annual sales report.

Operationalisation of Variables

In Table 3, unit and amount for resin is based on per Kg, the amount of production time is in Hour and profit is in Rp. In De Novo Programming units, operationalisation of variables can be different while in Linear Programming, the units are always the same.

Table 3
Operationalisation of variables

Variable	Indicator	Unit	Scale
Decision variables	1. Long Resin	Kg	Ratio
	2. Medium Resin	Kg	
	3. Short Resin	Kg	
	4. Other Resins	Kg	

Method of Data Processing and Analysis

Forecasting Method

In this study, researchers used demand data from January 2014 -August 2015. Data is obtained from Marketing Manager PT. ABC. From the data, forecasting calculation of demand for September 2015 was performed based on the following

methods: Naïve Method, Moving Average, Weighted Moving Average, Exponential Smoothing, Exponential Smoothing with Trend and Linear Regression.

The optimal method was MAD (Mean Absolute Deviation) and the smallest MSE (Mean Squared Error) based on data in Table 4.

Table 4
Resin demand (January 2014-August 2015)

Month	Long	Medium	Short	Others
January 2014	282	314	389	482
February 2014	184	209	257	283
March 2014	255	281	333	377
April 2014	281	243	355	412
May 2014	298	282	276	491
June 2014	331	397	372	465
July 2014	257	412	309	368
August 2014	267	205	192	324
September 2014	257	321	371	399
October 2014	298	347	364	457
November 2014	298	342	195	355
December 2014	295	342	405	429
January 2015	206	216	227	260
February 2015	362	355	371	382
March 2015	197	238	299	384
April 2015	189	222	278	291
May 2015	184	281	341	370
June 2015	270	298	362	432
July 2015	261	301	342	391
August 2015	253	382	402	463
TOTAL	5225	5988	6440	7815

Source: PT. ABC (2015)

De Novo Programming Method

The result of demand forecast for December 2015 would be used to determine the obstacle function in De Novo Programming to find the optimum product combination that must be produced.

This research focuses on finding the

optimum amount of production of four types of resin. Factors to be considered include the composition of raw materials, the availability of raw materials, the price of raw materials, and the selling price of each type of resin to be produced. This information is shown in Table 5 to Table 9.

Table 5
Raw material composition per unit product per kg

Product	Raw Material Solid 70 %			Solvent 30%	Longest Operation
	Oil	Dibasic Acid	Poly Alcohol		
Long	0,504	0,14	0,023	SMT	Time (LOT) hour 26
Medium	0,35	0,161	0,035	SMT	24
Short	0,126	0,271	0,08	Xylene	20
Others	0,143	0,202	0,126	Xylene	28

Source: PT. ABC (2015)

Table 6
Availability of raw materials

Raw Material	Type	Availability (kg/year)
Oil	Long	840.000
	Medium	700.000
	Short	420.000
	Others	448.000
Total		2.408.000
Dibasic Acid	Long	378.000
	Medium	476.000
	Short	616.000
	Others	532.000
Total		2.002.000
Poly Alcohol	Long	182.000
	Medium	224.000
	Short	336.000
	Others	420.000
Total		1.162.000

Source: PT. ABC (2015)

Table 7
Raw material price

Raw Material	Price/kg
Oil	Rp8.491
Dibasic Acid	Rp27.000
Poly Alcohol	Rp24.300

Source: PT. ABC (2015)

Table 8
Resin selling price

Type	Price/kg
Long	Rp42.525
Medium	Rp42.525
Short	Rp39.690
Others	Rp55.890

Source: PT. ABC (2015)

Once the information in the stage is to determine the decision variables, the next objective function, constraints function.

Table 9
Decision variables, objective function, constraints function

Decision Variables	$X1 = \text{Long Type Resin}, X2 = \text{Medium Type Resin}, X3 = \text{Short Type Resin}, X4 = \text{Resin Type Others}$
Objective Function	$Z = 42.525X1 + 42.525X2 + 39.690X3 + 55.890X4$
Constraints Function	<p>Number of Raw Material</p> <p>Oil = $0,504X1 + 0,35X2 + 0,126X3 + 0,143X4 \leq 2.408.000$</p> <p>Dibasic acid = $0,14X1 + 0,161X2 + 0,271X3 + 0,202X4 \leq 2.002.000$</p> <p>Poly alcohol = $0,023X1 + 0,035X2 + 0,08X3 + 0,0126X4 \leq 1.162.000$</p>
	<p>Capacity of Production</p> <p>$= X1 + X2 + X3 + X4 \leq 18.000 \text{ton/year}$</p> <p>$= 18.000.000 \text{kg/year}$</p>
	<p>Raw Material Costs</p> <p>$= 8.618,364X1 + 8.169,35X2 + 10.330,866X3 + 9.730,013X4 \leq 102.736.928.000$</p>
	<p>Demand of each Product:</p> <p>$X1 = 239,54 \text{ tonne} = 239.540 \text{ kg}$</p> <p>$X2 = 311,8644 \text{ tonne} = 311.864,4 \text{ kg}$</p> <p>$X3 = 340,7989 \text{ tonne} = 340.798,9 \text{ kg}$</p> <p>$X4 = 376,4481 \text{ ton} = 376.448,1 \text{ kg}$</p>
	<p>Time of Production =</p> <p>$X1 = 26 \text{ hour/ton} = 0,026 \text{ hour/kg}$</p> <p>$X2 = 24 \text{ hour/ton} = 0,024 \text{ hour/kg}$</p> <p>$X3 = 20 \text{ hour/ton} = 0,20 \text{ hour/kg}$</p> <p>$X4 = 28 \text{ hour/ton} = 0,28 \text{ hour/kg}$</p> <p>Operating hour per employee per year</p> <p>$= 8 \text{ hours} \times 300 \text{ days} \times 120 \text{ employees}$</p> <p>$= 288.000 \text{ hours}$</p>

RESULTS AND DISCUSSIONS

The results of this study are as follows.

Forecasting Method conducted by researchers with QM for Windows 2 has a high compatibility with the results of actual demand of forecasting in PT. ABC. This proves that the implementation of software QM for Windows can facilitate forecasting

calculations of the company. Table 10 shows the comparison of the results of researcher forecasting and PT. ABC actual data. The result of forecasting shows that the demand for the next period is determined using the forecasting method that has the smallest MAD and MSE.

In addition, De Novo Programming

Table 10
Forecasting results for PT. ABC vs actual data

Resin Type	December 2015	
	Researcher's Forecasting Results	PT. ABC Actual Data
Long	240,1463	239
Medium	311,8577	312
Short	340,7827	340
Others	376,6601	376

method also produces better product combinations and results in optimal profit.

From the combination of resin products, this will maximise the profit of PT. ABC to

Table 11
Production combination

Resin Type	Production
Long	240.146 kg
Medium	311.858 kg
Short	340.783 kg
Others	437.712,6 kg

Rp6,388,886,315 or approximately Rp6.3 Billion.

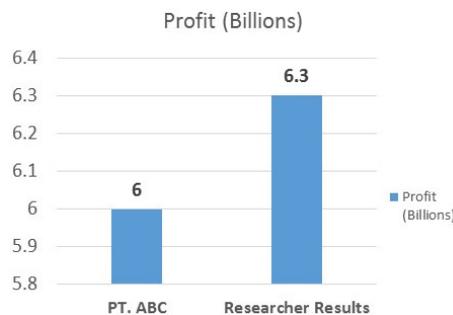


Figure 2. Profit comparison (PT. ABC vs researcher results)

CONCLUSION

By implementing forecasting method, the production results in December 2015 with QM For Windows 2 were 240,146 kg for long type resin, 311,858 kg for medium type resin, 340,783 kg for short resin, 376,660 kg other types.

The combination of products that can optimise the production of PT. ABC in December 2015 is 240,146 kg for long type resin, 311,858 kg for medium type resin, 340,783 kg for short type resin, and 473,712.6 kg for other types.

The total profit obtained by PT. ABC in December 2015 was Rp 6,388,886,315 or approximately Rp 6.3 billion.

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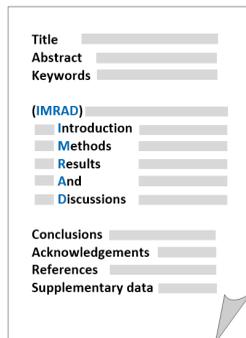
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