

PROCEEDING

**ICAMS
2018**

*The International
Conference on Accounting
and Management Science*



The Industrial Revolution 4.0

Readiness and Challenge for Accounting & Management Science

July 16th & August 27th, 2018

SEKOLAH TINGGI ILMU EKONOMI KESATUAN



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ON ACCOUNTING AND MANAGEMENT SCIENCE
Bogor, July 16th & August 27th, 2018

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PROCEEDINGS

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Bogor, July 16th & August 27th, 2018

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WELCOME MESSAGE FROM THE CHIEF OF COMMITTEE THE INTERNATIONAL CONFERENCE ON ACCOUNTING AND MANAGEMENT SCIENCE (ICAMS 2018)



Ladies and Gentlemen,

First and foremost, I would like to express my gratitude to our God for the blessing and mercy that we can gather here in this wonderful event.

On behalf of ICAMS Committee, it is my greatest pleasure to welcome you all, researchers and participants, to The International Conference on Accounting and Management Science in STIE Kesatuan 16th July 2018. Welcome.

We planned ICAMS as an event for bring together researchers, academics, and professionals from all over the world to discuss the current issue today, The Industrial Revolution 4.0.

STIE Kesatuan is very proud of the presence of Prof. Dr. Bonar Pasaribu as a keynote speaker, and Prof Ridwan - Pembina Yayasan Kesatuan who came from Bandung for this event and also the entire audience. We are all very happy for the presence of respected invited speakers, Prof. Ir. Bambang Rudyanto, PhD. from Wako University Japan, Mr. Rajesh Ranolia from NIIT India, Mr. Rakhmatullaev Shokhrukh, B.Art., MBA. From Minzu University China, and Mr. Junison Zaib as GM of Chevron Indonesia.

As the Chairman, I would like to report that today's conference is involved by Several Countries; Indonesia, India, China, Korea and Japan, and from several city in Indonesia.

Generally, international conference held in 2 days consecutively. But today is different from the usual, where the parallel session for the researchers who will deliver the Journal, will be held on Monday, August 27 , 2018 because it concerns to the adequate time for our preparation. Therefore the submission of full paper extended until 10 August 2018 which immediately reviewed by the reviewer Team. The output of this conference will be design in the form of ISBN international proceedings, especially for presenters.

On this moment, I would like to express my appreciation and gratitude to Bu Yayuk Nurjanah as The chairman of organizing committee and all members of the committee for the hard work that has been and will be given.

Ladies and gentlemen, accordance with the Committee agreement, on behalf of the The chairman of STIE KESATUAN (Pak Nusa Muktiadji) hereby We open officially The ICAMS 2018. Hopefully this event can takes place successfully and provides great benefits to all of us. Thank you.

Jan Horas V Purba

Chief of Committee

Keynote Speaker



Prof. Dr. Ir. Bonar P. Pasaribu
Institut Pertanian Bogor

Invited Speakers



Prof. Ir. Bambang Rudyanto, Ph.D.
Wako University, Japan



Ir. Junison Zaib
CBD Indonesia



Mr. Rajesh Ranolia
NIIT India



Mr. Rakmatullaev Shokhrukh, MBA.
Minzu University of China

Contents

CONFERENCE PROCEEDING	ii
COMMITTEE OF ICAMS 2018	iv
WELCOME MESSAGE FROM THE CHIEF OF COMMITTEE	v
TABLE OF CONTENTS	vi
THE ICAMS 2018 INTERNATIONAL SEMINAR	xi
THE ICAMS 2018 CONFERENCE PROGRAMME	xii

1 RESEARCH ON ACCOUNTING

1.1. Intellectual Capital To Value of Business Creation Considering Previous Return On Assets	1
1.2. Analysis of Corruptors Demography To Prevent Corruption (Study On Court Judgment At Bandung District)	9
1.3. The Effect of The Size of The Audit Committee, Leverage, Company Size And Institutional Ownership On Corporate Social Responsibility Disclosure (Empirical Study On Real Estate And Property Companies Listed On The Indonesia Stock Exchange 2014-2016)	10
1.4. Factors Affecting The Internet Financial Reporting (IFR) At Manufacturing Industry In Indonesia	11
1.5. The Influence of Managerial Ownership, Institutional Ownership, Company Growth Toward Earning Management And Its Implication On Quality Of Financial Reporting	20
1.6. The Effect of The Leading Commitment, The Management Competency Goods and Use of Information Technology on Effectiveness of Fixed Assets	21
1.7. Financial Reporting For Micro Small And Medium Enterprises Towards Industrial Revolution Era 4.0	32
1.8. Influence of Corporate Social Responsibility Conversation On Company Performance (Empirical Study On Companies Registered In The Jakarta Islamic Index 2014-2017)	39

2 RESEARCH ON BUSINESS & MANAGEMENT

2.1. Sequential Explanatory Analysis About The Relationship Between Personality, Organizational Culture And Emotional Intelligence With Lecturer Performance	41
2.2. A Critical Literature Review To Propose A New Conceptual Model of Market Orientation In A Digital World	60
2.3. The Effect of Nationalism, Social Status And Group Brand Into A Purchasing Decision of Local Product	70
2.4. Missing Role of Central Bank On Monetary Transmission Mechanism – Evidence From Indonesia	74
2.5. The Education Prepare In Industrial Revolution 4.0 In China	80
2.6. Raw Material Supply Strategy of Pineapple Leaf To Support Yarn Spinning Industry	82
2.7. Digital Tourism In Industry 4.0	81
2.8. Portfolio Formation And Portfolio Return Modeling In Indonesian Capital Market	84

3 RESEARCH ON ACCOUNTING

3.1. Analysis Differences Financials Performances In Jokowi Rezim	96
3.2. Financial Performance Valuation And Stock Performance (Case Study On Pt. Prasadha Aneka Niaga Tbk. - Psdn)	97
3.3. Stock Performance Analysis (Case Study Pt Eratex Djaja, Tbk – Ertx)	107
3.4. Rescheduling, Reconditioning, And Restructuring Action Analysis of Credit Safety	116
3.5. Implementation Accounting For The Pension Fund And The Effect To The Financial Statements On The Company PDAM Tirta Pakuan Bogor	117
3.6. Effective Tax Rate (ETR) And Audit Quality Post Adoption of IFRS On Earning Management (Study of Listed Manufacturing Companies In Indonesia Stock Exchange)	118
3.7. Valuation of Financial Performance And Stock Performance (Case Study Pt Holcim Indonesia Tbk)	128
3.8. Quo Vadis, Islamic Banking? (Literature Study On Islamic Commercial Banks And Sharia Business Units In Indonesia)	145

4 RESEARCH ON BUSINESS & MANAGEMENT

4.1. The Influence of Repositioning Strategies On Purchase Intention Through Brand Personality And Brand Association	158
4.2. Qualitative Analysis of The Inhibiting Factors For Micro Business Development In Bogor Regency	164
4.3. The Influence of Reliability, Assurance, Tangible, Empathy And Responsiveness That Determine Buying Interest To PT. Panorama Land	165
4.4. The Influence of Personal Characteristics On Small Medium Business Performance In Bogor District	170
4.5. Formulation of The Green Marketing Development Strategy For The Body Shop Botani Square Bogor	171
4.6. The Influence of Hedonic Shopping Motivation, Impulsif Buying, And Lifestyle On Purchase Decisions	182
4.7. The Influence of Relational Marketing, Trust, Emotional Proximity To Customer Loyalty (Bolt 4G LTE Case Study)	186

5 RESEARCH ON ACCOUNTING

5.1. Implications of Financial Distress And Macroeconomic On Stock Return With Variable Moderation of Operating Cash Flow	193
5.2. The Effect of Profitability, Institutional Ownership, Firm Size To Tax Avoidance On The 2014-2016 Manufacturing Company Listing On The Indonesia Stock Exchange	194
5.3. The Influence of Firm Size, Corporate Profitability, Previous Audit Opinion, And Accounting Firm Size On Going Concern Audit Opinion (Empirical Study On Non-Financial Services Firms Listed In IDX)	195
5.4. The Effect of Good Corporate Governance And Financial Performance On Sustainability Report Disclosures And Its Implications On Corporate Values (Case Study of The IDX Listed Company In 2011-2016)	196
5.5. Review of Revenue Treatment And Expense Recognition Using The Visual Hotel Program Application	206

5.6. The Effect of Cash Flows And Accounting Profits On Stock Prices Empirical Study of Manufacturing Companies Listed On The Indonesia Stock Exchange In 2013-2016	210
5.7. Impairment of Fixed Assets (Tangible Assets) According To Psak 48 On The Financial Statements. Case Study On Various Industrial Sector Manufacturing Companies Listed In The Indonesian Stock Exchange (IDX)	211
6 RESEARCH ON ACCOUNTING	
6.1. Analysis Using Beneish M-Score Model To Detect Financial Statement Fraud On Mining Companies Listed In IDX	214
6.2. The Effect of Audit Tenure, Size of Accounting Firm, And Audit Opinion On Audit Delay of Mining Company Listed In IDX	215
6.3. The Impact of Auditor's Competence & Independence & Time Budget Pressure On Audit Quality (Study At Accounting Firm In Bandung)	216
6.4. The Fraud Risk Assessment To Determine Significant Fraud Risk In The Raw Material Purchase Cycle & Revenue Cycle At FI - CV. FBP	217
6.5. Internal Control Evaluation To Minimize Fraud Risk On Sales And Cash Receipt Cycle at CV BPP	218
6.6. Quality Cost Control Evaluation, In The Framework of Product Quality Improvement (Case Study At Pt Ayuda Group Hotel Management)	219
6.7. Effect of Performance Measurement System And Total Quality Management Implementation On Managerial Performance Empirical Study On Bogor City Manufacturing Companies Listed On The IDX	220
6.8. Analysis of The Effect of Tax Minimization, Tunneling Incentive, And Bonus Mechanism On Corporate Decisions To Make A Pricing Transfer (Empirical Study On Manufacturing Companies Listed On IDX)	221
6.9. Determination of Profit In Construction Contracts Based On Recognition of Revenues And Costs According To Psak No.34 (Revised 2015). (Case Study On Alpe Corporation Cv)	228
6.10. Effect of Disclosure, Company Growth And Client Tenure Audit On Acceptance Of Going Concern Audit Opinions	229
6.11. Winning Banking Competition Through KREDIT MULTIGUNA Sevices	230
6.12. The Implementation of Accurate System In Preparation of Financial Statements (Case Study On TB Makmur Jaya)	231
6.13. Influence Firm Age And Firm Size With Intellectual Capital Performance (Empiric Study In Banking Sector In Indonesia Stock Exchange For Period 2013-2015)	239
6.14. The Effect of Leverage And Firm Size To Assets Revaluation Decesion	240
6.15. MSME: The Role of Production Management In Determining Competitive Selling Prices	241
7 RESEARCH ON ACCOUNTING	
7.1. The Effect of Leverage, Capital Intensity Ratio And Earnings Management Against Corporate Tax Aggressiveness	255
7.2. The Effect of Liquidity, Profitability, And Solvability On Going Concern Opinion (Study At Mining Company Listed In IDX)	256

7.3. The Effect of The Company Growth, The Audit Quality, The Tenure Audit, And The Opinion Audit On The Audit Opinion Going Concern	257
7.4. The Influences of Management Changes, Financial Distress, And Reputation Of Accounting Firm On Voluntary Auditor Switching At Agriculture Companies In IDX	258
7.5. The Impact of Accounting Firm Size, Previous Audit Opinion, Auditor Switching And Company Size On The Issuance of Going Concern Opinion	259
7.6. Analysis of The Effects of Trade Receivable Policies, Funding Policies And Investment Policies On Company Profitability Case Study On Pt. Astra International, Tbk, Pt. Astra Otoparts, Tbk, And Pt. Gajah Tunggal, Tbk	260
7.7. Total Asset Turnover Effect, Working Capital Turnover And Debt Ratio On Stock Price	270
7.8. Financial Information Capability In Predicting Changes In Future Profit And Cash Flows In The Consumer Goods Industry Manufacturing Company Available On The Indonesia Stock Exchange (IDX)	276
7.9. Analysis of Determinants of Student Interest In Investing In The Capital Market	277
7.10. Taxation Treatment of Fixed Assets Acquisition of Tax Savings	278
7.11. The Effect of Financing Quality, Efficiency And Optimization To Sharia Banking Performance	279
7.12. Effect of Accrual Quality On Earnings Quality (Case Study On Enterprises Registered In The Indonesian Securities Exchange 2010 – 2014)	280
7.13. Influence of Internal Audit And Good Corporate Governance On Financial Performance of Banking Companies (Empirical Study On Banking Companies Registered In The Indonesian Securities Exchange (IDX) 2013, 2015)	281
7.14. The Effect of Inter-Period Tax Allocation Based On Psak No.46 On The Coefficient of Accounting Profit Response (Empirical Study On Manufacturing Industry For Various Industries Registered On The IDX 2012-2015)	282
8 RESEARCH ON MANAGEMENT	
8.1. Fundamental And Macroeconomic Analysis On Stock Price (Study At Pt Tambang Batubara Bukit Asam, Tbk.)	285
8.2. Analysis of The Successful Implementation of The Occupational Safety Health Program	286
8.3. The Influence of Regional Tax Revenue, Regional Retribution And Results Of Management of Regional Wealth Separated On Local Government Revenue (Pad) of Bogor Regency Government	295
8.4. Impact of The Implementation of A One-Way System To The Level Attachment At The Salak The Heritage Hotel	296
8.5. Identifying The Causes Why Some of The Households In Bogor Have Not Yet Utilized The Service of The Tirta Pakuan Water Company (PDAM) of Bogor	297
8.6. Influence of Flower Service, Service Value And Customer Satisfaction To Customer Loyalty (Case Study At Bmc Hospital Bogor)	305
8.7. Influence of Celebrity Endorser, Attractiveness And Packaging Impressions On Interest In Watching Pesbukers ANTV	306
8.8. The Influence of Brand Equity Elements On Purchase Decision And Its Implication On Customer Loyalty	307

8.9. Factors That Influence Small Business Performance In One-Way Traffic System Area	308
8.10. Interest Analysis On Sekolah Tinggi Ilmu Ekonomi Kesatuan Bogor Students With Motivation Approach, Personality And Entrepreneurial Characteristics	309
8.11. Strategy For Improving Performance And Competitive Advantages of Export-Based Shoe MSME In Bogor In The Free Trade Competition	316
8.12. Analysis of Long-Term Financial Management Policy Case Study Pt Sierad Produce Tbk	323
8.13. The Influence Of Funding Policy, Sales Level, And Return On Equity To The Growth of Companies	330

THE ICAMS 2018 INTERNATIONAL SEMINAR

MONDAY, JULY 16th, 2018

Time	Activity	Committee
08.00 to 08.20	Registration	
08.20 to 08.30	Morning Coffee	
	OPENING SESSION	
08.30 to 08.35	Opening by MC	Adil Fadillah, SE., MM.
08.35 to 08.45	National Anthem “Indonesia Raya”	Etna Kaniawati, SE.
08.45 to 08.50	Message from Steering Committee of ICAMS 2018	Dr. Jan Horas V. Purba, Ir., M.Si.
08.50 to 09.00	Welcome Remarks From Yayasan Kesatuan	Prof. Ridwan Sundjaja, Drs., MSBA
	PLENARY & KEYNOTE SPEECH SESSION	THEME
09.00 to 09.15	Keynote Speech	
	Prof. Dr. Ir. Bonar Parlindungan Pasaribu	<i>Higher Education in Industri Revolution 4.0</i>
	BPH Yayasan Kesatuan Bogor, Indonesia	
09.15 to 09.30	1 th Invited Speaker	
	Prof. Ir. Bambang Rudyanto, M.Sc., PhD.	<i>Japanese Education Toward Industrie 4.0</i>
	Professor Wako University, Japan	
09.30 to 09.45	2 nd Invited Speaker	
	Ir. Junison Zaib, M.T.	<i>The Industry Revolution 4.0</i>
	CBD Indonesia - Indonesia	
09.45 to 10.00	3 rd Invited Speaker	
	Mr. Rajesh Ranolia, B.Com., MBA.	<i>Readiness and Challenge for Accounting and Management Sciences</i>
	Head Office, National Institute of Information Technology (NIIT) - India	
10.00 to 10.15	4 th Invited Speaker	
	Mr. Rakhmatullaev Shokhrukh, B.Art., MBA.	<i>Program “Made in China - 2025” and Industry 4.0</i>
	Minzu University of China	
10.15 to 10.45	Discussion	
	Mr. H. Bambang Hengky Rainanto., S.Pi., MM. (Moderator)	
10.45 to 11.00	Souvenir	
11.00	Closing	

THE ICAMS 2018 CONFERENCE PROGRAMME

MONDAY, AUGUST 27th, 2018

Time	Activity	Room
08.00 to 09.00	Registration	Committee
09.00 to 09.30	Opening	Master of Ceremony
	National Anthem	Conductor: Harum Fanisa, SM.
	Welcome Speech by Chairman Committee	Dr. Jan Horas V. Purba, Ir., M.Si.
	Guest Speaker :	Prof Dr. Ir. Yandra Arkeman, M. Eng.
09.30 to 11.00	Parallel Session	Dr. H. Iriyadi, Ak., M.Comm., CA. / David HM Hasibuan, Ak., MM., CA.
		Dr. Mangasa Augustinus Sipahutar, Ir., MM. / Dr. Jan Horas V Purba, Ir., M.Si.
		Tarida Marlin Surya Manurung, Ir., MM. / Dr. Annaria Magdalena Marpaung, SE., MM., M.Pd.
		Bambang Hengky Rainanto, SP., MM. / Yayuk Nurjanah, SE., MAk.
		Ratih Puspitasari, SE., MBA. / Dr. H. Aang Munawar, SE., MM.
		Udi Pramiudi, SE., M.Ak. / Heti Herawati, SE., M.Ak.
		Hj. Nani Cahyani, Dra., M.Si. / Sinta Listari, SE., MM.
		Mumuh Mulyana, SE., MM., MSi. / Adil Fadillah, SE., MM.
11.00 to 11.45	Lunch Break	R. 301 & 302 (3 rd Floor)
11.45 to 12.00	Announcement of The Best Paper	Chairman of STIE Kesatuan : Ir. Nusa Muktiadji, MM.
	Closing	Master of Ceremony
12.00	Certificate Submission	Committee

1

SUB THEME RESEARCH ON ACCOUNTING

1. INTELLECTUAL CAPITAL TO VALUE of BUSINESS CREATION CONSIDERING PREVIOUS RETURN ON ASSETS
Ari Purwanti
2. ANALYSIS of CORRUPTORS DEMOGRAPHY TO PREVENT CORRUPTION (STUDY ON COURT JUDGMENT AT BANDUNG DISTRICT)
Benedictus Peter Sinarto and Sylvia Fettry
3. THE EFFECT of THE SIZE of THE AUDIT COMMITTEE, LEVERAGE, COMPANY SIZE AND INSTITUTIONAL OWNERSHIP ON CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE (EMPIRICAL STUDY ON REAL ESTATE AND PROPERTY COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE 2014-2016)
Dedi Kurniadi, Deni Iskandar and Primsa Bangun
4. FACTORS AFFECTING THE INTERNET FINANCIAL REPORTING (IFR) AT MANUFACTURING INDUSTRY IN INDONESIA
Ellen Marlim and Rosinta Ria Panggabean
5. THE INFLUENCE of MANAGERIAL OWNERSHIP, INSTITUTIONAL OWNERSHIP, COMPANY GROWTH TOWARD EARNING MANAGEMENT AND ITS IMPLICATION ON QUALITY of FINANCIAL REPORTING
Nurul Sheila and Padri Achyarsyah
6. THE EFFECT of THE LEADING COMMITMENT, THE MANAGEMENT COMPETENCY GOODS AND USE of INFORMATION TECHNOLOGY ON EFFECTIVENESS of FIXED ASSETS
Iis Rahmawati, Rima Rachmawati and Sedarmayanti
7. FINANCIAL REPORTING FOR MICRO SMALL AND MEDIUM ENTERPRISES TOWARDS INDUSTRIAL REVOLUTION ERA 4.0
Muhammad Ardhi Maulana, Iriyadi and Yayuk Nurjanah
8. INFLUENCE of CORPORATE SOCIAL RESPONSIBILITY CONVERSATION ON COMPANY PERFORMANCE (EMPIRICAL STUDY ON COMPANIES REGISTERED IN THE JAKARTA ISLAMIC INDEX 2014-2017)
Shanny Gustiani Sodikin, Nurleli and Rini Lestari

[1]

Intellectual Capital to Value of Business Creation Considering Previous Return on Assets

Ari Purwanti

Universitas Islam As-Syafi'iyah

Aripurwanti2501@yahoo.com

Abstract. This research is based on the findings of previous studies that use variable Return on Assets in the same period as the period of the components of intellectual capital measured. In fact, the company in carrying out the components of intellectual capital refers to the previous period of Return on Assets. Therefore, this study aims to investigate the previous period of Return on Assets on the influence of the components of intellectual capital; which consists of Value Added Human Capital, Value Added Capital Employment, and Structural Capital Value Added; to the value of business creation. This study uses moderating regression analysis with panel data for the 2013-2015 period in the manufacturing industry listed on the IDX. The results, using the fixed effects model of panel data, prove that the previous period of Return on Assets weakened the positive influence of Value Added Capital Employment on the value of business creation.

Keywords: Intellectual capital, Return on Asset

Introduction

Intangible resources began to be considered its urgency since the 1990s and followed by management, measurement and assessment of intangible resources (Edvinsson and Malone, 1999). This trend encourages companies to have core competencies that show deep skills to produce significant values or benefits (Hamel and Prahalad, 1994). Core competence encourages companies to gain advantage which is the achievement of economic performance.

Previous research indicates that companies that invest in intangible resources are proven to experience growth in business turnover and use potential strategic assets (Riahi-Belkhou, 2003). One of the intangible resources studied for more than two decades is intellectual capital. Intellectual capital is referred to as the filler between policy and the book value of the company (Chen et al., (2005); Lev and Radhakrishnan (2003); Pulic (2000); and Edvinsson and Malone (1997)) that direct organizations to gain competitive advantage. For this reason, companies must create added value for physical capital and potential that can be used efficiently (Pulic, 1998).

The measurement of intellectual capital began to develop in an effort to encourage corporate value and increase competitive advantage. The intellectual capital component begins to be explored (Pulic, 1998; 1999; and 2000) in the effort to create value (Bollen et al., 2005). Companies are required to be able to innovate in order to introduce new products and services or improvements that already exist (OECD, 2006). Intellectual capital emphasis on enhancing the development of knowledge and creativity of employees as a means to increase value added began to be studied (Young et al., 2009). Likewise, the company's ability to manage assets, resources, and intellectual capital is considered to create added value and competitive advantage in innovation and performance development to optimize capital in generating income (Ekowati et al, 2012).

Increasing revenue growth from year to year indicates a better value creation. Companies will be able to generate more profits as a result of operating their assets. The company's ability to generate profits by using its assets is what then encourages the company to begin to improve its intellectual capital in gaining competitive advantage in an effort to increase the value of business creation. This condition which encourages this research is different from previous studies, where intellectual capital development

activities proved to encourage the achievement of Return on Assets in the same period (Sirapanji and Hatane (2015); Putera, et al (2014); Mehri, et al (2013); and Khanqah, et al (2012)). While in this study, will investigate whether the magnitude of Return on Assets in the previous period contributed to the influence of the intellectual capital component on income growth as a form of the value of business creation.

Literature Review

The knowledge economy. Companies and national growth are synergies as a result of human mental activities, namely economic activities that focus on production (Lev, 2001). For this reason, knowledge and intellectual ability and innovation are inevitable factors in national economic development (Anon, 1998). This is based on the definition of a knowledge economy issued by OECD (1996) that the production, distribution and use of knowledge are the main drivers of growth, substitution creation, and reduced unemployment. For this reason, companies that are considered successful are companies that have competitive advantages (Prahalad and Hamel, 1998; Drucker, 1999) to contribute to national and global "knowledge" economy growth. To achieve this, it is important to focus on increasing and measuring intellectual capital. The intellectual capital component becomes very strategic (Foray, 2006) and encourages the creation and maintenance of values (Cabrita and Vaz, 2005 and Sveiby, 1997).

Resource Based Theory. The company will achieve optimal unity if the company has superior resources, which are scarce resources, difficult for competitors to follow (Porter, 1985). Companies get competitive advantage by holding, acquiring and effectively using strategic assets. These assets include tangible assets and intangible assets (Firer and Williams, 2003) that are used and developed by companies in pursuit of competition and profitable strategies (Komnenic, 2012). With this superior resource in the form of intellectual capital, namely capital employment, human capital and structure capital, the company can then create value added that is useful for the work environment and companies that affect the profitability of the company itself (Barney, 1991).

Stakeholder Theory. Stakeholders have the right to be given information about company activities that affect them (Deegan, 2004). Although in number they need returns, but the value added is a more accurate measure than return because all activities carried out by the company must lead to the creation of value and use of intellectual resources.

Research conducted by Pulic (1998; 1999; 2000), his study did not directly measure the intellectual capital of a company, but proposed a measure to assess the efficiency of value added and as a result the company's intellectual ability (VAIC TM). The main components of VAIC TM can be seen from the company's resources namely physical capital (VACA), Human Capital (VAHU), and Structural Capital (STVA).

The development of the intellectual capital component certainly requires the readiness of the company because all company activities must be focused on creating value. Therefore, the support of the company's ability to generate profits from its asset operations is expected to influence the implementation of the intellectual capital component in an effort to increase value creation. This study tries to investigate the role of return on assets, as a proxy of the company's ability to generate profits from operational assets, in the previous period on the influence of intellectual capital components: physical capital (VACA), Human Capital (VAHU), and Structural Capital (STVA); towards value creation by developing the hypothesis Return on Assets as moderating as follows:

- H1: Previous period return on assets proved to be able to strengthen/weaken the influence of capital employed values added to the value of business creation*
- H2: Previous period return on assets has been proven to strengthen/weaken the influence of human capital's added value to the value of business creation*

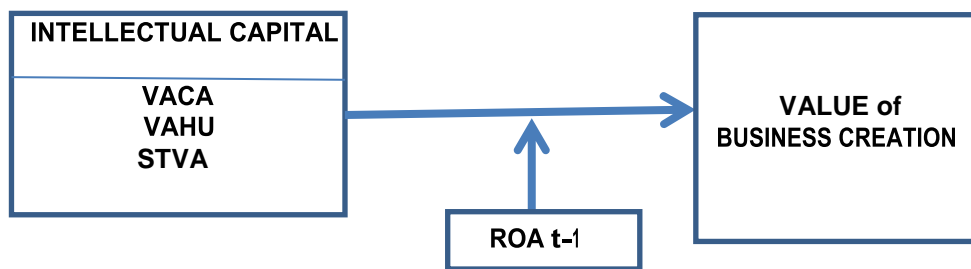
H3: Previous period of return on assets has been proven to strengthen/weaken the influence of structural capital value added to the value of business creation

Research Method

Based on the background of the research problem which was later revealed in the construction of hypotheses, this study will use a population of companies in the manufacturing industry, with samples of manufacturing companies listed on the IDX for the period 2013 to 2015. The basis of this sampling takes into account the availability of published information as needed research (purposive sampling, Sekaran, 2013).

134 manufacturing companies that have been listed on the IDX since 2012, there are 72 companies that consistently have positive net income. Taking into account the data on Return on Assets that will be used is the Return on Assets of the previous period, the data collection on Return on Assets starts from 2012-2014. While data collection the intellectual capital component and value of business creation began in 2013-2015. Data is collected by downloading the Financial Report from the IDX website.

With the data collected, in accordance with the research objectives to be used in the previous period Return on Assets on intellectual capital; VACA, VAHU, STVA; towards the value of business creation, then the Surabaya framework is as follows:



The framework of the study using the following models:

$$\text{VALCREATE} = \alpha_0 + \alpha_1 \text{VACA} + \alpha_2 \text{VAHU} + \alpha_3 \text{STVA} + \alpha_4 \text{ROAt-1} + \alpha_5 \text{VACA} * \text{ROAt-1} + \alpha_6 \text{VAHU} * \text{ROAt-1} + \alpha_7 \text{STVA} * \text{ROAt-1} + \epsilon$$

Value of business creation is proxied by using VALCREATE which is measured by revenue growth, namely the ratio of changes in company sales in the year studied to the previous year divided by the previous year. This proxy is used to show if the increase in sales increases, it will signal the opportunity for the company to grow (Chen et al., 2005). For the measurement of the components of intellectual capital, this study follows the measurements built by Pulic (2000) (Ulum, 2007). Where, value added is measured by the amount of Operating profit, Employee costs, Depreciation and Amortization. Value added capital employed is proxied by VACA based on value added created by physical capital. It uses the ratio of value added to capital employed (available funds: equity, net income). Value added human capital is proxied by using VAHU, ratio of value added to human capital (Personnel expenses). Structural capital value added is proxied by STVA, the ratio of structural capital (value added minus human capital) to value added. While in previous studies (Chen et al. (2005); Huang, CJ and Liu, CJ (2005)) using Return on Assets in the same study period with other variables, this study uses ROAt-1 as a proxy of financial performance. previous period which is a moderating variable in this research model. ROAt-1 shows the company's ability to use all of its funds formed in assets used by operations in order to generate profits in the previous period (net income before tax previous period to the total asset previous period).

In order to investigate the Return on Assets as a moderator on the influence of intellectual capital

components on the value of business creation, this study uses moderated regression analysis of panel data in the test model. The data panel is a combination of cross section data and time series data, where the same cross section unit is measured at different times or data from several individuals who are observed in a certain period of time. Panel data is used by considering the diversity that occurs in cross section units and panel data can provide better resolution in dynamic change inference than cross section data. By using statistical software e-views 9, the research model is tested to find out which panel data model is most appropriate in testing hypotheses, whether common effects, or fixed effects, or random effects (Gujarati, 2012).

Result and Discussion

Before testing the research model in order to test the hypotheses built, an analysis of the data used in this research is first carried out. Descriptive statistics from 72 companies in the manufacturing industry during the 3 years of research show that the average manufacturing industry has an average intellectual capital component below 100%. Although, there are some companies that have intellectual capital components above 100%. But when compared to the median that is not too far below the mean, this data indicates that many companies are below average. The VACA component shows that the average achievement of physical capital contributions can produce value added in manufacturing industry companies by 43.86%. The VAHU component shows that the average achievement of each Rupiah contribution invested in human capital can result in 75.18% of the company's added value. The STVA component shows the average contribution of structural capital that can produce value added for the company by 53.17%.

Meanwhile, with Return on Assets achieved in the previous period showing an average of 63.95% indicates that the company is relatively able to generate profits from its asset operations. That's why the previous period Return on Assets in this study was used as a moderating variable. VALCREATE as the dependent variable shows that the average sales growth rate of manufacturing industry companies for 3 years is only 15.72%. This value is relatively small when compared to the company's business to increase its value added from human capital investment.

Table 1. Descriptive Statistics

	VACA	VAHU	STVA	ROAMINI	VALCREATE
Mean	0.438553	0.751823	0.531686	0.639472	0.157180
Median	0.392715	0.648540	0.528140	0.609270	0.126355
Maximum	1.302000	3.431150	0.588220	1.384860	1.295100
Minimum	0.252670	0.413350	0.500030	0.504120	0.000590
Std. Dev.	0.162714	0.346457	0.018863	0.129940	0.160619
Skewness	2.094228	3.372115	0.890364	2.108649	3.679646
Kurtosis	8.920083	22.18472	3.323109	9.114431	23.61525
Observations	216	216	216	216	216
Cross sections	72	72	72	72	72

In testing hypotheses by using moderated regression panel data analysis, to obtain dynamic change inference, the model is first tested by using the common effects model and the fixed effects model. Then the Chow Test is performed. The results show that a better temporary model is the fixed effects model. After that, the model was tested using random effects and tested which one was better, whether using a fixed effects model or a random effect model using the Hausman Test. The results show that the fixed effect model is still better (Appendix).

Based on these results, this study uses panel data with the fixed effects model to test hypotheses. By considering getting an unbiased model, testing heteroscedasticity, autocorrelation and multicollinearity is done. As a result, the research model has a significant F test result with R- square of 47.73%, which means that the tested variable contributes to the value of business creation of 47.73%. There is no heteroskedastisitas problem (white-heteroscedasticity treatment has been done), there is no

autocorrelation problem (see durbin-watson at the output in the Appendix).

The results of testing the research model empirically prove that only VACA and VACA interaction with ROA in the previous period provides significant statistical results at alpha 10%. This indicates that the contribution of physical capital has a significant positive effect on the value of business creation. The test results give 2.48 points on the VACA coefficient, which means that every increase in physical capital to value added contribution will encourage an increase of 2.48 value of business creation. These results show that all material and corporate financial assets in the manufacturing industry provide a significant role in increasing sales growth. The larger the company invests in physical capital, the greater value creation will be (Ulum, 2007; Cabrita and Vaz, 2005; Pulic, 2000; and Sveiby, 1997). Because with the expansion of physical capital that is increasingly developing, the greater the opportunity for companies to be able to generate more income. The policy to increase physical capital usually begins with a long-term feasibility study. Thus, it is not surprising that companies have planned to expand, the company has projected revenue revenues in the future, which of course has taken into account the company's growth.

Furthermore, the hypothesis testing regarding ROA in the previous period which moderated the influence of intellectual capital components on the value of business creation shows that only the results of the interaction between VACA and ROA in the previous period gave significant results. Meanwhile, the interaction of VAHU with the previous period of ROA and the interaction of STVA with ROA in the previous period did not provide statistically significant results.

The test results show that the influence of human capital contribution on the company's value added (VAHU) to the value of business creation is insignificant. Likewise, the ROA of the previous period proved unable to strengthen/weaken the influence of human capital contributions on the company's value added (VAHU) to the value of business creation. The results of the VAHU component are the same as the results of the STVA component. The structural capital contribution to the company's value added (STVA) has no significant effect on the value of business creation. ROA in the previous period also proved to be unable to strengthen/weaken the influence of structural capital contributions on corporate value added (STVA) to the value of business creation.

While the results of testing the interaction of VACA with ROA in the previous period, prove that the previous period ROA proved to be significantly (at alpha 10%) can weaken the influence of physical capital contribution on the company's value added (VACA) to the value of business creation. This result is shown from the VACA interaction coefficient value with the previous period ROA is negative. Even though VACA testing of the value of business creation results in a significant positive influence. The results of this test are contrary to Chen et al. (2005) and Huang and Liu (2005) which show the better intellectual capital, the higher the ROA. However, because it is a reference to using different lag times.

The company's efforts to increase physical capital to increase revenue growth proved to be weakened by the company's ability to generate profits from the use of company assets in the previous period. This condition is expected to achieve ROA in the previous period which has not been able to encourage physical capital contributions to increase revenue. The amount of profit generated may not be used to develop physical capital, but for other activities, such as dividend distribution or the development of relatively large human capital or investments in large intangible portions. So, the amount of profit actually decreases the physical capital's ability to value creation. For example, companies have employees who have been trained with advanced technology, but the availability of high-tech infrastructure is not evenly distributed or even in discourse.

Conclusion

This study succeeded in proving that in the manufacturing industry the previous period Return on Assets weakened the positive influence of one component of intellectual capital, namely capital employed value added, to the value of business creation. This study has the limitations shown in the R-squared which is

only 47%. These results have implications for further research to add control variables in order to increase the R-squared value. In addition, it is necessary to consider using a more appropriate moderating variable.

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[2]

Analysis of Corruptors Demography to Prevent Corruption (Study on Court Judgment at Bandung District)

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Abstract. Corruption is a big problem for Indonesia. We can prevent corruption by different ways, such as identifying the perpetrator of corruption, and also by making demographic perpetrators of corruption. By recognizing the perpetrators of corruption, prevention is expected to be more effective and efficient. Corruption in the Reformation era tended to spread in different regions as decentralization by the government. Therefore, regional based profile is needed, because the tendency of corruption in a region can be different from other regions.

This study is developed a demographic of corruptor by conducting a case study on Court Judgment at Bandung District on some corruption cases that occurred in West Java. Nevertheless, there are some cases outside of West Java. The profile of corrupt perpetrators in West Java, is aimed to support the corruption prevention in West Java distinct effectively.

This research is conducted by carrying out documentation of the Court Judgment at Bandung District on corruptions in order to produce corruptor demographic covering gender, age, education background, type of job, financial losses of corruption, and general description of corruption behavior.

The result of this research is that some of the criminal acts of corruption are done together. Based on genders, the majority of perpetrators of corruptions are male. But in average losses, women and men have average equal losses. In terms of age, the majority of corrupt perpetrators are in productive age. Older corruptors have a tendency to generate higher losses. In terms of education, the majority of perpetrators of corruption have higher education and the higher education of corrupt perpetrators, the higher losses of their corruption. In term of type of job, majority of corrupt perpetrators are government employees and other public servants such as headman of village and member of regional house of representative.

Keywords: Corruption, Demography, Fraud, Prevention

[3]

The Effect of The Size of The Audit Committee, Leverage, Company Size and Institutional Ownership on Corporate Social Responsibility Disclosure (Empirical Study on Real Estate and Property Companies Listed on The Indonesia Stock Exchange 2014-2016)

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Abstract. Issues about corporate social responsibility disclosure (CSR) have developed rapidly and widely. Researches on social responsibility disclosure (CSR) produce different findings. This study aims to explain the effect of audit committee size, leverage, firm size and institutional ownership on corporate social responsibility disclosures. The population in this study are Real Estate and Property companies listed on the Indonesia Stock Exchange from 2014 to 2016 and have reported their CSR disclosure activities. There are 159 samples based on purposive sampling method. This study uses multiple linear regression analysis and t test methods. The results showed that the variable size of the audit committee, leverage, and company size had a positive influence on corporate social responsibility disclosure while institutional ownership variables had a negative influence on corporate social responsibility disclosure.

Keywords: Size of audit committee, leverage, size of institutional ownership, disclosure of corporate social responsibility.

[4]

Factors Affecting the Internet Financial Reporting (IFR) at Manufacturing Industry in Indonesia

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Abstract. The purpose of this research is to analyze the effect of the company's size (SIZE), profitability short-term (S/T), the profitability of the medium (M/T), long-term profitability (L/T), corporate governance (TATK) and age listings (AGE) against internet financial reporting (IFR). This research using a sample of 57 manufacturing companies listed on the Indonesia stock exchange (IDX) 2013-2015. This research uses research methods, namely quantitative approach. Data analysis using logistic regression test with Eviews program. Based on the results of hypothesis testing simultaneously shows that SIZE, S/T, f/T, L/T, TATK and AGE has an impact on internet financial reporting. While the results of hypothesis testing partially S/T, f/T, L/T, TATK and AGE has no significant influence against internet financial reporting, but the SIZE has significant influence against internet financial reporting.

Keywords : internet financial reporting; profitability; good corporate.

INTRODUCTION

One development technology which have been known in general by all people in society is internet. The growth of internet indirectly provided solution in order to help and make the business dealings so it is more effective, efficient in the time and economical. Media of communication the internet has making a progress technology the rapidly, the internet also capable of being one alternative new for the company to present information quickly on companies financially or non-financial stocks. Progress media of communication the internet in the business world indicated by starting out many companies having private website. One of the benefits use the internet for a the company is to ease in the disclosure of financial report. Technology development internet media demanding companies to prefer media of communication this in relating to the businesses. It would be easier if communicating directly without having to come to the company.

According to Narsa and Pratiwi (2012), the internet has become the medium of information supporting the existence of the openness and transparency of financial reporting, by the existence of internet media can reduce the level of excessive information received by one party, so that it can accelerate the development of business in the company. Internet Financial Reporting (IFR) is a way for companies to report financial information to the investor by using internet technology. Internet Financial Reporting (IFR) appeared and developed as the fastest media to inform things associated with the company in recent years. According to Debreceeny et al (2002) in Hanny and Chariri (2007), the use of the internet is causing financial reporting becomes faster and easier, so it can be accessed by anyone, anytime and anywhere.

Internet financial reporting (IFR) helps companies in facilitating dissemination of information regarding the company's advantage. The existence of Internet financial reporting (IFR) make company able to provide information accurately to the users of financial statements, particularly investors. Investors will be more interested in the financial reporting of the company that owns the information clearly, accurately and on time. This means that with the application of Internet financial reporting (IFR) within the company as a communication medium in delivering a complete company information to the public, particularly investors. Not all companies implement Internet Financial Reporting (IFR) because according to the company there is nothing to ensure the safety of the use of the internet. The users of Internet Financial Reporting (IFR) have some differences in the use of information in the financial statements. Internet Financial Reporting (IFR) are able to provide information more quickly.

The higher the level of disclosure of information in quantity or transparency, then the greater the impact of the disclosure is against the decision of the investors (Narsa & Pratiwi, 2012). Based on the theory of agency between the agent and principal, the principal takes the form of liability of management. Murtini

(2014) suggests that in a contract between the managers and the shareholders then Manager seen as party agents and shareholders is seen as a principal. Wealth manager as agent of the company, drawing up of financial statements as a means of accountability agent to the principal. The existence of Internet Financial Reporting (IFR) management can provide the desired information disclosure by the Agency. Internet Financial Reporting (IFR) will also decrease the agency cost the usual costs incurred for printing and delivery of financial statements.

According to Dolinšek et al (2001) Internet Financial Reporting (IFR) is an important factor because the existence of Internet Financial Reporting (IFR) will help a company to publish financial statements. The users of the financial statements will also be helped by the existence of Internet Financial Reporting (IFR) will facilitate in receiving information of the financial statements. The company will be able to compete healthily with the competitors with the information disclosure of the financial statements of the application of Internet Financial Reporting (IFR). The users of financial statements have some difference in the use of information in the financial statements. The presentation of the financial statements through the (Internet Financial Reporting) can give a positive or negative sign on the information contained in the financial statements.

Bozcuk (2012) are doing a research on whole company that exists in the Istanbul Stock Exchange (ISE) during the month of December 2009. Research by using several independent variables consisted of company size, profitability, growth prospects, ownership structures, corporate governance and the type of industry. Research results from Bozcuk (2012) shows that only the independent variable of size of company and corporate governance have significant influence towards Internet Financial Reporting (IFR). Companies that have a large size enterprise and using the famous as Big Four auditor in the audit as well as participate in corporate governance index of the Istanbul Stock Exchange using the Internet Financial disclosure Reporting format (IFR) more sophisticated such as audio, video files, internal search engines and hyperlinks in the financial statements. The Internet is one of the most sophisticated communications medium, the internet can help facilitate communication between the company and business colleagues. The times make the absence of a business that has no effect on the development of current technologies. A fairly high economic growth because of the support from the Government, business and the community who help the development and improvement of the competitiveness of national industries. According to data of the Central Bureau of statistics (BPS), one of the industry's growth by as much as 4 percent is the manufacturing industry (Afrianto, 2016). Economic growth performance is mostly in the business sector, the manufacturing industry. The manufacturing industry is experiencing growth that is high enough. Giving rise to the interest for researchers to examine the manufacturing sector. This research uses the manufacturing sector companies listed on the Indonesia stock exchange (IDX) by 2013-2015. Manufacturing companies tend to be more sensitive to the condition of the economy as well as the application of higher technology than any other sector. The manufacturing industry also experienced a more rapid development since adopting the sophistication of the technology continuously.

The issues examined are:

1. What is the size of the company, profitability, corporate governance and the listing of Internet influence on Financial Reporting (IFR)?

HYPOTHESIS DEVELOPMENT

Company size is to assess a company with certain guidelines or rules. Company size has a significant influence and has a positive relationship to financial reporting through IFR (Internet Financial Reporting). In other words the size of the company has a positive relationship to financial reporting through Internet Financial Reporting (Prasetya and Irwandi, 2012).

Research Prasetya and Irwandi (2012) have similar results with a study of (Aqel, 2014) who conducted research on Turkish firms, revealing that independent variables of firm size are statistically significant at the 5% level against financial reporting through Internet Financial Reporting (IFR). In contrast to research (Narsa & Pratiwi, 2012) using firm size as a control variable, the results of the study indicate that firm size has a significant negative effect on firm value. The larger the company will be followed by the greater the risks facing the company.

According to Kelton and Yang (2008) in Bozcuk (2012) prove that company size as well as index presentation disclosure format. In a multivariate regression analysis for firm size and auditor samples positively significant. Therefore, firm size has significant effect on Internet Financial Reporting (IFR). Based on the above description, the hypothesis is proposed as follows:

H1: Company size affects Internet Financial Reporting (IFR).

Profitability is the company's way of managing management. Management management is done to provide information on the company's performance in improving the profitability of the company. Profitability is one of the most important factors of internet financial reporting (Agyei-mensah, 2012).

To increase the confidence of investors the company must disseminate financial information. One way companies to disseminate information is to use internal financial reporting. Companies that have more information tend to have high profitability. If the profitability of a company is good then it will encourage the company to disseminate good news to the stakeholders. Conversely, if the company has a profitability that tends to be bad then it will try to hide bad news. High profitability in a company can be a factor of persilence by stakeholders. Stakeholders can assess the position of the company's competition. The results proved that there is no evidence of profitability on the quality of financial reporting through the internet. High profitability is less able to encourage management to convey financial information (Murtini, 2014). A similar study was conducted by (Aqel, 2014) revealed that profitability had a statistically significant effect on the 5% level.

In contrast to the research of Narsa and Pratiwi (2012) which use profitabilitas as control variable of research result show that profitability of company have significant positive effect to company value. The other research from Prasetya and Irwandi (2012) proves that profitability has no significant effect on IFR. According to Bozcuk (2012) who conducted a study on the Istanbul Stock Exchange revealed that profitability has no effect on Internet Financial Reporting. Based on the above description, in this study used 3 independent variables to test the relationship profitability with Internet Financial Reporting that is short-term profitability, medium term profitability, long-term profitability, the hypothesis is proposed as follows:

H2: Short-term profitability affects Internet Financial Reporting (IFR).

H3: Medium-term profitability affects Internet Financial Reporting (IFR).

H4: Long term profitability affects Internet Financial Reporting (IFR).

Corporate governance significantly affects financial reporting through IFR (Internet Financial Reporting). Companies that have a good reputation will have an impact describes good corporate governance (Bozcuk, 2012).

Agency theory explains and predicts that audits help reduce agency costs arising from conflicting interests between managers and shareholders (Sabri Boubaker, 2012). Large auditors tend to force managers to manage strict disclosure standards (De Angelo in Sabri Baubaker 2012). Companies that want to have good governance will tend to use Public Accounting Firm in the audit process. Public Accounting Firm included in the Big Four Ernst & Young, Deloitte Touche Tohmatsu, KPMG, and Price Waterhouse Copper already have a good reputation that can be trusted by the company in their company audit process. Public Accounting Firm affiliated with the Big Four Public Accounting Firm is considered to have better capabilities because it has greater resources of advanced technology owned and has a strategy and audit process better.

Based on the above description, the hypothesis is proposed as follows:

H5: Corporate governance affects Internet Financial Reporting (IFR).

Age listing has a significant effect on financial reporting through Internet Financial Reporting (IFR). Companies that have been listed on the Indonesia Stock Exchange tend to disclose more open financial statements than companies that have not been listed on the Indonesia Stock Exchange. Older companies listing will have more experience. In the face of problems, the company's longer listings are not worried because it has gained a lot of information from previous experience. Companies that have listings reveal more financial information to reduce agency costs.

According to research from (Handoko & Fuad, 2013) shows that the age of listings has a negative relationship to financial reporting through Internet Financial Reporting (IFR) so it can be said to affect IFR. Thus, the listing age can be said to have a positive relationship to financial reporting through IFR (Internet Financial Reporting). According to (Lestari & Chariri, 2011) age listings have an influence on the practice of Internet Financial Reporting (IFR). Age listings do not guarantee quality resources in practice Internet Financial Reporting (IFR) (Prasetya & Irwandi, 2012). Based on the results of the above description, the hypothesis is proposed as follows:

H6: Age listing affects Internet Financial Reporting (IFR).

RESEARCH METHODOLOGY

Based on the level of the formulation of the problem, the study includes a formal research because it starts with a hypothesis that aims to test the hypothesis to the question posed.

The technique of sampling done by using purposive sampling, where a sample was made the object of research are determined based on certain criteria. The criteria established for the sampled in this study are as follows:

1. Manufacturing companies listed on the Indonesia stock exchange in 2013 to 2015.
2. The financial report presenting the currency of rupiah in financial reporting.
3. Have financial statements audited every year and ends on 31 December during the year 2011 to 2015.
4. the manufacturing company did not suffer losses during the years 2013 to 2015.

This research included in ex post facto design, because the researcher has no control over the variables examined and can only report what has happened or not happened. Based on the purpose of his research, then this study belongs to the causal-explanatory research, because research is linked to the question of "influence" and "extent of influence" between the dependent variables independent of the variable.

Based on the dimensions of time, this research including joint research with panel data time series because the data collected over a period of time (over a period of time) during 3 years (2013 – 2015) and at one time (at one point in time).

This includes research into the statistical study because researchers test the hypotheses to be able to draw conclusions from the characteristics of the sample. Data collection techniques used in this research is observational techniques, i.e. by observation of secondary data. Secondary data used was obtained from:

1. Data about the companies listed on the Indonesia stock exchange during the period 2013-2015
2. Data relating to samples obtained from company website Indonesia stock exchange (BEI) and the annual financial reports of the company.

This research uses the company's size, profitability, corporate governance and listing its independent variables as age.

1. Firm Size

SIZE diproxy with the value of the logarithm of the total assets in percent.

$$\text{Ukuran Perusahaan} = \text{LN (Total Asset)}$$

2. Profitability

Profitability in this study proxied by short term profitability, medium term profitability, long-term profitability. Short term profitability to be measured using ratio of ROE. The formula:

$$S/T \text{ Profit} = \frac{\text{Laba Bersih (Net Profit)}}{\text{Ekuitas (Equity)}}$$

Medium term profitability to be measured as follows:

$$M/T \text{ Profit} = \frac{NI \text{ tahun ini}}{NI \text{ tahun lalu}}$$

Long-term profitability measured as follows:

$$L/T \text{ Profit} = \frac{\text{Profitabilitas 2 tahun lalu} + \text{Profitabilitas lalu} + \text{Profitabilitas tahun ini}}{3}$$

3. Corporate Governance

Governance of a company can be measured from the auditor who performs auditing practices in the company. Audit firm which has the size of a large company like the Big Four already proved to have a good audit experience and trusted. The company's auditing by auditors tend to be famous has a good corporate governance (Bozcuk, 2012). Corporate governance in this research will be measured by using a dummy. Companies that use the Big Four auditors included in the HOOD of the Big Four is Ernst Young, & Deloitte Touche, KPMG and the largest Copper PriceWaterhouse will be number 1, while companies that do not use the HOOD of the Big Four will be given the number 0.

4. Age Listing

The company will have the listings and listings have a duty to perform financial reporting. Age of listing companies measured using the difference between the observation year financial reports with the year when the Initial Public Offering (IPO). Companies listed on the Indonesia Stock Exchange will provide more complete financial reporting compared to other companies. This ratio can be calculated as follows:

$$\text{Age Listing} = \text{Research Year} - \text{Registered Year}$$

Dependen Variabel

1. Internet Financial Reporting (IFR)

The dependent variable of this research is the Internet Financial Reporting (IFR). IFR is the inclusion of financial information of the company through the company's website. The company implemented the IFR rated 1, companies that do not implement IFR rated 0

Testing The Model

The research model can be written as follows:

$$Y = \alpha + X_1 + X_2 + X_3 + X_4 + X_5 + X_6 + e$$

Where :

X 1: the size of a company is measured by the ratio of total assets.

X 2: short term profitability measured by ROE ratio formula that year.

X 3: medium-term profitability measured by the formula ratio ROE last year.

X 4: long-term profitability measured by the formula of the ratio of the average ROE for 3 years.

X 5: corporate governance is measured with the dummy from the use of reputable Auditors

X 6: age of listings is measured by the ratio of the years of research – the year registered

E: Error

α : Alpha

ANALYSIS

Company size variable (SIZE) value with a level of significance of 0.0013 or 0.13%. The significance level smaller than 0.05 or 5%. As for the value of the resulting coefficient is 0.627993. So it can be said that the size of the company's significant positive effect towards the IFR (Internet Financial Reporting).

Tabel 1 Test results t

Variabel	B	Sig.	Conclusion
(Constant)	-16.64		
SIZE	.627	.001	take effect
S/T	-1.160	.048	No effect
M/T	.000	.940	No effect
L/T	1.57	.205	No effect
TATK	.543	.321	No effect
UMUR	-0.007	.794	No effect

Source: Data processing with *Eviews* 9.0

The variable profitability short-term (S/T) has the value level of significance of 0.4891 or 48,91%. The significance level is greater than 0.05 or 5%. As for the value of the resulting coefficient is -1.160549. So it can be said that short term profitability (S/T) do not affect significantly negatively to IFR (Internet Financial Reporting).

Medium-term profitability of independent variables (M/T) has value to the level of significance of 0.9407 or 94.07%. The significance level is greater than 0.05 or 5%. As for the value of the resulting coefficient is 0.000223. So it can be said that short term profitability (M/T) has no effect against the positit significant IFR (Internet Financial Reporting). This shows the profitability of the medium (M/T) does not affect the IFR (Internet Financial Reporting).

The long-term profitability of independent variables (L/T) has value to the level of significance of 0.2055 or 7%. The significance level is greater than 0.05 or 5%. As for the value of the resulting coefficient is 1.578345. So it can be said that the long-term profitability (L/T) not significant positive effect towards the IFR (Internet Financial Reporting).

Independent variable corporate governance (TATK) has value to the level of significance of 0.3218 or 32,18%. The significance level is greater than 0.05 or 5%. As for the value of the resulting positive

coefficient is 0.543649. So it can be said that the corporate governance (TATK) not significant positive effect towards the IFR (Internet Financial Reporting)

Independent variables age listing (AGE) has value to the level of significance of 0.7946 or 79,46%. The significance level is greater than 0.05 or 5%. As for the value of the coefficient resulting from listing (AGE) is negative is of -0.007960. So it can be said that the age of listing (AGE) do not affect significantly negatively to IFR (Internet Financial Reporting).

The variable is independent of the size of the company shows the value significance of 0.0013. The singnifikansi level is smaller than 0.05. The resulting coefficients are positive of 0.627993 meaning that H1 is accepted so that it can be concluded that the size of the company significantly positive effect against Internet Financial Reporting. This shows that the size of the company will affect IFR (Internet Financial Reporting). The results support the research conducted by (Bozcuk, 2012), (Prasetya & governor, 2012), (Handoko & Fuad, 2013), (Aqel, 2014).

It can be caused due to the size of a large company becomes a factor contributing to provide more information to the inverstor. A company with a large size tend to manage his company by using the principles of Good Corporate Governance.

Partial assay results or the t test for independent variables firm size (SIZE) on research Bozcuk (2012) with a sample of all companies listed on the Stock Exchange Istanbul (ISE) during December 2009 had a value of P value of 1.262 with a significance level of 0.000 or 0 %. The singnifikansi level greater than 0.05 or 5%. The resulting coefficient is 0.46. This indicates that the variable firm size significantly influence the IFR (Internet Financial Reporting). (Bozcuk, 2012), proving that the size of the company (SIZE) positively affects IFR (Internet Financial Reporting). According to him, for companies that have large sized companies tend to use more sophisticated reporting. Bozcuk research results (2012) together with the results of research conducted by the researchers. So the hypothesis made in favor of research conducted by (Bozcuk, 2012). This is because the theory reveals that the size of the company's first large company to issue agency cost. The larger the size of the manufacturing company, the greater the costs to be incurred. Therefore, management will receive a lot of information from various sources that exist. This is supported by the Agency which is the cost incurred by the company to encourage menajer so as to act more in the interests of the shareholders.

Prasetya and governor (2012), proving the size of the company (SIZE) positively affects IFR (Internet Financial Reporting), firm size (SIZE). According to him, the size of the company has a large agency cost because large companies have to submit a complete financial reporting to shareholders as a form of management liability.

Handoko and Fuad (2013), proving the size of the company (SIZE) positively affects IFR (Internet Financial Reporting), firm size (SIZE). According to him, the size of a large company will issue a larger agency cost as well as companies that have a size bigger company has more information and is more complex to be presented to investors. Therefore, companies that measure is most likely prefer to present its financial statements through the IFR to reduce agency cost.

Large size companies that have a substantial risk. Large companies are more likely to disclose information asymmetry in the financial statements. The company will provide important information to management to achieve huge profits. This proves that this research was supported by signaling theory.

Aqel (2014), proving the size of the company (SIZE) positively affects IFR (Internet Financial Reporting), firm size (SIZE). According to him, the research findings indicate that large firms have fairly high growth companies, companies with high foreign ownership and shareholders are concentrated have a higher tendency to report on the financial statements via the internet.

Meanwhile, the results of this study is different from the research conducted by Agyei-Mensah (2012) and Narsa and Pratiwi (2012), which revealed that the size of the company (SIZE) had no significant effect on the IFR (Internet Financial Reporting).

Agyei-Mensah (2012) the size of the company and significant negative effect on the (Internet Financial Reporting) states that not all big companies have web sites to report the company's financial statements.

According to (Narsa & Pratiwi, 2012), the size of the company and significant negative effect on firm value. The bigger the company will be followed by greater the risk faced by the company. Some of this can cause serious problems for the company, one of which is susceptible to the asymmetry of information, so that each company must have a more effective and efficient way to manage the company. The size of the company and significant negative effect on firm value.

The variables are independent of short-term profitability shows the value significance of 0.4891. The significance level smaller than 0.05. The value of the resulting coefficient is negative of the mean

1.160549-H2 was rejected so it can be inferred that the short term profitability do not affect significantly against Internet Financial Reporting. As for the independent variable of the medium term profitability shows the value significance of 0.9407. The significance level is greater than 0.05. The resulting coefficients are positive of 0.000223 which means the H3 was rejected so it can be inferred that the medium term profitability do not affect significantly to Internet Financial Reporting. And independent variables of profitability shows the value of long-term significance of 0.2055. The significance level is greater than 0.05. The resulting coefficients are positive of 1.578345 which means the H4 was rejected so it can be inferred that the long-term profitability significantly to no effect (IFR) Internet Financial Reporting.

The independent variable short-term profitability (S / T) on research Bozcuk (2012) with a sample of all companies listed on the Istanbul Stock Exchange (ISE) during December 2009 had a significance level of 0.164, or 16.4%. The significance level greater than 0.05 or 5%. This suggests that the short-term profitability variable (S / T) had no significant effect on the IFR (Internet Financial Reporting). Results Bozcuk study (2012) showed similar results with the results of research conducted by the researchers. So the hypothesis made in favor of research conducted by (Bozcuk, 2012).

Medium-term profitability of the independent variable (M / T) values with a significance level of 0.9407, or 94.07%. The significance level greater than 0.05 or 5%. The resulting coefficient is equal to 0.000223 which means H3 rejected. So it can be said that the short-term profitability (M / T) had no significant effect on the IFR positif (Internet Financial Reporting). This suggests a medium-term profitability (M / T) does not affect IFR (Internet Financial Reporting).

Partial assay results for the medium-term profitability of the independent variable (M / T) on research Bozcuk (2012) with a sample of all companies listed on the Istanbul Stock Exchange (ISE) during December 2009 had a significance level of 0.956, or 95.6%. The significance level greater than 0.05 or 5%. This suggests that the medium-term profitability variable (M / T) had no significant effect on the IFR (Internet Financial Reporting). Results Bozcuk study (2012) showed similar results with the results of research conducted by the researchers. So the hypothesis made in favor of research conducted by (Bozcuk, 2012).

The independent variable long-term profitability (L / T) values with a significance level of 0.2055 or 20.55%. The significance level greater than 0.05 or 5%. The resulting coefficient is equal to 1.578345 which means H4 rejected. So it can be said that the long-term profitability (L / T) had no significant effect positively to IFR (Internet Financial Reporting). This shows the long-term profitability (L / T) does not affect IFR (Internet Financial Reporting).

Partial assay results for the long-term profitability of the independent variable (L / T) on research Bozcuk (2012) with a sample of all companies listed on the Istanbul Stock Exchange (ISE) during December 2009 had a significance level of 0.829, or 82.9%. The significance level greater than 0.05 or 5%. This indicates that the long-term profitability variable (L / T) had no significant effect on the IFR (Internet Financial Reporting). Bozcuk research results, (2012) showed similar results with the results of research conducted by the researchers. So the hypothesis made in favor of research conducted by (Bozcuk, 2012).

The results of this study is different from the research conducted by (Prasetya and governor, 2012) revealed that profitability does not significantly influence the IFR (Internet Financial Reporting). According to profitability is a determining factor in the company. Companies that have poor performance tend to avoid financial reporting as IFR (Internet Financial Reporting) for companies to hide badnews so that investors do not know.

Variables independent of corporate governance values the significance of 0.3218. The significance level is greater than 0.05. The resulting coefficients are positive of 0.543649 which means H5 rejected so it can be concluded that corporate governance is not significant effect against Internet Financial Reporting.

Companies that have good corporate governance will get more value from investors. Good corporate governance reflects the condition of the company. Perusahaan governance will describe a work ethic within the company. Companies that have good corporate governance tend to perform voluntary disclosure (Voluntary Disclosure). Voluntary disclosure evidenced by their company financial reports through the Internet. Voluntary disclosures made by the company will attract and decisions of investors.

The independent variables in the study of corporate governance (Bozcuk, 2012) with a sample of all companies listed on the Istanbul Stock Exchange (ISE) during December 2009 had a significance level of 0.011, or 1.1%. The significance level of less than 0.05 or 5%. This shows that the corporate governance variables significantly influence the IFR (Internet Financial Reporting). The results showed different results with the results of research conducted by the researchers. Thus supporting the hypothesis that made no research done by (Bozcuk, 2012).

Independent variable from the listing shows the value significance of 0.7946. The significance level is greater than 0.05. The value of the resulting coefficient is negative of the mean 0.007960-H6 denied age listings do not affect significantly to Internet Financial Reporting.

The independent variable age listing (AGE) on research (Prasetya and governor, 2012) with the sample used is seventy-one companies listed in Indonesia Stock Exchange in 2010. It has a significance level of 0.152, or 15.2%. The significance level greater than 0.05 or 5%. This suggests that the age variable listing (AGE) has no significant effect on the IFR (Internet Financial Reporting). Prasetya research results and the governor (2012) showed similar results with the results of research conducted by the researchers. So the hypothesis made in favor of research conducted by (Prasetya and governor, 2012).

Meanwhile, the results of this study is different from the research conducted by Handoko and Fuad (2013) which revealed that the age listing positive and significant effect on the level of disclosure of IFR (Internet Financial Reporting). According to Handoko and Fuad (2013) the higher the antecedents it will affect the disclosure of financial reporting through the internet.

CONCLUSION

1. An independent variable of firm size indicates a significance value of 0.0013. The significance level is less than 0.05. The resulting coefficient value is positive equal to 0.627993 which means H1 accepted so it can be concluded that firm size has a significant effect positive to (IFR) Internet Financial Reporting.
2. The independent variable of short-term profitability indicates a significance value of 0.4891. The significance level is less than 0.05. The resulting coefficient value is negative at -1.160549 which means H2 is rejected so it can be concluded that short-term profitability has no significant effect on IFR (Internet Financial Reporting). The independent variable of medium term profitability shows a significance value of 0.9407. The significance level is greater than 0.05. The value of the resulting coefficient is positive 0.000223 which means H3 is rejected so it can be concluded that medium-term profitability has no significant effect on (IFR) Internet Financial Reporting. And the independent variable of long-term profitability shows a significance value of 0.2055. The significance level is greater than 0.05. The resulting coefficient value is positive at 1.578345 which means H4 is rejected so it can be concluded that long-term profitability has no significant effect on (IFR) Internet Financial Reporting.
3. The independent variable of corporate governance shows a significance value of 0.3218. The significance level is greater than 0.05. The value of the resulting coefficient is positive 0.543649 which means H5 is rejected so it can be concluded that corporate governance has no significant effect on (IFR) Internet Financial Reporting.
4. The independent variable of the listing age indicates a significance value of 0.7946. The significance level is greater than 0.05. The resulting coefficient value is negative at -0.007960 which means H6 denied listing age has no significant effect on (IFR) Internet Financial Reporting.

Further research may use the entire company are recorded in the Indonesia stock exchange in order to analyze factors that affect Internet Financial Reporting (IFR). Further research is expected to be able to use the research observation period longer. About five or ten years in order to provide an overview of the conditions that will be most appropriate. And can add several other variables that have never been previously conscientious in.

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The Influence of Managerial Ownership, Institutional Ownership, Company Growth Toward Earning Management and Its Implication on Quality of Financial Reporting

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Abstract. Financial reporting contains the disclosure of financial information to the various stakeholders about the financial performance and financial position of the organization over a specified period of time. The financial reporting should be reliable and relevant. It is required by each and every stakeholder for multiple reasons and purposes. By enhancing financial reporting quality, it can reduce information asymmetries.

This study examines the influence of managerial ownership, institutional ownership, company growth toward earning management and its implication on quality of financial reporting for a manufactures company in which listed in The Indonesian Stock Exchange (IDX). The manager who engage in ownwership aims to equalize the interests of managers with shareholders. Institutional ownership is as share ownership by external parties in the forms of institutions or groups. A company growth generates significant positive cash flows or earnings and tends to have profitable investment. Information about earnings has an important role for interested parties in a company and in turn this lead the quality of financial reporting.

This research is as casual study, and the explanatory research within descriptive and verification approach is used as research method. Using the secondary data with primary resource of annual audited financial statement of the company. The sample selection was done by purposive sampling technique with 24 samples of manufacture companies listed in IDX during 2011-2015. The hypotehesis test is conducted using Partial Least Square (SEM-PLS).

The research result shows empirical evidence that managerial ownership and company growth influence toward earning management, while institutional ownership did not influence the earning management. Managerial ownership, institutional ownership, and company growth did not influence the quality of financial reporting. Earning management influence the quality of financial reporting. Managerial ownership influence the quality of financial reporting through earning management. Institutional ownership and company growth through earning management did not influence the quality of financial reporting.

Keywords: managerial ownership, institutional ownership, company growth, earning management, quality of financial reporting.

[6]

The Effect of The Leading Commitment, The Management Competency Goods and Use of Information Technology on Effectiveness of Fixed Assets

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Abstract. The purpose of this study is to answer the problem of fixed asset management that is influenced by the commitment of the leadership, the competence of the management of goods and the utilization of information technology. The unit of analysis is the Regional Device Unit of Garut Regency. The research method used descriptive explanatory. Sampling technique using purposive sampling with population number 75 and sample 63. Technique of data processing using significant test analysis with t-test. The results showed that the variability of the administration of asset is still built by the variability of leadership commitment, the competence of the goods management apparatus and the utilization of information technology by 64.9%. The implications of this research can solve the problem of fixed asset administration that often happens to Local Government.

Keywords: leadership commitment, management competence, information technology, fixed asset

Introduction

Regional assets as one of the important elements in the framework of governance, development and service to the community, as well as the main supporting resources of local revenue. Therefore, good management of regional assets is very important so that regional assets owned by the region are able to contribute optimally to local governments.

The Minister of Home Affairs Regulation No. 17 of 2007 does not only regulate the administration but rather regulates asset management so as to improve efficiency, effectiveness and create the added value of the asset itself.

The general problem of regional asset management is that it is not orderly administration. Case examples in Banten, problems regarding depreciation and capacity of assets owned by the province, assets that cannot be traced, unclear removal and removal of records of assets themselves (Rifai, 2017). The case in Jayapura was found by the regional asset management who did not carry out administration in his control, the Work Unit as a user of the goods was not careful in monitoring and controlling the administration of assets belonging to the regions under his control (Mano, 2017). case in Bandung Regency, a land asset owned by a district that is still not certified (Wiyono, 2017), of the 1,600 land parcels owned by the West Bandung Regency Government, around 40 per cent of them still do not have a certificate, as result assets are also controlled by other parties (Husodo, 2017). The same thing happened in DKI Jakarta Provincial Government did not have the procedure for recording assets with an asset value of Rp 421 trillion (Zhacky, 2018).

Various asset management problems above can be explained that regional assets must be managed seriously. Good management of regional assets will realize good government financial statements when linked to the opinion of the Supreme Audit Agency. Based on the findings of the 2014 examination results, the weaknesses that occurred in Garut Regency, especially in the internal control system, were in the security of inadequate land assets.

Administration of fixed assets of land owned by the Garut Regency Government is not yet orderly. There are even fixed assets of equipment that cannot be traced to more than 4 billion. Not to mention the fixed assets and damaged buildings and their not known existence is still recorded in the Goods Inventory Card (KIB) of 3 billion more (Rahmawati, 2017). Information from the Field of Regional Financial and

Asset Management (DPPKAD) of Garut Regency include: there is still disorder in the management of data assets, does not include area, value, location, condition of assets, not yet orderly recording of asset mutations, there are still property that is damaged and already cannot be used but has not been deleted in the record.

The table below shows the total assets and fixed assets and the comparison of fixed assets to total assets in the Garut Regency Government balance sheet in 2011 to 2015, the comparison of fixed assets of Garut Regency in 2011 to 2015, and the distribution of fixed assets of Garut Regency Government.

Table 1. Comparison of Assets in the Garut Regency Government Balance Sheet From 2011 to 2015

Years	Total Assets	Fixed assets	Percentage of Fixed Assets from Total
			Assets
2011	2.041.501.274.278,47	1.756.588.905.228,00	86 %
2012	2.686.111.616.584,61	2.179.983.604.249,00	81 %
2013	3.562.896.905.217,62	3.204.836.011.922,00	90 %
2014	3.966.764.515.560,68	3.528.444.105.413,00	89 %
2015	3.028.846.888.115,10	2.686.564.667.530,05	89 %

Source: *LKPD Garut Regency Government*

Table 1 illustrates the percentage of fixed assets of more than 80% of the total assets owned by the Garut Regency Government, this shows that fixed assets are the biggest value compared to other accounts in the financial statements. The existence of assets still greatly influences the smooth running of government and development. This large amount of assets causes complex problems in the management of property belonging to the Garut Regency, this requires leadership commitment, the competence of the officials of the goods management and the optimal use of information technology so that the management of the property is more effective so that it benefits the interests of the local government and the wider community.

Literature review

Leadership Commitment

According to Sedarmayanti (2013) Organizational commitment is: "employee loyalty to the organization through the acceptance of goals, organizational values, willingness or willingness to try to be part of the organization, as well as the desire to stay in the organization".

Commitment is a typical quality because it is personal (Beasley, 1964). Commitment as a force that binds individuals to actions that are relevant to one or more organizational targets (Anttila, 2014).

The organization contains a collection of people who interact to achieve certain goals of the organization. Components of an organization include leaders and employees and other related parties who interact in a coordinated manner. This means that management will achieve the goals of the organization in the direction of the leader to achieve these goals.

This research was carried out in the Local Government Work Unit (SKPD), then what is meant by the leadership commitment in this study is the commitment of SKPD leaders as users/power of goods users. From the definition of theory that was presented earlier, the leadership commitment is measured by dimensions; affective commitment, continuous commitment, normal commitment. While indicators of affective commitment consist of indicators: emotional, involved in management activities and fostering good relationships. Continuous commitment consists of indicators: willingness to do the best, support the costs needed and understand the expected benefits. Normative commitment consists of indicators: confidence to be loyal/loyal and ethical beliefs

Management of Goods

Competence is a key determinant for someone in producing excellent performance. In a collective situation, competence is a key factor in determining organizational success. In government organizations, human resources who have the responsibility to carry out government tasks are called government apparatus (civil servants).

The paradigm shift in governance from "rule government" to "good governance" or "from the government to governance", from centralistic to decentralized, it needs to be addressed and balanced with civil servants who have the adequate competence and in accordance with task demands. The existence of civil servants in the reform era and the implementation of regional autonomy now has a very strategic

position, because whether or not smoothness, good governance and public services, is very dependent on the competencies owned and controlled by the civil servants.

According to the Decree of the Head of the State Personnel Agency Number 46 in 2003 concerning the Standards of Competency of Structural Officials, the definition of competence is the ability and characteristics possessed by a Civil Servant in the form of knowledge, skills, and behavioral attitudes required in carrying out their duties, so that the Civil Servants can carry out their duties professionally, effectively and efficiently.

The competency of the officials of the goods management can be interpreted as mastery of the knowledge, skills, values and attitudes reflected in the habit of thinking and acting in carrying out the duties as the manager of the goods. The management of the goods in this study is the manager of the regional property is the employee who is assigned the task of managing the regional property in the process of use in each work unit of the regional / work unit (Regulation of the Minister of Home Affairs Number 17 of 2007).

From the definitions of the theories put forward by the experts mentioned above, the competence of the SKPD's board of goods is measured by dimensions; knowledge, skills and attitude. Knowledge (knowledge) is measured by indicators: having technical expertise as the manager of goods, understanding the work well, both theoretical and practical. have adequate experience as a caretaker of goods. Skills (skills) are measured by indicators: the skills to carry out individual work (task skills), the ability to manage a number of different tasks in one job (task management skills), skills in responding and managing different work events/ problems (contingency management skills), skills specifically needed to carry out certain work in accordance with the demands of the work environment (job/ role environment skills); and adaptive skills in carrying out the same work in a different place/ work environment (transfer skills). Behavioural attitude (attitude) is measured by indicators: aspects of feelings and emotions, interests in work, attitudes, appreciation and adaptation.

Information Technology Utilization

Information technology is a set of tools that help people work with information and perform tasks related to information processing. Information technology includes computer technology (computing technology) and network technology used to process and disseminate information both financial and non-financial (Bodnar and Hopwood, 1995). The goal of information technology is to solve problems, open creativity, and increase effectiveness and efficiency in doing work.

Thompson & Howell (1991) defines the use of information technology as the choice of individuals to use information technology in carrying out their duties. The use of information technology shows the individual's decision to use information technology in completing a series of tasks. The same thing is also defined by Jurnal and Supomo (2002) who suggested that the use of information technology is a behaviour in using the technology to carry out their duties. This is also in accordance with the statement of Jogiyo (2005: 23) which reveals that "information technology has a major role in the organization, namely to improve: Efficiency and Effectiveness; Communication; and Competitive".

The Garut Regency Government uses the Regional Cycle Information Technology Application (ATISISBADA) as a supporting application in the administration of regional assets. ATISISBADA is software based on 13 cycles applied in data administration, consisting of Planning Cycle, Procurement Cycle, Acceptance and Expenditure Cycle of Administration Cycle Determination Cycle, Utilization Cycle, Security and Maintenance Cycle, Assessment Cycle, Utilization Cycle, Security and Maintenance Cycle, Cycle Assessment, Transfer Cycle Removal Cycle, Financing Cycle, Compensation Cycle and Guiding Cycle, Supervision and Control

ATISISBADA is software that is built with OpenSource Platform using Linux operating system and MySQL DataBase. The programming language for system development is the language of the PHP program, JavaScript and Ajax.

This application was made with the aim to realize complete, accurate, up-to-date, reliable, precise and planned asset or regional property management especially in the administration of fixed assets in Garut Regency.

According to Jurnal and Supomo (2002), the use of information technology is the level of integration of information technology in the execution of tasks. Variable Utilization of information technology uses the research variables Jurnal and Supomo (2002) as measured by indicators: devices, data management and maintenance.

Effectiveness of Fixed Asset Administration

The definition of regional asset administration (Regulation No. 6 of 2006 and the Minister of Home Affairs Regulation No. 17 of 2007) is a series of activities which include bookkeeping, inventory and reporting of regional property in accordance with applicable regulations.

Target of Administration of regional assets:

1. All Assets Purchased Or Obtained On Expenses of Regional Revenue and Expenditure Budget;
2. All assets derived from other legitimate gains, including :
 - a. assets obtained from grants / donations or the like;
 - b. assets obtained as an agreement/ contract implementation;
 - c. assets obtained under the provisions of the law; or
 - d. Assets obtained based on court decisions that have obtained permanent legal force.

As one of the important elements in the framework of governance and community service, the assets owned by the region must be managed properly and correctly. The effectiveness of fixed asset management can be achieved if the management of fixed assets is carried out in accordance with the stated objectives.

The effectiveness of fixed asset administration is measured using dimensions; achievement of goals and objectives, timeliness of management and the accuracy of the use of costs. The achievement of goals and objectives is measured by indicators of achieving goals, increasing control and managing according to planning. Timeliness of management is measured by indicators: preparation of plans up to reporting on schedule; and timeliness of reporting activities. Whereas the accuracy of the use of costs is measured by these indicators: the use of costs is exactly within the budget, and do not experience a lack of costs.

Framework

In an organization, a reliable leader is needed because the leader is not only to motivate or motivate but also as an organizational planner, leader and supervisor. Luthans (2006:249) defining commitment is an attitude that reflects loyalty expressing its concern for the organization and its success and continuous progress. Therefore an organization leader must have a great responsibility in carrying out his duties and have a high commitment to his role as manager.

Meyer & Elyse (2010) stating that commitment to the organization has a large impact on the organization to do its best in relation to the goals of the organization. This opinion is supported by Silviana (2012) which states that commitment has a significant influence on the quality of financial statements. Commitments have a significant influence on the quality of financial statements. Commitment is also seen as important contributors that serve to increase the success of human resource practices towards achieving the desired results of the organization (Phipps, *et al.*, 2013). Findings from the Ishfaq Ahmed & Talat Islam (2011) study, also shows that there is a positive and significant relationship between employee commitment to the organization and the level of involvement in organizational activities.

In carrying out the functions of organizational responsibility, especially with regard to the use of regional assets in its work units, leaders with high commitment will be able to encourage and coordinate their subordinates to support the achievement of goals through good accountability in the management of regional assets. This is supported by research conducted by Susan & Namusonge (2014) penelitiannya menemukan bahwa komitmen manajemen berpengaruh terhadap proses dan efektifitas yang terjadi pada sektor publik.

Hypothesis 1: Leadership commitment influences the effectiveness of Fixed Asset Administration.

Competence has the same meaning as capability. Human resource competence is the ability of a person or individual, an organization (institutional), or a system to carry out its functions or authorities to achieve its objectives effectively and efficiently. Spencer and Spencer (1993:9) said that competency is the basic characteristics of individuals that are causally related to effective performance criteria that are referenced and or excel at work or situation, this is supported by Choi-Sang Long's (2008) research results which shows that competence contributes to the company's effective performance.

The importance of the apparatus or human factors in the process of achieving this goal is also fully realized by the government so that the existing apparatus can be maximally utilized to deal with this globalization era. Government officials are required to master more skills in their work. According to the Decree of the Head of the State Personnel Agency Number 46A in 2003, the definition of competence is the

ability and characteristics possessed by a Civil Servant in the form of knowledge, skills and attitudes required in carrying out their duties, so that the Civil Servants can carry out their duties professionally, effectively and efficient.

Research by Sedarmayanti and Ertis Lita Elianie (2015) shows that employee competencies have a significant effect on the effectiveness of inventory management. Other researchers also state that human resources have a significant positive effect on the reliability of local government financial reporting (Celviana dan Rahmawati, 2010). Reinforced by Nuryanto & Afiah (2013) in his research which mentions the competence of state apparatus has a dominant influence on the quality of financial statements. And Darno (2012) stated that the competence of human resources has a positive effect on the power report of goods users. To be able to effectively manage regional assets, then the competent apparatus is needed. The better the competency possessed by the apparatus, the effective management of regional assets will be achieved.

Hypothesis 2: Apparatus competency influences the effectiveness of Fixed Asset Administration.

Information technology is "a general term that describes any technology that helps humans in making, changing, storing and communicating and disseminating information" (Williams & Sawyer, 2007:4). Information technology has an important role in the engineering of most business processes. Speed, information processing capabilities, and computer connectivity and internet technology can improve the efficiency of business processes

Jogiyanto (2005:23) revealed that "information technology has a major role in the organization, namely to improve: Efficiency Effectiveness; Communication; and Competitive ". Wilkinson (2000) also emphasized that the changes that were important points in the use of information technology were: faster processing of transactions and data, greater accuracy in computation and comparison, lower transaction processing costs, more timely preparation of reports and outputs, storage data is more concise with higher accessibility, choice of data entry and provision of broader / more extensive output, and increasing more productivity for employees.

The use of appropriate information technology will be able to support the realization of regional asset reports and quality financial reports. This opinion is supported by Darno's (2012) research which shows that there is a positive influence between the uses of information technology on the quality of reports of user power. The same thing is supported by the results of research conducted by Sukirman *et al.*, (2012) which shows the use of information technology influences the quality of financial reports. Likewise also conveyed by Celviana and Rahmawati (2010) that the use of information technology has a significant positive effect on the reliability and timeliness of local government financial reporting.

Hypothesis 3: there is an effect of the use of information technology on the effectiveness of Fixed Asset Administration.

Research Methodology

The subject of this study was the Regional Government Work Unit (SKPD) of the Garut Regency Regional Government. The research method used is descriptive explanatory method; the purpose is to obtain information about the factors that influence the effectiveness of the administration of fixed assets in the SKPD of the Garut Regency Government.

In this study there are two variables: (1) the independent variable consists of: leadership commitment (X_1); competency of goods administrators (X_2); utilization of information technology (X_3). (2) Dependent variable administration of fixed assets.

The unit of analysis in this study is the manager of the goods in the Regional Work Unit of the Regional Government of Garut Regency. The population in this study is all the administrators of goods in the Regional Work Unit (SKPD) in the Garut Regency Government of 75 people who carry out the administration of fixed assets which are in control. The sampling technique uses purposive sampling, with a sample of 63.

The validity of the data was tested for data validity and reliability. Validity test, using the Construct items with the Pearson Product-Moment Correlation Coefficient, if the r value $\geq r$ table is valid. Test of Reliability uses Alpha Cronbach. If the Cronbach Alpha value > 0.6 means that the variable is declared reliable.

The analytical method used in this study is Multiple Linear Regression Analysis.

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

Information:

Y	=	effectiveness of the administration of fixed assets
X ₁	=	leadership commitment
X ₂	=	competency of goods administrators
X ₃	=	utilization of information technology
$\beta_1, \beta_2, \beta_3$	=	regression coefficient
α	=	constant
ϵ	=	error estimation

Hypothesis testing

- 1) Simultaneous Test (F-test). Comparing F count with F-table. If F-count > F-table. If the probability value sig < significant level is 0.05, then all independent variables affect together the dependent variable, meaning that H₀ is rejected and H_a is accepted.
- 2) Test Statistics t (t-test). Compare t-count with t-table. If t count > t-table. If the probability value is < significant level 0.05, the independent variable affects the dependent variable, so H₀ is rejected and H_a is accepted.

Result and Discussion

Test results of the validity of the data through validity and reliability tests.

Validity test results show that all items in the questionnaire statement are valid because r value is greater than r table. Test Results Reliability shows that all reliable variables with Alpha Cronbach's values are greater than the critical point of 0.6.

Descriptive Analysis

The results of the descriptive analysis show the leadership commitment variables in good category. This means that in general, SKPD leaders have a good commitment in realizing orderly asset management, especially in the administration of fixed assets, so that in 2019 Garut regency can achieve a fair opinion without modification.

The results of the descriptive analysis show that the competency variable of the goods manager is in the sufficient category. This means that in general the competence of the board of directors is quite competent and this has not been as expected. Observation results show that the board of directors during the study period is a new board appointed as the board of goods. In addition, this sufficient category is due to the existence of new regulations on the management system of regional assets so that the management of goods has not mastered the knowledge of the administration of fixed assets comprehensively.

The results of the descriptive analysis show that the use of information technology in the criteria category is sufficient. This indicates that the lack of capacity of computers used has not supported the duties of goods administrators even though the use of computers has also been supported by the availability of internet networks in each work unit of the SKPD District Government.

Multiple Linear Regression Analysis

The results of data processing are obtained as follows:

Table 4

Regression Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	,181	4,585		,039	,969
1 Komitmen	,374	,134	,331	2,786	,007
Kompetensi	,417	,174	,266	2,391	,020
Teknologi_Informasi	,531	,157	,335	3,378	,001

Source : a. Dependent Variable: administration effectiveness

Based on the table above, the multiple regression equation is obtained as follows:

$$Y = 0,181 + 0,374X_1 + 0,417X_2 + 0,531X_3 + \epsilon$$

This equation explains that:

Constants: $\alpha = 0.181$ is the mathematical value of the effectiveness of the administration of fixed assets if there is no leadership commitment, the competence of the goods manager, the use of information technology. Positive regression coefficient shows the better the leadership commitment, the competence of the goods manager and the use of information technology, the administration of fixed assets will be more effective.

Hypothesis testing

Partial Test (t test), meaning that with a 95% confidence level it can be concluded that the leadership commitment gives effect to the effectiveness of the administration of fixed assets. Simultaneous Test (F test), meaning the commitment of the leader, the competence of the goods manager, and the utilization of information technology simultaneously have a positive effect on the effectiveness of administering fixed assets (based on tables).

Table 5

Simultaneous Test Results using F Test

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2888,088	3	962,696	36,357	,000 ^b
	Residual	1562,238	59	26,479		
	Total	4450,325	62			

a. Dependent Variable: administration effectiveness

b. Predictors: (Constant), information technology, competence, commitment

Table 6

Multiple Correlation Test Results

Model	R	R Square	Adjusted Square	Std. Error of the Estimate
1	,806 ^a	,649	,631	5,14574

Based on the table shows that the variability of leadership commitment, the competence of the management of goods, and the use of information technology simultaneously contribute to the variability of the effectiveness of the administration of fixed assets by 64.9%. While the remaining $100\% - 64.9\% = 35.1\%$ is the influence of other variables not examined.

Discussion

A. Effect of leadership commitment to the effectiveness of the administration of fixed assets.

The results of research on the influence of the leadership's commitment to the effectiveness of the administration of fixed assets also shows its conformity with the opinion of Meyer & Elyse (2010) which states that commitment to the organization has a large impact on the organization to do the best related to the goals of the organization. Luthans (2006:249) also states that the existence of commitment allows organizational members to express their concern for the organization and success and continuous progress.

The results of this study are in line with the findings of Ishfaq Ahmed Talat Islam (2011) research which shows that there is a positive and significant relationship between employee commitment to the organization and the level of involvement in organizational activities. Commitment is also seen as an important contributor that serves to improve the success of human resource practices towards achieving desired organizational outcomes (Phipps, et al., 2013).

B. Effect of the management of the goods to the effectiveness of the administration of fixed assets.

The results of this study are in accordance with Hsieh's opinion, Su-Chin et al. (2012) which state that competency factors will have an impact on achieving effective and efficient organizational goals. The results of Choi-Sang Long's (2008) study also show that competencies contribute to the company's effective performance. The results of this study are also in line with the results of Darno's (2012) study which states

that the competence of human resources has a positive effect on the power report of goods users. The results of Putra's research (2010) also support the results of this study, where the results of Putra's research indicate that there is a significant influence on the ability of the board of directors to administer regional goods.

In the results of the analysis it can be seen that the percentage of the management of goods as administrators of goods in the Regional Government SKPD Garut Regency which has accounting knowledge related to assets / goods is only 60.19%. This is because the level of education of the board of directors is mostly from high school and non-economic backgrounds. The knowledge of accounting owned by the board of goods on average only comes from non-formal education (training).

Based on the results of the descriptive analysis, it can also be seen that the management of the goods still lacks the motivation to work superior to other colleagues. The results of interviews in several SKPDs, that the factors that cause this are partly due to the large amount of work responsibilities are not followed by appropriate rewards, there are still many goods administrators have other duties and responsibilities (double positions), and low levels of turnover of goods administrators that cause saturation.

C. *Effect of the use of information technology on the effectiveness of the administration of fixed assets.*

According to Drnevich, Paul et al. (2013), along with changes in the organization of the use of information technology as a very good complement in order to improve the usual organizational capabilities at this time and enable new dynamic capabilities. Empirical information and findings regarding information technology show that data processing by utilizing information technology (computers and networks) will provide many advantages both in terms of accuracy/ accuracy of operating results and its predicate as a multipurpose and multiprocessing machine (Indriasari and Ertambang Nahartyo, 2008).

The results of the correlation coefficient test show that the use of information technology has a strong unidirectional relationship (Sugiono, 2012) with the effectiveness of the administration of fixed assets in the SKPD of the local government of Garut Regency.

The results of descriptive analysis of the use of information technology are good enough, this can be indicated by several indicators of good value, including the process of administering fixed assets from the beginning of the transaction until reporting has been done with a computer and using an application program (ATISISBADA). The explanation above shows that the accounting information system of the Regional Government SKPD of Garut Regency is good enough.

The management of the goods in processing the data has not been able to use the well-available regional goods application program. From the results of interviews in several SKPD states that this happened because of the lack of competence (knowledge and skills) of the board. So that one of the obstacles in the use of information technology related to the goods accounting information system in the District Government of North Sumatra SKPD is the human resource management. This is in line with the results of Nurhayati and Mulyani's (2015) study which states that user competence significantly influences the successful implementation of accounting information systems.

In addition, the results of the interview also stated that the low utilization of the internet network to find information and as a liaison between work units in the delivery of data by the goods manager was also caused by the network of the goods management unit could not be used smoothly because of lack of network capacity. Whereas computer maintenance in the work unit of the board of goods cannot be carried out on a scheduled basis well due to the limited maintenance budget provided.

Conclusion

Research on the variability of leadership commitment, competency of goods administrators and the use of information technology partially or simultaneously give effect to the variability of the administration of fixed assets by 0.649. This means that the 64.9% change in the effectiveness of the administration of fixed assets in the Regional Government SKPD of Garut Regency can be explained by the commitment of the leadership, the competence of the goods manager and the use of information technology while the remaining 35.1% is the influence of other variables not examined.

Suggestion

Referring to the results of the study, discussion and conclusions of the study it is suggested that the Regional Government of Garut Regency is expected to be able to give attention in increasing the commitment of SKPD leaders related to efforts to increase the effectiveness of the administration of fixed assets through:

- a. Leaders monitor the development of asset problem solving;
- b. Each SKPD forms an administrative problem solving team;

- c. Reclassify assets that are incorrectly recorded / heavily damaged / not owned by the district government / lost / not found / unknown year of procurement to other assets;
- d. Improve the process of planning the needs of goods in accordance with the provisions of the legislation.

More implementative steps that can be carried out based on advice from the team of the Republic of Indonesia Supreme Audit Agency in order to maintain a fair without modification opinion in the following year:

1. Inventory of fixed goods / assets in accordance with 2015 asset balance and 2016 procurement.
2. Reconciliation of fixed assets for the current year (2016);
3. Supervise and carry out internal control over the completeness of capital expenditure documents in 2016;
4. To curb the recording, bookkeeping and reporting of regional property.

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[7]

Financial Reporting for Micro Small and Medium Enterprises Towards Industrial Revolution Era 4.0

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Abstract. Financial reporting is a very important process that must be carried out by every business, including micro, small and medium enterprises (MSMEs), so that with having the information of financial statements, the owner and stakeholders can monitor and evaluate their business performance and making decisions more accurately in order to increase its competitive advantage and its business sustainability. Facing the era of digitalization in the industrial revolution era 4.0 and using the internet, or internet of things (IOT), in running all activities including businesses and financial reporting, in practice, most of MSMEs still need several phases to arrive at a readiness stage to adopt information technology advances in helping their business process.

The purpose of this study is to examine the extent to which the MSMEs actors understand financial reporting and the extent to which the readiness in using information technology advances in financial reporting. The research methodology is a case study on UMKM PT Marawis Almadinah Raya (PT MAR) located at Jalan Pahlawan Bogor Selatan. Data is collected during April until June 2018 through in-depth interviews and observations of the practices of financial reporting.

The results show that PT MAR has financial statements compiled starting from recording, classifying, summarizing, journalizing with double entry systems and using Ms Excel software. However, PT MAR's financial statements has not been in accordance with the financial accounting standards for micro, small, and medium-sized entities (SAK EMKM) and the financial statements have not been accurately presented so that the financial statements have not provided optimal usability in helping to assess performance and decision making. This is mainly due to the owners and accounting staff not having sufficient knowledge of financial reporting so that there are many errors in the management of transaction evidence, classification, application of accounting methods, and presentation of accounts in financial statements. In addition, PT MAR's financial statements were not verified and not audited by an independent auditor. The findings of this study suggest that MSMEs need to get adequate socialization and training on accounting and financial reporting purposes, the application of SAK EMKM, increase the ability to use MsExcel before moving on to the next phase using mobile accounting applications and integrated systems using the internet and cloud computing.

Keywords: Accounting, Financial Reporting, Microsoft Excel, SAK EMKM

1. INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) have a very important role and contribution to the Indonesian economy. According to the data, the Ministry of Cooperatives and Small and Medium Enterprises (Ministry of Cooperative and SMEs), SMEs recorded a number of 59.2 million units spread throughout Indonesia, creating employment 96.9% of Indonesia's population and contributes 60.3% to the Product Country Gross Domestic (GDP). Therefore, the government fully supports the growth of MSMEs in Indonesia.

The government agrees that MSMEs must be protected and assisted by their growth. This is reflected in government support, such as 1) organizing workshops to encourage MSME players to improve their competence, 2) assisting in the provision of online MSME products 3) Simple Micro, Small and Medium Accounting Financial Standards (SAK EMKM) provided by the Board IAI 4 Financial Accounting Standards (DSAK) provides free accounting software applications such as Lamikro (Dep. of Cooperatives &

SMEs)), Financial Information Recording Application - APIK (Bank Indonesia) because MSME financial reports are useful for the government to identify and address MSME problems. Whereas for MSMEs, financial statements are useful to facilitate obtaining bank credit. In addition, through financial statements, MSMEs can find out the production costs, the right selling price, profit or loss, tax obligations, cash flow, and the development of their business.

However, MSMEs, most (> 80%), are still unable to make financial reports. This is caused by a variety of factors including 1) not separating personal money from business money, 2) not having sufficient business capital especially for IT investment, 3) selling business mindset, not having a business strategy as an entrepreneur, and 4) data has not become a habit to cultivate recording transactions and preparing financial statements.

"Financial reports are the key to the success of MSMEs because the main cause of failure is a business. Without basic financial management systems that either many SMEs do not survive long" (http: Bisnis.com, 2017). Financial reports are the key to the success of MSMEs. Without an adequate management system and financial reporting, the sustainability of the MSME business becomes a very important problem. As a result of the inability of the preparation of financial statements, one of which, SMEs are considered as a high-risk business for banks. The MSME loan portion is only 18.3% of the total banking credit (OJK, 2016). This is due to the number of bad loans in 2015 reaching more than 33 %.

Table 1. Distribution of MSMEs Loan and Bad Credit (Rp Trillion)
Agustus 2018

Year	MSME Loans	Bad Credit
2011	458,16	15,67
2012	526,39	17,01
2013	608,82	19,52
2014	671,72	25,16
2015	710,09	33,00

Source: Otoritas Jasa Keuangan

This study uses research objects, namely MSME companies with the aim of knowing financial reporting on MSMEs. The company that will be scrutinized by the author is PT Marawis Almadinah Raya, which is engaged in trading musical instruments and souvenirs for Hajj / Umrah.

Identification of Problems

Based on the title and background stated in the description above, the author, in this case, identifies the problem and simultaneously limits the problems to be discussed as follows:

- How is financial reporting at PT Marawis Almadinah Raya (MAR) Bogor?
- How is the implementation and development of financial reporting based on the SAK EMKM?
- How did PT MAR deal with era 4.0?

LITERATURE REVIEW

Accounting Process (Accounting Cycle)

Accounting is a system with *input* data/information and *output* in the form of financial information and reports that are useful for internal and external users of the entity. The Accounting Cycle includes identifying transactions, recording journals, general ledgers, compiling balance sheets, recording adjusting journal entries, preparing balance sheets, preparing financial reports, recording closing journals, and recording reversing journals. A few businesses use a computerized accounting system. In order to remain competitive, companies continue to improve their accounting systems to provide accurate and timely data for decision making. In a recent annual report, Tootsie Roll stated, "We view information technology as a key strategic tool, and we are committed to implementing cutting-edge technology in this field"

Accounting Information System (AIS)

According to Romney & Steinbart (2018), accounting is an information system, the knowledge, and skills of accounting information systems (AIS) are very important for the career success of an accountant. Interacting with SIA is one of the most important activities that accountants do. *The American Institute of Certified Public Accountants (AICPA)* offers *CITP (Certified Information Technology Professional)* as an acknowledgment of the importance of IT and its relevance to accounting. This confirms your value as an IT accounting specialist and increases your value to your company or client.

Factors that influence the design of the SIA

There are six components from SIA:

1. People who use the system.
2. Procedures and instructions used to collect, process and store data.
3. Data about the organization and its business activities.
4. Software used to process data.
5. Information technology infrastructure, including computers, peripheral devices, and network communication devices used in SIA.
6. Internal controls and security measures that protect SIA data.

Financial statements

Financial statements according to the Indonesian Institute of Accountants (IAI) in the Statement of Financial Accounting Standards No. 1 (revised 2015) paragraph 9 as follows: "Financial reports are a structured presentation of financial position and financial performance of an entity." Financial statements consist of the income statement, statement of financial position, statement of changes in equity, cash flow statement, and notes on financial statements.

Micro, Small and Medium Enterprises (MSMEs)

By Law. 20 of 2008 article 6, Micro, Small and Medium Enterprises (MSMEs) are grouped based on the amount of capital or income. A micro business is a business that has a net worth of at most Rp. 50,000,000 (fifty million rupiahs) excluding land and business premises or having annual sales of a maximum of Rp. 300,000,000 (three hundred million rupiahs). Small Business is a business that has a net worth of more than Rp 50,000,000 (fifty million rupiahs) up to a maximum of Rp 50,000,000.00 (five hundred million rupiahs) excluding land and buildings where the business is located or has more annual sales results from Rp.300,000,000.00 (three hundred million rupiahs) up to a maximum of Rp.2,500,000,000.00 (two billion five hundred million rupees h). Medium Enterprises, namely businesses that have assets of more than Rp. 500,000,000.00 up to a maximum of Rp. 10,000,000,000.00 (ten billion rupiahs) excluding land and buildings where the business is located or having sales of more than Rp. 2,500,000.00 0, 00 (two billion five hundred million rupiahs) up to a maximum of Rp 50,000,000,000 (fifty billion rupiah).

Accounting computer

Computer accounting is a breakthrough for the development of technology, information, and communication related to the company's accounting process. Computer accounting is intended to provide convenience in compiling company financial statements faster, more accurately, and does not require a lot of time.

RESEARCH METHODS

The research conducted uses a case study method. The case studies are used to analyze and solve a massive business h in practice, as described by Jan Dul & Tonny Rights (2008) Case studies have an important role in a business research. Case study research strategies can be used to analyze and solve practical business problems, as well as to build and test the business theory.

According to Yin (2003: 13-14), "Case studies are empirical investigations that investigate contemporary phenomena in real-life contexts, especially when the boundaries between study objects and contexts are unclear. Case studies are studies in which (a) one case (single case study) or a small number of cases (comparative case studies) in their real-life context are selected, and (b) the scores obtained from these cases are analyzed in qualitative units. To answer the problems that have been identified, the data for this study were collected from a case in SMEs companies namely PT Marawis Almadinah R aya located at Jalan Pahlawan No. 3 and 4, Empang, South Bogor District.

1

RESULTS AND DISCUSSION

Identification of PT Marawis Almadinah Raya's Financial Statements

PT Marawis Almadinah Raya has compiled financial statements. In preparing the financial statements, the company has been using a system of double bookkeeping (*double entry*). Nevertheless, PT Marawis Almadinah Raya only made profit and loss reports. The income statement made by this company still has many mistakes.

The income statement only includes income items, financial burden, and tax burden. The income statement does not display the balance of changes in cash and expenses related to fixed assets and long-term debt. Cash changes are only displayed in the cash flow statement.

Another mistake identified was the basic treatment that was not comprehensive. Purchase of equipment is recorded as an expense but at the end of the period, no adjustments are made to the balance of the remaining equipment. In addition, there is a load of purchases that are placed in the operating expenses while the carrying costs of purchases are a component of cost of goods sold. Errors also occur in journalizing accrued expenses. The company does not adjust its debt burdens, such as utility burden debt, salary debt, and BPJS debt. The utility load displayed in the report shows the burden that should have been charged in the previous period.

In calculating inventory, the company cannot know the method used. The company only conducts *stock taking* then the quantity of the item is multiplied by the estimated price. The company also does not depreciate fixed assets. According to information received by the researcher, the accounting staff has difficulty identifying the company's fixed assets and determining the useful life of the asset. Therefore, the accounting staff has not shrinking assets. Because the financial statements that can be reported are only the income statement, accounting staff have difficulties in delivering financial information to the owner of the entity. This will certainly affect the decision making for investment, operations, and estimates.

Microsoft Excel Preparation for Compiling Financial Reports based on EMKM IFRSs

Understanding of *Ms. formulas and functions Excel* is very important in the process of applying to account to the company's financial statements. This understanding must also be further developed in fulfilling an easier and automatic reporting process. Therefore, the researcher added a description of the use of formulas, functions, and *sheets* related to financial reporting, bro .

1. Initial Menu / Interface (optional)

The initial menu or face view is intended for the *input*-data-data that will repeat on the *sheet* afterward or a summary of the overall paperwork in *Excel*. This is intended to minimize the level of accountability and effectiveness of the *input* - a data. The initial menu can include company name, report period date, a summary of the accounting process, etc. In this case, the researchers simply add features charging period and the company name dates only with the help of *Form Control*.

2. Account Register Sheet

In the first and second lines of the working paper, the compiler enters the data by connecting to the initial *sheet* menu. To provide a special code, researchers enter the *IF* formula to give a number according to the type of account. The special code is in the form of number 1 for the *header* account, 2 for the parent account that has a child account, 3 for the parent account that does not have a child account and a child account (*details*).

3. Initial Balance Sheet

For account numbers, researchers use the *IF* formula for logic tests a data collection bag that uses the *VLOOKUP* formula and then the formula will be copied down (as needed). The formula is used to retrieve data vertically with a key value reference. The researcher also added the *ISNA* formula to avoid # N / A errors because there are key values that do not exist or are not in the *REGISTER* table. This *REGISTER* table contains information from the *sheet* list of accounts. To minimize errors in entering balances per account, The researcher adds the formula *SUM* to ascertain whether debit and credit columns are balanced or not. When the amount is balanced, the description column will display the word "BALANCE". Otherwise, it will display the word "NO BALANCE".

4. General Journal Sheet

In making general journals, researchers add data validation features. Data validation is useful for selecting a specified list of data sections. The researcher adds keywords to the initial column so that they can be integrated with the ledger *sheet*. By using the *IF* formula and *VLOOKUP*, the account name will appear according to the account number keyword. For information, date and nominal data, recording is done manually according to the proof of each transaction.

5. Ledger Sheet

For the ledger *sheet*, the researcher again uses you right data validation to assist users in selecting the desired account number. By referring to the account number as a keyword, the *VLOOKUP* formula will display the account name, description of the initial balance, the effect of the transaction and the nominal transfer of the account automatically. In addition, with special codes (keywords) that have been created in a journal, the ledger will only display transactions according to the desired account number.

6. Balance Sheet

In making the Balance Sheet *sheet*, the researcher adds the *SUMIF* formula to add the debit and credit columns in the general journal, the balance column in the initial balance sheet with the criteria according to the account number in the first column. In the balance *sheet* balance, the researchers added columns to summarize good cash balances of debit and credit columns with the provisions of contra account labeled deduction (*minus*). This is intended to simplify the process of transferring accounts to financial statements.

7. Sheet n financial statement

In preparing financial statements, researchers have included financial report *templates* that are in accordance with IFRSs. The account that will be displayed in the financial statements is only the *header* account (not balance) and the parent account (balance). Therefore, the use of formulas is only for the parent account. Because only the parent account is displayed, the *SUMIF* formula is needed to add up the child accounts (*details*) with the same parent account.

Application of EMKM IFRSs with Microsoft Excel

The accounting process that produces financial reports in a computerized drafting process does not go through all stages of the manual accounting process but is processed automatically with the assistance of a customer. The steps to implement EMKM SAK using *Excel* in PT Marawis Almadinah Raya are as follows:

1. Data Filling Aw al

Data filling includes company name, date of the accounting period, and the list of accounts according to company requirements. The final step is to enter *detailed* data from the account such as account numbers, account names, account types, parent accounts for accounts other than accounts *headers*, information for contra accounts, and the normal balance of each account. Based on the EMKM GAAP, accounts have been classified into assets, liabilities, equity, income, and expenses.

2. Fill in the Initial Balance

The researcher obtained a portion of the data from the company and selected accounts that reflected the actual situation. The measurement and classification of assets are in accordance with the provisions of the classification of current assets in SAK EMKM paragraph 4.6 (IAI, 2016, 9) and separates non-current assets that are not in accordance with the classification of these assets. Data obtained from the company and in accordance with the provisions are cash data, accounts receivable, prepaid expenses, and equipment. As for supplies and equipment, researchers process data from the start by carrying out physical calculations and pricing at prices in market conditions. The researcher also recalculated the accumulated depreciation with the help of equipment tables. As for liabilities and equity accounts, researchers only add balances to recognize accrued expenses and income tax debt.

3. General ledger

Public journals in January 2018 are systematically recorded and *double system entries*. Transactions that occur in PT Marawis Almadinah Raya include cash *sales* transactions, raw material purchases/shipments, salary payments, trade debt payments, and payment of company operating expenses.

4. Ledger

Ledgers are arranged automatically with the help of formulas. Ledgers display the final balance and mutation of each account balance. The balances displayed will be included in the financial statements.

5. Adjusting journal entry

Adjustments made include accrual adjustments for salaries (meal money), utilities, taxes and advertisements, adjustments for prepaid rent, depreciation of equipment, amortization of establishment costs, prepaid advertisements, used equipment, and used *e-toll* balances, and adjustments to inventory.

6. Financial statements

The income statement is prepared in accordance with the guidelines of SAK EMKM. components of financial statements include income, expenses, and tax expenses. The financial position report complies with the provisions in the EMKM GAAP. As explained earlier, the statement of financial position must include cash accounts, accounts receivable, inventories, fixed assets, trade payables, bank loans, and equity. The entity presents asset posts based on the order of liquidity and debt based on maturity. Based on the EMKM GAAP, the notes to the financial statements have complied with the SAK EMKM provisions because they have provided information in the form of A statement that the financial statements have been prepared in accordance with the SAK EMKM; Accounting policy overview; Additional information and details of certain posts that explain important transactions and materials so that it is useful for users to understand financial statements.

CONCLUSION

The research on financial reporting for SMEs to the era of industrial revolution 4.0, case studies on PT Marawis Almadinah Raya, with results as follows:

1. PT Marawis Almadinah Raya been using *Ms. Excel* for financial reporting but it is not yet in line with SAK EMKM . The report produced is only the income statement. The income statement produced does not only display income, expenses, and taxes, but expenditure on asset purchases and repayment of debt is displayed.
2. PT Marawis Almadinah Raya do not have adequate human resources to use MS Excel optimally and prepare financial reports that are in accordance with the SAK EMKM, so that errors in financial reporting arise. Errors that occur in the form of recognition errors (*accrual*) of income and expenses both nominal and time.
3. PT Marawis Almadinah Raya still has a mindset as a trader, not as an entrepreneur, so it does not have a long-term business strategy, so it has not anticipated the challenges and business opportunities in the industrial revolution era 4.0 (*internet of things* or the digital era)

Based on the conclusions that have been explained, with a little knowledge and experience in the accounting field, the authors summarize some suggestions for the development of the company as follows:

1. PT Marawis Almadinah Raya needs to cultivate or have a habit in the pen records of financial transactions and reporting so business long-term sustainability. This includes processing transaction evidence, identifying transaction documents, recording, managing documents, and archiving documents
2. PT Marawis Almadinah Raya must hire or hire accountants who have financial reporting skills based on information systems and information technology.
3. Before transferring to more complex accounting software, PT Marawis Almadinah Raya needed a step-by-step understanding of computer-based accounting and financial reporting applications. Companies must begin to understand from a simple accounting system to be able to apply a more complex and up-to-date accounting system in this digital era.

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[8]

Influence of Corporate Social Responsibility Conversation on Company Performance (Empirical Study on Companies Registered In The Jakarta Islamic Index 2014-2017

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Abstract. Companies in Indonesia are still weak in transparent disclosures related to GRI. This study aims to determine the disclosure of Corporate Social Responsibility in companies listed in the Jakarta Islamic Index in 2014-2017, to determine the company's performance as measured by financial performance, namely ROA and ROE, and to determine the effect of Corporate Social Responsibility disclosure on corporate performance (ROA and ROE) for companies listed in the Jakarta Islamic Index 2014-2017. The research method used in this study is descriptive, verification with a quantitative approach. The target population in this study are 18 companies listed in the Jakarta Islamic Index in 2014-2017. While the sampling technique used in this research is non probability sampling with purposive sampling method. The hypothesis testing used in this study is simple linear regression analysis. The results of this study indicate that the disclosure of Corporate Social Responsibility in companies listed in the Jakarta Islamic Index in 2014-2017 experienced an increase and decrease. The company's performance as measured by the financial performance of ROA in 2015 has decreased while in 2016-2017 it has increased as well as ROE has experienced an increase and decrease. The results of this study indicate that CSR disclosure has a positive and significant effect on ROA and ROE, this means that disclosing CSR information can improve corporate performance (ROA and ROE).

Keywords: Corporate Social Responsibility, return on assets(ROA), and return on equity (ROE)

2

SUB THEME **RESEARCH ON BUSINESS & MANAGEMENT**

9. SEQUENTIAL EXPLANATORY ANALYSIS ABOUT THE RELATIONSHIP BETWEEN PERSONALITY, ORGANIZATIONAL CULTURE AND EMOTIONAL INTELLIGENCE WITH LECTURER PERFORMANCE
Budi Harni
10. A CRITICAL LITERATURE REVIEW TO PROPOSE A NEW CONCEPTUAL MODEL of MARKET ORIENTATION IN A DIGITAL WORLD
Budi Setiawan
11. THE EFFECT of NATIONALISM, SOCIAL STATUS AND GROUP BRAND INTO A PURCHASING DECISION of LOCAL PRODUCT
Ernita Siallagan and Febie Vallentine
12. MISSING ROLE of CENTRAL BANK ON MONETARY TRANSMISSION MECHANISM – EVIDENCE FROM INDONESIA
Mangasa Augustinus Sipahutar
13. THE EDUCATION PREPARE IN INDUSTRIAL REVOLUTION 4.0 IN CHINA
Rakhmatullaev Shokhrukh
14. RAW MATERIAL SUPPLY STRATEGY of PINEAPPLE LEAF TO SUPPORT YARN SPINNING INDUSTRY
Riantika Purwati, Yandra Arkeman, Titi Candra Sunarti
15. DIGITAL TOURISM IN INDUSTRY 4.0
Rita Fathiah
16. PORTFOLIO FORMATION AND PORTFOLIO RETURN MODELING IN INDONESIAN CAPITAL MARKET
Renea Shinta Aminda

[9]

Sequential Explanatory Analysis About the Relationship Between Personality, Organizational Culture and Emotional Intelligence With Lecturer Performance

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Abstract. The objective of this study is to examine the correlation between independent variables such as : Personality, Organizational Culture and Emotional Intelligence as independent variables and the dependent variable Lecturer's Performance. The research was conducted on 107 part-time of lecturers who selected by proportional random sampling of 3 (three) high school economics in Bogor City,

This study used type of combination methods that is sequential explanatory design that begins with a quantitative study then deepened with qualitative research. The purpose qualitative research after the implementation of quantitative research is to obtain a clarification of the result of quantitative research, whether qualitative research deepens, proves and gives meaning to quantitative data or otherwise aborts the results of quantitative research.

The research concludes there is positive and significant relationship and it is strengthened by the results of qualitative research that : 1) There is positive significant between personality with lecturer's performance with coefficient correlation $r_{y1}=0,677$ and coefficient determination $r^2_{y1}= 0,458$ (45,8%) with the regression equation $\hat{Y} = 21,04+0,83X_1$, 2) There is positive significant between organizational culture with lecturer's performance with coefficient correlation $r_{y2} = 0,324$ and coefficient determination $r^2_{y2}= 0,105$ (10,5%) with the regression equation $\hat{Y}=59,3+0,54 X_2$, 3) There is positive significant between with emotional intelligence with lecturer's performance with coefficient correlation $r_{y3}=0,632$ and coefficient determination $r^2_{y3}= 0,400$ (40%) with the regression equation $\hat{Y}=27,86+0,8X_3$, 4) There is positive significant between personality , organizational culture together with lecturer's performance with coefficient correlation $r_{y12}=0,684$ and coefficient determination $r^2_{y12}=0,468$ (46,8%) with the regression equation $\hat{Y}=35,69+0,92X_{1+}0,21X_2$, , 5) There is positive significant between personality, emotional intelligence with lecturer's performance with coefficient correlation $r_{y13}=0,699$ and coefficient determination $r^2_{y13}= 0,489$ (48,9%) with the regression equation $\hat{Y}=13,74+0,57X_{1+} 0,35X_3$, , 6) There is positive significant between organizational culture , emotional intelligence with lecturer's performance with coefficient correlation $r_{y23}=0,637$ and coefficient determination $r^2_{y23}= 0,406$ (40,6%) with the regression equation $\hat{Y}=79,25+0,16X_{2+} 0,35X_3$, 7) There is positive significant between personality, organizational culture , emotional intelligence together with lecturer's performance with coefficient correlation $r_{y123}=0,717$ and coefficient determination $r^2_{y123}=0,514$ (51,4%) with regression equation $\hat{Y}=32,19+0,13X_{1+} 0,34X_2 +0,44 X_3$. Another factor that effects the variable lecturer's of 48,6 %.

Keywords : Personality, Organizational Culture, Emotional Intelligence and Lecturer's Performance

INTRODUCTION

Lecturer performance is an important factor in the progress of a university. Lecturer performance becomes very important because the decline in performance of both individuals and groups in a university can have a significant impact on a university. So that in this case, a leader has a fairly heavy task where he must always try to improve his performance and motivate his subordinates to be able to improve their performance to achieve college goals.

The job of being a lecturer cannot be done by someone who does not have certain skills and qualifications as a lecturer. Lecturers are professions whereas time progresses, he has more difficult roles and tasks and demands more innovative performance. The more innovative lecturers' performance is important for the success of educational implementation in order to improve the quality of education.

Human resources in a higher education organization include teaching staff or educators or better known as lecturers. "According to the Republic of Indonesia Minister of Research, Technology, and Higher Education Number 26 of 2015, General Provisions, Chapter I, Article 1 are:

1. Lecturers are professional educators and scientists with the main task of transforming, developing, and disseminating Science and Technology through Education, Research, and Community Service.

2. Permanent Lecturers are lecturers who work full time at universities as their starting administrative units and are not being permanent employees in other administrative units.

3. Non-permanent lecturers are lecturers who work not in full time at a university.

In universities consisting of permanent lecturers and lecturers who do not play an important role to transfer of knowledge and transfer of attitude, also become agents of change that are expected to be able to bring the educational organization in which they work to grow and develop, and be able to build a smart society from the results of the process. education held. Although permanent lecturers are prioritized in performance appraisal compared to Non-Permanent Lecturers. In reality, Non-permanent Lecturers have an important role in raising higher education in printing superior students, thus determining the quality of education and teaching in Higher Education is also located in Non-Permanent Lecturers.

In reality the performance of lecturers is still low compared to permanent lecturers in the teaching and learning process, research and community service because it is needed in the implementation of higher education in the College of Economics in Bogor and even becomes one of the requirements to improve the effectiveness of the implementation of education in education high, therefore the performance of non-permanent lecturers is important as a component to improve the quality of education in higher education.

Thus, based on the above observations and the data obtained in the field, it is stated that the still low performance of STIE non-permanent lecturers in Bogor City is still not optimal in implementing higher education policies and activities so that this can be used as an excuse for conducting research. Quantitatively, indications of non-permanent lecturer performance targets (data 2010-2013) were not achieved. The results of the lecturer performance evaluation are carried out with 6 (six) Performance indicators as follows: 1) Making Learning Plans, only reaching 60%; 2) Process of Teaching and Learning Results, 60%; 3) Learning outcomes, only reached 51%; 4) Community Service, only reaches 10%; 5) Evaluation, 53%; 6) Making reports, 50%.

Based on these data, it can be concluded that the level of non-permanent lecturer activity is only 47% on average, besides achieving below 80%, it also shows a decrease in non-permanent lecturer activities and tends to decline.

In this study will be explored further about the relationship between the performance of STIE non-permanent lecturers in the city of Bogor, among others, variables that affect the performance of non-permanent lecturers in the city of Bogor above, can be explained as follows: as an independent variable namely; Personality, Organizational Culture, Emotional Intelligence and the dependent variable Lecturer Performance.

Lecturer performance is a significant factor in the process of achieving higher education goals, so that if the performance of the lecturer is good then the progress of the College of Economics will be achieved, and vice versa. As a lecturer in higher education, a lecturer is required to strive to manage all activities in providing classroom instruction as effectively as possible and as efficiently as possible so that the educational process is as expected.

The personality of the lecturer is that the whole individual reacts and interacts with students which influences the performance of the lecturer in adjusting and understanding, carrying out his duties well in accordance with the mechanism of work, personality is closely related to emotional intelligence (awareness, emotions, etc.) in doing work, if all of them are carried out correctly, an attitude of loyalty towards the environment will be formed.

Organizational culture is also related to the values, assumptions, and basic beliefs that are shared by each person as a member of the organization which includes: individual initiative, risk tolerance, integration of management support, identification monitoring, a system of reward tolerance for conflict, and communication patterns. The values of the organizational culture that are perceived as conducive by someone as part of the organization will lead to a sense of comfort which then encourages those who have a commitment to the organization. Besides that, organizational culture can influence the attitude of each individual and group in the environment which is reflected in the atmosphere of harmonious and conducive cooperation between the Chairperson and lecturer, lecturers and lecturers, lecturers with structural and the whole component must create good relationships with students, in order to achieve educational and teaching goals.

Emotional intelligence is monitoring and controlling one's own feelings and those of others and using these feelings to guide thoughts and actions so that emotional intelligence is needed for success in work and produces outstanding performance in work. In addition, emotional intelligence, an attitude a person has in managing emotions, self-motivating, empathy by showing sincerity in doing work by using emotions and fostering relationships with other people so as to improve the performance of lecturers in the learning process in universities by producing quality student outcomes. This is possible because the dimensions contained in emotional intelligence can lead someone to understand their position precisely in the midst of organizational dynamics, including self-motivation, empathy and fostering relationships with members of the organization in the interests of the organization

Problem Formulation

1. Is there a relationship between Personality and Lecturer Performance?
2. Is there a relationship between cultures
3. Organizations with Lecturer Performance?
4. Is there a relationship between Emotional Intelligence and Lecturer Performance?
5. Is there a relationship between Personality and Organizational Culture together with Lecturer Performance?
6. Is there a relationship between Emotional Intelligence and Personality together with Lecturer Performance?
7. Is there a relationship between Emotional Intelligence and Organizational Culture together with Lecturer Performance?
8. Is there a relationship between Personality, Organizational Culture, and Emotional Intelligence together with Lecturer Performance?

Theoretical Description

1. Nature of Performance

Performance theory according to Schermerhorn et.al (2010: 76), to determine organizational and external performance can be seen from 5 (five) influencing factors, namely: a) knowledge, b) skills, c) ability, d) attitude and e) behavior.

According to Wirawan (2009: 9) performance has a causal relationship with competence (competency and ability). Performance is a function of competence, attitude, and action. Competence describes the characteristics of knowledge, skills, behavior, and experience to perform a particular job or role effectively.

Colquitt et al (2009: 37), suggests that performance is the value of a set of employee behaviors that contribute positively or negatively to achieving organizational goals. Basically, Performance has three dimensions, namely (a) task behavior, (b) moral behavior, and (c) challenging behavior. Obviously as below:

- a. Task behavior is the behavior of employees who are directly involved in transforming organizational resources in the virtue, service or production of an organization. Task behavior includes routine tasks and tasks in renewal.
- b. Moral behavior is activity in the form of volunteerism from employees whether there is a reward or no reward while contributing to the organization to improve the overall quality of the workplace. Example; working beyond formal duties, trying without expecting rewards, loving his organization.
- c. Challenging behavior is the behavior of employees by intentionally blocking the achievement of goals. Examples of sabotage, theft, waste of resources, corruption, sabotage, gossips, harassment, abuse.

Based on several opinions and understanding of the theory outlined, it can be synthesized that the performance of lecturers is the work of lecturers who contribute, both in quantity and quality, to the achievement of organizational goals, with measurement indicators: 1) Making learning plans, 2) teaching and learning outcomes 3) learning outcomes 4) evaluation the same, 5) report making

2. Nature of Personality

Santrock (2009: 177-178) defines Personality, referring to his own thoughts, emotions, and behaviors that describe how individuals adjust to the world of the "Big Five" personality factors in Santrock such as intelligence, psychologists interested in identifying the main dimensions of personality Some personality researchers believe they have identified "Five are considered to describe the main dimensions of personality: 1) openness, 2) the nature of conscientiousness, 3) extraversion, 4) agreeableness and 5) neuroticism (emotional stability) / neuroticism

Personality Definition according to Robbins (2010: 45.47) a person is a unique combination of emotional patterns, thoughts, and behaviors that affect how a person reacts to a situation and interacts with others. Personality is often depicted in the measurable characteristics shown by someone.

Big Five models of five personality dimensions include:

1. Extraversion: The level at which someone is friendly, happy to talk, and firm
2. Agreeableness: The level at which a person is good, cooperative, and trustworthy.
3. Conscientiousness: The degree to which a person is responsible, reliable, persistent and achievement-oriented.
4. Emotional stability: The level at which a person is calm, enthusiastic, and safe (positive) or calm, anxious, depressive, and unsafe (negative)
5. Openness to experience: The level at which someone is imaginative, artistically sensitive, and knowledgeable

From the theoretical studies revealed by the experts above it is hypothesized that personality is the overall characteristics of an individual acting and interacting with other individuals and the environment tends to be stable. So the indicators contained therein are:

- 1). Openness to experience (openness to experience) 2) Prudence (conscientiousness) 3), extraversion (extraversion), 4) Ease of agreement (agreeableness), 5) Emotional stability (emotional stability).

3) Nature of Organization Culture

According to Kusdi (2011: 11) culture is a pattern of behavior, attitudes, values, and assumptions that are owned by members of an organization are socialized to new members, and many are stable towards time. In general, culture experts divide it into three layers based on their depth, namely artifacts, values, and assumptions. In addition, to describe the characteristics of culture in an organization, a number of experts put forward certain typologies that describe the types of culture.

Colquitt et al (2009: 546), defines organizational culture as shared social knowledge in an organization regarding the rules, norms, and values that shape workers' attitudes and behavior.

This definition helps highlight a number of aspects of organizational culture. First, culture is social knowledge among members of the organization. Employees learn about the most important aspects of culture through other employees. This transfer of knowledge may be through explicit communication, simple observation, or by other methods. In addition, a culture of knowledge sharing, which means that organizational members understand and have a level of consensus on what culture is.

According to Gibson, et al (2012: 31), organizational culture is how workers perceive and how these perceptions create patterns of beliefs, values, and expectations.

This definition shows the culture that involves; (a) assumptions, (b) adaptation, (c) perception, and (d) learning. He further argued that organizational culture consists of artifacts and creation, values, and basic assumptions. Artifacts and creation include: technology, art, and patterns of behavior that are seen and heard; Values include something that can be tested in a physical environment and something that can be tested only with a social consensus, and the last is a basic assumption that includes relationships with the environment, the reality of nature, time, space, natural life, activities of natural life, and relationships between natural life.

According to Fred Luthans (2011: 71), which may be most closely related to the study of organizational culture, defining it as an archetype of assumptions created, discovered, or developed by certain groups such as learning to overcome problems external and internal adaptations of integration that have worked quite well to be considered valuable and therefore, to be taught to new members as the right way to understand, think, and feel in relation to the problem.

Organizational culture has a number of important characteristics. Some of the most easily agreed are as follows:

- a. Observed behavioral order. When organizational participants interact with each other, they use language, terminology, and rituals related to respect and attitude.
- b. Norm. Existing standards of behavior, including instructions on how much work to do
- c. Dominant values. There are main values that support organizations and expect participants to share. Common examples are high-quality products, low absenteeism, and high efficiency.
- d. Philosophy. There are policies that set organizational beliefs about how employees and/or customers must be treated.
- e. Rules. There are strict guidelines related to socializing in organizations. Newcomers must learn their "rope" to be accepted as full members of the group.
- f. Organizational climate. This is the overall "feeling" conveyed by the physical layout, participants how to interact, and members of the way the organization conducts itself with customers or other outside parties.

Based on the opinions of experts and the theories above, it can be synthesized that organizational culture is the assessment of lecturers on a system of values, rules, and norms in the organization that affect the mindset, attitudes and behavior of lecturers in implementing education policies and activities measured based on indicators: 1). norms of organizational behavior, 2) trust in organizational members 3) organizational habits, 4) encouragement to innovate 5) goal orientation.

4. Nature of Emotional Intelligence

Moshe Zeidner et al (2009: 25) suggests that theories of emotional intelligence (emotional intelligence) are divided into three ways about understanding emotional intelligence, as follows:

a. Ability models, emotional intelligence as abilities, where individuals who have high emotional intelligence, are superior to individuals who have low emotional intelligence in carrying out certain activities related to emotions. There are four important components of emotional intelligence, namely: identifying emotions, assimilating emotions into the mind, understanding emotions, and managing the emotions of yourself and others.

b. Mixed models, a broader conception and emotional intelligence include abilities and qualities such as personality traits and motivation that can help individuals use emotional intelligence in real life. Individuals with sympathetic personalities, it will be easier to use skills to manage the emotions of other individuals. In this mixed model includes quality, such as optimism, empathy, and good character.

c. Emotional intelligence as a trait (trait emotional intelligence), is a comprehensive personality factor that represents self-emotions, so that individuals have personalities that are directly related to emotional functions, such as self-confidence, assertiveness, and empathy.

Stephen R. Covey (2005: 76) reveals that emotional intelligence is, self-awareness, social sensitivity, empathy, and efforts to communicate well with others. Emotional intelligence is sensitivity about the right time, social propriety, and courage to acknowledge weaknesses, express and respect differences.

Stephen R. Covey explained that there are five main components of emotional intelligence that are commonly accepted are:

- a. Self-awareness is a reflection of one's own life, and uses that knowledge to improve itself and to overcome weaknesses.
- b. Personal motivation is that which is related to what triggers a person's spirit, vision, values, goals, hopes, desires, and passions that are a priority.
- c. Self-regulation is managing oneself to achieve personal vision and values.
- d. Empathy is understanding how others see and feel things.
- e. Socialization and communication, which is related to how to overcome differences, solve problems, produce creative solutions and interact optimally to pursue common goals.

Furthermore Stephen R. Covey argued that the best and systematic way to develop these five dimensions of EQ is through seven highly effective human habits, namely: be proactive, start with the ultimate goal, prioritize the main, think win-win, try to understand first, then try to understand, create synergy, and sharpen the saw.

From the above theoretical studies and definitions, it can be synthesized that emotional intelligence of individual personality characteristics is comprehensive in regulating emotions, understanding one's emotions and controlling emotions to think and behave rationally, with the following indicators: 1) Identifying Emotions, 2) Emotional Management, 3) Recognizing the Emotions of Others, 4) Motivating Yourself, 5) Managing Yourself and Others

D. Research Hypothesis

Based on the theoretical and thinking framework study as mentioned above, the hypothesis in this study can be submitted in the causal form as follows:

1. There is a positive relationship between Personality and Lecturer Performance.
2. There is a positive relationship between Organizational Culture and Lecturer Performance
3. There is a positive relationship between Emotional Intelligence and Lecturer Performance.
4. There is a positive relationship between Personality and Organizational Culture together with Lecturer Performance.
5. There is a positive relationship between Personality and Emotional Intelligence together with Lecturer Performance.
6. There is a positive relationship between Emotional Intelligence and Organizational Culture together with Lecturer Performance.

7. There is a positive relationship between Personality, Organizational Culture, and Emotional Intelligence together with Lecturer Performance.

RESEARCH METHODOLOGY

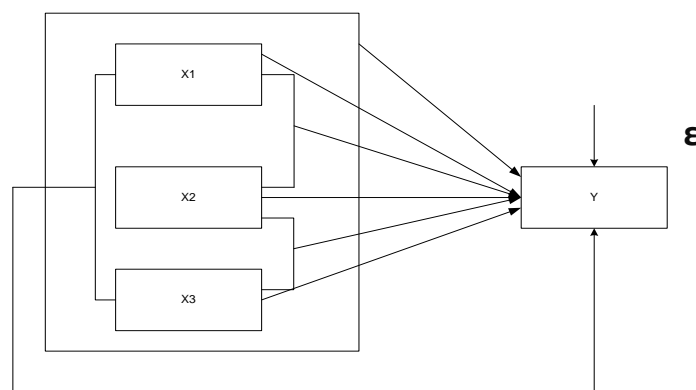
This study uses a combination method (Sequential Explanatory Design). the research method of combination expansionary sequential model is characterized by data collection and quantitative data analysis in the first stage and is followed by qualitative data collection and data in the second stage, in order to strengthen the results of quantitative research conducted in the first phase. measured to conduct the next stage of research that uses qualitative methods so that the results obtained are more focused and in-depth. Known results in the field based on statistical data analysis, are used as the main basis for qualitative research. The population in this study were non-permanent lecturers at the College of Economics in the city of Bogor with a random sample of 107 people from a population of 146 people.

The following is the flow of research design using sequential explanatory design. The constellation of the problem under study is as shown in Figure 1 below:

1) Steps of Quantitative Research

a. Research Constellation

Picture 1 Research Constellation



Explanation:

1. X₁: Personality
2. X₂: Organization culture
3. X₃: Emotional Intelligence
4. Y: Lecturers Performance
5. ε: Other Variable correlated :

Population and Sample

The population used in this study is an STIE non-permanent lecturer based in the city of Bogor as many as 146 people. Sampling in this study using proportional random sampling technique. The sample size is calculated using the Slovin formula, as follows: $n = \frac{N}{1 + N [(e)]^2}$

n: number of samples (number of samples),

N: Total Population (total population members)

1: Number of constants

e: error tolerance (error tolerance) in this study set a significance level of 5% or 0.05.

Then the results of the sample calculation are:

$$n : \frac{146}{1 + 146 \times (0,05)^2} = \frac{146}{1 + 146 \times 0,0025} = \frac{146}{1,365} = 106,9..rounded to=107.$$

Hypothesis Testing: Quantitative Research Phase

Data analysis is performed with the following analysis techniques:

- 1) Analysis of Test Requirements: a) standard error estimation normality test using the liliefors formula, b) Test variance homogeneity using the Barlett test
- 2) Hypothesis Test: a) Regression Linearity Test, b). Correlation Test

Steps of Qualitative Research

Based on the results of hypothesis testing on quantitative research in the first stage, then continued with qualitative research. Qualitative research aims to further strengthen, deepen and expand quantitative data. The formulation of the problem in qualitative research is as follows:

1. Does the lecturer performance data obtained through quantitative research have the same tendency as lecturer performance data obtained through qualitative research on STIE in the city of Bogor?
2. Does the personality data obtained through quantitative research have the same tendency as the personality data obtained through qualitative research on STIE in the city of Bogor?
3. Does the organizational culture data obtained through quantitative research have the same tendency as organizational culture data obtained through qualitative research on STIE in the city of Bogor?
4. Does the emotional intelligence data obtained through quantitative research have the same tendency as lecturer emotional intelligence data obtained through qualitative research?
5. Are qualitative personality data, organizational culture, and emotional intelligence together on the performance of lecturers at STIE in Bogor city, obtained through quantitative research having the same tendency as the data obtained through qualitative research?
6. Are there other factors beyond personality, organizational culture and emotional intelligence on the performance of lecturers at STIE in Bogor City?

Qualitative research techniques from 3 (three) STIE based on the category of accreditation status ranking into upper, middle and lower categories: 1) STIE Kesatuan (upper), 2) STIE Bina Niaga (middle) and 3) STIE Triguna. (lower)

Beginning with determining the focus of the research, determining the target of the study and the informants who will be asked for various information about the focus of the research with the observation (Observation), in-depth Interview (interviews) on key informants and conducting Focus Group Discussion with the researched actors , documentation and literature study literature

DISCUSSION of QUALITATIVE AND QUANTITATIVE RESEARCH RESULTS

1) Correlation between Personality and STIE Lecturer Performance in Bogor

The results of hypothesis testing show that there is a functional relationship between X1 and Y presented in the form of a simple regression equation as follows: $\hat{Y} = 21.04 + 0.83X1$, with the correlation coefficient $r_{y1} = 0.677$ and the coefficient of determination $r^2_{y12} = 0.458$ which is expressed as a significant level (0.05) after being tested with a very significant F test. This means that 45.8% variation in lecturer performance data can be explained by personality, while 54.2% is contributed by other variables that have a relationship with improving lecturer performance. The results of previous studies that support indicate the relationship between Personality and Lecturer Performance is very significant. This means that the higher the Personality score, the higher the Lecturer Performance score. Thus the results of this study further support the results of previous studies of a positive relationship between personality and lecturer performance. Similarly, based on qualitative analysis through observation, interviews, document review FGDs, it can be seen that there is a relationship between personality and lecturer performance. This reinforces the results of quantitative studies that prove significantly the first hypothesis of this study that there is a positive relationship between

Personality and Lecturer Performance, with a very significant regression equation and shows that each increase in Personality score will improve Lecturer Performance

1) Correlation between Organizational Culture and the Performance of STIE Lecturers in Bogor

The results of testing the hypothesis, shows that there is a functional relationship between X_2 and Y presented in the form of a simple regression equation as follows: $\hat{Y} = 59.3 + 0.54X_2$, correlation coefficient $r_{y2} = 0.324$ and the coefficient of determination $r^2_{y2} = 0.105$ which is very significant significance level 0.05 after F test This means 10.5% Lecturer performance is the result of the work of the organizational culture, while 89.5% is contributed by other variables that have a relationship with the improvement of Lecturer Performance. Some of the results of previous studies that support "by Subekti Organizations with Teacher Performance" with correlation coefficient = 0.3592 and coefficient = 0.1290. Wirawan with the title "The Relationship between Principal and Culture Leadership Thus the results of this study further support the results of previous studies of a positive relationship between Organizational Culture and Lecturer Performance. Similarly, based on qualitative analysis through observation, interviews, document review FGD, it can be seen that there is a relationship with Organizational Culture with Lecturer Performance. This reinforces the results of quantitative studies that prove significantly the first hypothesis of this study that there is a positive relationship between Organizational Culture and Lecturer Performance, with a very significant regression equation and shows that any increase in Organizational Culture scores will improve Lecturer Performance.

2) Correlation between Emotional Intelligence and the STIE Lecturers Performance in Bogor

The results of hypothesis testing show that there is a functional relationship between X_3 and Y presented in the form of a simple regression equation as follows: $\hat{Y} = 27.86 + 0.8X_3$, with a correlation coefficient $r_{y3} = 0.632$ The coefficient of determination $r^2_{y2} = 0.400$, which is very significant (0.05) after being tested with the F test. This means that 40% of the variation in lecturer performance data can be explained by Emotional intelligence, while 60% is contributed by other variables that have a relationship with the improvement of Lecturer Performance. The results of previous studies that supported by Paiman, the relationship between Emotional Intelligence and Teaching Creativity with Teacher Performance ", there is a positive relationship between Emotional intelligence and teacher performance with regression $\hat{Y} = 84,866 + 0,352x_1$ and correlation coefficient $r_{y1} = 0,4333$, this means more high Emotional Intelligence score, the higher the score of lecturer performance. Thus the results of this study further support the results of previous studies regarding the existence of a positive relationship with lecturer performance. Similarly, based on qualitative analysis through observation, interviews, document review FGD, it can be seen that there is a relationship between Emotional Intelligence and Lecturer Performance. This is reinforced by the results of quantitative research every increase in independent variables will improve the performance of lecturers

3) Correlation between Personality and Organizational Culture together with STIE Lecturers Performance in Bogor

The results of testing the hypothesis, shows that there is a functional relationship between X_1 and X_2 with Y presented in the form of multiple regression equations as follows: $35 = 35.69 + 0.92X_1 + 0.21X_2$. Thus this shows that the multiple regression equation is significant (0.05), and it can be concluded that the relationship of Personality (X_1) and Organizational Culture (X_2) variables together with Lecturers' Performance is positive and significant and can be accepted. The results obtained for the coefficient of determination r^2_{y12} and the correlation between personality and organizational culture together with the performance of the lecturer is 0.468. This means that 46.8% variation of lecturer performance data can be explained by the personality and organizational culture together, while 53.2% is contributed by other variables that have a relationship to improve lecturer performance. The findings in this study indicate if the lecturer performs the task and its function is able to create, familiarize and personality characteristics that make it comfortable and apply organizational culture within itself and in its organization in a good and proportional manner together have a strong desire and enthusiasm in carrying out tasks with a good personality so it will be able to improve the performance of lecturers. This is in line with the theory put forward by Stephen Robbins (Big Five Model), namely: 1) Extraversion 2) Agreeableness, 3) Conscientiousness, 4) Emotional stability, 5) Openness to experience. The theory put forward by Edgar Schein, Definition of Schein shows that culture involves a) adaptation, b) perception, and c) learning. Thus a

lecturer who has a high organizational personality and culture together will be able to improve lecturer performance.

4) The relationship between Personality and Emotional Intelligence together with STIE Lecturer Performance in Bogor

The results of testing the hypothesis, show that there is a functional relationship between X_1 and X_3 with Y presented in the form of multiple regression equations as follows: $\hat{Y} = 13.74 + 0.57X_1 + 0.35X_3$. Thus this shows that the multiple regression equation is significant, and it can be concluded that the influence of Personality (X_1) and Emotional Intelligence (X_3) variables together on Lecturer Performance is positive and significant. The results obtained for the coefficient of determination $R^2_{y1.3}$ and between the correlation of Personality and Emotional Intelligence together with the Lecturer Performance of 0.489. This means that 48.9% of the variation in Lecturer Performance variables can be explained by the variables of Personality and Emotional Intelligence together, while 51.1% is contributed by other variables that have a relationship with the increase in lecturers. The findings in this study indicate that if the lecturer performs his duties and functions is able to create, familiarize and have personality characteristics that make it comfortable and apply Emotional intelligence within himself and in his organization in a good and proportional manner together have a strong desire and enthusiasm in carrying out tasks with personality and Emotional intelligence and being able to control his emotions well will be able to improve Lecturer Performance. This is consistent with the theory put forward by Ivancevich et al. Personality refers to a set of feelings and behaviors that are significantly formed by genetic and environmental factors and are stable. Human personality can be explained by five dimensions or factors, including extraversion (extroversion), emotional stability (emotional stability), ease of agreement (agreeableness), nature of conscientiousness, and openness to experience.

The theory put forward by Moshe Zeidner, Gerald Mathews and Richard Robert that Emotional Intelligence as a trait (Trait Emotional Intelligence), is an overall personality factor that represents the emotions of the self so that an individual has a personality related to Emotional functions such as confidence, firmness and empathy. Thus it can be seen if a lecturer who has a shared personality high emotional intelligence will lead to an increase in the value of lecturer performance

5) Correlation between Organizational Culture and Emotional Intelligence together with STIE Lecturer Performance in Bogor

The results of hypothesis testing show that there is a functional relationship between X_2 and X_3 with Y presented in the form of the following multiple regression equations: $\text{berikut} = 79.25 + 0.16X_2 + 0.87X_3$. Thus this shows that the multiple regression equation is significant, and it can be concluded that the relationship between Organizational Culture (X_2) and Emotional Intelligence (X_3) variables together with Lecturer Performance is positive and significant. The results obtained for the coefficient of determination $R^2_{y2.3}$ and between the correlation of Organizational Culture and Emotional Intelligence together with the Lecturer Performance of 0.406. This means that 40.6% of the variation of the Lecturer Performance variables can be explained by the variables of Organizational Culture and Emotional Intelligence together, while 59.4% is contributed by other variables that have a relationship with the increase in lecturers.

This is in line with the theory put forward by Jerald Greenberg and Robert A. Baron defines organizational culture as a cognitive framework consisting of attitudes, values, behavioral norms, and shared expectations of members of the organization. The definition above is often assumed that organizational culture is a common basic asset that has the following characteristics: a) Sensitivity to others (Sensitivity to others), b) Interest in new ideas (Interest in New Ideas), c) Willingness to take risks (Willingness to take Risks), d) Appreciate Placement (The Value Placed on People), e) Available communication options (Openness of Available Options), f) Loyalty and congeniality (Friendliness and Congeniality). This is consistent with the theory of Emotional Intelligence by Moshe Zeidner, Gerald Mathews and Richard Robert that Emotional Intelligence as a Trait (Trait Emotional Intelligence), is a comprehensive personality factor that represents the emotions of the self, so that an individual has a personality related to Emotional functions such as confidence, firmness, and empathy Thus a lecturer who has a high organizational culture and Emotional intelligence together will be able to improve the performance of lecturers.

6) Correlation between Personality, Organizational Culture, and Emotional Intelligence together on Lecturer Performance in Bogor

The results of testing the hypothesis, show that the functional relationship between X1, X2, and X3 with Y is presented in the form of multiple regression equations as follows: $\hat{Y} = 32.19X_1 + 0.34X_2 + 0.44X_3$. Thus this shows that the multiple regression equation is significant, and it can be concluded that the relationship between personality variables (X1), Organizational Culture (X2) and Emotional Intelligence (X3) together with Lecturer Performance is positive and significant.

The results obtained for the coefficient of determination $r^2_{y12.3}$ and between the correlations of Personality, Organizational Culture, and Emotional Intelligence together with Lecturer Performance of 0.514. This means that for 51.4% variation of Lecturer Performance variables can be explained by the variables of Personality, Organizational Culture, and Emotional Intelligence together, while 48.64% is contributed by other variables that have a relationship with the increase in lecturer personality. Organizational Culture and Emotional Intelligence together.

The findings in this study indicate that if the lecturer performs his duties and functions is able to create, familiarize and develop personality well and apply organizational culture within himself and in his organization well and is able to organize the emotional lecturers well and proportionally and jointly have a strong desire, the power of movement and enthusiasm in carrying out the task by controlling his emotions and the lecturer who showed his work performance and chose to remain with his institution for the long term, of the three things, it will be able to improve the Performance of Lecturers. This is in line with the theory put forward by Gibson et al., Stephen Robbins (Big Five Model) and Jerald Greenberg and Robert A. Baron defines organizational culture as a cognitive framework consisting of attitudes, values, behavioral norms, and shared expectations of members of the organization

While the theory of Emotional Intelligence by Moshe Zeidner, Gerald Mathews and Richard Robert that Emotional Intelligence as a trait (Trait Emotional Intelligence), is an overall personality factor that represents the emotions of the self so that an individual has a personality associated with Emotional functions such as confidence, assertiveness, and empathy.

The pattern of relationships that can be seen from the results of this study is the correlation between personality and lecturer performance that is $r_{y1} = 0.677$ when compared to the correlation between organizational culture and lecturer performance that is $r_{y2} = 0.324$ and the correlation between Emotional Intelligence and Lecturer Performance ie $r_{y3} = 0.632$ has a tendency with almost the same, however the three independent variables together can contribute to the improvement of Lecturer Performance.

Another influential factor of 49.6% was revealed through the focus of the sixth qualitative research, namely: Are there other factors outside of Personality, organizational culture and emotional intelligence together influence the performance of lecturers at the College of Economics in the City of Bogor? Findings of other factors that allegedly contributed to the achievement of lecturer performance were based on the results of observations, interviews, and documentation of qualitative research in the field including 1) The leadership of the Chairperson of STIE, 2) Motivation of the work of the lecturer, 3) Personality

CONCLUSION, IMPLICATION, AND SUGGESTION

A. Conclusion.

1. There is a very significant positive relationship between personality and lecturer performance, meaning that the stronger the personality, the higher the performance of the lecturer.
2. There is a very significant positive relationship between Organizational Culture and Lecturer Performance, meaning that the higher the Organizational Culture the higher the performance of the lecturer.
3. There is a very significant positive relationship between Emotional Intelligence and Lecturer Performance, meaning that the higher the Emotional Intelligence, the higher the Lecturer Performance.
4. There is a very significant positive relationship between organizational culture and personality together with lecturer performance, which means that the stronger the organizational culture and personality together,

the better the performance of the lecturer.

5. There is a very significant positive relationship between organizational culture and Emotional Intelligence together with lecturer performance, which means that the stronger the organizational culture and Emotional Intelligence together, the better the performance of lecturers.

6. There is a very significant positive relationship between personality and emotional intelligence together with lecturer performance, which means that the better the personality and emotional intelligence together, the higher the performance of the lecturer.

7. There is a very significant positive relationship between personality, organizational culture, and emotional intelligence together with the performance of lecturers, which means that the stronger the personality, organizational culture and emotional intelligence together, the better the performance of lecturers.

Other variables that have a relationship with the improvement of lecturer performance are: lecturer work motivation, work environment, lecturer discipline, Emotional intelligence, job satisfaction, commitment to lecturer work and organizational climate

B. Implication.

The implications of the results of this study can be described as follows:

1. Because there is a positive relationship between personality and Lecturer Performance, efforts are made to strengthen Personality to improve Lecturer Performance. By increasing personality, the performance of lecturers will also increase.

2. Because there is a positive relationship between organizational culture and lecturer performance. efforts are made to strengthen the Organizational Culture to improve Lecturer Performance, by increasing the Organizational Culture, the Lecturer Performance will increase as well.

3. Because there is a positive relationship between Emotional Intelligence and Lecturer Performance, efforts are made to strengthen Emotional Intelligence in order to improve Lecturer Performance, that by increasing Emotional Intelligence, Lecturer Performance will increase.

4. Because there is a positive relationship between Personality and Organizational Culture with the performance of lecturers together with Lecturer Performance, To strengthen the Performance of Lecturers strived to strengthen the personality and organizational culture. By increasing the personality and organizational culture of lecturers together, the lecturers' performance will increase as well.

5. Because there is a positive relationship between Organizational Culture and Emotional Intelligence together with Lecturer Performance, efforts are made to strengthen Organizational Culture and Emotional Intelligence of lecturers. With increasing Emotional Intelligence and lecturer organizational culture together, the Lecturer Performance will increase as well.

6. Because there is a positive relationship between Personality and Emotional Intelligence of lecturers together with Lecturer Performance, efforts are made to strengthen the Personality and Emotional Intelligence of lecturers. By increasing the increasing Emotional Personality and Intelligence of lecturers together, the Lecturer Performance will increase as well.

Because there is a positive relationship between Personality, organizational culture, and Emotional Intelligence together with Lecturer Performance, it is endeavored to strengthen Personality, organizational culture, and Emotional Intelligence together, by strengthening Personality, organizational culture and Emotional Intelligence of lecturers together. then Lecturer Performance will increase as well

C. Suggestion

From the exposure of research results, discussion, conclusions, and implications that have been described, it can be seen that the variable performance of lecturers in STIE in the city of Bogor can be improved. The development of lecturer performance can be done through improving and improving lecturer personality and

organizational culture and emotional intelligence based on the average score of each indicator in each variable.

- a. Based on the results of the study can be an alternative input for the Chairperson of STIE, lecturers and related parties/institutions to further develop the performance of lecturers in order to improve the quality and performance of the Institute as part of improving the quality of STIE education in the city of Bogor. The suggestions can be described as follows:
 - b. 1. The increased personality of lecturers
 - c. a. In personality indicators need to be developed for that the Chair of the institution so that openness to experience can be improved, lecturers are required to improve the ability to think creatively and innovatively so that they have a flexible, open nature, willing to accept and appreciate the views, thoughts, opinions, and work of people other. In addition, the Chairperson of the Institute can be a model and example for all members of the organization to behave and behave well, politely, respect each other.
 - d. In the indicator of caution (conscientiousness) can be improved, lecturers are obliged to be careful full of responsibility, work with careful planning, uphold school discipline and foster high motivation to work hard to the full. Besides that, the Chairperson of the Institute must always spearhead, create a harmonious and vibrant work environment to carry out the main tasks and functions with full responsibility, spur creativity, and innovative.
 - e. In extraversion, it needs to be developed and improved, the Chairperson of Institutions and lecturers must develop and add insight, social networks so that they are better able to socialize with lecturer colleagues. Besides that, the Institute provides moral and material support as well as opportunities for lecturers to be competent and optimally potential through training, training, and workshops, and provide opportunities for lecturers to continue further studies.
 - f. In the indicators of agreeableness can be increased, lecturers are required to improve the ability to communicate effectively, persuasively, empathetically and politely with fellow teachers, Chairmen of Institutions, supervisors, education personnel, and students; so as to enhance good cooperation
 - g. On indicators of emotional stability (emotional stability) can be increased, lecturers are required to improve personality competency so that they become individuals who have a steady, stable and mature personality; continue to strive to foster emotional stability so as to prejudice both trust in colleagues, be able to deal with / manage stress or depression.
1. Enhancement of Organization Culture

an In indicators of norms of organizational behavior, high schools and organizational citizens and lecturers it is expected that lecturers can implement and apply norms that apply to high schools through developing cooperation and coaching together without blaming ethnic, racial, religious, and gender differences in high school citizens in all high school activities.

 - a. On indicators of organizational trust, high school rules and policies need to be maintained for that, the lecturer must be able to socialize continuously about the rules, rules, and policies of high schools regarding governance, learning to all high school citizens. It is expected that with good socialization, all high school residents will understand the rules, rules, and policies of high school citizens so that a comfortable, conducive and optimal atmosphere can be created in carrying out their duties and functions.
 - b. In indicators of habit patterns of high school organizations need to be developed for that lecturers are expected to be able to apply high school values through habituation in every aspect of activities by paying attention to the development of science and technology to improve service excellence to high school residents. In addition to creating a comfortable work situation to encourage lecturers to work harder, the need to create challenges so that work is quickly completed through habitual patterns ...
 - c. In the indicator of encouragement to innovate the results of high school orientation so as to provide more opportunities for lecturers to develop abilities and improve the quality of work and to give more freedom to the lecturers in determining the priority scale of the execution of tasks.
 - d. In the goal orientation indicator, the realization of the high school's vision and mission needs to be developed if it has been understood what is the high school's vision, mission and goals so that the lecturers will be more serious and disciplined in working optimally as a learning organization.

2. Enhancement of Emotional Intelligence,

- In the average indicator, 1), identifying emotions, 2) motivating oneself, c) managing emotions, need to be maintained and so that lecturers and members of the organization respect each other more to be polite and help each other. Besides giving each other motivation they always work continuously.
- While the low mean value is indicator 1) managing emotions, 2) recognizing the emotions of others needs to be improved. High schools encourage lecturers and organizational citizens to be more polite when experiencing various difficulties at the same time and encourage lecturers to be more trying to calm down. In addition, high schools and organizational citizens encourage lecturers not to discriminate between the emotional expressions of lecturers depending on who they are facing. Thus high schools, organizational citizens and lecturers always maintain mutual undesirable behaviors and conditions to achieve the organization's vision and mission.

C. Action Plan

Based on the analysis of the discussion of the results of the research that has been described, it can be seen that there is a relationship of personality, organizational culture, and emotional intelligence, with the performance of lecturers known that the relationship value of personality variables with lecturer performance with correlation coefficient $r = 0.677$, organizational culture variables with lecturer performance $r = 0.324$, and Emotional intelligence variable with lecturer performance $r = 0.632$. Referring to the magnitude of the value of the relationship, the personality variable has the greatest relationship to performance compared to the variables of organizational culture and Emotional intelligence. For this reason, all aspects related to personality variables are used as the basis for the preparation of follow-up programs from the results (Action Plan)

The implementation of the follow-up of this study in the form of programs related to personality can be seen in the action plan table on indicators, such as the following.

Table 1 Action Plan in the effort of Personality Development to Enhance the Performance of Lecturers

No	Focused Problems	Action Plan	PIC	Budget	Work Schedule (Monthly)					
					1	2	3	4	5	6
1.	Openness to experience	Group Discussion	The Chairman of STIE Foundation	ACCORDING TO THE NEEDS						
			Foundation representative							
2.	Conscientiousness	Improving self-confidence and responsibility	Director of STIE							
			Supervisor Coordinator							
3.	Extraversion	Team Building and change agent	HRD							
4.	Agreeableness	Interpersonal Skill	Chairman of the Foundation							
			Vice-Chairman							
5.	Emotional Stability	Training of Emotional Intelligence)	Vice-Chairman I							

Based on the calculation of the average indicator of the personality, organizational culture and Emotional intelligence variables can be seen the average value of the indicators that are smaller than the mean value of the variable, it is hoped that the development of the indicators will be more considered, while the mean values of the indicators are equal to or greater than the average value the variables are expected to be maintained.

The indicators that need to be maintained are the development of each independent variable, as follows: 1) Personality, indicators: a) ease of agreement, b) Emotional stability. 2) organizational culture, indicators: a) trust of organizational members, b) drive to innovate, 3) Emotional Intelligence, indicators: a) emotional management, b) recognizing other people's emotions, c) identifying emotions.

While the indicators that need to be maintained from each independent variable, as follows: 1) Personality namely indicators: a) openness to experience b) prudence, c) extraversion, 2) Organizational Culture namely indicators: a) organizational behavior norms b) organizational habits pattern, c) goal orientation. 3) Emotional intelligence is an indicator: a) motivating oneself, b) managing the emotions of oneself and others

This needs to be known as the basis for the making of programs in the action plan so that the priority of the efforts that will be considered as an improvement becomes optimal and on target.

The action plan that has been described is an alternative activity that can be implemented comprehensively to improve Lecturer Performance that can be carried out by the Chair, lecturers, managers, institutions and other relevant parties. Whereas the order of priority for the implementation of the action plan programs can be optimized effectively and efficiently according to the situation, conditions, and needs of the STIE

A sample of Training Program Design

The effort to Develop the Personality of Part-Time Lecturers of STIE in Bogor

A. Background

National education functions to develop the ability and shape of dignified national character and civilization in order to educate the life of the nation, aims to develop the potential of students to become faithful and fearful people of God Almighty, noble, healthy, knowledgeable, capable, creative, independent and become a democratic and responsible citizen. The process and output of education and teaching in the Institute still do not show the expected quality, partly due to not implementing the organizational culture that is the norms and rules that are running.

The equation of perception and uniformity in carrying out various norms that apply in society sometimes requires special handling. This is because the implementation is often different. To overcome differences that make misunderstandings possible, it is necessary to do activities to share experiences so that members of the organization can understand each other and be able to synergize well. Besides that, the training is also intended to realize a conducive organizational culture and support the implementation of the organization's organizational program to the maximum so that it is deemed necessary to be held periodically and programmed. Training that aims to improve human resources in order to realize excellent service for students and other stakeholders.

B. Objective

- a. Equipping trainees with insight and skills with regard to personality, application of norms and daily behaviors of collaboration in organizations.
- b. Integrating input from various expert resource persons in the framework/development of professional lecturers who have more value through improving lecturer performance.

C. Graduates Competence

- 1) Group Discussion, 2) improving self-confidence and responsibility, 3) Interpersonal Skills, 4) Team Building and change agent, 5) Emotional Intelligence Training

D. Training Participants

Chairman, Vice-chairman I, II and III, Department Heads, lecturers, and Educational Staff

E. Keynote Speakers

No.	Keynote Speakers	Training materials	Objectives
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1	Prof. Dr Ing. H. Soewarto Hardhienata, Ka Prodi S3-MP-PPs Universitas Pakuan	Group Discussion	HR needs orientation towards the situation and condition of the organization in developing interests.
2	Dr.Hj.Rita Retnowati,M.S, Direktur PPs Universitas Pakuan	Improving self-confidence and responsibility	Understanding the needs and desires of lecturers. Providing justice and respect for every employee
3	Nusa Muktiadji, Ir.MM Ketua STIE Kesatuan	Team Building and change agent	Understand values and rules to improve work procedures
4	Dr.HM Entang, M.Ed. Dosen Pembina PPs Universitas Pakuan	Kemampuan Ber komunikasi (<i>Interpersonal Skill</i>)	Relational development of citizens in the ethics of communicating within the organization through a philosophical approach
5	Dr.Widodo Sunaryo, S.Psi, MBA Sekretaris Program Studi S3-MP PPs Universitas Pakuan	Training of Emotional Intelligence	Competency Development in ways of thinking and implementing in organizations.

E. Training Plan

Venue : Aula Serba Guna Kampus STIE Kesatuan, Lantai 6
Jl. Ranggagading1 No 1, Bogor
Dates : 20 sd 21 Juli 2017
Budget : Dibebankan kepada masing-masing STIE

F. Activity Budget Plan

For as many as 30 participants the fund needed is Rp. 15,000,000 (fifteen million rupiah)

SCHEDULE

The effort to Organize Personality Development for the Part-Time Lecturers of STIE in Bogor

TIME	Training Topics	Speakers
Day One	Thursday, 20 July 2017	
09.00 - 10.00	Opening and Dissemination of National Education Policies and Regional Programs	Kepala DIKTI Kopertis IV Wilayah Jabar
10.00 - 12.00	Group Discussion	Prof.Dr.Ing.H.Soewarto Hardhienata
12.00 - 13.00	Coffee Break	
13.00 - 15.00		Dr.Hj.Rita Retnowati,M.S

	Self-awareness and responsibility	
Day Two	Friday, 21 July 2017	
08.00 - 10.00	Team Building and change agent	Nusa Muktiadji, Ir.,MM
10.00 - 12.00	(Interpersonal Skill	Dr.HM.Entang, M.A
12.00 - 13.00	Coffee Break	
13.00 - 14.30	Training of Emotional Intelligence	Dr.Widodo Sunaryo, S.Psi, MBA
14.30-15.00	Evaluation and Closing	Committee

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[10]

A Critical Literature Review to Propose a New Conceptual Model of Market Orientation in a Digital World

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Abstract. Market orientation concept has attracted many marketing researchers attention since initially introduced in 1990. It has a critical consequence of firm performance, as can be reflected by financial performance and positive responses from the customers. It has been almost three decades from its first time been proposed. Currently, market orientation expanded to the new phase, that is a digital world. The aim of this conceptual paper is to propose a new conceptual model of market orientation in a digital world, through a set of rigor and critical literature review. Based on the synthesized model, there's a new conceptual model of market orientation in a digital world, been proposed. This conceptual model has a strong theoretical building to empirically tested in further research.

Keyword: Market orientation, Digital world, Firm performance, Conceptual model, Critical literature review

Introduction

Market orientation as one of a fundamental concept in marketing strategy, emerged as an answer to the contribution of marketing, in serious effort to predict the firm performance. This concept introduced initially in 1990, it has two main approaches, namely: organizational behavior (Kohli and Jaworski) and organizational culture (Narver and Slater). In the long run, both of this them has well academic acceptance, reflected by the numbers of citation, from within and outside marketing as an academic discipline. This paper is more focusing on the market orientation that refers to the term of marketing orientation as an organizational behavior.

Kohli and Jaworski (1990) proposed the antecedents of a market orientation that in nature divided into three primary categories. It categories are: individual (related to the factor of senior management), intergroup (the dynamic environment interdepartmental of organization), and organization-wide factors (well known as organizational system). Senior management becomes one of the most important factors in developing an appropriate market orientation. The commitment from top managers has a significant role to form a market orientation. So, top managers must provide the obvious signals to the all the organization members (Guo, et al, 2017). After the emergence of strong and obvious commitment from top managers, the next phase is interdepartmental dynamics. In this phase, there's an interaction and relationship encompassed by an organization's departments, both in a formal and informal way. One factor that should be able to well manage is the possible occurrence of interdepartmental conflict. Organization as a structured system could be a constraint or precisely facilitated the adaptation of the market orientation (Boukis, et al, 2017). It depends on the formalization and centralization of the organizational structure. So, the structural characteristics of an organization are able to affect its market orientation.

Kohli and Jaworski (1990) clearly initiate the term of market orientation concept in three important dimensions, namely: *generation*, *dissemination*, and *responsiveness* of marketing intelligence. Organization (firm) must be able to generate information, what are the current and future needs of their customers. It is well known as environmental (internal and external) scanning activities. Market orientation is the effort to utilize market intelligence in order to achieve competitive advantage in market position. Through the generation of market intelligence, the firm has one step ahead to capture the market, rather than the firm that not well performs in generating the intelligence of the market. That environmental scanning activities is the initial role to perform the next phase of market orientation (Boukis, et al, 2017).

Information that successfully generated then must be well disseminated through all organizational line. It should be continued by the dissemination of the intelligence within departments, through both formal and informal way. The firm should be trying to avoid the availability of inter-departmental conflict. Finally, organization-wide responsiveness to it, constructively understood as the strategic action taken to give positive feedback through market intelligence (Kohli, et al 1993). Finally, the organization should take an action as their responsiveness to respond the intelligence that has been generated and disseminated. Without fast responses, all the valuable information that has been generated and disseminated, through the organizational line will be useless. The market condition is changing in a radical way, so it needs the good responsiveness from the firm to in line with it (Brettell, et al, 2008).

Market intelligence that's has been already generated and disseminated, should be selectively used to advance marketing strategies for target market from various groups (Brettell, et al, 2008; Lam, et al, 2010, Wang, et al, 2012). As consequence, it will empirically support that market orientation that successfully implemented, will positively affect firm performance. No doubt, the behavior-focused standpoint on the notion was fundamentally based on field and survey work with expert practitioners. Thus, the field-based exchanges or simply known in marketing term as interaction. It naturally helped both academician and practitioners, to shape the meaning of the notion, and scale measurement of a market orientation. Practically, it will be able to identify, both the antecedents and also the consequences. Brettell, et al. (2008) expanding the impact of the antecedents of marketing orientation, not just in single business and cultural context, but expanded through different business context and also cultural context.

Measuring firm (profit organization) performance through market orientation has already attracted many scholars to study it, from different context and point of view. The progressiveness of publication that discussing market orientation as an antecedent of firm or performances, in one last decade was quite productive. There are known the various contexts of market orientation studies, based on the searching results through some reputable journal database. For instance the study from Penã (2017), Mamun, et al (2017), Guo, et al (2017), Boukis, et al (2017), Ozkaya, et al (2015), Kumar, et al (2011), Murray, et al (2011), Coley, et al (2010), Ellis, (2010), Morgan, et al (2009), Merlo & Auh (2009), Zhou, et al (2009), Megicks and Warnaby (2008), and Rapp, et al (2008). Those study, discuss market orientation in classic view, not specifically emphasizing in a digital era. So, it will be important to create a conceptual paper that can be used as an early proposition for empirical research in the future. The advanced of information technology nowadays also has an important role in shifting the classic view of market orientation, so there's a gap that this study tries to fill it.

This article has four important section, arranged systematically in order to conduct critical review from the various literature of market orientation. *First*, the introduction section. In this section, it explained the beginning of market orientation term, it's definition, it's antecedents and the consequences, and also the gap that successfully been identified. *Second*, the firm performance as one of the most important consequences of market orientation, it has carefully been discussed systematically undertaking based on the previous studies. *Third*, a new conceptual model of market orientation in a digital world is proposed. *Last*, the comprehensive conclusion of this article.

Market Orientation and Firm Performance

Although market orientation concept was understood as a customer-centric notion, some marketing scholars that focused studying market orientation have a different perspective of it. Even so, there's a similar focus on market orientation from the various researcher, which is the firm performance as one of the most important consequences. Market orientation research in one last decade, in general, focuses on the antecedents of market orientation, and its linkages on firm performance measurement. This statement was still surrounded

by the terminology of the market orientation, which is focusing on organizational behavior (Kohli and Jaworski, 1990) and organizational culture (Narver and Slater, 1990).

Table 1 provide the research publication of market orientation from various perspective, both context and its content.

Table 1. Market Orientation research in one last decade (2008 – 2017)

No	Author(s), Year of publication	Results	Brief critical review
1	Penã (2017)	Provides inventive insights, identifying the intention of the perceived value that significantly related to loyalty. That achievement revealed to rely on the successfulness of the implementation of market orientation. Its adoption has moderating effect that strengthening the relationship.	This study didn't clearly explain how's the adoption of market orientation successfully moderates the relationship of perceived value and loyalty. The authors mentioned that is necessary to involve innovation in the linkages, nevertheless, they did not explain how the innovation then been involved. Especially, innovation that strongly related to the advanced of ICTs. Furthermore, the customer loyalty will be formed in more effective and efficient way, through the adoption of market orientation based on ICTs
2	Mamun, et al (2017)	The study revealed that entrepreneurial spirit that belongs to the SMEs, has a positive contribution that cannot be ignored. Related to market orientation, both of these two factors significantly influence the consumer engagement. This existing positive linkages, significantly affect the firm performance.	There's a lack of further opine that been proposed by the authors. In order to optimize the organizational capabilities through market orientation, it's necessary to create joint-sphere with the consumer. It requires a set of skills of SMEs to create co-creation of value, successfully through consumer engagement and entrepreneurial leadership. That condition will optimally happen, if and only if the SMEs has a capability utilize the advancement of ICTs in this digital era.
3	Guo, et al (2017)	The outcome demonstrated that in volatile market condition, its needed to cultivate a strategic concept of market orientation. This will leads the firm to get optimum customer satisfaction at the highest level. The consequence will lead to creating optimum loyalty of customers.	The authors gathered information just from a single source in a cross-sectional design. So, the study reveals some methodological bias, one of them is the low score of average variances extracted on competitive intensity. In order to enhance the role of environmental factor, the involvement of ICTs is required. Furthermore, it is so important to cultivate the implementation of market orientation, by utilizing the ICTs.
4	Boukis, et al (2017).	the implementation of internal market orientation are able to improve front-line employee brand enactment. This will induce the firm performance for getting better than previously. The market orientation concept should be well implement in an organization. Without support from the firm's human	The authors using a self-reported measure on their dependent variable. It's opened wide questions about the measurement validity issue. Beyond that issue, the authors tend to ignore the important role of job satisfaction. Related to market orientation in a digital era, job satisfaction can be one of important dimension to successfully create market intelligence. On that way, the utilization of ICT will be significantly involved.

		resource, market orientation will fail to be implemented.	
5	Ozkaya, et al (2015).	The knowledge competencies are significantly mediating the positive and significant relationships between market orientations and market-based innovation. Knowledge competencies have an important role for the firm to create innovation. It will then become an advantages in order to optimize the firm performance.	The authors conduct a country comparison that has similar industrial characteristics. The confidentiality becomes the main issue that makes this study limited to be generalized. Besides that limitation, this study less explanation in relating the knowledge competencies, market orientation, and market-based innovation. The knowledge competencies will become relevant in order to optimize the role of market orientation based innovation. The utilization of ICTs in the enhancement of the market intelligence will be appropriately supported through knowledge competencies. That's become a fundamental requirement in order to implement market orientation in a digital world.
6	Kumar, et al (2011).	The firms who start earlier in developing a market orientation has a better financial performance rather than the late one. Firms that implemented a market orientation possibly will also comprehend supplementary advantage in the form of a rise in sales and profit.	There's a lack that needs to be refined in further studies. This study not yet empirically test the effectiveness of interaction orientation, in order to make improvement of the firm performance. It's because of the cost limitation and the confidentiality firm information, that a manager could inform through a survey. The advantages from the firm that already implementing market orientation, was evaluated through subjective approach. This potentially to be refined if the researchers utilizing ICTs. Nevertheless, it only can be happened if the firm is characterized as a public company. So, the objective measurement will be able to do appropriately. To measure firm performance from the financial perspective, it can be measured through brand equity.
7	Murray, et al (2011)	Marketing capabilities have an important role moderating the linkages between market orientation and firm performance. Besides that, it has been revealed that market orientation has a significant effect on firm performance. Not stopping at that point, there's also a significant role in the marketing capabilities to strengthen its relationship.	The authors nicely examined the linkage between market orientation and marketing capabilities. Nevertheless, the critical role from market orientation not yet clearly incorporated the effect of financial resources. Indeed, it is needed in order to deeper understanding the systematic process of firm capabilities development, especially in this digital era. Export ventures strongly have dependencies in the utilization of ICT. So, it is important to re-measure the implementation of market orientation to increase firm performance, through the advancement of ICTs.
8	Coley, et al (2010).	Overall, there are four important dimensions of market orientation, that empirically been tested. The dimensions are customer orientation, competitor orientation, and inter-functional coordination. The result of the study is the customer orientation emerged as the most important	This study did not examine the impact of consumer orientation on other market orientation scales, for instance, the inter-functional managers. There's also important to clearly define the distinctions between customer and consumer in other types of a market. For instance, in the services market. Those who consume the product, not directly named as a customer. But, those who belong to the consumer who does repeat purchase continuously, they are the customer. So, the consumer orientation dimension, potentially to refine with customer orientation.

		dimension.	
9	Ellis, (2010).	Customer networks are the strongest foundation of market intelligence. Nevertheless, managers possibly will furthermore be trained from competitors, the network of suppliers, and other channel members	The author did not properly explain the reason, why just there's a small effect on firm performance. Is it derived from controllable factors or even though from uncontrollable factors? It also revealed an ambiguous meaning for those who trying to explore this study. What is the underlying measurement of firm size and customer networks, not yet fully explained? So, there's an opportunity to further exploring the measurement of customer networks. The advancement of ICT will be interesting to be related to this customer networks issue.
10	Morgan, et al (2009)	Both market orientation and also marketing capabilities, they simultaneously role as an interconnected asset so as to significantly forming the firm performance. The study also revealed that market orientation as a main driver of the corporation has a direct effect on firms' financial performance, reflected by the return on assets.	The authors did not completely explain about one of their fundamental research contributions. For instance, when examining the linkages between market orientation and marketing capabilities, the important role of stakeholder value, not yet empirically tested. Business configuration cannot be separated from this factor, as the main part of marketing capability. Return on assets that successfully achieved, will reflect a positive signal, both for stakeholder and shareholder. ICTs will enhance the signals, and create a distinct capability to win the business competition.
11	Merlo & Auh (2009)	Individually, a market orientation and entrepreneurial orientation are significantly beneficial to firm performance. So, if the firm able to enhance their entrepreneurial orientation, it will support the optimization of firm performance. Interestingly, when management has entrepreneurial orientation, it will be followed by the increase of market orientation.	The authors concluded that there's proper evidence about the effects of market orientation in firm performance. Unfortunately, the authors not completely capturing the main essence of market orientation. Formerly, there's clear different performance outcomes that can be examined. For instance, the business challenge that rapidly grows should be responded progressively. A firm leader that has entrepreneurial leadership orientation, will have the ability to increase firm agility and resilience. So, there's a possibility for ICTs, can play an important role to facilitate it optimally. The advancement of ICT will push the top management motivation, the act responsively about the market intelligence. Furthermore, the linkages need to empirically tested
12	Rapp, et al (2008)	Top management has an important role to create business innovation. Market orientation and top management significantly affect the innovation and customer relationship performance. The consequences are firm performance.	The authors did not explain in detail about the exact nature of the direct effects of market orientation on business performance. Measure the role of the top management from the subjective approach is also able to be argued. Naturally, if someone asked to evaluate his/her self, so that person will tend to give a higher score above the average. It's normal because the self-defense nature that belongs to our self. So, this study will be more powerful, if the role of the top manager measured in objective approaches. The business innovation that already implemented through market orientation, need to enhance by using digital equipment. So, this will be the main reason that underlying the importance of adopting market orientation in a digital world, top managers need to make the decision fastly.

Based on Table 1, it will be easier to synthesize all the previous studies that already mentioned, illustrated in a conceptual model figure. So, the research gap will be clearer to observe and become the fundamental reason in order to conduct further study, based on the critical literature study. In general, it's concluded that these various research (one last decade of market orientation research), was still focusing on a non-digital era. In line with the progressive advancement of ICTs, like or dislike, the utilization of internet technology will strongly support the implementation of market orientation. There's similar phenomenon from previous studies in one last decade, that is not yet paid attention to the advancement of ICTs. On the other hand, if the size of the business profit is resulting from the success of satisfying our present consumers, it can be hard to take a look at how it can be employed as a measure of market orientation.

To clearly understand the progressiveness of research in market orientation topics in one last decade, then it is needed a clear conceptual model to illustrate it. Figure 1 provides a conceptual map as a result of synthesizing the research studies in one last decade, related to market orientation, its antecedents, and consequences.

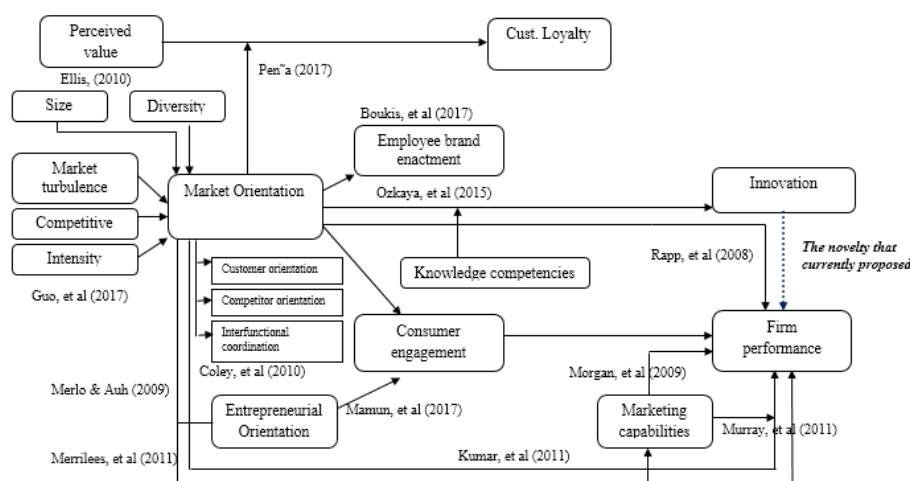


Figure 1. Synthesizing a conceptual model based on market orientation research in one last decade

Based on the synthesize results of a conceptual model based on market orientation research in one last decade, I proposed a novelty in order to create a new conceptual model of market orientation in a digital world. Mariani, et al (2016) highlights the enhancement of information and communication technologies (well-known term as ICT), that dramatically shifting and changing most of the human behavior in various activities. The consumer behavior dynamically changed, either the business environment, both from internal and external factors. So, it needs to be properly adopted by the corporation for the business strategy in the dynamic market position. They mentioned that in a digital era, various of business type should well adapt to the advancement of ICTs.

As provide before in Table 1, the market orientation significantly affect both innovation and firm performance. But, none of the earlier studies as already explained, linking the relationship between innovation and firm performance. In a digital world, the innovation is raising so rapidly. So, it can be expected that innovation in a digital world will positively affect the firm performance. The emerge of mediating role from firm innovation, will strengthen the relationship of market orientation on firm performance. Before linking the innovation with firm performance, first, I need to explain about the market orientation in a digital world. Later, the conceptual model as presented in Figure 1 will be combined with the proposed idea about market orientation in a digital world from Kohli (2017).

Market orientation in a digital world

Kohli, et al (1993) already examined a market orientation instruments in a non-Internet context which directly influences organizational performance. It's measurement scale then get a refinement and validation by Matsuno, et al. (2000). Min, et al (2002) explained that the emerging of advanced information technologies, will fundamentally causing a changing in every sector. Then, this will show a great potential for information acquisition, sharing, and dissemination. These are the essential processes that will be formed a market orientation construct, progressively. Mariani, et al (2016) highlights the advanced of information and communication technologies (ICTs), that dramatically shifting and changing most of the human behavior in various activities. The consumer behavior dynamically changed, either the organizational environment, both from internal and external factors. So, it needs to be properly adopted by the organization for the appropriate strategy in the dynamic market position, in order to conduct market intelligence. Jaworski and Kohli (2017) mentioned that the methodological approaches of Kohli and Jaworski (1990) are too abstract and broad. The framework does not work the same way operationally for all types of businesses, so it needs to re-validate its measurement. The intelligence generation, dissemination, and responsiveness need to be much more frequent and faster.

Min, et al (2002) clearly mentioned that a market orientation has long been an elemental notion in the marketing discipline. The rapid revolution of ICTs demonstrates an enormous prospective for consumer information acquisition through market intelligence generation, dissemination, and responsiveness, which are become a fundamental process of market orientation. Kohli (2017) propose a question, "How has the advent of the digital world influenced each of these three activities (generation, dissemination, responsiveness)?" The term of market orientation that introduced for the first time in 1990 by Kohli and Jaworski has much change along with the enhancement of information and technology (internet). The internet penetration currently growing so fast and massive, globally. Miniwatts Marketing Group (2017) in <https://www.internetworldstats.com/stats.htm>, provided data the internet users in the world by regions, and internet world penetration rates by geographic regions per December 31, 2017. The biggest internet users with 48.7% of total proportion in the world come from Asia with the penetration rates 48.1%. Consumer information acquisition is getting easier, through the sophisticated of information and technology with big data analysis. Digital era successfully creates an unbelievable amount of information, directly and real-time, through consumer activities while using their own internet-based gadget. This condition could be a blessing and also a curse, for an organization in order to create market position advantage through market intelligence in market orientation.

To build a concept of market orientation in the digital world, I propose to compare the classical view of market orientation interactions and integrated market orientation ICTs-based interactions. Besides the studies of market orientation in one last decade, I also combine it with gathering a classical view of market orientation interactions from Kohli and Jaworski (1990), and ICTs-based from Min, et al (2002) and Kohli (2017). So, this is been able to represent the beginning phase, development phase, and presently phase of market orientation in the advanced of a digital world. Implementation of market orientation concept in a digital world needs to be conducted carefully. The consequence of the advancement of information and technology is the richness of information that sometimes becomes so annoying. This is it, currently, CEOs might do not need excess information, but what they need today is meaningful and powerful information.

The generation of market intelligence will relatively easier through the emergence of big data era. Organizations through its CEOs can utilize the various device with internet technology inside, used by a customer in their daily activities. So it will yield rich data about the consumer activities that can be strategically used by management, to point out and targetting the exact market target. Dissemination of information is getting faster in massive, through the emerge of a various messaging platform (Whatsapp, Line, etc). There's emerge the distinct characteristics about how the information being disseminated, in line with the advancement of information and technology. Its no doubt, the existence of social media platform also support the spread of information. So, it will help management to tailor their market orientation concept, marketing capabilities, and the achievement of firm performance (Murray, et al, 2011). Rapp, et al (2008) already suggesting the important role of top management, in order to utilize the advancement of ICTs to

implement market orientation. Without the support of top management, it is impossible to create a comprehensive strategy in market orientation based on ICTs.

Min, et al (2002) emphasize the generation of market intelligence of market orientation through online inter-functional meetings (web-based), and online document distribution (e-publication, e-bulletin boards, search or access company database). Kohli, 2017 proposing the adaptive application of market intelligence that fully integrated with digital utilities and all organizational activities involve it, in order to create the market orientation. ICTs in digital era help the organizations in order to quickly responses various observed reactions in a certain domain, either from customers reactions and competitors as well, rather than other organization that less adapted of ICTs. The quick response of organization about various reactions, both from customers and competitors, was supported from two earlier phase, that is generation and dissemination of market intelligence. In addition, on the whole sequences from the generation of market intelligence, disseminating it, and quickly create the responsiveness, become much efficient in time-consuming. The process is not just stopped on the responsiveness phase, like a loop, it turns back to the intelligence generation, to be revised.

After clearly understand the theoretical concept of market orientation in a digital world, now I am tailoring the conceptual model that been synthesized provided in Figure 1 and the proposed idea provided in Table 1. Not all variables that belong in Figure 1 includes in this proposed conceptual model of market orientation in a digital world. This consideration based on the parsimony of science, that have to simplify the complex phenomenon exists. Figure 2 provides its conceptual model and clearly mention the novelty proposed to further empirically tested. I used three modified antecedents of market orientation from Kohli (2017), adding market capabilities variable tested by Morgan, et al (2009), relate it to innovation tested by Ozkaya, et al (2015). As an effort of novelty, this paper put the innovation as mediating variable between market orientation and firm performance. There's also an effort to modify the knowledge competencies as knowledge competencies of ICTs.

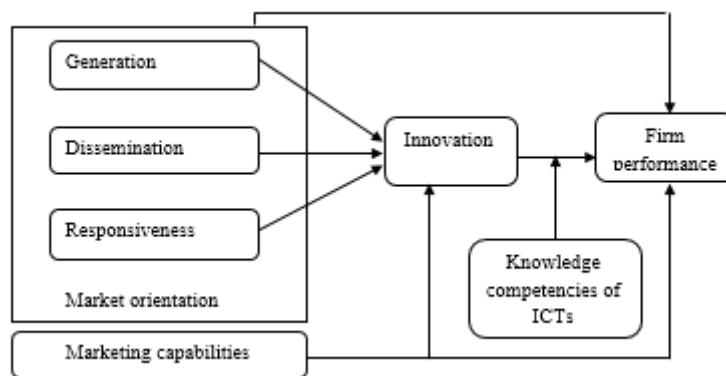


Figure 2. A conceptual model of market orientation in a digital world

As simply schematic as provided in Figure 2, there's a new role that emerges as a novelty based on the critical literature review. First, all the previous studies did not enough attention about the role of the knowledge competencies. Some of it, already trying to linkages the role of knowledge competencies and firm performance. Unfortunately, the linkages in still unclear yet. Furthermore, it is important to empirically examine the mediating role of knowledge competencies. Third, based on the advancement of ICTs, then its necessary to elaborate the knowledge competencies of ICTs through all organizational line.

Conclusion

The aim of this paper is to propose a new conceptual model of market orientation in a digital world, based on a rigor and critical literature review. The gap that emerges from the previous studies, tries to be covered in a comprehensive way. Research in market orientation in one last decade, indicate that each of it has a

limitation. Furthermore, of course, this will open the opportunity to be argued critically. Based on the synthesized model, there's a new conceptual model of market orientation in a digital world. In addition, there's a new linkage from the construct that previously not yet been related. The novelty and originality of this idea will be sufficient to become a strong literature basis, to conduct empirical research. Even though, there's also some limitation that needs to be refined, in the next critical review. This paper only focusing on the profit-sector organization. So, the further paper should be clearly conducted critical review also from the non-profit sector.

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The Effect of Nationalism, Social Status and Group Brand Into a Purchasing Decision of Local Product

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Abstract. In understanding various types of consumer behavior and diversity of purchasing decisions, Nationalism, entrepreneur Social Status and Reference Groups can be factors for consumers on purchasing decisions on local products. The purpose of this research are (1)to find out whether nationalism can influence local product purchasing decisions, (2)to find out whether social status can influence local product purchasing decisions, (3)to find out whether reference groups can influence local product purchasing decisions, (4)To find out whether nationalism, social status and group reference can influence purchasing power of local products. The number of respondents 100 respondents are choose from buyers of Jco Donuts and Coffee products. The results of study are: (1)Nationalism has a positive and significant influence on purchasing decisions , (2)Social Status has a positive and significant effect on purchasing decision, (3)Reference Group has a positive and significant influence on purchasing decisions, (4)There is no significant relationship between nationalism, social status and reference groups on purchasing decision.

Keyword: nationalism, social status, group brand, purchasing decision

1. Introduction

The rapid growth of economic development across countries including Indonesia effects all aspects of entrepreneurship both large and small businesses. Economic growth requires entrepreneurs to create business strategy to be exists in market cycle competition and on the top is to be the winner of the competition. The competition is smoother and easier in the market because technology facilitates transaction activities of the market environments.

Technology and other aspects often base customer decision for business transaction. Because of technology, customer makes decision on spending money because neighborhood influences such as friends and colleagues. This also critically influences decision to buy either local or international business product. Interestingly, purchasing power decision is rarely influenced by quality, trends but by sense of belonging of local products. The tendency to purchase international brand caused partly of environmental influences.

The stigma that foreign brand produces prestigious product has been deeply embedded in some part of social economy. This paradigm affects the sense of nationalism and there is tendency to show off social by purchasing foreign brands rather than local products. This also gives a slight negative effect on local products by pushing themselves to leverage economic group prestige by using foreign brands.

There is drastic change of life style paradigm in Indonesian society for the last ten years which shifts from conventional to semi modern or modern life style. We can see this phenomenon by the rapid growth of coffee shops and other shops as a place to meet up. People prefer to meet both social and professional networking outside house and choose those place as preference. There are some advantages of this society behavior to the last of those business chains. There is a rapid increase of profit by the increasing of the visit of people which automatically affects the volume of the purchase of the products. This situation will automatically cause the business competition amongst the similar business entities.

This phenomenon happens with coffee shop in Indonesia. One of them is American franchise-Sturbucks which is highly accepted in Indonesian Market. They grow rapidly all over Indonesia especially in some big cities. And the local brands grows simultaneously after seeing the success of the pioneer. An Indonesian bakery shop expands their business into coffee shops and tries to grab Indonesian market coffee lovers. We are curious to know wat happens in the market competition.

An interesting thing about those two coffee shops are Starbucks is an American coffee company that develops its business in Indonesia import Indonesian coffee beans then processed it USA and send back to Indonesia as raw material. Unlike Starbucks, J.Co Donuts and Coffee uses authentic Indonesian coffee beans

in many variants. But the interesting thing about Indonesian purchase behavior is not concern about the source of the material but its brand. By having brands, a certain group of society believes they improve their social status as well and this is important for social level.

The purpose of this study are: (1) To find out whether nationalism can affect the decision to buy local products. (2) to find out whether social status can influence local product purchasing decisions. (3) to find out whether the reference group can influence purchasing power (4) to find out whether nationalism, social status and reference groups can influence purchasing decisions.

2. Theoretical Framework

Cateora and Graham (2007) describe nationalism as an intense feeling of self-esteem towards their country. This self-esteem can take the form of anti-foreign business prejudice, where harassment and control of foreign investment is supported or even appreciated. Whereas according to Taniredja (2009) explained that a deep feeling of a close bond with his homeland and nationalism is getting stronger and stronger.

Satus Sosial, according to Sukanto (2010), is the place of a person in general in his community with respect to other people, in the sense of the social environment, prestige and rights and obligations.

The reference group (reference group) according to Sumarwan (2014) is an individual or a group of people who significantly influence a person's behavior. Reference groups are used by someone as a basis for comparison or a reference in shaping affective, cognitive and behavioral responses.

Purchasing decisions according to Kotler and Armstrong (2008) are the stages in the buyer decision-making process where consumers actually buy. Decision making is an individual activity that is directly involved in obtaining and using the goods offered.

3. Methodology

The research methodology used in this study is descriptive method and quantitative method.

Data sources used in this study are primary data and secondary data. The primary data of this study includes data on the characteristics of respondents and perceptual data of respondents who have visited J.Co Donuts and Coffee. Secondary data in this study in the form of literature study, previous research and literature relating to Nationalism, Social Status, Reference Groups and Purchasing Decisions.

Data collection methods conducted in this study are: (1) Observation, (2) Interview, (3) Documentation.

The method of data analysis used by researcher is the analysis of statistical data that compares the results of research with the calculations made on the data whether the results are positive and significant or even the opposite. In the management of data and questionnaires used an analytical tool that is SPSS Statistics 22 software in finding respondents' responses regarding nationalism, social status, reference groups and purchasing decisions.

4. Results And Discussion

Based on the results and processing of questionnaire data using the SPSS program that has been carried out, the discussion of the research hypothesis is that which states:

a. Effect of Nationalism on Purchase Decisions

There is a positive and significant relationship between nationalism and purchasing decisions. This is indicated by the value of t count of 3.759 and t table of 1.660 thus the t count is greater than t table or ($3.759 > 1.660$).

The results of this study do not support previous research conducted by Alif Septian Rizani (2014) which concluded that nationalism has a negative influence.

b. Effect of Social Status on Purchase Decisions

There is a positive and significant relationship between social status and purchasing decisions. This is indicated by the value of t arithmetic of 2.528 and t table of 1.660 thus the t count is greater than t table or ($2.528 > 1.660$).

The results of this study support the previous research conducted by Sis Rahardjo and Muhammad Riza Firdaus (2015) which concluded that social status has a positive influence.

c. Effect of Reference Groups on Purchasing Decisions

There is a positive and significant relationship between the reference group and the purchase decision. This is indicated by the value of t count of 3.335 and t table of 1.660 thus the t count is greater than t table or ($3.335 > 1.660$).

The results of this study do not support previous research that has been carried out by Alvina Fajar Wibowo and Eko Suseno Hendro Riyadi (2017) which concludes that the reference group has a positive influence.

d. Effect of Reference Groups on Purchasing Decisions

There is a positive and significant relationship between the reference group and the purchase decision. This is indicated by the value of t count of 3.335 and t table of 1.660 thus the t count is greater than t table or ($3.335 > 1.660$).

The results of this study support previous research that has been carried out by Alvina Fajar Wibowo and Eko Suseno Hendro Riyadi (2017) which concluded that the reference group had a positive influence.

e. Effect of Nationalism, Social Status and Reference Groups together on Purchasing Decisions

There is a significant relationship between nationalism, social status and reference group with purchasing decisions. This is indicated by the value of the calculated F value of 26.530 and F table of 2.70 thus the calculated F is greater than F table or ($26.530 > 2.70$).

5. Conclusions

Based on the results of research that has been done regarding Nationalism, social status and reference groups on the purchasing decisions of J.Co Donuts and Coffee, the following conclusions can be drawn:

1. Nationalism variables have a positive and significant effect on the variables of purchasing decisions.
2. Social status variables have a positive and significant effect on the variables of purchasing decisions.
3. The reference group variables have a positive and significant effect on the purchase decision variable.
4. There is a positive influence on the variables of nationalism, social status and reference groups on purchasing decisions.

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[12]

Missing Role of Central Bank on Monetary Transmission Mechanism – Evidence From Indonesia

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Abstract. This study provides evidence from Indonesia to understand whether Bank Indonesia (BI) could promote economic growth and reducing both unemployment and poverty. Based on model estimation and institutional relationship, there is trade-off between the role of BI in terms of exchange rate stability, price stability and inflation to bank view. It is necessary to add the role of BI on bank view through the authority that obligates banks mandatorily to implement monetary policy in the operational order as credit channel. The addition role of BI in bank view has implications for ability of BI in directing monetary policy comprehensively. With the addition of this role, banks become an integral part of BI in every monetary policies. In addition, the Indonesian government through the Ministry of State-Owned Enterprises has the authority to intervene state-owned banks that dominate banking market nation-wide to be more responsive to macroeconomic and monetary policies.

Keywords: banks view, credit depth, economic growth, monetary transmission

1. INTRODUCTION

Banks have a strategic role in Indonesian economic development. Banks are the driving force for accelerating economic growth together with government spending. The synergy between government spending on capital and the role of banks will result an equitable economic growth, include the distribution of development outcomes (Beck and Levine 2004; Levine 2003; Beck, Levine and Loayza 2000; Levine 1997; King and Levine 1993; Bencivenga and Smith 1991; Dornbusch and Reynoso 1989).

When there is only relying on government spending without supporting of banks, the government spending incurred will not be able to encourage economic growth and economic prosperity. The multiplier effect of government spending can be achieved through business development in government-financed economic sectors with banks support (Barro and Sala-i-Martin 2004; Blanchard and Perotti 2002; Beck, Levine and Loayza 2000; Benhabib and Spiegel 2000; Mankiw 1987). Banks enhanced economic activity through financing of corporates and individuals business that can support the development process so that they become interrelated and mutually supportive economic linkages (Shan, Morris and Sun 2001; Mankiw 1987).

The remainder of this paper is structured as follows. Section 2 describes Bank Indonesia on monetary transmission mechanism; Section 3 is government on state-owned banks business planning; and conclusion is in Section 4.

2. BANK INDONESIA ON MONETARY TRANSMISSION MECHANISM

Without the role of banks in the development of real sectors of economy, the impact of fiscal expansion is not strong enough to improve the quality of economic growth, so that it is not also strong enough to improve social welfare, especially through reduction of unemployment and poverty. Therefore, the banking management policy needs to get the serious attention of the government, Bank Indonesia (BI), the Financial Services Authority (OJK) and Indonesia Deposit Insurance Corporation (LPS) so that the banking response becomes a whole unit to fiscal and monetary policies.

The strategic role of banking is in terms of synchronizing fiscal and monetary policies to business entities such as individual-scale businesses, Micro, Small and Medium Enterprises (MSMEs) and corporate scale businesses. With this role, bank is an institution that is expected to be able to distribute national income more evenly in line with the increase in labor demand which in turn encourages the improvement of social welfare. Through banks intermediation that is able to increase the real sectors escalation, employment is maximized then reducing unemployment and poverty. Synchronization of macroeconomic policies with banks intermediation will result a sustainability of qualified economic growth (Fase and Abma 2003; Levine, Loayza and Beck 2000; Beck, Levine and Loayza 2000). Banks credit are able to stimulate the creation of various derivative businesses from the main business funded by banks (Bernanke 1993). This derivative business is a multiplier of banks credit, which not only encourages business-scale expansion but also increasing employment and ultimately reducing unemployment and poverty.

As an intermediary institution, the role of banks in economic growth is very important. Indonesian development which is directed to achieve a better quality of life can be achieved through the role of banking, in addition to the main components of economic growth, such as consumption, investment, government spending and net exports (Todaro and Smith 2012; Mishkin and Eakins 2012; Romer 2006; Just, Hueth and Schmitz 2004). The role of banks as credit channel on transmission mechanism framework is able to increase the escalation of business in the real sectors in such a way as to increase labor demand, reduce unemployment and poverty. Through this main role, banks are the main actors for continuous economic development. Then, sustainable economic growth can be achieved by banks which are responsive to monetary and fiscal policy.

Based on the regulatory aspects of BI, OJK, LPS and Commercial Banks, the institutional role according to legislation explicitly indicates that development supported by sustainable economic growth is the main function of BI, OJK, LPS and Commercial Banks (Table 1). The similarity and harmony of institutional role are the important factors that support the economy in such a way that banks can carry out their role as growth accelerator factor through banks credit.

In addition to institutional alignment based on the law, as a financial provider directly to business entities in the real sectors, banks not only carry out regulations that apply to the banking system themselves, but have institutional linkages with other authorities. BI as the monetary authority, OJK as the financial supervision authority –both banks and nonbanks– and LPS as the guarantor authority for banks funds and banks rescue, affect the banking business respectively. These three authorities controlled banks institutionally with the aim that the role of banks in development goes well. The strength of institutional linkages between BI, OJK and LPS to Commercial Banks showed the degree of authority based on institutional regulations.

Tabel 1 The institutional role between BI, OJK, LPS and Commercial Banks in economic development through sustainable economic growth based on the law

INSTITUTIONS	ROLE ON DEVELOPMENT AND ECONOMIC GROWTH
BI	To achieve a stable value of the rupiah to support sustainable economic development and improve social welfare, BI implements a monetary policy in a sustainable, consistent, transparent manner and must consider the general policy of the government in the economic field. The monetary policy adopted by BI in a sustainable, consistent and transparent manner can be used as a clear reference for the business community and the wider community. In addition, the policy taken by BI has considered its impact on the national economy as a whole, including the country's financial sector and developments in the real sectors
OJK	The overall financial services activities in the financial services sector are organized regularly, fairly, transparently and accountably, and are able to realize a sustainable and stable financial system, and are able to protect the interests of the community so as to improve national competitiveness
LPS	The continuity of a bank's business in a healthy manner can guarantee the safety of its customers' deposits and increase the role of banks as providers of development funds and banking services
COMMERCIAL BANKS	Banking business is intended to support the implementation of national development in order to improve equity, economic growth and national stability towards improving social welfare

Furthermore, banks will be able to encourage economic growth if and only if banks are in a good performance as indicated by the level of health indicator. Macro-prudential aspects that are represented by

high financial stability will ensure a conducive economic situation, and this stability can only be achieved through banking in a healthy category.

Sipahutar, Oktaviani, Siregar and Juanda (2017); Sipahutar (2016); Sipahutar, Oktaviani, Siregar and Juanda (2016) explained that banks credit is a vital element to increase the real sectors, promote economic growth, and reducing unemployment and poverty (Table 2,3,4). Banks credit has 6.5% variance on economic growth. Therefore, the role of banks must be encouraged in order to create a better and sustainable Indonesian economic development through two options, (1) add the role of BI in Indonesian banks institutions in the framework of the monetary transmission mechanism, and (2) increasing the role of the Ministry State-Owned Enterprises in the state-owned banks business plan.

Table 2 Vector Auto Regression (VAR) model estimation between credit depth (CRE) and economic growth (NGR)

Vector Auto Regression Estimates

Sample (adjusted): 1993 2014

Included observations: 22 after adjustments

Standard errors in () & t-statistics in []

	ΔNGR	ΔCRE
$\Delta NGR_{(-1)}$	-0.757464 (0.17568) [-4.31164]	-0.447334 (0.09480) [-4.71875]
$\Delta CRE_{(-1)}$	0.682732 (0.29946) [2.27985]	0.578140 (0.16160) [3.57770]
C	0.291456 (1.98207) [0.14705]	-0.190715 (1.06956) [-0.17831]

Source: Sipahutar, Oktaviani, Siregar, Juanda (2016)

Table 3 Error Correction Mechanism (ECM) model estimation between credit depth (NGR) and unemployment rate (NUNE)

Dependent Variable : $\Delta NUNE$

Method: Least Squares ; Sample (adjusted): 1993 2014

Variable	Coefficient	Std. Error	t-Statistic	Prob.
$\Delta CRE_{(-1)}$	-0.013925	0.032061	-0.434320	0.6689
$ET_{(-1)}$	-0.521164	0.154809	-3.366506	0.0032
C	0.161647	0.226416	0.713936	0.4839

Source: Sipahutar, Oktaviani, Siregar, Juanda (2016)

Table 4 Error Correction Mechanism (ECM) model estimation between credit depth (CRE) and poverty rate (NPOV)

Dependent Variable : $\Delta NPOV$

Method: Least Squares ; Sample (adjusted): 1993 2014

Included observations: 22 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.165976	0.458237	-0.362205	0.7212
ΔCRE	-0.139009	0.077476	-1.794232	0.0887

$ET_{(-1)}$

0.560690

0.207714

2.699339

0.0142

Source: Sipahutar, Oktaviani, Siregar, Juanda (2016)

In accordance to the banking priorities in its operation, there is a trade-off between the role of the monetary policy by BI and its role as a monetary authority in terms of exchange rate stability, price stability and inflation. In a situation where BI conducts monetary expansion –money supply expansion by reducing the BI 7 day Reverse Repo Rate (an interest rate base for interbank money market)– this policy is not simultaneously serves as a reference by banks to reduce deposit and credit interest rates to increase credit demand. The increase in credit demand designed by BI through monetary expansion is not meaningful when banks do not respond simultaneously to their role as a credit channel.

However, if banks prioritize banking health as a priority, there will be a trade-off between the meaningfulness of the policy and its implementation. A nonmandatory of institutional relations has triggered a time-lag between policies that make the meaningfulness of implementation will not be optimal. This situation occurred because banks that absorb funds with a higher interest rates will not necessarily be able to reduce their credit interest rates because they will directly reduce profitability as indicated by the NIM and ROA indicators.

The objective of BI is to achieve the stability of rupiah through sustainability monetary policy. This objective cannot be separated from the role of banks as a transmission channel. Only if the role of BI is directly related to the banking system, the transmission mechanism is ensured to be running well, in such a way that the stability of the rupiah to support sustainable economic development and improve social welfare can be achieved. The monetary policy taken by BI must be used as an exact reference for business operation, taking into account the impact on the national economy driven by banks in the operational order (Sipahutar 2016).

Sipahutar, Oktaviani, Siregar and Juanda (2017); Sipahutar (2016) explained that there is a BI 7 day Reverse Repo Rate effect on the credit depth, credit depth on economic growth, credit by usage and economic sectors to economic growth, and the effect of credit depth on reducing unemployment and poverty. The implication of that model is that policy set up by BI will be meaningful when BI has a strong linkage to banks institutionally.

However, because banking performance indicators are part of the supervisory system which is the authority of the OJK, meaning that, (i) effect of BI 7 day Reverse Repo Rate on credit depth, (ii) effect of credit depth on economic growth, and (iii) effect of credit by usage and by economic sector on economic growth, (iv) the effect of credit depth on reducing unemployment and poverty, cannot be fully implemented by BI. Therefore, the aim of BI to achieve sustainable economic development and improve social welfare is unreliable. BI has no authority over banks which is its transmission channel of monetary policy due to the absence of mandatory regulations on implementation of monetary policy in the operational order of banks (Sipahutar, Oktaviani, Siregar and Juanda 2017; Sipahutar 2016; Sipahutar, Oktaviani, Siregar and Juanda 2016).

The trade-off between the role of the monetary authority held by BI for exchange rate stability, price stability and inflation to *bank view* is a factor inhibiting the effectiveness of any monetary policy. This situation can be minimized by increasing the role of BI to *bank view* so that banks do not become worse-off even though the role of BI becomes better-off. This Pareto efficient will have an impact on the sustainability of economic growth supported by healthy banking (Just, Hueth and Schmitz 2004). BI will have better capabilities if BI has authority on banking mandatorily to simultaneously implement monetary policy in the operational order as a credit channel.

The addition role of BI in the *bank view* has implications for ability of BI to implement monetary policy directly in the operational level. Credit depth by usage (investment, working capital and consumption) and by economic sectors (agricultural, mining, industrial, trade and services) will be in accordance to the monetary policy stance in order to achieve qualified economic growth (Sipahutar 2018). Furthermore, the additional role given to BI will directly impact the stronger banking sector in the Indonesian economy.

Granger causality which explained by Sipahutar, Oktaviani, Siregar and Juanda (2017); Sipahutar (2016); Sipahutar, Oktaviani, Siregar and Juanda (2016) that there is a significant linkages of credit depth on economic growth and the significant effects of economic growth on credit depth are the reason for the need of linkages between BI and Commercial Banks to implement monetary transmission mechanism. Through the enrichment role of BI in institutional relations to OJK, LPS and Commercial Banks is a new stimulus on Indonesian economic development.

Based on the reasons above, there are three roles that need to add to BI in order to institutionally implemented by banks in a mandatory manner, (1) setting the BI 7 day Reverse Repo Rate, (2) the composition of bank credit both by usage and economic sectors, and (3) bank soundness, especially in terms of liquidity, profitability, solvency, asset quality, minimum capital adequacy ratio, maximum lending limit, loan to deposit ratio, and bank reserves. Through additional mandatory regulations, the direction of BI on monetary policy can be directed without time-lag.

The meaningful of the mandatory policy of BI will increase the effectiveness of banks as a growth accelerator, as well as that credit depth will increase due to bi-direction causality between credit depth and economic growth. With the existence of linkages between BI and banks in terms of bank view, the role of BI as monetary authority does not become distorted but instead becomes a stimulus for the effectiveness of BI in the monetary transmission mechanism framework (Sipahutar, Oktaviani, Siregar and Juanda 2017; Sipahutar 2016; Sipahutar, Oktaviani, Siregar and Juanda 2016). Regulation as a binding rule especially in the framework of policy synchronization in the implementation order is fundamental to achieving sustainable economic growth (Levine 1999). Likewise, that the fiscal policy set by the government will experience acceleration by high responsiveness of banks.

3. GOVERNMENT ON STATE-OWNED BANKS BUSINESS PLANNING

There was a concentration of banking business dominated at 4 banks from 134 banks operating nation-wide –Bank Rakyat Indonesia (BRI), Bank Mandiri, Bank Central Asia (BCA) and Bank Negara Indonesia (BNI)– which controlled 42% of the credits portfolio and 48% of funds portfolios. If only using a portfolio of BRI, Bank Mandiri and BNI as state-owned banks where the government of the Republic of Indonesia is the dominant shareholder, the three state-owned banks controlled 34% of the credits portfolio and 36% of funds portfolios. The dominance of the three state-owned banks is a huge potential resource to make banks as the basis of Indonesia's economic growth which ultimately can reduce unemployment and poverty.

The Government of Indonesia as the dominant shareholder in the three state-owned banks has authority in directing of state-owned banks policy. Through its authority, the Government of Indonesia has mandatory on banks to, (i) respond directly to BI 7 day Reverse Repo Rate, (ii) determining credit composition in terms of both usage and economic sectors that are in line with the direction of national development policies, and (iii) determining credit allocation with special purposes to improve equity of development.

The reasons why need to intervene state-owned banks are, (i) the role of banks in the Indonesian economy which are explained based on model estimates (Sipahutar 2016; Sipahutar, Oktaviani, Siregar and Juanda 2016), (ii) the dominance of the state-owned banks in the Indonesian banking market so that they are expected to induce other banks to be in line with the business direction of the state-owned banks, (iii) the strength of the Indonesian government as the dominant shareholder in state-owned banks, (iv) maximizing the role of the state-owned banks to stimulate the potential resources for the prosperity, (v) although the functioning of the market mechanism will encourage competitive advantage, however, for the banking sector that has a broad strategic role in the Indonesian economy, government intervention is necessary, and (vi) experienced from other countries that tend not to fully liberalize banking sector.

4. CONCLUSION

Based on the estimation model and institutional relationship described above, there is a trade-off between the role of the monetary authority owned by BI and its role as a monetary policy in terms of exchange rate stability, price stability and inflation to *bank view*. It is necessary to increase the role of BI to *bank view* through the authority that obligates banks mandatorily to implement monetary policy in the

operational order as a credit channel. The addition role of BI to *bank view* has implications for ability of BI in directing monetary policy comprehensively. With this addition role, banking becomes an integral part of BI in every monetary policies. In addition, the Indonesian government through the Ministry of State-Owned Enterprises has the authority to intervene to state-owned banks that dominate banking market nation-wide to be more responsive to macroeconomic and monetary policies.

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The Education Prepare in Industrial Revolution 4.0 in China

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Abstract. This paper discusses about China's recent experience with structural shifts and industrial policy also the larger implications for existing theories of industrial policy.

The arrival of the Industry 4.0 era will break many traditional concepts. There are many incredible changes in our lives. For example, there are robotic waiters in China now, which means that the future work of "endplates" will be " Instead of being replaced by non-humans; online education has gradually become commonplace, which means that you can learn from top-notch teachers without going to a prestigious school. The reforms, the direction and principles of our education are also undergoing changes, such as the recent reform of the college entrance examination reform direction: the difficulty of strengthening the language, the difficulty of weakening mathematics, the English can be tested in advance to take the highest scores and other measures, have proved One point: education needs to change with the changes of the times. In the era of Industry 4.0, the most valuable will be the value of "people". Everything that can be replaced by "machines" will become the least valuable, only those unique. The value that can't be replaced and created by human beings is a rare resource. Personally think that people are the most valuable. The following four aspects:

1. Regional scheme: adapt to local conditions

The "Plan" proposes to optimize the structure of the vocational education system in accordance with the needs of industrial development of technical. In accordance with the positioning of each functional area, the scientific orientation of vocational schools in the region will be encouraged so that each vocational school focuses on the specialty (cluster) necessary for local economic and social development also adjusts and optimizes the structure of the service sector.

2. Admission system: "Cultural quality + Professional skills"

"Planning" proposes to deepen the reform of the system of registration of examinations, to promote the classification exam of higher professional colleges and to allocate a method for assessing "cultural quality + professional skills". Higher vocational schools, in which students have work experience, must recruit and work as an important basis for admission. We improve pre-school education, nursing and other areas and specialties for the introduction of exam preparation methods for primary school, starting from primary school and secondary and higher vocational education. Improve the enrollment system for training talent systems in the field of technical skills.

3. Professional direction: training for the strategic developing talents of the industry

The "Proposal" suggests speeding up the preparation of strategic new industries with the urgent need for talent facing the key areas "Made in China 2025", and support the support of professional schools in order to open up a modern production of equipment and major production specialties. Expand the scale of talent development in strategic emerging industries such as energy saving and environmental protection, next generation information technologies, biology, high-quality equipment manufacturing, new energy, new materials and new energy sources.

4. Training mode: integration of production and education

The "Planning" emphasizes that it is necessary to promote the vocational education system of integration and education, to promote the integration of school education, to promote "order-based education", alternative work and study, and actively promote a modern system of student co-placement between schools and enterprises. He is the first pilot of the integration of production and education in large and medium-sized enterprises, and also promotes the creation of bases for the training of talents, the bases of technological innovation and technological services by enterprises and schools of industry. Encourage schools, industries, enterprises, research institutions, public organizations, etc. To form groups of vocational education to achieve the organic integration of the educational network and the production chain.

[14]

Raw Material Supply Strategy of Pineapple Leaf to Support Yarn Spinning Industry

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Abstract. Availability of pineapple leaves in Indonesia is amount of 61 277 ha with a weighth of 1 838 280 ton pineapple leaves. Waste of pineapple leaves has value added to be developed into a yarn materials. This research aims to analyze the process technology and the financial of spinning industry establishment, and to establish the strategy of raw material supply. The method used in this study is literature study and interview. The strategy determination uses the method of Fuzzy Analytical Hierarchy Process (FAHP). First scenario, the positive NPV value amounts Rp 7 247 415 037; 80% IRR; and 1.08 Net B/C. Second scenario, NPV shows that the positive value amounts Rp 3 447 238 432; 48% IRR; 1.07 Net B/C. Both scenarios are feasible to be processed. Operational strategies chosen are the subsidy of seed and fertilizer to maximize the leaf pineapple production; and the partnership with the private company to maximize the profit.

Keywords: raw material supply strategy, financial, pineapple leaf fibre, Fuzzy Analytical Hierarchy Process (FAHP)

[15]

Digital Tourism in Industry 4.0

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Abstract. Tourism is a fast-growing industry, and is a key to a country's economy. The number of tourist is growing from year to years. Tourism is one of the sectors that is growing at a fast rate in the world today. It earns foreign exchange to several countries in the world. The tourism industry is a highly competitive business which requires the participation of the government, the public and non government sector to ensure its success

Indonesia's tourism industry is booming. In 2017, the country welcomed over 14 million overseas visitors, an increase of more than 2 million from the previous year. This rapid increase in visitors, and the billions of dollars in foreign currency flowing with them, seems likely to continue. This is not mere happenstance, but rather the result of a coordinated and strategic government effort to drive growth in the industry. In 2015 the Ministry of Tourism set a goal of 20 million foreign visitors by 2019. Digital Tourism is a major strategy to achieve those targets.

It should be noted that through Digital Tourism's strategy , Indonesia in 2017 growth 22% compare to ASEAN and World.

Ministry of Tourism aggressive targeted 20 million in 2019 all over Indonesia through strategy destinations outside of Bali for development and promotion. Digital Destination is created in some places in Indonesia also Bogor City.

Keywords: Tourism, digital, industry 4.0

[16]

Portfolio Formation and Portfolio Return Modeling on Indonesian Capital Market

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Abstract. This study aims to find out how many n-size issuers and Portfolio-formation components in a portfolio in the Indonesian capital market to achieve a minimum level of risk with a certain rate of return; and to analyse Portfolio's behavior in Indonesia, related with Portfolios that provide the lowest risk level and certain returns using Autoregression AR(1), GARCH (p, q) and GARCH-M approaches.

The population in this study are all companies listed in Indonesia Stock Exchange during observation period (January 2008 to December 2016) which are 540 emitents from 9 sectors and then 50 issuers are selected as sample based on a proportional combination of 336 issuers which has active transactions and each transaction completed by its price, using purposive sampling technique. Analytical methods used starting from the formation of the portfolio with 9 sector diversification, followed by modeling portfolio return with Autoregression AR(1), GARCH (1,1) and GARCH-M.

The result shows that the optimal n-number of issuers in obtaining diversification benefit in the portfolio in Indonesia is 12 securities in a portfolio where the risk value is lower than the other n-number of issuers. Furthermore, the result of research indicates the combination form of issuers that provide the lowest risk and become the best portfolio in Indonesia, not only from certain sectors but also from a combination of sectors and in each portfolio formation there are financial sector, transport sector, and trade sector within. There is conditional mean and conditional variance in the portfolio return in Indonesia, where using model AR(1) the portfolio-10 is the most significant, while using GARCH (1,1) and GARCH-M model resulted in portfolio G as a good model according to SIA, AIC, and HQ criteria, and model portfolio D has the best modeling prediction accuracy.

Keywords; Diversification, Portfolio Formation, and Portfolio Return Modeling

Introduction

Background Research

One measure in measuring risk is by looking at the volatility of the returns that occur, thus investors in the face of risks and uncertainties in choosing and determining their investment shares, requires rationality based on 1) maximum returns at a certain level of risk or 2) at a minimum risk level with certain returns. (MarkowitzS, 1952). To reduce the risk on investment, theoretically, according to Mao (1970) (Poon, Taylor and Ward, 1992), it is done by diversifying shares through the formation of a stock portfolio, although the nature of the stock portfolio does not eliminate risk but is reducing. Thus to minimize risk and maximize the returns, it must be achieved by forming an optimal portfolio by simulating several available stocks to get the minimum risk value for certain returns, to get the value done by certain calculation procedures

The basic theory of portfolio selection was first coined by Harry M. Markowitz (1952). Portfolio selection discusses the problem of how to allocate funds to bring returns but with the smallest risk. The establishment of a portfolio involves identifying which shares will be selected and what proportion of the funds will be invested in each of these shares. Portfolio selection from many issuers is intended to reduce the risk borne. The first research is to determine how the most ideal number of shares in obtaining optimal diversification benefits is done by Evans and Archer (1968) where it is said in his research that there will be very few benefits of diversification, when the portfolio has reached eight to ten stocks with the same weight, even though randomly diversified. Evans and Archer's opinions above are supported by the results of Fisher and Lorie (1970) and Jacob (1974)

Elton and Gruber (1977) continued similar research with the above research where the results were also almost the same, namely some of the benefits of diversification in the form of a 51% total risk reduction, with a total portfolio share of 10 shares. Furthermore, when the portfolio amounted to 20 shares, the risk decreased to 56% or experienced a decrease of 5% compared to Portfolios with a number of 10. If the portfolio amounted to 30 he was only able to reduce the risk by 2% when compared to portfolio 20. So the benefits of diversification are almost non-existent in the portfolio with 50 shares. While Bloomfield et al (1977) stated that a portfolio of 20 stocks is the minimum required to obtain the benefits of diversification in equity. While Statman (1987) compares the marginal benefits of diversification to marginal costs and concludes that at least 30 stocks are needed optimally for portfolio diversification, investors can calculate the marginal benefits of diversification by comparing the expected results from a portfolio of 30 stocks, to the expected return of a 500-share portfolio, leverage so that the expected standard deviation is equal to the expected standard deviation of the 30 share portfolio.

Some research and other writings, which explain the size of the recommended minimum stock portfolio, can be explained as follows; 1). Ioy, Jennings, and Stevenson in (1989) stated that a good minimum number of shares was 8 to 16 shares, 2). M.D. Joenk and Gitman (1990) revealed the amount of the minimum number of shares in the portfolio should be as much as 8 to 20 shares to minimize risk, 3). Francis J.C (1991) and Chenney-Moses (1989) state that the recommended size of the minimum number of shares in the portfolio is 10 to 15 shares. 4). Pittalis-Reward (1990) states that the recommended value of the minimum number of shares in the portfolio is represented at least 12 to 15 shares 5). F.K Relly (1992) states that the number of minimum shares in the portfolio is 12 to 18 shares, 6). while 3 research results in the book written by French Dw (1989), G. Alexander. Share (1990) and Myers Sd-Brailey obtained a stock portfolio recommendation of at least 20 shares (quoted from Percy.s and Newbold, 1993), 7). Tandelilin (1998) states that in the Indonesian capital market the minimum number of shares in the portfolio is 15 shares and in the Philippine capital market the minimum number of shares in the portfolio is 14 shares.

Based on the research and the things mentioned above, it can be concluded that portfolios can be diversified in the amount of between 5 to 10 shares, or at least 12 shares to obtain a minimum risk value without reducing the amount of yield. This practice is very common for institutional investors and investment managers who manage equity funds because they can only invest in shares of up to 10%. Likewise the same thing, for institutional investors who manage pension funds or public funds such as insurance companies. But this does not happen to individual investors who hold the most five stocks or less, based on the amount of research that has taken place in the US, Germany, and France markets for three-four decades, investors have a low tendency to diversify perhaps because of the low value of their portfolios. In contrast, with the results of research and Vorkink Mitton (2007), where the average value of the stock portfolio of retail investors is large enough that the portfolio size is not a dominant factor. so it needs to be re-confirmed how many shares in the optimal portfolio in Indonesia can minimize the risk at a certain return

Problem Formulation or Problem Identification

Based on the above, then it can be formulated in the form of questions as follows:

- 1) What is the number of issuers and components that form portfolios in portfolios in the Indonesian capital market to achieve a minimum level of risk with a certain return?
- 2) What is the Portfolio behavior in Indonesia, is it linked to a Portfolio that provides the smallest risk level and a certain rate of return using the Autoregression, GARCH (p, q) and GARCH-M approaches?

Research purposes

In accordance with the formulation of the problem, this study has the following objectives:

- 1) To find out how many issuers and components form the portfolio in the Indonesian Capital Market portfolio to achieve a minimum level of risk with a certain return?
- 2) To find out how portfolio behavior in Indonesia is associated with portfolios that provide the smallest risk level and a certain rate of return using the AR (1), GARCH (p, q) and GARCH-M Autoregression approaches?

Methodology

Population and Research Sample

The population in this study was the stock price index on the Indonesia Stock Exchange from January 2008 to December 2016. The reason for the selection of 2008 to 2016 in the Indonesia Stock Exchange was because the length of the period (in monthly) research allowed observations of various influences to the next number of samples representing the population issuers on the Indonesia Stock

Exchange will be chosen based on representation Gay and Diehl (1992) in Hill Robin (1998) assumes that the more samples were taken, the more representative and the results can be generalized. But the sample size received will depend on the type of research. The opinion expressed by Gay and Diehl (1992) that descriptive research requires a sample of at least 10% of the population. So in the population consisting of 336, this Issuer required a minimum sample of 34 Issuers to meet 10% but to better represent the representation of all issuers in 9 sectors the researchers completed it into 50 samples of issuers or 14.8% of the population. In accordance with the provisions according to Gay (1976) of 10% if descriptive research can be represented 10 percent of the population (minimum 20% for a very small population) and for research the population represented 30 objects, in this case the number of issuers that exist, meet the qualifications and transaction criteria active company in other words companies or issuers with inactive trading and incomplete prices for the January period 2008 until December 2016 was excluded from the sample, and obtained a daily share price of 336 listed issuers

Return Expected (R_p)

Return expectations of the portfolio can be estimated by calculating the weighted average return of each individual asset in the portfolio, the percentage of portfolio value invested in each individual asset in the portfolio is referred to as the weight of the portfolio symbolized by "W" (Tandelilin 2010: 120)

The formula for calculating the expected return from a portfolio is as follows:

$$E(R_p) = \sum_{i=1}^n W_i E(R_i) \dots \dots \dots (1)$$

In This Case:

$E(R_p)$	= Expected <i>Return</i> of the portfolio
W_i	= The i Emiten Portfolio Weight
$\sum W_i$	= Jumlah total bobot portofolio = 1,0
$E(R_i)$	= Expected <i>Return</i> From the i emiten
n	= Number of emiten in the portfolio

Portfolio Return Variance (σ_p^2)

The formula for calculating portfolio risk consisting of n-issuers, the measure used is the return variance of the n-issuers in the portfolio mathematically are as follows (Tandeliling, 2010)

Varians *Return* Portfolio (σ_p^2)

$$\sigma_p^2 = \sum_{i=1}^n W_i^2 \sigma_i^2 + \sum_{i=1}^n \sum_{j=1}^n W_i W_j \sigma_{ij} \dots \dots \dots (2)$$

Which:

- σ_p^2 = Varian's *return* portfolio
- σ_i^2 = Varian's *return* Emiten i
- σ_{ij} = Covariance between *return* emiten I and j
- W_i = Weight or portion of funds invested in Issuers i
- $\sum_{i=1}^n \sum_{j=1}^n$ = double addition sign, means that n^2 will be added simultaneously (all pairs of I and j that may be paired)

If part of the first equation $\sum_{i=1}^n W_i^2 \sigma_i^2$, we assume that the portfolio weight is the same for each issuer, and then the portion of the funds invested (w)

Will:

$$\sum_{i=1}^n ((1/n)^2 \sigma_i^2) = \frac{1}{n} \sum_{i=1}^n \sigma_i^2 / n$$

Next, the equation is simplified to:

$$\sigma_p^2 = \sum_{i=1}^n \sum_{j=1}^n W_i W_j \sigma_{ij}$$

Portfolio Variation Coefficient (CV_p) according to Tandelilin (2010)

This ratio is used to measure risk per unit relative to the level of portfolio return expectations:

$$CV_p = \frac{\sigma_p}{E(R_p)} \dots \dots \dots (3)$$

Where:

CV_p	= Covarians Portofolio
σ_p	= Portfolio standard varians

$E(R_p)$ = Expected Return Portfolio

Data analysis method

Data Testing

Stationary Testing

Statistically, the test to determine whether a data series has been stationary or not can be done by unit root test (unit root test). Root unit testing is done with the Augmented Dickey-Fuller Test approach which is formulated as follows:

$$\Delta X_t = \alpha + \beta X_{t-1} + \delta_t + u_t \dots \dots \dots (4)$$

Where;

$\Delta X_t = X_t - X_{t-1}$, namely the difference in value between data series in period t with data series in period t-1

u_t = disturbance term
 t = komponen trend

Heteroscedasticity Testing

The disturbing factor (error) in a regression model may have problems with violations of assumptions on errors. The heteroscedasticity problem occurs when the variation of the error is not constant for each observation or in other words, violates the var assumption (ut) = σ^2 If the error in a model contains heteroscedasticity problems.

Modeling Method

Stationary Linear Time Series Models

The stationary time series linear models are models that can be used for stationary data. Stationary data is data that has an average value that does not change over time. While the data is not stationary there is a trend or seasonal pattern data pattern (Santoso, 2005). The linear time series model used by the authors in this study is a stationary linear time series model, namely (Hanke et al, 2009):

Autoregressive or AR model (p)

AR (p) is the most basic linear model for stationary processes.

This model can be interpreted as the process of regression results in itself.

Mathematically can be written: (Abraham and Johannes: 199, 2005)

$$X_t = \phi_0 + \phi_1 X_{t-1} + \phi_2 X_{t-2} + \dots + \phi_p X_{t-p} + a_t \dots \dots \dots (5)$$

Information

- X_t = data pada periode $t, t=1,2,3,\dots,n$
- X_{t-1} = data pada periode $t-i, i = 1,2,3,\dots,p$
- a_t = error pada periode t
- ϕ_0 = Konstanta
- ϕ_1 = Koefisien AR, $i = 1,2,3,\dots,p$

Model Autoregres (Autoregressive) Tingkat 1 (AR(1))

Model autoregresi tingkat 1 atau proses AR (1) secara matematis didefinisikan sebagai,

$$X_t = \phi_0 + \phi_1 X_{t-1} + a_t \dots \dots \dots (6)$$

Keterangan

- X_t = data pada periode $t, t=1,2,3,\dots,n$
- X_{t-1} = data pada periode $t-1$
- a_t = error pada periode t
- ϕ_0 = Konstanta
- ϕ_1 = Koefisien AR ke 1

Model Generalized Autoregressive Conditional Heteroskedasticity (GARCH)

To determine the true conditional return to NSE, AR (p) in the model's average GARCH (1,1) model is included, thus

$$R_t = R_{t-1} + \varepsilon_t$$

$$\varepsilon_t \sim N(0, \sigma_t^2)$$

Conditonal Mean a_q

$$R_t = a_0 + a_1 R_{t-1} + e_t \dots \dots \dots (7)$$

Conditonal Variance a_q

$$\tau^2 e_t = b_0 + b_1 \tau^2 e_{t-1} + b_2 \tau^2 e_{t-1+Z_t} \dots \dots \dots (8)$$

Where: R_t is the monthly rate of return, R_{t-1} is AR (p) the term in the equation means to take into account the dependence of the return time; ω is a constant variant that corresponds to the long-term average

Selection of the Best Model

Some criteria for selecting the best model using Akaike Information Criterion Schwarz Information Criterion, Hannan and Quinn Information Criterion

Measuring Accuracy Measures

Accuracy shows how close the value of the dependent / endogenous variable is predicted by the model with actual data. In this study using the Root Mean Square Error (RMSE), Mean Absolute Error (MAE) Mean Absolute Prediction Error (MAPE)

Results and Discussion

Determination of the size of the number of issuers in the establishment of Optimal Portfolios Comparative determination of stock size in the formation of a portfolio can be taken based on a simulation of the value of risk and portfolio return on ranking one combination of stock portfolios at each value of the stock size in the portfolio where the analysis can be seen in table 3 and figure 2 as follows

Table 3
Ranking One Value Risk and Return Portfolio at various sizes n in N 50 Establishment of Optimal Portfolios

From	No	Portfolio Combination Size	Portfolio Risk	Return Portfolio
table 3 and Figure 2 the value of	1	Size n shares = 10 from N = 50 shares	0.0448791	0.0059531
	2	Size n shares = 12 from N = 50 shares	0.0278567	0.0055077
	3	Size n shares = 14 from N = 50 shares	0.2772008	0.019227
	4	Size n shares = 12 from N = 50 shares	0.2457016	0.0179054
	5	Size n shares = 12 from N = 50 shares	0.1981391	0.0164481

risk and optimal portfolio return on various sizes of issuers in the portfolio with the lowest risk value in each portfolio category is the lowest portfolio risk is found in the size of the issuer as many as 12 shares of 50 existing issuers with a risk value (standard deviation of) 2.78% then for the second optimal portfolio size with a stock size of 10 shares out of 50 shares in the portfolio with a risk value of 4.48%, then the third portfolio that has the smallest risk is n size size n = 18 with the magnitude of portfolio risk 19.81% so that it also proves that the more value n in the portfolio, the smaller the risk faced by the analysis will be different from the research conducted by Tandelilin regarding the size of the optimal portfolio in Indonesia as many as 14 shares in its portfolio.

Modeling Portfolio Returns n = 12 from N = 50 Issuers.

Portfolio return modeling as many as 12 Optimal Portfolio Combinations can be seen from the risk value (the smallest standard deviation), looking for the value of return per month for each of the best portfolio combinations starting from January 2008 to January 2016 or 108 months, where the return value from the portfolio combination per month for the 10 optimal portfolios (A - J) of the optimal N portfolio the minimum risk can be seen in the table as follows

Table 3 shows the combination of the optimal portfolio selected with the best stock combination results and produces the lowest risk value with a certain return value so that it becomes an option and information for investors in trading on the stock market. Statistical Description 10 Return Optimal Portfolios (Portfolio A - J) Value description of portfolio return data statistics during January 2008 to December 2016 consists of, among others, average values for 10 portfolio returns (mean), median values for 10 portfolio returns, maximum values and minimum 10 portfolio returns, variance statistical values portfolio return for 10 portfolio returns (Return Portfolio A - J)

Table 3 Issuer Combination in 10 Optimal Portfolios (A-J) (n = 12 from N = 50)

Portfolio	-----	Stock Combination	-----
A	BTON ALMI ETWA SQBB	MCOR NISP CMNP SMMT	IKBI MPPA PANR INTD
B	BTON TRST ALMI ETWA	MCOR HMSP NISP CMNP	IKBI TIRA MYRX PANR
C	BTON ALMI INCI ETWA	MCOR NISP TRUB CMNP	IKBI MPPA MYRX TURI
D	BTON TRST ALMI INCI	MCOR HMSP NISP TRUB	IKBI TIRA MYRX SDPC
E	BTON TRST SQBB MERK	MCOR HMSP SMMT BUMI	IKBI PNSE BHIT INTD
F	PICO ALMI ETWA SQBB	ABDA NISP CMNP SMMT	IKBI COWL TIRA INTD
G	BTON ALMI ETWA MERK	MCOR NISP CMNP BUMI	IKBI MPPA PANR TURI
H	BTON TRST ALMI SDRA	MCOR HMSP NISP ENRG	IKBI TIRA BHIT PANR
I	BTON TRST SQBB WOMF	MCOR HMSP SMMT SMSM	IKBI PNSE SDPC INTD
J	PICO TRST ALMI ETWA	ABDA HMSP NISP CMNP	IKBI MDLN TIRA MYRX

Data Source: data analysis process data 13

Data Analysis and Modeling Returns on Optimal Portfolios (Portfolio A - J)

Stationary Testing Returns 10 Optimal Portfolios (A-J Portfolio)

Based on stationary testing using Augmented Dickey-Fuller Test on Intercept return ten optimal data portfolios presented in table 5 above shows the results that the ten observed portfolio return data have been stationary. This is because the results of the absolute value of the ADF test statistics the ten optimal portfolio returns show a value greater than the absolute value of the critical value (critical value) at the 5% significance level in other words on the stationary test, the entire test results reject H_0 , which means it is not there is a unit root in the data of 10 optimal portfolio returns observed at a 5% significance level, but in portfolio I has a root unit at 1% significance of -3.493747 greater than the ADF Statistics Test -3.067016 value

Table 4 Testing Results The optimal portfolio return data stationarity (Portfolio A-J) using Augmented Dickey-Fuller Test

Data Return	ADF Test Statistic	5% Critical Value	Information
Portfolio A	-8.613482	-2.888669	Data Stasioner
Portfolio B	-8.180973	-2.888669	Data Stasioner
Portfolio C	-7.345209	-2.888669	Data Stasioner
Portfolio D	-3.678010	-2.888669	Data Stasioner
Portfolio E	-8.760170	-2.888669	Data Stasioner
Portfolio F	-8.100301	-2.888669	Data Stasioner
Portfolio G	-7.819288	-2.888669	Data Stasioner
Portfolio H	-7.619516	-2.888669	Data Stasioner
Portfolio I	-3.067016	-2.888669	Data Not Stasioner*
Portfolio J	-6.953746	-2.888669	Data Stasioner

Source: www.icmd.co.id Data processed with EvIEWS 9

Portfolio A - J Heteroscedasticity Testing

Furthermore, to prove the indication, a statistical testing pattern was used using Heteroskedasticity Test to observe the problem of heteroscedasticity on ten portfolio returns. In this statistical test, the condition of heteroscedasticity occurs when the results of the white heteroskedasticity test show that the probability value (p-value) of Obs * R-squared is smaller than the significance level of 5%. White Heteroskedasticity Test Results on return 10 optimal portfolios were observed and presented in table 5 as follows;

From the results of testing heteroscedasticity statistically using White Heteroskedasticity test, obtained results there are 4 portfolios of returns that have heteroscedasticity problems in error, namely portfolio return C, portfolio return D, portfolio return G and portfolio return H, It is seen from the results of the probability (p-value) of the Obs * R-Squared return data for each of these portfolios whose value is significance level of 10%. Whereas for some other stock portfolios, namely portfolio returns A, portfolio return B, return E-portfolio, portfolio return F, portfolio return I and portfolio return have had homoskedasticity or in other words the variance of errors in stock portfolio returns already constant all the time. This is an indication of the Obs * R-squared of the eight stock portfolios which have a value greater than the significance level of

5%. So it can be concluded that the modeling of the modeling process can be continued with Autoregression Models on Portfolio A, Portfolio B, Portfolio E, Portfolio F, Portfolio I and Portfolio which do not have heteroscedasticity problems, then return modeling with GARCH (1, 1) and GARCH- Can be done on portfolio C, portfolio D, portfolio G and portfolio H because it has heteroscedasticity problems

Table 5 Heteroscedasticity Test Results Returns 10 Optimal Portfolios using White Heteroscedasticity Test

Data Return	Obs*R-Squared	Probability	Information
Portfolio A	0.878011	0.3534	Homokedastis Data
Portfolio B	0.147608	0.7041	Homokedastis Data
Portfolio C	9.481911	0.0080	Heteroskedastis Data
Portfolio D	5.067856	0.0802	Heteroskedastis Data
Portfolio E	0.368039	0.8360	Homokedastis Data
Portfolio F	0.469353	0.7956	Homokedastis Data
Portfolio G	9.636677	0.0074	Heteroskedastis Data
Portfolio H	5.053645	0.0808	Heteroskedastis Data
Portfolio I	3.107079	0.2160	Homokedastis Data
Portfolio j	0.774642	0.6853	Homokedastis Data

Source: www.icmd.co.id Data processed with Eviews 9

Comparison of GARCH (1.1) and GARCH-M Modeling Based on the Best Modeling Criteria and Model Forecasting Accuracy

To get the best return modeling from 10 optimal portfolios, GARCH (1,1) and GARCH-M analysis will be compared to the best value of each modeling method and seen in the following table

Table 6
Comparison of 2 Model GARCH (1.1) and GARCH-M Portfolios
Based on the best modeling criteria
(Smallest SIC, AIC and HQ values)

Variable	AIC	SIC	HQ
Portfolio G (GARCH (1,1))	-2.602990	-2.478092	-2.552358
Portofolio H (GARCH (1,1))	-2.654268	-2.529370	-2.603636
Portofolio G (GARCH-M)	-2.723389	-2.573510	-2.662630
Portofolio C (GARCH-M)	-2.728913	-2.579035	-2.668155

Data Source: Data Analysis analysis Eviews 9

From Table 6 above it can be concluded that the best portfolio return volatility modeling according to the modeling criteria is G Portfolio with GARCH (1,1) having AIC (-2.602990), SIC (-2.478092) and (HC -2.552358) while for modeling return volatility according to forecasting accuracy best can be seen in the following table;

Table 7
Comparison of 2 Model GARCH (1.1) and GARCH-M Portfolios
Based on forecasting accuracy criteria
(Smallest RSME, MAE and MAPE values)

Variable	RSME	MAE	MAPE
Portfolio D (GARCH(1,1))	0.063634	0.045677	153.6321
Portfolio C (GARCH(1,1))	0.076240	0.047713	217.9216
Portfolio H (GARCH-M)	0.064562	0.046098	346.5980
Portfolio C (GARCH-M)	0.065265	0.047260	248.9908

Data Sources: Data Analysis Eviews

From table 7 above, it is known that modeling returns according to the accuracy of size forecasting, Portfolio D of GARCH method (1.1) has the smallest value for RSME size of 0.03634, MAE of 0.045677 and MAPE

of 153.6421 compared to H Portfolio of GARCH-M method which occupies the second position for accuracy. forecasting, with GARCH analysis method (1,1) obtained the accuracy value of the best model. This means that the D Portfolio model that is formed is able to have good forecasting accuracy

Discussion of Amount Analysis n Issuers and Components Forming Portfolios in portfolios in the Indonesian Capital market to achieve minimal risk levels with certain returns

From the results of research conducted through a series of processes and procedures in the formation of portfolios in accordance with Markowitz portfolio theory including calculation of returns, correlation between issuers, portfolio deviation standards, portfolio variance and covariance, the optimal number of shares available in the portfolio through technical and fundamental analysis can be concluded as much as 12. In theory, almost all investors understand the benefits of diversification in reducing risk, in practice, many investors as transactors in the Indonesian capital market do not implement it. After simulating the various sizes of issuers in one portfolio (with sizes $N = 10$, $N = 12$, $N = 14$, $N = 16$ and $N = 18$), out of 50 samples of issuers that are available, the results show that the smallest risk value is in line with the objectives of portfolio formation by (Poon, Taylor and Ward, 1992) which states, that to avoid risk to investment is done through diversification of shares by forming a portfolio, from the value of the distribution of value risk to see the lowest risk in the portfolio that is formed obtained the lowest risk is in the size of 12 issuers in one portfolio, the hypothesis that was formed was in accordance with the results of The Rewards and Pitfalls of High Dividends Stocks, The Wall Street Journal, August 2, 1990, was 12-15 shares, then FK Reilly, Investment Analysis and Portfolio Management, 3rd ed., Chicago, IL, The Dryden Press pad in 1992 for 12-18 shares and J. Bamford, J. Blyskal, E. Card, and A. Jacobson, Complete Guide To Managing Your Money, Mount Vernon, NY, Consumers Union in 1989 was 12 or more.

The results in the above studies are very different from the findings of this study, which turns out that with the number of shares as many as 10 in the portfolio, the risk faced by investors is in the second position with a risk of 4.48%. in portfolios represented by all sectors in the capital market in Indonesia or the sector rotation strategy is not an assumption of the approach in calculating and forming portfolios in previous research.

Meanwhile, Bloomfield et al (1977) stated that 20 shares were needed to get the benefits of diversification in equity. Statman (1987) argues that no less than 30 shares are needed to obtain optimal benefits from diversification. Furthermore, according to Campbell et al (2001), the perception that most non-systematic risks can be eliminated when the portfolio contains 10 or 100 shares, according to him is meaningless without understanding the benefits and costs of diversification. Campbell also believes that it is almost the same as Statman that the optimal number of shares is around 50 shares. According to Statman, the decline in the correlation coefficient between shares on the stock exchange, increasing the benefits of diversification, can also be seen in the correlation values between issuers forming portfolios in 10 optimal portfolios the size of N-12 in a portfolio which have weak and negative correlation values

Then the combination of N portfolio shares with the smallest risk on size $N = 12$ is a portfolio on NPK (929), which consists of issuers of BTON (Basic Industry) - ALMI (Basic Industry) - ETWA (Basic Industry) - SQBB (Consumer Good) - MCOR (Finance) - NISP (Finance) - CMNP (Infrastructure) - SMMT (Mining) - IKBI (Miscellaneous) is a combination of n sizes of 12 issuers per portfolio, obtained from 8 industrial sectors, with the largest percentage of basic industry sectors represented by 3 issuers resumed with the financial sector represented 2 issuers in the second place, with a large risk of 2.78%. so that the combination of several portfolio sectors in the formation of optimal portfolios is in accordance with what Evan and Archer conveyed in 1968 in making portfolios from one industry or one sector no problem in calculating risk reduction, but the impact on returns will face things if economic growth rates experiencing a decline will have direct implications for the returns obtained by investors.

Portfolio behavior discussion in Indonesia is associated with a portfolio that provides the lowest risk level and a certain return level using the AR (1), GARCH (p, q) and GARCH-M Autoregression approaches

The modeling of the return ten portfolios was carried out using three models, namely the AR (1) autoregression model, Generalized Autoregressive Conditional Heteroscedasticity (GARCH) (p, q) and GARCH-Mean models. In the aim of making forecasted portfolio returns, first autoregression is done on the next 6 optimal portfolio results, where the autoregression equation prediction results can be seen in the summary of the results of the autoregression equation for return modeling can be seen in table 8 as follows;

Table 8
AR Autoregression Model (1)
Optimal Formation Return Portfolio

Portfolio	Konstanta	T Statistik	Koefisien	T Statistik	R-squared (%)
A	0.023***	3.222	0.170*	1.768	2.9
B	0.019***	3.125	0.222**	2.339	4.9
E	0.021***	3.172	0.152	1.577	2.3
F	0.024***	3.336	0.230**	2.428	5.3
I	0.028 ***	3.794	0.242**	2.550	5.8
J	0.017***	2.868	0.371***	4.103	13.8

Source: Data transmission Eviews 9 (attachment)

$\alpha = 0.01*** \quad 0.05** \quad 0.10*$

From table 8 above obtained the value of optimal portfolio return modeling that is the best and has the accuracy of the model specification and forecasting is portfolio 10 with a regression coefficient of 13.8 percent meaning that the ability of past yield variables explain the current return / return of 13.8% with the value of cost and a significant coefficient at a confidence level of 0.000, followed by portfolio I with the value of the contribution of the magnitude of the effect of the independent variable can explain the magnitude of the current yield of 5.8%.

Table 9
Estimated Model GARCH (1,1)
In Portfolios with $(\alpha + \beta) < 1$
and the smallest SIC, AIC, and HQ values

Variable	α	β	$\alpha + \beta$	AIC	SIC	HQ
Portofolio C	0.863	0.102	0.965	-2.662293	-2.537394	-2.611661
Portofolio D	1.053	-0.052	1.001	-2.911216	-2.786317	-2.860583
Portofolio G	0.809	0.164	0.973	-2.602990	-2.478092	-2.552358
Portofolio H	0.734	0.254	0.989	-2.654268	-2.529370	-2.603636

Source of data: Operate data eviews 9

Table 10
GARCH - M Model Estimates
In Portfolios with $(\alpha + \beta) < 1$ and
The smallest SIC, AIC and HQ values

Variable	α	β	$\alpha + \beta$	AIC	SIC	HQ
Portfolio C	0.896	0.059	0.956	-2.728913	-2.579035	-2.668155
Portfolio D	0.940	0.019	0.959	-2.931507	-2.781627	-2.870748
Portfolio G	0.871	0.088	0.960	-2.723389	-2.573510	-2.662630
Portofolio H	0.895	0.069	0.965	-2.729341	-2.579463	-2.668583

Source of data: Operate data eviews 9

From table 9 and table 10 the estimation of GARCH (1,1) and GARCH-M modeling above has a value of $\alpha + \beta$ almost close to 1 or its value < 1 while Portfolio G in GARCH method (1,1) and for GARCH-M the entire portfolio has value less than 1, From the value of the best modeling criteria, that the G Portfolio value with GARCH (1,1) has AIC (-2.602990), SIC (-2.478092) and (HC -2.552358) small compared to the values of AIC, SIC and HC other Portfolios . So it can be concluded that with the Autoregression method, Portfolio J is obtained as a portfolio with the equation with the best yield forecast seen from the mineralized coefficient and T statistic value and with GARCH (p, q) and GARCH-M methods, the G portfolio and D portfolio can be used as the best recommendation. in determining the volatility modeling portfolio return seen from the Best Modeling Criteria, Model Forecasting Accuracy Criteria with Jargue values with good normal distribution and the highest Log Likelihood.

Conclusion

This research is based on the formation of optimal portfolios, which are obtained from selected stocks in the 9 existing industrial sectors in the Indonesian securities market, followed by modeling the return portfolio formed and assessing the performance of the portfolio resulting from the formation. Based on the results of the analysis, several conclusions can be made as follows;

1. In the portfolio in the Indonesian capital market to achieve a minimum level of risk with a certain return is as many as 12 issuers in one portfolio where the formation combination consists of 6 industrial sectors, while the conventional issuer's portfolio size is 10 in its portfolio, with a combination of portfolio formers consists of 3 industrial sectors,
2. Portfolio Behavior in Indonesia, associated with Portfolios that provide the smallest risk level and a certain rate of return using the Autoregressive AR approach (1) obtained by the best Portfolio J, and with GARCH (p, q) and GARCH-M Approaches obtained that the portfolio G and D portfolio can be used as the best recommendation in determining portfolio return modeling seen from the best modeling criteria and model forecasting accuracy

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3

SUB THEME RESEARCH ON ACCOUNTING

17. ANALYSIS DIFFERENCES FINANCIALS PERFORMANCES IN JOKOWI REGIME
Aang Munawar
18. FINANCIAL PERFORMANCE VALUATION AND STOCK PERFORMANCE (CASE STUDY ON PT. PRASIDHA ANEKA NIAGA TBK. - PSDN)
Angelica Jonatan and Nusa Muktiadji
19. STOCK PERFORMANCE ANALYSIS (CASE STUDY PT ERATEX DJAJA, TBK – ERTX)
Putri Agustianawati and Ratih Puspitasari
20. RESCHEDULING, RECONDITIONING, AND RESTRUCTURING ACTION ANALYSIS of CREDIT SAFETY
Rahmawati Suparman and M. Ariffin
21. IMPLEMENTATION ACCOUNTING FOR THE PENSION FUND AND THE EFFECT TO THE FINANCIAL STATEMENTS ON THE COMPANY PDAM TIRTA PAKUAN BOGOR
Siti Sarah and Yayuk Nurjanah
22. EFFECTIVE TAX RATE (ETR) AND AUDIT QUALITY POST ADOPTION of IFRS ON EARNING MANAGEMENT (STUDY of LISTED MANUFACTURING COMPANIES IN INDONESIA STOCK EXCHANGE)
Sutarti
23. VALUATION of FINANCIAL PERFORMANCE AND STOCK PERFORMANCE (CASE STUDY PT HOLCIM INDONESIA TBK)
Yuniza Nurunniza and Yoyon Supriadi
24. QUO VADIS, ISLAMIC BANKING? (LITERATURE STUDY ON ISLAMIC COMMERCIAL BANKS AND SHARIA BUSINESS UNITS IN INDONESIA)
Tita Djuitaningsih

[17]

Analysis Differences Financials Performances on Jokowi Regime

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Abstract. This research aimed to determine differences financials performances of listed companies BEI period 2012-2014 SBY rezim and 2015-2017 Jokowi rezim. The parameter financial performances consist Cash Ratio, Debt Equity Ratio, Net Profit Margin, Total Aset Turnover, Return on Asset, and Stock Prices.

The analysis tool is secondary data, the hypothesis in this study were the difference in financial performances before and after Jokowi rezim of listed companies BEI period 2012-2017. To test the hypothesis using data analysis techniques such as paired samples T-test in all and a parts financial performance parameters.

The results of this reaseach very important to answers public question about Jokowi rezim performances in real sector. It result still in progress.

Keyword: consist Cash Ratio, Debt Equity Ratio, Net Profit Margin, Total Aset Turnover, Return on Asset, and Stock Prices

[18]

Financial Performance Valuation and Stock Performance (Case Study on PT. Prasidha Aneka Niaga Tbk. - PSDN)

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Abstract. For a specialized company that has go public, investor or shareholder confidence is the most important part for the company to keep exist in running its business and keep survive from existing competition. So that a healthy financial performance as well as the company's ability to create profit is the biggest factor for winning shareholders heart.

In line with the above background, this study aims to know and analyze (1) the company's financial performance and (2) the company's share performance.

This research is conducted by using financial performance analysis, financial report analysis, and z-score analysis at food & beverage industry, is PT. Prasidha Aneka Niaga Tbk compared to the industry average as well as similar competitors is PT. Jaya Agra Wattie Tbk. The data used is the actual news about global of macro economy and financial statements for 6 years, from the year 2012-2017.

The results of the research show that (1) the overall financial performance of the company in healthy and safe condition, the decline in performance that occurred in 2015-2016 is the result of the negative sentiment global macro condition. (2) the company's share performance shows the PBV of the company, decline in 2015-2016 and soared up in 2017 as it began to ease the condition of global macro negative sentiment.

Based on the analysis, it is found that PT. Prasidha Aneka Niaga Tbk can still survive the competition due to its healthy financial performance also PBV and the company's share price that continues to increase. The temporary decline in company performance is due to negative sentiment factor from the global macro condition on 2014-2016.

Keywords : Sales, Operating Income (EBIT), Macroeconomics and Price-to-Book Value Ratio (PBV)

Introduction

Background

Based on the history of the Indonesia Stock Exchange in 1977 there was only 1 issuer listed on the IDX with a stock market capitalization value of only Rp. 2.73 billion. Then in 1990, the number of issuers accelerated to 123 listed companies. Until 2016 the number of companies listed on the IDX was 539 companies with market capitalization per 29 February 2016 reaching Rp. 5,064.53 trillion. From the scope of the capital market can already be seen the rapid development of the growth of companies in Indonesia. In addition, industrial businesses in Indonesia are like mushrooms that easily propagate throughout the country. It is difficult to deny that the company's growth rate is in line with the increasingly fierce level of competition.

One company, PT. Prasidha Aneka Niaga Tbk (PSDN) which is listed as an issue on the IDX and occupies the consumer sector with the food and beverage subsector which has 13 competitors is not an easy thing to continue to exist in its industry if the company is unable to win the competition.

Therefore, this study was made to analyze the company's performance in maintaining the sustainability of its business by taking into account the financial performance and performance of the company's shares.

Based on the description above, the writer is interested in conducting research by taking the title "Financial Performance Valuation and Stock Performance (Case Study of PT. Prasidha Aneka Niaga Tbk.-PSDN)".

Problem Identification

Based on the above background, the following problems can be identified:

1. Sales of PT. Prasidha Aneka Niaga Tbk continues to decline from 2012-2016. Therefore, it needs a more in-depth analysis of business and macro conditions related to the industry of PT. Prasidha Aneka Niaga Tbk.
2. To assess the performance of the company PT. Prasidha Aneka Niaga Tbk is more appropriate, a benchmarking and competitive position with its industrial companies and similar companies are needed.
3. EBIT PT. Prasidha Aneka Niaga Tbk continues to decline until it produces a minus/loss rate for the company. Therefore, it is necessary to have a deeper analysis of the company's asset and profit and loss management.
4. Even though PT. Prasidha Aneka Niaga Tbk is relatively small, but companies are starting to have difficulty paying their debts from the declining TIE value. Therefore it is necessary to have a deeper analysis of funding policies at PT. Prasidha Aneka Niaga Tbk.
5. PT. Prasidha Aneka Niaga Tbk continues to decline. Therefore it is necessary to have a deeper analysis of stock performance at PT. Prasidha Aneka Niaga Tbk.

Objectives

In accordance with the identification of the problems that have been described, the authors intend to obtain data and information related to research problems so that the research objectives can be achieved as follows:

1. To find out the causes of sales of PT. Prasidha Aneka Niaga Tbk which continues to decline.
2. To assess the performance of PT. Prasidha Aneka Niaga Tbk based on the industry average.
3. To find out the cause of EBIT PT. Prasidha Aneka Niaga Tbk which continues to decline.
4. To determine the performance of the Funding policy at PT. Prasidha Aneka Niaga Tbk.
5. To find out the causes of PT. Prasidha Aneka Niaga Tbk which continues to decline from a stock performance at PT. Prasidha Aneka Niaga Tbk.

The Use of the Research

Research carried out can benefit all parties, namely:

a. Author

To broaden the insight of the author in the field of financial management regarding the valuation of investment, funding and operational activities in the context of the survival of the company besides that it can also add insight into the real knowledge.

b. Company

The results of this study are expected to be used as reference material to take strategic steps as well as the consideration of the issuer to evaluate, improve, and improve management performance in the future.

c. Parties of the Unity Economics School (STICK)

With this research, it is hoped that it can be used as material or information that can later be useful and provide insight and knowledge for those who need information related to this material.

d. Other readers

The results of this study are expected to be the additional knowledge that provides information about the valuation of financial performance and stock performance (a case study of PT. Prasidha Aneka Niaga Tbk. Which is listed on the Indonesia Stock Exchange) as a reference for readers for further research..

REFERENCES REVIEW

Valuation of the Company

Brigham and Erhardt (2005: 518) define company value as follows: "Corporate value which is the value of expected free cash flow discounted at a weighted average cost of capital". Company value is the present value of future free cash flow at the discount rate according to the weighted average cost of capital. Free cash flow is the cash flow available to investors (creditors and owners) after calculating all expenses for the company's operations and spending on investments and net current assets. Company value according to Gitman (2006, 352), namely: "the actual amount per share of common stock that would be received."

The quotation above can mean that the company's value is the actual value per share that will be received if the company's assets are sold at the stock price.

The conclusion of several definitions is that the value of the company can be determined from the comparison of the results of the company's performance seen from the financial statements, where the firm's value is the present value of future free cash flow at the weighted average discounted cost of capital. Maximizing corporate value means maximizing shareholder prosperity through the maximum price of the company's common stock.

Decision on Financing

Funding decisions according to Husnan and Pudjiastuti (2006, 277) are concerning decisions about the form and composition of funding that will be used by the company. This decision is a decision of financial management in conducting consideration and analysis of integration between the most economical sources of funds for the company to fund investment needs and operational activities of the company. The availability of funds that will be used to fund various investment alternatives can be seen from the company's capital structure by observing the balance sheet on the side of its liabilities.

The decision of funding by management will affect the company's valuation reflected in the stock price. Therefore, one of the tasks of the financial manager is to determine a funding policy that can maximize stock prices which is a reflection of a company's value (Harmono, 2011, 137).

This funding decision is often referred to as a capital structure policy. In this decision, the financial manager is required to consider and analyze a combination of economic sources of funds for the company to spend investment needs and business.

Times Interest Earned (TIE)

Time interest earned is a comparison between net income before interest and tax with interest expense and is a ratio that reflects the amount of financial guarantee to pay interest on long-term debt.

Sawyer (2008: 14) said that: This ratio is also called the closing ratio (coverage ratio), which measures the ability to meet annual interest obligations with operating profit (EBIT) and measures the extent to which operating profit may decrease without causing a failure to fulfill the obligation to pay interest. loan. Time Interest Earned can be calculated by the formula:

$$TIE = EBIT / (\text{Interest Expense})$$

Financial Performance

Financial performance is a description of the company's financial condition in a certain period of both aspects of fundraising and channeling of funds, which is usually measured by indicators of capital adequacy, liquidity, and profitability (Jumingan, 2006: 239).

Types of Financial Ratios

Liquidity Ratio

The liquidity ratio is an indicator of the company's ability to pay all short-term financial obligations at maturity using current assets available. Liquidity does not only relate to the overall state of the company's finances but also relates to its ability to convert certain current assets into cash.

- **Current Ratio** = $(\text{Current Asset}) / (\text{Current Debt})$
- **Quick Ratio** = $(\text{Current Asset-Supple}) / (\text{Current Debt})$
- **Cash Ratio** = $\text{Cash} / (\text{Current Debt})$

Profitability Ratio

Profitability ratios are ratios that aim to determine the company's ability to generate profits during a certain period and also provide an overview of the level of effectiveness of management in carrying out its operations. Management effectiveness here is seen from the profit generated from the company's sales and investments. This ratio is also called the profitability ratio.

- **Gross Profit Margin** = $(\text{Sales} - \text{Cost of Goods Sold}) / \text{Sales}$
- **Net Profit Margin** = $(\text{Net Income After Tax}) / \text{Sales}$
- **Economic Rentability** = $(\text{Net Profit Before Tax}) / (\text{Total Assets})$
- **Operating Profit Margin** = $(\text{Net Profit Before Tax}) / \text{Sales}$
- **ROA** = $(\text{Profit After Tax}) / (\text{Total Assets})$
- **ROE** = $(\text{Net Profit After Tax}) / \text{Equity}$
- **EPS** = $(\text{Net Income After Taxes} - \text{Preferred Stock Dividends}) / (\text{Number of Common Stocks Circulating})$

Activity Ratio

Activity ratio is a ratio that measures how effective a company is in utilizing all the resources available to it. All activity ratios involve a comparison between the level of sales and investment in various types of assets. Activity ratios assume that there should be a proper balance between sales and various elements of assets such as inventories, fixed assets, and other assets. Here are the types of activity ratios:

- **Turn assets turn over = Sales/(Total Assets)**
- **Working capital turnover = Sales/(Current assets-Current debt)**
- **Fixed Asset turnover= Sales/(Fixed Asset)**
- **Supply Turnover = Sales/Supply**
- **Payable Turnover = (Credit Sales) /(Average payable)**

Solvency Ratio

Solvency of a company indicates the company's ability to meet its financial obligations both short and long term if the company is liquidated. A solvable company means that the company has sufficient assets or wealth to pay all its debts and vice versa, a company that does not have sufficient wealth to pay its debts is called an insolvable company.

Below are types of solvency ratios:

- **Debt to Equity Ratio = Total Debt/Capital**
- **Debt Ratio = Total Debt/ Total Assets**

SHARES PERFORMANCE

Stock performance appraisal is part of the process of analyzing securities in investment. Assessing stock performance means assessing the performance of the company that issued the shares. That means that the value reflected in the stock is a reflection of the value of the company that is appreciated by the market.

In stock valuation, there are three types of values known, namely book value, market value, and intrinsic value. Book value is the value calculated based on the book of the issuing company. Market value is the value of shares in the market indicated by the price of the stock on the market. While the intrinsic value, or also known as theoretical value, is the actual or supposed value of shares (Tandelilin, 2001: 183). Here are some stock performance assessment models:

- PER is a period of time for investors to return capital. Investors can find out how many times the investor receives a profit from the shares owned by the investor to cover the initial capital of the investor when buying shares.

$$\text{Price Earning Ratio (PER)} = (\text{Market Price per share})/(\text{Earning per Share})$$

- PBV is a benchmark for seeing market recognition for a company. Is it expensive or cheap? If it is recognized that the stock price will increase, if it is recognized poorly by the market the stock price will decrease.

$$\text{Price Book Value (PBV)} = (\text{Stock Market Prices}) /(\text{Book value per share})$$

METHOD RESEARCH

In discussing this title, this research is classified as quantitative, descriptive and explorative research. Descriptive, quantitative and explorative research alone is a research that aims to describe, analyze, and interpret conditions that occur to see, express or describe precisely the things being faced now.

Analysis Method

The data collected is processed with formulas according to the operational definitions of the relevant variables. The steps taken are:

Conducting company data collection in the financial statements during the study period.

Use and calculate the common size analysis

Use and calculate trend analysis

Formula :

$$Y^1 = a + bX$$

Calculate the Operating Cycle

Formula :

Average Inventory Age + Average collection of accounts receivable

Calculate and analyze Financial Ratios

Calculate and analyze the Altman Z-Score

Formula :

$$Z\text{-Score} = 1.2 X1 + 1.4 X2 + 3.3 X3 + 0.6 X4$$

Explanation:

$X1 = \text{Working Capital to Total Assets}$ (Working capital/Total Asset)

$X2 = \text{Retained Earnings to Total Assets}$ (Retained profit/Total Asset)

$X3 = \text{Earning Before Interest and Taxes (EBIT) to Total Assets}$

RESULTS AND DISCUSSION

Macro-analysis of World Economy in 2015-2016

- Russia and Brazil whose commodity-based exports are even entering an economic recession.
- World economic growth in 2015 is expected to decline to 3.1 percent from the previous level of 3.4 percent in 2014,
- Other pressures also increased when China's monetary authorities in August 2015 unexpectedly devalued the Yuan, triggering turmoil in global financial markets.
- 2016 Revocation of Iran's economic sanctions so that Iran directly boosts oil production.
- British Exit incident which had an impact on the decline of the rupiah and the decline of the JCI.
- World oil prices plummeted causing elastic rubber prices to fall to affect consumer buying interest from natural rubber to elastic rubber.
- The election of Donald Trump to become US President thus creating economic uncertainty due to several policies he planned. Some of the policies planned by Trump are tax cuts, government spending, to deregulation of rules. However, one of Trump's policies which are considered dangerous is trade protectionism.

Analysis of Sub-Sector of Food and Drinks

The food and beverage industry is projected to remain one of the mainstay sectors supporting the growth of manufacturing and the national economy next year.

The Ministry of Industry noted that the contribution of the food and beverage industry to the non-oil and gas industry GDP reached 34.95 percent in the third quarter of 2017. The results made the food and beverage sector the largest contributor to the industry's GDP compared to other subsectors.

In addition, the Government has selected five main industrial sectors that will implement Industry 4.0. Industry era 4.0 refers to automation enhancements, machine-to-machine, and human-to-machine communications, artificial intelligence, and sustainable technology development. One of them is the food and beverage industry. The Indonesian Food and Beverage Entrepreneurs Association (GAPMMI) estimates that the large medium-scale food and beverage industry can increase by 50% by 2025 if it implements the system.

In 2017, the food and beverage industry also recorded a growth of 9.2%. The achievement was higher than the overall growth of the manufacturing industry of 4.3% and Indonesia's economic growth of 5.07%.

From exposure to the data above, this is a breath of fresh air for the prospects of companies in the food and beverage sector including PT. Prsidha Aneka Niaga Tbk.

Coffee Product Macro-Analysis

Coffee is a type of beverage that is important for most people around the world. Not only because of the enjoyment of consumers who drink coffee but also because of the economic value for countries that produce and export coffee beans (like Indonesia).

Indonesia is ranked 4th worldwide in producing and exporting coffee in 2016-2017.

Prospects for the Future of Indonesian Coffee

According to data from the Indonesian Coffee Exporters Association (AEKI), Indonesian farmers together with relevant ministries plan to expand Indonesian coffee plantations, while rejuvenating old

plantations through an intensification program. By increasing the plantation area, Indonesia's coffee production in the next 10 years is targeted to reach between 900 thousand tons and 1.2 million tons per year.

Natural Rubber Product Macro-Analysis

Rubber is known for its elastic quality is a commodity that is used in many products and equipment throughout the world (ranging from industrial products to households). There are two types of widely known rubber, natural rubber, and synthetic rubber. Natural rubber is made from latex from rubber trees, while synthetic types are made from crude oil. Both types can replace each other and therefore affect the demand of each commodity; when the price of crude oil rises, the demand for natural rubber will increase. Indonesia is one of the largest natural rubber producers and exporters. In 2014 Indonesia ranked 2nd as the largest producer in the world.

Analysis of Competition Position and Market Share of PT. Prasadha Aneka Niaga Tbk & Industry

In the food and beverage sub-industry, there are 14 companies that compete with each other in producing various types of food and beverage products in Indonesia and even abroad. PT .rasidha Aneka Niaga Tbk was only able to hold 0.9% market share in this industry and ranked 11th. However, this is not entirely bad for PSDN, because of the 14 companies in the food and beverage industry, there are only 3 companies that have little resemblance to products with PSDN such as INDF and MYOR which also produce coffee drinks. So if it is ranked according to similar products, PSDN ranks third in this industry. This is a good opportunity for PSDN to continue to expand its market share, especially in coffee products.

ANALYSIS of PROFIT AND LOSS

In the sales section of PT, Prasadha Aneka Niaga Tbk sells two mainstay products namely natural rubber and coffee sachets. The company's biggest revenue was received from rubber and coffee products, which ranked second. Even so, the net income generated is inversely proportional to income. The company's biggest net profit is produced by coffee products, while rubber products can only give a little profit and even loss to the company.

The company's rubber products continued to decline to create a downward trend and net loss for the company despite providing the largest revenue. It is inversely proportional to the sales of coffee products that are seen to experience growth and increase, although not significantly. Net income provided by coffee products is significant and even increased rapidly in 2015-2016 in contrast to the rapid decline provided by rubber products. The largest percentage of the company's distribution is exports of more than 50% so it can be concluded that PT Prasadha Aneka Niaga Tbk's largest market share is an overseas area.

However, throughout the 2012-2016 the percentage of the company's export trend continued to decline, while the percentage of the company's local trends continued to rise. If connected with macro analysis, the possibility of the impact of the world economy in 2012-2016 could have an impact on the volume of export sales of PT Prasadha Aneka Niaga Tbk. This is due to the high level of uncertainty in the world economy, especially in foreign exchange rates. So foreign customers are more careful in taking steps to buy PT products. Prasadha Aneka Niaga Tbk which resulted in a decrease in export sales volume which also resulted in a decrease in sales of PT Prasadha Aneka Niaga Tbk as a whole. Another reason is that, as world oil prices continue to decline, this has the effect of shifting the interest of customers to switch to consuming elastic rubber products compared to natural rubber because the price is cheap.

Operational Profit Margin (OPM) PT. Prasadha Aneka Niaga Tbk experienced a drastic decline in 2015-2016 from 7% to 0%. Although the industry average experienced a decline but not significant as PSDN. In addition, the PSDN OPM figure is far from the industry average and occupies the last position (14th) in its industry. In the analysis of the notes to the financial statements (CALK), it was found that the biggest drop in the company's operating costs in 2015-2016 was due to the difference in foreign exchange rates which dropped due to the weakening of the rupiah.

Focusing on PSDN NPM data that has fluctuated a significant number is seen from the increase that continues to occur from the beginning of 2012-2014 then dropped drastically to minus in 2015-2016 thus creating a trend of NPM that fell for the company by $Y = -0.0189x + 0,0928$. It has been explained in the previous section that the main cause of the decline in NPMs was due to sales that dropped dramatically from 2015-2016. Also seen in the average industry data which also experienced a downward trend from 2012-2015 and again increased in 2016.

Asset Management Analysis

In the Current Ratio data, the PSDN number is still above 1 which indicates that the company is still able to pay its short-term liabilities with its current assets. PSDN Quick Ratio knows that 2012-2016 is at an average of 0.5 which indicates that the volume of available inventory is large enough so as to reduce the considerable capacity of the company in paying its short-term liabilities without inventory.

Through asset management analysis that has been described. The decline in CATO PSDN turnover was caused by the accumulated inventory volume and slow inventory turnover and the lack of companies in taking long-term debt so that the frequency of business debt payments became too fast compared to other companies. This resulted in large cash conversions (CCC) and made the company slow to play its cash. In 2015 there was a quite high volume increase in inventory volumes PSDN this could be due to a decrease in demand for goods from customers and companies that were not ready to deal with macro conditions.

PSDN FATO turnover has a healthy and efficient number above the industry average with an average number of 4, but during 2012-2016 the turnover rate has decreased because of the return of fixed assets valuation by the company in the company's quasi-reorganization in the year 2011 so that the increase in the value of the company's fixed assets.

Financing Policy Analysis

The average 5-year DAR of the company is around 47%. It can be interpreted that 47% of assets owned by the company are funded by debt. In this percentage, PSDN can be said to be safe and good in managing its debt, so it is not too small or too large. This conclusion is corroborated by the average industry which is in the vicinity of the average PSDN and is in the 3rd best position in managing its DAR. However, it seems that the more DAR PSDN continues to increase, this needs to be a concern of the company's management to be on guard in managing its debt.

The PSDN DER trend experienced a significant increase from 2012-2016 which is 50% and sharply increased in 2015-2016. According to PSDN financial report data, this is due to the soaring rise of the company's current debt and the decrease in equity caused by the loss of the company so PSDN is forced to use its equity.

In 2012-2015 the position of PSDN was still fairly safe in managing its debt, but entering 2016 the company needed to pay attention to debt management with equity so that in the following year the DER of the company did not rebound.

At TIE, there was a dramatic decline in trend in 2015-2016 from 6.1 to -0.3. This was due to the drop in EBIT PSDN to make a loss for the company so that the TIE value followed a downturn from EBIT because the trend of company interest remained stagnant/stable from 2012-2016 in the range of 13000-16000.

So that it can be concluded, the drastic decline in TIE was caused by the drop in EBIT of the Company in 2015-2016.

Efficiency Ratio

In the PSDN data, the company's ROA ratio continued to decline since 2014-2016 and produced a number of 2 consecutive years with an average of 11% to -0.75%. This is due to a decrease in the company's EAT and an increase in the value of assets in the company. In the industry, PSDN ROA is relatively small with an average of 11% compared to the industry 17%, but when compared with similar companies (JAVA), PSDN is still far superior because the ROA owned by JAVA is only about 2% and falls in 2015-2016 to -0.75%.

Currently, the ROE PSDN value is ranked 13th out of 14 industry companies. This situation needs to be of particular concern to company management. When compared with similar companies, the value of PSDN ROE is still in the highest position. More importantly, the trends that occur between these types of companies have the same trend that is down. So it can be concluded that the decline in ROE trend is the main factor not from the internal company but macro events that affect almost all rubber commodity companies.

Shares Performance Analysis

PSDN EPS continues to decline in 2014 and decreased significantly in 2015-2016 from 26 to -11. This indicates that the amount of profits owned by the company also decreases.

PSDN has a downward trend in its stock price and rose again in 2016. Interestingly, despite experiencing losses in 2015-2016 PSDN share prices could still increase by 9% in 2016. In 2016 BVPS PSDN was worth 195, seen from the previous PSDN share price the average price per 5 years is still around Rp. 150 per share, this indicates that the PSDN share price is still below the book value of the company.

PBDN PSDN trends only experienced a slight decline. However, amid the losses experienced by the company in 2016 the company's PBV could still increase 0.2 from the previous year which was 0.5 to 0.7. This indicates, even though the state of PSDN was being hit by losses in 2015, it did not decide investors' confidence to keep buying PSDN shares, as evidenced by the rising stock prices in 2016.

If the company PER is averaged over 5 years, there will be a value of 0, but if taken using the mode of the company's PER value is 5. PER PSDN is still below the industry PER, if taken from a comparison point with industry, it can be concluded that PSDN stock prices still undervalued.

Fair Price Analysis of PT. Prasadha Aneka Niaga Tbk.

It has been explained in the above EPS and PER section, this is the reason for the fair price or target price of the company's shares to arise. From the definition of EPS, it was found the understanding whether it was natural for me to get a profit of one share I invested in the company. From the definition of PER, is it natural for me to invest in the company, if the profit sharing returns within 10 years, 5 years or 100 years? So there is a way to calculate $EPS \times PER$. Therefore the fair price of PSDN shares in 2016 was Rp.130 / share.

However, if the fair price of PSDN shares in 2017 is calculated, EPS is found to be Rp. 22 / shares $\times PER = 12$

So that the fair price of PSDN 2017 shares is Rp. 256 / share.

CONCLUSION

In the asset management ratio of PT. Prasadha Aneka Niaga Tbk namely, QR, CR, CATO, FATO, INTO, ARTO in a safe and healthy condition. This is because CR is still above 1, CATO is above the industry average and FATO turnover is so high. In addition, PSDN occupies the first position in the industry at the ARTO turnover which is so fast that the risk of uncollectible accounts owned by the company is very small. The decline in CATO was caused by a surge in inventory volume during the economic crisis of 2015 and a decline in FATO due to the assessment of fixed assets returned by the company in the company's quasi-reorganization action in 2011 resulting in a surge in the value of the company's fixed assets. From the exposure, indicates that PT. Prasadha Aneka Niaga Tbk has been effective and productive in managing its assets.

In terms of numerical funding CR, DAR, DER PT. Prasadha Aneka Niaga Tbk is still around the industry average, besides that, the DAR number owned by the company is relatively safe because the level of debt used by the company to fund its assets is only half of the assets owned by the company. Although DAR and DER PSDN continue to experience an increase in the company, they are still able to pay the interest seen from TIE's high companies.

In the company's stock performance, even though PSDN share prices continued to decline from 2012-2016 and EPS and PER which had a minus value in 2015-2016, the company was able to reverse the direction of stock performance to be positive, which was seen in 2017 which The company's EPS jumped positively, the stock price touched the Rp. 500 / share then closed at a fair price of Rp. 256 / share, PBV which is above the number 1 and the PER value which is no longer negative.

From the previous explanation, it can be concluded that the profit and loss ratio, asset management ratio (QR, CR, CATO, FATO, INTO, ARTO) and the funding policy ratio (DAR, DER, TIE) are safe, healthy and run effectively and productively. In addition, the company's PBV can still continue to grow even when the company loses and can soar up in 2017. Decrease in profit and loss (sales, EBIT), a decrease in asset management, increase in CCC, the increase in funding policy ratio (DAR, DER), and a drop in TIE in 2015-2016 it was only caused by the main factors, namely the global macroeconomic conditions such as commodity recessions in Russia and Brazil, loss of currency exchange rates, falling prices of rubber and oil commodities, displacement of customer interest while replacing natural rubber products to elastic rubber and other conditions which directly harm the company in the sales department.

The author believes PT. Prasadha Aneka Niaga Tbk can continue to survive in running its business assisted by the analysis of the Z-score that is in a safe zone after the passing of global macro negative conditions because the company has good prospects in terms of products and industries that are developing, plus a lot of government support in develop local food and beverage industry in Indonesia and are actively developing product exports.

RECOMMENDATION

From understanding the results of the above research found the main problems of PT. Prasadha Aneka Niaga Tbk is a negative sentiment from the global macro condition because of the high level of export of its products and the types of products that are vulnerable to following the commodity condition. Therefore the authors provide recommendations that have been adapted to the results of Tow's Matrix analysis, namely:

- a. Companies need to pay attention to buying and selling transactions and to minimize the systematic risk, companies can use hedging/hedging actions to reduce losses on foreign exchange rates. This is done in order to increase the value of certain of the level of profit and the level of investor confidence in the company if the world macro conditions deteriorate again.
- b. Seeing the increasing sales in the country, this can be the focus of the company to be more active in marketing its products domestically. In addition, this strategy is carried out to minimize exchange losses when the world macro condition deteriorates again because the payment used uses the rupiah.
- c. Because the types of natural and elastic rubber products are interchangeable at certain times, thus affecting the psychology of consumer buying especially in the past few years the price of oil has continued to plummet so that consumers' interest is focused on elastic rubber which is cheap so to minimize the risk level of the company's product portfolio is recommended The company diversifies products other than natural rubber, namely elastic rubber.

DISCLAIMER

- That this report was made by students as student research in order to fulfill the requirements of completing the final task of achieving a Bachelor of Capital Market Financial Management.
- That research is made on the basis of reliable company data and other related external information and carefully processed in accordance with the procedures for equity research. The author is not responsible for the possibility of incomplete data being processed.
- Whereas all author's interpretations and opinions are made on the basis of comprehensive consideration of data and information processed in accordance with the principles of fairness.
- Whereas this report is not intended to influence any party, therefore the report writer is not responsible for misuse of this report for the purposes of any transaction.
- If in this report there are recommendations only addressed to company management which is the case for research to improve company performance.

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[19]

Stock Performance Analysis (Case Study PT ERATEX DJAJA, Tbk – ERTX)

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Abstract. Stock performance can measure how the company manage its shares to be able to generate funds from investors to fund the company and also can measure the value of the company in front of potential investors. With a good stock performance then potential investors will be interested to buy shares of the company so that funds coming from potential investors can be used by companies to fund the activities of the company.

Factors affecting the company's stock performance can be derived from internal factors ie fundamental performance, the better the fundamental performance of the company the better the performance of its shares. And as the expected investor of the money already invested is the yield. In this study, stock performance is measured by calculating Earnings Per Share (EPS) and market value of equity. Period of research conducted for 5 years, 2012 - 2016. The data used is the financial statements of the company are analyzed with financial ratios, Du-Pont, Z Score.

In accordance with the above background, this study aims to find out how the performance of shares of PT Eratex Djaja, Tbk. In this research, PT Eratex Djaja, TBK has good financial performance from 2012 until 2015 as sales always increase so that EBIT owned by the company also increase. From asset management and corporate debt also increased from 2012 to 2015. From the increase of internal financial performance of the company caused the stock performance of PT Eratex Djaja, Tbk also increased so as to give earnings per share which always improve every year. However, in 2016 the financial performance of PT Eratex Djaja, Tbk has decreased, this is because stocks of companies began to be abandoned by investors because the company never distributed dividend from 2012 until 2016.

Keywords : Stock Price, Share, and Dividend, Earning Per Share (EPS).

INTRODUCTION

The textile and textile products industry (TPT) is one of the sectors that feel the influence of the economic slowdown in the country. The contribution of the TPT industry to Gross Domestic Product (GDP) until October 2015 contracted or grew negatively by 6.1 percent compared to the same period of the previous year (year-on-year). In fact, the GDP growth rate in the manufacturing industry as a whole in that period reached 4.3 percent.

Indonesia's heavy competitors for the United States and Europe market are Vietnam, because Vietnam has an industrial production cost that is not too high because the wages of its workers are cheaper than in Indonesia so it becomes a problem for the textile industry in Indonesia, because Indonesia is facing a weakening of the rupiah which has an impact in increased labor costs and increasingly expensive raw materials (DATA DATA: 2016).

However, amid the problem of rising labor wages and the weakening of the rupiah, the Indonesian textile industry is still trying to increase growth. The development of the Indonesian textile industry must be supported by government policies because the textile industry is one of the highest foreign exchange earners and also a large employment provider in Indonesia (Kemenperin.go.id). One of the PTP industries in Indonesia and listing on the Indonesia Stock Exchange is PT. Eratex Djaja, Tbk. PT Eratex Djaja, Tbk (ERTX) is a company engaged in the integrated textile industry including spinning, weaving, coloring,

finishing, printing, apparel manufacturing, false twisting, and knitting, as well as selling and marketing its products at home and abroad. ERTX operated commercially in 1974 starting with the spinning and weaving division with finished products in the form of yarn and cotton fabric. In 1980, the garment division began and commercially operated a year later. In 2008, ERTX decided to stop the production of textiles, namely yarn and fabric. And since then ERTX has focused its production on apparel, with full orientation on export sales.

ERTX operates a factory in Probolinggo, East Java and makes global brand clothing, including Polo Ralph Lauren, DKNY, Nautica etc. The product was made by 5,500 workers, of which 2,450 were permanent workers.

In 2017 ERTX received the Indonesia Best Issuer 2017 award, the Miscellaneous Industry category. 2017 Best Issuer is an appreciation given to public companies that have managed to maintain the level of stock trading activity well and are supported by the company's positive fundamental performance over the past three years.

ERTX listed part of its shares on the stock exchange in Indonesia on August 21, 1990, with a letter of approval from the Minister of Finance of the Republic of Indonesia No. SI-125 / SHM / MK.10 / 1990 dated July 14, 1990. And since 2000, all shares have been listed on the Jakarta Stock Exchange and Surabaya Stock Exchange (now the Indonesia Stock Exchange). ERTX obtained an effective statement from Bapepam-LK to conduct an ERTX Initial Public Offering (IPO) to the public totaling 6,139,750 with a nominal value of Rp1,000 per share with a bid price of Rp.7,750 per share.

LITERATURE REVIEW

Shares

Shares are units of value or bookkeeping in various financial instruments that refer to the ownership portion of a company. By issuing shares, it is possible for companies that need long-term funding to sell interests in the stock business in return for cash. This is the main method to increase business capital in addition to issuing bonds. Shares are sold through the primary market (primary market) or secondary market (secondary market).

Understanding of shares according to experts:

According to Darmaji and Fakhruddin (2006: 178) as a sign of the participation or ownership of a person or entity in a limited company or individual. The form of shares is a piece of paper that explains that the owner of the paper is the owner of the company that issued the securities. The ownership portion is determined by the amount of investment invested in the company.

According to Sunariyah (2006: 126-127) securities issued by a company in the form Limited Liability Company (PT) or commonly called issuer. The shares state that the owner of the shares is also the owner of a portion of the company.

Shares Price

The share price is the present value of the cash flow that will be received by the shareholders in the future. According to Anoraga (2001: 100) stock prices are money issued to obtain evidence of the ownership or ownership of a company. The stock price can also be interpreted as a price formed from the interaction of the sellers and buyers of shares that are motivated by their expectations of company profits, for that investor need information relating to the formation of these shares in making a decision to sell or buy shares.

Share prices are prices formed on the stock exchange. In general, the stock price is obtained to calculate the value of its shares. The farther the difference, then this reflects too little information flowing into the stock exchange. Then the stock price tends to be influenced by the psychological pressure of buyers and sellers. To prevent this, the company should at all times provide sufficient information to the stock exchange, as long as the information affects the stock market price. Efforts to include how to calculate the actual stock price have been carried out by each analysis in order to obtain a satisfactory level of profit. However, it is difficult for investors to continue if they beat the market and obtain a level of profit above normal. This is due to the existence of variables that affect the price of the stock. Actually the variables into a calculation model that can be used in owning which shares will be included in the portfolio.

According to Weston and Brigham (2001: 26), the factors that influence stock prices are :

1. Earnings per Share (Earning Per Share / EPS)

An investor who invests in a company will receive a return on the shares he owns. The higher the profit per share (EPS) given by the company will provide a pretty good return. This will encourage investors to make greater investments so that the company's stock price will increase.

2. Interest rate

Interest rates can affect stock prices in a way:

- a. Influencing competition in the capital market between stocks and bonds, if interest rates rise, investors will sell their shares to be exchanged for bonds. This will reduce the stock price. The opposite will also occur if the interest rate decreases.
- b. Influencing company profits, this happens because interest is a cost, the higher the interest rate, the lower the company's profit. Interest rates also affect economic activities that will also affect corporate profits.

1. Amount of cash Dividend Given

Dividend distribution policy can be divided into two, which is partly distributed in the form of dividends and partly set aside as retained earnings. As one of the factors that influence stock prices, the increase in dividend distribution is one way to increase the trust of shareholders because a large amount of dividends is what investors want so that the stock price rises.

2. Number of Profits Received by the Company

In general, investors invest in companies that have good profits because they show bright prospects so investors are interested in investing, which will affect the company's stock price.

3. Risks and Returns

If the level of risk and profit projection expected by the company increases, it will affect the company's stock price. Usually the higher the risk, the higher the rate of return of shares received.

Fundamental Analysis

Fundamental analysis is an analysis that studies matters relating to the financial condition of a company. Before conducting a fundamental analysis there is a top-down approach, which is to do some analysis, namely economic analysis and industry analysis.

Economic analysis is used to see several economic activities that affect a company's economic condition, such as GDP, inflation, interest rates, and exchange rates.

The industrial analysis is used to study the state of an industry and its relationship with other industries and identify similar industries that have the same potential in a particular industrial sector. Based on the size of industrial capital divided into two, namely: capital-intensive industries and labor-intensive industries. Capital-intensive industries are industries that are built with large amounts of capital for their operational and development activities. Labor-intensive industries are industries that are more focused on a large number of workers or workers in their construction and operation. The industry is also grouped based on growth industry, defensive industry, and cyclical industry. Growth industry is an industry that has a profit far higher than the industry average. The defensive industry is an industry that is not much affected by economic conditions. The cyclical industry is an industry that is very sensitive to changes in economic conditions.

Profitability Ratio

Profitability ratios are ratios that show the amount of profit obtained by a company in a given period, this ratio can be used to assess how efficiently the management of the company can find profits or profits in every sale made. This ratio is also a measure of the company's ability to utilize all of its funds to get maximum profit.

Profitability ratios consist of Gross Profit Margin, Net Profit Margin, Operating Return on Assets, Return On Assets, Return On Equity, and Operating Ratio.

Solvency Ratio

The solvability ratio is the ratio that shows the number of assets of a company funded by debt, which is to see how much the debt burden is borne by the company is compared to its assets. This ratio is a measure that shows the company's ability to pay all of its obligations. Companies with high solvency ratios have greater losses than companies that have a low solvency ratio.

Solvency ratio consists of Debt Ratio, Debt to Equity Ratio, Long-Term Debt to Equity Ratio, Times Interest Earned, Cash Flow to Interest Coverage, Cash Flow to Net Income, and Cash Return on Sales Ratio.

Market Ratio

The market ratio is a ratio that measures the expensive cheapness of a stock that is used to assist investors in finding shares that have a large potential dividend profit before investing in shares. The market ratio does not have a measure that shows the efficiency of the ratio and cannot reflect the overall financial performance of the company when viewed from the stock price or if used by the company management.

The market ratio consists of Earning Per Share, Price Earning Ratio, Price to Book Value, Dividend Yield, and Dividend Payout Ratio

Activity Ratio

The ratio used to measure the level of effectiveness of the use of assets or assets of the company, how far the assets of the company are financed by debt or financed by outside parties, both investors and banks.

Activity ratios consist of Total Assets Turnover (TATO), Receivable Turnover, Average Collection Period, Inventory Turnover, Working Capital Turnover (WCTO), Fixed Asset Turnover (FATO), Current Assets Turnover (CATO).

Technical Analysis

Analisa teknikal adalah analisa yang dilakukan untuk melihat dan memprediksi pergerakan harga dan trend pasar dimasa depan dengan *study* grafik historis dengan mempertimbangkan harga instrumen dan volume harga. Analisa teknikal juga dapat membantu untuk para investor menentukan kapan untuk dilakukan jual maupun beli.

Analisa teknikal dapat dilakukan dengan dua pendekatan, yaitu : analisa teknikal klasik dan analisa teknikal modern. Analisa teknikal klasik melihat pergerakan harga yang diprediksi berdasarkan interpretasi subyektif individu dengan melihat pola yang terbentuk. Analisa teknikal modern melihat pergerakan harga yang diprediksi dengan menggunakan indikator yang dibangun dari rumusan matematika tertentu.

RESEARCH METHOD

The Types and Source of Data

The type of data used in this study is secondary data, namely data obtained from various sources related to research. The data needed in this study were obtained from financial statements that have been listed on the Indonesia Stock Exchange according to IDX.

Data collection methods in this study use library study methods and observation studies.

Quantitative research is a research method that places more emphasis on objective measurement aspects of social phenomena. Every social phenomenon is described in several components of problems, variables, and indicators. The purpose of this quantitative research is to develop and use mathematical models, theories or hypotheses related to natural phenomena. Descriptive method is a method of research in examining the status of a group of people, an object, a system of thought, conditions, or a class of current events. The purpose of this descriptive study is to make a systematic, factual and accurate description, description, or painting of the facts, nature, and relationships between the phenomena being investigated.

In this study, several ratios were used to find out the financial condition of the company, namely PT Eratex Djaja, Tbk in the study period. Some of the ratios used in this study are Debt to Equity Ratio (DER), Price Earning Ratio (PER), Earning Per Share (EPS), Time Interest Earned (TIE) and Return on Equity (ROE).

Financial Ratios

Earning Per Share

This ratio is used to measure the level of profit of the company. This value will be compared with the value in the same quarter of the previous year to illustrate the growth of the company's profit level. The results of this ratio calculation can be used to estimate the increase or decrease in the stock price of a company on the stock exchange.

$$EPS = \frac{NET\ PROFIT}{NUMBER\ OF\ SHARES\ OUTSTANDING}$$

If EPS increases, the profit gained by investors per share is greater and vice versa. Because if EPS increases, it means that the company is able to generate an increase in net profit so that investors will get greater profit per share.

Price Earning Ratio

This ratio is the main tool to calculate the share price of a company compared to the company's income. This ratio indicates how much investors are willing to pay every rupiah for the company's income. In general, investors prefer to choose with a low P / E ratio. Because of the lower the P / E ratio of a stock, the cheaper the stock.

$$P.E\ RATIO = \frac{\text{share price}}{EPS}$$

Return On Equity

Return On Equity (ROE) is a ratio that shows the company's ability to generate net income by using its own capital and generate net income that is available to owners or investors. ROE is very dependent on the size of the company, for example for a small company, it has a relatively small capital, so the ROE is small, and vice versa for large companies.

ROE describes what percentage of net income when measured by own capital. The higher this ratio the better because it means the position of the owner is getting stronger and the lower this ratio means the position of the owner is getting weaker.

$$ROE = \frac{NET\ PROFIT}{EQUITY}$$

ROE calculation results approaching 1 shows the more effective and efficient use of the company's equity to generate income, and vice versa if ROE is close to 0 means that the company is unable to efficiently manage available capital to generate income.

Debt to Equity Ratio

Debt to Equity Ratio is an indicator of a company's ability to repay loans from outside parties and is a ratio that interprets the expenditure of companies funded by outside loans. Investors and analysts often use this ratio to find out how much capital debt is from outside the company when compared to money-valued assets owned by shareholders or companies. If the DER value is higher then it can be assumed that the company has a higher risk of being able to pay off its short-term debt.

$$DER = \frac{TOTAL\ DEBT}{TOTAL\ EQUITY}$$

Time Interest Earned

Time Interest Earned (TIE) is the ratio used to see the ability of a company to pay interest and debt. The greater TIE ratio means that EBIT owned by the company is greater than the interest expense that must be paid. So that the company is able to cover the interest expense with EBIT owned.

$$TIE = \frac{EBIT}{INTEREST}$$

Analysis of Du Pont

Du Pont's analysis is ratio analysis that focuses analysis on how to increase ROE or Return on Equity. Du Pont's analysis says that the higher the ROE, the better the shareholders. As per the Du Pont approach, $ROE = ROA \times \text{Equity Multiplier}$. ROA or ROI shows the ratio between profit after tax and total assets, the multiplier shows the ratio between total assets and equity. The more debt used, the greater the equity multiplier.

Analysis of Altman Z Score

Bankruptcy prediction analysis is an analysis that can help a company to anticipate the possibility that the company will experience bankruptcy caused by financial problems. The Z-score method (Altman) is a score that is determined from the standard count of times the financial ratios that will indicate the level of probability of corporate bankruptcy (Supardi, 2003: 73). Altman found five types of financial ratios that can be combined to see the difference between a bankrupt and a non-bankrupt company. Z-score (Altman) is determined using the following formula proposed by Darsono, et al (2004: 105).

$$Z = 1,2 (WCTA) + 1,4 (RETA) + 3,3 (EBITDA) + 0,6 (MVEBVL) + 1 (STA)$$

If the calculation of the Z-Score method has been carried out with a series of financial ratios which are included in a food discriminant equation it will produce a certain number or score. This number has certain explanations or achievements. In this model companies that have a Z score of > 2.99 are classified as healthy companies, while companies that have $Z < 1.81$ are classified as potential bankrupt companies. Furthermore, scores between 1.81 to 2.99 are classified as gray area companies or gray areas (Muslich, 2000: 60)

RESULTS AND DISCUSSION

Efficiency Analysis

Performance of Hpp to the sales

Based on the analysis carried out, it can be seen that the performance of the HPP towards the sale of PT Eratex Djaja, Tbk is seen in every year not experiencing a significant increase or decrease and not much different from the average textile sub-sector, but in 2015 the average sub-sector experienced an increase which is quite significant at 51% while for ERTX it decreased by 2% from the previous year. This trend shows that ERTX is already efficient in suppressing HPP compared to other textile sub-sectors. This performance shows the company's efforts in efficiency by developing technology in the production process and improving its workforce skills have been successful.

Performance of Operational Expenses to the Sales

Based on the analysis carried out, it can be seen that the operational cost performance against the sale of PT Eratex Djaja, Tbk shows a downward trend while the average textile sub-sector shows an increasing trend. In 2015 the average sub-sector experienced an increase of 2% and for ERTX it decreased by 1% from the previous year. Operational cost performance against sales shows how companies reduce operating costs to make sales. In this graph shows that ERTX is good enough to streamline operational costs to improve the performance of Europe which is supported by performance improvements made by management. Some performance improvements made by management are to improve the quality of human resources. the better quality of human resources can increase high productivity. because high productivity will reduce production costs, shorter production deadlines, and deliver products on time.

Performance of Current Assets to Current Debt

Based on the analysis conducted it can be seen that the performance of current assets against a current debt of PT Eratex Djaja, Tbk with the average textile sub-sector. Current debt performance with current assets shows how the current assets owned by the company to pay the company's current debt. For ERTX and the average subsector shows an increasing trend, but the ERTX trend is higher than the average textile sub-sector. This shows that the current assets owned by ERTX are able to cover the company's current debt. It can be seen that in 2015 and 2016 ERTX experienced an increase while the average subsector experienced a decline in 2015 and an increase in 2016. The increase in ERTX in 2015 was 26% and 1% in 2016, while for the average textile sub-sector in 2015 decreased by 3% and in 2016 increased by 4%.

Performance of Gross Profit Margin (GPM)

Based on the analysis carried out, it can be seen that Gross Profit Margin ERTX shows an increasing trend while the average textile sub-sector shows a downward trend. This ratio shows a gross profit that can be generated from company sales. This shows that the gross profit generated by ERTX is better compared to the average of the textile sub-sector. It was seen that in 2015 ERTX experienced an increase of 2% while the average textile sub-sector experienced a decrease of 20%.

Performance of Operating Profit Margin (OPM)

Based on the analysis carried out it can be seen that ERTX Operating Profit Margin shows an increasing trend while the average textile sub-sector shows a downward trend. This ratio shows EBIT that can be generated from company sales. As in 2015, ERTX was able to increase EBIT by 3% while the average subsector decreased by 57% from the previous year. So the trend above shows that with the increase in ERTX sales it can also increase the company's EBIT.

Performance of Net Profit Margin (NPM)

Based on the analysis carried out, it can be seen that the Net Profit Margin ERTX shows an increasing trend while the average textile sub-sector shows a downward trend. This ratio shows net income that can be generated from the company's sales. As in 2015, ERTX was able to increase net income by 2% while the average subsector decreased by 40% from the previous year. So the trend above shows that with the increase in ERTX sales, it can also increase the company's net profit.

Analysis of Assets Management

Performance of Total Aset Turnover (TATO)

Based on the analysis carried out it can be seen that the performance of PT Eratex Djaja's Total Asset Turnover, Tbk shows an increasing trend while the average textile sub-sector shows a downward trend. This shows that ERTX is already efficient in using all assets owned by the company in generating sales.

Performance of Fixed Aset Turnover (FATO)

Based on the analysis carried out it can be seen that the performance of PT Eratex Djaja's Fixed Asset Turnover, Tbk shows an increasing trend while for the average textile sub-sector shows a downward trend. This shows that ERTX is already efficient in using fixed assets owned by the company in generating sales.

For the ratio of activity in asset management, namely FATO, TATO, and CATO. The company is above the average textile sub-sector, this shows that ERTX is already efficient in operating its assets. so that assets owned by the company can increase company sales. This shows that the technology development carried out by ERTX provides good results so that it can support the company's operational activities so that it can increase sales.

Analysis of Financing Policy

Performance of Sales to the Long-Term Debt

Based on the analysis conducted it can be seen that the performance of PT Eratex Djaja, Tbk shows an increasing trend while for the average textile sub-sector shows a downward trend. This trend shows that ERTX is able to manage its long-term debt to increase company sales, and shows that the debt owned by the company is used indeed for sales improvement activities such as developing technology and training in its human resources.

Performance of EBIT to the Long-Term Debt

Based on the analysis carried out, it can be seen that the ERTX performance shows an increasing trend while the average sub-sector shows a downward trend. In 2015 it can be seen that there was an increase of 19% while the average subsector experienced a decline of 39%. This shows that the long-term debt owned by ERTX companies is able to drive the company's EBIT increase.

Performance of EBIT to Equity

Based on the analysis carried out, it can be seen that ERTX's performance shows an increasing trend while the average subsector shows a downward trend, it can be seen that in 2015 ERTX experienced an increase of 7% while the average sub-sector decreased by 86%. This shows that EBIT generated by ERTX is able to increase the equity of the company.

Analysis of the Performance of Shares

Value of Equity Market

The equity market value is the number of ordinary shares outstanding multiplied by the stock price. For ERTX shows a downward trend and far from the average textile sub-sector while for the average textile sub-sector shows an increasing trend. This trend shows that the performance of ERTX shares is still not good compared to the average textile sub-sector. The outstanding shares for ERTX are still less than the average textile sub-sector and show that ERTX shares have not been able to attract investors. The lack of investor interest in ERTX was due to the fact that ERTX had not distributed dividends in the past 5 years. This is because the EAT generated by ERTX is entered into retained earnings to be used as business capital, this can be seen by the increase in fixed assets owned by the company. Some of the facilities owned by Eratex are the internal division of laundry, a large garment washing area, garment dying facilities that are still rare in Indonesia, pattern making and design using computerized systems, use of auto cutter machines, automatic sewing machines, and blower machines that make products so it's ready for packing without having to manually iron it again.

Earning Per Share (EPS)

Based on the analysis carried out, it can be seen that the performance of the ERTX EPS Trend shows an increasing trend compared to the average textile sub-sector. It can be seen in 2015 ERTX showed an increase of \$ 0.0118 while the similar industry average showed a decrease of \$ 0.0386. This shows that

the profits provided by ERTX for investors always increase every year, but from 2012 to 2016 ERTX has never distributed dividends to its investors.

Analysis of Du Pont

Return On Equity (ROE)

Based on the analysis carried out, it can be seen that the Return On Equity trend is shown by ERTX always increases every year, but for the average textile, sub-sector shows a downward trend. For 2015 ERTX showed an increase of 3% while for the average textiles sub-sector showed a downward trend of 6%. The ROI ratio analysis used in this graph uses the Du Pont system. ROI shows the company's ability to generate profits using assets owned. So this graph shows that ERTX is already efficient in using assets to increase sales.

Return On Investment (ROI)

Based on the analysis carried out, it can be seen that the Return On Investment trend is shown by ERTX always increases every year, but for the average textile, sub-sector shows a downward trend. For 2015 ERTX showed an increase of 7% while for the average textiles sub-sector showed a downward trend of 30%. The ROE ratio analysis used in this graph uses the Du Pont system. ROE shows the company's ability to generate profits using equity or investment from the company's shareholders. So this graph shows that ERTX is already efficient in using the money investors have given in generating the company's net income.

CONCLUSION AND SUGGESTION

Conclusion

This research was conducted to find out how the performance of PT Eratex Djaja, Tbk shares are listed on the Indonesia Stock Exchange (IDX). Based on the results and discussions that have been carried out in the previous chapter, the authors can conclude the following:

1. The company's profitability, namely sales performance, HPP, EBIT, operating expenses and gross profit have shown good performance during the research year, namely from 2012 to 2016. In each year the company is able to suppress HPP, so that with increased sales coupled with increased HPP but the resulting EBIT is higher than the increase in EBIT. Likewise, the operating expenses that were successfully suppressed by the company so that the gross profit generated also increased and the increase was greater than the operating expenses.
2. Asset management conducted by the company also shows good performance, this can be seen from the technology development carried out by the company in supporting operations and increasing sales, especially in export sales. Although initially the company had to spend a large amount of money it can be seen from the sales made every year, it increases and the operational costs can be reduced every year.
3. The management of corporate funding is quite good compared to the average of similar industries. Management of short-term debt and long-term debt carried out by the company is used in accordance with its use. Such as short-term debt that is used for daily operational activities while for long-term debt is used for investment activities, such as the procurement of machines that support production operations. Because the debt received by the company is used according to its provisions so that the proceeds of the sales made by the company are able to cover the debts.
4. For stock performance is a poor performance compared to the average textile sub-sector, because the shares owned by PT Eratex Djaja, Tbk is still not able to attract investors. It can be seen in the graph of the equity and EPS market values in the previous chapter shows that the equity market value of PT Eratex is still far below the average of the textile sub-sector, this is because in the 5 years of research it has never distributed dividends for its investors, even in 2016 the company did stock split corporate action. For EPS shows a good performance that is every year the profit that can be given to investors shows an increasing trend, but the profit is not distributed to investors.

Suggestion

Based on the results of the discussion and conclusions that have been discussed previously, the suggestions that the writer can give to the company and potential investors are as follows:

1. For the Company

Stock performance is supported by several indicators namely equity market value, share price, Earning Per Share (EPS) and dividend, to attract investor interest, the company must be able to maximize the funds that have been provided by investors, one of which is by providing dividends. Management's internal performance has been very good, but for stock performance must be improved again, especially

in dividend distribution, in order to attract investors so that the number of funds invested by investors can further improve the company's sales performance.

2. For Investors

Before making an investment, investors should analyze the company's business that will be selected and the company's performance will be chosen as a place to invest. Because if the investor does not analyze or even make an analysis error, the investor will lose the initial capital invested even the investor will not get the expected rate of return.

Disclaimer

1. This report is made by students as student research in order to fulfill the requirements of completing the final assignment to achieve a Bachelor of Capital Market Financial Management.
2. Research is made on the basis of reliable company data and other relevant external information and is carefully processed according to the equity research procedure. The author is not responsible for the possibility of the incompleteness of the data he processed.
3. All interpretations and opinions of the author are made on the basis of comprehensive consideration of the data and information that is processed in accordance with the principles of fairness.
4. This report is not intended to influence any party, therefore, the report writer is not responsible for misuse of this report for the purpose of any transaction.
5. If in this report there are recommendations only addressed to company management which is a research case for improving company performance

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[20]

Rescheduling, Reconditioning, and Restructuring Action Analysis of Credit Safety

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Abstract. To improve the economic growth of the community as a whole, the Bank not only provides additional business capital in the morning of entrepreneurs whose businesses are already classified into large businesses, but the Bank also provides funds to lend to customers / borrowers belonging to the micro / micro business sector. Which is related to this research, the credit listed is micro credit. On the other hand the provision of credit facilities is often experiencing problems, thus causing harm to the Bank. The conditions under which the loans have been disbursed to the public are not repaid by the debtor at the right time in accordance with the previous agreement is classified into Non Performing Loan (NPL) or bad credit / bad credit, for the safety of credit and to maintain the health of the Bank it must be done credit rescue . Rescue credit can be done by performing action Rescheduling, Reconditioning, and Restructuring to customers whose credit is included into the class of problem loans.

The purpose of this research is as follows: 1) To know the action Rescheduling to safety of credit. 2) To know Reconditioning action on credit safety. 3) To know the act of Restructuring to the safety of credit. 4) To know the action, Reconditioning, and Restructuring collectively to the credit safety.

The research method used in this research is Descriptive Qualitative Analysis Research Method. The use of this qualitative research method helps the researcher to collect various information, collect data, analyze and explain clearly about the situation in the field related to Rescheduling, Reconditioning and Restructuring on Credit Safety. Data analysis in this research is done by data collection, data reduction, data presentation as well as verification or withdrawal conclusion by using Triangulation Source checking technique in validity of data.

The results showed: 1) Action Rescheduling can save problem loans at PT. Bank Mandiri (Persero) Tbk. The action taken is to provide relief in the form of extension of credit term. 2) Reconditioning action can save problem loans at PT. Bank Mandiri (Persero) Tbk. The action taken is to provide a reduction in lending rates. 3) Restructuring actions can save credit at PT. Bank Mandiri (Persero) Tbk. The action taken is to provide relief in the form of additional credit.

Keywords: Rescheduling, Reconditioning, Restructuring and Credit Safety.

[21]

Implementation Accounting For The Pension Fund and The Effect to The Financial Statements on The Company PDAM Tirta Pakuan Bogor

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Abstract. The purpose of this study is to analyze the implementation of the pension fund on Employer's side and describe the effect of the implementation of the pension fund in the Financial Statement.

In conducting the study the authors find the data related to the pension fund that applied by PDAM Tirta Pakuan and financial statement that have been made by PDAM Tirta Pakuan to know how the application of the Pension Fund, which was held at the PDAM Tirta Pakuan is in conformity with the standards used and apply, and how they the presentation of the financial statement in question.

Intensive search result on Pension Fund PDAM Tirta Pakuan Bogor shows that PDAM Tirta Pakuan apply manifold Defined Benefit Pension Fund, the end result comes from dues are deducted from the employee's salaries coupled with contribution coming from the the company. The results of the calculation of the Defined Benefit Pension Fund has not been established completely (funds not yet met) because the wealth to funding is less than the Solvency Liabilities. In addition PDAM Tirta Pakuan also work with PT. Jiwasraya insurance to guarantee old days. Financial statements made by PDAM Tirta Pakuan associated with presentation on Pension Fund are ini accordance with GAAP ETAP.

Keywords; Implementation Accounting of Pension Fund , financial statements.

[22]

Effective Tax Rate (ETR) and Audit Quality Post Adoption of IFRS on Earning Management (Study of Listed Manufacturing Companies in Indonesia Stock Exchange)

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Abstract. The study aims to analyze the association between the Effective Tax Rate (ETR), audit quality and magnitude of earnings management pasca IFRS adoption. Audit quality use big four auditor. The modified Jones Model used to measure discretionary accruals (the proxy for earnings management.)

The populations of this research are manufacturing companies listed on Indonesia Stock Exchange (IDX) in period 2010-2013 with total sample of 57 companies. The data are analyzed by using multiple regressions linear.

The results provide evidence that big four auditor negatif significantly influence to the earning management. Nonetheless Effective Tax Rate (ETR) wasn't significant influence to the earning management pasca IFRS adoption.

Keyword: Effective Tax Rate (ETR), audit quality, big four auditor, discretionary accruals and earnings management.

INTRODUCTION

In the 2012 SAK KDPPLK, it is explained that the purpose of the financial statements is to provide information regarding the financial positions, performance, and changes in the financial positions of an entity that benefits a large number of users in any economic decision-making. Net income (profit) is often used as a measure of performance or as a basis for other measures such as return on investment or earnings per share. Kartikahadi *et al.* (2012) describes the usefulness of a comprehensive income statement that is to report and account for the performance of the entity. Financial statements prepared by the company in addition to being used for accountability to shareholders are also intended for tax reports. In accordance with Article 4 (1) of the Income Tax Law, operating income is an object of corporate income tax.

In practice in Indonesia, there are some differences between earnings reported to the shareholders with earnings reports for tax purpose due to different standards used. For a report to tax or often referred to as a fiscal report, the company prepares based on taxation rules. As explained in PSAK 46 (revised 2010), taxable profit or fiscal profit (tax loss or tax loss) is profit (loss) for one period which is calculated based on the rules determined by the tax authority for income tax payable (recovered). Meanwhile, the income statement is addressed to the shareholders and other users except the government is called commercial financial statements. In preparing commercial financial statements, the company must comply with the Financial Accounting Standards.

In its history, the Financial Accounting Standards in Indonesia experienced a change that since 2008 has gradually been adopting the IFRS (*International Financial Reporting Standards*). PSAK-IFRS was implemented in full in 2012 and had to be applied to the entities with public accountability such as issuers, public companies, banks, insurance companies, and government-owned companies. The purpose of this PSAK is to provide relevant information for the users of financial statements. In the latest stand, there is a change from *rule-based* to a *principle-based*.

IFRS is a principle-based standard. In this principle, it is necessary to use professional judgment and an expert. Benneth *et al.*, (2006) concluded that *principles-based* requires a professional *judgment* both at the transactional level and at the financial statements level. In addition, IFRS uses *fair value* in valuing assets. It is different from the taxation regulations that use historical value (acquisition price).

The implementation of principle-based will push more judgments made by the management. It provides a great opportunity to the management to practice earnings management (Capkun *et al.*, 2013). In

addition, the application of IFRS also has the potential to affect the suitability of accounting profit with fiscal profit (*book-tax conformity*) and jointly affect the tax due to managerial opportunities (Hevas *et al.*, 2013). With the increasing opportunities for the management to make earnings management, it will push the estimates made by management needs to be assessed its feasibility by the auditors. This also requires the auditors to have the ability to interpret the objectives of a standard.

The government has tried to encourage the employers to increase profits, including the incentives of declining corporate tax rates in the country as stated in the explanation of Act 36 of 2008 Section 17 Subsection (2b). In addition, the enactment of Government Regulation No. 46 of 2013 concerning the simplification of tax calculation is expected to benefit the taxpayers so that the government's target to increase revenues from tax sources increases.

Several studies related to the impact of audit quality and IFRS implementation on earnings management have been carried out including Bart *et al.*, (2012) which proved that companies that use International Financial Accounting Standards show low levels of income smoothing and earnings management, and there is a relationship between accounting numbers with the prices and stock return. Rudra *et al.* (2012) examined whether IFRS affected the earnings management in India and found that earnings management increased significantly with the adoption of IFRS. Fanani *et al.* (2014) proved that IFRS adoption in Indonesia has no impact on earnings management. Pambudi *et al.* (2014) examined the effect of audit quality on earnings management after IFRS adoption. The research results prove that audit quality does not affect earnings management.

Hevas *et al.*, (2013) examined the impact of IFRS on tax incentives through earnings management as measured by discretionary accruals. The study shows that in the pre-IFRS, the tax pressure as measured by ETRCFO has a negative effect on the discretionary accruals, but after post period IFRS the effect becomes nonexistent. Tang (2014) conducted a research related to book-tax conformity by using financial statements in 1994-2007 for 16,739 companies in 32 countries by establishing the proxies that high book-tax conformity is associated with the low levels of earnings management and tax avoidance. The studies proved that high book-tax conformity after the implementation of IFRS indicates a low level of earnings management and tax evasion, but it is not proven in a country that adheres to code-law whether the country applies IFRS or not.

Based on the background and results of previous studies that show different results in looking at the effect of the ETR and audit quality on earnings management, as well as the lack of research that addresses this matter motivates the author to conduct a research on the effect of the ETR and audit quality after IFRS adoption of earnings management on the manufacturing companies listed on the Indonesia Stock Exchange during 2012-2013.

This study uses a model in the study conducted by Hevas *et al.* (2013) which tested the tax pressure after IFRS adoption of earnings management. In contrast to the research of Hevas *et al.* (2013), firstly the study uses ETR measures to look at management behavior in doing earnings management that is associated with *discretionary accruals* because of Indonesia's different conditions from Greek's. Secondly, this study only conducts post- adoption IFRS testing.

THEORETICAL FRAMEWORK AND DEVELOPMENT of HYPOTHESES

Agency Theory

In agency theory, agency relationships arise when one or more people (principals) employ other people (agents) to provide a service and then delegate the decision-making authority to the agent (Jensen *et al.* 1976). Management as a company manager knows more about the internal information and prospects of the company in the future than the owners (shareholders).

Scott (2012) states that companies have many contracts, for example employment contracts between managers and their companies and loan contracts between companies and their creditors. The agent and principal want to maximize their utility with the information they have. However, here the agent has more information (full information) than the principal, giving rise to information asymmetry. Information that is more owned by managers can trigger to take actions in accordance with the wishes and objectives to maximize their utility. As for the owners of capital, in this case investors, it will be difficult to effectively control the actions that will be taken by management because of the lack of information available.

In relation to taxation, the agency relations arises because of the conflict between the government as a tax collector and the management as taxpayers. The government hopes that to get as much

revenue as possible from taxes, while the management hopes to pay taxes as low as possible but still get significant profits.

Book-Tax Conformity

Book-tax conformity is the conformity between accounting profit and fiscal profit. The researches related to book-tax conformity have been carried out such as Hanlon *et al.* (2008) and Atwood *et al.* (2010). Book-tax conformity contains the same meaning as the *book-tax difference* but has a different perspective. Atwood *et al.* (2010) explained that the higher the *book-tax conformity* or the higher the suitability between accounting profit and fiscal profit, it will reduce earnings quality. This is because the company chooses an accounting method that is very concerned about the taxation rules, so that the financial statements do not provide information to users of financial statements outside the government.

Effective Tax Rate (ETR)

Effective tax rate (ETR) is the proxy most widely used in studies related to tax aggressiveness. Low value of an ETR can be an indicator of tax aggressiveness. Overall, the companies that avoid corporate taxes by reducing their taxable income while maintaining financial accounting profits have a lower ETR value. Frank *et al.* (2009) use ETR to reflect the difference between accounting profit calculation and fiscal profit. Hanlon *et al.* (2010) defines ETR as the effectiveness of tax payments made by the company calculated by dividing *tax expense (tax liability)* with profit before tax or with cash flow. Gupta *et al.* (1997) conducted an ETR study after the application of TRA-86. The results showed that ETR increased after the application of TRA-86.

Audit Quality

Dopuch *et al.* (1980) stated that investors perceive that Big-6 accounting firms has higher quality than Non-Big-6 accounting firms, because the Big-6 have characteristics that are related to the audit quality that are more observable such as specialized training and peer review than non-Big-6. The audit quality can be measured using a ACCOUNTING FIRMS size proxy, whether the accounting firms are included in the Big Four or not, Pambudi *et al.* (2014) uses the Big-4 proxy for audit quality. However, on the research related to auditor expertise related to taxes, Wang *et al.* (2012) found that the auditor expertise influences the tax avoidance by companies.

Earnings Management

According to the *General Accepted Accounting Principles* (GAAP), earnings management is a process of taking deliberate steps within the limits of generally accepted principles both within and outside the limits. Schipper (1989) states that earnings management is an intervention which has a purpose in the process of financial reporting to the external parties with the intention to obtain personal benefits for management. Whereas Healy *et al.* (1999) states that earnings management arises when managers use judgment in the financial reporting and in structuring transactions to influence financial statements and also trick stakeholders into the economic performance of the company or to influence the outcome of contracts that depend on accounting numbers.

According to Merchant *et al.* (1994), earnings management is any action taken by the company management to influence the reported earnings so that can provide information about *economic advantages* that are actually not experienced by the company. In the long run these actions are detrimental to the company.

Effective Tax Rate and Earnings Management

In Indonesia PSAK-IFRS must be applied by the companies listed in the stock exchange. With the application of IFRS-PSAK, there are some changes from *rule-based* to *principle-based*. In addition, IFRS uses *fair value* in valuing assets. It is different from the taxation regulations that use historical value (acquisition price). *Principle-based* minimizes the level of earnings management carried out by the management by tightening the rules and fair value approaches in the presentation of financial statements. Bart *et al.* (2008) proved that companies that apply IFRS show low levels of income smoothing and earnings management. But Capkun *et al.* (2013) explained that with the application of the *principle-based*, more *judgment* made by management would provide a great opportunity for management to do earnings management.

The application of IFRS also has the potential to affect the suitability of accounting profit with fiscal profit (book-tax conformity) and together have an impact on tax due to managerial managerial profit (Hevas *et al.*, 2013). With the increasing difference in Financial Accounting Standards and tax rules, it will reduce the suitability between books and taxes (book-tax conformity). Hanlon *et al.* (2008) shows that the suitability of high accounting earnings with fiscal profit (book-tax conformity) will reduce the informativeness of financial statements.

Hevas *et al.* (2013) examined the impact of IFRS on tax incentives through earnings management as measured by discretionary accruals. The results of the study showed that in the pre-period IFRS, *tax pressure* as measured by ETRCFO has a negative effect on *discretionary accruals*, but after post period IFRS the effect becomes nonexistent. Hevas *et al.* (2013) used the ETR CFO because the tax rules in Greece do not allow deferred taxes.

Several studies measuring ETR are associated with the application of new standards to obtain evidence of the influence of standard implementation on increasing ETR, including Gupta *et al.* (1997) which conducted an ETR research after the implementation of TRA-86 which is related to firm size. The results of the study showed that ETR increased after the TRA-86 adoption. ETR is a proxy that is most widely used in studies related to tax aggressiveness. A low value of ETR can be an indicator of tax aggressiveness. Overall, the companies that avoid corporate taxes by reducing their taxable income while maintaining financial accounting profits have a lower ETR value.

According to Scott (2012), one of the motivations for the managers to make earnings management is tax motivation. In principle, earnings management is the method chosen in presenting information on corporate financial statements to the public that has been adjusted to the interests of managers or profitable for the company.

Based on the explanation above, it can be concluded that with the implementation of IFRS, book-tax conformity will be lower due to the higher differences between the rules set by Financial Accounting Standards (SAK) and the tax rules, with low book-tax conformity the more informative are the financial statements. The application of IFRS improves the quality of financial report information. The application of IFRS lowered the ETR due to increasingly lower tax book conformity. This shows that accounting profits are reported to be higher than the reported fiscal profits. The large differences between the fiscal profits and accounting profits show the existence of earnings management due to the management applied a judgment on accounting method, so the author can take the hypothesis that:

H1: *Effective Tax Rate* (ETR) after IFRS adoption has a negative effect on earnings management.

Audit Quality and Earnings Management

DeAngelo (1981) mentions that larger accounting firms do better audits because they have a better reputation. And because the larger accounting firms hire more human resources, they can get more skilled employees. The Big Four auditors are often associated with higher quality audits of the non-Big Four auditors. Welvin (2010) in Pambudi *et al.* (2014) states that auditors working in the Four accounting firms are seen as more qualified because these auditors obtain a series of training and procedures and have audit programs that are more accurate and effective than auditors from non-Big-4. Based on the explanation and results of several studies above, the author can take the hypothesis that:

H2: Audit quality after IFRS adoption has a negative effect on earnings management .

RESEARCH METHODS

Population and Samples

The population in this study are all manufacturing companies listed on the Indonesia Stock Exchange for the period 2012-2013. The samples in this study were chosen using the purposive sampling method. The criteria used to determine the samples are: All registered manufacturing companies listed on the Indonesia Stock Exchange in 2012 and remain registered until 2013, have issued and published financial statements as of 31 December 2012 and as of 31 December 2013 audited, have positive earnings and the company is actively traded during 2012 and 2013.

After taking the samples with the criteria above, there are 52 companies that meet these criteria.

This study uses secondary data. The data used in this study are published in the annual financial statements and audited in 2012 and 2013. Data about the number of net income, assets and liabilities acquired from the data in PDEB University of Indonesia, while the figure for profit before tax, tax expense, cash flow operating activities and auditor information are obtained through annual reports issued by the Indonesia Stock Exchange obtained from the STIE Kesatuan Exchange Corner. The sample selection process is as follows:

Table 1 Sample Selection

Information	Amount
Number of manufacturing companies listed on the IDX registered in 2012 and	133

2013	
Number of companies that have negative earnings, negative ETR and incomplete financial statements	81
Number of model samples used in the study	52

Research Model

The equation used for hypothesis testing is as follows, a model based on research conducted by Hevas *et al.* (2013). The following linear regression model is used to test the hypothesis in this study:

$$DAC_{it} = \alpha + \beta_1 ETR_{it} + \beta_2 BIG4_{it} + \beta_3 SIZE_{it} + \beta_4 LEV_{it} + \beta_5 CURRENT_{it} + \beta_6 CFO_{it} + \varepsilon_{it}$$

In this case:

DAC_{it} = Discretionary Accruals company i period t

ETR_{it} = Effective Tax Rate period i company t

$AUDIT_{it}$ = Auditors, with a value of 1 if ACCOUNTING FIRMS are Big Four and 0 if they are non-Big Four

$SIZE_{it}$ = Natural log of total assets of company i period t

LEV_{it} = Debt to total assets ratio of company i period t

$CURRENT_{it}$ = Liquidity ratio (current assets divided by current liabilities) company i period t

CFO_{it} = Operating cash flow is divided by the total assets of the company i period t

Variable Measurement

The dependent variable in this study is *DAC (discretionary accruals)*. In this study *discretionary accruals* calculated by using Modified Jones Model (Sulistyanto, 2008):

1. $TAC = Nit - CFO_{it}$
2. The total accrual (TA) value that is estimated by the OLS regression equation is as follows:
 $TAC_{it} = \beta_1 (1 / Ait-1) + \beta_2 (evRev / Ait-1 - \Delta it-1) + \beta_3 (PPEt / Ait-1)$
3. Using regression coefficients above, the value of non-discretionary accruals (NDAC) can be calculated by formula
 $NDAC_{it} = \beta_1 (1 / Ait-1) + \beta_2 (evRev / Ait-1 - \Delta Rec / Ait-1) + \beta_3 (PPEt / Ait-1)$
4. Discretionary Accrual (DA), can be calculated as follows:
 $DAC_{it} = TAC_{it} - NDA_{it}$

Independent variables are the variables that affect the dependent variable. The independent variables in this study include *ETR (effective tax rate)*, *audit quality*, company size, leverage, liquidity and operating cash flow. The measurements for independent variables are as follows:

1. *ETR : Effective Tax Rate*

According to Rodriguez and Aras in Ardiansyah, an *effective tax rate* can be calculated from the tax burden divided by profit before tax and does not distinguish between current tax expense and deferred tax expense. So that it can be formulated as follows:

$$ETR = (\text{Total income tax} / \text{profit before tax}) \times 100\%$$

2. *AUDIT: Audit quality* is measured using a proxy of the *Big Four auditors*, is a dummy variable given the number 1 if the company is audited by the Big Four auditors, and given a number 0 if audited by the Non-Big Four auditors.

3. *SIZE: Company Size*

Company size is measured by the total amount of company assets that are transformed in the form of natural logarithms (Hevas *et al.*, 2013).

4. *LEV: Leverage*

Leverage is measured by dividing total debts by total assets.

5. *CURRENT : Liquidity*

Liquidity is measured by dividing total current assets with current liabilities (Hevas *et al.*, 2013).

6. *CFO: Cash from operating activities*

CFO is obtained by dividing cash from operating activities with the company's total assets (Hevas *et al.*, 2013).

Company size, leverage, liquidity, and cash from operation are the control variables used in this study. Some researchers have conducted research related to these variables and obtained different results. Hevas *et al* (2013) obtained the results of the influence of liquidity on earnings management, Pambudi *et al* (2014) and Siregar *et al.* (2005) found that firm sizes have negative effects on earnings management.

Data Processing Techniques

This research will use regression modeling because the goal of this study was to determine the relationship between the dependent variable by one or more independent variables. The research model was regressed using the aid of Eviews 6 software. To analyze the data, the author conducted a descriptive statistical analysis to determine the limits of the regression model, test R^2 and test hypotheses on the regression results using t-statistics and F test.

RESULTS AND DISCUSSION

Research Results

The research has conducted on the selected 52 companies listed on the Indonesia Stock Exchange, except the companies in financial industry for 2012 and 2013. The determination of 52 companies based on the criteria that the companies have complete financial statements, have positive value in the statement of income for the year (net profit) in 2012 and 2013, the ETR is positive and has been audited. Based on Table 1, the descriptive statistics for the variables used explains the relationship between earnings management and ETR, audit quality and other variables. It is known that all variables have a positive mean value.

Table 1 Descriptive Statistics

$$DAC_{it} = \alpha + \beta_1 ETR_{it} + \beta_2 AUDIT_{it} + \beta_3 SIZE_{it} + \beta_4 LEV_{it} + \beta_5 CURRENT_{it} - \beta_6 CFO_{it} + \varepsilon_{it}$$

Variable	Mean	Maximum	Minimum	Std. Dev
DAC	4.21	11.80	-1.85	1.40
ETR	0.38	3.01	0.0002	0.50
AUDIT	0.42	1.00	0	0.49
SIZE	9.12	11.32	8.12	0.65
LEV	0.44	1.33	0.02	0.21
CURRENT	2.22	10.17	0.40	1.61
CFO	0.09	1.39	-0.13	0.06

DAC is a discretionary accruals company i period t ; ETR_{it} is the effective tax rate for a period of time; $AUDIT_{it}$ is Auditor, with a value of 1 if ACCOUNTING FIRMS is Big Four and 0 if ACCOUNTING FIRMS is non-Big Four; $SIZE_{it}$ is a natural log of total assets of the company i period t ; LEV_{it} is debt ratio to total assets of the company i period t ; $CURRENT_{it}$ is the liquidity ratio (current assets divided by current debt) company i period t ; CFO_{it} is operating cash flow divided by total assets of the company in period t

Source: Eviews 6.01 output

Before regressing, a classic assumption test is performed to see whether the data is free from problems of multicollinearity, heteroscedasticity, and autocorrelation. The classic assumption test is important to produce a linear unbiased estimator with a minimum variant of the *Best Linear Unbiased Estimator* (BLUE), which means the regression model does not contain problems. In using the forecasting model, there are several assumptions that underlie the forecasting model, including:

1. Autocorrelation test. Autocorrelation test was carried out using the LM serial correlation facility, based on the results of the Eviews 6.1 data obtained the value of obs * R-squared (X^2 count) of 2.186 and X^2 tables with $\alpha = 5\%$ adjusted to lag of 5.99 because $2,186 < 5,99$, it can be concluded that the model is free from autocorrelation problems. This is also evidenced by the probability R^2 of 0.33 greater than 0.05.
2. Multicollinearity test. Multicollinearity test was carried out using Eviews with partial correction approach, and obtained $R^2 1 > R^2 2, R^2 3, R^2 4, R^2 5, R^2 6$, and $R^2 7$: $0.64 > 0.58; 0.54; 0.40; 0.38; 0.16$ and 0.02 . It can be concluded that the model is free of multicollinearity problems.
3. Heteroscedasticity tes. Heteroscedastic test was conducted to determine whether the variance of the error is constant or not. Heteroscedasticity problems occur in the model. The problem of heteroscedasticity is corrected using the white heteroskedasticity consistent standard error and covariance facility.

Table 2 Summary of Model Regression Results

Variable	Expected Sign	Coefficient	t-stat	Probability
(Constant)		-0.805	-5,002732	0.0000

ETR _{it}	(-)	0.125	0.497344	0.6201
AUDIT _{it}	(-)	-0.499	-2,211246	0.0294 ***
CFO _{it}	(+)	0.623	3,968178	0.0001 ***
CURRENT _{it}	(+)	0.275	0,535440	0.5936
LEV _{it}	(+)	0.354	0.712986	0.4776
SIZE _{it}	(+)	0.860	4,842439	0.0000 ***

N 104

R-squared 0.641843

Adjusted R-squared 0,619689

F-stat 28,97180

Prob F-stat is 0.000000

DW-Stat 1.731372

*** = Significant at 1% level

** = Significant at level 5%

* = Significant at 10% level

DAC is discretionary accruals company i period t ; ETR_{it} is effective tax rate for a period of time; AUDIT_{it} is Auditor, with a value of 1 if the ACCOUNTING FIRMS are Big Four and 0 if ACCOUNTING FIRMS are non-Big Four; SIZE_{it} is natural log of total assets of the company i period t ; LEV_{it} is debt ratio to total assets of the company i period t ; CURRENT_{it} is the liquidity ratio (current assets divided by current debt) company i for the period t ; CFO_{it} is operating cash flow divided by total assets of the company i in period t

Source: Eviews 6.01 output. Data has been reprocessed

From the table, it can be seen that R^2 has a value of 0.64 which can be concluded that the regression model is able to explain the effect of ETR variables, audit quality, CFO, liquidity, leverage and company size on discretionary accruals (earnings management) of 64% while the contents 36% cannot be explained by the regression equation. In other words, there are many other factors that affect the discretionary accruals (earnings management).

F test is conducted to show how much influence ETR, audit quality, CFO, liquidity, leverage, and company size together on the discretionary accruals (earnings management). The results of hypothesis testing as can be seen from Table 2 shows the calculated F value of 28.97 with a significance level of 0.000 which means smaller than 0.05. So, it can be concluded that there is proven to be a joint effect between ETR variables, audit quality, CFO, liquidity, leverage and company size on the discretionary accruals (earnings management).

To see the significance of the partial effect of each variable on the discretionary accruals (earnings management), the t test is carried out. From Table 3 above, it can be explained that:

Table 3 Summary of Results of Proving the Research Hypothesis

		Accept / Refuse
H1	ETR has a negative effect on earnings management (<i>discretionary accruals</i>)	Refuse
H2	Audit culture negatively affects earnings management (<i>discretionary accruals</i>)	Accept

Source: Eviews 6.01 output. Data has been reprocessed.

Discussion

The purpose of this study is to look at the effect of ETR and audit quality on earnings management (*discretionary accruals*), with control variables of company size, leverage, CFO and liquidity which are done empirically.

From the results of statistical tests that have been partially tested, it shows that 5% alpha exists one main variable and two control variables that influence on earnings management that are the audit quality, company size, and CFO. The audit quality is a negative influence on earnings management. It means that the better the quality of external auditors, the smaller the earnings management carried out by the company. This proves that with the implementation of IFRS, a qualified auditor is needed because of the increasing number of agreements made by management. With the audit of a qualified ACCOUNTING FIRMS, the earnings management carried out by the company is expected to be smaller, it is in line with IFRS's aim that with the implementation of IFRS, the financial reports will be of higher quality. This finding

is not in line with the research conducted by Pambudi *et al.* (2014) who did not find the effect of audit quality on earnings management after the adoption of IFRS.

Firm size has a positive effect on earnings management. The results are not in line with expectations that company size has a negative effect on earnings management. This shows that after the adoption of IFRS large companies tend to practice earnings management, with the *principle-based* and the use of fair value in the preparation of financial statements. This finding is not in line with Siregar *et al.* (2005) and Pambudi *et al.* (2014) which showed the negative influence of firm sizes on earnings management. However, this is in line with the findings of Rudra and Bhattacharjee (2012) examining whether IFRS affects earnings management in India and found that earnings management increases significantly with the adoption of IFRS.

Cash flows from operation have positive effects on earnings management. This finding is in line with Hevas *et al.* (2013) who found a positive influence between CFO and earnings management. Cash flows from operating activities show the company's performance so that management will make earnings management in order the company's operating cash flows look good.

The results of statistics testing show one major variable that does not have the influence that ETR and the control variables that do not have the influence, that is leverage. This is in line with research by Hevas *et al.* (2013) who found that the effect of ETR will be lost in the aftermath of the adoption of IFRS. The ETR has no effect on the period after the adoption of IFRS due terdapat differences between tax and IFRS, including the method of calculation of fixed assets. There are several items that are not recognized by the tax authority in the comprehensive income statement such as the disclosure of related parties, the effect of changes in foreign exchange rates, *operating lease*, and so on

Although the companies apply earnings management by lowering income, the practice does not affect taxable income for their fiscal correction made to the profit as the company's tax base. IFRS convergence does not have an effect on tax reporting because fiscal financial reports refer to the tax rules (Laws, Minister of Finance Regulations, Directorate General Regulations, etc.) that are different from SAK-IFRS.

Leverage does not affect earnings management. This is in line with the research of Hevas *et al.* (2013) and Pambudi *et al.* (2014), who found no influence of leverage on earnings management. But the results of this study are not in line with Guna's (2010) and Chin *et al.* (2009) in Pambudi *et al.* (2014) which show the influence of leverage on earnings management.

CONCLUSIONS AND RECOMMENDATIONS

This study aims to see the effect of ETR, audit quality, company size and leverage on earnings management (*discrenesary accruals*) on manufacturing companies listed on the Indonesia Stock Exchange in 2012 and 2013. Based on the results of the analysis, it can be concluded that there is a significant relationship or influence between the audit quality and company size and CFO on earnings management. This shows that after the adoption of IFRS, audit quality is able to detect the existence of earnings management in the company, and there is an indication of earnings management increased after the implementation of IFRS in large companies. But after the implementation of IFRS there was no ETR effect on earnings management because by applying IFRS there are many different rules between tax and IFRS so that the book-tax conformity is lower.

Research Implications

From the significant value of the dependent variable, which is earnings management, there are only three variables that have significant influence, namely the audit quality, CFO and company size. Meanwhile, the ETR does not have an effect. This implies that the application of IFRS-SAK means that the expertise of non-Big Four accounting firms must be further enhanced in order to compete with the Big Four. There must be an effort from the government in relation to the implementation of IFRS, although the differences between IFRSs and Tax Regulations will never be eliminated. The tax regulator should continue to take measures to minimize the differences between the existing IFRS and the tax regulations.

LIMITATIONS

The limitations in this study are related to the small amount of data. Besides, the research period used is only 2 years of observation. Further, this causes lower comparability compared to the study of Hevas *et al.* (2013). This study does not compare the data with other data before the application of IFRS because of the limited time in conducting research so that it can cause bias in drawing the conclusions.

Based on the limitations of the study, suggestions that can be given to further research related to the results of this study are firstly to extend the observation period. Secondly, comparing the data with other data before IFRS implementation. Third, to use company data from other developing countries so that the results can be comparable with the conditions in Indonesia.

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Valuation of Financial Performance and Stock Performance (Case Study PT Holcim Indonesia Tbk)

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Abstract. The main purpose of a company is to prosper the shareholders. The shareholders will get profit from the company they own after one year of operation by selling their products or services. Therefore, company's manager has responsibility to regulate the company to be profitable and needs to know and analyze how was the company has performed for period of time so the manager could correct mistakes in the decision making and maintain the company's strengths.

Besides the company's manager, the shareholders also need to know about how the company's performance to monitor whether investments they have is need to defend or could be abandoned. Succeed or not the management of a company written in annual report contained financial report or financial statement. Company and the shareholders need to understand the valuation of financial performance from the financial statement which are financing, asset management and profitability, also stock performance which consider the share market price in the stock exchange.

This financial and share performance research is studied to PT Holcim Indonesia Tbk in cement industry who has gotten loss for two years, then compare with companies in the same subsector in Indonesia Stock Exchange. The used research data is financial report for year 2012 until 2016 which are secondary data obtained from Indonesia Stock Exchange.

The result of the research shows that compare to the companies in the same industry, PT Holcim Indonesia Tbk from 2012 until 2016 has decreased performance especially in profitability. It was caused of the sales were not optimal and cost inefficiency, that caused stock price is declining. During those five years, PT Holcim Indonesia Tbk expanded it's company which is financed by debt, so PT Holcim Indonesia being a company that the operation dominant use of debt.

Keywords : Profitability, Asset Management, Financing, Stock

1. Introduction

Indonesia is ranked as the third rank with the highest cement production in Asia-Pacific with a total production capacity in 2010 of 37.8 million tons to reach 100 million tons in 2017, while domestic sales also jumped from 40 million tons to around 65 million tons in the same period.

Cement consumption in a country illustrates how the country's infrastructure development is because cement is a major component in infrastructure development such as toll roads, bridges, ports, and others. Indonesia is one of the countries with developing infrastructure development so that the demand for cement is also increasing and many new domestic and foreign cement companies are constantly emerging to take advantage of the opportunities. This also caused an increase in Indonesia's cement production capacity. The Problem Identification of the research are :

- a. The structure of financing at PT Holcim Indonesia Tbk
- b. The management of assets at PT Holcim Indonesia Tbk
- c. The profitability of PT Holcim Indonesia Tbk
- d. The performance of shares at PT Holcim Indonesia Tbk.

2. Theoretical Framework and Methodology

2.1. Descriptive

Descriptive research (descriptive research) is a research method that aims to provide a more detailed picture of a phenomenon or phenomenon, in this thesis proposal relating to financial performance and company shares. The phenomenon under study is an event that is happening now and in the past. This descriptive study explains aspects that are relevant to the phenomenon observed. Descriptive method is also defined as the problem-solving process that is investigated, by describing or describing the state of the object of the research at the present time, based on the facts that appear or as they are.

2.2. Quantitative

Quantitative is a process of finding knowledge that uses data in the form of numbers as a means of analyzing information about what you want to know. Quantitative methods are also a method that can test certain theories by examining the relationships between variables. To be able to take measurements using quantitative methods, each phenomenon is translated into several problem components. Quantitative calculation techniques can be done so that it can produce a conclusion. The main purpose of this methodology is to explain a problem but produce generalizations. Generalization is a reality of truth that occurs in a reality about an estimated problem.

2.3. Debt Ratios

- a. **Debt Ratio.** This ratio is used to find out how the company funds both current and fixed assets in supporting its business activities. Does the company use more funds from owners (shares/equity) or from debt sources? Thus this ratio provides an indicator of the amount of debt that the company uses to fund all assets owned.

$$\text{Debt Ratio} = \frac{\text{Total Debt}}{\text{Total Assets}}$$

This ratio can also be used to measure the solvency of a company. the smaller the ratio figure means that the smaller companies use funds from debt sources, and also means that the conditions of the company are more solvable.

- b. **Debt to Equity Ratio**

This ratio is for the company's capital structure. Because it relates to company capital which means finding funds obtained through debt, the total amount of debt that will be used. The total debt is compared to the total equity or capital of the company owner. In other words, this ratio is a comparison between debt owned by a company and capital owned by a company. This ratio shows the ability of capital owned by a company in fulfilling all obligations.

$$\text{Debt to Equity Ratio} = \frac{\text{Total Debt}}{\text{Equity}}$$

- c. **Coverage Ratio**

The coverage ratio is a ratio that measures the level of security of a company in terms of the ability to pay interest on loans or describes the ability of the company's operating results to cover interest obligations. That is using the Times Interest Earned ratio formula.

$$\text{TIE} = \frac{\text{Earning Before Interest and Tax}}{\text{Interest Expense}}$$

2.4. Activity Ratios

Assessing the effectiveness of asset management in a company can be done by analyzing the ratio of the activity and liquidity ratios.

- a. **Total Assets Turnover (TATO)**

$$\text{TATO} = \frac{\text{Revenue (sales)}}{\text{Total Assets}}$$

- b. **Current Asset Turnover (CATO)**

$$\text{CATO} = \frac{\text{Revenue (Sales)}}{\text{Current Assets}}$$

- c. **Fixed Assets Turnover (FATO)**

$$\text{FATO} = \frac{\text{Revenue (Sales)}}{\text{Fixed Assets}}$$

d. *Inventory Turnover (InTO)*

$$\text{InTO} = \frac{\text{Cost of Good Sold}}{\text{Inventory}}$$

e. *Accounts Receivable Turnover (ARTO)*

$$\text{ARTO} = \frac{\text{Revenue (Sales)}}{\text{Account Receivable}}$$

f. *Working Capital Turnover (WCTO)*

$$\text{WCTO} = \frac{\text{Revenue (Sales)}}{\text{Working Capital}}$$

g. *Account Payable Turnover (APTO)*

$$\text{APTO} = \frac{\text{Cost of Good Sold}}{\text{Accounts Payable}}$$

2.5. *Liquidity Ratios*

a. *Current Ratio*

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

b. *Quick Ratio*

$$\text{Quick Ratio} = \frac{\text{Current Assets} - \text{Inventories}}{\text{Current Liabilities}}$$

c. *Cash Ratio*

$$\text{Cash Ratio} = \frac{\text{Cash or Cash Equivalent}}{\text{Current Liabilities}}$$

2.6. *Profitability Ratios*

a. *Gross Profit Margin (GPM)*

$$\text{GPM} = \frac{\text{Gross Profit}}{\text{Sales}}$$

b. *Operating Profit Margin (OPM)*

$$\text{OPM} = \frac{\text{Operating Profit Margin (EBIT)}}{\text{Sales}}$$

c. *Net Profit Margin (NPM)*

$$\text{NPM} = \frac{\text{Earning After Tax (EAT)}}{\text{Sales}}$$

d. *Return on Assets (ROA)*

$$\text{ROA} = \frac{\text{Earning After Tax (EAT)}}{\text{Total Assets}}$$

e. *Return on Capital Employed (ROCE)*

$$\text{ROCE} = \frac{\text{EBIT}}{\text{Long term debt} + \text{Equity}}$$

f. *Return on Equity (ROE)*

$$\text{ROE} = \frac{\text{Earning After Tax (EAT)}}{\text{Equity}}$$

2.7. *Stock Performance*

a. *Earning per Share (EPS)*

$$\text{EPS} = \frac{\text{EAT}}{J_{sb}}$$

b. *Price Earning Ratio (PER)*

$$\text{PER} = \frac{\text{MPS}}{\text{EPS}}$$

c. *Book Value per Share (BVS)*

$$\text{BVS} = \frac{\text{Total modal sendiri} - \text{saham preferen}}{\text{saham biasa yang beredar}}$$

d. *Price to Book Value (PBV)*

$$\text{BV} = \frac{\text{Harga per lembar saham}}{\text{Nilai buku ekuitas per lembar saham}}$$

3. Result And Discussion

3.1. Ratio Analysis of PT Holcim Indonesia Tbk Funding

Solvency

Calculations on this ratio will show the portion of debt to assets and to equity held by PT Holcim Indonesia Tbk.

Debt to Asset Ratio

The following (Figure 1) is a comparison chart of SMCB Debt to Asset Ratio and Industry Average.

The graph shows that the ratio of debt to assets owned by the SMCB and the industry average both have an increasing trend. But from the two lines on the graph, it can be seen that the SMCB has an increase in the DAR ratio that is greater than the industry average which means that the increase in the SMCB debt is higher than the increase in the total assets it has.

Then based on the weight of debt to assets, the average company in the cement sector has a DAR ratio that is still below 40%, that is when compared to assets, the use of debt is not dominant. Another with SMCB which has a DAR ratio that has been above 50%.

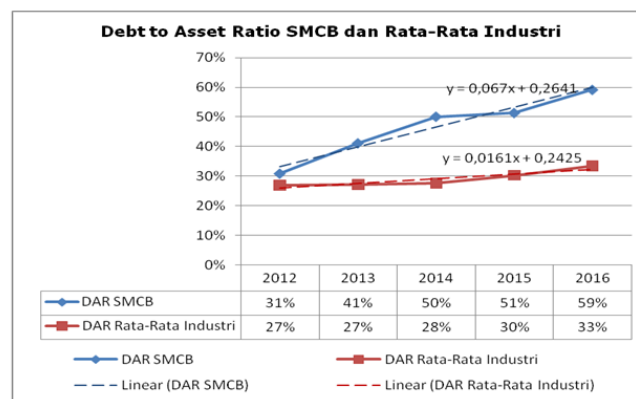


Figure. 1 Comparison of Ratio Charts from PT Holcim Indonesia Tbk and Industry Average for 2012-2016

Debt to Equity Ratio

The following is a comparison chart of SMCB Debt to Asset Ratio and Industry Average.

The graph shows that the ratio of debt and equity to the industry average has a more flat tendency despite a slight increase, in contrast to the SMCB which increased significantly. Then in terms of the comparative figures between debt and equity, SMCB has a debt which in 2014 was the same as equity in the year, then in 2015 and 2016 the total amount of SMCB debt exceeded the amount of equity it had. This again shows again that the SMCB operates predominantly using debt during 2014-2016 where the increase in debt each year is greater than the increase in equity owned by the SMCB.

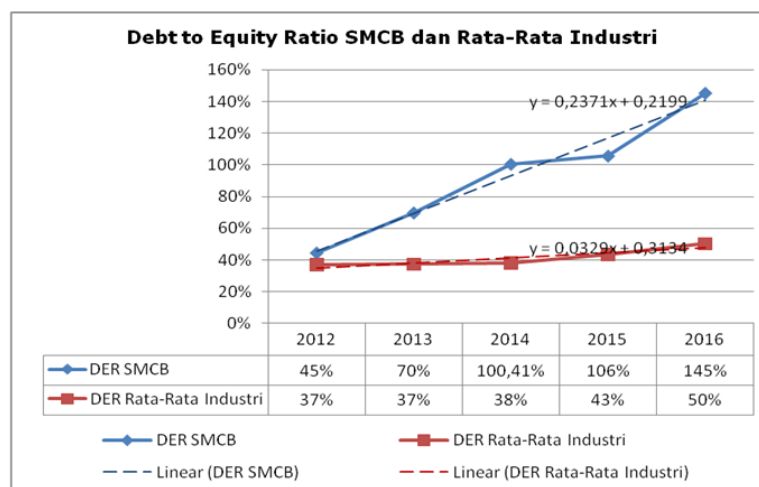


Figure. 2. Graph of Comparison of PT Holcim Indonesia Tbk DER Ratios and Industry Average for 2012-2016

Coverage (*Times Interest Earned*)

Calculations on this ratio will show SMCB's ability to pay interest arising from the debt. The following is a comparison chart of Times Interest Earned SMCB and Industry Average.

The graph shows the TIE SMCB ratio and the industry average have a downward trend which means that the ability of all companies in the cement industry or subsector to decrease interest is also decreasing. The graph also shows that the decline in the industry average TIE ratio is more significant than the TIE SMCB ratio and the largest decrease in the TIE ratio in 2013 was due to a significant increase in the average industry interest expense. Then the TIE SMCB ratio line is below the industry average TIE ratio which means that in terms of coverage or covering the interest expense by EBIT, SMCB has a lower capability compared to the industry average.

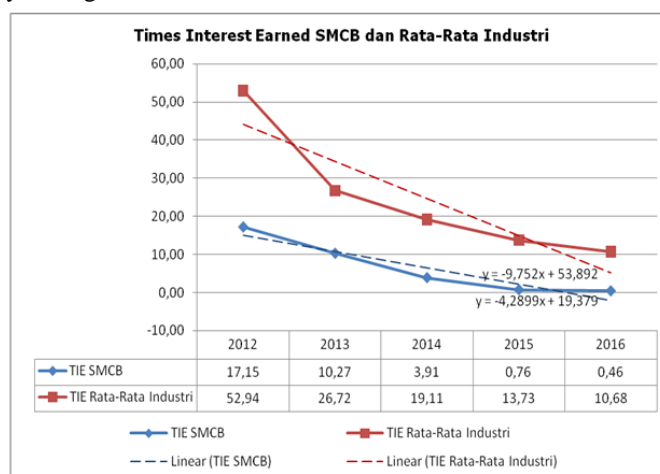


Figure. 3. PT Holcim Indonesia Tbk TIE Ratio Comparison Chart and Industry Average for 2012-2016

Activity and Profitability

Calculations on this ratio will show the effectiveness of SMCB funding in generating sales and profits, namely EBIT, then compared with the ratio generated by the industry average.

Account Payable Turn Over

The following is a comparison chart of Account Ratio of Payable Turnover for SMCB and Industry Average for 2012-2016.

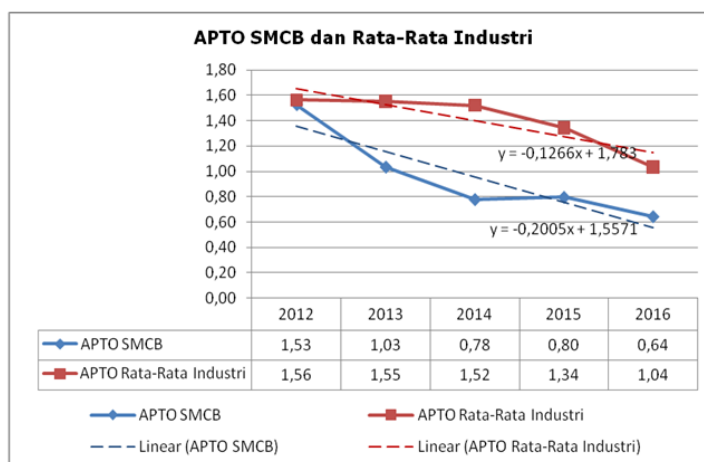


Figure. 4. Graph of APTO Ratio Comparison of PT Holcim Indonesia Tbk and Industry Average for 2012-2016

The graph shows that both the SMCB and the industry average have an APTO ratio that has a downward trend. However, based on the graph, the debt turnover owned by the SMCB has a more downward trend and is smaller than the industry average, which means that over the five years the SMCB pays debt more slowly than the industry average. As explained in the theory that debt turnover should not be faster than receivable turnover, the following is a table of the average age of debts and receivables owned by SMCB.

The table 1. shows that the average age of the SMCB debt when compared to the average age of the debt, the longer the average age of the receivable. This means that when the debt held by the SMCB is due, the SMCB has the funds to repay the debt.

Table. 1. The Average Age of PT Holcim Indonesia Tbk Debt and Receivables for 2012-2016

Remarks	Years					Average
	2012	2013	2014	2015	2016	
Debt Age of SMCB	239 days	353 days	469 days	459 days	567 days	417 days
Average Receivables Age of industry	33 days	36 days	40 days	44 days	40 days	39 days

Fixed Asset Turn Over

The following is a comparison chart of Fixed Asset Turnover Ratio of SMCB and Industry Average. The graph shows that the effectiveness of non-current asset management to generate sales both of the SMCB's property and the industry average is decreasing. This shows that there are external things that affect companies in the cement sector so that the effectiveness of the management of fixed assets is decreasing where companies in the cement sector are highly dependent on fixed assets in the production.

Then the FATO SMCB ratio chart below the industry average shows that the effectiveness of non-current asset management, when compared to the industry average, is still very small.

In 2014-2015 the FATO SMCB ratio was sloping, compared to the industry's average decline. This was due to the SMCB sales which declined slightly in the year but there was a substantial decline in sales in the industry average wherein 2015 WSBP was incorporated into an industrial group but the sales did not have a high influence so that when averaged, the results of flat sales the industry declined in that year.

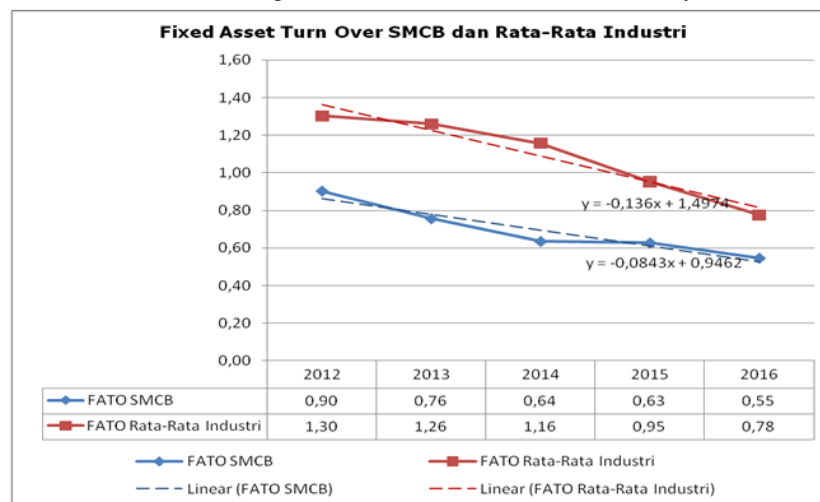


Figure. 5. Graph of Comparison of Ratio of PT Holcim Indonesia Tbk FAITO and Industry Average for 2012-2016

Current Asset Turn Over

The following (Figure 6.) is a comparison chart of the SMCB Current Asset Turnover Ratio and Industry Average.

The figure shows that the effectiveness of managing SMCB's current assets in generating sales has a downward trend and when compared with the effectiveness of managing current industry average assets, the industry average CATO ratio has a stable trend or trend. But from the two lines in the graph, the CATO ratio

figures generated by the SMCB are higher than the industry average. This is due to the low amount of SMCB cash. But the numbers are indeed volatile. For example, in 2012 the current assets of the SMCB amounted to Rp556 billion while the current assets of those owned by companies in the same industry or sector as the SMCB stood at Rp3 trillion. So even though the sales generated by the SMCB are below the industry average, the CATO SMCB ratio can produce larger numbers because the current assets are also smaller.

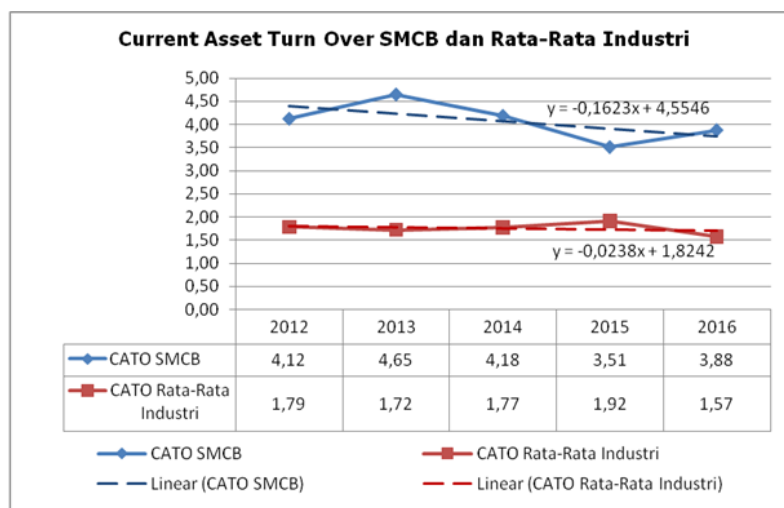


Figure. 6. Graph of PT Holcim Indonesia Tbk's CATO Ratio Comparison and Industry Average for 2012-2016

Total Asset Turn Over

The following is a comparison chart of the SMCB Total Asset Turnover Ratio and Industry Average.

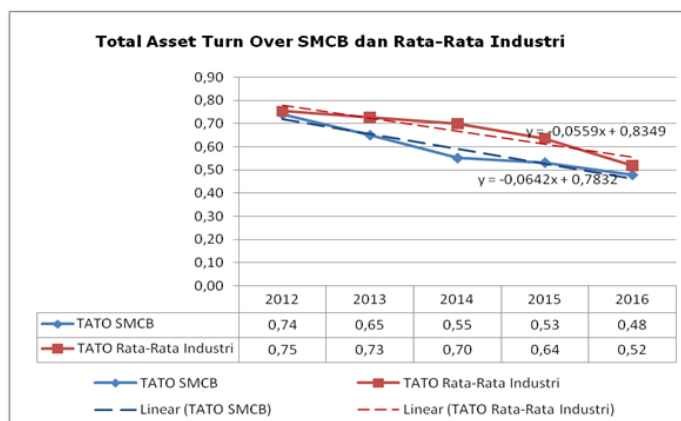


Figure. 7. Chart of PT Holcim Indonesia Tbk TATO Ratio Comparison and Industry Average for 2012-2016

Based on the TATO SMCB ratio graph and the average in the industry has a downward trend which means that the effectiveness of the management of total assets of all companies in the cement industry or sector has decreased. However, based on the results of the ratio, the TATO SMCB ratio is below the industry average. In 2012 the TATO SMCB ratio was almost at the same point as the industry average which illustrates that the management of SMCB's total assets in that year is almost equivalent to the effectiveness of asset management owned by companies in the cement industry or sector.

Inventory Turn Over

The following (Figure 8) is a comparison chart of the SMCB Inventory Turnover Ratio and Industry Average.

Based on the graph in figure 8, INTO SMCB and Average Industry have an increasing trend. This shows that the number of products sold compared to the inventory of both the SMCB and the average in the industry also increases yearly where sales from all cement sector companies increase when viewed from

comparison with inventory. However, based on the figures from the INTO ratio results, the SMCB has greater results than the industry average or is above the average. To find out the average age of the SMCB inventory and Industry Average based on the length of the day, here is a table of the cycle.

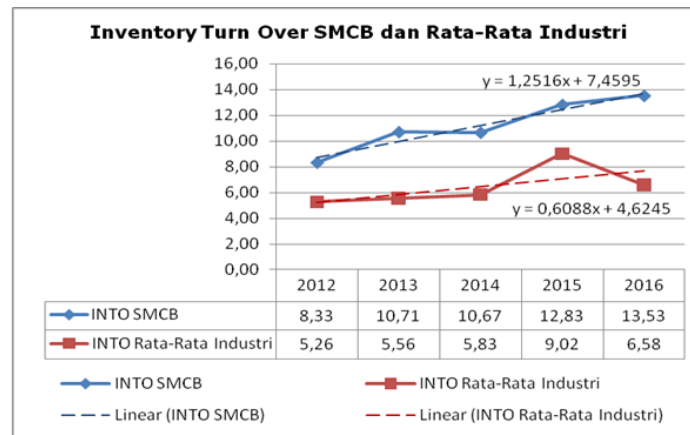


Figure 8. INTO PT Holcim Indonesia Tbk Ratio Comparison Chart and Industry Average for 2012-2016

Table 2. The Average Inventory Age of PT Holcim Indonesia Tbk in 2012-2016

Remarks	Years					Average
	2012	2013	2014	2015	2016	
Age of SMCB Supply		34	34	28	27	34 days
Average of Industry Supply	69	66	63	40	55	59 days

Source: PT Holcim Indonesia Tbk

The table 2 shows that the time at which SMCB inventories are sold on average is within 34 days, faster than the industry average where the average inventory is sold within 59 days. This shows that SMCB has a better inventory turnover than other companies in the same sector as SMCB, namely cement.

Account Receivable Turn Over

The following (Figure 9) is a graph of Comparison the SMCB Account Receivable Turn Over Ratio and Industry Average.

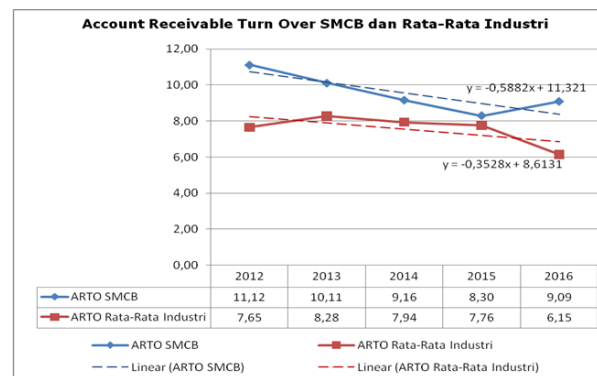


Figure 9. Graph of Comparison of Ratio of PT Holcim Indonesia Tbk ARTO and Industry Average for 2012-2016

Based on the graph in figure 9, the ARTO SMCB and Industry Average have a downward trend. This shows that the number of times the repayment of receivables from both the SMCB and the average in the industry also decreased annually. However, based on the figures from the INTO ratio results, the SMCB has greater results than the industry average or is above the average. To find out the average age of SMCB receivables and Industry Average based on the length of the day, here is a table of the cycle.

The table shows that the time at which the SMCB receivables are repaid on average is repaid within 34 days, faster than those owned by the industry average where the average receivables are repaid within 59 days. This shows that SMCB has a better receivable turnover than other companies in the same sector as SMCB, namely cement.

Table 3. PT Holcim Indonesia Tbk's Average Age of Receivables for 2012-2016

Remarks	Years					Average
	2012	2013	2014	2015	2016	
Receivables Age of SMCB	33 <u>days</u>	36 <u>days</u>	40 <u>days</u>	44 <u>days</u>	40 <u>days</u>	39 <u>days</u>
Average Receivables Age of Industri	48 <u>days</u>	44 <u>days</u>	46 <u>days</u>	47 <u>days</u>	59 <u>days</u>	49 <u>days</u>

Source: PT Holcim Indonesia Tbk

Liquidity Ratio

Calculations on this ratio will show the liquidity or management capabilities of SMCB assets, namely current assets in meeting their short-term obligations.

Current Ratio

The following is a comparison chart of SMCB Current Ratio and Industry Average.

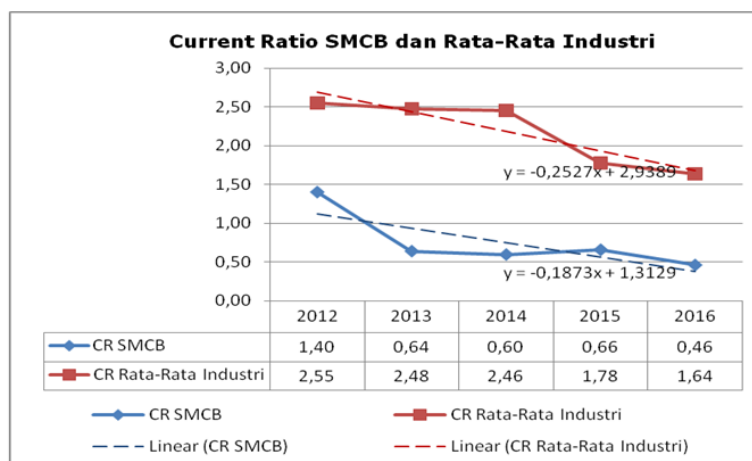


Figure 10. Comparison Chart of Current PT Ratio of Holcim Indonesia Tbk and Industry Average for 2012-2016

Based on the Current Ratio of the SMCB and the industry average, the trend has decreased and the line of the trend is almost parallel. This means that the ability to meet the obligations for current debt owned by companies in the cement sector on the Indonesia Stock Exchange also declined. But based on the number of these ratios, the CR SMCB ratio is below the industry average. The CR SMCB ratio results show a number below 1 which means that the ability to cover the current debt of the SMCB current assets is not good, namely the greater the amount of current debt than the current assets owned by the SMCB.

Then if examined, the average industrial CR ratio in 2014-2015 decreased significantly. This is due to a decrease in current assets in companies that have high market opportunities, namely INTP and SMGR. In addition, SMGR also experienced a decline in current assets during the year. This decline was dominated by a decrease in cash and cash equivalents of these companies.

Quick Ratio

The following (Figure 11) is a comparison chart of Quick Ratio SMCB and Industry Average.

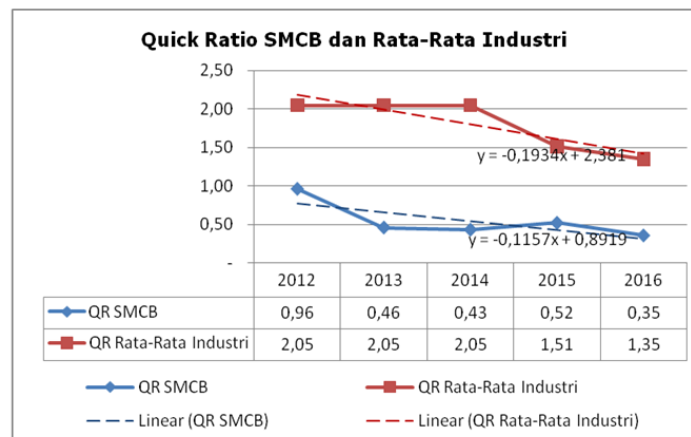


Figure 11. PT Holcim Indonesia Tbk Quick Ratio Comparison Chart and Industry Average for 2012-2016

The graph shows that the trend of the Quick Ratio owned by the SMCB and the industry average decreased. Because the CR ratio owned by SMCB is below the industry average, the QR ratio also has a number that is below the industry average. It can be noticed that during 2012 until 2014 the average QR ratio of the industry was in a stagnant or stable rate due to stable cash, inventory and current debt figures, QR SMCB decreased due to significant debt increased by 110% from the amount of Rp1.5 trillion to Rp3.2 trillion.

Cash Ratio

The following is a graph of the comparison of SMCB Cash Ratio and Industry Average.

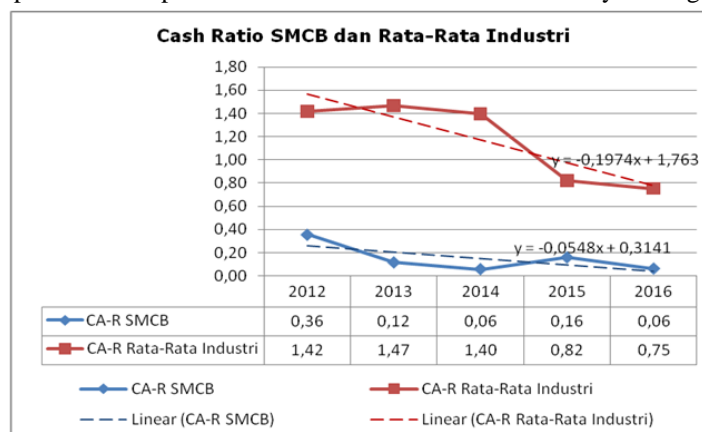


Figure 12. PT Holcim Indonesia Tbk Cash Ratio Comparison Chart and Industry Average for 2012-2016

Based on the graph in Figure 12, the trend of the SMCB Cash Ratio ratio decreases but is not significant so that it can be said to be stable despite fluctuations. Then the cash and cash equivalents of the SMCB have a small portion in current assets because SMCB sales are dominant with receivables. Furthermore, the trend of the industry average CA-R ratio decreased due to a significant decline in 2014-2015. This provides evidence in the statement that there was a significant decrease in cash and cash equivalents for the year.

3.2. Ratio Analysis of PT Holcim Indonesia Tbk Ability

Gross Profit Margin

The following (Figure 13) is a graph of the ratio of the gross profit margin of the SMCB margin and the industry average.

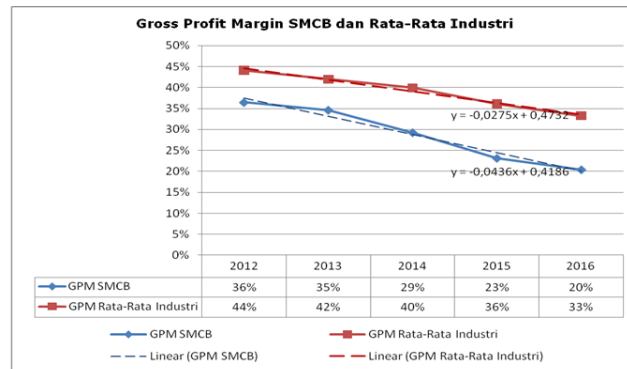


Figure 13. Chart of Comparison of PT Holcim Indonesia Tbk GPM Ratio and Industry Average for 2012-2016

The graph shows that the trend of the GPM ratio both the SMCB and the industry average has decreased this ratio is the impact of the increasing HPP ratio per sale. The decline in the trend that occurred in the SMCB was greater than the decline in the industry average and the GPM SMCB figures were below the average. The GPM SMCB ratio below the average shows that in terms of generating gross profit on sales, the SMCB is still not optimal and rivals the industry and a downward trend in the GPM SMCB ratio due to decreased gross profit as previously explained while SMCB sales tend to be stable.

Operating Profit Margin

The following is a comparison chart of the ratio of SMCB Margin Operating Profit and Industry Average.

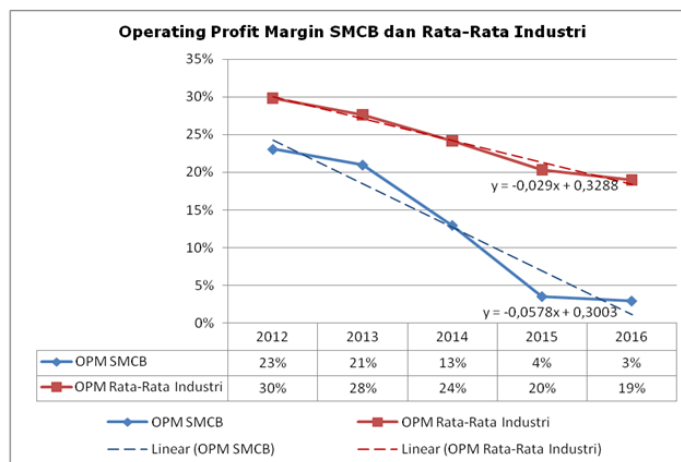


Figure 14. Chart of Comparison of PT Holcim Indonesia Tbk OPM Ratios and Industry Average for 2012-2016

The graph shows that the OPM ratio lines generated by the SMCB and the industry average have a downward trend, but the decline in the OPM SMCB ratio is greater than the industry average. The OPM SMCB ratio decreased due to the decline in SMCB operating income, especially in 2014 and 2015. However, in 2016, in line with the SMCB's operating profit that did not return sharply, the OPM SMCB ratio in 2015-2016 was flat.

Based on the OPM ratio, it can also be seen that from the sales generated, after being deducted by the basic costs and operational costs incurred, the operating profit obtained by SMCB for the three years is not more than 25% and the time goes by, the percentage of operating profit on the sale of SMCB getting smaller, not even reaching 5% and not to mention reduced by other costs and taxes.

Net Profit Margin

The following is a comparison chart of the ratio of Net Profit SMCB Margin and Industry Average.

The graph shows that the SMCB NPM and the industry average NPM decreased. However, the decline in the SMCB NPM was greater than the decline in the industry average and the SMCB NPM ratio

was also below the industry average NPM line. This is because the movement of net income generated by SMCB towards sales is decreasing. Then from the total sales of 100%, SMCB is only able to generate net profit that can be attributed to shareholders up to 15% for the five years even in 2015 and 2016 SMCB gets a loss.

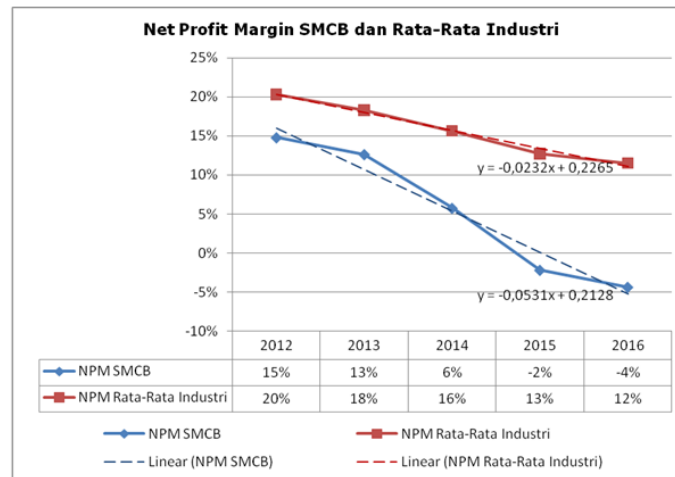


Figure 15. Chart of PT Holcim Indonesia Tbk NPM Ratio Comparison and Industry Average for 2012-2016

Return on Asset

The following is a graph of the comparison of SMCB's Return On Assets ratio and Industry Average.

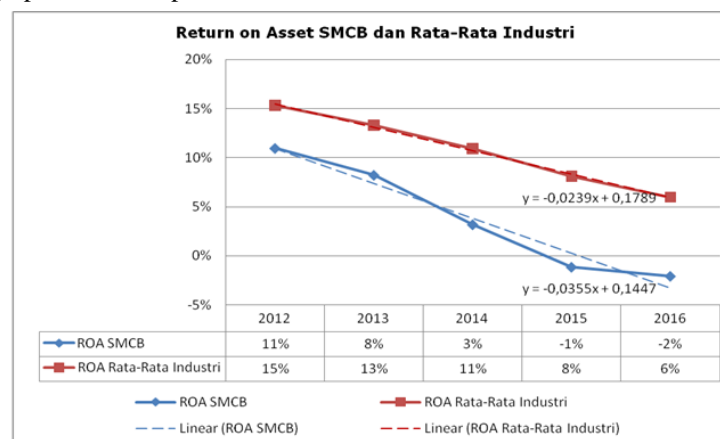


Figure 16. Graph of Comparison of ROA Ratio of PT Holcim Indonesia Tbk and Industry Average for 2012-2016

The graph shows that the ability of the SMCB and the industry average to generate EBIT against its assets has decreased due to the increase in assets that occurred both in the SMCB and the industry average, while the EBC of the SMCB and the industry average declined. The graph above also shows that the decrease in the ROA ratio held by SMCB was greater than the decrease in the average ROA ratio of the industry and the ROC ratio of the SMCB was below the industry average. This gives the meaning that in generating profits when compared to assets owned, SMCB is still not optimal because it is below average.

Return on Equity

The following (Figure 17) is a graph of the comparison of the Return On Equity SMCB ratio and Industry Average.

The graph shows that the ability of the SMCB and the industry average to generate profits against equity owned, decreased. This cannot be separated from the decrease in net income that occurs higher than the decrease in equity held.

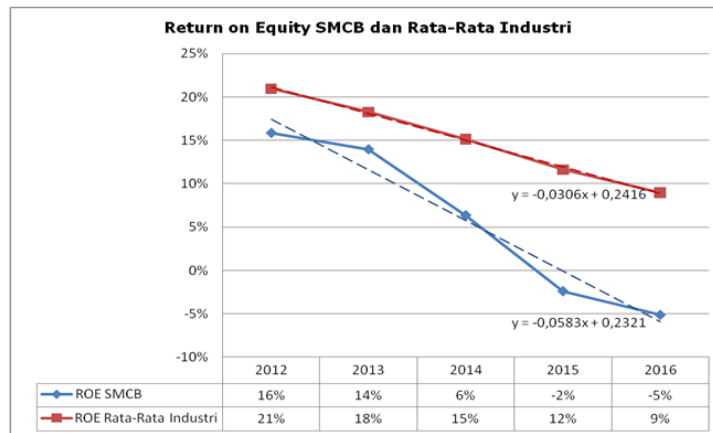


Figure 17. Graph of Comparison of PT Holcim Indonesia Tbk's ROE Ratio and Industry Average for 2012-2016

3.3. Performance Analysis of PT Holcim Indonesia Tbk Shares

Share Prices

The following is a restatement of PT Holcim Indonesia Tbk stock market price chart for 2012-2016.

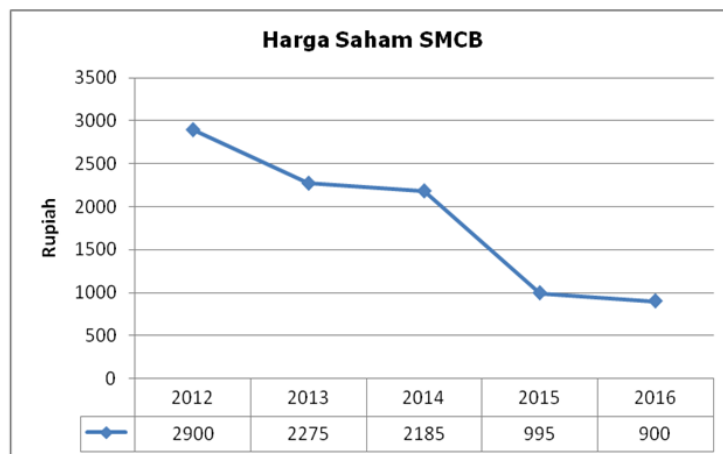


Figure 18. PT Holcim Indonesia Tbk Stock Price Movement Chart for 2012-2016

The graph shows the market price of the SMCB stock continues to decline from 2012-2016. This was due to the declining condition of the cement industry/industry, which due to the oversupply that resulted in sales of companies in the cement sector in Indonesia also declined. Therefore, the declining trend in stock prices does not only occur in the SMCB but in all shares in the cement industry sector due to similar conditions. However, especially in 2013, as mentioned in the macroeconomic analysis, namely the exchange rate, the overall JCI was indeed decreasing due to the outflow of foreign capital from Indonesia.

Then in 2015, all shares in the cement industry sector declined significantly due to the policy of lower cement prices set by the government. SMCB can actually withstand these conditions in terms of sales, because SMCB sales are still increasing, but due to internal financial management in terms of inefficient use of costs, the SMCB profit has decreased so that investor confidence in the SMCB shares has decreased and seen in Figure 4.43 SMCB share prices declined most significant in that year.

Book Value

The following is a graph of the value of PT Holcim Indonesia Tbk's book/book value for 2012-2016.

The graph shows the value of the SMCB book which continues to decline even though the value of the SMCB book is still above the Rp1000 figure, but this indicates that if the SMCB is liquidated, then that amount can be received by the SMCB shareholders per share.

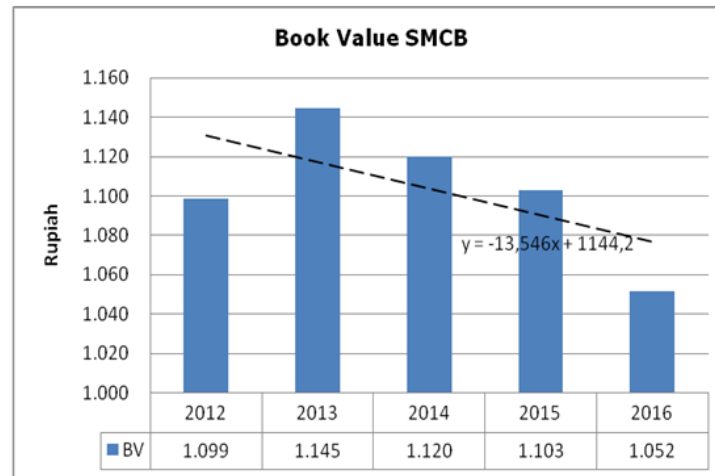


Figure 19. Book Value Movement Chart / PT Holcim Indonesia Tbk Book Value 2012-2016

3.4. Ratio Analysis of PT Holcim Indonesia Tbk's Stock Performance

Price per Earning Ratio

The following is a graph of the comparison of Price per Earning Ratio of SMCB and Industry Average.

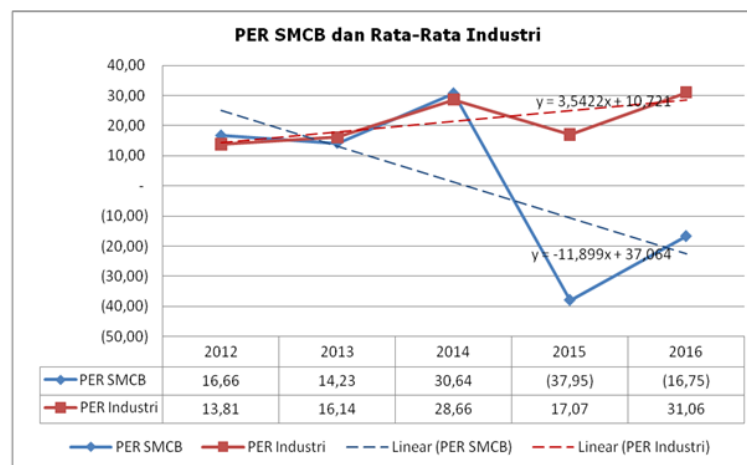


Figure 20. Chart of Comparison of PT Holcim Indonesia Tbk PER Ratios and Industry Average for 2012-2016

The graph shows the PER ratio owned by the SMCB and the average PER ratio of the industry has the opposite trend. In 2012, the SMCB PER was above the industry average PER which means that in that year the SMCB price could be said to be relatively expensive because it was overvalued where with the existing market price of 2900, investors had to pay to get EPS of Rp. 174. So that in 2012 investors who already have potential profits in terms of capital gains are advised to sell their shares to buy again at a low price.

But starting in 2013, the SMCB PER began to be below the industry average or undervalued where SMCB shares can be said to be relatively cheap so it is recommended to investors to make purchases and for investors who already have SMCB shares to hold their shares if there is an indication of price increases. But starting in 2015 the SMCB PER became negative, in this condition, the SMCB shares cannot be said to be cheap or expensive due to the negative EPS or losses experienced by the SMCB.

Price per Book Value

The following is a comparison chart of Price Ratio per Book Value of SMCB and Industry Average.

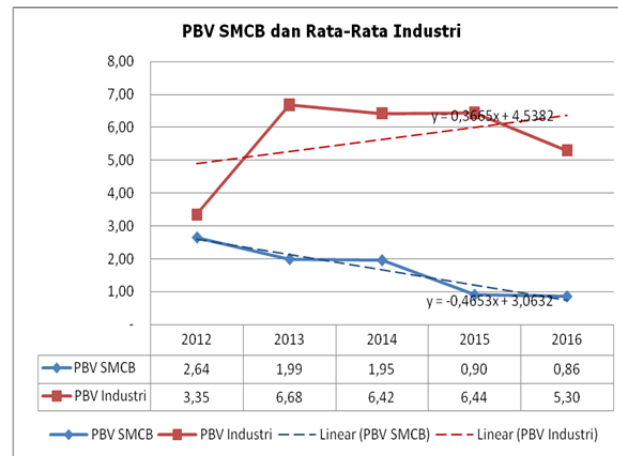


Figure 21. Chart of PT Holcim Indonesia Tbk PBV Ratio and Industry Average for 2012-2016

Charts show SMCB PBV trends and industry averages that are also in opposite directions. When viewed based on the PBV ratio, the five-year SMCB share is in an undervalued position because it is below the industry's average PBV line. So that investors are advised to purchase SMCB shares or for investors who have SMCB shares can hold their shares because if viewed from the PBV ratio, SMCB is still able to provide returns from the book value owned by SMC

4. Conclusion

The following is a summary of the analysis of the financial performance and performance of the shares of PT Holcim Indonesia Tbk and the Industry Average.

Based on the research and analysis carried out, it can be concluded that there are several things regarding the financial performance and performance of PT Holcim Indonesia Tbk shares starting in 2012-2016.

1. In financing its business, PT Holcim Indonesia Tbk is more dominant in using debt and continues to increase. However, the ability to make interest payments is decreasing due to PT Holcim Indonesia's profit which also declined over the five years. Then based on debt turnover, PT Holcim Indonesia's debt turnover is smaller than the industry average and debt turnover and the average debt life is slower than the receivable turnover and the average age of accounts receivable.
2. PT Holcim Indonesia Tbk's asset management shows that during these five years PT Holcim Indonesia Tbk focused on expanding or expanding its business, evidenced by the presence of three developments and one acquisition activity. However, this does not immediately have a good impact on sales and profits, even though the construction is completed, where expansion is a long-term investment so that the visible returns will not be directly obtained. Especially because these activities are carried out when the industrial conditions are in an oversupply condition, so the demand for cement also decreases even though the production can be higher.
3. There is a good thing about PT Holcim Indonesia Tbk's asset management, namely that inventory turnover and accounts receivable turnover owned by PT Holcim Indonesia Tbk is better than the industry average.
4. In terms of profitability, PT Holcim Indonesia Tbk is able to generate sales that tend to be stable over the five years compared to the industry average which has declined. However, cost inefficiencies that occur both in the cost of goods sold and operating costs make PT Holcim Indonesia Tbk experience a decline in profits to experience losses in 2015 and 2016.
5. The market price of PT Holcim Indonesia Tbk's stock for five years continued to decline due to the external conditions that occurred so that the entire market price of the cement company's stock declined. However, the stock market price of PT Holcim Indonesia Tbk declined further due to the company's performance also declined. Then based on fair value analysis, PT Holcim Indonesia Tbk's shares are

currently in an undervalued position, which is relatively cheap so investors are advised to buy and/or hold PT Holcim Indonesia Tbk shares.

Table 4. PT Holcim Indonesia Tbk Performance Summary in 2012-2016

Remarks	Average (Period of 2012-2016)	
	PT Holcim Indonesia Tbk	Average of Industry
FINANCIAL PERFORMANCE		
PROFITABILITY		
Profitability :		
HPP/Sales (%)	71	61
BO/Sales (%)	16	15
Operating Profit Margin (%)	13	24
Return on Asset (%)	4	11
Asset Management		
Activity and Profitability:		
Fixed Asset Turn Over (X)	0,69	1,09
EBIT/Fixed Asset (%)	10	27
Inventory Turn Over (X)	11,21	6,45
Account Receivable Turn Over (X)	9,56	7,55
Liquidity:		
Current Ratio (X)	0,75	2,18
Finance		
Solvency Ratio:		
Debt to Asset Ratio (%)	47	29
Debt to Equity Ratio (%)	93	41
Coverage :		
TIE (X)	6,51	24,64
Activity :		
Account Payable Turn Over (X)	0,96	1,40
SHARES PERFORMANCE		
Market Ratio :		
PER (X)	1,37	21,35
PBV (X)	1,67	5,64

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[24]

Quo Vadis, Islamic Banking? (Literature Study on Islamic Commercial Banks and Sharia Business Units in Indonesia)

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Abstract. Financing in Islamic banking in Indonesia, even throughout in the world is dominated by murabahah financing. This is not an ideal condition, because ideally the financing of Islamic banking is dominated by profit sharing-based financing, namely mudharabah and musyarakah. This paper aims to describe the condition of the financing portfolio in Islamic banking that is not in accordance with its characteristics, namely profit sharing; identify the causes; and contribute to the solution of the problem. The dominance of murabahah financing is shown in proportion to the position on January 31, 2017 which reached 60% of total financing. The macro impact of the domination of murabahah transactions is that the monetary sector moves faster than the real sector which can ultimately lead to an economic crisis. Micro-impact, murabahah financing tends to encourage individual society to be consumptive because the purpose of this financing is more for consumptive matters, while profit-based financing will encourage individuals to be productive because profit-based financing is definitely intended to finance things which are productive. Broadly speaking, the problem needs to be addressed through two things, the first solution comes from the Government in the form of institutional and/ or personal structural support and law enforcement that can be voluntary followed by incentives or mandatory followed by sanctions, so that profit-based financing in Islamic banking is more dominant than murabahah financing. The second solution is sourced from Islamic banking itself in the form of increasing awareness that its purpose is not solely business but also *falah* (welfare of the people), so that ease of system, procedure and requirements for society to inclusion in profit sharing based financing can be created, while remains paying attention prudential banking aspects.

Keywords: murabahah financing, profit sharing based financing, mudharabah financing, musyarakah financing, and *falah*

1. Introduction

As a comprehensive way of life, Islam encapsulates all aspects of life, namely *aqidah*, *sharia*, and *akhlaq* (Zarqa, 1959 in Antonio, 2001). Furthermore, Antonio (2001) explained that Islamic *sharia* as a *sharia* brought by the last Apostle has its own uniqueness because it is not only comprehensive but also universal. Comprehensive means that Islamic *sharia* encapsulates all aspects of life, both ritual (worship) and social (*muamalah*) and universally means that Islamic *sharia* can be applied in every time and place until the End Day. This universality according to Antonio (2001) seems clear especially in the field of *muamalah*.

According to Ibrahim al-Hamd (2007), the word "*aqidah*" is taken from the word *al-'aqdu* which is a strong bond and attraction. It also means stabilization, determination, hooking, temple attachment, and strengthening. *Aqidah* in general terms is used to refer to a solid mind decision. The term *aqidah* is also used to refer to solid trust and decisive decisions that cannot be overwhelmed. That is what (read: ideology) is believed by a person, tied tightly by his conscience, and made as a school or religion that he adheres to, regardless of whether he is right or not. As for the *aqidah* of Islam is a firm belief in Allah, His angels, His holy books, His Apostles, the Last Day, *qadar* (read: destiny) of good and bad, and the entire contents of the *Qur'an Al-Karim* and *As-Sunnah Ash-Shahihah* in the form of religious subjects, orders and news, as well as anything agreed upon by the generation of *Salafush Salih* (*ijma'*), and total submission to Allah Ta'ala in terms of legal decisions, orders, destiny, or *shara'*, and submission to the Prophet Muhammad by obeying them, accepting their legal decisions, and following them (Nashir Al-Aql in Ibrahim Al-Hamd 2007).

Shariah or etymologically written syar'ah (language) as stated by Hasbi as-Shiddieqy in Rohidin (2016) is "The path where the source of the waterfall or the path that the waterfall passes" which is then associated by the Arabs as at-thariqah al-mustaqimah, a straight path that must be followed by every Muslim. According to Rohidin (2016) shifting the meaning of denonative, source of water, to being a straight road has a reason that can be reasoned. Every living creature definitely needs water as a means of maintaining the safety and health of the body, in order to survive in the world. Likewise, the notion of a "straight path" in it implies that the Shari'a is a guide for humans to achieve good and safety both soul and body. It is the straight path that every human being must continue to achieve happiness and safety in his life. Whereas in terms of terminology (the term) shari'ah is defined as the rules or rules that are given by Allah to His servants to be followed. Clarified by the opinion of Manna 'al-Qathathan, that shar"at means "all the provisions of Allah which are stipulated for His servants, both concerning faith, worship, morals, and muamalah. Related to this, Antonio (2001) states that sharia consists of muamalah and worship. The law of origin in worship is forbidden, so a worship is not prescribed except worship that is prescribed by Allah and His Messenger (Al Qawaid Wal Ushul Al Jami'ah, 72). Whereas the Law of origin in various agreements and muamalat is valid until there is a proposition that shows its falsehood and its prohibition (I'lamul Muwaqi'in, 1/344).

This paper intends to describe the problems that occur in Islamic banking in Indonesia today in the form of a low portfolio of profit-based financing because it is dominated by non-profit-based financing. The dominance of non-profit-based financing on the one hand is an encouraging thing, but on the other hand implies the existence of various problems. Ideally the Islamic banking portfolio is dominated by profit-sharing based financing which has many benefits but there are many obstacles in its implementation. This is a problem faced by Islamic banking today. The end of this article contains the contribution of thought in order to solve the problem.

2. Main Characteristics of Islamic Banking

Islamic banking is a field that belongs to the realm of muamalah in Islam. According to the Law of the Republic of Indonesia Number 21 of 2008 concerning Sharia Banking, Sharia Banking is everything concerning Sharia Banks and Sharia Business Units, including institutions, business activities, as well as ways and processes in carrying out its business activities. So, there are 3 topics of Islamic banking, namely about institutions, business activities, and ways and processes in carrying out business activities of Islamic banks. In terms of institutions, there are three types of Islamic banks, namely Islamic commercial banks (BUS), sharia people's financing banks (BPRS), and sharia business units (UUS). Sharia bank legal form is PT, whereas conventional banks can be in the form of PT, cooperatives, or regional companies. Islamic commercial banks are Islamic banks which in their business activities provide payment traffic services. Sharia people's financing banks are Islamic banks which in their activities do not collect public funds in the form of demand deposits, so they cannot issue checks and demand deposits. The sharia business unit is a work unit of the head office of a conventional commercial bank that functions as the main office and branch office unit that conducts business activities based on sharia principles.

In terms of business activities, both BUS, UUS and BPRS are basically the same as conventional bank business activities, which consist of 3 (three) main activities, namely fund raising; channeling of funds; and providing services. So, in terms of institutions and business activities, between conventional banks and Islamic banks is not much different; a very real difference is in the way and process of doing business. In terms of ways and business processes, conventional banks conduct their business activities based on the interest system, while Islamic banks conduct their business activities based on the principle of profit and loss sharing. Therefore, Islamic financial institutions, especially Islamic banking carry out the mandate to conduct operations with the principle of profit sharing which is the main characteristic of Islamic financial institutions. Products with profit sharing principles are products with mudharabah and musyarakah contracts.

According to Amien (2015) actually the difference between Islamic banking and conventional banking lies in the interest system and profit sharing. The main difference lies in the type of profit taken by the bank from the transaction carried out. If a conventional bank bases profits on interest taking, then the Islamic bank takes advantage of what is referred to as wages (ujrah or fees). Either in the form of services (fee-based income), mark-ups or profit margins as well as profit and loss sharing. Meanwhile, according to Iqbal, et, al. (1998) Islamic banking performs functions that are mostly the same as conventional banking, but there are 3 (three) differences in Islamic banking with conventional banking, namely in terms of Risk Sharing, Emphasis on Productivity as Compared to Credit Worthiness, and Moral Dimension.

In risk sharing context, Iqbal, et, al. (1998) said as follow:

“The most important feature of Islamic banking is that it promotes risk sharing between the provider of funds (investor) on the one hand and both the financial intermediary (the bank) and the user of funds (entrepreneur) on the other hand.”

Meanwhile in the *emphasis on productivity as compared to credit worthiness* context, Iqbal, et, al (1998) said as follow:

“Under conventional banking, all that matters to a bank is that its loan and the interest thereupon are paid to it on time. Therefore, in granting loans, the dominant consideration is the credit-worthiness of the borrower. Under Profit-Loss Sharing (PLS), the bank will receive a return only if the project succeeds and produces a profit. Therefore, an Islamic bank will be more concerned with the soundness of the project and the business acumen and managerial competence of the entrepreneur. This feature has important implications for the distribution of credit as well as the stability of the system. Even under non-sharing modes such as murabahah, the financing is linked to a commodity or an asset. This ensures the involvement of finance in the productive process and minimizes speculative or wasteful use of funds.”

And in the *moral dimensions* context, Iqbal, et, al (1998) said:

“Conventional banks generally pay little attention to the moral implications of the activities they finance. As against this, in the Islamic system all economic agents have to work within the moral value system of Islam. Islamic banks are no exception. As such, they cannot finance any project which conflicts with the moral value system of Islam. For example, they will not finance a wine factory, a casino, a nightclub or any other activity which is prohibited by Islam or is known to be harmful for the society.”

The first characteristic according to Iqbal, et al. (1998) above, namely risk sharing should be reflected in Islamic banking financing portfolio, namely financing by mudharabah or musyarakah contract. Strengthening the opinion of Iqbal, et al. (1998), Syafei (2012) states that all activities carried out by Islamic banks must be based on Sharia principles. The characteristics of Islamic banks appear clearer when compared with conventional banks as follows:

Table 1. Comparison between Islamic Banks and Conventional Banks

ISLAMIC BANK	CONVENTIONAL BANK
1. Make only halal investments;	1. Investments that are lawful and illegitimate;
2. Based on the principle of profit sharing, buying and selling, and rent;	2. Using interest device;
3. Profit and falah oriented;	3. Profit oriented;
4. Relations with customers in the form of partnership relationships;	4. Relations with customers in the form of debtor - creditor relationships;
5. The collection and distribution of funds must be in accordance with the fatwa of the Sharia Supervisory Board (DPS)	5. There is no similar Board.

Source: Antonio (2001)

Based on the characteristics of Islamic banks as described above, products with the principle of profit sharing should be the dominant portfolio in Islamic banks, but unfortunately the facts are not the same. In other words, the financing portfolio in Islamic banking should be dominated by profit sharing based products, namely mudharabah and musyarakah. However, in reality it is precisely non-risk sharing financing that dominates the Islamic banking portfolio, namely financing with murabahah contracts.

3. Domination of Murabahah Products and Their Problems

According to Muhammad (2008), several reasons explain the high percentage of murabahah financing in Islamic banking. First, Murabahah is a short-term investment mechanism, and compared to the profit sharing system, it is quite easy. Secondly, the mark-up in murabahah can be determined in such a way

as to ensure that the bank can obtain a profit comparable to the profits of banks based on interest rates which are rivals of Islamic banks. Third, Murabahah keeps the uncertainty that exists in income from businesses with a profit sharing system. Fourth, Murabahah does not allow Islamic banks to interfere with business management, because banks are not the customer's partners, and because their relationship in murabahah is the relationship between creditors and debtors.

Data per 1 January 2017 according to the Financial Services Authority (OJK), the percentage of profit sharing financing only accounts for around 40% of total financing, while murabahah receivables account for around 60%. Previous data according to Prayogo (2011), practices in Islamic banks in Indonesia, murabahah financing portfolio reaches 70-80%. The data shows that the dominance of products with murabahah contracts is undeniable. According to Mu'allim (2004), murabahah is an idol in Islamic bank financing.

This condition is not only in Indonesia, but also occurs in Islamic banks in the world, such as in Malaysia and Pakistan. In Islamic banking practice, murabahah contract is one of the most dominant financing schemes in Islamic banking compared to other financing schemes (Lathif, 2012). The dominance of non-profit-loss sharing-based financing such as murabahah or low of profit-loss sharing-based financing (musyarakah and mudharabah) in Islamic banking is a global phenomenon faced by Islamic banking everywhere (Prasetyo, 2013).

According to Muhammad Ibn Ahmad Ibn Muhammad Ibn Rusyd (1988) in Antonio (2001), Bai'al-murabahah is the sale and purchase of goods at the original price with the added benefit agreed upon. In other words, murabahah is a sale and purchase contract for certain goods, where the seller clearly states the goods being traded, including the purchase price of the goods to the buyer, then he requires a certain amount of profit. The DSN fatwa on murabahah (No. 04 / DSN-MUI / IV / 2000) is as follows:

- Banks and customers must make a murabahah contract that is free of usury.
- The goods sold and traded are not forbidden by the Islamic Shari'ah.
- The bank finances a portion or all of the purchase price of the goods whose qualifications have been agreed upon.
- The bank buys items that customers need on behalf of the bank itself, and this purchase must be legal and free of usury.
- The bank must submit all matters relating to the purchase, for example if the purchase is carried out in debt.
- The bank then sells the item to the customer (ordering) with a selling price worth the price plus the profit. In this connection, the bank must honestly inform the customer of the cost of goods and the required costs.
- The customer pays the price of the agreed item at a certain agreed time period.
- To prevent misuse or damage to the contract, the bank may enter into special agreements with customers.
- If the bank wants to represent the customer to purchase goods from a third party, the murabahah sale and purchase agreement must be made after the goods, in principle, belong to the bank.

The aforementioned DSN fatwa in practice is not fully carried out, especially the 4th and 9th fatwa items. This is understood because of the technical constraints of Islamic banking that are less likely to implement the fatwa. Thus the murabahah contract cannot be implemented by fully fulfilling the applicable rules. In addition, the dominant portfolio of murabahah financing in Islamic banking, in addition to weakening the main characteristics of Islamic banking based on profit sharing, also implies the existence of various problems. OJK (2016) shows the problem issues comprehensively as follows:

Table 2. Murabahah Problems

No.	SHARIA ISSUES	LEGAL ISSUES	OPERATIONAL ISSUES
1	Murabahah can be trapped into the barghuq contract so it doesn't happen transfer of ownership significantly from the Bank to Customers.	Some of the financing deeds made by a Notary have not fulfilled the terms and conditions of the principal agreement set forth in sharia law.	The concept of the Bank as a money intermediary institution has resulted in the Bank being unable to act as a direct seller of Murabahah financing.
2	Mark up that based on non-cash financing is considered	An accreditation clause in the Murabahah contract could be	Upper risk coverage overall goods often delegated to the

No.	SHARIA ISSUES	LEGAL ISSUES	OPERATIONAL ISSUES
	as the concept of value of time that is contrary to value of sharia.	weakening customer position (for example prohibition clause for customer (negative covenant).	customer on wakalah contract from the Bank.
3	If there is no activity submission of objects Murabahah financing then the contract will fall as a borrowing contract.	Mortgage rights (APHT) on Bank profit margin can become an usury.	Murabahah Financing often equated with accounts receivable because it is no VAT tax applied.
4	Rescheduling or roll over for incapable paying customers of Murabahah are considered as a form of usury as a result of charging additional fees as compensation of extended time.	The existence of legal pluralism related to aspects of the guarantee.	If the Customer terminates contract in pretending to be unable fulfill the obligation, it is categorized as moral hazard that can harm the Bank.
5	Giving discount on murabahah contract for customers who paid off earlier than the time agreed upon has been promised.	Some contracts are still arrange settlement of the dispute on the contrary to absolute authority of Religious courts.	There are Customer claims that they don't owed to the Bank, but to third parties whose sending goods.

Source: OJK (2016)

So the core problem in implementing murabahah is:

a. The Existence of Wakalah Element

If in practice Islamic banks provide financing with murabahah wakalah before the goods belong to the bank, the murabahah contract is not in accordance with the concept of fiqh, this is because: The goods transacted do not yet belong to the bank, while the profits from the goods to be transacted have been determined. This is almost the same as short sale transactions in the capital market (Antonio, 2001). In this case the bank functions as a seller while the bank at that time does not have the goods sold to the customer.

b. Margin Factor

Some Islamic banks in determining the margin level tend to still use the payment period and market interest rates as a reference for determining profits such as determining credit interest in conventional banks. Even the margin requested to customers will be greater than the cost of financing, so that the impression of Islamic banks is still based on the concept of time value of money that is not justified in Islamic banking. Empirical facts in the field, Islamic financial institutions (LKS) "rarely" apply murabahah in sharia, so murabahah turns into just a mark-up-based financing that has the characteristics of providing definite benefits and is determined in advance, which of course is very similar to the benefits imposed in the interest system, system which from the beginning actually intended to be annulled by the Islamic economy.

In addition, the implementation of murabahah in Islamic banking needs to be re-examined considering that murabaha in Islamic Fiqh is a form of buying and selling which initially had no relation to financing. Contemporary scholars have allowed the use of murabahah as a form of alternative financing by taking into account the following two main things (Ottoman, 1999 in Ascarya and Yumanita, 2005):

- At first murabahah was not a form of financing, but only a tool to avoid "interest" and not an ideal instrument to carry out the real objectives of Islamic economics. Thus, this instrument is only used as a transitional step taken in the process of economic Islamization, and its use is limited to cases where murabahah and musyarakah cannot be applied.
- Murabahah appears not only to replace "interest" with "margin", but as a form of financing permitted by Sharia scholars with certain conditions. If these conditions are not met, then murabahah may not be used and defective according to Sharia.

4. Benefits of Profit/ Loss Sharing based- Products

Saparie (2017) stated that the margin system for murabahah financing is easily misinterpreted as the concept of "sharia credit" by ordinary people. On the other hand, at the macro level, this type of financing makes monetary nuance more prominent than the real sector, because murabahah financing is generally consumptive. of course this is not in line with Islamic economic ideals that demand a balance between the monetary sector and the real sector. Islamic bank financing which is more touching on the real sector and driving the economy is mudharabah and musyarakah financing. According to Antonio (2001), in general, the principle of profit sharing in Islamic banking can be done in four main contracts, namely al-musyarakah, al-mudharabah, al-muzara'ah, and al-musaqah. Even so (continued Antonio, 2001), the principle most widely used is al-musyarakah and al-mudharabah, while al-muzara'ah and al-musaqah are used specifically for plantation financing or agricultural financing by several Islamic banks.

Mudharabah comes from the word dharb, meaning to hit or walk. The definition of hitting or walking is more precisely the process of someone hitting his foot in running a business (Muhammad Rawas Qal'aji, 1985, in Antonio, 2001). Technically, al-mudharabah is a business cooperation agreement between two parties where the first party (shahibul maal) provides all (100%) capital, while the other party becomes the manager. Mudharabah business profits are shared according to the agreement outlined in the contract, whereas if the loss is borne by the owner of the capital as long as the loss is not due to the manager's lapses. If the loss was caused by the manager's fraud or negligence, the manager must be responsible for the loss (Ahmad Ash-Syarbasyi, 1987, in Antonio, 2001). While al-musyarakah is a cooperation agreement between two or more parties for a particular business where each party contributes funds (or charity / expertise) with an agreement that the benefits and risks will be borne jointly in accordance with the agreement (Bidayatul Mujtahid II: 253 - 257 in Antonio, 2001).

Mudharabah and musyarakah contract implies various benefits that they can be ascertained to be productive, not consumptive, so that they touch the real sector, and therefore will be able to move the economy both locally and nationally. Antonio (2001) details the benefits of al-mudharabah and al-musyarakah as follows:

- 1) The Bank will enjoy an increase in profit sharing when customer business profits increase.
- 2) Banks are not obliged to pay profit sharing to funding customers on a regular basis, but are adjusted to the bank's income / business results so that the bank will never experience a negative spread.
- 3) Refund of the principal of the financing adjusted to the cash flow / cash flow of the customer's business so as not to burden the customer.
- 4) Banks will be selective and careful (prudent) in seeking a business that is truly lawful, safe and profitable because the concrete and truly happening profits will be shared.
- 5) The profit sharing principle in al-mudharabah / al-musyarakah is different from the principle of fixed interest where the bank will charge the recipient of the financing (customer) one fixed amount of interest whatever the profit generated by the customer, even if it loses and an economic crisis occurs.

Beik (2006), outlines the benefits of profit/ loss sharing-based financing by outlining the various advantages as follows: first, musyarakah and mudaraba financing will drive the real sector because this financing is productive, which is channeled to investment and working capital needs. If investment in the real sector increases, it will certainly create new employment opportunities so that it can reduce unemployment while increasing community income. Second, the Customer will have two choices, whether to deposit funds with Islamic banks or conventional banks. Customers will compare the expected rate of return offered by Islamic banks with conventional bank interest rates. Where so far, the tendency of Islamic bank rate of return is higher than conventional bank interest rates. Thus, it is hoped that it will be the driving force for increasing the number of customers in Islamic banks. Third, Increasing the percentage of profit sharing financing will encourage the growth of entrepreneurs or investors who dare to take risky business decisions. In the end, new innovations will develop which will increase the competitiveness of Islamic banks. Fourth, the mudharabah and musyarakah financing patterns are productive-based financing patterns that provide added value to the economy and the real sector so that the possibility of a financial crisis will be reduced. In addition, by optimizing the financing for the results of Islamic banks can foster the spirit of customer entrepreneurship which in turn can increase income distribution and empower the economy of the community

In line with Beik (2007), Hadi (2011) describes the benefits of financing sharing in a more macro context, namely that profit sharing financing is a financing pattern that reflects the spirit of Islamic banking. The reasons are as follows; first, profit sharing financing can reduce the chances of an economic recession and financial crisis. This is because Islamic banks are asset-based financial institutions. That is, Islamic banks transact based on real assertions rather than relying on paperwork alone. While on the other hand, conventional banks only trade based on paperwork and documents only, then charge interest with a certain percentage to prospective investors. Second, investment will increase which is accompanied by the opening of new jobs. As a result the unemployment rate will be reduced and people's income will increase. Third, the financing of profit sharing will encourage the growth of entrepreneurs or investors who dare to take risky business decisions. This will lead to the development of new innovations, which in turn can improve the competitiveness of this nation.

5. Determinants of Low Profit/ Loss Sharing-Based Financing Portfolios

The benefits of profit-sharing-based products are undeniable, both for shahibul maal, mudharib, the economy locally, and nationally, but the fact is that the profit-based product portfolio occupies a relatively small portion compared to the margin-based product portfolio. This can occur due to various factors such as risk. Antonio (2001) describes that al-mudharabah and al-musyarakah have relatively high risks as follows:

- 1) *Side streaming*, the customer uses the funds not as stated in the contract.
- 2) Negligent and intentional errors.
- 3) Concealment of profits by customers, if the customer is dishonest.

Related to this, Muhammad (2005) in Akhbar (2006) stated that the magnitude of risk is one of the factors causing the low portion of profit and loss sharing based financing in Islamic banks. In line with Muhammad (2005) an Antonio (2001), Hadi (2011) also stated that this high risk makes the composition of funds distributed to the public more in the form of trade financing (murabahah), compared to the form of capital participation (mudaraba and musyarakah), whereas that has a direct impact on economic growth in the form of growth new business opportunities, new employment opportunities, and increased population income.

Yuliani (2015) sees these risks as being of various dimensions, namely credit risk, price risk, liquidity risk, and operational risk. From the results of Yuliani's research (2015) It appears that murabahah which is a margin-based product has the lowest average risk, while mudaraba and musyarakah which are profit-based products have the highest average risk. In full, a summary of Yuliani's (2015) research results is as follows:

Table 3. Financing Risk

TYPES of FINANCING	RISK				Average
	Credit	Price	Liquidity	Operational	
Murabahah	2,56	2,87	2,67	2,93	2,76
Mudharabah	3,25	3,00	2,67	3,08	3,00
Musyarakah	3,69	3,40	2,92	3,18	3,30
Ijarah	2,64	2,92	3,10	2,90	2,89
Istishna	3,13	3,57	3,00	3,29	3,25
Salam	3,20	3,50	3,20	3,25	3,29
Diminishing Musyarakah	3,33	3,40	3,33	3,40	3,37

Source: Yuliani (2015)

This is in line with the statement of the Deputy Governor of Bank Indonesia, Halim Alamsyah, who said that domination of the murabaha contract in the Islamic banking portfolio is because of the need for many Indonesian customers who are consumptive and Islamic banks have a tendency to provide financing with an easier contract with good margin and not too high risk (<http://www.icmi.or.id>).

Another factor that causes a low portfolio of profit sharing based financing according to Khalil, Rickwood, and Muride (2000) in Akhbar, (2006) is a problem caused by moral hazard and adverse selection. Meanwhile, according to Sugema (2007), low profit sharing financing was mainly due to asymmetric information and administrative problems (non-standardized accounting, bad debt). Asymmetric information is a condition that shows some investors have information and others do not have it. Information asymmetry

carried out by agents (entrepreneurs / debtors) in financial contracts is usually in the form of moral hazard and adverse selection. More comprehensively Zahrah (1999) in Sumiyanto (2005) stated that the factors cause financing for profit sharing are less attractive to Islamic banks include: First, sources of Islamic bank funds that are mostly short-term cannot be used to finance profit sharing-based financing that usually long term. Second, entrepreneurs with businesses that have high profit levels tend to be reluctant to use the profit sharing system, because entrepreneurs assume that credit using the interest system is more profitable with a certain amount of calculation, so that generally many who apply for profit sharing financing are businesses with relatively low profit. Third, entrepreneurs with low-risk businesses are reluctant to ask for profit sharing, most entrepreneurs who choose profit sharing financing are those who do business with high risk, including those who have just entered the business world. Fourth, to convince the bank that the project will provide high profits and encourage entrepreneurs to make business projections that are too optimistic. Fifth, many entrepreneurs who have two books, the books given to banks are those with small profit levels so that the portion of profits that must be given to the bank is also small even though the bookkeeping is actually a big profit.

In addition, the problem of low profit sharing financing by banking experts (Chapra, 2000; Iqbal and Llewellyn, 2002; Mulyawan, 2001; Al-Jarhi, 2002; Parinduri, 2003; Algaoud and Lewis, 2003) in Ascarya (2005) is caused by several factors, including:

- a. Internal Sharia Bank
 1. Quality of Human Resources (SDI) has not been sufficient to handle profit sharing projects.
 2. Islamic banks have not been able to bear big risks.
 3. Islamic banks overly prioritize business orientation and benefits such as business institutions in general.
 4. Adverse Selection, because of Asymmetric Information between the two parties.
 5. The absence of Personal Guarantee and Collateral for customers.
 6. Increased information costs, especially for mudharabah financing.
 7. Limitations of the role of banks as investors, especially for mudharabah financing.
- b. Islamic bank customers
 1. Some customers are already accustomed with the bank's interest system.
 2. Moral hazard, because employers are reluctant to submit financial statements / actual benefits to avoid taxes or profit sharing.
 3. Low demand for profit sharing-based financing.
- c. Regulation
 1. Lack of support from regulators, because it does not carry out initiatives to make regulatory and institutional changes necessary to support the operation of the Islamic banking system properly.
 2. The absence of supporting institutions to encourage the use of profit sharing.
 3. The absence of uniform operating procedures.
- d. Government
 1. There is no common understanding in sharia rules and supporting projects that encourage the use of profit sharing for government projects.
 2. The imposition of an unfair tax on profits as tax objects, while interest is tax free.
 3. The secondary market for Islamic financial instruments does not yet exist, so banks have difficulty in channeling or obtaining access to liquidity according to sharia.
 4. Property rights are not yet clear, because PLS financing requires clear ownership rights and apply efficiently.

Based on Prasetyo and Burhan (2013) research, the problem of the low financing of profit sharing in his research, eventually converged on three main issues from several aspects namely internal banking, customers, and regulation. Internal problem is the lack of quality of SDI in Islamic banking; external problem is the number of principals agent (adverse selection and moral hazard); and the last problem is the lack of supporting regulations. Another problem that needs to be addressed is the aspect of government and other institutions, namely the problem of lack of government support and related institutions that are overall helping to advance the financing of these results. Meanwhile, Harahap (2007) stated that the first obstacle that will confront Islamic banking in the future lies in the system, which is still strong capitalist hegemony. The second obstacle is the matter of HR, especially the existence of a very real dichotomy between academics and practitioners. Another obstacle according to Harahap (2007) is the lack of government support for Islamic banking, only Bank Indonesia seems to support by formed sharia banking directorates.

6. Quo Vadis, Islamic Banking?

Admittedly, Islamic banks in Indonesia tend to prefer financing with relatively low in risk. The dominance of murabahah financing compared to other financing schemes actually proves the assumptions that rationally, to maintain profitability and efficiency as well as risk management of financing Islamic banks will tend to maximize financing with a murabahah contract compared to other contracts (Saparie, 2017). In other words, Islamic banking is still pragmatic even though more than that, Islamic banking should also prioritize the pleasure factor of God, namely "falah" meaning the overall welfare of society.

The fact that Islamic banking is not thick with its shari'a characteristics because profit-based products are not dominant on the one hand, and on the other hand the Islamic banking financing portfolio is dominated by margin-based products that still contain weaknesses, considering that some aspects of its implementation are not yet in accordance with Islamic fiqh. So, this condition invites questions, where are Islamic banks going? This rhetorical question should be a reflection of all relevant parties and then find a solution.

The financing portfolio of Islamic banks has been dominated by murabahah contracts, but unfortunately the implementation in the fiqh aspect is not perfect. On the other hand, profit-sharing based financing such as mudharabah and musyarakah requires a lot of support to improve it, support from the Government, Islamic banking itself, and the wider community.

7. How to Increase Profit Sharing-Based Financing?

Various approaches are put forward by experts in an effort to increase the portfolio of profit-based financing. The author summarizes the approach into 4 (four) topics summarized in 2 (two) main points, namely:

- 1) Efforts originating from the Government; This effort is divided into two main things, namely efforts in the form of support from the government in the form of the availability of supporting institutions and regulations that are conducive to increasing the portfolio of profit-based financing.
- 2) Efforts from Islamic banking itself in the form of increasing the quantity and quality of Human Resources in the form of massive but highly selective recruitment and providing training to increase understanding of the concept of Islamic sharia and sharia banking practices in a professional manner.

Efforts originating from the Government in the form of supporting institutions refer to the opinion of Imaduddin (2005) which states that the development of profit-sharing products can be through cooperation with other parties in taking risks, including: a guarantor institution that has credibility and trustworthiness in backing up businesses that run with a musyarakah and mudaraba system. This is in line with the statement of Sumiyanto (2005) in explaining models to reduce the risk of asymmetric information related to Presley & Session's higher stake of net worth, namely the use of the guarantor and the use of the parties to take over the debt. The use of the guarantor because often banks as fund owners do not know the character of the prospective mudharib closely, therefore the bank can request that the prospective mudharib provide the guarantor who knows the prospective mudharib, and is willing to be a guarantor of the prospective mudharib character risk. The use of the party taking over the debt because in some cases, the guarantor is willing to take over the obligations of the prospective mudharib if there is a loss caused by the character risk of the prospective mudharib. According to the author, the guarantor and the debt taker should be formed by the Government so as not to burden prospective customers and Islamic banks.

. In addition, related models to reduce the risk of asymmetric information in the aspect of Unobservable Cash Flow from Presley & Session, Sumiyanto (2005) explained that in order to encourage an increase in the portfolio of profit-based financing, an independent institution in charge of monitoring is needed. This is needed for several reasons. First, random monitoring or sudden inspection because the cash flow mudharib business cannot be known transparently by the fund owner. This method is usually applied to; (1) businesses whose business scale is not large enough to be monitored periodically, (2) a seasonal or short-term business. Second, periodic monitoring. In this method, mudharib is encouraged to prepare periodic reports on businesses financed by mudaraba funds. Third, involving third parties as auditors who will check

the accuracy of their financial statements. According to the author the party conducting the monitoring and audit should come from the guarantor institution formed by the Government as described above.

Efforts sourced from the Government in the form of regulations that profit-based financing portfolios must be more than non-profit financing portfolio. At the initial stage the urge to comply with the regulation can be in the form of incentives, as stated by Antonio (2015) that regulators such as BI or OJK can provide incentives such as the minimum statutory demand for banks that carry out mudharabah financing for a percentage of total financing. This kind of effort is a voluntary effort with the lure of incentives, so that no sanctions are applied. According to the author, in addition to being incentive, the urge to increase the portfolio of profit-based financing in the next stage must be increased to be compulsory so that if not implemented, sanctions will be imposed. This obligation can be in the form of a requirement for a portfolio of profit-based financing above 50%. If not reached, the bank will be subject to sanctions in the form of fines. This kind of effort is a mandatory effort that must be followed by sanctions to be obeyed.

Efforts from Islamic banking itself are in the form of increasing the quantity and quality of Islamic bank human resources (Ascarya, 2005). Increasing the quantity of SDI is done through massive but very selective recruitment. The improvement of the quality of SDI is carried out through good training which aims to increase understanding of Islamic law as well as those that enhance professionalism in the management of Islamic banking business. This is done so that the sharia banking managers have the awareness that the most important orientation of Islamic banking is the welfare of society as a whole (falah), then profit, also has creativity and innovation in terms of product development that is attractive, applicable and simple (Ascarya, 2005) and having the spirit of entrepreneurship means that they must also have the spirit of entrepreneurs who dare to take risks according to their capabilities (Imaduddin, 2005).

The efforts of the following internal Islamic banking are in the form of the implementation of the concept of prudential banking as described by Sumiyanto (2005) regarding models to reduce the risk of asymmetric information from Presley & Session in the form of the higher stake in net worth. Related to this; (1) determination of practice: applicable conditions if the portion of mudarib capital in a business is higher, the incentive to act dishonestly will be significantly reduced, because the employer will also bear the loss for his actions. (2) the determination of collateral in the form of fixed assets will also prevent mudarib from committing fraud because the guarantee that has been given is the price of the behavior deviation (character risk).

Sumiyanto (2005) also explained models to reduce the risk of asymmetric information from Presley & Session, namely lower operating risk aspects. In practice the conditions that can be applied are; Determination of the ratio of the maximum fixed assets to total assets, this is intended so that mudaraba funds are not used to invest in fixed assets in excess. Related to this, Sumiyanto (2005) also explained the model to reduce the risk of asymmetric information from Presley & Session, namely the non-controllable cost aspects, in practice the conditions applied were; (1) revenue sharing, this method is carried out to reduce the occurrence of disputes, especially over costs incurred. (2) determining the minimum profit margin; this method is done to anticipate an indication that mudarib is more concerned with large sales volume at the expense of the profit margin level so that it can harm the bank as the owner of the funds.

The implementation of prudential banking related to profit-based financing was also stated by Muhammad (2005) which states that the application of risk management can be initiated by screening (screening) of prospective customers and projects financed, because Islamic bank financing management is closely related to the risk of customer character and project to be financed. According to Muhammad (2005), the risk of customer character can be seen from aspects; (I) skill factors, including the familiarity of the market, being able to correct business risks, being able to do sustainable business, able to articulate business language. (II) reputation factors, including track record both as employees, recommended trusted sources, have a business guarantee. (III) origin factor, including having a family relationship or friendship with investors, as a successful businessman, coming from a respected social class. Meanwhile the risks to the project or business occur because; first, the possibility of a business bankruptcy and the second is the guarantee given by the customer for the amount of financing received. According to the author, the screening activity should be carried out by the guarantor institution formed by the Government as described above.

8. Conclusion

The low portfolio of profit-based financing and at the same time the high portfolio of non-profit-based financing in Islamic banking is a weakness of Islamic banking. This condition eliminates the main

characteristic of Islamic banking, namely profit sharing. The dominance of non-profit-based financing on the one hand implies problems in its implementation, and efforts to increase profit-based financing on the other hand face many obstacles. This condition is a problem faced by Islamic banking today. Therefore, various efforts are needed to overcome the problem.

The efforts that the author propose largely come from the opinions of experts and a small part comes from the opinions of the author. These efforts are divided into two major groups as follows: 1) Efforts originating from the Government; this effort is divided into two main things, namely efforts in the form of support from the government in the form of availability of supporting institutions and conducive regulations. Supporting institutions consist of two types, namely the guarantor institution to reduce information asymmetry which functions to screen, monitor and audit and the debt taking institution to overcome the problematic financing. Efforts to encourage compliance with regulations that are conducive can be voluntary, which is lured by incentives in the early stages and at a later stage must be mandatory and encouraged by the implementation of sanctions. 2) Efforts from Islamic banking themselves in the form of increasing the quantity and quality of human resources. This is done through massive but highly selective recruitment and in the form of providing trainings in order to improve SDI understanding of the concept of Islamic sharia and improve professionalism in sharia banking business practices.

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4

SUB THEME

RESEARCH ON BUSINESS & MANAGEMENT

25. THE INFLUENCE of REPOSITIONING STRATEGIES ON PURCHASE INTENTION THROUGH BRAND PERSONALITY AND BRAND ASSOCIATION
Andri Gautama Putra and Saefudin Zuhdi
26. QUALITATIVE ANALYSIS of THE INHIBITING FACTORS FOR MICRO BUSINESS DEVELOPMENT IN BOGOR REGENCY
Bambang Hengky Rainanto
27. THE INFLUENCE of RELIABILITY, ASSURANCE, TANGIBLE, EMPATHY AND RESPONSIVENESS THAT DETERMINE BUYING INTEREST TO PT. PANORAMA LAND
Brendah Cahyani and Sujana
28. THE INFLUENCE of PERSONAL CHARACTERISTICS ON SMALL MEDIUM BUSINESS PERFORMANCE IN BOGOR DISTRICT
Mashadi
29. FORMULATION of THE GREEN MARKETING DEVELOPMENT STRATEGY FOR THE BODY SHOP BOTANI SQUARE BOGOR
Puput Pauziah and Mumuh Mulyana
30. THE INFLUENCE of HEDONIC SHOPPING MOTIVATION, IMPULSIF BUYING, AND LIFESTYLE ON PURCHASE DECISIONS
Yessica and Sujana
31. THE INFLUENCE of RELATIONAL MARKETING, TRUST, DAN EMOTIONAL PROXIMITY ON CUSTOMER LOYALTY (CASE STUDY BOLT 4G LTE)
Rendy Ahmaediansyah and Yulia Nurendah

[25]

The Influence of Repositioning Strategies on Purchase Intention Through Brand Personality and Brand Association

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Abstract. This study aims to determine how much influence of the repositioning strategy to purchase intention through brand personality and brand association of Oppo smartphone products. The policy from Oppo smartphone producer in order to change their products positioning become more specific as a camera oriented smartphone considered to be able to increase purchase intention in a few years back. Brand personality and brand association become factors that is considered capable of mediating between implementation of repositioning strategy with the increase of purchase intention Oppo smartphone products. This research method is using path analysis to test the direct influence and indirect influence of implementation repositioning strategy to purchase intention with a quantitative approach. Sources of data in this study are primary data obtained by distributing questionnaires online to the Facebook group “OPPO Indonesia Community” consist of 92.640 members.

From the research conducted, result obtained that there is direct influence of repositioning strategy to purchase intention. Repositioning strategy also have a significant effect to both brand personality and brand association. However, repositioning strategy do not have indirect influence to purchase intention well through brand personality as well brand association.

Keywords: Repositioning Strategy, Product Positioning, Purchase Intention, Brand Personality, Brand Association, Oppo Smartphone.

1. INTRODUCTION

Modern community needs for communication devices such as cellular telephones (cellphones) or in their current development are already present in the form of smartphones (smartphones) which are always increasing every year, especially for certain types of mobile phones or smartphones. Smartphones themselves are the result of the development of conventional cellphones that we know in general, this can be seen from the significant increase in functionality where mobile phones today are not only used to call or send short messages but have more intelligent functions and features. the needs of modern society now. For example, today's smartphones will generally be equipped with additional functions such as cameras, audio, and video players, e-mail, web browsing, instant messaging, data storage media, and many advanced features that are equipped on a smartphone that distinguishes it from conventional cellphones.

The level of business competition that exists in the field of smartphone manufacturers occurs very tightly, many things are done by producers to be able to attract consumers. The manufacturers offer sophistication in terms of features, charming designs, at very affordable prices. Consumers are given the convenience of choosing products that suit their desires and in accordance with the budget they have. This innovation is what smartphone developers always think that can make them survive in the tight competition.

In Indonesia, smartphone active users are estimated to reach more than 100 million users. This data was conveyed in a report prepared by Millward (2014), he said that in 2018 Indonesia will become the fourth largest country as a country with the largest population of smartphone users in the world under China, India and the United States.

Seeing an open opportunity in the market for communication devices, especially smartphones, is the background for Oppo Electronic Corp, Ltd. to enliven the smartphone market in the world. Oppo Electronic Corp, Ltd. was first established in 2004 which is engaged in electronics and is based in Dongguan,

Guangdong, China. Before meddling in the smartphone market, Oppo first produced electronic equipment such as Portable Media Player, LCD TV, DVD, MP3 Player, Disc Player, and eBook. Until finally in 2008 Oppo began to be interested in innovating by producing smartphones.

Oppo's success in launching its products in the first quarter of 2016 in Indonesia by launching the Oppo F1 product and managed to score a growth rate of 187% greater than the previous year. This is inseparable from the success of the repositioning strategy that they apply to updates on their brand side. The strategy is to change their positioning which previously led to the innovation of smartphones with the tagline "Oppo Smartphone" being more focused on developing the camera side of the cell phone itself and changing the tagline to "Oppo Camera Phone".

Oppo is not unreasonable to change the tagline, but they want to prove the company's seriousness in working on the camera phone market. The change is based on the results of their survey to consumers, where the results of the survey stated that consumers were very satisfied with the camera results taken from Oppo smartphone. Oppo products themselves have actually received several international awards for the quality of their cameras. This is the basis that strengthens the formation of Oppo's repositioning strategy which focuses on working on superior smartphones in terms of cameras.

In its application, is it true that Oppo's repositioning strategy has a direct impact on purchase intention? Here the author will take two dimensions of the brand image to be used as a variable that is likely to be affected directly from the implementation of Oppo's repositioning strategy. The two variables that the writer will study are brand personality and brand association.

The identification of problems that can be found, among others, are as follows:

1. How significant is the effect of implementing repositioning strategies on the brand personality of Oppo smartphone products?
2. How significant is the influence of the implementation of the repositioning strategy on the brand association of Oppo smartphone products?
3. Can brand personality significantly mediate the implementation of repositioning strategies for Oppo smartphone product purchase intention?
4. Can brand association significantly mediate the implementation of the repositioning strategy for Oppo smartphone product purchase intentions?
5. How significant is the influence of the implementation of direct repositioning strategies on Oppo smartphone product purchase intention?

The purpose of this study was to assess the correlation of data and information from potential consumers of Oppo smartphone products in relation to the effect of implementing repositioning strategies in their roles as purchase intention supporting factors through brand personality and brand association.

The purpose of the study specifically is to get answers to the problems identified above, namely :

1. To find out and assess how significant the effect of applying the repositioning strategy is on the brand personality.
2. To find out and assess how significant the influence of the implementation of the brand association repositioning strategy.
3. To find out and assess how significant the influence of brand personality can mediate the implementation of repositioning strategies for purchase intention.
4. To find out and assess how significant the influence of the association can mediate the implementation of repositioning strategies for purchase intention.
5. To find out and assess how significant the direct effect of the implementation of the repositioning strategy is to purchase intention.

LITERATURE REVIEW

According to Kotler and Keller (2012) said that purchase interest (purchase intention) is a consumer behavior where consumers have a desire to buy or choose a product, based on experience in choosing, using and consuming or even in wanting a product. The purchase intention indicator according to Ferdinand (2002) is transactional interest, referential interest, preferential interest, and explorative interest.

Brand personality is a specific mix of differences in human nature that we can attribute to a particular brand (Kotler and Keller, 2012). According to Aaker (2005) brand personality has 5 dimensions, namely sincerity, excitement, competence, sophistication, ruggedness.

Aaker (2005) defines "brand association is liked in memory to a brand." Which means the brand association is anything that is related to a brand that is embedded in the mind or mind of consumers. Aaker (2005) also

mentions the indicator of brand association is to remember brand characteristics, given the brand features and easy to imagine brands.

According to Lamb, Hair, McDaniel (2001) repositioning is changing consumers' perception of brand relationships into the brand competition. Sometimes companies reposition to support demand growth when the market is weakening or to correct positioning errors.

RESEARCH METHODOLOGY

The research methodology used in this study is a descriptive method and quantitative method.

Data sources used in this study are primary data and secondary data. Primary data of this study include data on the characteristics of respondents and perceptions of interested respondents as well as secondary OPPO. Data smartphone users in this study in the form of literature study, previous research, and literature relating to repositioning strategies, brand personality, brand association, and purchase intention.

Data collection methods conducted in this study are (1) Observation, (2) Interview, (3) Documentation.

In connection with this research, the author makes a research method using path analysis, which is a statistical analysis technique developed from multiple regression analysis using endogenous and exogenous variables. In the management of data and questionnaires, an analytical tool is used, namely SPSS Statistics 23 in looking for responses of respondents regarding the strategy of repositioning, brand personality, brand association, and purchase intention.

RESULTS AND DISCUSSION

Based on the results and processing of the questionnaire data using the SPSS program that has been done, the discussion of the research hypothesis is that states:

A. Effect of Repositioning Strategies on Brand Personality

The results of the significance test for the partial parameter t show the t value of 13,072 with a significant probability of 0,000. Because the probability value is smaller than 0.05, it can be said that the variable repositioning strategy directly has a significant effect. This means that the repositioning strategy variable influences brand personality variables.

B. Effects of the Repositioning Strategy on the Brand Association

The results of the significance test for the partial parameter t show a value of 12,806 with a significant probability of 0,000. Because the probability value is smaller than 0.05, it can be said that the variable repositioning strategy directly has a significant effect. This means that the repositioning strategy variable influences the variable brand association.

C. Effect of Repositioning Strategies on Purchase Intention through Brand Personality

The results of the test for the significance of the partial parameters t show that the brand personality variable is not significant. This can be seen from the value of the probability of significance for the brand personality variable of 0.115. Because the probability value is greater than 0.05, it can be said that personality variables directly do not have a significant effect. This means that brand association has a significant direct effect on purchase intention variables. Repositioning strategies also do not have an indirect effect on purchase intention through brand personality.

D. Effect of the Repositioning Strategy on Purchase Intention through Association

The results of the significance test for the partial parameters t show a significant brand association variable. This can be seen from the significance probability value for the brand association variable of 0,000. Because the probability value is smaller than 0.05, it can be said that the brand association variable directly has a significant effect. This means that brand association has a significant direct effect on purchase intention variables and also this means that brand association does not mediate the relationship of repositioning strategies and purchase intention.

E. Effect of Repositioning Strategies on Purchase Intention

The results of the test of the significance of the partial parameters t show that the repositioning strategy is not significant. This can be seen from the value of significance probability for the repositioning strategy variable of 0.469. Because the probability value is greater than 0.05, it can be said that the strategic variable of direct positioning does not have a significant effect. This means that the repositioning strategy does not significantly influence the purchase intention variable directly.

CONCLUSION

This study examines the effect of repositioning strategies on purchase intention through the brand personality and brand association of Oppo smartphone products. The conclusions from the results of this study are as follows:

1. Repositioning strategies directly influence brand personality. This study found that repositioning strategies have a positive and significant effect on brand personality. The higher the level of influence of the repositioning strategy, the more brand personality levels are formed.
2. Repositioning strategies directly influence brand association. This study found that repositioning strategies have a positive and significant effect on brand association. The higher the level of influence of the repositioning strategy, the more the level of brand association is formed.
3. The repositioning strategy does not have an indirect effect on purchase intention through brand personality. This study shows that repositioning strategies affect brand personality, but brand personality does not affect purchase intention. This means that brand personality does not mediate the relationship between repositioning strategies and purchase intention.
4. The repositioning strategy does not have an indirect influence on purchase intention through brand association. This study shows that repositioning strategies affect brand personality, however, the brand association does not affect purchase intention. This means that brand association does not mediate the relationship of repositioning strategies and purchase intention.
5. Repositioning strategies directly affect purchase intention. This study found that repositioning strategies had a positive but not significant effect on purchase intention. The higher the level of influence of the repositioning strategy, the higher the level of purchase intention.

SUGGESTION

Based on the results of research on the effect of repositioning strategies on purchase intention through the brand personality and brand association of Oppo smartphone products, the authors provide the following suggestions:

1. In the repositioning strategy variable the factor that needs to be maintained by the Oppo smartphone manufacturer is that the Oppo smartphone is a well-known brand, has a sophisticated camera, the camera produces good photos and videos, is convenient for taking photos and videos, the camera functions are easy to use and generally, users, Oppo smartphones want to have a good camera smartphone with the respondent's answer category very well. While the thing that needs to be improved by the Oppo smartphone manufacturer is an attractive design, very affordable prices, competitive prices with other brands, prices according to the benefits provided, identical to smartphones the best camera, offers better camera performance than other brands, gives the impression of a product of good quality, and users who are generally teenagers because all of these factors are included in the respondent's category of good answers.
2. On brand personality variables the factor that needs to be maintained by the Oppo smartphone manufacturer is that the Oppo smartphone is considered capable of providing good camera results and is considered capable of beautifying the images produced by the camera with the respondent's excellent answer category. While the things that need to be improved are the Oppo smartphone is a brand of smartphone that is quality, unique and different from other smartphones, a brand that is easy to remember because of its camera, users that reflect a unique and pleasant personality and will always look fashionable and youthful too. to date with technology, considered capable of meeting the needs of its users for photography. In addition, the images are clearer, prettier / more beautiful than similar smartphone cameras, the camera produces good images even in places with less light, objects that are photographed move quickly and take pictures from a considerable distance with the object with the respondent's good answer category.
3. In the brand variable association the factors that need to be maintained by the Oppo smartphone manufacturer is that when they hear the Oppo brand that first comes across is a smartphone that is superior in terms of the camera, its camera capabilities are unquestioned, many modes of choice help improve the camera results and the "camera phone" tagline "And" selfie experts "match the products offered by the respondent's answer category very well. While the things that need to be improved are the Oppo smartphone when listening to the imagined Oppo brand is a premium quality brand and has many superior specifications, features easy to use, easy to remember because of the best camera brands, and top of mind as the best camera smartphone with the answer category good respondent.

4. In the Purchase Intention variable, the factor that needs to be improved by the Oppo smartphone manufacturer is buying interest because the camera features offered, consumers will buy even though the price is slightly more expensive, consumers will recommend products to others, consumers will not hesitate to share the products they know to others, consumers prefer to buy Oppo products compared to other brands, consumers choose Oppo products as the best camera smartphone compared to other brands, consumers are looking for information and promotion of the latest Oppo products, and consumers are incorporated in certain groups/communities that discuss product development from the Oppo smartphone with the respondent's answer category good.

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[26]

Qualitative Analysis of The Inhibiting Factors for Micro Business Development in Bogor Regency

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Abstract. This is a qualitative research to examine the factors that hinder the development of micro-enterprises into small businesses by exploring the perceptions of the business actors in Bogor Regency. The purpose of this study is to find alternative solutions in order to improve the performance of a large number of micro-entrepreneurs, in order to become a small business.

This study uses a qualitative approach with a case study method. The data analyzed were the results of interviews with 194 micro-entrepreneurs with various types of businesses in Bogor Regency held in July and August 2018 at the Office of Cooperatives and Micro, Small and Medium Enterprises of Bogor Regency.

The results of the study showed that the problems in the field of Marketing were the most chosen factors by micro-entrepreneurs (49%). The second factor that is considered to be an obstacle is the Capital Requirement (38%). A factor is the availability of skilled human resources (24%). There are two types of problems in the fourth factor which are considered as obstacles, namely Raw Materials and Production Facilities, each at 19%. Packaging becomes the fifth inhibiting fact (11%). Legalization of business licenses and products is the sixth factor as a barrier to the development of micro-enterprises into small businesses (10%). Especially for marketing inhibiting factors, business people feel they have obstacles in how to market their products, especially with the digital marketing approach that is currently done by many business people.

Keywords: Micro Business, Small Business, Marketing, Capital Needs, HR

[27]

The Influence of Reliability, Assurance, Tangible, Empathy And Responsiveness That Determine Buying Interest To Pt. Panorama Land

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Abstract. Competition in service businesses in Indonesia in the hospitality sector is increasing. As one of the famous hotels in Bogor, THE 101 HOTEL must be able to meet the needs and desires of its guests who come so that their services are always chosen to be the main option.

This study aims to determine the effect of reliability (X1), assurance (X2), tangibility (X3), empathy (X4) and responsiveness (X5) which determine buying interest (Y) for the services of THE 101 Hotel. The population in this study were those who had used the services of THE 101 Bogor Hotel with a total of 100 respondents. The author conducted the research using descriptive-method through questionnaire and the analytical technique used was quantitative-associative (statistics).

The results showed that the buying interest of the consumers was influenced by the quality of service provided by THE 101 Hotel Bogor. The main factors are reliability, assurance, tangibility, empathy and responsiveness applied by THE 101 Hotel Bogor.

Keywords: Reliability, Assurance, Tangible, Empathy, Responsiveness, Buying Interest, THE 101 Hotel Bogor

INTRODUCTION

Service quality is an important element to generate a sense of interest in buying consumers. Reliability or reliability is the company's ability to provide services as promised accurately and reliably. Reliability, the core of service quality, which is unreliable is a bad service even though there are other attributes. If the service is not performed reliably, the customer will assume the service provider is incompetent and will move to another service provider. Lovelock and Wright (2005).

Assurance or guarantee and certainty is the knowledge, politeness, and ability of company employees to foster a sense of trust from customers to the company. According to Tjiptono (2012) regarding the knowledge and politeness of employees and their ability to foster trust and customer confidence.

Tangible, or physical evidence, is the ability of a company to show its existence to external parties. Appearance and capability of the company's physical facilities and infrastructure and the circumstances of the surrounding environment are concrete evidence of the services provided by Tjiptono service providers, (2012)

Empathy (empathy), includes the attitude of contact of personnel and companies to understand consumer needs and difficulties, good communication, personal attention, and ease of communication or relationships. giving sincere and individual or personal attention given to customers by trying to understand consumer desires. Tjiptono, (2012).

Responsiveness, including the willingness or desire of employees to help and provide services needed by consumers. The company's ability to provide services as promised in an accurate and reliable manner. Tjiptono, (2012).

Buying interest is the stage that consumers take before planning to buy a product. A company must be able to recognize and know what is the needs and desires of consumers. Willingness to buy is a part of the behavior component in consuming attitude. Kotler and Keller (2009).

This study aims to: (1) Know and analyze the effect of reliability on buying an interest in THE 101 Hotel Bogor. (2) Knowing and analyzing the influence of assurance on buying an interest in THE 101 Hotel

Bogor. (3) Knowing and analyzing the tangible influence on buying an interest in THE 101 Hotel Bogor. (4) knowing and analyzing the influence of empathy on buying an interest in THE 101 Hotel Bogor. (5) Knowing and analyzing the influence of responsiveness on buying an interest in THE 101 Hotel Bogor.

RESEARCH METHOD

The research methodology used in this study is a descriptive method and quantitative method. With this method, the researcher examines the extent to which reliability, assurance, tangible, empathy and responsiveness can influence buying interest in THE 101 Hotel Bogor. This method researchers do a comparison between theory and practice/facts in the field. As well as estimating the amount of influence quantitatively from changes in one or several other events, using statistical analysis tools. Data processing with quantitative analysis through several stages. Data sources that can be applied to this thesis research consist of two types, namely primary data and secondary data.

Primary data was obtained directly from the research object in the form of opinions from research respondents who had experienced services at THE 101 Hotel Bogor. While secondary data is obtained indirectly about the object under study through an intermediary medium in the form of a website owned by THE 101 Hotel Bogor itself but obtained indirectly.

The method of data collecting used in the research are as follow:

1. Interview;
2. Observation; dan
3. Documentation.

Analysis method used by the researcher is statistical data analysis to compare between research results with the calculation of the data to find out if the results are positive and significant or on the contrary.

RESULTS AND DISCUSSION

Based on the results of the questionnaire and processing of questionnaire data using the SPSS program that has been done, the discussion of the research hypothesis is that states that Reliability does not have a positive and significant effect on buying interest.

A. Reliability of the Buying Interest

Research shows that the relationship between reliability and buying interest is acceptable. This is aimed at a value of -0.056 which is greater than t-table -1.66 and is supported by a significance value of 0.000 smaller than 0.05 where these variables have a significant effect on purchasing decisions that have been processed by SPSS.

THE 101 Hotels must apply and learn the quality of service in their companies so that they can develop and progress further to meet the needs of guests in each area including in the city of Bogor. So, the management of THE 101 Bogor Hotel must know and apply the quality of service in the hotel to attract guests and get buying interest so that they make decisions to use services at THE 101 Hotel. If I was the manager of THE 101 Hotel Bogor I will improve the performance of the hotel staff by providing training specifically for staff who deal directly with consumers and build good teamwork so as to meet the needs of consumers and consumers to be satisfied. Reliability (reliability) is the core of service quality that is not reliable is a bad service even though there are other attributes. If the service is not performed reliably, the customer will assume the service provider is incompetent and will move to another service provider. Lovelock and Wright (2005).

B. Assurance of Buying Interest

The research shows the relationship between reliability to buying interest is acceptable, it is intended with a value of -1.261 which is greater than t-table -1.66 and is supported by a significance value of 0.000 smaller than 0.05 which is a significant effect on purchasing decisions processed by SPSS.

Lupiyoadi and Hamdani (2006) stated that some of the attributes in this guarantee dimension are employees who give assurance in the form of confidence to consumers, make consumers feel safe when using company services, polite employees, employees who have extensive knowledge so that they can answer questions from consumers. Assurance includes the knowledge, ability, politeness, and trustworthiness of staff free from danger, risk, or doubt. When competition is very competitive, company members must appear more competent, meaning having knowledge and expertise in their respective fields. The security factor, which is giving customers a sense of security and security is also important.

The guarantee relationship with buying interest is a guarantee of having a positive influence on buying interest. The better the consumer's perception of the guarantee given by the company, the higher the buying

interest, and if the consumer's perception of the guarantee given by the company is bad then the buying interest will also be lower.

B. Tangible to the Buying Interest

Research shows that the relationship between reliability and buying interest is acceptable. This is indicated by a value of 3,153 which is greater than the t-table of 1.66 and supported by a significance value of 0.000 smaller than 0.05 where these variables have a significant effect on purchasing decisions that have been processed by SPSS.

Tangible includes physical facilities, equipment, employees, and means of communication. This can mean the appearance of physical facilities, such as buildings and front office rooms, availability of parking lots, success, neatness and comfort of the room, completeness of communication equipment, and employee appearance. Good physical evidence will affect customer perception. At the same time, this aspect is also one of the sources that influence customers' expectations. Because with good physical evidence, consumer expectations are higher. Therefore, it is important for companies to find out how far the most appropriate physical aspects are, which is still giving a positive impression on the quality of services provided but does not cause too high expectations, so that it can meet consumer needs and provide satisfaction to consumers. Tangible relationships with buying interest are tangible having a positive influence on buying interest. The better consumer perception towards tangible, the higher the buying interest will be. And if consumer perception of tangible is bad, then buying interest will also be lower. Tjiptono (2006).

C. Empathy to the Buying Interest

Research shows that the relationship between reliability to buying interest is acceptable, it is aimed at a value of 2,047 which is greater than the t-table of 1.66 and supported by a significance value of 0.000 smaller than 0.05, where the variable has a significant effect on purchasing decisions that have been processed by SPSS.

Empathy is an attempt to explore the feelings possessed by others so that he can feel and capture the meaning of what is felt by others. According to Tjiptono (2006), empathy is the ease of relationships, good communication, personal attention, and understanding the needs of consumers.

The empathy relationship with buying interest is empathy which has a positive influence on buying interest. The better the consumer's perception of the care given by the company, the higher the buying interest will be. And if consumer perception of empathy is given by a bad company, then buying interest will be lower.

D. Responsiveness to the Buying Interest

Research shows that the relationship between reliability of buying interest is acceptable, it is aimed at a value of 3,507 which is greater than t-table 1.66 and supported by a significance value of 0.000 smaller than 0.05 which is a significant effect on the purchase decision that has been processed by SPSS.

Responsiveness is the desire of the staff to assist consumers and provide services responsively. Responsiveness can mean the response or alertness of employees in helping customers and providing fast service and which includes the readiness of employees in serving customers, the speed of employees in handling transactions, and others.

Responsiveness has a positive influence on buying interest. The better the consumer's perception of the company's responsiveness, the higher the buying interest will be. And if consumer perception of poor responsiveness, buying interest will also be lower.

CONCLUSION

Based on the results of data analysis that has been carried out on all data obtained, the conclusions are as follows:

1. Reliability partially has a positive effect on buying interest. This is evidenced by the value of t is greater than the t table value of $-0.056 > -1.66$ with a significance level of $0.000 < 0.05$.
2. Assurance partially has a positive effect on buying interest. This is evidenced by the value of t count is greater than the value of t table is $-1.261 > -1.66$ with a significance level of $0.000 < 0.05$.
3. Tangible partially has a positive effect on buying interest. This is evidenced by the value of t count is greater than the value of t table is $3.153 > 1.66$ with a significance level of $0.000 < 0.05$.
4. Empathy partially has a positive effect on buying interest. This is evidenced by the value of t count is greater than the value of t table is $2.047 > 1.66$ with a significance level of $0.000 < 0.05$.

5. Responsiveness partially has a positive effect on buying interest. This is evidenced by the value of t count is greater than the value of t table is $3.507 > 1.66$ with a significance level of $0.000 < 0.05$.

SUGGESTION

Based on the conclusions that have been raised, some suggestions are suggested which are expected to increase the interest in buying THE 101 Hotel Bogor. The suggestions given to the company are as follows:

1. From the research conducted on the variable X1 (Reliability) in THE 101 Bogor Hotel, it has been categorized as good with an average value of 3.76, THE 101 Bogor Hotel management must further improve accurate and reliable service capabilities such as hotel bookings via offline or online on the website it is easier to understand, and to reduce misinformation also expedites the service so that consumers keep buying interest in THE 101 Hotel Bogor.
2. From the research conducted on the variable X2 (Assurance) in THE 101 Bogor Hotel, it has been categorized as good with an average value of 3.97. The 101 Hotel Bogor must be more able to improve assurance by providing assurance that staying in a hotel provides accuracy in the process of administrative payments by contract or written letter or by e-mail and guarantee guarantee stay so that consumers can feel more comfortable and safe when using THE 101 Hotel services Bogor.
3. From the research carried out on the variable X3 (Tangible) in THE 101 Bogor Hotel has entered into good category with an average value of 4.11. The 101 Hotel Bogor must be able to improve every facility that is owned or not owned such as building a more adequate parking area, café bar, and indoor pool so that consumers do not feel bored and satisfied using the facilities of THE 101 Hotel Bogor.
4. From the research conducted on the variable X4 (Empathy) in THE 101 Bogor Hotel, it has been categorized as good with an average value of 3.86. . The 101 Hotel Bogor must be more able to improve empathy by providing special training for hotel staff to pay more attention to consumers in a personal and sincere manner that strives to fulfill consumer desires.
5. From the research conducted on the variable X5 (Responsiveness) in THE 101 Bogor Hotel has been included in the good category with an average value of 3.92. The 101 Hotel Bogor must be able to increase the responsiveness and ability of the hotel staff to help difficulties faced by guests, resolve complaints properly and on time so that they can provide fast and precise services as well as delivering clear information to consumers.

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[28]

The Influence of Personal Characteristics on Small Medium Business Performance in Bogor District

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Abstract. The purpose of this study was to determine the effect of business characteristics on turnover in the UMKM of Bogor Regency. This research method uses a quantitative method by looking at the characteristics of the MSME. This research uses 194 business samples in Bogor Regency.

The business characteristics referred to in the form of sex, age, education and the length of time the business and assets influence the turnover of small and medium enterprises in Bogor Regency.

The results found that sex partially had a positive and significant effect on MSME turnover in Bogor Regency. age partially has a positive and significant effect on MSME turnover in Bogor Regency. the last education partially has a positive and significant effect on MSME turnover in Bogor Regency. The length of business partially has a positive and significant effect on MSME turnover in Bogor Regency. and the number of assets partially has a positive and significant effect on MSME turnover in Bogor Regency. of all the characteristics that exist both in terms of sex, age, education, the length of business simultaneously has a positive and significant effect on MSME turnover in Bogor Regency.

Keyword : personal characteristics, small medium enterprises, business performance

[29]

Formulation of The Green Marketing Development Strategy for the Body Shop Botani Square Bogor

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Abstract. Increasing public awareness of the negative impacts of products and production processes on the environment affects marketing and sales programs. Changing environmental issues into business issues enables businesspeople to understand the area and focus on competitive advantage according to their environmental conditions. They adapt, create, and develop competitive, green products through marketing mix programs.

The purpose of this study is to determine the right strategy to enhance the competitiveness of enterprises. Increasing competition then the strategy approach used must also innovate. To find out descriptive analysis is required with the data obtained from the questionnaire is destined to the experts who are experts in the field of skin care.

The result of the questionnaire will be analyze using EFE, IFE, and IE method, the research result obtained the right strategy for The Body Shop is to increase promotion to minimize new product failures.

Keywords : Green Marketing Strategy and Analysis

2. Introduction

Background Research

In today's era of globalization, marketing management can try to look for opportunities and changes that take place within the environment and continue to evolve with the environment itself on an ongoing basis. For that you can know what can be done in the midst of sustainable development (sustainable development). To capture emerging new opportunities and to restore existing standards with sustainable development, the concept of green marketing emerges as a concern for the environmental issues referred to as one of the inside strategies.

Green marketing is increasingly becoming a necessity in today's business world. Growing customer desires for environmentally friendly products make companies compete to meet these needs by switching to environmentally friendly materials. Green marketing refers to the satisfaction of customers' needs, desires, and desires in relation to the maintenance and preservation of the environment. Eco-labels, Eco-brands, and environmental advertisements are part of green marketing tools that can make perceptions easier and increase awareness of eco-friendly product features and aspects. Implementing this policy tool is an important role in changing consumer buying behavior to buy products environmentally friendly, thus reducing the side effects of the production process on the environment.

One global company that implements environmentally friendly product and is also one of the greenmarketing pioneers is The Body Shop. The company is engaged in cosmetics and skincare that offers products with natural ingredients, is environmentally friendly, and does not trial products on animals.

Therefore, this study was made to analyze the company's performance in maintaining the continuity of its business by paying attention to suitable strategies using a green marketing strategy.

Based on the above description, the authors are interested to conduct research by taking the title **"FORMULATION of THE GREEN MARKETING DEVELOPMENT STRATEGY FOR THE BODY SHOP BOTANI SQUARE BOGOR "**.

Identification problems

Based on the above background, the following problems can be identified:

1. What internal factors are the strengths and weaknesses of the green marketing strategy in the competitiveness of enterprises?
2. What external factors are the opportunities and threats of green marketing strategies in the competitiveness of enterprises?
3. What alternative strategies can be used to improve the competitiveness of a company?
4. What strategies are appropriate to improve the competitiveness of enterprises?

Research purposes

Based on the above issues, the objectives of this study are as follows:

1. To find out what factors of strengths and weaknesses influence the green marketing strategy of the company's competitiveness.
2. To find out what opportunities and threats factors influence the green marketing strategy of the company's competitiveness.
3. To find out what alternative strategies can be done from a green marketing strategy towards the competitiveness of a company.
4. To know what strategies suitable to apply from green marketing strategy to competitiveness of company.

LITERATURE REVIEW

Strategic Management

Strategic management can be defined as the science of formulating, implementing, and evaluating organizational decisions to achieve their goals (David: 2004). The term strategic management is used to refer to the formulation, implementation and evaluation of strategies. The aim of strategic management is to utilize and create new and different opportunities in the future, whereas long-term planning tries to optimize current trends for the future.

Strategic Management phases

The strategic management process consists of three stages (David: 2004), namely strategy formulation, strategy implementation, and strategy evaluation. Strategy formulation involves developing organizational vision and mission, identifying external organizational opportunities and threats, determining internal strengths and weaknesses of the organization, establishing the organization's long-term goals, establishing alternative strategies for the organization, and selecting specific strategies to use.

Carry out a strategy to make policies, motivate employees, and allocate human resources strategy formulation can be implemented. Strategy implementation that is often used as the most difficult part in strategy management requires discipline, commitment, and personal sacrifice. Strategies that are formulated but will not benefit.

Strategy evaluation (David: 2004) is the final stage in strategic management. All strategies can be changed at any time as external and internal factors are constantly changing. Three main activities in strategy evaluation are:

1. Review the external and internal factors that form the basis of the current strategy formulation.
2. Measuring performance.
3. Conduct corrective actions.

Understanding Green Marketing

Green marketing essentially describes the marketing of a product based on environmental performance. Conceptually, green marketing is defined as a marketing response to environmental influences derived from design, production, packaging, labeling, use and disposal of the goods (Lampe and Gazda: 1995).

A company doing the concept of green marketing means incorporating environmental considerations into all marketing activities undertaken by the company. (Mintu & Lozada: 1993) defines green marketing as an application of marketing tools to facilitate changes that provide organizational satisfaction and individual goals in the maintenance, protection and conservation of the physical environment.

American Marketing Associate (AMA) defines green marketing as a process of marketing products that are assumed to be environmentally safe.

The same is also expressed by (Haryadi: 2009) which states that green marketing manipulates the four elements of the marketing mix (product, price, promotion, and distribution) to sell products and services offered from the advantages of environmental conservation advantages formed from subtraction waste, increase energy efficiency, and reduce the release of toxic emissions.

From these insights it can be concluded that green marketing there are several important points:

1. The marketing response to environmental influences in the marketing mix.
2. As a marketing tool to facilitate change to satisfy the needs of organizations and consumers through protection and conservation of the environment.
3. Consistency of marketing activities by minimizing the impact on the environment.
4. Solutions from marketing activities and create competitive advantage.

Green Marketing Strategy

Ginsberg and Bloom (2004), argue that the right green marketing strategy is needed by companies that want to adopt green marketing. Companies can choose one of four green marketing strategies, namely lean green strategy, defensive green strategy, shaded green strategy, and extreme green strategy. The choice of green marketing strategy to be applied by the company should be based on the consideration of two important aspects, namely how big is the green industry segment where the company operates and the company's ability to differentiate its green product or brand from its competitors.

High Market Segment Size	Defensive Green Strategy	Extreme Green Strategy
	Lean Green Strategy	Shaded Green Strategy
Low Differenttiation Capabilities to the Green Concept High		

Fig.1. Matrix of Green Marketing Strategy

Source: (Ginsberg dan Bloom : 2004)

1) *Lean Green Strategy*

A clean green strategy that is suitable for companies with low green market segments and low green concept differentiation capabilities. Companies that implement the strategy try to be good corporate citizens, but can not publish or market their green initiatives. Companies to reduce costs and increase the cost of activities to create profits in terms of low costs. Companies need to find the right one, but cannot find financial benefits from the green market segment. Companies that implement lean green strategies are often used to differentiate themselves from competitors. Open green strategy is suitable for companies that have green segments and low green resolution differentiation. Companies that implement the strategy try to be good corporate citizens, but can not publish or market their green initiatives. Companies to reduce costs and increase the cost of activities to create profits in terms of low costs. Companies need to find the right one, but cannot find financial benefits from the green market segment. Companies that implement lean green strategies are often done to increase interest from competitors.

2) *Defensive Green Strategy*

Defensive green strategy is suitable for companies that have a high green market segment size and low green concept differentiation capabilities. Companies that implement defensive green strategies tend to use green marketing as a preventative measure, which is a response to a crisis or response to competitive action. The company strives to improve the brand image and reduce hazards, recognizing that the green market segment is important, and the company cannot be separated from other parties who are profitable. Environmental initiatives carried out by companies that implement this strategy are truly sincere and sustainable, but the company's business to promote and publish these initiatives is still sporadic and temporary, because companies do not have the ability to differentiate themselves from competitors in terms of "green".

3) *Shaded Green Strategy*

Shaded green strategy is suitable for companies with low green segment size and high green concept differentiation capabilities. Companies that adopt a shaded green strategy invest in a long-term, system-centric, environmentally friendly process that requires a substantial commitment to both financial and nonfinancial aspects. The company sees the green concept as an opportunity to develop innovative products and technologies and satisfy the needs that ultimately result in competitive advantage. The company has the ability to really differentiate itself in green, but does not choose to do it because companies can earn more money by emphasizing other attributes.

4) *Extreme Green Strategy*

Extreme green strategy is suitable to be applied by companies that have a high green market segment size and high green concept differentiation capabilities. Holistic philosophy and values are formed in companies that truly emphasize the concept of green. All environmental issues are integrated in business processes and product life cycles from companies implementing extreme green strategies. The green concept is used as the main control force of the company's daily operations. Green practices include recycling pricing approaches, total green quality management, and environmentally friendly manufacturing. Companies that implement extreme green strategies often serve market niches and sell their products or services through boutique shops or special channels.

Methodology

The method of research is a way in an effort to understand the object of research that aims to guide researchers about the sequences of how research conducted to discover, develop, and to the truth of a knowledge. In the preparation of this research, the research method used is descriptive. A descriptive method is a method that provides an overview or description of a state as clearly as possible without any treatment of the object under study (Kountur 2005, 105).

Analysis Method

The method of analysis used in this research is aimed to describe the green marketing strategy to the competitiveness of the company. Analytical methods used consist of descriptive analysis and analysis of strategy formulations. The analytical tools used in formulating strategies to improve the competitiveness of companies is the EFE matrix, IFE matrix, and IE matrix.

Matrix Analysys

To make a problem-solving model required analysis of the factors that affect the company. Prior to formulating the strategy, it must first identify the internal and external factors of the company that will have an impact on the company that will run its business.

STAGE 1 : THE INPUT STAGE				
External Factor Evaluation (EFE) Matrix		Competitive Profile Matrix (CPM)		Internal Factor Evaluation (IFE) Matrix
STAGE 2 : THE MATCHING STAGE				
Threats - Oppotunities- Weaknesses- Strengths- (TOWS) Matrix	Strategic Position And Action Evaluation (SPACE) Matrix	Boston Consulting Group (BCG) Matrix	Internal- External (IE) Matrix	Grand Strategy Matrix
STAGE 3: THE DECISION STAGE				
Quantitative Strategic Planning Matrix				

Fig. 2. Framework for Strategy Formulation Analysis

Source : (David : 2009)

The main strategy is to do three stages (Three Stage) framework with matrices as the analysis model. This strategy is chosen because the devices or tools in the form of matrices are in accordance with all sizes and types of company organizations, so that the tool can be used to assist writers and readers in identifying and choosing the most appropriate strategies. The following are the three stages of strategy formulation proposed by (David: 2004) selected in this study.

Stage 1: Input Stage

The information obtained from these three matrices (EFE, CPM, EFI) becomes input information for the matching and decision stage matrix. Increased input helps strategy planners write quantitative assessments or assumptions quantitatively in the initial stages of the strategy formulation process. Making small decisions in the input matrix regarding the importance of external and internal factors helps strategy planners make and evaluate alternative strategies more effectively.

Stage 2: Matching Stage

The matching phase of the strategy formulation framework consists of five techniques that can be used without having to be sequential, namely TOWS Matrix, SPACE Matrix, BCG Matrix, IE Matrix, and Grand Strategy Matrix. All of these devices depend on information obtained from the input stage to match external opportunities and threats with internal strengths and weaknesses. This matrix focuses on generating

alternative strategies that can be implemented by combining the main external and internal factors. The technique at this stage used is TOWS Matrix, SPACE Matrix, and IE Matrix.

Stage 3: Decision Stage

This stage uses information input from stage 1 to objectively evaluate alternative strategies resulting from phase 2 that are implemented, thus providing an objective basis for the selection of appropriate strategies. In this stage the matrix used is the QSPM Matrix.

Each of the above stages has a dependency on one another because the results of a stage will be used as input for the next step and at the last stage the output will be produced in the form of an alternative strategy that is considered the most attractive and most suitable for use.

RESULT AND DISCUSSION

Analysis of the Body Shop EFE matrix

The factors analyzed by this matrix are the external strategic factors of The Body Shop. The strategic factors analyzed are opportunities and threats for The Body Shop in the future. The EFE matrix of the company is stated as follows:

Table 1 The External Factors

External Factors	Weight	<i>The body Shop</i>	
		Rating	Score
<u>OPPORTUNITIES</u>			
Open many branches in potential cities	0,110	3,40	0,374
Market share that is still open	0,108	3,20	0,346
Great potential to grow due to increased awareness of natural and environmentally friendly products	0,111	3,00	0,333
The ability of consumers to buy	0,107	3,00	0,321
High consumer interest in purchasing products	0,115	3,20	0,368
<u>THREATS</u>			
Increased competition	0,103	1,60	0,165
The high failure rate of new products in marketing	0,121	2,40	0,290
Fluctuating economic growth	0,111	3,00	0,333
Market competition with similar products that also use natural ingredients	0,114	2,00	0,228
Total	1,000		2,758

Analysis of the Body Shop IFE matrix

Factors analyzed by this matrix are internal strategy factors from The Body Shop. These strategic factors are the strength and weakness factors of the body shop. Explanation of the results of the evaluation of internal strategic factors expressed in the IFE matrix The body shop as follows:

Table 2 The Internal Factors

INTERNAL FACTORS	Weight	<i>The body Shop</i>	
		Rating	Score
<u>STRENGTHS</u>			
Have a strong commitment to always maintain and preserve the environment	0,110	3,60	0,396
Good reputation always maintained in terms of price and quality	0,111	3,80	0,422
Raw materials that have good quality	0,121	3,40	0,411
Consumers who visit because The Body Shop products are environmentally friendly	0,100	3,20	0,320

A well-designed store layout and atmosphere create customer appeal	0,112	3,20	0,358
WEAKNESSES			
High product prices but according to quality	0,112	2,80	0,314
Promotion is considered maximum	0,112	3,20	0,358
Retail outlets only exist in potential cities	0,111	3,20	0,355
Research with a long period of time for each of the latest innovations	0,110	3,20	0,352
Total	1,000		3,287

Internal Eksternal Matrix (IE)

IE Matrix Analysis Results The Body Shop

SCORE TOTAL of IFE

		Strong			Average			Weak		
		3,0-4,0			2,0-2,99			1,0-1,99		
		4,0			3,0			2,0		
SCORE TOTAL of EFE	High	I Grow and Build			II Grow and Build			III Protect and maintaining		
	Middle	IV (3,31 ; 2,74) Grow and Build			V Protect and maintaining			VI Harvest or Divestment		
	Low	VII Protect and maintaining			VIII Harvest or Divestment			IX Harvest or Divestment		
		3,0			2,0			1,0		

IE matrix analysis by combining the results between the IFE total score and also the EFE total score. The total IFE score obtained is 3.287 and the total EFE score obtained is 2.758. So that it produces coordinates in the IE matrix that is (3.287; 2.758) and when viewed in the IE matrix in table 4.6 the position of the company is in quadrant IV.

The company is in position IV with the existence of a suitable strategy can be described as growing and building. The company is in a state of stability influenced by internal and external factors that give the result of assessment or multiplication between IFE matrix with result 3,287 and EFE matrix with result 2,758.

And the results of strategy in quadrant IV can be concluded that The Body Shop is suitable to do business development with horizontal integration. The one where growth strategies through horizontal integration are those that expand the company by way of product development and control of competitors.

TOWS Matrix (Threat, Opportunity, Weaknesses, and Strengths)

TOWS Matrix Analysis at The Body Shop

The formulation of alternative strategies that can be considered by The Body Shop based on the TOWS matrix (table) are:

The Body Shop TOWS Matrix Analysis

<div style="text-align: center;">IFE</div> <div style="text-align: center;">EFE</div>	<div style="text-align: center;">STRENGTHs (S)</div> <ol style="list-style-type: none"> Have a strong commitment to always maintain and preserve the environment A good reputation that is always maintained in terms of price and quality Raw materials that have good quality Consumers who visit because The Body Shop is environmentally friendly Well-designed store layout and atmosphere create customer appeal 		<div style="text-align: center;">WEAKNESSES (W)</div> <ol style="list-style-type: none"> The price of the product is high but in accordance with the quality The promotion is maximized Retail outlets exist only in potential cities Research with long enough period for every new innovation
	<div style="text-align: center;">OPPORTUNITIES</div> <ol style="list-style-type: none"> Open many branches in potential cities Market share that is still open Great potential to grow because of increasing awareness of natural and environmentally friendly products The ability of consumer purchasing power High consumer interest in buying products 	<div style="text-align: center;">S-O STRATEGIES</div> <ol style="list-style-type: none"> Open a retail outlet in a strategic place Develop brand image Using internet marketing to interact with consumers unlimited runag and time 	<div style="text-align: center;">W-O STRATEGIES</div> <ol style="list-style-type: none"> Creating a good relationship (symbiosis mutualism) with consumers Adjust promotion with the culture of the community Conduct special promotions in areas where per capita income is rising
	<div style="text-align: center;">TREATS (T)</div> <ol style="list-style-type: none"> Increased competition High failure rate of new products in marketing Fluctuating economic growth Market competition with similar products that also use natural ingredients 	<div style="text-align: center;">S-T STRATEGIES</div> <ol style="list-style-type: none"> Strategies that optimize modern technology but still do not damage the environment Continue to expand into areas that have not been reached to expand market share 	<div style="text-align: center;">W-T STRATEGIES</div> <ol style="list-style-type: none"> Strategies that optimize modern technology but still do not damage the environment Continue to expand into areas that have not been reached to expand market share

Quantitative Strategic Planning Matrix (QSPM)

QSPM is a tool recommended for experts to evaluate alternative strategic options objectively based on previously identified internal-external key success factors. So conceptually the purpose of QSPM is to establish the attractiveness of alternatives (relative attractiveness) of the various strategies that have been selected to determine which strategy is best to implement. The technique objectively demonstrates the best alternative strategy. QSPM uses input from Stage 1 analysis and matching results from Phase 2 analysis to objectively decide on an alternative, workable strategy.

The QSPM format is described in Table 4.6. The left column of QSPM consists of external and internal factors (from stage 1), and the top line consists of an executable alternative strategy. Specifically the

left-hand column of QSPM consists of information obtained directly from the EFE Matrix and IFE Matrix. In the columns adjacent to the column of external and internal critical success factors, we note the weight of each factor derived from the IFE matrix and the EFE Matrix. The top row consists of an executable alternative strategy derived from the TOWS matrix, the SPACE Matrix, and the IE Matrix. These matching tools usually produce alternative strategies that can also be implemented. However, not every strategy suggested by matching techniques must be assessed in the QSPM. Strategic planners should also use good intuitive judgment in choosing the strategies to be incorporated into QSPM.

The Body Shop QSPM Matrix Analysis

Main Factor	Weight	Alternative Strategic			
		Alt.1 Design products that meet your needs effectively and efficiently		Alt.2 Increase promotions to minimize new product failures	
<u>EXTERNAL FACTORS</u>		AS	TAS	AS	TAS
Open many branches in potential cities	0,11	1	0,11	3	0,33
Market share that is still open	0,11	2	0,22	4	0,44
Great potential to grow because of increasing awareness of natural products that are environmentally friendly	0,11	2	0,22	2	0,22
The ability of consumers to buy	0,10	3	0,30	3	0,30
High consumer interest in purchasing products	0,10	2	0,20	4	0,40
Increased competition	0,12	1	0,12	4	0,48
The high failure rate of new products in marketing	0,11	2	0,22	4	0,44
Fluctuating economic growth	0,12	1	0,12	1	0,12
Market competition with similar products that also use natural ingredients	0,11	2	0,22	3	0,33
<u>INTERNAL FACTORS</u>					
Have a strong commitment to always maintain and preserve the environment	0,12	1	0,12	1	0,12
Good reputation always maintained in terms of price and quality	0,12	1	0,12	1	0,12
Raw materials that have good quality	0,12	2	0,24	2	0,24
Consumers who visit because The Body Shop products are environmentally friendly	0,12	2	0,24	3	0,36
A well-designed store layout and atmosphere create customer appeal	0,11	2	0,22	4	0,44
High product prices but according to quality	0,10	1	0,10	1	0,10
Promotion is considered maximum	0,09	1	0,09	4	0,36
Retail outlets exist only in potential cities only	0,11	1	0,11	3	0,33
Research with a long period of time for each of the latest innovations	0,11	3	0,33	3	0,33
Total	1		3,30		5,34

Description:

AS = Attractiveness Score

TAS = Total Attractiveness Score

Value of Attraction: 1 = unattractive; 2 = rather interesting; 3 = reasonable draw; 4 = very interesting.

The value of attractiveness is determined by examining each external or internal factor, one by one, while asking the question "Does this factor affect the choice of strategy made?" If the answer to that question is yes, then the strategy should be compared relative to the key factor. In particular, the attractiveness of the apparatus should be given to each strategy to show the relative attractiveness of a strategy against others, taking into account certain factors. The scope of the attraction value is: 1 = not attractive; 2 = rather interesting; 3 = reasonable draw; 4 = very interesting. If the answer to the question is no, it indicates that each of the key factors has no influence over the particular choice being made.

Conclusion

From the results of research on The Body Shop that has been done, the authors can draw conclusions as follows:

1. Overview of internal factors, The Body shop is in a strong position. With the description of The Body Shop's internal strengths, the most important is a good reputation that is always safeguarded in terms of price and quality and also the main weakness, namely Research with a long period of time for every new innovation.

While the description of external factors, The Body Shop is in a strong position. Which means position. With an overview of The Body Shop's external opportunities, the most important is opening many branches in potential cities and also the main threat of fluctuating economic growth.

2. Based on the results of the analysis there are alternative strategies that can be used by The Body Shop, namely:

Alternative strategy 1 is Designing products that meet the needs effectively and efficiently. To minimize the failure of new products, it is also necessary to design products that are suitable for needs effectively and efficiently. So because according to the needs and desires of consumers, it is likely that the product is not accepted by smaller consumers. But how well the product produced can satisfy customer needs, but product quality will ultimately affect the market share and whether or not the product is accepted.

Alternative strategy 2 is Improving promotion to minimize the failure of new products. This strategy is more suitable to be applied by The Body Shop. This is because The Body Shop is still growing and still has potential in market competition so that alternative strategies to improve the competitiveness of this company are considered suitable to help The Body Shop to continue to grow and be increasingly recognized by the wider community. Because it minimizes new product failures, it can streamline the costs incurred by the company. The failure of new products is due to consumers who do not know much about the new product, so it is important to do a promotion to introduce and make consumers sure to use the new product.

3. The right strategy to choose from in enhancing the competitiveness of the company The Body Shop is a strategy to increase promotion in order to minimize new product failures because it suits the condition of the company which is in the development stage so that it needs a lot of promotion to help its business to gain profit and also expand market share for The Body Shop.

Suggestion

Suggestions that the author wants to give to The Body Shop based on the results of research that has been done as follows:

1. The Body Shop is active in promoting with its superior products through social media so as to support to increase sales and also expand market share.

2. The Body Shop should make products with small packaging also or travel pack to facilitate consumers who just want to try their products first and facilitate consumers to bring The Body Shop products wherever go.

3. The Body Shops should continue to develop the technology by way of example consumers can consult or find out The Body Shop product variants of what is suitable for the type of skin with a chat on the website. Making it easier for consumers who want to buy through the website without having to come to the outlet.

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[30]

The Influence of Hedonic Shopping Motivation, Impulsif Buying, and Lifestyle on Purchase Decisions

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Abstract. The decision to make a purchase is very complex through a very long process in the form of goods or services. Some factors that influence purchasing decisions include Hedonic Shopping Motivation, Unplanned Purchases, and Lifestyle. Hedonic Shopping Motivation is the motivation of consumers to shop because shopping is a pleasure, while Unplanned Purchase is a part of spontaneous behavior, intense, passionate desire to buy and buyers usually ignore the consequences of the purchase, while Lifestyle is also a determining factor consumer's decision to buy a product.

The purpose of this study were (1) to explain the influence of Hedonic Shopping Motivation on purchasing decisions at Matahari Lippo Plaza Bogor, (2) to explain the effect of unplanned purchases on purchasing decisions at Matahari Lippo Plaza Bogor, (3) to explain the influence of lifestyle on purchasing decisions at Matahari Lippo Plaza Bogor, (4) to explain the influence of Hedonic Shopping Motivation, unplanned purchases, and lifestyle on purchasing decisions at Matahari Lippo Plaza Bogor.

Keywords: Hedonic Shopping Motivation, Unplanned Purchases and Lifestyle Towards Purchase Decisions.

1. INTRODUCTION

One type of business that experiences significant development is the retail business. Retail can be defined as all activities involved in selling goods or services directly to consumers. The retail business has experienced a fairly rapid development, which is characterized by a growing number of traditional retailers who are fixing themselves into modern retail businesses (Utami 2006). Along with varied consumer needs provide opportunities for business people, especially in the field of fashion. This fact has caused many shops to appear that sell various types of fashion products for both men and women.

Hedonistic theory states that all human actions, without being realized or not realized, without it arising from external forces or inner strength, basically have a single purpose, which is looking for things that are fun and avoid things that are painful. Hedonics is one of the motivational theories that fits in with the principle of the direction in which humans will be attracted to the goals they consider most interesting. in the research conducted by Solomon (2002) defined hedonist, namely: hedonist as one type of need based on the direction of motivation that is subjective and experiential, which means that consumers may rely on a product to find their needs for joy, confidence, fantasy or response emotional, and others. Consumption shopping behavior will arise due to planning or without prior planning (impulse buying).

Consumers use shopping lists to make shopping easier, but in reality, 74% of purchase decisions are made in-store (Bermen and Evans, 2006). This shows that sometimes consumers shop outside the shopping list, which results in unplanned buying behavior.

Lifestyle can influence a person's behavior, and ultimately determine one's consumption choices. Lifestyle describes a person's whole self in interacting with his environment and describes all one's patterns in acting and interacting in the world. The concept of consumer lifestyle is different from personality but lifestyle is how they spend their money and how they allocate their time to play or relax with family. Lifestyle influences all aspects of consumer behavior, a person's lifestyle is a function of characteristics or individual traits that have been formed through the interaction of the environment of people who were not wasteful after spending time with wasteful people. A person's lifestyle influences purchasing behavior, which can determine many individual consumption decisions, so lifestyle can change due to environmental influences. Marketers can use lifestyle analysis related to the area of consumer life such as when recreation

outside the home (buying various types of products). In addition, marketers can also study general lifestyle patterns of a population.

The decision to make a purchase is very complex through a very long process. Basically the decision to do always appears and begins with a sense of curiosity about the need for a product, either in the form of goods or services.

Matahari department store is a shopping center that sells a variety of style needs consisting of children's clothing, women, men, shoes, bags, perfumes, and various other style needs, these shopping places are in various cities in Indonesia. Matahari Department Store has become one of the biggest fashion retail groups in the country. Various types of clothing provided by Matahari Department Store are classy products. In addition, Matahari Department Store also provides good service and affordable prices for the Indonesian people.

Phenomenon according to the results of the author's interview with 30 respondents of STIE Kesatuan Bogor students, from the results of 16 people stated that shopping at Matahari Department Store Lippo Plaza did not fulfill their lifestyle because the items they sold were relatively cheap and not quality and did not meet their lifestyle and hedonic and for various reasons because there are currently better malls in the city of Bogor and 14 respondents stated that shopping at Matahari Department store Lppo plaza meets their needs at prices that are balanced with the quality of goods sold because their lifestyle is not determined by the price of the items purchased, because some think that their lifestyle is not determined by the price and superiority of expensive goods.

2. RESEARCH METHOD

The research methodology used in this study is descriptive method and quantitative method. With this method the researcher examines the extent of the role of hedonic shopping motivation, unplanned purchases and lifestyle to purchasing decisions at Matahari Department Store. this method researchers do a comparison between theory and practice / facts in the field. As well as estimating the amount of influence quantitatively from changes in one or several other events, using statistical analysis tools. Data processing with quantitative analysis through several stages.

Descriptive method is a method of data collection in this study using a questionnaire, namely data collection techniques carried out by giving a set of questions or written statements to respondents to be answered (Sugiyono: 2007). Measurement Scale for all indicators in each variable using a Likert scale (scale 1 to 5) starting from Strongly Disagree (STS) to Strongly Agree (SS). This measurement scale means that if the value is getting closer to 1 it means more disagree. Conversely, if it is getting closer to number 5 it means more agree.

Quantitative method is quantitative analysis is a method of analysis with numbers that can be calculated or measured. Quantitative analysis is intended to estimate the amount of influence quantitatively from changes in one or several other events, using statistical analysis tools. Data processing with quantitative analysis through several stages.

Data sources that can be applied to this thesis research consist of two types, namely primary data and secondary data.

Primary data was obtained directly from the research object in the form of opinions from research respondents who had made a purchase decision at Matahari Department Store Lippo Plaza Bogor. Whereas secondary data is obtained indirectly about the object studied through intermediary media in the form of websites owned by the Sun itself but obtained indirectly.

Data collection methods conducted in this study are:

1. Interview
2. Observation.
3. Documentation

The analytical method used by researchers is statistical data analysis that compares the results of the research with the calculations made on the data whether the results are positive and significant or even the opposite.

3. RESULTS AND DUSCUSSION

Based on the results of questionnaires and processing of questionnaire data using the SPSS program that has been done, then the discussion of the research hypothesis which states that hedonic shopping motivation has a positive and significant effect on purchasing decisions, this study proves the theory

presented by Utami (2010) states that hedonic shopping motivation is activity obtains information about availability of options, characteristics and details of transactions at a retail store and activity of obtaining goods and services. In shopping, consumers are not only interested in the quality and price of a product but are also interested in the quality of a store.

A. Hedonic Shopping Motivation of Purchase Decisions

Research shows the relationship between hedonic shopping motivation towards purchase decisions can be accepted, this is indicated by the t-count value of 2.697 which is greater than t-table 1.66 and is supported by a significance value of 0.008 smaller than 0.05 which is a significant effect on purchasing decisions that have been processed by SPSS.

B. Unplanned Purchases of Purchase Decisions

In the study showed the relationship between adiafora culture to purchase decisions can be accepted, this is indicated by the t-count value of 12.948 which is greater than the t-table 1.66 and supported by a significance value of 0.000 smaller than 0.05 which is a significant effect on purchasing decisions that have been processed by SPSS.

C. Influence of Lifestyle on Purchase Decisions

In the study shows the relationship between adiafora culture to purchase decisions can be accepted, this is indicated by the t-value of 5.098 which is greater than the t-table 1.66 and supported by a significance value of 0.000 smaller than 0.05 which is a significant effect on purchasing decisions that have been processed by SPSS.

4. CONCLUSION

Based on the results of the research described in the previous chapters regarding the influence of Hedonic Shopping Motivation, Unplanned Purchases, and Lifestyle on Purchase Decisions at Matahari Lippo Plaza Department Store, conclusions can be drawn as a result of the findings and testing of research results as follows:

1. Hedonic shopping motivation, unplanned purchases and lifestyles together influence simultaneously purchasing decisions
2. Hedonic shopping motivation partially has a positive influence on purchasing decisions.
3. Unplanned Purchases partially have a positive influence on purchasing decisions.
4. Lifestyle partially has a positive influence on purchasing decisions.

5. SUGGESTIONS

Based on the conclusions that have been raised, then given some suggestions that are expected to increase customer satisfaction, as for the suggestions given to the company are as follows:

1. Lippo Plaza's Matahari Department Store must pay more attention to the products that will be seen by consumers. It is not permissible to sell goods that are damaged or damaged in contrast to display items because it will be a bad impact for consumers who have believed in the Matahari Department Store Lippo Plaza, therefore, spg or spb must control each product more.
2. Matahari Department Store Lippo Plaza Must provide goods that are balanced with the price of the product to be purchased and give a positive impression when the product is purchased in accordance with the quality of the goods when used, and give discounts or discounts for each purchase.
3. Matahari Department Store Lippo Plaza must often promote to increase customer loyalty to the Matahari Lippo Store Department, such as giving 1 free brochure, buying 1 for shopping or giving discounts.
4. It is recommended to the Matahari Department Store Lippo Plaza to introduce more new products so that people can easily find out when they come to Matahari Department Store Lippo Plaza.

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[31]

The Influence of Relational Marketing, Trust, dan Emotional Proximity on Customer Loyalty (Case Study BOLT 4G LTE)

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Abstract. Business development in the telecommunications sector has been increasingly developed and companies in this field are increasingly engaged in competition for loyal customers. But as for the problems of this competition, such as the transfer of consumers from one product to another because companies pay less attention to consumers, moreover the absence of closeness between consumers and the company.

This study aims: 1). To find out whether relational marketing, trust, and emotional closeness together have a significant influence on customer loyalty in the company BOLT 4G LTE; 2). To find out whether relational marketing influences customer loyalty; 3). To find out whether trust influences customer loyalty; 4). To find out whether emotional closeness affects customer loyalty.

The analysis used in this study is multiple linear regression analysis, sample selection is done by purposive sampling. The sample used was 100 respondents, with multiple linear regression analysis. This study uses the Rosque method.

The results showed 1). Relational marketing, trust, emotional closeness together have a positive and significant influence on customer loyalty; 2). Relational marketing has a positive and significant effect on customer loyalty; 3). Trust has a positive and significant effect on customer loyalty; 4). Emotional closeness has a positive and significant effect on customer loyalty. The results of the analysis using the coefficient of determination is known that 76% of customer loyalty variables can be explained by variations of relational marketing variables, trust and emotional closeness, while 24% is explained by other variables not included in this study.

Keywords: Relational Marketing, Trust, Emotional Proximity, Customer Loyalty.

1. Introduction

In its development, telecommunication technology began to be very important, because this technology increases the effectiveness of peoples to connect at a great distance. Until now, people needs for this technology are still very high. The telecommunications business competition for internet service providers in Indonesia seems increasingly intense as a result of the expansion carried out by the old provider players such as Telkomsel, Indosat, XL and the presence of new operator players such as Natrindo, Hutchison, and Internux. Competition in product quality and prices is so rapid, demanding marketers to be able to provide quality products and prices affordable to consumers and can develop a product that is useful and innovative in accordance with consumer expectations and market needs, so that satisfaction after consuming can be obtained and will make consumers make purchases in the future or repeat purchases on the same product. Manufacturers compete to compete with competitors. This can be seen from the increasing number of companies that produce products with the same types and uses but different prices, product features and services. Consumers are also more selective and critical in choosing the product to be purchased. Consumers no longer buy products based solely on consideration of physical form, but also include all aspects of service that are attached to the product, starting from the purchase stage to the post-purchase stage (Supardi, 2009).

One company that plays on the 4G network is BOLT. BOLT which is the product of the two companies' joint venture, namely PT. Internux and PT. First Media Tbk. BOLT Super 4G LTE (often called BOLT) is the first 4G Long Term Evolution cellular broadband service in Indonesia launched by Internux, on November 14,

2013. BOLT offers internet access speeds of up to 150 Mbps. BOLT only access data, cannot be used for telephone and sms. BOLT was originally owned by Internux from the start of the launch until 2015 and First Media began in mid-2014. But starting on 1 July 2015, BOLT was officially part of First Media. BOLT products are made specifically to be mobile wifi, which is a wireless 4G network provider to access the first internet in Indonesia. 4G stands for the English term: fourth-generation technology. This term is generally used referring to the fourth generation standard of cellular telephone technology. 4G is the development of 3G and 2G technology. The 4G system provides an ultra wide band network for a variety of electronic equipment, for example smart phones and laptops using a USB modem. BOLT provides convenience in accessing the internet with access speeds that are believed to be enough to make Indonesian people interested in using it.

By studying important information to create the influence of relational marketing, trust and emotional closeness to customer loyalty, the company is required to be able to develop relational marketing, trust and emotional closeness with current customers, so that the customer's desires and perceptions of these service products can increase and hang in there, research purposes

- a. To find out whether relational marketing, trust, and emotional closeness together have a significant influence on customer loyalty in the 4G LTE Bolt company
- b. To find out whether relational marketing has an effect on customer loyalty
- c. To find out whether trust affects customer loyalty
- d. To find out whether emotional closeness affects customer loyalty

2. Theoretical Framework

2.1. Relational Marketing

According to Lupiyoadi (2013) relational marketing is an alternative strategy towards the traditional marketing mix approach (which tends to be transactional) as a way of obtaining sustainable competitive advantage (SCA) and the best way to retain customers in the long run. Kotler and Armstrong (2008) stated that relational marketing (relationship marketing) is the process of creating, maintaining, and enhancing strong high-value relationships with customers and interested parties.

2.2. Trust

According to Darsono (2008) Trust is an individual's willingness to depend on others involved in exchanges because individuals have confidence in others. Meanwhile, according to Tjiptono (2008) "Trust is the most crucial factor in every relation". According to Garbarino and Johnson (2002) the notion of trust in service marketing emphasizes individual attitudes that refer to consumer confidence in the quality and reliability of the services it receives.

2.3. Emotional closeness

According to Barnes (2001), a very important aspect of customer loyalty that is often overlooked or rarely measured is the emotional relationship between loyal customers and the company. Customers who have true loyalty have an emotional bond with the company. Emotional ties with the company. This emotional bond makes customers loyal and encourages them to keep doing business with the company and make recommendations.

2.4. Customer loyalty

According to Hasan (2008) customer loyalty (customer loyalty) is defined as "People who buy, especially those who buy regularly and repeatedly". The customer is someone who constantly and repeatedly comes to the same place to satisfy his desire to have a product or get a service and pay for the product or service. According to Ratih (2010) reveals the definition of customer loyalty as follows: "Customer Loyalty is deeply held commitment to rebuy or repatronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behavior".

3. Methodology

The research methodology used in this study is descriptive method and quantitative method. Data sources that can be applied to this thesis research consists of primary data obtained directly from the object of research in the form of opinions from research respondents who have re-purchased more than twice the BOLT 4G LTE product. As well as secondary data obtained indirectly about the object under study through an intermediary medium in the form of a website owned by BOLT 4G LTE itself but obtained indirectly. The analytical method used by researchers is statistical data analysis that compares the results of the research with the calculations made on the data whether the results are positive and significant or even the opposite. The tests carried out are:

- a. Validity test
- b. Reliability Test
- c. Normality test
- d. Multicollinearity Test
- e. Heterocedasticity test
- f. Multiple Regression Analysis
- g. Correlation Analysis
- h. Determination Coefficient Analysis

4. Result and Discussion

4.1. Relational Marketing, Trust, Emotional Proximity together influence customer loyalty

In the study shows the relationship between relational marketing, trust, emotional closeness is acceptable, this is indicated by the f-count value of 715,950 which is greater than f-table 105,573. Where those variables have a significant effect on customer loyalty that has been processed by SPSS.

4.2. Relational Marketing influences Customer Loyalty

In the study showed the relationship between relational marketing on customer loyalty can be accepted, this is indicated by the t-count value of 2.746 which is greater than the t-table 1.66 and supported by a significance value of 0.000 is smaller than 0.05 which is where the variable has a significant effect on customer loyalty that has been processed by SPSS. BOLT must apply and learn relational marketing within its company so that it can develop and advance further to meet the needs of its customers. So, the Manager in BOLT must improve relational marketing in the company so that the company gets a closer relationship with customers. Which states that relational marketing has a positive and significant influence on research loyalty, this study proves the theory presented by Kotler and Armstrong (2008) states that relational marketing (relationship marketing) is the process of creating, maintaining, and enhancing strong high-value relationships with customers and parties who has an interest.

4.3. Trust Affects Customer Loyalty

In research shows the relationship between trust in customer loyalty can be accepted, this is indicated by the t-count value of 2.045 which is greater than t-table 1.66 and supported by a significance value of 0.000 is smaller than 0.05 which is where the variable has a significant effect on loyalty customers that have been processed by SPSS. If, the trust of consumers is obtained by the company, the company will certainly develop well and gain customer loyalty which is the goal. According to Tjiptono (2008) "Trust is the most crucial factor in every relation". According to Garbarino and Johnson (2002) the notion of trust in service marketing emphasizes individual attitudes that refer to consumer confidence in the quality and reliability of the services it receives.

4.4. Emotional closeness affects customer loyalty

In the study shows the relationship between emotional closeness to customer loyalty is unacceptable, this is indicated by the t-count of 3,244 which is smaller than the t-table of 1.66 and supported by a significance value of 0.000 greater than 0.05 which is not significant on customer loyalty that has been processed by SPSS. Barnes (2001) stated that a very important aspect of customer loyalty that is often overlooked or rarely measured is the emotional relationship between loyal customers and the company. Customers who have true loyalty have an emotional bond with the company. Emotional ties with the company. This emotional bond

makes customers loyal and encourages them to keep doing business with the company and make recommendations. For this reason it is important for companies to focus on how they treat customers and how to grow positive feelings in customers. Creating positive emotions and feelings is very important in building relationships. This lack of emotion makes repetitive purchases a mechanical activity, a process of behavior, making customers have no real reason to stay. True customer loyalty is impossible without an emotional connection. Loyalty is evidence of emotions that transform repetitive buying behavior into a relationship. If the customer does not feel the love or closeness of the service provider or other organization, the relationship between the customer and the company does not have the characteristics of a relationship, the customer himself knows and is able to say, there is an emotional attachment between them and the individual service provider. Relationship is a very complicated matter and needs to be managed carefully and requires the expertise of the people involved in the relationship also termed a very complicated and long process with lots of traps and challenges. The relationship does not just happen, it must be started, implemented, developed, and maintained so that it continues well. One of the interesting features of relationships is that relationships are a continuous process

5. Conclusion

- a. The results of the analysis showed that the relational marketing variables (X1), trust (X2), emotional closeness (X3) together had a positive and significant influence on customer loyalty (Y). Thus hypothesis 1 which states that relational marketing (X1), trust (X2), emotional closeness (X3) has a positive effect on customer loyalty (Y) can be accepted
- b. The analysis results obtained that the relational marketing variable (X1) has a regression coefficient of 0.187 (positive sign) on customer loyalty (Y) and tcount value of 2.746, with a significance level of 0.000 (<0.05). This means that relational marketing (X1) has a positive effect on customer loyalty (Y). Thus Hypothesis 2 states that relational marketing (X1) has a positive effect on customer loyalty (Y) can be accepted.
- c. The analysis results show that the trust variable (X2) has a regression coefficient of 0.211 (positive sign) to customer loyalty (Y) and tcount of 2.045 with a significance level of 0.000 (<0.05). This means that trust (X2) has a positive effect on customer loyalty (Y). Thus Hypothesis 3 which states that trust (X2) has a positive effect on customer loyalty (Y) can be accepted.
- d. The analysis results show that emotional closeness (X3) has a regression coefficient of 0.357 (positive sign) on customer loyalty (Y) and tcount of 3.244 with a significance level of 0.000 (<0.05). This means that emotional closeness (X3) has a positive effect on customer loyalty (Y). Thus Hypothesis 4 which states that emotional closeness (X3) has a positive effect on customer loyalty (Y) can be accepted.
- e. Adjusted R square value is obtained at 0.760. This means that 76% customer loyalty (Y) can be explained by relational marketing variables (X1), trust (X2), and emotional closeness (X3). While 24% can be explained by other reasons not examined in this study.

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SUB THEME RESEARCH ON ACCOUNTING

32. IMPLICATIONS of FINANCIAL DISTRESS AND MACROECONOMIC ON STOCK RETURN WITH VARIABLE MODERATION of OPERATING CASH FLOW
Syahril SDJ Djaddang
33. THE EFFECT of PROFITABILITY, INSTITUTIONAL OWNERSHIP, FIRM SIZE TO TAX AVOIDANCE ON THE 2014-2016 MANUFACTURING COMPANY LISTING ON THE INDONESIA STOCK EXCHANGE
Heri Sukendar Wong, Fransisca Hanita R, and Niki Rizkiy Darma Putra
34. THE INFLUENCE of FIRM SIZE, CORPORATE PROFITABILITY, PREVIOUS AUDIT OPINION, AND ACCOUNTING FIRM SIZE ON GOING CONCERN AUDIT OPINION (EMPIRICAL STUDY ON NON-FINANCIAL SERVICES FIRMS LISTED IN IDX)
Belinda Stella and Sylvia Fettry
35. THE EFFECT of GOOD CORPORATE GOVERNANCE AND FINANCIAL PERFORMANCE ON SUSTAINABILITY REPORT DISCLOSURES AND ITS IMPLICATIONS ON CORPORATE VALUES
(CASE STUDY of THE IDX LISTED COMPANY IN 2011-2016)
Karsam Sunaryo, Ahmad Fabian and Susana Dewi
36. REVIEW of TREATMENT of REVENUE AND EXPENSE RECOGNITION BY USING THE HOTEL VISUAL PROGRAM APPLICATION PROGRAM (VHP) AT IZI HOTEL BOGOR
Devi Rizky Agustika and Jasmadeti
37. THE EFFECT of CASH FLOWS AND ACCOUNTING PROFITS ON STOCK PRICES
EMPIRICAL STUDY of MANUFACTURING COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE IN 2013-2016
Airin Nuraini and Nurhalimah

38. IMPAIRMENT of FIXED ASSETS (TANGIBLE ASSETS) ACCORDING TO PSAK 48 ON THE FINANCIAL STATEMENTS. CASE STUDY ON VARIOUS INDUSTRIAL SECTOR MANUFACTURING COMPANIES LISTED IN THE INDONESIAN STOCK EXCHANGE (IDX).

Rafidatul Al Amani and Lukas Moerdihardjo

[32]

Implications of Financial Distress and Macroeconomic on Stock Return With Variable Moderation of Operating Cash Flow

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Abstract. This study aims to examine the implications of the financial distress, interest rate and exchange rate to stock returns on textile and garment companies in Indonesia, which listed on the Indonesia Stock Exchange for the period 2012-2015. The operating cash flow is used as a moderating variable to examine the correlation between financial distress and stock returns. There are 15 companies that are used as samples for the study were selected based on purposive sampling method. Meanwhile, fixed effect model of the data panel linear regression method selected for data analysis. The quantitative data was taken from ICMD and Capital Market Reference Center Indonesia Stock Exchange. By using significance level of 5%, study results showed financial distress as Altman Z-score influence positively but insignificant on stock returns and depreciation of exchange rate influence positively and significant on stock returns. Meanwhile, increasing interest rate impact on stock returns negatively but not significant. The study also summarize that operating cash flow cannot moderate the correlation between financial distress and stock returns and this variable classified as predictor moderator. The study results also showed financial distress, interest rates and exchange rates had significant impact on stock returns simultaneously.

Keywords: financial distress, interest rates, exchange rates, operating cash flow, return stock, and predictor moderate.

[33]

The Effect of Profitability, Institutional Ownership, Firm Size to Tax Avoidance on The 2014-2016 Manufacturing Company Listing on The Indonesia Stock Exchange

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Abstract. This study aims to examine the effect of profitability (ROA), institutional ownership (INST), and firm size (SIZE) on tax avoidance (CETR). The variables tested in this study used independent variables which consist of profitability, institutional ownership, and firm size; and the dependent variable which consists of tax avoidance, that was measured by the cash effective tax rate (CETR). The sample used in this study was taken using purposive sampling method. After the reduction with several criteria, 43 companies were chosen as samples. The analysis technique in this study uses linear regression analysis with the help of SPSS version 20. The results of this study indicate that profitability affects tax avoidance but institutional ownership and firm size have no influence.

Keywords: Profitability, institutional ownership, firm size, tax avoidance

[34]

The Influence of Firm Size, Corporate Profitability, Previous Audit Opinion, and Accounting Firm Size on Going Concern Audit Opinion (Empirical Study on Non-Financial Services Firms Listed in IDX)

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Abstract. Service industry is considered to have a significant impact on today people's lives, especially in Indonesia. However, some service companies obtain a going concern audit opinion which means that their business continuity is in doubt. Factors that can affect going concern opinion are company size, company profitability, previous audit opinion, and accounting firm size.

The issuance of going concern audit opinion can be an early warning to investors that the company may experience financial failure. Although the auditor is not responsible for predicting bankruptcy, investors seem to expect the auditor to warn of the possibility of financial failure through a going concern audit opinion. The purposes of this study are to determine the effect of firm size, corporate profitability, previous year's audit opinion, and accounting firm size on the acceptance of going concern audit opinion.

The research method used in this research is hypothetico-deductive method which is a systematic approach and useful to produce knowledge to solve basic and managerial problem. This study focused on non-financial service companies listed on the Indonesia Stock Exchange. The sample used was 149 companies with purposive sampling technique. Data analysis used descriptive analysis and logistic regression analysis.

The results of partial test show that there is no partially significant influence of firm size and accounting firm size on going concern opinion, there is partially significant influence of profitability and previous audit opinion on going concern opinion. Simultaneous testing result indicates that the firm size, the company profitability, the previous year audit opinion, and the size of the accounting firm influence the acceptance of going concern audit opinion.

Keywords: non-financial services company, company size, company profitability, previous year audit opinion, accounting firm size, acceptance of going concern audit opinion.

[35]

The Effect of Good Corporate Governance and Financial Performance on Sustainability Report Disclosures and its Implications on Corporate Values (Case Study of The IDX Listed Company in 2011-2016)

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Abstract. The importance of the company to maintain the sustainability of its business in the future is a crucial issue at the moment. The company must pay attention to the planet, people and profit. The purpose of this study was to find out how the influence of GCG and Financial Performance on Sustainability Report Disclosures and their implications for Company Value in Mining Companies listed on the Indonesia Stock Exchange. The sample was determined based on purposive sampling technique, with a total sample of 15 companies. The study uses secondary data obtained from the Indonesia Stock Exchange website in the form of financial reports from 2011-2016. Testing the hypothesis in this study using panel data regression test. From the results of testing the hypothesis, that GCG and Financial Performance affect the Disclosure of Sustainability Report and Company Value in Mining Companies listed on the Indonesia Stock Exchange during 2011-2016. This means that the frequent meetings of the board of directors and audit committee as a GCG indicator will result in effective decision making in sustainability report disclosure and Financial Performance as measured by profitability will provide management motivation in reporting important information for the sustainability of the company and will increase sustainability report disclosure and company value.

Keywords: GCG, Financial Performance, SR Disclosure, Corporate Value.

1. Introduction

Background

The change in paradigm from the comparative advantage to competitive advantage requires companies to be able to compete properly by prioritizing the efficiency and effectiveness of the use of resources owned by the company. (Karsam, 2017), because according to (Elkington, 1997), the company must be responsible for the positive and negative impacts caused on economic, social and environmental aspects.

Corporate sustainability is the company's main development issue (Luthfia and Prastiwi, 2012). All efforts are focused so that companies can survive in market conditions where demand is decreasing and financial costs are higher (Bary and Bouma, 2009). According to Utomo et al. (2010), sustainability can be achieved by balancing three activities namely pursuing profits for the benefit of shareholders, paying attention to the interests of stakeholders, and fulfilling the welfare of the community, as well as actively participating in preserving the environment. These three activities are commonly known as the triple bottom line or 3P concept.

GRI states that European countries have required the publication of sustainability reports. But in Indonesia, sustainability report publications are still voluntary (Natalia and Wahidahwati, 2016). But the trend of making sustainability reports is increasing every year (Aziz, 2014). Based on information submitted by the National Center for Sustainability Reporting, up to the end of 2016 there were 120 companies in Indonesia that had published sustainability reports and eight of them were mining companies

Table 1.1 Publishing of Sustainability Report

No	Nama Perusahaan	2011	2012	2013	2014	2015	2016
1	PT Adaro Energy Tbk	√	√	√			
2	PT Bumi Resources Tbk						√
3	PT Indo Tambangraya Megah Tbk			√	√	√	√
4	PT Tambang Batubara Bukit Asam Tbk	√	√	√	√	√	√
5	PT Petrosea Tbk	√	√	√	√	√	√
6	PT Medco Energi International Tbk			√	√		
7	PT Aneka Tambang (Persero) Tbk	√	√	√	√	√	√
8	PT Vale Indonesia Tbk	√	√	√	√	√	√

Source: The Official site of the company

Sustainability report submission usually becomes a unity with the annual report (Christi and Nugroho, 2014). Sustainability report disclosure can improve the company's image and help companies to maintain good relations with external parties. And get legitimacy from the community that is beneficial to the sustainability of the company (Natalia and Wahidahwati, 2016).

The importance of thinking about the sustainability of a business and the value of the company is very attractive to investors. Investors will choose companies that are not only profit oriented but companies that carry out social and environmental responsibilities for sustainable development (Astuti and Juwenah, 2017).

The value of a company can provide maximum prosperity to shareholders if the company's stock price increases (Nurlela and Islahuddin, 2008). The higher the stock price level, the higher the value of the company will show the company's prospects going forward (Putra and Wirawati, 2013). The company is expected not only to prioritize the interests of management and capital owners (investors and creditors), but also employees, consumers, and the community (Saputro et al., 2013).

Demands on companies to provide transparent information, accountable organizations, and good corporate governance force companies to provide information about their social activities (Saputro et al., 2013). Environmental damage caused by the company's business activities shows that there are still many companies that are developing in Indonesia that are less concerned about the losses that must be borne by the community due to their business activities (Aniktia and Khafid, 2015). Messwati (2012) on the KOMPAS.com website said that about seventy percent of environmental damage in Indonesia was caused by mining companies. Marlina (2012) on Bisnis.com's website stated that in Indonesia, there were at least five mining companies that were suspected of polluting a number of rivers in the area of these companies operating. The five companies are PT Adaro Energy Tbk, PT Arutmin Indonesia, PT Freeport Indonesia, PT Kaltim Prima Coal, and PT Kideco Jaya Agung. These cases indicate the company's lack of concern for the environment, as well as information about corporate social responsibility towards the surrounding community (Idah, 2013).

One form of the challenge of change in the era of globalization is that companies are required to help with long-term development (Astuti and Juwenah, 2017). According to the Global Reporting Initiative (GRI), the goal of sustainable development is to meet the needs of the present without reducing the ability of future generations to meet their own needs. Management of resources requires the right way to meet the needs of future generations.

With the existence of economic, social and environmental responsibilities of the company, the company plays a role in implementing good corporate governance. Good corporate governance is needed as a barometer of a company's accountability (Sukamulja, 2004). The principle of good corporate governance basically has a purpose to provide progress towards the performance of a company (Aprillia, 2013). According to Daniri (2014: 273), one consequence of implementing the principles of good corporate governance is that companies cannot only think about their financial performance but also must include an assessment of their social and environmental performance. The decision to disclose social information will be followed by expenditures for disclosures that can reduce income (Belkaoui and Karpik, 1989).

2. Literature Review

Stakeholder theory

Donaldson and Preston (1995) argue that stakeholder theory is a matter of management or management that recommends attitudes, structures, and practices that when implemented together form a stakeholder management philosophy. According to Deegan (2004), stakeholder theory is a theory which states that all

stakeholders have the right to obtain information about company activities that can affect their decision making. Thus, the existence of a company is strongly influenced by the support provided by stakeholders to the company (Ghozali and Chariri, 2007).

Freeman (1983) developed the stakeholder theory and introduced the concept in two models, namely business policy and planning models and corporate social responsibility and stakeholder management models. Freeman (1983) explained that the first model focused on developing and evaluating the approval of corporate strategic decisions with groups whose support was needed for the survival of the company's business. Whereas in the second model, company planning and analysis are expanded by including external influences that may be opposite for the company. These opposing groups include regulatory bodies (government), the environment and/or groups (communities) with special interests that have concern for social problems (Freeman, 1983).

Legitimacy Theory

Legitimacy theory is closely related to stakeholder theory. Dowling and Pfeffer (1975) reveal that legitimacy is a condition or status that exists when the company's value system is in line with the value system of a larger social system in which the company is part of the system. When a real or potential difference arises between the two value systems, there will be threats to the legitimacy of the company (Dowling and Pfeffer, 1975). Ghozali and Chariri (2007) stated that the underlying legitimacy theory is a social contract that occurs between a company and a community where the company operates and uses economic resources.

Deegan (2004) states that legitimacy theory is a theory which states that organizations continually seek ways to ensure their operations are within the limits and norms prevailing in society. Legitimacy theory asserts that companies continue to strive to ensure that they operate in the framework and norms that exist in society or the environment in which the company is located, where they try to ensure that their activities (company) are accepted by outsiders as "legitimate" (Deegan, 2004).

Company Value

Samuel (2000) explains that corporate value is an important concept for investors because it is an indicator for the market to assess the company as a whole. Corporate value provides management with an overview of investor perceptions of past performance and future prospects of the company (Brigham and Houston, 2003). Meanwhile, Wahyudi (2005) states that the value of the company is a price that is willing to be paid by prospective buyers if the company is sold. Corporate value is a form of company achievement that maximizes managerial performance. The increasing value of the company is an achievement that is in line with the company's objectives. High company value is the desire of the company (Mayogi and Fidiana, 2016: 3). Company value can provide maximum shareholder prosperity if the company's stock price increases (Nurlela and Islahuddin, 2008). Company value is basically influenced by several indicators, including Price Earnings Ratio and Price Book Value. In this study, the measuring instrument used to assess companies is to use Tobin's calculation Q. Company value is measured by Tobin's Q calculation formulated into Tobin's $Q = \frac{MVE + DEBT}{TA}$. MVE is the market value of equity or equity market value obtained by multiplying the closing price by the number of shares outstanding. DEBT is the book value of total debt obtained from short-term liabilities plus long-term liabilities. TA is total assets or total assets.

Sustainability Report

A sustainability report is a general term that was first popularized by Elkington (1997) which explains that companies that want to be sustainable must pay attention to the triple bottom line or 3P concept. Elkington (1997) gives the view that companies that want to be sustainable must pay attention to 3P, namely profit to increase company revenue; people to provide welfare to employees and the community; and the planet to maintain and improve the quality of nature and the environment in which the company operates.

The Global Reporting Initiative defines sustainability reporting as a measurement, disclosure, and accountability effort for organizational performance in achieving sustainable development goals for internal and external stakeholders. Sihotang (2006) defines the sustainability report as reporting on economic, social and environmental aspects of the rules of impact and performance of the company and its products in the context of sustainable development. Through sustainability reporting, the company shows its accountability and transparency in the implementation of social and environmental responsibilities based on the reporting framework issued by GRI (Gunawan and Mayangsari, 2015).

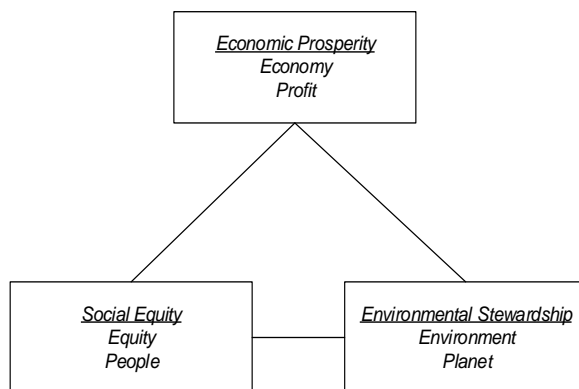


Figure 2.1 Concept of Triple Bottom Line
(Source: <http://www.centerforsustainability.org>)

According to the World Business Council for Sustainable Development, benefits derived from sustainability reports include:

- 1) provide information to stakeholders
- 2) help build reputation
- 3) become a reflection of the company in managing the risks;
- 4) as a stimulation of leadership thinking and performance
- 5) develop and facilitate the implementation of a better management system in managing environmental, economic and social impacts;
- 6) reflecting directly the ability and readiness of the company to fulfill the wishes of shareholders,
- 7) build shareholder interest.

Financial Performance

Financial performance is a description of the conditions and circumstances of a company that is analyzed with financial analysis tools so that it can be known the good and bad financial condition and financial performance of a company in a certain time (Wibowo and Faradiza, 2014). The company's financial performance is reflected in the financial statements of a particular year or used as a comparison with previous years so that it can be seen the development or decline that occurs from year to year and how much the difference is to find out whether the company is consistent or not (Soelistyoningrum and Prastiwi, 2011). According to Ross et al. (2003), financial performance can be reflected through the analysis of financial ratios. There are five dimensions of financial ratios that are often used to measure the company's financial performance, which includes the dimensions of asset management, profitability, leverage, liquidity, and market dimensions.

Good Corporate Governance

The Organization for Economic Cooperation and Development (OECD) defines corporate governance as a system used to direct and control the company's business activities. Corporate governance regulates the division of tasks, rights, and obligations that have an interest in the life of the company. The Indonesian Institute for Corporate Governance defines good corporate governance as a process and structure that is applied in running a company with the main goal of increasing shareholder value in the long term while taking into account the interests of other stockholders. The National Committee on Governance Policy (KNKG) states that the implementation of good corporate governance is also expected to support the government's efforts to uphold good governance in general in Indonesia.

Organizations are required to implement good corporate governance practices. This was reinforced by the publication of general corporate governance guidelines by KNKG. General guidelines for good corporate governance are guidelines for companies in developing, implementing and communicating good corporate governance practices to stakeholders. General guidelines for good corporate governance are a reference for companies to implement good corporate governance in the framework:

- 1) Encouraging the achievement of corporate sustainability.
- 2) Encouraging the empowerment of the functions and independence of each company organ.
- 3) Encouraging shareholders, commissioners, and directors to make decisions and carry out their actions based on moral values and complying with the legislation.

- 4) Encourage awareness and corporate social responsibility towards the community and environmental sustainability.
 - 5) Optimizing company value for shareholders.
 - 6) Increasing the competitiveness of
- KNKG states that every company should apply good corporate governance to every aspect of the business. The principles of good corporate governance are transparency, accountability, responsibility, independence and fairness and equality needed to achieve business sustainability by taking into account stakeholders.

$$\text{Tobin's Q} = \frac{\text{MVE} + \text{DEBT}}{\text{TA}}$$

3. Research Method

Object Research

The object of research is an attribute or trait or value of people, objects or activities that have certain variations set by the researcher to be studied and then drawn conclusions (Sugiyono, 2009). The object of this research is good corporate governance, financial performance, sustainability report disclosure, and company value. This research was conducted on mining companies listed on the Indonesia Stock Exchange in 2011-2016.

Research Variable

Research variables are anything in the form of what is determined by the researcher to be studied, so that information is obtained about it then the conclusions are drawn (Sugiyono, 2009). The type of variable used in this study is the independent variable or the independent variable and the dependent variable or dependent variable.

Table 3.1 Operatinalization of independent Variabel

Variable	Dimensions	Indicators	scales
<i>Good Corporate Governance</i>	Board of commissioners	Number of commissioner board members	Ratio
	Auditing board	Number of audit committee meetings	Ratio
	Board of directors	Number of Board of Directors meetings	Ratio
	<i>Governance Committee</i>	Number of Governance Committee	Ratio
Financial performance	Profitability	<i>Return on Assets</i>	Ratio
	<i>Leverage</i>	<i>Debt to Equity Ratio</i>	Ratio
	Liquidity	<i>Current Ratio</i>	Ratio
<i>Disclosure of Sustainability Report</i>	Aspect disclosure : (1) Environment (2) Social (3) Economy	1) Proper disclosure 2) Expected disclosure	Ratio
Company value	Market Book Value Equity (Tobins'Q)	MVE DEBT TA	Ratio

A. Independent Variable

The independent variables used in this study are:

- (1) Good Corporate Governance which is focused on the board of commissioners, the audit committee, the board of directors, and governance committee; and
- (2) Financial Performance which is focused on profitability, leverage, and liquidity.

B. Dependent Variable

Dependent variable used in the research is:

- (1) *Disclosure of Sustainability Report* is a practice of measuring, disclosure, and accountability of an organization performance in reaching the goal of sustainable development. Measurement with the sustainability report disclosure that should and should be expected through the disclosure of (a) environmental aspects, (b) Social, (c) Economy.
- (2) *Company Value*. The value of a company can provide maximum prosperity to shareholders if the company's stock price increases (Nurlela and Islahuddin, 2008). The Corporate Value variable is measured using Tobin's Q calculation formulated as follows:

where:

MVE = (*Closing Price* x circulating shares)

DEBT = Book Value of Total Debt (Short-term Liabilities + Long-Term Liabilities)

TA = *Total Assets*

Data Analysis

Data analysis method used in this research is a simple regression model and multiple regression model within this study is a simple regression model and multiple regression models with linear regression equations as follows:

- 1) Good Corporate Governance to the disclosure of Sustainability Reporting

$$Y = a + b_1X_1 + e$$

Keterangan:

Y = Disclosure of Sustainability Reporting

α = Intercept Model

β_1 = Regression coefficient

X_1 = Good Corporate Governance

e = Error Term (Variable Residual)

- 2) Performance of finance to the disclosure of Sustainability Reporting

$$Y = a + b_2X_2 + e$$

Explanation:

Y = Disclosure of Sustainability Reporting

α = Intercept Model

β_2 = Regression coefficient

X_2 = Financial performance

e = Error Term (Variabel Residual)

- 3) Disclosure of Sustainability Reporting to the Company Value

$$Z = a + b_3Y + e$$

Explanation:

Z = Company value

α = Intercept Model

β_3 = Regression coefficient

Y = Disclosure of Sustainability Reporting

e = Error Term (Variabel Residual)

4. Results and Discussion

Based on the processing carried out, there were five companies that met the criteria of the research sample and obtained a sample analysis unit of 35 sustainability reports. The five companies that meet the criteria of the study sample were as follows: (1) PT Tambang Batu Bara Bukit Asam Tbk (PTBA); (2) PT Petrosea Tbk (PTRO); (3) PT Vale Indonesia Tbk (INCO); (4) PT Timah (Persero) Tbk (TINS); (5) PT Perusahaan Gas Negara (Persero) Tbk (PGAS)

From the statistical data on GCG, there are seventeen units of analysis on JRKA which are below the average or 48.57%. Eighteen other units which are above the average 51.43% can take more informed decisions for audit committee members more frequently to exchange ideas and knowledge

Financial performance of each company indicated by the value of ROA decreased from year to year, there are eighteen unit of analysis is under average or by 51.43%. Seventeen units located above the average of 48.57% reveal more information about the company, and further, motivate investors to invest because it has a higher level of profitability appropriate Almilia opinion (2008).

- 1) Good Corporate Governance to the disclosure of Sustainability Report

Data processing results show that the coefficient value (β_1) The number of Audit Committee Meetings (JRKA) is 0.007, coefficient value (β_2) The number of Board of Directors Meetings (JRDD) is 0.008, JRKA significance value is 0.010, and JRDD significance value is 0.006. The significance value obtained was smaller than 0.05 (0.010 < 0.05; 0.006 < 0.05). GCG indicators, namely the audit committee and the board of directors, influence the sustainability report disclosure with R square 23.5%. The linear regression equation that is formed is as follows:

$$Z = 0.719 + 0.007X_{1a} + 0.008X_{1b} + e$$

Every increase of one JRKA and JRDD units, it will increase 0.007 times plus 0.008 times the sustainability report disclosure plus a constant value of 0.719.

The more often the board of directors and audit committee conduct meetings, the more often the members of the audit committee exchange ideas and knowledge about decisions that must be taken in the interest of all stakeholders; one of the decisions is regarding the disclosure of company information in accordance with the research of Aniktia and Khafid (2015), Aziz (2014) and encourages companies to publish complete and high-integrity reports (Natalia and Wahidahwati, 2016).

The results of the study prove that for mining companies and energy subsectors, the number of meetings between audit committee members and the board of directors can easily implement good corporate governance. That is, these companies can be said to have implemented sustainability report disclosures because they have implemented good corporate governance principles, such as transparency, accountability, and responsibility in every aspect of their business

2) Financial performance to the disclosure of Sustainability Report

Based on the testing that has been done, the results show that profitability has a significant effect on sustainability report disclosure. The significance value obtained is smaller than 0.05 ($0.016 < 0.05$) and the coefficient of determination (R Square) is 16.3%. Thus, the hypothesis stating that financial performance with profitability indicators influences the Sustainability Report disclosure is accepted. The results of this research are in line with the research conducted by Idah (2013).

Linear regression equations are formed as follows:

$$Z = 0.520 + 1.082X_2 + e$$

That each increase in one unit in profitability, it will increase the sustainability report disclosure variable by 1,082 plus 0.520.

The results of this study prove that profitability makes management more free and flexible to disclose corporate social responsibility to stakeholders (Heinze, 1976). Management revealed more information because profitability is an indicator of good management of company management (Almilia, 2008).

3) Good Corporate Governance to the Company Value

The results of the data show that the JRKA coefficient is 0.032, JRDD is -0.196, with the JRKA significance level being 0.011, and the JRDD significance value is 0.012. The significance value of JRKA obtained is smaller than 0.05 ($0.011 < 0.05$), so it can be said that statistically, the audit committee and the board of directors have a significant influence on the value of the company, so the linear regression equation is as follows:

$$Y = 0.969 + 0.032X_{1a} + 0.012X_{1b} + e$$

The constant value of 0.969 shows that every increase of 0.032 times JRKA and 0.012 JRDD added with 0.969 then the value of the Company will also increase.

The results of this study prove that the number of audit committee meetings can provide added value to the implementation of good corporate governance mechanisms because the audit committee assists the board of commissioners to supervise management and always pay attention to the elements of effectiveness in the decision making process in accordance with Effendi's research (2016: 59), Mulyadi (2002), Syafitri et al. (2018). Thus, the audit committee members will pay more attention to the element of effectiveness in the decision-making process, so that it can contribute to increasing the value of the company.

4) Financial Performance to the Company Value

The results of the study show that financial performance significantly affects the value of the company. Financial performance measured by calculating return on assets with significance obtained 0.001 is smaller than 0.05 ($0.001 < 0.05$) and the determination coefficient value (R Square) is 0.298. The hypothesis which states that financial performance affects the value of the company is accepted. The results of this study are in line with the research conducted by Wijaya and Linawati (2015).

The linear regression equation is as follows:

$$Y = 0.709 + 6.690X_2 + e$$

The value of the company will increase if the financial performance increases by 6,690.

The results of this study prove that mining sector companies and the energy subsector managed to record a large profit level, thus motivating investors to invest their capital in stocks. The investment will increase stock prices and demand and will affect the value of the company.

5. Conclusion

- (1) Good corporate governance as measured by calculating the number of audit committee meetings (JRKA) and the number of board of directors meetings (JRDD) affects the disclosure of sustainability reports.
- (2) Financial performance measured by calculating return on assets (ROA) affects the disclosure of sustainability reports.
- (3) Good corporate governance as measured by calculating JRKA and JRDD affect the value of the company.
- (4) Financial performance as measured by calculating ROA affects the value of the company.

Limited Research

1. This study uses only three indicators, namely JRKA, JRDD, and ROA to measure the effect of independent variables on the dependent variable. Meanwhile, many other indicators that can influence or be added such as the existence of governance committee for good corporate governance and debt to equity ratio for financial performance.
2. This study only measures the value of the company as a dependent variable by using a proxy, Tobin's Q.
3. This study only obtained data from mining sector companies and the energy subsector, so that this study experienced limitations or lack of secondary data.

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[36]

Review of Revenue Treatment and Expense Recognition Using the Visual Hotel Program Application

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Abstract. Izi Hotel Bogor is a company engaged in hospitality that was established in the Bogor area as a place that was visited a lot on weekends especially for residents of Jakarta and its surroundings.

Izi Hotel Bogor uses Visual Hotel Program (VHP) in its operational activities in every department in IZI Hotel Bogor both in the Front Office, Housekeeping, Marketing, and finance departments.

The writing of this practical work report aims to find out how to recognize revenue and expenses by using the Visual Hotel Program (VHP) system at IZI Hotel Bogor. Recognition of income and expenses at IZI Hotels using Accrual Basic. How to apply to the VHP system with the Basic Accrual method.

Recognition of income and expenses with the Basic Accrual method is Accrual Basic is the process of recording accounting transactions where transactions are recorded when they occur, even though they have not received or issued cash. At Accrual Basic, revenue is recorded when sales occur even though cash has not been received, while costs are recorded when the costs are used or used, even though they have not yet issued cash. Thus, the Basic Accrual method of income is recorded when a sale occurs, even though cash has not been received.

Keywords: Revenue Recognition, Expense

INTRODUCTION

In general, optimum profit is the goal of every company established. Therefore, to achieve these objectives in the current conditions, it is necessary to be careful in executing or managing the company to establish strong synergies among parts of the company organization. The integral synergy of all parts of the company will be able to support the smooth operation of the company which is ultimately expected to achieve the company's goals.

Among various company policies, one of the important functions is how to recognize revenue and expenses on the company. This function is said to be quite important because the source of the company's profits comes from income and expenses so it is necessary to know the recognition of income and expenses for the company so that no recording errors occur. For small companies and have a limited amount of sales, recognition of income and expenses is not a complicated matter. But for large companies on a large sales scale, recognition of revenues and expenses has become a complex and complex problem.

In general, profit is the difference between the sum of the income and expenses of a company in a certain period. In other words, income and expense are important elements in presenting information in financial statements. Therefore, it is necessary to have an appropriate recognition of the elements of income and expense

Recognition of income and expenses is done by recording and listing according to the value that should be. If the income or expense that is recognized is not the same as it should be (too large or too small), the information presented in the income statement becomes incorrect.

According to Eli Dasmi (2013: 1) Revenue is an increase in the amount of assets or a decrease in liabilities of a business entity, which arises from the delivery of goods or other business activities in a period, which aims to obtain income, while the costs directly or indirectly utilized in income business is called a burden.

According to the Financial Accounting Standards reveal that income is defined as gross cash inflows from economic benefits arising from normal activities of the company during one accounting period if the inflow results in an increase in equity that does not originate from investment contributions. While the burden can be interpreted as an economic sacrifice to produce something in economic activities. Income can be recognized at the time, 1. Finished production, 2. Revenue is recognized professionally during the production phase, 3. Revenue is recognized when payment is received, 4. Revenue from consignment sales. Revenues are realized when the assets received are ready to be exchanged for cash or cash equivalents. Retained income on the substance of an exchange unit must bring profit (profit) generated from that income, that is profit is recognized or has complete value.

Recognition of income and expenses is one of the important things to determine when an income is recognized as income and costs are recognized as an expense. Analysis of income and expense accounting is an analysis carried out on the recognition of disclosure, recording and presenting revenue and expenses to a company.

Revenue and expense recognition aims to find out the amount of income earned (revenue recognition) and some costs that are sacrificed (cost recognition). This is intended to get a reasonable profit and loss. The principle used is the Accrual Basic principle. If the Basic Accrual is used, the income is recognized when the income is generated even though the physical cash has not been received and the expense is recognized when the expense occurs without regard to cash outflows in the income earning business.

In recognizing an income received and the expense that is sacrificed, the problem of cut-off is an important matter that needs to be considered. The basis for financial accounting states that income must not be anticipated or materially stated to be too large or too small. As with income, the problem of separating boundaries also applies to costs. This is what needs to be considered in the application of cut-offs is to ensure that all costs incurred have been recorded as the corresponding costs. For the decision, the boundary is closely related to recognition.

Determination of a basis for revenue recognition is largely determined by the nature and type of company, there are several ways of recognizing income, namely: recognition of sales revenue, recognition of income after delivery, and revenue recognition for sales transactions.

The main purpose of recognition is to determine when an income will be recognized as income and when it is recognized as an expense. Recognition of income and expenses is very important to get a reasonable profit and loss. The principle used is to get a reasonable profit and loss. The principle used is Accrual Basic.

According to the matching principle, expenses must be recognized when the income associated with them is also recognized. So the income is reported first, then followed by reporting the expense associated with the income in the same period. Only in cases where income is deferred until the burden can be measured or classified. Therefore, matching is very necessary. Periodic determination, for example quarterly, quarterly or yearly. This matching concept is not required if the company is sufficiently reported at the end of the period. Transactions regarding income and expenses are reported separately. When the use of goods and services is usually not at the same time as the sale of the company's products.

IZI Hotel Bogor is a service company engaged in the hospitality sector, which obtains sources of income from room rental income, meeting room rental income, restaurant income, and operating income. While the expenses incurred are tax expense, provision and commission expenses, company operational expenses, general and administrative expenses.

The basis of recording used by IZI Bogor Hotel is to use the Basic Accrual principle that is applied using the Visual Hotel Program (VHP) which according to the company will be recorded as upfront income. Recognition of income and expenses using VHP should be able to facilitate companies in carrying out bookkeeping to make financial reports as a basis for decision making for all parties. In the acknowledgment, there are often obstacles in revenue and expenses related to income and expenses using VHP which are different from other programs such as MYOB and Accurate.

PURPOSES

The purpose of the preparation of this final project is to meet the final requirements of the final assignment that must be taken to complete the diploma study program 3 (three) and to obtain the Associate Expert degree. The purpose of the preparation of this final project is to find out the method of recording with Accrual Basic that is better and more appropriate for IZI Hotels to apply either by using the Visual Hotel Program or manually recording using the Cash Basic method in recognizing revenue and expenses, while

providing knowledge about Visual Hotel Program (VHP) to service companies, especially in hospitality, students and the general public.

LOCATION AND TIME of THE RESEARCH

The author conducts research at IZI Bogor Hotel which is located at Jl. Ciheuleut, Pakuan No.25, Bogor which is conducted for 3 months from 1 February to 30 April 2018.

RESULTS of AN OVERVIEW AND DISCUSSION

Revenue and Expense Recognition at IZI Hotel Bogor

Revenue recognition is something that must be done by an entity because earning income is the entity's goal in running its business. With the increase in income obtained, it is expected to have a positive influence on the development and progress of the entity.

In applying the recognition of income and expenses to the IZI Hotel the author will explain how to recognize the income and expenses at the IZI Hotel that is applied to the Visual Hotel Program (VHP) program.

Time of Revenue Recognition

Service revenue is recognized when the services delivered are as well as revenue recognition using VHP, the recognition of income in VHP is the same. Hotel room revenue is recognized based on actual occupancy rates, while other hotel revenues are recognized when services have been provided to customers. Revenue recognition at IZI Hotels applied to the Visual Hotel Program (VHP) is recognized using an accrual basis so that every customer who uses hotel rooms or facilities will recognize the revenue even though the company has not received the money received from the customer

Examples of recording when the accounting department receives FIT room sales revenue.

Explanation	Debit (Rp)	Credit (Rp)
<i>Online Travel Agent (Traveloka, Pegi-peg, tiket.com)</i>	Xxx	
Tn. Xxx		xxx

Examples of recording when the accounting section receives sales revenue

Room Group/ Meeting Group.

Explanation	Debit (Rp)	Credit (Rp)
<i>Other Banquet/ Banquet Event</i>	xxx	
<i>Government/Company</i>		xxx

Time of Load Recognition

Expenses at IZI Hotel Bogor are recognized at the time the expense arises and if the collection arises on the end of the period or on the next period, the debt will arise on the second party in the previous period according to the date the expense occurred. At IZI Bogor Hotel, payment of fees is issued by withdrawing a sum of money from the company's account which will then be paid to the supplier or vendor in collaboration with IZI Hotel Bogor.

Example of recording salary expenses on *Visual Hotel Program (VHP)*

Explanation	Debit (Rp)	Credit (Rp)
<i>Salaries Expense- Marketing</i>	Xxx	
<i>Account Payable</i>		xxx

Conclusion and Suggestion

Conclusion

Based on the results of the research that the author did at IZI Bogor Hotel regarding the review of the recognition of income and expenses applied by using the Visual Hotel Program (VHP) system, the conclusions the authors can provide are as follows:

1. IZI Hotel Bogor applies the Accrual Basis recording method in recognizing revenue from sales of rooms that is recognizing revenue on the date of the transaction regardless of when cash is received, the recognition of revenue is in accordance with the standards set out in SAK ETAP.
2. The revenue recognition applied using the VHP application is recognized when IZI Hotel receives an order voucher that has been sent by the relevant OTA which will then be input into the VHP system as revenue.
3. IZI Hotel Bogor applies the accrual basis recording method in recognizing the expenses incurred for the company's operational activities, namely recognizing expenses on the transaction date regardless of when cash is issued. Likewise, it is applied to the VHP system, the load is input when the load occurs.
4. Because the recognition of income and expenses has been clearly recorded and in accordance with applicable standards, namely applying the accrual method. Likewise when applied to the VHP system that is inputting is done when it happens so that in the preparation of financial statements that use the VHP system has met the applicable standards.

Suggestions

1. The company should continue to maintain the Accrual Basis recognition method in accordance with applicable accounting standards.
2. The company should make adjustments to the recognition of revenue recognized at the beginning. How much income has become income in a period?
3. The company must increase control over inputting income so that there is no misstatement in the financial statements in making decisions for interested parties.

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[37]

The Effect of Cash Flows and Accounting Profits on Stock Prices Empirical Study of Manufacturing Companies Listed on The Indonesia Stock Exchange in 2013-2016

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Abstract. The study aims to empirically examine the effect of cash flow that consist of operating cash flow, investing cash flow, financing cash flow and accounting profit to stock price on manufactur companies in Indonesian Stock Exchange. This study used secondary data obtained from company financial reports from the period 2013 until 2016 manufactur company are listed in Indonesian Stock Exchange. Test were conductes are deskriptive statistics, classic assumption test, multiple linear regression analysis, coefficent determination, F test, and t test with using the aplicaion program SPSS version 23 for windows.

Simultaneous research results show that the operating cash flow, investing cash flow, financing cash flow, and profit accounting significantly influence to stock price. Partially, profit accounting significantly influence to stock price. Operating cash flow, Investing cash flow and financing cash flow do not significant influence to stok price.

Keywords : Operating cash flow, investing cash flow, financing cash flow, profit accounting, stock price

[38]

Impairment of Fixed Assets (Tangible Assets) According to PSAK 48 on The Financial Statements. Case Study on Various Industrial Sector Manufacturing Companies Listed in The Indonesian Stock Exchange (IDX).

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Abstract. Fixed assets are one of the factors that greatly support the company's operational activities. As a tool that can support company activities, fixed assets usually have a long service life, so they can be expected to benefit the company for years. But many companies keep fixed assets that have experienced obsolescence or physical damage and are not neatly arranged. For this reason, management needs to consider whether the value of an asset is impaired or not by performing an impairment test. If the carrying value of an asset exceeds its recoverable value, management must recognize an impairment loss on the asset.

The purpose of this study was to find out how the decline in value of fixed assets (tangible assets) according to PSAK No. 48 in various industrial sector manufacturing companies listed on the Indonesia Stock Exchange and their effects on financial statements.

The study was conducted on three industrial sector manufacturing companies using qualitative descriptive methods and analyzing financial statements for the 2016 and 2017 periods.

The results showed that of the three companies studied, they had applied accounting principles both in terms of policies, recognition, measurement, presentation, and disclosures presented in the financial statements in accordance with PSAK 48 (revised 2014). As well as a decline in the value of fixed assets is very negative effect on the company's financial statements, namely the decline in the value of fixed assets in the statement of financial position. The company must also recognize an impairment loss on assets so that the decrease in profit in the statement of profit or loss and other comprehensive income decreases.

Keywords: impairment of fixed assets; PSAK 48

6

SUB THEME **RESEARCH ON ACCOUNTING**

39. ANALYSIS USING BENEISH M-SCORE MODEL TO DETECT FINANCIAL STATEMENT FRAUD ON MINING COMPANIES LISTED IN IDX
Olivia Nathania and Sylvia Fettry
40. THE EFFECT of AUDIT TENURE, SIZE of ACCOUNTING FIRM, AND AUDIT OPINION ON AUDIT DELAY of MINING COMPANY LISTED IN IDX
Auditia Amira and Sylvia Fettry
41. THE IMPACT of AUDITOR'S COMPETENCE & INDEPENDENCE & TIME BUDGET PRESSURE ON AUDIT QUALITY (STUDY AT ACCOUNTING FIRM IN BANDUNG)
Jonathan Satyaatmaja Hadiprojo and Sylvia Fettry
42. THE FRAUD RISK ASSESSMENT TO DETERMINE SIGNIFICANT FRAUD RISK IN THE RAW MATERIAL PURCHASE CYCLE & REVENUE CYCLE AT FL - CV. FBP
Maria Windia Raharjeng and Sylvia Fettry
43. INTERNAL CONTROL EVALUATION TO MINIMIZE FRAUD RISK ON SALES AND CASH RECEIPT CYCLE AT CV BPP
Maurizka Salni Chaerunissa and Sylvia Fettry
44. QUALITY COST CONTROL EVALUATION, IN THE FRAMEWORK of PRODUCT QUALITY IMPROVEMENT (CASE STUDY AT PT AYUDA GROUP HOTEL MANAGEMENT)
Fransisca Septiyani Firandita and Tri Marlina
45. EFFECT of PERFORMANCE MEASUREMENT SYSTEM AND TOTAL QUALITY MANAGEMENT IMPLEMENTATION ON MANAGERIAL PERFORMANCE
EMPIRICAL STUDY ON BOGOR CITY MANUFACTURING COMPANIES LISTED ON THE IDX
Endro Satrio Prakoso and Muanas

46. ANALYSIS of THE EFFECT of TAX MINIMIZATION, TUNNELING INCENTIVE, AND BONUS MECHANISM ON CORPORATE DECISIONS TO MAKE A PRICING TRANSFER (EMPIRICAL STUDY ON MANUFACTURING COMPANIES LISTED ON IDX)
Wijaya Pranata Muliya and David HM Hasibuan
47. DETERMINATION of PROFIT IN CONSTRUCTION CONTRACTS BASED ON RECOGNITION of REVENUES AND COSTS ACCORDING TO PSAK NO.34 (REVISED 2015). (CASE STUDY ON ALPE CORPORATION CV)
Muhani and Aming Tirta
48. EFFECT of DISCLOSURE, COMPANY GROWTH AND CLIENT TENURE AUDIT ON ACCEPTANCE of GOING CONCERN AUDIT OPINIONS
Erlinda Suryamulyawati and David H. M Hasibuan
49. WINNING BANKING COMPETITION THROUGH KREDIT MULTIGUNA SERVICES
Suharmiati, Sinta Listari and Marwan Effendy
50. THE IMPLEMENTATION of ACCURATE SYSTEM IN PREPARATION of FINANCIAL STATEMENTS (CASE STUDY ON TB MAKMUR JAYA)
Udi Pramiudi and Venna Christiana
51. INFLUENCE FIRM AGE AND FIRM SIZE WITH INTELLECTUAL CAPITAL PERFORMANCE (EMPIRIC STUDY IN BANKING SECTOR IN INDONESIA STOCK EXCHANGE FOR PERIOD 2013-2015)
Desi Efrianti
52. THE EFFECT of LEVERAGE AND FIRM SIZE TO ASSETS REVALUATION DECISION
Triandi dan Arief Fahmie
53. MSME: THE ROLE of PRODUCTION MANAGEMENT IN DETERMINING COMPETITIVE SELLING PRICES
David HM Hasibuan and Diah.Wahyuningsih

[39]

Analysis Using Beneish M-Score Model to Detect Financial Statement Fraud on Mining Companies Listed in IDX

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Abstract. Nowadays, economic developments are growing rapidly and often fluctuate. By 2015, the Indonesian economy in the mining sector has declined. The decline is due to a decrease in China's demand on mining materials which ultimately has a negative impact on the domestic mining sector. Such circumstances can lead to fraudulent acts of financial statements to make window dressing. This study aims to determine how much percentage of companies indicated to committing financial statements fraud based on Beneish M-Score Model.

Beneish M-Score Model uses eight financial ratios to detect financial statement fraud. If the Beneish M-Score result shows a larger number of -2.22, then the company is indicated to commit fraudulent financial statements (manipulator), whereas if the result shows a number smaller than or equal to -2.22, then the company is indicated not to commit fraudulent financial statements (nonmanipulator).

This research was conducted by using analytical descriptive method. The sample selection was done by purposive sampling technique with samples of twenty mining companies listed on IDX during 2015-2017. The data are collected from financial statement published on the IDX website. After the ratio calculation, then the result is entered into the Beneish M-Score formula. Then, the Beneish M-Score is analyzed for further interpretation.

This study indicates that no company is indicated to commit fraudulent financial statements in the period of 2015-2017 respectively. By 2015, 40% of companies are indicated as manipulators. In 2016, the company indicated as a manipulator of 60%, while in 2017 the percentage decreased to 30%. Based on the eight financial ratios used to calculate the Beneish M-Score, the ratio of Total Accruals to Total Assets (TATA) is the best ratio that describes the possibility of fraudulent financial statements performed by the manipulator company.

Keywords: fraudulent financial statements, Beneish M-Score Model, manipulator

[40]

The Effect of Audit Tenure, Size of Accounting Firm, and Audit Opinion on Audit Delay of Mining Company Listed in IDX

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Abstract. Financial statement is an information media that has disclosed financial condition of a company to support decision making. So that, a high quality of financial statement is very important. Timeliness is a qualitative characteristic must be fulfilled. Every year there are still some late published financial statements. The length of the audit process or audit delay can be the reason of this late published financial statement. This research aims to examine the factors that may affect audit delay.

The independent variables studied were audit tenure, the size of public accounting firm, and audit opinion. The longer the relationship exists between the auditor and the client, the more knowledge the auditor has about the client, the length of the audit process becomes relatively faster. Company audited by the public accounting firm affiliated with the big four have relative faster audit delay due to the resources owned by the firm. Company that gets unmodified opinion has faster audit delay because auditor spend less time on audit processes when issuing unmodified opinion.

This research is classified as causal study, while the method used was hypothetico-deductive method. The data used in this study is secondary data by literature study with primary resource of annual audited financial statements of companies. The sample selection was done by purposive sampling technique with 27 samples of mining companies listed IDX during 2012-2017. Data analysis was done by multiple linear regression analysis.

The result of the research shows that audit of tenure has no significant effect on audit delay, the size of public accounting firm size has significant effect on audit delay, and audit opinion has no significant effect on audit delay. In simultaneous testing, audit tenure, the size of public accounting firm, and audit opinion have significant effects simultaneously on audit delay.

Keywords: audit delay, audit tenure, the size of public accounting firm, audit opinion

[41]

The Impact of Auditor's Competence & Independence & Time Budget Pressure on Audit Quality (Study at Accounting Firm in Bandung)

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Abstract. This study aims to examine the influence of auditor's competence and independence and time budget pressure on audit quality. The basic problem is that investors need true and fair information about the company. Investors want to invest in companies with good performance and financial condition. Therefore, a public accountant as a third party must be reliable to give assurance on the accuracy of financial statement.

Operationally, each research variable is divided into several dimensions. Auditor's competence is divided into two dimensions: knowledge and experience. Auditor's Independence is divided into four dimensions: long-term relationships with clients, peer review, non-audit services, and special relationships. Time Budget Pressure variable is divided into three dimensions: knowledge, responsibility, and performance appraisal. Audit Quality variable is divided into five dimensions: integrity, audit processes, timeliness, professional skepticism, and codes of conduct.

The population of this study is auditors who work in Public Accounting Firm in Bandung registered as members of IAPI. Data were collected by distributing questionnaires to respondents. The variables in this research are Auditor Competence (X1), Auditor Independence (X2), and Time Budget Pressure (X3) as independent variable and Audit Quality (Y) as dependent variable. The data were processed using multiple linear regression analysis.

The results showed that auditor's competence and time budget pressure did not significantly affect audit quality, while auditor's independence did significantly affects audit quality. Coefficient of determination value indicates that simultaneously auditor's competence, auditor's independence, and time budget pressure affect significantly on audit quality (32,4%) while the rest (67,6%) is affected by other factors outside this research model.

Keywords : auditor's competence, auditor's independence, time budget pressure, audit quality.

[42]

The Fraud Risk Assessment to Determine Significant Fraud Risk in The Raw Material Purchase Cycle & Revenue Cycle at FL - CV. FBP

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Abstract. This research is aimed to identify and find significant fraud risks. In the cycle of revenue and cycle of expenditure – raw material purchase at FL. FL is a division of CV. FBP company that selling leather products. The company used the traditional system that employees easily doing fraud on both cycles will inflict the company a great financial loss.

Three factors motivate the wrong doing of fraud i.e., pressure, opportunity, and rationalization. These factor are called are called as the fraud triangle. To reduce the fraud action, the company must have a good internal control. Five components of internal control i.e., control environment, risk assessment, control activities, information and communication, and monitoring. Fraud risk assessment is very important to identify fraud risks to be minimized by an effective internal control.

The method used in this research is descriptive method. Descriptive method is a methods are to collect data, classifying data, and analyzing data. The collected data is done and then analyzed data to research so that the conclusion of the research result can be obtained to provide advice to the company.

This research shows some interviewed, questioner, and observation, significant risks of fraud at the company, such as the opportunity of employees to steal products and General Manager to manipulate the financial statement to omit his fraud evidences. Moreover, there is opportunity of the Craftman to steal operational money of raw materia purchase. The recommendation is that the owner must enhance the compancy's compensating contol by monitoring directly and regularly on FL - CV. FBP

Keywords: fraud, fraud risk, internal control

[43]

Internal Control Evaluation to Minimize Fraud Risk on Sales and Cash Receipt Cycle at CV BPP

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Abstract. The development of the business world is currently running so rapidly. The rapid development of the business world demands the business to be more creative and have a competitive advantage compared to its competitors. This creates pressure for businessman to continue to produce the best products and services to survive in the business world by doing various efforts. Nevertheless, this businessman's efforts are blocked by some frauds in his company.

The sales and cash receipts cycle is the most important activity for a company's sustainability. This cycle is vulnerable to fraud. For the effectiveness of the sales and cash cycle, the internal control is a prerequisite. By assessing the internal controls, the company can minimize the risk of fraud.

The research method of this study is analytical descriptive method. Data collection techniques used were field studies and literature studies. Field study is conducted by observation, interview and questionnaire. The research object is the internal control of the sales and cash receipts cycle for minimizing the fraud risk level at CV Bangun Pemuda Pemudi which is operating in the food and beverage sector.

The study finding shows that the internal environment of the company is not good enough, while the control activities of the sales and cash receipts cycle has been adequate, but there are still some weaknesses. Based on the analysis result, some fraud risk factors are found. Further analysis reveals two identified fraud risks namely, the manipulation of sales report and asset misappropriation (cash) conducted by the Recap Admin. Some recommendations are that the company must have a segregation of duties between the recording function and the asset safeguard function, complete and conform the components of the document and impose restrictions on access rights.

Keywords: Internal Control, Sales Cycle and Cash Receipts, Internal Control Assessment, Fraud Risk.

[44]

Quality Cost Control Evaluation, in The Framework of Product Quality Improvement (Case Study At PT Ayuda Group Hotel Management)

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Abstract. Cost control to improve product quality at PT. Ayuda Group Hotel Management. Descriptive analysis of profit, then made a comparison between budget and realization. Techniques of collecting these data by documenting the data. The purpose of this study is to know how the quality control of quality in a hospitality company to improve product quality at PT. Ayuda Group Hotel Management. Every company has cost control, but the cost control of each company will be different depending on how style the leaders in the company itself. The more competitive the competition in the business world requires every business manager to work with high efficiency and can develop products or services in accordance with the exact needs of the existing control procedures and if possible done reduction or refinement costs, as well as calculation of the cost and quality of the company to annual accounting periods or shorter periods to select the best alternative that can improve the quality or decrease in costs. From the research results we can know that the comparison of realization and budget cost quality and quality, it is known that the realization of cost kuaitas greater than the budgeted and so also with profit, previous profit. Improved quality is effected from efficient, cost-efficient quality efficiency, which indicates that high cost levels with appropriate controls will create high profit margins and quality quality.

Keyword: evaluation of quality control cost and quality of product

[45]

Effect of Performance Measurement System and Total Quality Management Implementation on Managerial Performance Empirical Study on Bogor City Manufacturing Companies Listed on The IDX

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Abstract. Contemporary management accounting systems evolved in response to significant changes in the business environment faced by both service firms and manufacturing firms. Companies that are able to make improvements in a sustainable and competitive is one of the characteristics of management success. The main task of leaders and top managers is to continuously make improvements, which require the full support of the parties within an organization to achieve previously set corporate objectives together. Performance measurement systems and total quality management provide an important mechanism for employees to use in explaining performance goals and standards. Then try to maximize the competitiveness of the organization through a focus on customer satisfaction, employee engagement and continuous improvement of the quality of products, services, people, processes and the environment of the organization. The purpose of this research is to test empirically the influence of performance measurement system and total quality management application to managerial performance, empirical study at manufacturing company of Bogor city listed on BEI. Data were distributed and collected by purposive sampling technique to the respondents. The sample in this study are middle managers, lower level managers and employees in 4 companies with a total of 88 respondents. Methods of data analysis in this study are descriptive statistics, data quality test, classical assumption test, multiple linear regression analysis using 5% significance level, F test and T test. Data processing method using SPSS Version 23. The results of this study show partially performance measurement system and total quality management significantly influence on managerial performance with significance level of 0.001 and 0.008. Then simultaneous performance measurement system and total quality management together influential on managerial performance with 0.000 significance level.

Keywords : performance measurement systems, total qualitymanagement, managerial performance.

[46]

Analysis of The Effect of Tax Minimization, Tunneling Incentive, and Bonus Mechanism on Corporate Decisions to Make a Pricing Transfer (Empirical Study on Manufacturing Companies Listed on IDX)

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Abstract. World financial sector today already growth without seeing the boundaries. Every singel owner of the company compete to produce excellent product with a low price to resolve maximum earning. it can be resolve with transfer pricing action.

This study aims to examine the influence of tax minimization, tunneling incentive and Bonus mechanism with decision to do a transfer pricing. The population in this study is a manufacturing company listed on the stock exchange in 2013-2016 totaled 31 companies, and the sample is toke with purposive sampling method. Data was collected using purposive sampling method for manufacturing companies listed on the indonesia stock exchange. The analysis tool is logistic regression used SPSS V.23.

Data were analyzed using logistic regression analysis. The result of this study is tax minimization, tunneling incentive and Bonus Mechanism influence the company decision to do a transfer pricing. The determination coefficient is 0,385 that means 38,5% transfer pricing affected by independent variable, while the rest is explained by other variable. This result shows that is many other variable in outside of this study that can explain transfer pricing.

Keywords: Tax Minimization, Tunneling Incentive and Transfer Pricing

INTRODUCTION

Economic development in the era of globalization has a huge influence on business patterns and attitudes of business people. Globalization of markets and companies is accompanied by the development of strong information and communication systems. As a consequence, multinational companies establish an integrated process that leads to an increase in the number of inter-company transactions, so that multinational companies will face the problem of differences in tax rates that apply in each country. As a profit-oriented company, then, of course, the company will try to get maximum profit through various ways, including through cost efficiency. This can be done one of them by transfer pricing action, which is to increase the purchase price or cost (over invoice) or reduce the selling price (under invoice) (Ilyas and Suhartono, 2009,93). Companies that have subsidiaries in countries with high tax rates will be a problem because they have to pay more taxes, so the benefits are less. The greater tax burden triggers companies to transfer pricing in the hope of suppressing the burden. The magnitude of the decision to practice transfer pricing will result in lower global tax payments in general.

Transfer pricing allows companies to avoid double taxation but is also open to abuse. Transfer pricing practices are used to divert profits to countries that have low tariffs by maximizing the burden that can ultimately reduce the company's income (Price Waterhouse Cooper 2009) in Yuniasih et al., (2012.2). Because this can be used to divert profits to countries with low tax rates by maximizing the burden, and ultimately impacting the company's income.

Transfer pricing raises a number of problems, and it is difficult to solve these problems, including customs, anti-dumping provisions, and unfair business competition. Although some companies wished to adjust prices fairly in a single policy, this immediately caused opposition from other companies. (Folsom and Gordon, 1999 in Lo et al., 2010,9).

The Taxation Law refers to the term transfer pricing with transactions between parties that have a special relationship. This is as regulated in article 18 paragraph (4) of Law No. 36 of 2008 concerning Income Tax, namely a special relationship between corporate taxpayers can occur due to ownership or share capital ownership of an entity by another body as much as 25% (twenty-five percent) or more, or between several bodies that are 25% (twenty five percent) or more shares are owned by an entity. Special relationships can result in irregularities in prices, costs, or other benefits realized in a business transaction (Yuniasih et al, 2012,3). In addition, transactions between parties that have a special relationship can result in the transfer of income, the basis of tax imposition or to engineer the number of fees by the taxpayer.

According to the Director General of Taxation of Indonesia, there is no doubt that transfer pricing is very influential on state tax revenues. According to the calculation of the Director General of Taxation, the country has the potential to lose 1,300 trillion rupiah due to transfer pricing practices. Even more emphasized, according to the Director General of Taxes' internal information, the loss was due to interest payments, royalties and intragroup service, so the Director General of Taxes believed that by stopping the payment the country would no longer need to add debt. (Yuniasih et al, 2012.1).

Through the practice of transfer pricing, tax minimization is carried out by diverting the income and costs of a company that has a special relationship with companies in other countries whose tax rates are different. This is supported by Rahayu's research (2010.4), he found that the mode of transfer pricing is done by engineering the price of transactions between companies that have a special relationship. With the aim of minimizing the overall tax burden owed. This proves that tax minimization has a high role in influencing decisions on transfer pricing.

Research on taxes that influences management's decision to transfer pricing has been done. In his research, Swenson (2001,13) found that the prices reported in the financial statements will increase when the combined effects of taxes and tariffs provide incentives for companies to transfer pricing. In the research, Yuniasih (2012, 12) stated that taxes affect the company's decision to transfer pricing.

This is different from the opinion of Mispiananti (2015.70) who argues that the tax motive does not have a significant influence on the company's decision to make transfer pricing. From these results, it is explained that different tax rates in each country do not encourage multinational companies to make decisions on transfer pricing. This is because, the sample used is less than other studies, namely only numbering as many as 22 manufacturing companies. From this description, the tax reduction factor or Tax Minimization is thought to have an influence on the practice of transfer pricing. Generally, companies avoid paying large taxes because it will reduce the profits of companies that impact on the decline in the company's stock price.

In addition to motivation tax minimization, the decision to transfer pricing is also influenced by share ownership. The ownership structure in Indonesia is concentrated in a few owners so that there is an agency conflict between the majority shareholders and minority shareholders. The majority shareholders can make decisions that are beneficial for themselves, regardless of the other interests of minority shareholders. Another thing that makes this agency conflict is the weak protection of the rights of minority shareholders, encouraging the majority shareholders to carry out tunneling which is detrimental to minority shareholders (Claessens, et al 2002, 28). Share ownership in Indonesia tends to be concentrated causing the emergence of controlling and minority shareholders (La Porta et al., 2000, 18).

The emergence of agency problems between majority shareholders and minority shareholders, according to Yuniasih et al., (2012.6), is caused by the following: First, the majority shareholders are involved in management as directors or commissioners who are likely to expropriate the holder's minority shares (Mitton, 2002,5). Second, the voting rights of the majority shareholders exceed the rights to the cash flow, because of the ownership of shares in crossed, pyramid and class forms (Claessens et al., 2000.85).

According to Hartati et al. (2015,5), tunneling incentive is a behavior of majority shareholders who transfer company assets and profits for their own benefit, but minority shareholders share the costs they incur. According to Johnson et al., (2000,25), Tunneling can be done by selling products to companies that have special relationships, at lower prices. Lo et al., (2010, 18), also found that concentration of ownership by the government in China influences transfer pricing decisions, whereby companies are willing to sacrifice tax savings for funneling profits to the parent company. Minority shareholders of the company are often disadvantaged when the transfer price benefits the parent company or majority shareholder (Lo et al., 2010,16).

Several studies on tunneling incentive have been conducted by several researchers including, Mutamimah (2008.49) found that tunneling by majority shareholders to minority shareholders occurred through merger and acquisition strategies. Lo et al., (2010,23) found that concentration of ownership by the government in China influences transfer pricing decisions, whereby companies are willing to sacrifice tax savings for funneling profits to the parent company. Aharony et al (2010,7) found that tunneling incentives

after an initial public offering (IPO) were related to the sale of a special relationship before the IPO. And Yuniasih et al (2012, 12) found tunneling incentive has a positive effect on the company's decision to transfer pricing. From this description tunneling incentives are thought to have an effect on the practice of transfer pricing because the majority owner usually transfers the profit or profit to himself and gives a burden to the minority owner.

Furthermore, the decision to transfer pricing is also influenced by the bonus mechanism (bonus mechanism). According to Purwanti (2010,431), the bonus is an award given by the GMS to members of the Board of Directors if the company earns a profit. This bonus granting system will have an effect on management in generating profits. Managers will tend to take actions that regulate net income to maximize the bonus they will receive. This includes transfer pricing.

Several studies on bonus plans have been carried out and the results according to Lo et al., (2010, 23) have a positive effect on the increase in reported corporate income by increasing profit for the current period, one of which is the transfer pricing practice. Palestin (2008,33) analyzed the effect of bonuses on earnings management, the results of which showed a positive effect on earnings management.

Based on the above discussion, the tax minimization, tunneling incentive, and bonus mechanism are expected to influence transfer pricing decisions.

LITERATURE REVIEW

AGENCY THEORY

Agency theory is a theory that arises when there are two parties that are interdependent, where both parties agree to use services. Agency relations are as contracts, where one or more people (principals) employ other people or parties (agents) to carry out a number of services and delegate authority to make decisions. Therefore, management must account for all decisions on users of financial statements, including investors, stakeholders, shareholders, and creditors.

In the ownership structure, shareholders, in general, are not willing to monitor, because they have to bear all the costs of monitoring and only enjoy the benefits in accordance with the proportion of their shareholdings. If all shareholders behave the same, there will be no oversight of management (Zhuang et al., 2001,28). Thus, the agency conflict that occurs in dispersed ownership structures is agency conflict between managers and shareholders (Jensen and Meckling, 1976,13).

Positive Accounting Theory

Watts and Zimmerman (1986) in his journal *Positive Accounting Theory* cited by Pramana (2014.15) states that Positive Accounting Theory can explain why accounting policies become a problem for companies and parties with an interest in financial statements, and to predict accounting policies that want to be selected by the company under certain conditions. Positive accounting theory proposes three earnings management hypotheses, namely: (1) the bonus program hypothesis (the bonus plan hypothesis), (2) the debt covenant hypothesis, and (3) the political cost hypothesis. (Watts and Zimmerman, 1986).

Tax

According to Article 1 paragraph 1 of the Tax Law (Law No. 16 of 2009), what is meant by tax is: Compulsory contribution to a country owned by an individual or a compelling entity based on the law, by not getting direct compensation and being used for state needs for the prosperity of the people.

Tunneling Incentive

According to Mutamimah (2008.49), Tunneling is the behavior of management or majority shareholders who transfer company assets and profits for their own benefit, but the costs are charged to minority shareholders.

Tunneling incentive appears in two forms, namely: first, the majority shareholder can move wealth from the subsidiary company to himself through transactions between companies and the majority shareholders of the company. The transaction can be carried out with asset sales, excessive contract compensation for executive compensation, lending, and others. The second form is that majority shareholders can increase their share of the company without moving assets through issuance of shares or other financial transactions that result in losses on the minority shareholders (Johnson, 2000, 22).

Bonus Mechanism

According to Suryatiningsih et al., (2009:94), the bonus mechanism is a component of calculating the amount of bonus given by the owner of the company or the shareholders through the GMS to the directors who are considered to have good performance.

Given that the bonus is based on the amount of profit, it is logical that the directors try to regulate and manipulate profits in order to maximize the bonus and remuneration they receive. So, it can be concluded that the bonus mechanism is one of the strategies or motives for calculation in accounting whose purpose is to maximize the acceptance of compensation by the directors or management by increasing the company's overall profit. However, as a result of the practice of transfer pricing.

Transfer Pricing

The transfer price in English comes from the word transfer price, which is often interpreted as the value attached to the transfer of goods and services in a transaction between a special party. According to Horngren (2008: 375), what is meant by transfer pricing is the price charged by a subunit for a product or service supplied to another subunit in the same organization.

Research Hypothesis

The research hypothesis is a temporary estimate of the results of the study.

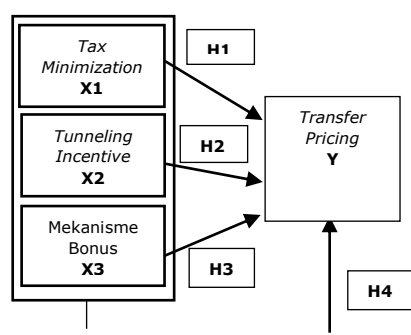
H1: Suspected Tax minimization has a positive effect on transfer pricing decisions

H2: Suspected Tunneling incentive has a positive effect on transfer pricing decisions

H3: Suspected bonus mechanism has a positive effect on transfer pricing decisions

H4: Suspected Tax Minimization, Tunneling Incentive, and bonus mechanisms simultaneously have a positive effect on transfer pricing decisions have a positive effect on firm value.

Conceptual Frame



RESEARCH METHODOLOGY

Population and Sample

The population used is the population of manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2013 to 2016.

This study uses sampling techniques by means of purposive sampling (Quota Sampling), which is a sampling technique from a population based on certain criteria. The sample sampling criteria are as follows:

1. Manufacturing companies listed on the IDX from 2013 to 2016.
2. The sample company is controlled by a foreign company with a percentage of ownership of 20% or more.
3. The Company always reports the Financial Report to the Indonesia Stock Exchange in the 2013-2016 period and does not experience losses.

The data used in this study are secondary data, namely: financial reports and independent auditor reports from each public company for the period 2013-2016, this data is then processed using a logistic regression analysis model in the SPSS application.

Data collection procedures are carried out using documentation and literature study methods. The analytical method used in this study is descriptive statistical analysis, inferential statistics, logistic regression analysis, calculating the coefficient of determination and testing hypotheses.

RESULTS AND DISCUSSION

The results of the analysis showed that there was a decrease in the initial -LLL value (Block number = 0) of 59,897 to the final -2LL (Block number = 1) of 49,539. There was a decrease of 10.358 in (-2LikeLihood) -2LL indicating that the model is fit with the data so that H0 is accepted because of a decrease in regression.

From the test results it can be seen that the calculated Chi-Square value is 19,641 with a significance value of 0,000, because the calculated Chi-Square value is greater than the Chi-Square table value ($19,641 > 7,81$) and a significance value smaller than alpha 0,05 ($0,000 < 0,05$), it can be concluded that the model involving independent variables in the form of tax minimization, tunneling incentives, and bonus mechanisms can be said that there is a real influence simultaneously or jointly on the dependent variable model in the form of transfer pricing.

The test results show that the calculated Chi-Square value is 3.098 with the significance value obtained is 0.928. The Chi-Square value is smaller than the Chi-Square table ($3.098 < 15.51$) and the significance value is greater than 0.05 ($0.928 > 0.05$), it can be seen that the model used has a predictive probability equal to the probability observed or the model formed is able to predict the observed data well and the model is suitable for use.

The coefficient of determination test shows the value of Nagelkerke R Square from the results of data processing using SPSS V.23 shows the results of 0.385 which means that the variability of the dependent variable that can be explained by the independent variable is 38.5%, while the remaining 61.5% is explained by other variables outside this research model.

The classification matrix test results show that in observation observations where the prediction rate of 100% of companies do transfer pricing and 12.5% do not do transfer pricing. Overall, the model with the variables of tax minimization, tunneling incentive, and bonus mechanism can be predicted statistically at 94.4%.

Multicollinearity

From the multicollinearity testing that has been done, the results show that the absence of correlation values between variables is greater than 0.8. This means that there is no symptom of multicollinearity that occurs between variables.

Based on the tests that have been done, the regression equation is as follows: $TP = 5.370 - 0.037 TM - 6.917 TI + 30.89 ME + e$

Tax Minimization of Transfer Pricing Decisions

From the tests that have been conducted, Wald obtained for the Tax Minimization variable of 5.424 and the sig value. 0.02. Chi-Square table value is 3.84 with $df = 1$. Chi-Square count > Chi-Square table and sig value. <0.005. It was concluded that the H1 hypothesis test was accepted, the results showed that tax minimization had an influence on transfer pricing decisions.

Tunneling Incentive to Transfer Pricing Decisions

From the tests that have been done, Wald is obtained for the tunneling incentive variable of 7.176 and the sig value. 0.007. Chi-Square table value is 3.84 with $df = 1$. Chi-Square count > Chi-Square table and sig value. <0.005. It was concluded that the H2 hypothesis test was accepted, the results showed that Tunneling Incentive had an influence on transfer pricing decisions.

Bonus Mechanism for Transfer Pricing Decisions

From the tests that have been done, Wald obtained for the bonus mechanism variable is 9.36 and the sig value. 0.002. The Chi-Square table value is 3.84 with $df = 1$. Chi-Square count > Chi-Square table and sig value. <0.005. It was concluded that the testing of the H3 hypothesis was accepted, the results showed that the bonus mechanism had an influence on transfer pricing decisions.

Tax minimization, tunneling incentives and bonus mechanisms for transfer pricing decisions

From the test results it can be seen that the calculated Chi-Square value is 19,641 with a significance value of 0,000, because the calculated Chi-Square value is greater than the Chi-Square table value ($19,641 > 7,81$) and a significance value smaller than alpha 0,05 ($0,000 < 0,05$), it can be concluded that the model by including independent variables in the form of tax minimization, tunneling incentives, and bonus mechanisms is better and can be used in the model or it can be said that there is a real influence simultaneously or together towards the dependent variable model in the form of transfer pricing.

DISCUSSION

Tax Minimization of Transfer Pricing Decisions

Based on the test results it can be seen that the tax has a negative and significant effect on the occurrence of transfer pricing transactions of manufacturing companies sampled, so that transfer pricing transactions can be justified by manufacturing companies with foreign share ownership in order to engineer company profits so that the profits earned by the company in the year certain looks lower and indirectly results in reduced taxes that will be paid to the state.

The results of this study support agency theory which explains that the emergence of agency problems occurs because there are parties who have different interests but work together in different tasks. Agency conflicts can be detrimental to the principal (owner) because they are not directly involved in the management of the company so they do not have access to obtain adequate information.

Tunneling Incentive to Transfer Pricing Decisions

In accordance with what was stated by Lo et al which stated that the ownership of companies today generally does not spread but is concentrated only on a few shareholders.

If the practice of transfer pricing is carried out by a subsidiary company by selling inventory to the parent company at a price far below the market price, it will automatically affect the income earned by the subsidiary company, which results in a smaller company profit than it should, or even if the subsidiary company buying supplies for the parent company at a price far more expensive than the fair price, the imposition of the cost of raw materials for the subsidiary company will also greatly affect the profits that will be obtained by the subsidiary company, and this will be very beneficial for the parent company.

Bonus Mechanism for Transfer Pricing Decisions

Transfer pricing is one way for the directors to be able to lift profits in the expected year, namely by selling inventory to affiliated companies at prices above market prices. This will affect the company's income and increase profits in that year.

The results of this study support a positive accounting theory which explains company managers with bonus plans tend to choose accounting procedures with changes in reported earnings from future periods to present periods.

Tax Minimization, Tunneling Incentive and Bonus Mechanism for Transfer Pricing Decisions

Tunneling Incentive is the behavior of management or majority shareholders who transfer company assets and profits for their own benefit, but costs are charged to minority shareholders. Companies that have a high number of foreign ownership will conduct transfer pricing transactions in order to reduce the burden and increase the benefit of the majority shareholders, while minority shareholders bear the burden of the majority shareholders.

The bonus is the provision of non-salary rewards to the company's directors for management for the work done by the company management. The bonus mechanism is one of the accounting strategies or motives in accounting for the purpose of maximizing the acceptance of compensation by directors or management by increasing overall corporate profits.

CONCLUSION AND SUGGESTIONS

Conclusion

Based on the results of data analysis and discussion, it can be concluded:

1. Tax Minimization has a significant negative effect on Transfer Pricing.
2. Tunneling Incentive has a significant effect on Transfer Pricing.
3. Bonus mechanism has a significant effect on Transfer Pricing.

4. Tax minimization, tunneling incentives, and bonus mechanisms simultaneously have a significant effect on Transfer Pricing.

Suggestions

Suggestions for this research are as follows:

1. It is recommended to develop other variables to study, such as tariffs, etc.
2. The sample used in this study is not only focused on manufacturing companies listed on the Indonesia Stock Exchange (IDX).
3. We recommend using different measurements for independent and dependent variables.
4. The government is more tightening and clarifying the contents of the regulation on transfer pricing, namely regulation PER-32 / PJ / 2011 concerning the application of the fairness principle in special relationship transactions so that companies actually implement transfer pricing activities based on fair prices.

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[47]

Determination of Profit in Construction Contracts Based on Recognition of Revenues and Costs According to PSAK No.34 (Revised 2015). (Case Study on Alpe Corporation CV)

Muhani and Aming Tirta

Sekolah Tinggi Ilmu Ekonomi Kesatuan

Abstract. Company engaged in construction services may have a project either to be completed in one period (short term) or more (long term). Recognizing revenues and expenses for the project completed in one period is relatively simple, whereas for long term project specific methods are applied. The recognition of revenue is made on the basis of expenses incurred, such as cost of raw materials, labor, etc at the time the percentage of completion is computed. The purpose of this study is to analyse whether the accounting practice applied by CV. Alpe Corporation in recognizing revenue and expense on construction contracts is in conformity with Indonesian Statement of Financial Accounting Standard: PSAK-34. The methodology used in this study is descriptive qualitative method which test the accounting practice applied by the company, and compare it to the latest Financial Accounting Standards. The result of this study reveals that both projects done by CV Alpe Corporation in 2016 and 2015 are completed less than one year period (short term). The accounting practice applied by the company is not fully in conformity with PSAK-34. The company estimated percentage of completion based on cost to cost method in accordance with expenditures spent every term – weekly. Weekly expenses are debited to Construction in Process account, whereas the estimated revenues are credited to Unearned Revenue. No Progress Billing account was maintained. Expenses and revenues are only recognized when the projects are fully completed.

Keywords: construction contract; determining profit; revenue and cost recognition; PSAK-34

[48]

Effect of Disclosure, Company Growth and Client Tenure Audit on Acceptance of Going Concern Audit Opinions

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Abstract. A going concern audit opinion issued by the auditor to ascertain whether a company can maintain its survival. Factors affecting auditors issuing going concern audit opinion is important to know because they can be used as a reference by investors in association with the investment. The purpose of this research is to examine the effect of disclosure, company development, and client tenure audit to the acceptance of going concern opinion. This research uses manufacture company samples listed in Indonesia Stock Exchange from 2013 to 2015. The hypothesis in this research uses logistic regression. The research shows that disclosure has significant effect on the acceptance of going concern opinion, while company development and client tenure audit does not have significant effect on the acceptance of going concern opinion. And disclosure, company development, and client tenure audit have the significant effect on the acceptance of going concern opinion

Keywords: going concern audit opinion, disclosure, company development, and client tenure audit

[49]

Winning Banking Competition through KREDIT MULTIGUNA Services

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Abstract. The intense competition in the Banking industry, made the Bank compete to issue a variety of services aimed at pampering its customers to be more loyal. The procedure for granting credit is important in determining eligibility and as a benchmark in making decisions whether the debtor is feasible or not to receive credit provided by the bank. Not only that the procedure for granting credit is also a system and procedure established by a bank to facilitate the bank in carrying out its functions as a channel of funds to the public in the form of credit with a systematic and neat and structured flow so that it can facilitate banks to assess the credit facility .

The purpose of this discussion is to find out the procedure for providing KREDIT MULTIGUNA to fixed income groups in one of the state-owned banks that have multipurpose credit facilities. The discussion was carried out to find out how actually the provision of KREDIT MULTIGUNA in the fixed income group went well or not. The research conducted at PT. Bank Rakyat Indonesia (Persero) Tbk Dewi Sartika Bogor Branch.

The Results Discussion shows that PT. Bank Rakyat Indonesia (Persero) Tbk Bogor Dewi Sartika Branch has implemented a system of good credit procedures. Assessing the feasibility of the debtor to receive credit and the crediting process that is quite good. To ensure that the Procedure for Giving KREDIT MULTIGUNA is good enough, in granting credit the bank always uses the terms and conditions set by PT. Bank Rakyat Indonesia (Persero) Tbk.

The evaluation results from this discussion show that KREDIT MULTIGUNA are loans that can be used for various consumptive purposes as long as they do not conflict with the prevailing laws and regulations, which increase the variety of types of credit available in banking which are used as investment loans. and working capital.

Keywords: multipurpose loan, bank, competitiveness, services

[50]

The Implementation of Accurate System in Preparation of Financial Statements (Case Study on TB Makmur Jaya)

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Abstract. The purpose of this study is to know recording system and financial report on TB Makmur Jaya as well as to help TB Makmur Jaya in preparing financial statement by using one of accounting applications is Accurate System.

This research uses descriptive qualitative method with case study, where the writer recounts the recording and financial reporting system that occurs in TB Makmur Jaya and apply their transactions into the Accurate System.

The results of the study illustrate that TB Makmur Jaya does not yet have and has not implemented a proper recording system for UMKM standards, which is done is to make simple notes manually based on evidence of sales and purchases, the company also never compiled financial statements, based on the same transaction data the authors apply the Accurate application program, through the application is obtained the results of financial recording and reporting in accordance with applicable standards, namely SAK UMKM.

Keywords: Accurate System, Preparation of Financial Statement

1.1 Background

Micro, Small and Medium Enterprises (MSMEs) have an important role in national economic development, MSME actors can create many jobs. The MSME sector is only a small part or not even affected by the global crisis that hit the world. As in the 1998 economic crisis, only the MSME sector survived the collapse of the Indonesian economy. Mudrajad Kuncoro in *Bisnis Indonesia Daily* on October 21, 2008, stated that MSMEs proved to be resistant to crises and were able to survive because of: 1. Not having foreign debt; 2. There is not much debt to banks because they are considered unbankable; and 3. Using local input.

Behind these advantages, there are weaknesses that make MSMEs not develop, one of which is poor governance, weak internal control, inadequate recording system until financial statements are not drafted. Pinasti's research results (2007) show that the weakness of small businesses in Indonesia is that generally small business managers do not master and do not implement an adequate financial system.

Most micro, small and medium entrepreneurs still consider financial statements as taboo. According to Muntoro in the research Suhairi (2006) revealed that the absence of regulations that require the preparation of financial statements for MSMEs is also a factor why they do not make financial statements. According to Krisdiartiwi (2008), MSME bookkeeping is usually done in a simple and not detailed manner. MSME entrepreneurs also still do not separate business and personal needs (household) which will affect their capital balance, they do not know how much profit they get from their business. This has finally become a major obstacle for MSME players in the difficult access to credit, thousands of MSME players in Indonesia are mostly not bankable. Meanwhile, the development of information technology has been so fast, the industry 4.0 revolution era and internet use, or internet of things (IOT) in carrying out all activities including business and financial reporting, in practice, only established companies are utilizing this technology, what about MSME? it is estimated that most MSMEs still need several phases to reach the stage of readiness to adopt information technology progress in helping their business processes. Therefore, efforts are needed to help MSME players carry out their books simply and easily through the use of software-based accounting technology. Information technology can meet business information needs quickly, timely, relevant and accurate (Wilkison and Cerullo, 1997).

This research was conducted at one of the MSME in Lampung, namely TB. Makmur Jaya where currently the company does not have an adequate accounting and financial reporting system. While the Transactions in TB Makmur Jaya are also quite a lot, which requires good management, especially in terms of bookkeeping and reporting, for this reason, it is necessary to computerize accounting to facilitate the accounting and reporting.

Based on this background, the authors are interested in conducting research with the title "Application of the Accurate System accounting system in the Preparation of Financial Statements (Case Study of TB. Makmur Jaya)."

1.2 Identification of Problem

Based on the background of this study, the authors identify the following research problems:

1. How is the system of recording and financial statements that exist in TB. Makmur Jaya?
2. How to implement the Accurate System for the preparation of financial statements on TB. Makmur Jaya?

1.3 The Objectives

Based on the identification of problems in this study, the purpose of this study is:

1. To find out the system of recording and financial statements that exist in TB. Makmur Jaya
2. To find out the application of the Accurate System to the preparation of financial statements on TB. Makmur Jaya

1.4 The Use of the Research

1. For the author

This research can add to the knowledge and insight of the author to learn about the theories and practices regarding the application of Accurate Systems, especially in TB. Makmur Jaya

2. For the company

This research is expected to help the selection of bookkeeping alternatives and financial reporting of MSMEs

2. Literature Review

Financial Report

Based on PSAK No. 1 (IAI, 2014), "the financial statements are a structured presentation of the financial position and financial performance of an entity."

According to Hanafi and Halim in his book entitled Analysis of Financial Statements (2016.49) "the company's financial statements are an important source of information in addition to other information such as industry information, economic conditions, company market share, quality management, and others."

A complete financial report for public non-profitability entities according to SAK ETAP (2009.12) consists of Balance Sheet, Profit, and Loss Statement, Change in Equity Report, and Cash Flow Statement, as well as Notes to Financial Statements.

From the above understanding, it can be concluded that financial statements are records of financial information that presents the company's performance over a certain period.

The Objective of Financial Report

In the book Theory of Accounting there are accounting objectives according to the Indonesian Accounting Principles (1984) stating that the objectives of the financial statements are as follows:

1. To provide reliable financial information regarding assets and liabilities and capital of a company.
2. To provide reliable information regarding changes in net assets (assets fewer liabilities) of a company arising from business activities in order to obtain profits.
3. To provide financial information that helps report users in assessing the company's potential in generating profits.
4. To provide other important information regarding changes in assets and obligations of a company, such as information about financing and investment activities.
5. To disclose as far as possibly other information relating to financial statements that are relevant to the needs of report users, such as information about the accounting policies adopted by the company.

Financial statements can be said to be a structured presentation of the financial position and financial performance of an entity. The purpose of financial statements is to provide information about the financial position of financial statements in making economic decisions. Financial statements are also a form of management accountability for the use of resources entrusted to them in managing an entity. Thus the financial statements are not intended for specific purposes, for example in the context of liquidation of an entity or determining the fair value of an entity for the purpose of mergers and acquisitions. Nor is it specifically designed to meet the interests of a particular party, for example, the majority owner

To fulfill the above objectives, the financial statements provide information about an entity consisting of: assets, liabilities, equity, income and expenses as well as contributions and distribution to the owner in his capacity as the owner of the information along with other information contained in the notes to the financial statements helping the user financial statements in predicting future cash flows and entity performance.

Accurate Accounting System

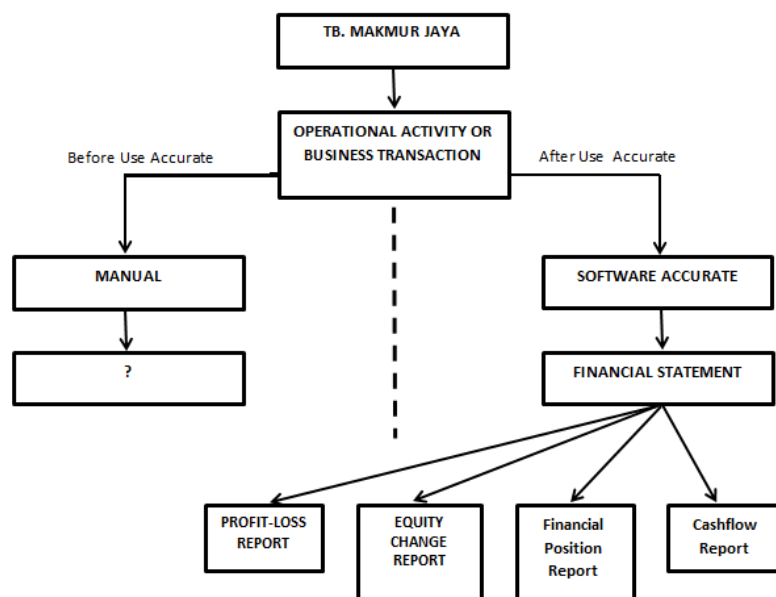
Accurate was created by Indonesian sons/daughters under the auspices of PT. Cipta Piranti Sejahtera, known as CPSSoft, which is located in the capital city of Jakarta. *Accurate* is the first accounting software developed by CPSSoft. *Accurate* was first launched among the public in November 1999 from the CPSSoft organization which became the *Accurate* developer. The *accurate* software was first named *Accurate2000* Accounting Software.

After the 1998 financial crisis, the founders of *Accurate* saw an opportunity to make computerized accounting because medium and small businesses experienced panic for the problem of information technology (IT). Therefore, the *Accurate* program was made which made it easier for its users because this program has followed the standards of Indonesian PSAK.

The *accurate* software is also a market leader in the accounting software industry in Indonesia. *Accurate* continues to grow until now. The latest version of *Accurate* is *Accurate* version 5. *Accurate* version 5 has an e-invoice feature.

Framework for Conceptual Thinking

Based on the theoretical basis, the conceptual framework in this study is as follows:



3. Research Method

Location and Time of the Research

The location of the study conducted by the author is on TB Makmur Jaya located in Jatimulyo Market, Bandar Lampung. While the research time that the author did on TB Makmur Jaya was March 2017 - April 2017.

The Type and Source of Data

The type of data obtained from conducting this research is primary data. Primary data is data obtained by researchers directly from original sources.

The procedure for Collecting the data

To obtain data and other information to support the research, the author does:

- a. Interview

The author conducted a direct interview with the owner of TB Makmur Jaya to find out the history, organizational structure to the recording system that TB Makmur Jaya did.

b. Observation

The author observes directly to TB Makmur Jaya to find out the situation and the process of recording the transactions directly by TB Makmur Jaya.

Data Analysis Method

Data analysis method used is descriptive qualitative. Where the author describes activities specifically related to the company. In this way, the writer is expected to be able to find answers to the problems identified in Chapter I and then can provide conclusions and suggestions that are useful for interested parties.

RESULTS AND DISCUSSION

The Recording and Financial Statement of TB Makmur Jaya

Currently, TB Makmur Jaya does not have books, either manually or electronically. Their recording system is only proof of sales and purchases (notes). Because a very simple recording system makes the owners of TB Makmur Jaya not know whether their business is experiencing profit or loss.

Because there is no accounting record in TB Makmur Jaya, then to find out when the debt will mature usually the salesperson who sells the goods to TB Makmur Jaya will call and inform the TB Makmur Jaya owner if their debt will mature on a certain date. Usually, sales will call 7 days before the debt is due or on the day when it is due, so TB Makmur Jaya is never late to pay its debt.

The TB Makmur Jaya owners inspect their inventory by looking at their stock inventory physically because they do not have a stock book. If seen physically the items are low, the owner of TB Makmur Jaya will immediately order the item, but if the item is still in a quantity that is quite large they will not order the item. In the absence of a book inventory stock makes a lot of potential loss of goods because the owner of TB Makmur Jaya does not know how much stock should be. Whereas for outstanding receivables, the owner of TB Makmur Jaya always checks every week of their sales notes. This makes the owner always aware and aware of the outstanding receivables and who does debt to TB Makmur Jaya.

The reason why TB Makmur Jaya does not make bookkeeping since the beginning of this shop is opened is because this MSME is still managed by family members, so the owner of TB Makmur Jaya does not worry about the loss of goods. Even though TB Makmur Jaya has employees who work, this allows theft of goods or smuggling of goods. Here TB Makmur Jaya still uses the principle of trust in its employees. Another factor is that the owner of TB Makmur Jaya does not understand how to make financial statements.

Due to the absence of a recording and bookkeeping system for TB Makmur Jaya, they also did not make financial statements. Although there is no clear recording system for TB Makmur Jaya, TB Makmur Jaya can run its business well and this does not hamper store operations.

The Implementation of Accurate System in making the Financial Statement

In this study, the author tries to implement the transaction that occurred in TB Makmur Jaya into the Accurate System to assist TB Makmur Jaya in creating a recording system up to their financial statements. All transactions entered into the Accurate application are obtained from the detailed TB Makmur Jaya transaction evidence for 2 (two) months starting from the beginning of the store, which is March 2017 to April 2017 due to limited input on the Accurate application

The Steps of Implementing Accurate System

A. Inputting the Initial Database

The initial stage in using the Accurate system is inputting company databases, such as Currency & Company Information, Other Accounts & Lists, Customers & Suppliers, Inventories, and Fixed Assets.

B. Transaction Inputting

After the end of the month process, the author can input the transactions that occur. Transactions that have been inputted will produce general journals automatically, not just general journals but will also automatically affect reports such as financial position reports, income statements, changes in equity reports, and cash flow statements either directly or indirectly. Following is the process of inputting transactions based on transactions that occur in TB Makmur Jaya.

- **Purchase**

TB Makmur Jaya purchases supplies if the shop owner feels that the supply is small and needs to be repurchased.

- **Sales**

TB Makmur Jaya first began to open its business to sell its inventory, namely in April 2017.

- **Payment of Costs**

The following are financial statements that can be presented based on transactions that have been processed by the accurate system in TB Makmur Jaya for two months of transactions:

TB MAKMUR JAYA		
Laba/Rugi (Standar)		
Dari 01 Mar 2017 ke 30 Apr 2017		
Description	1 Mar-30 Apr 2017	
Pendapatan		
Pendapatan	99.651.750,00	
Penjualan Bahan Bangunan	97.223.500,00	
Penjualan Perkakas	2.059.750,00	
Penjualan Listrik	368.500,00	
Jumlah Pendapatan	99.651.750,00	
Harga Pokok Penjualan		
Harga Pokok Penjualan	91.308.338,93	
HPP Bahan Bangunan	89.720.572,28	
HPP Perkakas	1.285.666,65	
HPP Listrik	302.100,00	
Jumlah Harga Pokok Penjualan	91.308.338,93	
LABA KOTOR	8.343.411,07	
Beban Operasi		
Beban Penyusutan	1.623.958,33	
Beban Penyusutan Peralatan Toko	61.458,33	
Beban Penyusutan Kendaraan	1.562.500,00	
Biaya Umum & Administrasi	7.033.333,00	
Biaya Listrik, PAM & Telp	600.000,00	
Biaya Gaji & Upah	5.600.000,00	
Biaya Sewa	833.333,00	
Jumlah Beban Operasi	8.657.291,33	
PENDAPATAN OPERASI	-313.880,26	
Pendapatan dan Beban Lain		
Pendapatan lain		
Jumlah Pendapatan lain	0,00	
Beban lain-lain		
Jumlah Beban lain-lain	0,00	
Jumlah Pendapatan dan Beban Lain	0,00	
LABA(RUGI) BERSIH (Before Tax)	-313.880,26	
LABA(RUGI) BERSIH (After Tax)	-313.880,26	

Graphic 4.7 Display of Profit-Loss Report

TB MAKMUR JAYA		
Laporan Arus Kas (Metode Tak Langsung)		
Period Maret 2017 to April 2017		
Status	Tipe Akun	Saldo
Aktivitas Operasi		
Pendapatan Bersih	Laba Bersih	-313.880,26
Tambah	Akun Piutang	0,00
Tambah	Persediaan	0,00
Tambah	Aktiva Lancar lainnya	0,00
Tambah	Akumulasi Penyusutan	1.623.958,33
Tambah	Akun Hutang	102.022.276,30
Tambah	Hutang lancar lainnya	0,00
Tambah	Laba Bersih	0,00
Kurang	Akun Piutang	-21.510.750,00
Kurang	Persediaan	-163.635.041,37
Kurang	Aktiva Lancar lainnya	-9.166.667,00
Kurang	Akumulasi Penyusutan	0,00
Kurang	Akun Hutang	0,00
Kurang	Hutang lancar lainnya	0,00
Kurang	Laba Bersih	0,00
Total dari Aktivitas Operasi		-90.980.104,00
Investasi		
Tambah	Aktiva Tetap	0,00
Kurang	Aktiva Tetap	-152.950.000,00
Total dari Investasi		-152.950.000,00
Pendanaan		
Tambah	Hutang Jangka Panjang	106.350.000,00
Tambah	Ekuitas	205.900.000,00
Kurang	Hutang Jangka Panjang	0,00
Kurang	Ekuitas	0,00
Total dari Pendanaan		312.250.000,00
Total dari Arus Kas Bersih yang digunakan (dipakai) di periode ini		68.319.896,00
Total dari Kas & Setara Kas di Awal period		0,00
Total dari Kas & Setara Kas di Akhir period		68.319.896,00

TB MAKMUR JAYA
Neraca (Standar)
 Per Tgl. 30 Apr 2017

Description	Balance
Aktiva	
Aktiva Lancar	
Kas dan Bank	
Kas	68.319.896,00
Kas	68.319.896,00
Jumlah Kas dan Bank	68.319.896,00
Piutang Dagang	
Piutang Usaha	21.510.750,00
Piutang Usaha	21.510.750,00
Jumlah Piutang Dagang	21.510.750,00
Persediaan	
Persediaan Barang Dagang	163.635.041,37
Persediaan Bahan Bangunan	116.775.018,02
Persediaan Perkakas	39.146.923,35
Persediaan Listrik	7.713.100,00
Jumlah Persediaan	163.635.041,37
Aktiva lancar lainnya	
Biaya dibayar dimuka	9.166.667,00
Sewa dibayar dimuka	9.166.667,00
Jumlah Aktiva lancar lainnya	9.166.667,00
Jumlah Aktiva Lancar	262.632.354,37
Aktiva Tetap	
Nilai historis	
Aset Tetap	152.950.000,00
Peralatan Toko	2.950.000,00
Kendaraan	150.000.000,00
Jumlah Nilai historis	152.950.000,00
Akumulasi Penyusutan	
Akumulasi Penyusutan	-1.623.958,33
Akum. Peny. Peralatan Toko	-61.458,33
Akum. Peny. Kendaraan	-1.562.500,00
Jumlah Akumulasi Penyusutan	-1.623.958,33

Conclusion

Based on the results of the discussion, some conclusions can be drawn as follows:

1. TB Makmur Jaya's recording system is done manually and not based on accounting rules, other than that TB Makmur Jaya also does not make financial statements

2. Accurate accounting applications can help TB Makmur Jaya in processing business transactions and can also produce financial reports that can be used to see the company's performance.

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[51]

Influence Firm Age and Firm Size With Intellectual Capital Performance (Empiric Study in Banking Sector in Indonesia Stock Exchange for Period 2013-2015)

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Abstract. Influence Firm Age and Firm Size with Intellectual Capital Performance (Empiric Study in Banking Sector in Indonesia Stock Exchange for period 2013-2015).

Globalization at the moment is driving rapid economic changes. And the performance of Intellectual Capital is required by companies to deal with global competition today. This study using Intellectual Capital performance measured using Value Added Intellectual Capital (VAICTM) and is a method that used in this research as dependent variable and firm age and firm size as independent variable.

The purpose of this research was to investigate the influence of firm age, and firm size on the firm performance with Intellectual Capital performance as dependen variable. This research was quantitative descriptive analysis using purposive sampling method with criteria that have been set, and resulted 30 samples from 43 populations. The data that used is taken by downloading data from Indonesian Stock Exchange

The result show that simultaneously firm age and firm size affect significantly to Intellectual Capital performance, but in partial resulted firm age affect positively and does not significant on the Intellectual Capital performance. And firm size negatively and significantly affect on the Intellectual Capital performance.

Keywords: Firm Age, Firm Size, Intellectual Capital Performance, VAICTM.

[52]

The Effect of Leverage and Firm Size to Assets Revaluation Decision

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Abstract. Assets are resources that are controlled by a company as a result of past events and from which future economic benefits are expected to be obtained by the company. In general, assets are divided into 2 groups, namely current assets and non-current assets. Current assets are assets that can be converted into cash in one operating cycle of the company or a maximum of 12 (twelve) months. While non-current assets are assets other than those classified as current assets. Non-current assets include fixed assets, intangible assets and long-term financial assets. The reporting of non-current assets in the statement of financial position according to the International Financial Reporting Standard (IFRS) is presented at fair value. On October 15, the Minister of Finance of the Republic of Indonesia released the Minister of Finance Regulation (PMK) No. 191 / PMK.010 / 2015 concerning Reassessment of Fixed Assets for Taxation Purposes for Requests Proposed in 2015 and 2016. Based on these two matters, many public companies should conduct asset revaluation, especially in 2015 and 2016. This is due to this year the government provided incentives in the form of a reduction in the final income tax rate on the revaluation of fixed assets.

This study aims to determine internal factors that influence the company's decision to revalue assets. The dependent variable studied is the decision of the company to do a revaluation or not. The dependent variable is proxied by the dummy variable, which is the revaluation of assets given a score of 1, while those who do not do a revaluation are given a score of 0. The independent variables in this study are Leverage and Firm Size. Logistic regression analysis was chosen to analyze whether leverage and firm size have an influence on the company's decision to revalue assets. This research is expected to contribute to factors that influence the company's decision to revalue assets.

Keywords : revaluation, non current assets, leverage, firm size

[53]

MSME: The Role of Production Management in Determining Competitive Selling Prices

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Abstract. In fact, up to the present, the existence of MSMEs remains in a poor condition. In almost all countries, only a very small number of MSMEs are able to survive and develop into medium or large scale. The inability of business management, such as efficient production management and determination of profitable and sustainable selling prices, has always been a major obstacle faced by MSMEs. Tepung Talas Rusman (TTR) is an MSME that produces taro flour. This complementary product has a narrow market share with high price competition so that the management of production and determining the right selling price will greatly determine its ability to face competitors. This study aims to determine the application of production patterns and the calculation of appropriate production costs in determining competitive selling prices. The results showed that the constant production pattern and the use of ROI Pricing mark up method on TTR UMKM will create profitable and competitive selling prices so as to guarantee the profitability and sustainability of its business.

Keyword: Production pattern, cost of production, mark up method, selling price

INTRODUCTION

Problems faced by MSMEs have always been an interesting topic to study. The role of MSMEs as the backbone of the economy and absorbing the workforce is faced with transportation problems in almost all countries. The increase in the number of MSMEs was followed by an increase in the number of bankrupt MSMEs. In Uganda, more than 50% of newly established SMEs struggle to survive but fail in the fifth year, and less than 4% of small businesses are able to develop into the medium or large scale (Kazooba, 2006; Keough, 2002; Uwonda G, 2013). In Indonesia, as expressed by the Head of the UMKM Association of Malang City Dwi Septariena, at least 1,000 small and medium-sized micro enterprises in the city of Malang, East Java, are threatened with bankruptcy, due to capital and marketing problems, in addition to the lack of attention from the local government.. <http://www.beritasatu.com/ekonomi/113754/> 3 Feb 17.

Central Bureau of Statistics (BPS) in 2016, stated there were 8 common reasons for the occurrence of the bankruptcy of SMEs, namely: 1. Management Disability, 2. Less Experience, 3. Weak Financial Control, 4. Failure to Develop Strategic Planning, 5. Growth Uncontrolled, 6. Non-Strategic Business Location, 7. Not Following Digital Sales, 8. Less Selling Price Competing (<https://www.bps.go.id>). Good business management, proper management of production is part of business management that is able to guarantee profitability and business sustainability through the right production cost and competitive selling price. Determining the wrong selling price often has fatal consequences on the company's financial problems (Widyawati, 2013)

The study was conducted on *Tepung Talas Rusman* (TTR), which is a producer of taro flour with a constant production amount. The selling price is determined by applying a certain profit rate of the production cost which is calculated roughly. In the past few years, sales have decreased due to the emergence of new competitors with competitive selling prices. This research is important because during the last few years sales have decreased due to the emergence of new competitors with competitive prices. This makes the authors motivated to analyze whether the management of products ranging from the pattern of production,

calculation of HPP and markup method has been done appropriately so as to produce a profitable and competitive selling price.

RESEARCH PURPOSES

This study aims to analyze the appropriate production management in producing profitable and competitive selling prices. This study contributes in terms of, first analyzing the application of production patterns for production costs that have been calculated correctly. Both analyze the application of the appropriate markup method in determining the profitable and competitive selling price.

LITERATURE REVIEW

Production Pattern

The production pattern is the determination of how the company policy manages the number of products distributed in a certain period or a certain time, namely in quarterly, quarterly, monthly, or weekly to serve sales and meet needs (Mulyadi (2012). The influencing factors are: 1) Pattern sales, 2) Cost pattern, 3) Maximum capacity of production facilities.

Production pattern is the determination of how the production policy of a company can serve the company's sales, the company that conducts production will definitely face problems in determining how many products will be produced (Purwanto: 2011). There are 3 types of production patterns (Kusumo, 2012):

1. Constant / Stable Production Pattern

That is the Production Pattern where the amount of production from month to month is the same or relatively the same. As a consequence, if there is an increase in sales, the difference in sales with the amount of production in the month will be taken from inventory.

2. Corrugated Production Pattern

That is the Production Pattern where the distribution of the amount of production for one year into the amount of production each month, where the amount of production from month to month is always changing following changes in the level of sales in the company concerned. The amount of production follows the number of sales (figure 1).

3. Moderate Production Patterns

Namely Production patterns are wavy but the wave of the product is not too sharp, so it is close to constant. This production pattern is also a production pattern that is in the middle when compared with the two previous production patterns (figure 2).

Figure 1
Corrugated production pattern

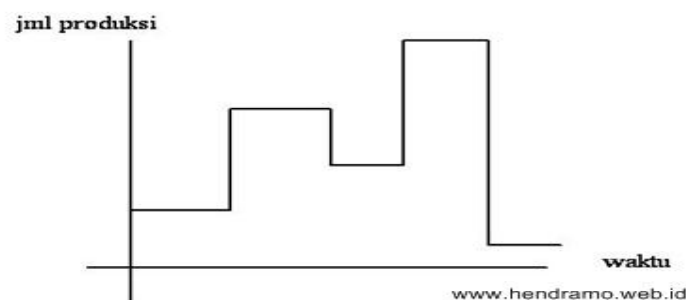
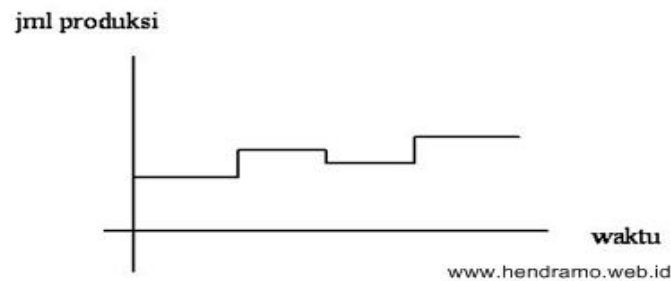


Figure 2
Moderate production pattern



Cost of Goods Manufactured

Production costs are costs that occur in the production function (Riwayadi, 2016). This production cost is the costs incurred to manage raw materials into finished products that are ready for sale (Mulyadi (2009: 13-17). While the cost of production (COGM) is a number of costs incurred to process raw materials into finished products that ready for sale (Mulyadi 2012: 14) So that HPP is the total price to make products available for sale during that period (Warren (2016: 915).PPP consists of three main components, namely:

1. Direct raw material costs, are an integral part of and have a significant portion of the total cost of the final product.
2. Direct labor costs, are an integral part of and have a significant portion of the total cost of the final product.
3. Factory overhead costs, costs other than direct raw materials and direct labor that occur in the manufacturing process.

The function of the HPP is (Mulyadi, 2005, 70):

1. Cost of Goods as Determination of Selling Prices.
2. Cost of Goods As a Basis for Determination of Profit If the company has calculated the cost of goods, the company can determine the expected profit which will affect the level of the selling price of a particular product.
3. Cost of Goods as a Basis of Cost Efficiency The cost of goods can be used as a basis to control the use of materials, wages and indirect production costs.
4. Cost of Goods as a Basis for Taking Various Management Decisions, for example:
 - a. Establish changes in sales prices.
 - b. Determine the adjustment of the production process.
 - c. Establish a competitive strategy in the broad market.
 - d. Planning company expansion.
 - e. Taking specific management decisions, like what will buy or make a spare part yourself, whether receiving a special order at a special price or not.

Determination of Mark Up

1. Mark up is a method of raising the price of an item to obtain profits. The mark up is calculated by adding up the total operating costs with the desired profit. Profits can be obtained by increasing the purchase price with the desired number of markups.
2. The Government regulates the determination of the maximum limit of profits in Presidential Regulation No. 70 of 2012 which states that 15% is the maximum limit for taking reasonable profits in calculating mark up. Mark up can be determined by the production cost and selling price. If the cost of production,

then the percentage mark up should be multiplied by the cost of production, then added to the cost of production so as to produce markup prices and if determined from the selling price, more complex because not multiplied by the cost, but the selling price is determined from the cost divided by one minus mark up percentage. One reason for using mark up is because of a lack of certainty about costs rather than demand (Widyawati; 2013: 197).

3. According to Ari Setiyaningrum, Jusuf Udaya, and Effendi (2015; 141), there are three calculations for marking determination, namely:
4. 1. Customer Value-Based Pricing: Pricing based on consumer value uses the buyer's perception of value, not the cost of the seller. The calculation responds to whether the price of the product sold is right or not, according to or not in value. When buying a product, the customer basically exchanges something of value (price) with something of value (profit from the acquisition or use of the product).

$$\text{Price} = \text{Alternative Product Cost} + \text{Differential performance Values}$$

5. Cost Plus Pricing: This is a product selling price by adding a certain amount to the cost. This pricing is most widely used. The amount added is a percentage of the cost.

$$\text{Price} = \text{ATC} + m(\text{ATC})$$

Information:

ATC = Average Total Cost
 m = Persentase Mark Up

6. Return On Investment Pricing: Determination of the selling price by trying to make the company set a price that allows certain income to be obtained. Through this method, companies are required to forecast volume planning to determine both costs and profit levels. The volume planning is the amount that is expected to be sold by the company over the next year or an expectation of average sales over several years.

$$\text{Price} = \text{AVC} + \frac{\text{TFC}}{\text{PV}} + \frac{r(\text{INV})}{\text{PV}}$$

Information:

AVC = Average Variable Cost
 TFC = Total Fixed Cost
 PV = Planning Volume
 INV = Investment
 r = Target ROI

Determination of Selling Price

Selling prices are a number of values exchanged to obtain a product (Simamora, 2001,31). Hansen and Mowen (2001,633) define the selling price as the monetary amount charged by a business unit to buyers or customers of goods or services sold or delivered. The selling price is the price that includes the costs incurred for production and distribution, plus the desired amount of profit (Alimisyah, Padji, 2003). In principle, the selling price must be able to cover the full cost plus a reasonable profit. Selling prices are the same as production costs plus mark-ups (Mulyadi 2001.78).

Some factors that must be considered in determining the selling price (Mulyadi, 2005,5) are:

1. The cost factor is the basis for determining the selling price of a product or service.
2. Factors, not costs, are factors that come from outside the company that can affect management's decision in determining the selling price of a product or service.

The stages in determining the selling price include (Basu Swastha, 2009: 150):

1. Estimate the demand for the item.

At this stage, the seller estimates the total demand for the goods. Estimating the demand for goods can be done by:

- a. Determine the expected price, which is the price that is expected to be accepted by consumers.
- b. Estimate sales volume at various price levels.
2. Knowing the reaction in advance.

Competition conditions greatly influence the pricing policy of the company or the seller. The seller needs to know the reaction of competition in the market and the sources of the cause. The existing sources of competition can come from:

- a. Similar items produced by other companies
- b. Replacement or substitution items
- c. Other items made by other companies that both want consumer money.
3. Determine the market share that can be expected.

Aggressive companies always want a bigger market share. Sometimes the expansion of market share must be done by advertising and other forms of competition, not prices, in addition to certain prices. The expected market share will be affected by existing production capacity, expansion costs and the ease of entering the competition.

Krismiaji and Aryani (2011; 325) state that "the general approach in determining the selling price is to add an estimate of profit (Mark up) to the cost of goods". Mulyadi (2012: 78) states that "the principle of selling prices must cover the full cost plus a reasonable profit". According to Mulyadi (2001; 347), the determination of the selling price is related to:

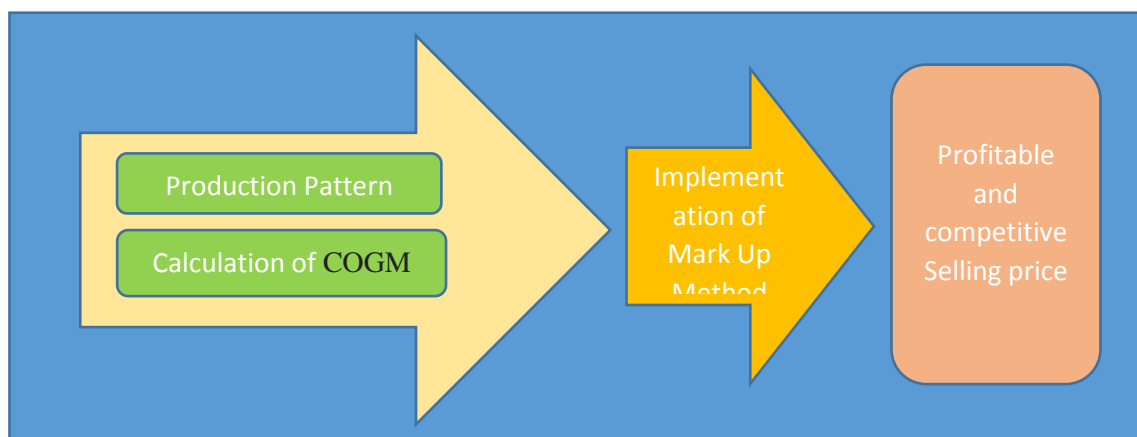
1. Policy for Determining Selling Prices.

In this section, the policy does not specify the selling price but specifies the factors that need to be considered and the basic rules that need to be followed in determining the selling price.

2. A decision on Determining Selling Prices.

Is the determination of the selling price of a product or service of an organization that is made for the short term, this decision is influenced by the policy of determining the selling price.

Figure 3
Identification of Problems



RESEARCH METHODS

This research is descriptive qualitative research, which aims to describe the conditions that occur to then poured precisely into the map of the problem of the condition being faced. The study was conducted with a case study approach. The data source used is primary data, where data collection technique is done directly by doing observation, interview, collecting and calculating data which then analyzed by the researcher to be clearly interpreted about condition faced by UMKM. The object of this research is UMKM Tasung Flour Rusman (TTR), which is located in up. Domba, Kelurahan Juhut, Pandeglang Regency. Production is carried out traditionally according to the number of orders. HPP calculation and selling price determination using rough calculation.

RESULTS AND DISCUSSION

1. The cost of production is determined by calculating the cost of direct materials (Direct Material Cost), direct labor costs, and factory overhead costs.

2. Direct Raw Material Cost, in the form of taro and in 2016 there was no price change, which is still Rp. 3,000.00 / kg. For every 3 kg of taro, it will shrink to 1 kg of taro flour.
3. Direct labor costs, namely taro processing workers into taro flour with a wage of Rp. 2,500 / kg. During 2016 there was an increase in the payment of direct labor wages, namely in June 2016 which was originally Rp.2,500, - to Rp.3,000, - / kg of finished goods. In October 2016 the wage paid is Rp. 3,500, - which originally was Rp. 3,000, - in September 2016.
4. Factory Overhead Costs, consisting of auxiliary raw materials namely salt, warehouse depreciation and shrinkage of packing machines. During 2016 there was a price increase in salt and transportation. The following are production data for 2016.

Table 1 Data of Production and Realization in 2016

Months	Production Quantity (Kg)	Realized Sales (Kg)	Unsold Goods (Kg)
January	1.500	1.450	50
February	1.500	1.390	160
March	1.500	1.550	110
April	1.500	1.200	410
May	1.500	1.500	410
June	1.500	1.400	510
July	1.500	1.600	410
August	1.500	1.300	610
September	1.500	1.700	410
October	1.500	1.450	460
November	1.500	1.550	410
December	1.500	1.500	410
Total	18.000	17.590	

Source: Data UMKM Putra Bogor

Constant Production Pattern

The product quantity is constant as much as 1,500 kg per month, so based on the explanation of the COGM and COGS calculation formula, the following data can be obtained

Table 2
Calculation of COGM and COGS on the Application of Constant Production Patterns for 1,500 Taro Flour in 2016

No	Months	Production Quantity (Kg)	Direct Raw Material (Rp)	Direct Labor (Rp)	Factory Overhead Cost (Rp)	COGM (Rp)	COGS (Rp)
1	January	1,500	13,500,000	3,750,000	2,075,000	19,325,000	18,680,833
2	February	1,500	13,500,000	3,750,000	2,075,000	19,325,000	17,907,833
3	March	1,500	13,500,000	3,750,000	2,075,000	19,325,000	19,969,167
4	April	1,500	13,500,000	3,750,000	2,075,000	19,325,000	15,460,000
5	May	1,500	13,500,000	3,750,000	2,150,000	19,400,000	24,035,500
6	June	1,500	13,500,000	3,750,000	2,150,000	19,400,000	13,450,667
7	July	1,500	13,500,000	4,500,000	2,450,000	20,450,000	21,456,333
8	Agustus	1,500	13,500,000	4,500,000	2,525,000	20,525,000	17,767,833
9	September	1,500	13,500,000	4,500,000	2,525,000	20,525,000	23,261,667
10	October	1,500	13,500,000	5,250,000	2,525,000	21,275,000	20,360,833
11	November	1,500	13,500,000	5,250,000	2,525,000	21,275,000	21,984,167
12	December	1,500	13,500,000	5,250,000	2,525,000	21,275,000	21,275,000
Total			162,000,000	51,750,000	27,675,000	241,425,000	235,609,833

Source: Data UMKM Putra Bogor

Corrugated Production Pattern

If the production is carried out according to the number of products sold, COGM and COGS can be produced according to the following table

No	Months	Production Quantity (kg)	Realization (kg)	Unsold goods (kg)
1	January	1450	1450	0
2	February	1390	1390	0
3	March	1550	1550	0
4	April	1200	1200	0
5	May	1500	1500	0
6	June	1400	1400	0
7	July	1600	1600	0
8	August	1300	1300	0
9	September	1700	1700	0
10	October	1450	1450	0
11	November	1550	1550	0
12	December	1500	1500	0
Total		17590	17590	

Table 3 Data of Production Based on Sales Quantity in 2016

Source: Data UMKM Putra Bogor

Tabel 4 Calculation of COGM and COGS on the Application of Flour Production Pattern In 2016

No	Months	Production quantity (Kg)	Direct raw material (Rp)	Direct Labor (Rp)	Factory overhead Cost (Rp)	COGM (Rp)	COGS (Rp)
1	January	1450	13.050.000	3.625.000	2.005.350	18.680.350	18.680.350
2	February	1390	12.510.000	3.475.000	1.922.370	17.907.370	17.907.370
3	March	1550	13.950.000	4.650.000	2.143.650	20.743.650	20.743.650
4	April	1200	10.800.000	3.000.000	1.659.600	15.459.600	15.459.600
5	May	1500	13.500.000	3.750.000	2.149.500	19.399.500	19.399.500
6	June	1400	12.600.000	3.500.000	2.006.200	18.106.200	18.106.200
7	July	1600	14.400.000	4.800.000	2.612.800	21.812.800	21.812.800
8	August	1300	11.700.000	3.900.000	2.187.900	17.787.900	17.787.900
9	September	1700	15.300.000	5.100.000	2.861.100	23.261.100	23.261.100
10	October	1450	13.050.000	5.075.000	2.440.350	20.565.350	20.565.350
11	November	1550	13.950.000	5.425.000	2.608.650	21.983.650	21.983.650
12	December	1500	13.500.000	5.250.000	2.524.500	21.274.500	21.274.500
Total		17590	158.310.000	51.550.000	27.121.970	236.981.970	236.981.970

Source: Data UMKM Putra Bogor

Moderate Production Pattern

Calculation of COGM and COGS when using a Moderate Pattern where the number of production changes.

Table 5 Data of Production quantity of moderate production

No	Months	Production quantity (kg)	Realization (kg)	Unsold goods (Kg)
1	January	1.475	1.450	25
2	February	1.445	1.390	80
3	March	1.525	1.550	55
4	April	1.350	1.200	205
5	May	1.500	1.500	205
6	June	1.450	1.400	255
7	July	1.550	1.600	205
8	August	1.400	1.300	305
9	September	1.600	1.700	205
10	October	1.475	1.450	230
11	November	1.525	1.550	205
12	December	1.500	1.500	205
Total		17.795	17.590	

Table 6 COGM and COGS calculations on the implementation of the 2016 moderate production pattern

No	Months	Production volume (Kg)	Direct raw material (Rp)	Direct labor (Rp)	Factory overhead cost (Rp)	COGM (Rp)	COGS (Rp)
1	January	1,475	13,275,000	3,687,500	2,039,925	19,002,425	18,680,350
2	February	1,445	13,005,000	3,612,500	1,998,435	18,615,935	17,907,370
3	March	1,525	13,725,000	3,812,500	2,109,075	19,646,575	19,968,650
4	April	1,350	12,150,000	3,375,000	1,867,050	17,392,050	15,459,600
5	May	1,500	13,500,000	3,750,000	2,149,500	19,399,500	19,389,250
6	June	1,450	13,050,000	3,625,000	2,077,850	18,752,850	18,106,200
7	July	1,550	13,950,000	4,650,000	2,531,150	21,131,150	21,634,300
8	August	1,400	12,600,000	4,200,000	2,356,200	19,156,200	17,777,650
9	September	1,600	14,400,000	4,800,000	2,692,800	21,892,800	23,261,100
10	October	1,475	13,275,000	5,162,500	2,482,425	20,919,925	23,261,100
11	November	1,525	13,725,000	5,337,500	2,566,575	21,629,075	20,462,850
12	December	1,500	13,500,000	5,250,000	2,524,500	21,274,500	21,274,500
Total		17,795	160,155,000	51,262,500	27,395,485	238,812,985	237,182,920

Source: Data UMKM Putra Bogor

Table 7
Calculation of gross profit Per 2016

	Constant production pattern	Corrugated Production Pattern	Moderate production pattern
	18.000 Kg	17.590 Kg	17.795 Kg
Sales	351.800.000	351.800.000	351.800.000
Cost Of Goods Shold	235.609.833	236.981.970	237.182.920
Gross Profit	116.190.167	114.818.030	114.617.080

Implementation of the Constran pattern produces a greater advantage than the application of other patterns.

Implementation of Customer Value-Based Pricing method as a determinant of the selling price

The selling price of taro flour is Rp 20.000,00 / Kg. Home Flour Industry Rusman does not set customer value-based pricing method because there are several reasons not to use this method. In terms of products, which are sold by the Talas Rusman Flour Home Industry is taro flour which is the raw material from the production of cakes and other foods made from taro flour. In terms of competition, for the use of this method, there must be competitor products that make consumers have the option to buy other products or taro flour from the Talas Flour Rusman Home Industry. So in the customer's assessment of the price of the products produced by the Flour Industry Home Taro Rusman, there is no more difference or less difference.

Cost Plus Pricing as selling price determiner

Based on Government Regulation No. 70 of 2012, the maximum limit of mark up percentage is 15%, it can be seen COGM and COGS as follows:

Table 8
Determination of Selling Prices using the Mark Up Cost Plus Pricing Method for the Production of 1500 Kg of Taro Flour / Month

Price = ATC + m(ATC)				
Months	Average Total Cost (Rp)	Percentage of Markup (%)	Price of MarkUp (Rp)	Selling price Per Kilogram (Rp)
January	12.883	15	1.933	14.816
February	12.883	15	1.933	14.816
March	12.883	15	1.933	14.816
April	12.883	15	1.933	14.816
May	12.933	15	1.940	14.873
June	12.933	15	1.940	14.873
July	13.633	15	2.045	15.678
August	13.683	15	2.053	15.736
September	13.683	15	2.053	15.736
October	14.183	15	2.128	16.311
November	14.183	15	2.128	16.311
December	14.183	15	2.128	16.311

Return On Investment Pricing as a determiner for selling price

In this markup method, we need to identify some elements of calculation to determine the correct markup price of return on investment pricing such as variable cost, fixed cost, volume planning, investment, and ROI target.

Mark Up with the method of return on investment pricing can be calculated as follows:

$$\text{Price} = \text{IDR } 12,130 + (\text{IDR } 23,100,000) / 18,000 + (25\% (180,000,000)) / 18,000$$

$$\text{Price} = \text{Rp } 12,130 + \text{Rp } 1,283 + \text{Rp } 2,500$$

$$\text{Price} = 15.913$$

From the calculation, it is known that the price per product is Rp. 15,913.00 or around 16 thousand per kilogram with a profit of 18.6% of the cost of production. By applying the markup calculation through a different method, the following results can be seen:

Table 9 Comparison of Selling Prices Per Kilogram of Taro Flour

	Implementation of starting price	Method of Mark Up		
		A	B	C
Cost of goods sold (Rp)	13.413	13.413	13.413	13.413
Mark Up (Rp)	6.587	-	2.012	2.500
Selling price (Rp)	20.000	-	15.424	15.913

Annotation :

A = Customer Value-Based Pricing

B = Cost Plus Pricing

C = Return On Investment Pricing

Conclusion

1. Component of production cost at TTR SME is direct material cost, direct labor cost, and factory overhead cost consist of raw material cost and transportation cost. The production cost is calculated simply by the MSMEs. The TTR does not take into account the depreciation of storage warehouses and packing machines as OVH costs and price increases that occurred during 2016.
2. Application of a constant production pattern is the most advantageous in COGM and COGS calculations. The resulting gross profit is higher than the application of other patterns.
3. The application of the Cost Plus Pricing method in the Mark Up calculation will result in the lowest price, so the company can continue at a lower price than the competitors but still get a profit.

RESEARCH LIMITATION

In this research there are disadvantages associated with the completeness of data components to be processed such as components of overhead is limited only to the packaging machine and warehouse storage of finished products. For changes in prices, both direct material and direct labor tend to be stable. This condition occurs in TTR SMEs with a business production process that is still very simple and the type of product is complimentary. The calculation of production costs becomes less comprehensive because the production process is still simple and the selling price determination also becomes less representative because this product is a complementary product with a low level of consumer interest.

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7

SUB THEME RESEARCH ON ACCOUNTING

54. THE EFFECT of LEVERAGE, CAPITAL INTENSITY RATIO AND EARNINGS MANAGEMENT AGAINST CORPORATE TAX AGGRESSIVENESS
Nurhayati, Novita Indrawati and Al Azhar A
55. THE EFFECT of LIQUIDITY, PROFITABILITY, AND SOLVABILITY ON GOING CONCERN OPINION (STUDY AT MINING COMPANY LISTED IN IDX)
Dien Permata Yuvianeisha and Sylvia Fettry
56. THE EFFECT of THE COMPANY GROWTH, THE AUDIT QUALITY, THE TENURE AUDIT, AND THE OPINION AUDIT ON THE AUDIT OPINION GOING CONCERN
Tri Hadrianto Lim and Sylvia Fettry
57. THE INFLUENCES of MANAGEMENT CHANGES, FINANCIAL DISTRESS, AND REPUTATION of ACCOUNTING FIRM ON VOLUNTARY AUDITOR SWITCHING AT AGRICULTURE COMPANIES IN IDX
Veronica Anjelia Suwandi and Sylvia Fettry
58. THE IMPACT of ACCOUNTING FIRM SIZE, PREVIOUS AUDIT OPINION, AUDITOR SWITCHING AND COMPANY SIZE ON THE ISSUANCE of GOING CONCERN OPINION
Cecilia Edita Kristina and Sylvia Fettry
59. ANALYSIS of THE EFFECTS of TRADE RECEIVABLE POLICIES, FUNDING POLICIES AND INVESTMENT POLICIES ON COMPANY PROFITABILITY CASE STUDY ON PT. ASTRA INTERNATIONAL, TBK, PT. ASTRA OTOPARTS, TBK, AND PT. GAJAH TUNGGAL, TBK
M. Qoribudin and Iswandi Sukartaatmadja
60. TOTAL ASSET TURNOVER EFFECT, WORKING CAPITAL TURNOVER AND DEBT RATIO ON STOCK PRICE
Chairani Lubis, Bintang Sahala Marpaung and Annaria Magdalena Marpaung
61. FINANCIAL INFORMATION CAPABILITY IN PREDICTING CHANGES IN FUTURE PROFIT AND CASH FLOWS IN THE CONSUMER GOODS INDUSTRY MANUFACTURING COMPANY AVAILABLE ON THE INDONESIA STOCK EXCHANGE (IDX)
Dendy Supriadi and Heti Herawati

62. ANALYSIS of DETERMINANTS of STUDENT INTEREST IN INVESTING IN THE CAPITAL MARKET
Lukman Hidayat, Nusa Muktiadji and Heri Sastra
63. TAXATION TREATMENT of FIXED ASSETS ACQUISITION of TAX SAVINGS
Astrella Angela Halim dan Daniel B. De Poere
64. THE EFFECT of FINANCING QUALITY, EFFICIENCY AND OPTIMIZATION TO SHARIA BANKING PERFORMANCE
Sudradjat, Andi Yudha Amwillla dan Heri Sastra
65. EFFECT of ACCRUAL QUALITY ON EARNINGS QUALITY (CASE STUDY ON ENTERPRISES REGISTERED IN THE INDONESIAN SECURITIES EXCHANGE 2010 – 2014)
Michelle Swanly and Yayuk Nurjanah
66. INFLUENCE of INTERNAL AUDIT AND GOOD CORPORATE GOVERNANCE ON FINANCIAL PERFORMANCE of BANKING COMPANIES (EMPIRICAL STUDY ON BANKING COMPANIES REGISTERED IN THE INDONESIAN SECURITIES EXCHANGE (IDX) 2013, 2015)
Rahma Gustiani Anwar and Triandi
67. THE EFFECT of INTER-PERIOD TAX ALLOCATION BASED ON PSAK NO.46 ON THE COEFFICIENT of ACCOUNTING PROFIT RESPONSE (EMPIRICAL STUDY ON MANUFACTURING INDUSTRY FOR VARIOUS INDUSTRIES REGISTERED ON THE IDX 2012-2015)
Karen Vanesha Kuryadi and Toni Andrianto

[54]

The Effect of Leverage, Capital Intensity Ratio and Earnings Management Against Corporate Tax Aggressiveness

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Abstract. This study aims to analyze the influence of leverage, capital intensity ratio and earnings management on tax aggressiveness of manufacturing companies listed on the Indonesia Stock Exchange in 2014-2016. The company's tax aggressiveness in this study was measured using the Cash Effective Tax Rate (CETR). The population in this study is a manufacturing company listed on the Indonesia Stock Exchange (IDX) in 2014-2016, as many as 164 companies. The sampling technique used purposive sampling, and obtained 59 samples. Data analysis method in this study uses multiple linear regressions. The results of this study prove that leverage and earnings management have a positive effect on corporate tax aggressiveness while the Capital Intensity Ratio has no effect on corporate tax aggressiveness.

Keywords: Leverage, Capital Intensity Ratio, Earnings Management, Tax Aggressiveness

[55]

The Effect of Liquidity, Profitability, and Solvability on Going Concern Opinion (Study at Mining Company Listed in IDX)

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Abstract. Financial reports are published to indicate corporate management accountability to stakeholders, especially investors or shareholders. Auditor as an independent party who performs audit has an important role to to evaluating and assessing the financial report quality included the company's ability to continue its operation. Auditor must issue going concern opinion if there is a doubt on the company's future business continuity. This study discussed the assessment of company's financial condition measure using liquidity ratio, profitability ratio, and solvency ratio, and the impact of them on the issuance of going concern opinion.

If company has a bad liquidity ratio, there is a high risk of company unable to fulfill its liabilities. The higher profitability indicates the company has been effective in managing its assets. If company has a bad solvency ratio, there is a high risk of company unable to keep its business sustainability. All of financial condition measurements (liquidity, profitability, and solvency) are crucial consideration on issuance of going concern opinion.

This research used hypothetico-deductive method to examine the hypothesis. Hypothesis testing was conducted by logistic regression analysis with software of SPSS version 25 for IBM as statistical tools. Dependent variable in this research is the issuance of going concern opinion and independent variables are liquidity, profitability, and solvency.

The result of this research are liquidity have significant influence on the issuance of going concern opinion. Profitability and solvency does not has a significant influence on the issuance of going concern opinion. Based on simultaneous test, liquidity, profitability, and solvency jointly have significant influence on the issuance of going concern opinion.

Keywords: going concern opinion, liquidity, profitability, solvency.

[56]

The Effect of The Company Growth, The Audit Quality, The Tenure Audit, And The Opinion Audit on The Audit Opinion Going Concern

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Abstract. The main purpose of investment is acquiring high rate of returns. This can be achieved if the company performs well and maintains its business continuance. Furthermore, a company's business continuance can be predicted from its audit report based on whether the going concern opinion is present or not. Going concern opinion is released by the auditor to make sure that the company is able to maintain its business continuance in accordance with the going concern principle.

Going concern opinion can also be used by financial statement user as a tool to predict the chances of company going bankrupt, and thus the auditor must be responsible on his audit opinion. This research is conducted in order to obtain empirical evidence in terms of the effect of the company growth, the audit quality, tenure audit as well as the previous audit opinion on the going concern opinion.

The research was conducted on manufacturing companies listed on Indonesia Stock Exchange for the period of 2013-2017. The sample was taken using purposive sampling method. There were 22 companies as research samples. This research uses logistic regression analysis.

The analysis shows that the company growth as well as previous audit opinion have effect on going concern opinion, whereas the audit quality and tenure audit have no effect on going concern opinion. The result has been shown that previous company growth, the audit quality, tenure audit as well as audit opinion affect simultaneously the going concern opinion.

Keywords : Company growth, audit quality, tenure audit, previous year audit opinion, going concern opinion.

[57]

The Influences of Management Changes, Financial Distress, and Reputation of Accounting Firm on Voluntary Auditor Switching at Agriculture Companies in IDX

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Abstract. Producing a relevant and reliable of company financial report needs an involvement of independent third party such as public accountant or external auditor. In Indonesia, the regulation on auditor independence is stipulated by Peraturan Pemerintah No. 20 of 2015 on Public Accountant Practices. Based on this regulation, mandatory auditor switching must be made after five consecutive fiscal years. Currently, Peraturan Otoritas Jasa Keuangan No. 13/POJK.03/2017 on Public Accountant Services in Financial Services Activities states that the mandatory auditor switching must be conducted after three consecutive fiscal years.

In practice, there are many companies that make auditors switching before the predetermined period of time. This voluntary auditor switching can be caused by the motivation of the company as auditee and the auditor. This research studies three factors influence on the voluntary auditor switching namely, management changes, financial distress, and reputation of public accountant firm.

The method of this research is hypothetico-deductive method. The sample selection was done by purposive sampling technique with the sample of 15 agricultural companies listed on IDX during 2013 – 2017. This study uses binary logistic regression analysis because the dependent variable has dichotomous scale while the independent variables are in metrics and non metrics.

Based on the result of binary logistic regression analysis in this research, management change and financial distress have a significant effect on voluntary auditor switching. Meanwhile, the reputation of the accounting firm has no significant influence on the voluntary auditor switching. The simultaneous test shows that management change, financial distress, and accounting firm's reputation affect the voluntary auditor switching significantly in concurrent.

Keywords: voluntary auditor switching, management change, financial distress, reputation of accounting firm

[58]

The Impact of Accounting Firm Size, Previous Audit Opinion, Auditor Switching and Company Size on The Issuance of Going Concern Opinion

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Abstract. The financial statement is prepared in order to support stakeholders in making the right decisions. The accuracy of the financial statements is tested by external auditor. When there are doubts about the company's ability to maintain its business continuity, the auditor will give an opinion with the explanatory paragraph on going concern. Going concern opinion becomes important because it can provide an early warning to stakeholders about the company's future condition.

Larger accounting firm is more motivated to issue a going concern opinion. The previous year going concern opinion will encourage the auditor issue the same opinion in the current year. The auditor switching is done to prevent undesirable opinion such as going concern opinion. Smaller companies have higher risk of receiving going concerns opinion than larger companies. This study is testing the influence of size of accounting firm, previous audit opinion, auditor switching, and company size on going concern opinion.

The data used in this study is secondary data obtained from audited annual financial statements available at the website of Indonesia Stock Exchange. There are 61 companies in the wholesale and retail trade industry as population of this research and 42 companies selected as samples. The study period is limited from year of 2014 to 2017. Data analysis is using Microsoft Excel and SPSS software version 24.0 with binary logistic regression formula.

The results show that CPA size, auditors switching, and firm size do not have an effect on the issuance of going concern opinion. While the previous year audit opinion has an influence on the issuance of going concern opinion. The simultaneous test obtain a result that the CPA size, previous year audit opinion, auditor switching and firm size have simultaneously influence on the issuance of going concern opinion.

Keywords: Accounting firm size, previous year audit opinion, auditor switching, company size.

[59]

Analysis of The Effects of Trade Receivable Policies, Funding Policies and Investment Policies on Company Profitability Case Study on PT. Astra International, Tbk, PT. Astra Otoparts, Tbk, And PT. Gajah Tunggal, Tbk

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Abstract. The goal of any company is to maximize profitability. Profitability is use to measure how far the effectiveness of overall management in creating a profit for the company. To achieve that objective then needed a policy that made of company by effectively and efficiently. Policy which needed in company that serve the sale on credit is the policy of account receivable. Receivable management is very important for any company's daily operation. With presence of appropriate receivable management then the company can minimize the uncollectible account receivable. Funding policy is very decisive the company's capability in doing that operate activity and effect toward risk of the company itself. Furthermore investment decision is often reputed as the most important decision making of corporate financial manager to achieve the company's aim one of which is to maximize the profitability of company. So expect the composition of these policies can maximize the company's profitability.

This research is purpose to knowing the effect of account receivable policy, funding policy and investment policy towards profitability of company in automotive sector listed on Bursa Efek Indonesia year period 2005-2014. The sample of research consist of 3 automotive companies listed in Bursa Efek Indonesia and selected by purposive sampling. The research data is secondary data obtained from Indonesian Capital Market Electronic Library (ICAMEL) 2005 to 2014. The data analysis technique that used is path analysis to discern the effect of account receivable policy, funding policy and investment policy toward company's profitability.

The result of this research prove partially that account receivable policy has no significant effect on profitability, funding policy negative and significant effect on profitability, investment policy positive and significant effect on profitability of the company. Whereas simultaneously account receivable policy and funding policy have significant effect on the profitability of company, account receivable policy and investment policy have no significant effect on profitability of company, funding policy and investment policy have significant effect on profitability of company, and account receivable policy, funding policy and investment policy have significant on the profitability of company.

Keywords : Account Receivable Policy, Funding Policy, Investment Policy, Company Profitability

INTRODUCTION

RESEARCH BACKGROUND

Every company is basically established to achieve a predetermined goal. The main objective of the company according to Brigham and Houston (2009) is to maximize wealth for its shareholders or company owners (stakeholders).

One way to achieve company goals is to increase the profitability of the company. Profitability or profitability is very important for the company because it can reflect the success and performance of the company.

Not a few companies that sell their products on credit to customers. This kind of credit sales is often done by companies in order to increase the number of sales of their products in the market, given the increasing competition. Credit sales transactions like this are generally called receivables. This receivable issue becomes important when the company must assess and consider the optimal amount of receivables. Given the importance of these receivables, the company's receivables must be managed efficiently with costs incurred due to receivables.

Funding sources in the company can be obtained from the internal form of retained earnings and from external companies in the form of debt or issuance of new shares. An optimal combination in determining to fund is very important because it can increase the value of the company (Fenandar, 2012).

Capital investment is one of the main aspects of investment decisions other than determining the composition of assets. The decision to allocate capital into investment proposals must be evaluated and linked to the expected risks and outcomes (Hasnawati, 2005). According to signaling theory, investment expenditure provides a positive signal about the company's growth in the future, so that it can increase stock prices that are used as indicators of company value (Wahyudi and Pawestri, 2006).

Decisions regarding investment will directly affect the number of investment returns and the company's cash flow for the next time (Riyanto, 2008). Based on the background above, the authors are interested in raising this topic as material in scientific journal writing with the title: **“Analysis of the Effect of Trade Receivable Policies, Funding Policies, and Investment Policies on Company Profitability “ (Case Study at PT. Astra International Tbk, PT. Astra Otoparts and PT. Gajah Tunggal, Tbk).**

Problem Identification

Based on the statements above, the main problem in this study is:

1. Does the trade receivable policy affect the profitability of the company?
2. Does the funding policy affect the profitability of the company?
3. Does the investment policy affect the profitability of the company?
4. Does the trade receivable policy and funding policy affect the profitability of the company?
5. Do trade receivables and investment policies affect the profitability of the company?
6. Do funding policies and investment policies affect the profitability of the company?
7. Do trade receivables, funding policies and investment policies affect the profitability of the company?

The Objectives of the Research

This research was conducted with the intention to observe and examine the influence of ARTO, DER and TAG on the Company's Profitability, while the objectives to be achieved in this study include :

1. To determine the significance of the effect of trade receivables policy on profitability.
2. To determine the significance of the influence of investment policies on profitability.
3. To determine the significance of the influence of funding policies on profitability.
4. To determine the significance of the effect of trade receivables and funding policies on profitability.
5. To determine the significance of the effect of trade receivables and investment policies on profitability.
6. To determine the significance of the influence of funding policies and investment policies on profitability.
7. To find out the significance of the influence of trade receivable policies, funding policies and investment policies on the profitability of the company.

LITERATURE REVIEW

Account Receivables Meaning

According to Warren, et. All (2008: 404) states that what is meant by receivables is "includes all claims in the form of money against other parties, including individuals, companies or other organizations".

Receivables are also a component of current assets that are important in the economic activities of a company because they are the largest current assets of the company after cash. Receivables arise due to the sale of goods or services on credit, can also be through loans. The existence of receivables shows the occurrence of credit sales by the company as one of the company's efforts to attract consumers' buying interest to win the competition.

The receivable policy discussed in this study is seen using the accounts receivable turnover indicator or ARTO (Account receivable turnover). The amount of ARTO can be calculated using a formula :

$$\text{Account Receivable Turnover} = \frac{\text{Sales}}{\text{Account Receivable}}$$

Funding Policy

Funding policy is a decision regarding the source of funds that will be used by the company. Funding sources are divided into two, namely internal funding sources and external funding sources. To determine the optimal composition of funding which can later influence the value of the company. A manager must be able to consider the composition between the use of debt and own capital (Setiani, 2007).

According to Brigham and Houston (2011), an increase in debt is interpreted by outsiders about the company's ability to pay obligations in the future or the existence of a low business risk, it will be responded positively by the market. The proxy used to measure funding decisions is to use Debt to Equity Ratio (DER). This ratio shows a comparison between financing and funding through long-term debt with funding through equity. This ratio is usually used to measure the financial leverage of a company (Syamsyudin, 2001). DER can be calculated using the following formula:

$$\text{DER} = \frac{\text{Long-Term Debt}}{\text{Total Own Capital}}$$

Funding decisions involve several things, among others:

1. The decision regarding the determination of the source of funds needed to finance investments.
2. Determination of the best expenditure balancing or often called the optimum capital structure.

Investment Policy

The investment policy is a policy regarding investment in the present to get results or profits in the future (Setiani, 2007). The company's investment policy is very important for the survival of the company because of investment decisions regarding the funds that will be used for investment, the type of investment that will be made, the return on investment and investment risks that may arise (Martono and Agus, 2008). Investment decisions are decisions that involve the allocation of funds that come from inside or funds that come from outside the company on various forms of investment (Purnamasari et al, 2009).

Investment can reflect the company's growth in carrying out economic and business activities. Decision making regarding investment is usually difficult because it requires an assessment of the situation in the future that is not easily predictable because of uncertainty in the future (Ayuningtyas, 2013).

The results of the company's investment decisions can be seen from the company's total growth assets (TAG). This ratio can be calculated using a formula:

$$\text{TAG} = \frac{\text{Total Aset } t - \text{Total Aset } t-1}{\text{Total Aset } t-1}$$

Remarks :

TAG = Total Aset Growth

Total asset t = Total current asset in the year t

Total asset t-1 = Total current asset in the year t-1

The Meaning of Profitability

Profitability according to Sofyan Syafri Harahap (2009: 304) is describing the ability of a company to get profit through all the capabilities and resources available such as sales activities, cash, capital, number of employees, number of company branches and so on.

Profitability ratios are the ratios used to measure the overall effectiveness of the company's management, which is indicated by the amount of profits obtained by the company and expressed in percentage terms or in other words shows how the company's ability with all resources owned such as sales,

cash, capital, number of employees, and so on to generate profits during a certain period. There are several ratios commonly used in measuring the amount of profitability. In this study ROA ratio was used. ROA ratio is the ability to generate profits from the total assets owned by the company in a certain period.

The formula used in the author's research is Return on Assets (ROA). The amount of ROA is calculated in a way:

$$ROA = \frac{\text{Net Profit}}{\text{Total Asset}} \times 100 \%$$

Conceptual Thinking Framework

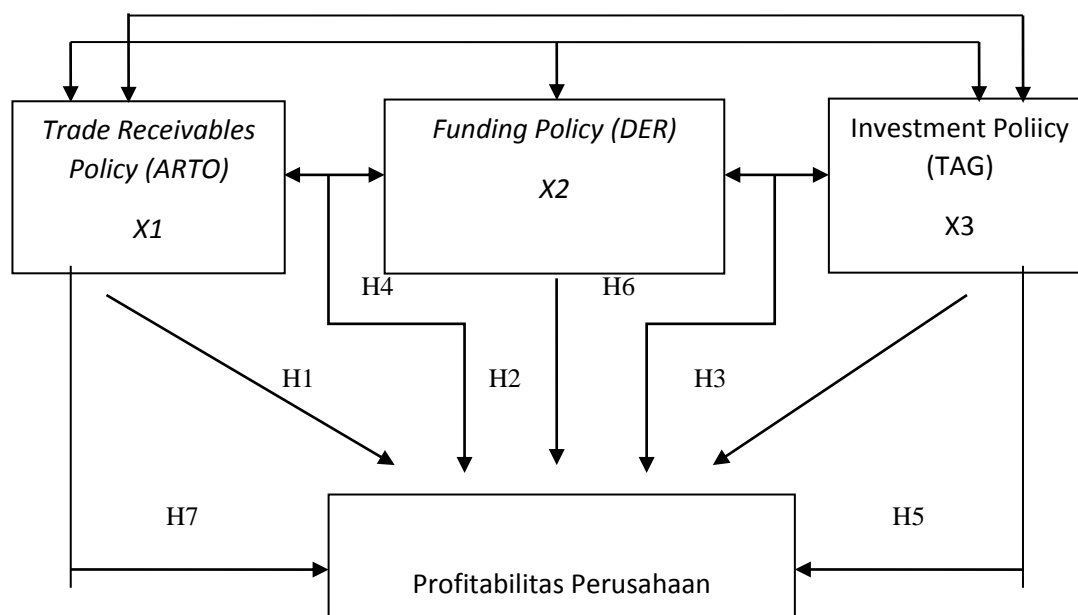


Figure 1. Conceptual Frame

Research Hypothesis

The relationship and hypothesis of each dependent variable to the independent variable, as follows:

- H1: It is suspected that the trade receivable policy has a positive effect on the company's profitability.
- H2: Suspected funding policy has a positive effect on the profitability of the company.
- H3: Allegedly the Investment policy has a positive effect on profitability
- H4: It is suspected that trade receivables and funding policies have a positive effect on the company's profitability.
- H5: Allegedly the Trade Receivables and Investment Policy policies have a positive influence on the Company's Profitability.
- H6: Allegedly the funding policy and investment policy have a positive effect on the profitability of the company.
- H7: It is suspected that trade receivables, funding policies, and investment policies have a positive effect on the profitability of the company.

RESEARCH METHODOLOGY

Operational Variable

The operationalization of the variables to be examined by the author is as follows:

1. Dependent Variable (Y)

Profitability is the company's ability to generate profits in the future and is an indicator of the success of the company's operations. In this study, the ROA ratio was used. To calculate ROA, you can use the formula below:

$$ROA = \frac{Net\ Profit}{Total\ Asset} \times 100\ %$$

2. Independent Variable (X)

In this study, which became independent variables, including:

- a. The first variable is the Trade Receivable Policy is a receivable element of working capital that is always in a state of spinning, meaning that receivables will be collected at a certain time and will rise again due to sales and so on. The formula used is:

$$Account\ Receivable\ Turnover = \frac{Sales}{Account\ Receivable}$$

- b. The second variable is the Funding Policy. Funding policy is a decision about the source of funds that will be used by the company. The proxy used to measure funding decisions is to use Debt to Equity Ratio (DER). This ratio shows a comparison between financing and financing through long-term debt with funding through equity. The calculation is as follows:

$$DER = \frac{Long-Term\ Debt}{Total\ Own\ capital\ (equity)}$$

- c. The third variable is the Investment Policy Investment policy is a policy regarding investment in the present to get results or profits in the future. The proxy used to measure investment decisions in this study is to use Total Asset Growth (TAG). This ratio is calculated by the formula:

$$TAG = \frac{Total\ Asset\ t - Total\ Asset\ t-1}{Total\ Asset\ t-1}$$

Remarks:

$TAG = Total\ Asset\ Growth$

Total asset t = Total current asset in the year t

Total asset t-1 = Total current asset in the year t-1

Type and Data Source

Data is a fact that is described through numbers, symbols, codes, and others. The type of data used in this study is the type of secondary data or external data obtained from the Indonesia Capital Market Electronics Library and official company websites on the internet.

The procedure of Data Collecting

In conducting research on the Analysis of the Effect of Trade Receivables Policy, Funding Policy and Investment Policy on Corporate Accounting, data collection techniques used to obtain the information data needed are:

1. Field Study, which is a method of writing by obtaining financial information and data from the company itself. In this study, the data and information obtained are secondary data obtained from the Stock Exchange corner of the Bogor Unity Economics College.
2. Literature Study (Library Research), which is a study of one form of research that aims to obtain secondary data by studying the literature related to the issues to be discussed.

3. Internet Browsing

It is a method of collecting data and information through the websites and websites of ICAMEL that collaborate with STIE Kesatuan Bogor because the author does not directly review the company, so the authors take data from the ICAMEL website and the authors complete the discussion of this research and analyze the company.

Analysis Method

This method of analysis is a method that is done by looking for data that can provide a clear, systematic, factual, and accurate picture relating to the variables studied. This method consists of :

1. Ratio Analysis

Ratio analysis is a combination that shows the relationship between an element with other elements in the financial statements, the relationship between the elements of the report is expressed in a simple mathematical form.

2. Descriptive Analysis

It is a study conducted by describing and explaining the variables examined by the author.

3. Statistical Analysis

Statistical analysis is research designed to determine the level of relationship between different variables in a population, researchers can find out the extent of the contribution of the dependent independent variables and the magnitude of the influence and relationship that occur.

RESULTS AND DISCUSSION

Multiple Linear Regression Analysis

Table 1 Multiple Linear Regression Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	11,745	1,974		5,951	,000		
1 Arto	,175	,201	,088	,871	,392	,904	1,107
Der	-6,542	,777	-,828	-8,418	,000	,950	1,052
Tag	3,952	1,603	,245	2,466	,021	,934	1,070

a. Dependent Variable: roa

Source: Data of SPSS, managed in 2016

Based on Table 4.17 the regression equation of the independent trade receivable policy (ARTO), Funding Policy (DER) and Investment Policy (TAG) variables on Profitability the following results are obtained:

$$ROA = 11,745 + 0,175 \text{ ARTO} - 6,542 \text{ DER} + 3,952 \text{ TAG} + e$$

The regression equation provides the following explanation:

1. The constant coefficient of 11.745 states that if the ARTO (X1), DER (X2) and TAG (X3) variables are zero, the Return on Assets (ROA) is 11.745.
2. The ARTO variable coefficient is 0.175, stating that each growth is 1 unit in the ARTO variable, it will increase the ROA value by 0.175 assuming other variables are considered constant but the effect is not too large (insignificant).
3. The DER variable coefficient is -6.542, stating that each growth is 1 unit in the DER variable, it will decrease the ROA value by -6.542 assuming other variables are considered constant.
4. The TAG variable coefficient is 3.952, stating that each growth of 1 unit in the TAG variable will increase the ROA value by 3.952 assuming other variables are considered constant.

Analysis of Correlation Coefficient and Determination Coefficient

Table 2

Test Results of Correlation Coefficient and Determination Coefficient

Summary Model						
Model	R	R Square	Adjusted Square	R	Std. The error of the Estimate	Durbin-Watson
1	,872 ^a	,761	,733		3,058584	1,397

a. Predictors: (Constant), tag, der, arto

b. Dependent Variable: roa

Source: Data SPSS, managed in 2016

Table 2 shows the R-value or correlation coefficient of 0.872, meaning that the degree of closeness of the relationship between independent variables (variables ARTO, DER, and TAG) with the dependent variable (variable ROA) is 87.2% and categorized as having a very strong level of relationship because it is in the range value of 0.80-0.99.

While the R square value or the coefficient of determination is 0.761, meaning that the contribution of the influence of the variables ARTO, DER and TAG on ROA is 76.1% and the remaining 23.9% is influenced by other variables not included in this research model..

Statistical Test t (Partial)

Based on the table below, the results of statistical tests partially on EPS variables can be seen:

Table 3

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	11,745	1,974		5,951	,000		
Arto	,175	,201	,088	,871	,392	,904	1,107
Der	-6,542	,777	-,828	-8,418	,000	,950	1,052
Tag	3,952	1,603	,245	2,466	,021	,934	1,070

a. Dependent Variable: roa

Based on the partial test, it can be seen that the sig value of the independent variable on the dependent variable is as follows:

1. Variable X1 (ARTO)

Based on the partial test, it can be seen that the sig value of the ARTO variable is $0.392 > 0.05$, so that H_0 is accepted and H_a is rejected, meaning that the ARTO variable has a positive relationship but does not significantly influence ROA.

2. Variable X2 (DER)

Based on the partial test, it can be seen that the sig value of the DER variable is $0.000 < 0.05$, so H_0 is rejected and H_a is accepted, meaning that the DER variable has a negative relationship and has a significant effect on ROA.

3. Variable X3 (TAG)

Based on testing partially, it can be seen that the sig value of the TAG variable is $0.021 < 0.05$, so H_0 is rejected and H_a is accepted, meaning that the TAG variable has a positive and significant effect on ROA.

Statistical Test F (Simultaneous)

The following is an ANOVA table, which shows the results of statistical tests simultaneously on the ARTO and DER variables on ROA, namely as follows:

Table 4

Statistical Test Table F (Simultaneous) X1 and X2 against Y
ARTO and DER against ROA

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	717,489	2	358,744	32,277	,000 ^b
	Residual	300,094	27	11,115		
	Total	1017,583	29			

a. Dependent Variable: roa

b. Predictors: (Constant), der, arto

Simultaneous testing between variables X1 (ARTO) and X2 (DER) shows that the sig value of both variables is $0.000 < 0.05$, so H_0 is rejected and H_a is accepted, meaning that the ARTO and DER variables have a significant effect on ROA. This happens because the results of the F test on this company provide information that f count is 32,277 while f table at the level of confidence α (alpha) of 5% or 0,05 is 2,975. It can be concluded that f count is greater than f table or $32,277 > 2,975$. It can be determined that the trade

receivables policy and funding policy have a significant effect on the profitability of the company because the significance value of 0,000 or 0% is below 5%.

Test Statistics (Simultaneous) ARTO and TAG on ROA

The following is an ANOVA table, which shows the results of statistical tests simultaneously on the ARTO and TAG variables on ROA, namely as follows:

Table 5
Statistical Test Table F (Simultaneous) X1 and X3 against Y
ARTO and TAG against ROA

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	111,417	2	55,708	1,660	,209 ^b
	Residual	906,166	27	33,562		
	Total	1017,583	29			

a. Dependent Variable: roa

b. Predictors: (Constant), tag, arta

Simultaneous testing between variables X1 (ARTO) and X3 (TAG), shows that the sig value of both variables is $0.209 > 0.05$, so H_0 is accepted and H_a is rejected, meaning that the ARTO and TAG variables have no significant effect on ROA. This happens because the results of the F test on this company provide information that f count is 1.660 while f table at the level of confidence α (alpha) of 5% or 0.05 is 2.975. It can be concluded that f count is smaller than f table or $1.660 < 2.975$. It can be determined that the trade receivables policy and investment policy do not have a significant effect on the profitability of the company because it obtained the significance value of 0.209 or 20.9% which is above 5%.

Statistical Test F (Simultaneous) DER and TAG on ROA

The following is an Anova table, which shows the results of simultaneous statistical tests on the DER and TAG variables on ROA, as follows:

Table 6
Statistical Test Results F (Simultaneous) X2 and X3 towards Y
ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	767,255	2	383,627	41,377	,000 ^b
	Residual	250,328	27	9,271		
	Total	1017,583	29			

a. Dependent Variable: roa

b. Predictors: (Constant), der, tag

1. Simultaneous testing between variables X2 (DER) and X3 (TAG), indicates that the variable sig value is both $0.000 < 0.05$, so H_0 is rejected and H_a is accepted, meaning that the DER and TAG variables have a significant effect on ROA. This happens because the results of the F test on this company provide information that f count is 41,377 while f table at the level of confidence α (alpha) of 5% or 0,05 is 2,975. It can be concluded that f count is greater than f table or $41,377 > 2,975$. Funding policies and investment policies can be determined to have a significant effect on the profitability of the company because of the significance value of 0,000 or 0% which is below 5%.

Statistical Test F (Simultaneous) ARTO, DER, and TAG on the Company's Profitability

The following is an Anova table, which shows the results of statistical tests simultaneously on the variables ARTO, DER, and TAG on ROA, as follows:

Table 7
Statistical Test Results F (Simultaneous) X1, X2, and X3 towards Y

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	774,355	3	258,118	27,592	,000 ^b
	Residual	243,228	26	9,355		
	Total	1017,583	29			

a. Dependent Variable: roa

b. Predictors: (Constant), tag, der, arto

Source: Data SPSS, managed in 2016

Table 4.22 above shows that the sig value in the table is 0,000 or <0.05 , so H_0 is rejected and H_a is accepted. This means that together the ARTO, DER and TAG variables have a significant effect on ROA. This happens because the results of the F test on this company provide information that f count is 27.592 while f table at the level of confidence α (alpha) of 5% or 0.05 is 2.975. It can be concluded that f count is greater than f table or $27,592 > 2,975$. It can be determined the trade receivables policy, funding policy and investment policy have a significant effect on the profitability of the company because it obtained the significance value of 0.000 or 0% which is under 5%.

CONCLUSION AND SUGGESTION

Conclusion

Results of analysis of CHAPTER IV, research and discussion carried out on trade receivables policy seen from the Account Receivable Turnover (ARTO), Funding Policy seen from the Debt To Equity Ratio (DER), Investment Policy which is seen from Total assets growth (TAG) and Profitability The company calculated with Return On Assets (ROA) at PT. Astra International, Tbk; PT. Astra Otoparts, Tbk; PT. Gajah Tunggal, Tbk. by using research data for the period 2005-2014 concluded as follows:

1. Based on the results of the study that the Accounts Receivable (X1) policy variable partially has a positive relationship and does not have a significant influence on the Company's Profitability (Y).
2. Based on the results of the study that the funding policy variable (X2) partially has a negative relationship and has a significant influence on the company's profitability (Y).
3. Based on the results of the study that the investment policy variable (X3) partially has a positive relationship and has a significant influence on stock risk (Y).
4. Based on the results of the study that trade receivable policy variables (X1) and funding policies (X2) simultaneously have a significant influence on the profitability of the company (Y).
5. Based on the results of the study that the trade receivable policy variables (X1) and investment policies (X3) simultaneously do not have a significant effect on the profitability of the company (Y).
6. Based on the results of the study that the funding policy variable (X2) and investment policy (X3) simultaneously have a significant influence on the profitability of the company (Y).
7. Based on the results of the study that the trade receivable policy variable (X1), funding policy (X2), and investment policy (X3) simultaneously have a significant influence on the company's profitability (Y).

Suggestion

In this study there are several things that become limitations in conducting research and suggestions from the authors that can be taken into consideration in future research, including those:

1. Suggestions for companies to be able to make appropriate trade receivables policies so that the company is able to increase its credit sales. able to determine the composition between funds from debt and equity (equity) and make a good funding policy so that the funds that will be used can be used efficiently in the company's operations. and able to determine the right investment policy for the company because the investment policy is bound in the long term, the costs used are quite large and determine expectations for future results. That way the company is able to increase the company's growth and can increase the profitability of the company.
2. For further research, it would be better to extend the period of research in order to have a high comparability power, increase the amount of company data used as research objects, so as to produce more accurate research, and increase the number of independent variables that affect the risk of shares.

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[60]

Total Asset Turnover Effect, Working Capital Turnover and Debt Ratio on Stock Price

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Abstract. Stocks are investment instruments that are in great demand today. Invest in shares with the expectation of obtaining higher returns from other investment objects so that the company must be able to attract potential investors.

Total Asset Turnover shows the level of efficiency of the overall use of the company's activities in generating a certain sales volume or a comparison between sales and total assets owned by the company. Capital Turnover is one of the ratios to measure or assess the effectiveness of the company's working capital during a certain period. If debt costs are smaller than equity funds, by adding debt to the balance sheet, the company can generally increase profitability, and increase its stock price.

This study was conducted to examine whether total asset turnover (TATO), working capital turnover (NWCTO) and debt ratio (DER) to stock prices (Closing Price). Research conducted on consumption sector companies listed on the Stock Exchange in 2007-2016.

This research method is carried out using samples from consumption sub-sector companies in 2007-2016. The analysis technique used is multiple regression analysis, hypothesis testing using t-statistics and f-statistics to test the regression coefficients simultaneously and partially with a significance level of 5%.

From the results of the analysis shows that the variable total asset turnover (TATO), working capital turnover (NWCTO) and debt ratio (DER) simultaneously have a significant effect on stock prices

Keywords: Total asset turnover, Capital Turnover, Debt to Equity Ratio Against Stock Price

INTRODUCTION

The capital market is one of the alternatives for investors (fund owners) in investing their funds, but investments in the form of shares are quite risky even though they have relatively greater profits. Therefore, investors need relevant information and also the right performance measurement tools, so that they can be used to determine investment choices on stock prices that have a positive return. For investors who want to invest or invest in a stock price securities of a company is very influential because investors invest in the capital market not only for the short term but for the long term to increase the expected profit and not just in terms of investors from the company side of the stock price is very influential on against continuity of the company. Alternative investment valuation consists of two basic approaches, namely technical analysis, and fundamental analysis. Technical analysis is a market analysis that focuses on the stock index, price, or other statistics in determining patterns that might predict the picture that has been made. In addition, technical analysis is an attempt to estimate stock prices by observing changes in stock prices in the past period and attempts to determine when investors must buy, sell or maintain their shares by using technical indicators or graph analysis. This analysis uses market data from stocks, such as prices and volume of stock sale transactions to determine the value of existing shares. Whereas fundamental analysis is an analysis that tries to estimate future stock prices by estimating the value of fundamental factors that affect stock prices in the future and applying the variable related to the estimated stock price. Fundamental analysis is called company analysis because it uses the company's financial data in calculating the intrinsic value of

shares. The analysis compares the intrinsic value to price market, to determine whether the stock price has reflected its intrinsic value.

Total Assets Turnover (TATO) shows the level of efficiency of the overall use of the company's activities in generating sales volume or is a comparison between sales and total assets owned by the company. The greater the asset turnover, the more effective the company manages the activity in generating sales (Sutrisno, 2009). The high and low stock prices of an industry can be caused by how much efficient use of all assets in generating *total Asset Turnover* sales. The higher the TATO ratio means the more efficient use of all assets in generating sales.

Working capital is regarded as the funds available for investment in non-current assets or non-current debt, working capital turnover can facilitate the operations of a company to obtain an optimal profit. Therefore, companies need funds to increase working capital, among others by selling shares to the public accordingly with existing financial position. If the company can generate net income continuously for the future, then a creditor can judge that the company's financial performance is good, naturally, the stock price will rise. Conversely, if the working capital turnover does not make a profit or if the company acquires money losses, can result in stock prices going down.

Debt to Equity Ratio (DER) is a balance between debt owned by a company and its own capital. The higher this ratio means less capital than its debt (Sutrisno, 2009). Debt costs are smaller than equity funds, by adding the debt into the balance sheet, the company is able to improve profitability, which may raise stock prices, thereby increasing the welfare of shareholders and building greater growth potential.

LITERATURE REVIEW

Stock price

The stock is as a sign of participation or ownership of a person or entity in a company or limited liability company, the information is in the form of a piece of paper explaining that the owner of the paper is the owner of the company that issued the securities. The amount of ownership is determined by the amount of investment invested in the company. Share prices experience changes up or down at certain times. These changes depend on the strength of demand and supply, if a stock experiences an increase in demand, then the stock price tends to rise. Conversely, if there is an increase in supply, the stock price will tend to fall.

Total Asset Turnover (TATO)

Total asset turnover (TATO) is a ratio that describes asset turnover as measured by sales volume, the greater this ratio, the better, meaning assets can spin faster and gain profit and show the more efficient use of overall assets in generating sales if TATO is increased or enlarged. TATO is important for the company, but it is important for creditors and company owners, including for company management because this shows the efficient use of all assets in the company.

Total asset turnover is a ratio used to measure the turnover of all assets owned by a company and measure how much sales are obtained from each rupiah produced.

The formula used to measure total asset turnover is:

$$\text{Total Assets Turnover} = \frac{\text{revenues (sales)}}{\text{total assets}}$$

Net Working Capital Turnover (NWCTO)

Net working-capital turnover or *net working capital turnover* ratio is one to measure or assess the effectiveness of its working capital during a certain period. This means how much working capital rotates during a period or in a period. To measure this ratio, we compare sales with working capital or with net working capital.

According to (Van Home & Wachowicz, 2009) net working-capital (NWCTO) is the difference in the value of money between current assets and long-term liabilities. From working-capital needs can be known whether the company works with high or low working capital.

The formula used to measure working capital turnover is as follows: Working-capital turnover = $\frac{\text{sales}}{\text{Net working-capital}}$

Net working capital= current assets – current debt.

From these various understandings, it can be concluded that the ratio of working capital consumption (NWCTO) is a comparison between sales with net working capital. Working capital turnover is the ratio of measuring business activities.

Debt Ratio (DER)

Debt to Equity Ratio (DER) is a group in the leverage ratio. According to (Noor Achmad, 2007) This ratio shows the composition or capital structure of total loans (debt) to the total capital owned by the company in fulfilling long-term obligations. *Debt to Equity Ratio* (DER) is the ratio between total debt and total capital. *Debt to Equity Ratio* (DER) is used to measure the level of use of debt against the total *shareholder's equity* owned by the company.

According to (Horne and Wachoviz), "Debt to equity is computed by dividing the total debt of the firm (including current liabilities) by its shareholder's equity". *Debt to Equity Ratio* (DER) can provide an overview of the capital structure that is owned by the company so that it can be seen the level of risk of not paying a debt. *Debt to Equity Ratio* (DER) shows the level of debt, companies with large debt have large debt costs as well. This is a burden for companies that can reduce investor confidence. Investors tend to avoid stocks that have a high *Debt to Equity Ratio* (DER). When there is an increase in the number of debt in absolute terms it will reduce the level of solvency of the company, which in turn will have an impact on the decrease of the return value of the company. The formula used to measure is:

$$\text{Debt to Equity Ratio} = \frac{\text{Total debt}}{\text{equity}}$$

The definition of *debt to equity ratio* according to Agnes Sawir (2008) is the ratio that describes the ratio of debt and equity in company funding and shows the ability of the company's own capital to fulfill all of its obligations.

RESEARCH METHODS

The research method used in this study can be classified into quantitative research, namely research that is widely demanded to use numbers, ranging from data collection, interpretation of data, and displaying the results. This study compares the ratio variables TATO, WCTO, and DER to stock prices.

Population and Sample

The population is an area of generalization which consists of objects/subjects that have a certain quantity and characteristics that are set to be studied and then drawn conclusions (Sugiyono, 2011). In this study, the sample used was purposive sampling method. The purposive sampling method limits the sampling that will be examined based on certain criteria. The criteria for selecting samples in this study are:

1. Companies listed on the Indonesia Stock Exchange in 2006-2016
2. Companies that have published financial statements in full in the past 10 years
3. Companies that have stable stock prices

Statistic analysis

Because the dependent variable is influenced by independent variables, this study uses statistical analysis, including:

1. Multiple Linear Regression Analysis is used to predict how large the value of the dependent variable is if the value of the independent variable is changed. According to (Sugiyono, 2010) in this analysis used multiple regression formulas as follows:

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

Where:

Y	=	Share price variable
α	=	Constants
β_1	=	Regression coefficient for TATO
X_1	=	TATO
β_2	=	Regression coefficient for NWCTO
X_2	=	NWCTO
β_3	=	Regression coefficient for DER
X_3	=	DER
e	=	Error

2. The correlation coefficient is an analysis that measures whether or not the relationship between variable X and variable Y is measured by a value. The strong relationship between the variables X and Y is measured by a value called correlation.
3. The coefficient of determination.

The coefficient of determination, in essence, it measures how far the ability of the model in explaining the variation of the dependent variable. The coefficient of determination is between zero and one.

4. Testing of the *goodness of fit model* (Test F)
This test is used to find out whether all independent variables together can affect the dependent variable (*goodness of fit model*).
5. Testing of Partial Regression (T-Test)
This test is used to determine whether each independent variable individually affects the dependent variable.

RESULTS AND DISCUSSION

Effect of Total Asset Turnover (TATO) on Stock Prices in the Consumer Sector

Based on the results of the study, it can be seen that the total asset turnover (TATO) variable has a non-significant positive effect on the Closing Price in the consumption sector (PT Ultra Jaya Milk Industry & company Tbk, PT Indofood Sukses Makmur Tbk, PT Mayora Indah Tbk) has significance value (sig) of 0.219 in the table of coefficients with a value of α (significant degree) 0.05 meaning $0.0219 > 0.05$. So that it can be stated that there is an insignificant influence between the variables of total asset turnover (TATO) to the dependent variable of the Share Price (closing price). The significance value of TATO to Share Prices is greater than the level of error that can be tolerated, so the null hypothesis is accepted and the alternative hypothesis is rejected. Thus, it can be concluded that TATO is positive but not significant in influencing stock prices. This result is not in accordance with the first research hypothesis, namely "there is a TATO influence on stock prices" so that the proposed hypothesis is not proven. This indicates that the sample that the researcher chose in this study did not succeed in showing a strong significant effect on the Total Asset Turnover (TATO) on stock prices. Although in theory TATO has an influence on stock prices, which means that if TATO rises it will be followed by an increase in the stock price itself because investors tend to be interested in companies that have high TATO, because for investors there is hope that profits will be high, if the company is able to manage assets well. However, in this case, this was not proven because investors were more likely to pay attention to other factors not examined.

Effect of Working Capital Turnover (NWCTO) on Stock Prices in the Consumption Sector

Based on the results of the study it can be seen that the Working Capital Turnover variable (NWCTO) has a significant effect on the Closing Price in the Consumption sector (PT Ultra Jaya Milk Industry & company Tbk, PT Indofood Sukses Makmur Tbk, and PT Mayora Indah Tbk) have value significance (sig) of 0.009 in the table of coefficients with a value of α (significant degree) 0.05 meaning $0.009 < 0.05$. So that it can be stated that there is a significant influence between working capital turnover variables (NWCTO) on the stock price dependent variable (closing price). NWCTO significance value of the stock price is smaller than the level of error that can be tolerated, then the null hypothesis is rejected and the alternative hypothesis is accepted. It can be concluded that NWCTO has a significant effect on stock prices. The results of this study are in accordance with the first research hypothesis, namely "there is allegedly NWCTO influence on stock prices", so the proposed hypothesis is proven.

Effect of Debt Ratio (DER) on Stock Prices in the Consumer Sector

Based on the research results, it can be seen that the Debt Ratio (DER) variable has a significant influence on the Closing Price in the Consumer sector (PT Ultra Jaya Milk Industry & company Tbk, PT Indofood Sukses Makmur Tbk and PT Mayora Indah Tbk) have significant value (sig) of 0.002 in the table of coefficients with a value of α (significant degree) 0.05 meaning $0.002 < 0.05$. So that it can be stated that there is a significant influence between the variable debt ratio (DER) to the dependent variable of the Share Price (closing price). The significance value of DER to the Share Price is smaller than the level of error that can be tolerated, so the null hypothesis is rejected and the alternative hypothesis is accepted. It can be concluded that DER has a significant effect on influencing stock prices. The results of this study are in accordance with

the first research hypothesis, namely "there is a suspected influence of DER on stock prices", so the proposed hypothesis is proven

Effect of Total Asset Turnover (TATO), Working Capital Turnover (NWCTO), and Debt Ratio (DER) on Stock Prices in the Consumer Sector

Based on the research results, it can be seen that the Total Asset Turnover (TATO), Working Capital Turnover (NWCTO) and Debt Ratio (DER) variables have a significant positive effect on the Closing Price in the Consumer sector (PT Ultra Jaya Milk Industry & company Tbk, PT Indofood Sukses Makmur Tbk, PT Mayora Indah Tbk). Based on the F test shows that the calculated F value of 6.254 is greater than the F table value of ($df_1 = 24$; $df_2 = 3$; $\alpha = 5\%$) = 3.01 and the Total Asset Turnover (TATO) variable, Net Working Capital Turnover (NWCTO), and Debt to Equity Ratio (DER) has a significant value of 0.003 against the variable share price (Closing Price) which means it is accepted H_1 and H_0 are rejected due to significant values smaller than 0.05 (sig) or $0.003 < 0.05$. So that it can be stated that TATO, NWCTO, DER simultaneously affect the stock price.

It can be concluded that TATO, WCTO, and DER simultaneously have a significant effect on stock prices. The results of this study are in accordance with the research hypothesis that is "suspected Total Asset Turnover (TATO), Working Capital Turnover (NWCTO) and Debt Ratio (DER) affect the Share Price", thus the proposed research hypothesis is proven.

CONCLUSIONS AND SUGGESTIONS

Based on the results of the research that has been done, it can be concluded as follows:

1. There is an insignificant influence between the total asset turnover (TATO) variable on the stock price dependent variable (closing price).
2. There is a significant influence between working capital turnover variables (NWCTO) on the stock price dependent variable (closing price).
3. There is a significant influence between the variable debt ratio (DER) on the dependent variable of the stock price (closing price).
4. TATO, NWCTO, DER simultaneously affect the stock price.
5. Effect of total asset turnover (TATO), working capital turnover (NWCTO), and debt ratio (DER) on the strong closing price, because the R-value is close to 1.
6. The coefficient of determination in this study is 0.439 or 43.9%, meaning that it has a moderate/sufficient influence between X_1 , X_2 , X_3 on Y that is equal to 0.439 and the rest ($100\% - 43.9\%$) = 56.1% is influenced by other variables not examined

SUGGESTION

Based on the above conclusions, there are some suggestions for the results of this study, among others:

1. For the company
 - A. It is better for companies to increase sales so that their assets do not accumulate which results in not maximizing profits, which results in investors not being interested in investing. Conversely, if the sale is done maximally, then the profit obtained will be better and will attract investors to invest.
 - B. The use of working capital must be managed as effectively as possible so that not much working capital is stored because it has a less efficient impact on companies in utilizing working capital.
 - C. The company should be wise in making a decision regarding debt, in order to finance the company's operations, both internal and external sources of funds in order to gain profits that can attract investors to invest their capital, so as to prosper the shareholders and raise stock prices
2. For the next researcher

For the next researchers, it is recommended to add more data samples with various characteristics from various sectors and use other variables that are more diverse.

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[61]

Financial Information Capability in Predicting Changes in Future Profit and Cash Flows in The Consumer Goods Industry Manufacturing Company Available on The Indonesia Stock Exchange (IDX)

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Abstract. The aim of this research is to determine the correlation of changes in earnings, changes in receivables, changes in inventories, changes in administration and sales costs, and changes in cash flows to predict earnings and future cash flows on industrial goods consumption recorded in the Indonesia Stock Exchange (BEI). The results showed that variable changes in inventories and changes in administration and sales costs have significant influence on the future earnings. While the change in earnings, changes in receivables, changes in cash flows has no significance influence on the future earnings. And the result showed that variable changes in inventories have significant influence on future cash flows. While the changes in earnings, changes in receivables, changes in administration and sales costs, and changes in cash flows has no significance on future cash flows.

Keyword : earnings, receivables, inventory, administration and sales costs, and cash flow

[62]

Analysis of Determinants of Student Interest in Investing in The Capital Market

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Abstract. Investing in the capital market has not been fully understood and in demand by various circles, especially students. This study aims to analyze the influence of motivation, knowledge of investment, minimal investment capital, and the benefits of investment on the interest in investing in students in the capital market. The study was conducted at STIE Kesatuan in June 2018 for 200 students as respondents. Data analysis was performed using the PLS approach method for structural equation modeling. The results of the analysis show that the four exogenous variables positively and significantly influence the interest in investing in students. To increase the interest in investing in students in the capital market, they need to be made aware of the knowledge and benefits of investment, the minimum investment capital should be informed and the motivation to invest is enhanced.

Keywords : Capital Market, Student, Investing, SEM-PLS

[63]

Taxation Treatment of Fixed Assets Acquisition of Tax Savings

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Abstract. Fixed Asset is an asset that has a long useful life and a fairly material value. The acquisition process of fixed assets would require consideration for the company, because the mistake in considering how to obtain fixed assets will affect the company's operational activities, especially in terms of funds. For that we need a proper plan, regarding what policies need to be taken to acquire fixed assets. The purpose of this research is to know one of the most favorable alternatives of both types of methods that can be used is leasing and cash income taxes. The research used quantitative description case study, using primary data and secondary data, primary data obtained based on observations and interviews while secondary data from corporate tax invoice data. The research was conducted at PT. X, which is a cement manufacturing company. The results prove that leasing is the most beneficial alternative method because the tax savings received by the company for this alternative are higher than those purchased with cash.

Keywords : tax saving, leasing, and cash.

[64]

The Effect of Financing Quality, Efficiency and Optimization to Sharia Banking Performance

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Abstract. Act of the Republic of Indonesia number 21 of 2008 concerning sharia (Islamic) banking states that sharia (Islamic) bank is a bank conducting business based on the sharia principles consisting of sharia (Islamic) commercial bank and sharia (Islamic) rural bank. This study aims to analyze the quality of financing, efficiency and optimization of financing to the performance of Islamic banks. The independent variables used in this study were Non-Performing Loans (NPF), Operational Costs of Operational Income (BOPO) and Financing to Deposit Ratio (FDR). While the dependent variable in this study was Net Income (NI). The object of this study were 11 Islamic banks in Indonesia. A multiple linear regression used to test hypothesis based on the secondary data obtained from financial statement publications of sharia commercial bank for five years (2013 to 2017). The results revealed that NPF and FDR have no significant effect on sharia banking performance. While BOPO has a significant negative effect at a significance level of 10%.

Keyword : Sharia Bank, Performance, Financing Quality, Efficiency, Financing Optimizing

[65]

Effect of Accrual Quality on Earnings Quality (Case Study on Enterprises Registered in The Indonesian Securities Exchange 2010 – 2014)

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Abstract. In accounting economics we know about the Accrual Basis that regulates all records of each transaction both cash and non-cash, and in the Akrua recording itself there are two (2) influencing factors, namely Innate Accrual and Discretionary Accrual. In accrual recording in a company is very influential in determining the quality of earnings that can be obtained. By presenting the data, we can see how far the recording affects the profit of a company in its recording. The purpose of this research is to find out whether each company records accruals correctly or vice versa. The author conducts research using the financial statements of manufacturing companies in the industrial sector listed on the Indonesia Stock Exchange with a span of five (5) years, from 2010 - 2014. The results of the study regarding the effect of accrual quality on earnings quality state that accrual quality, both discretionary and innate indeed affects the earnings quality of a company. Therefore, the company's management policy also determines both the quality of accruals and the quality of the company's earnings. Companies with low accruals show good earnings quality because management's actions that report smaller profits are a form of conservative accounting application.

Keywords: accrual quality, discretionary accrual, innate accrual, profit quality

[66]

Influence of Internal Audit and Good Corporate Governance on Financial Performance of Banking Companies (Empirical Study on Banking Companies Registered in The Indonesian Securities Exchange (IDX) 2013, 2015)

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Abstract. The financial performance of the company is a description of the financial condition of a company in a certain period. For the company, improving financial performance is a must so that the company's shares remain attractive to investors. The financial statements published by the company are a reflection of the company's financial performance. The financial performance of a company can produce a financial information which can be used by users for investment decision making. This study uses secondary data, hence called secondary data analysis. The secondary data is using data already available in government agencies or using data obtained from the internet www.idx.com, www.sahamok.com. The sample is 111 companies for three years (2013-2015) taken by purposive sampling. The research variables consist of dependent variable that is internal audit and good corporate governance and independent variable that is financial performance. Data analysis used in this research is multiple regression analysis. Hypothesis shows the result that internal audit variable and good corporate governance have simultaneous effect to financial performance of banking company listed in BEI year 2013 until 2015. Internal audit variable has influence value equal to 20,4% and good corporate governance variable have influence value equal to 8,1 %. While the results of the influence of internal audit variables and good corporate governance together have an influence value of 28.5%. In that case the internal audit variable and good corporate governance have a very strong influence on the financial performance of banking companies.

Keywords : internal audit, good corporate governance, corporate banking financial performance

[67]

The Effect of Inter-Period Tax Allocation Based on PSAK No.46 on The Coefficient of Accounting Profit Response (Empirical Study on Manufacturing Industry for Various Industries Registered on The IDX 2012-2015)

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Abstract. The purpose of this research are: 1. To obtain empirical evidence of the presence or absence of changes in stock prices in the periods before and after PSAK No.46 (2014) in the Manufacturing Company of Miscellaneous Industries Sector. 2. To obtain empirical evidence concerning the influence of tax allocations between periods under PSAK No.46 (2014) on the accounting Earnings Response Coefficient(ERC) in Manufacturing Companies of Miscellaneous Industries Sector. 3. To obtain empirical evidence on the accounting Earnings Response Coefficient (ERC) in companies reporting deferred income tax differed from companies reporting deferred tax expense in the income statement of Miscellaneous Industries Sector Manufacturing Companies listed in Indonesia Stock Exchange (IDX) During the period from 2012 to 2015. The sample used is manufacturing of miscellaneous industry sector listed on BEI during period of 2012-2015. Variable used in this research is tax allocation between periods calculated by looking at the amount of income or deferred tax expense and divided by profit before income tax, and use control variable that is growth of accountancy profit, capital structure, and firm scale. The data used is the financial statements of companies published by the website www.idx.co.id. Data collection method used is purposive sampling method, that is sample determination technique with certain consideration, which yield 13 companies during four years of observation. And the statistic method used is multiple linear regression using SPSS program and performed classical assumption test is done first. The results of the study stated that: 1. Changes in stock prices in the period after PSAK No.46 (2014) are equal to the period before PSAK No.46 (2014). 2. Inter Period Tax Allocation between periods under PSAK No.46 (2014) has no effect on accounting earnings response coefficient (ERC). 3. The accounting earnings response coefficient (ERC) in firms that report deferred income taxes is not different from firms that report deferred income tax expense in the statements of income.

Keywords : earnings response coefficient or erc, inter-period tax allocation, deferred tax income, deferred tax expense, deferred tax assets, deferred tax liability.

8

SUB THEME RESEARCH ON MANAGEMENT

68. FUNDAMENTAL AND MACROECONOMIC ANALYSIS ON STOCK PRICE (STUDY AT PT TAMBANG BATUBARA BUKIT ASAM, TBK.)
Jan Horas Veryady Purba
69. THE EFFECT of OCCUPATIONAL SAFETY HEALTH MANAGEMENT (OSH) AND ORGANIZATIONAL CULTURE ON EMPLOYEE PERFORMANCE IN OIL AND GAS MINING. SURVEY ON PT CALTEX, PEKAN BARU
Daswir Lelo and Jan Horas V Purba
70. THE INFLUENCE of REGIONAL TAX REVENUE, REGIONAL RETRIBUTION AND RESULTS of MANAGEMENT of REGIONAL WEALTH SEPARATED ON LOCAL GOVERNMENT REVENUE (PAD) of BOGOR REGENCY GOVERNMENT
Gifani Suci Pratiwi and Sudradjat
71. IMPACT of THE IMPLEMENTATION of A ONE-WAY SYSTEM TO THE LEVEL ATTACHMENT AT THE SALAK THE HERITAGE HOTEL
Windi Nur Auwaliah and Bambang Hengky Rainanto
72. IDENTIFYING THE CAUSES WHY SOME of THE HOUSEHOLDS IN BOGOR HAVE NOT YET UTILIZED THE SERVICE of THE TIRTA PAKUAN WATER COMPANY (PDAM) of BOGOR
Andi Yudha Amwila and Sudradjat
73. INFLUENCE of FLOWER SERVICE, SERVICE VALUE AND CUSTOMER SATISFACTION TO CUSTOMER LOYALTY (CASE STUDY AT BMC HOSPITAL BOGOR)
Rafika Hardini and Sulistiono
74. INFLUENCE of CELEBRITY ENDORSER, ATTRACTIVENESS AND PACKAGING IMPRESSIONS ON INTEREST IN WATCHING PESBUKERS ANT TV
Kharisma Aprilian and Adil Fadillah

75. THE INFLUENCE of BRAND EQUITY ELEMENTS ON PURCHASE DECISION AND ITS IMPLICATION ON CUSTOMER LOYALTY
Lingga Binangkitsari and Sulistiono
76. FACTORS THAT INFLUENCE SMALL BUSINESS PERFORMANCE IN ONE-WAY TRAFFIC SYSTEM AREA
Dyah Ayu Paramita and Adil Fadillah
77. INTEREST ANALYSIS ON SEKOLAH TINGGI ILMU EKONOMI KESATUAN BOGOR STUDENTS WITH MOTIVATION APPROACH, PERSONALITY AND ENTREPRENEURIAL CHARACTERISTICS
Anna Setiana and Ani Mekaniwati
78. STRATEGY FOR IMPROVING PERFORMANCE AND COMPETITIVE ADVANTAGES of EXPORT-BASED SHOE MSME IN BOGOR IN THE FREE TRADE COMPETITION
Gen Gen Gendalasari and Triandi
79. ANALYSIS of LONG-TERM FINANCIAL MANAGEMENT POLICY CASE STUDY PT SIERAD PRODUCE TBK
Juan Nugroho and Jan Horas Veryady Purba
80. THE INFLUENCE of FUNDING POLICY, SALES LEVEL, AND RETURN ON EQUITY TO THE GROWTH of COMPANIES
Pertiwi Tan and Annaria Magdalena Marpaung

[68]

Fundamental and Macroeconomic Analysis on Stock Price (Study At PT Tambang Batubara Bukit Asam, Tbk.)

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Abstract. The purpose of this research is to analyze the influence of fundamentals and macroeconomics on stock prices. The research was conducted at PT Tambang Batubara Bukit Asam, Tbk. Multiple linear regression method is used in parameter estimation method. The findings of this study show: (a) the results of fundamental analysis which includes the ratio of debt to equity (DER), return on assets (ROA) has a positive influence on stock prices, while earnings per share (EPS) and total assets turnover (TATO) have a negative influence on stock prices; (b) While in terms of macroeconomics, inflation has a positive effect on stock prices and the exchange rate has a negative effect on stock prices.

Keywords: fundamental analysis, macroeconomics, stock prices

[69]

The Effect of Occupational Safety Health Management (OSH) and Organizational Culture on Employee Performance in Oil and Gas Mining. Survey on PT Caltex, Pekanbaru

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Abstract. The goal of this research is to analyze safety management in Indonesia and learn from The Case of PT Caltex, Riau. Safety management is an important thing, especially to achieve the zero accident level. Safety management and organizational culture are used as independent variables and attempt to measure their effect on workers' performance. The survey method is used with the total sample of 86 workers. The estimation model is a simple regression and multiple regression. The influence of safety management (X_1) toward the level of workers performance (Y) was positive, which means the worker's performance will be better due to the improvement of safety management. Statistical method or t-test is used to determine the effect of independent variables toward dependent variable (workers' performance). The influence of organizational culture (X_2) toward the level of workers performance (Y) has a positive effect with a coefficient of regression 0.711 and coefficient of determination 85 %. The influence of safety management (X_1) and organizational culture (X_2) toward the level of workers performance (Y) has a positive effect simultaneously with a coefficient of correlation 0.947 and coefficient determination 89,7 %. The test of hypothesis showed that the parameter regression had a significant effect, and all the research hypotheses are accepted. The findings in this research give important things, to improve the management aspect and create a conducive organizational culture.

Keywords: safety management, organizational culture, and worker's performance

1. Introduction

Occupational health and safety management aims to overcome all possible risks of undesirable events in running an organization or company. The height of a risk depends on how big the potential event is and how big the impact is. Risks can be positive (beneficial) and can be negative (detrimental). In the aspect of occupational health and safety the risk is usually negative such as injury, damage, or operational disruption. Negative risks like this must be avoided or minimized.

Occupational health and safety placement is in a very decisive position in the work process. Medium and large companies will first conduct an evaluation in the process of a job that will be carried out by the contractor. An examination carried out is work safety management or more commonly called CSMS (Contractor Safety Management System). If the assessor's score does not meet the standards that have been set, the company will automatically lose or not pass and is not allowed to follow the next process. This assessment needs to be done to determine the extent to which the company has a commitment to workplace safety. Organizations or companies that do not have a good safety management system will have a bad impact both internally and on external companies.

In the implementation of occupational health and safety management, high management commitment and sportsmanship are needed. The implementation must be encouraged by staff or employees who truly inspire

occupational safety health and are able to cooperate well with all employees accompanied by mutual awareness and a high sense of belonging and understanding of safety. If Management is not committed to carrying out work safety programs, it can be predicted that future results will not be in line with what is targeted. Occupational health safety management is not a product of an organization/company that can be traded and traded on the market, but the result of a work health management that can determine the production price of an organization/company in the market. Good occupational health and safety will not bring profit to the organization/company at the same time, but it takes a long process and time and will bring long-term benefits.

Production can be stopped if it does not meet safety requirements, production will not be good if safety is poor, employee motivation will drop if safety is not guaranteed, market prices of products will be destroyed if safety is destroyed, production costs will be high due to many non-existent costs unexpectedly, there are frequent interruptions in production and many other things that happen outside of those already programmed as a result of a bad work safety management system.

Every year, thousands of accidents occur in workplaces that cause casualties, material damage, and production disruptions. In 2007, according to Jamsostek (Indonesian Social Security), there were 83,714 accidents resulting in 1,855 deaths, 6,810 permanent disabilities and 75,049 injured. (This data does not include material loss, medical expenses, and compensation). Material losses due to accidents are also large such as damage to production facilities, medical expenses, and compensation. During 2007 accident compensation issued by Jamsostek reached IDR 165.95 billion. Other material losses are much greater.

Material losses due to accidents are also large such as damage to production facilities, medical expenses, and compensation. During 2007 accident compensation issued by Jamsostek reached IDR 165.95 billion. Other material losses are much greater.

The results of the World Economic Forum survey linked competitiveness with accident rates. Competitiveness of a country turns out to be related to the level of safety. Countries with low competitiveness also have a low level of safety. Indonesia's competitiveness index is at the third level from below above Zimbabwe and Russia with a value below 3.5 and an accidental death index of 17-18 per 100,000 workers. In the first place is Finland with a competitiveness index 6 and an accident mortality index below 1 per 100,000 workers. Malaysia has a competitiveness index of 5 with an accidental death index of around 11 per 100,000 workers. This condition is caused by a lack of awareness and understanding of business people in Indonesia about the importance of OHS aspects as an element to improve competitiveness.

Today the aspect of OHS has become a global issue that affects trade and goods between countries. The issue of OSH is one of the non-tariff barriers in the world trade system in addition to environmental issues, clean products, human rights, child labor, and wages. This has happened around the flight with the ban on Indonesian airlines entering the European Union because their safety standards are deemed not to meet the requirements.

Wieke Yuni Christina, et al. (2008), mentioned the importance of organizational culture and the commitment of cooperate leaders in the implementation of OSH. In addition, Robbins (2008) states firmly the relationship between organizational culture and work productivity, where organizational culture has a very strategic role to encourage and improve the effectiveness of organizational performance, especially management performance, and economic performance, both in the short and long term. this supports the existence of an organizational culture to build awareness and cooperation from all parties to support the implementation of OSH. This awareness emphasizes that the application of OSH is the basic right of protection for workers. Every worker must get protection from the risk of workplace accidents and occupational diseases that can occur. With maximum work protection, it is certain that it will affect the calmness of work, productivity, and the improvement of the welfare of the workforce. Heru Setiawan (2008) saw together the importance of Management Commitment to the implementation of OSH and the support of

organizational culture to increase work productivity. Based on the description above, this study wants to explore the role of OHS implementation and organizational culture to increase work productivity.

2. Research purposes

The purpose of this study was to analyze:

1. Does OHS management partially affect employee performance?
2. Does the organizational culture partially affect employee performance?
3. Do OHS management and organizational culture jointly affect employee performance?

3. Literature Review

3.1 Employee performance

Performance is one of the important concepts in the company's operations, to obtain the desired work productivity. The importance of this performance concept is developing rapidly along with the era of globalization that emphasizes efficiency and enhances the competitiveness of companies performance is closely related to the results of work (output). Gibson, Ivancevich, Donnely, and Konopske (2006), state that performance is the result of work related to organizational goals, namely those that have value for the organization and individuals. As for the supporting factors of the definition area) quality, b) efficiency and c) effectiveness.

Rue and Byars (2007), stated: "Performance refers to how well employees are fulfilling the requirements of the job". This means that performance refers to how well an employee meets the requirements of a job that refers to a combination of three factors, namely: a) Efforts (effort), refers to how hard someone works, b) ability (ability), related to one's ability, and c) direction, refers to how well someone understands what is expected from work. Psychologically, the ability of employees consists of the ability of potential IQ and reality ability (education). While Spector (2008) stated, "Job performance is the result of individual employees that perform their jobs at some reasonable level of proficiency". Performance is influenced by several factors, namely: a) the ability (ability) of an individual to a job, b) motivation (motivation) that is directing the behavior of workers, c) Organizational constraints or constraints (Organizational constraints) contained in the company. Colquitt, Lepine, and Wesson (2009), "Job performance is the value of the set of employee behaviors that contribute, either positively or negatively, to organizational goal accomplishment, where performance is the value of the contribution of employees' behaviors, both positively. or negative, for the achievement of organizational goals. The above statement assumes the factors contained in the performance, including a) task performance (Task performance), b) citizenship behavior (Citizenship behavior), c) counterproductive behavior (counterproductive behavior).

Veithzal Rivai and Ahmad Fawzi Mohd. Basri (2005) states that performance is the outcome or success rate of a person throughout a certain period in carrying out a task compared to various possibilities, such as work standards, targets or targets or criteria that have been determined in advance and mutually agreed upon. Some of the factors contained in this performance lead to a) effectiveness, b) during a certain period, c) standards of work that have been mutually agreed upon. While Marwansyah (2010) states performance as an achievement/achievement of a person with regard to the tasks that are charged to him. Performance can also be seen as a combination of work (what must be achieved by someone) and competence (how one achieves it). This implied three factors in it, namely: a) one's performance, b) work results, c) competence.

Based on the description of the performance theories of the experts it can be concluded that the performance of employees is the work of employees to fulfill job requirements and the achievement of organizational goals. Synthesis of employee performance produces indicators of employee performance, namely: a) quality, b) quantity, c) efficiency, d) effectiveness, e) standard time. Regarding the quality of work, it can be seen from the standard of performance achievement to achieve zero accident and maintenance tools and facilities used.

3.2 Occupational Health and Safety (OHS)

According to Frank Bird, *an accident is undesired event that results in physical harm to a person or damage to property. It is usually the result of a contact with a source of energy (kinetic, electrical, chemical, thermal, etc)*". In the process of occurrence of accidents related to 4 (four) elements of

production, namely People, Equipment, Materials, Environment (PEME) that interact with each other and together produce a product or service. Accidents occur in the process of interaction that is when there is contact between humans with the tools, materials, and environment in which they are located. Accidents can occur due to poor or dangerous equipment or material conditions. Accidents can also be triggered by unsafe working environment conditions such as ventilation, lighting, noise, or unsafe temperatures beyond the threshold. In addition, accidents can also be sourced from humans who carry out activities at work and handle tools or materials.

Today many accident concepts have been developed by OSH experts such as Henry, Frank Birds, James Reason, Petersen, and others. They put forward various accident theories ranging from human factors, management, systems, and behavior. According to Frank Bird, accidents occur due to contact with an energy source such as mechanical, chemical, kinetic, physical that can cause injury to humans, tools, or the environment. This theory was developed, among others, by Derek Viner (1998) called the Concept of Energy.

In this concept, accidents occur due to the energy released from the barrier reaching the recipient (recipient). If insulation is damaged or peeled off, electrical energy can affect the human body or other objects that cause injury or fire. The grinding machine will emit various types of energy such as kinetic energy, mechanical, electrical, sound, and vibration. Heavy objects that fall from a height will cause kinetic energy according to their weight and height. Injury or damage occurs due to contact with energy that exceeds the resilience or threshold of the recipient's ability. The amount of severity of damage depends on the amount of energy received. Objects that fall from a height can cause serious damage or injury to the recipient. However, contact with energy does not just happen, but there is always a cause, for example, because the safety is not installed, the cable is not qualified or peeled, workers do not use gloves or because they work with electrical equipment that is still energized. The cause of this accident was stated by H.W. Heinrich (1930) with his dominion theory which classifies unsafe act and unsafe condition, which is a condition in the work environment of a tool, material or environment that is unsafe and dangerous.

The theory was then developed by Frank Bird which classifies the cause directly (immediate causes) and basic causes. Direct causes of accidents are triggers that directly cause accidents, such as slipping due to oil spills on the floor. The basic cause is a factor that contributes to the incident, for example in the case of a slip, there is a leak or spill of material, poor lighting conditions, rush or lack of supervision in the work environment. Because direct is just a symptom that something is not good in the organization that encourages the occurrence of unsafe conditions. Therefore, in the concept of accident prevention, direct causes must be evaluated more deeply to find out the basic factors that contribute to the occurrence of accidents.

In addition to human factors, there are other factors, namely the inequality of the management system such as planning, supervision, implementation, monitoring, and coaching. Thus the cause of the accident is not always single but multi-causal so the handling must be planned and comprehensive which encourages the birth of the concept of occupational safety and health management system.

3.3 Organizational Culture

Organizational culture is related to how employees understand the cultural characteristics of an organization and is not related to whether or not employees like those characteristics. Organizational culture is a descriptive attitude, not like evaluative job satisfaction. According to Robbins et al., (2008) research on organizational culture seeks to measure how employees perceive their organization: does it encourage teamwork ? does it value innovation? On the contrary, job satisfaction seeks to measure effective responses to the work environment, such as how employees perceive organizational expectations, reward practices, etc.

Meyerson (1987) states that organizational culture represents a common perception of members of the organization or in other words, culture is a system of shared meanings. Therefore, the hope that is built from here is that individuals who have different backgrounds or are not at the same level in the organization will understand the organizational culture with a similar understanding. While Yulk stated, most organizations

have a dominant culture and many sub-cultures. A dominant culture reveals the core values shared by the majority of members of the organization. When talking about the culture of an organization, it refers to its dominant culture, so this is a macro view of culture that gives its own personality in the organization.

Roberts (2005) divides organizational culture over sub-culture, where sub-cultures tend to develop in large organizations to reflect the same problems, situations, or experiences faced by members. Sub-culture includes core values of dominant culture plus values unique addition. If the organization does not have a dominant culture and is only composed of many sub-cultures, the value of organizational culture as an independent variable will be significantly reduced because there will be no uniform interpretation of what constitutes proper behavior and improper behavior.

This aspect of the shared meaning of culture makes it a potential tool to guide and shape behavior. That is what allows one to say, for example, that Microsoft culture values aggressiveness and risk-taking and then uses that information to better understand the behavior of Microsoft executives and employees. But, the reality that cannot be ignored is that many organizations also have various sub-cultures that can influence the behavior of its members.

Culture has a number of functions in the organization, namely :

- 1) Limit. Culture acts as a determinant of boundaries; that is, culture creates differences or makes an organization unique and distinguishes it from other organizations.
- 2) Identity. Culture contains a sense of identity of an organization.
- 3) Commitment. Culture facilitates the birth of commitment to something greater than individual interests.
- 4) Stability. Culture increases the stability of the social system because culture is a social glue that helps unite organizations by providing standards about what employees should say and do.

A form of attitude and behavior. Culture acts as a sense-making mechanism and controls that guide and shape employee attitudes and behavior.

4. Methodology

The research was conducted by conducting a survey on PT Caltex, Riau, a large company in oil and gas mining. The research will be conducted using explanatory surveys through questionnaires to 86 employees who are directly dealing with worker safety in their work. The estimation method used is simple regression and multiple regression, where the independent variable is OHS management and organizational culture, while the dependent variable is the employee performance variable.

5. Results And Discussion

5.1 Effect of Occupational Health and Safety Management (X1) on Employee Performance (Y)

The results of the regression calculation of OHS Management influence on employee performance (Y) is stated in the table below.

Table 1 The influence of X1 on Y
Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	39.172	3.041		12.881	.000
Work safety	.638	.026	.938	24.698	.000

a. Dependent Variable: Employee performance

The above processing results can be expressed in the form of equations:

$$\hat{Y} = 39,172 + 0,638 X_1$$

Where :

Y = Employee performance

X₁ = OHS management

OHS management has a positive effect on employee performance. If OHS management is better and one unit increases, the employee performance will increase by 0.638 units of the score. This shows that OHS

management is very necessary to improve employee performance, especially in overcoming the risk of accidents that can result in vital.

The influence of OHS Management on employee performance can also be stated in the graph below.

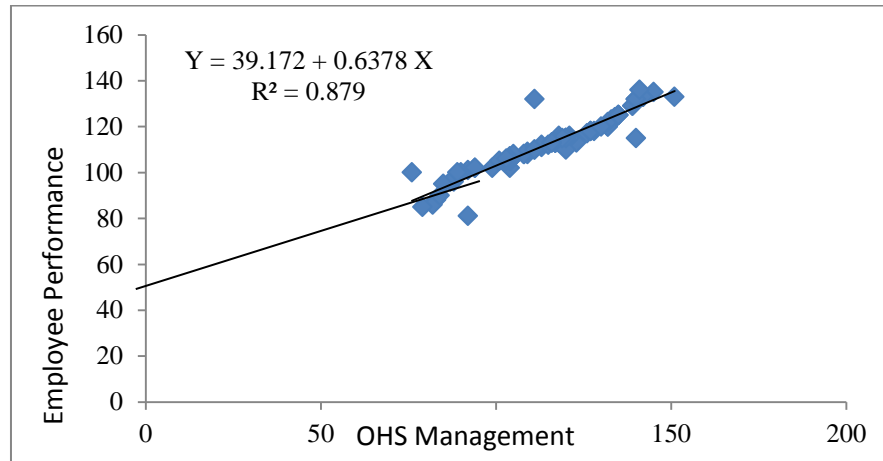


Figure 1.
Effect of OHS Management on Employee Performance

The Determination Coefficient (R^2) is 0.879, meaning that 87.9 percent of Y diversity can be explained by the OSH Management variable. This also shows, there is 12.1 percent of the influence of other factors not examined in the model.

Hypothesis testing is done by comparing the value of t count with t table. The value of t-count effect of X_1 on Y is 24,698, while the value of t-table at alpha 5% and degree of freedom 84 or (n-2) is 1,9886. Thus, because t-count is greater than t-table, the research hypothesis which states "there is an influence of OHS management on employee performance" is acceptable, that is, OHS management has a significant influence on employee performance.

5.2. Organizational Culture Influence (X_2) on Employee Performance (Y)

The results of the regression calculation of the influence of organizational culture on employee performance (Y) are stated in the table below.

Table 2. Effect of X_2 on Y

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	50.310	2.941		17.107	.000
Organizational culture	.711	.033	.922	21.791	.000

a. Dependent Variable: Employee performance

The above processing results can be expressed in the form of equations:

$$\hat{Y} = 50,310 + 0,711 X_2$$

Where : Y = Employee performance

X_2 = Organizational culture

The influence of organizational culture on employee performance can also be stated in the graph below.

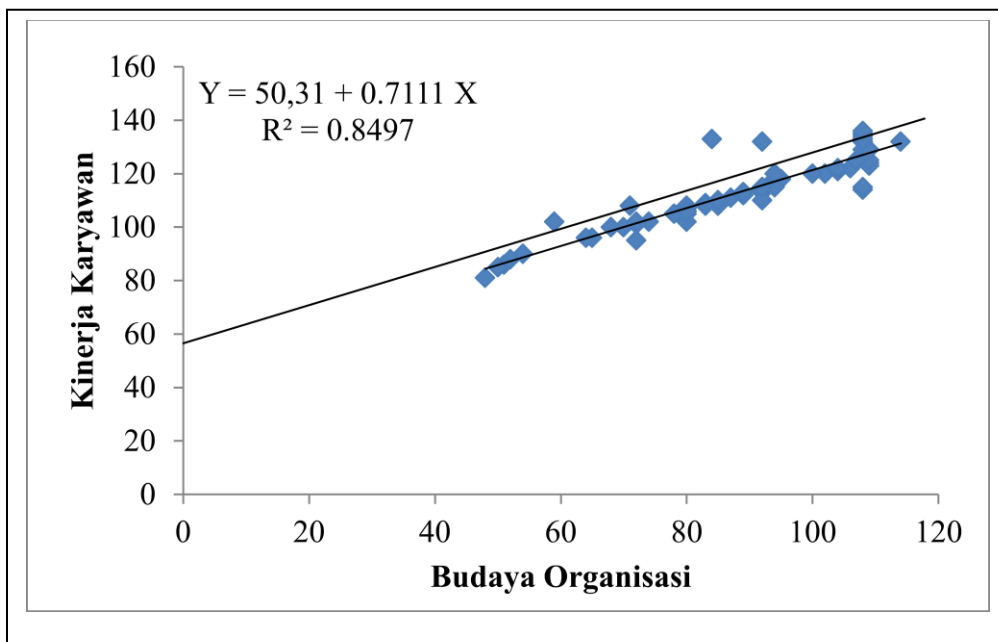


Figure 2. Influence of Organizational Culture on Employee Performance

Organizational culture has a positive effect on employee performance. If the organizational culture is increasingly enhanced by 1 one unit score, then the performance of employees will increase by 0.711 unit score. This shows that organizational culture plays an important role in improving employee performance at the location of this study, namely the company PT Caltex - Riau.

The coefficient of determination (R^2) is 0.8497, meaning that 84.97 percent of Y diversity can be explained by organizational culture variables. In addition, there are also epsilon factors or the influence of other variables not examined in the model of 15.03 percent.

By comparing the value of t arithmetic with t table, the t-calculated value of the influence of X_2 on Y is 21.791, while the t-table value at alpha 5% and the free degree of 84 or (n-2) are 1.9886. Thus, because t-count is greater than t-table, the research hypothesis which states "there is an influence of organizational culture on employee performance" is acceptable, meaning that organizational culture has a significant influence on employee performance.

5.3. Influence of OHS Management and Organizational Culture (X_2) on Employee Performance (Y)

The results of multiple regression calculations of OHS management influence and organizational culture together on employee performance (Y) are stated in the table below.

Table 3. The influence of X_1 and X_2 on Y

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	41.091	2.862		14.360	.000
Work safety	.404	.065	.594	6.203	.000
Organizational culture	.285	.074	.369	3.851	.000

a. Dependent Variable: Employee performance

The above processing results can be expressed in the form of equations:

$$\hat{Y} = 41,091 + 0,404 X_1 + 0,285 X_2$$

Where :

- Y = Employee performance
 X_1 = OHS management
 X_2 = Organizational culture

The Determination Coefficient (R^2) is 0.947, meaning that 94.7 percent of Y diversity can be explained by management variables and organizational culture together. In addition, there are also epsilon factors or the influence of other variables not examined in the model of 5.3 percent.

6. Research Hypothesis Testing

The hypothesis proposed in this study are:

1. There is an influence of OHS Management on employee performance.
2. There is an influence of organizational culture on employee performance.
3. There is the influence of OSH Management and organizational culture together on employee performance.

Based on the above description, the research hypothesis testing can be stated concisely as shown in the following table.

Table 4. Research Hypothesis Testing

Hypothesis	Influence	t count	t table		Decision
			$\alpha = 5\%$	$\alpha = 1\%$	
H1	X_1 on Y	24.698	1.9886	2.6356	Ha: accepted
H2	X_2 on Y	21.791	1.9886	2.6356	Ha: accepted
H3	X_1 and X_2 on Y	6.203 3.851	1.9886	2.6356	Ha: accepted

By comparing the value of t arithmetic with t table, the t-calculated value of the influence of X_1 on Y is 6.203, the t-count value of the influence of X_2 on Y is 3.851, while the t-table value at alpha is 5% and the degree of freedom is 84 or (n-2) is 1.9886, and the t-table value at 1% alpha is 2.6342. Thus, because t-count is greater than t-table, both at 5% and 1% alpha, then the research hypothesis which states "there is an influence of OHS management and organizational culture together on employee performance" is acceptable, meaning, management and organizational culture together have a significant influence on employee performance. From the description of the table above, it can be stated that the research hypothesis 1 (H1), research 2 (H2) and research 3 (H3) can be accepted.

7. Conclusions

Based on the results of research and discussion on the effect of OSH management variables and organizational culture on employee performance, the following conclusions can be drawn:

1. There is a positive influence on OSH Management on employee performance. OHS management has a significant positive influence on employee performance. The strength of this influence is shown by the correlation coefficient of $r_{y.1} = 0.938$ at the significance level $\alpha = 0.01$, with the regression equation $\hat{Y} = 39.172 + 0.638 X_1$. The coefficient of determination $R^2 = 0.879$, this means that the OSH Management factor contributes 87.9% to employee performance. Research hypothesis 1 (H1) is acceptable which shows that OHS management has a significant influence on employee performance.
2. There is a positive influence on organizational culture on employee performance. The strength of this influence is shown by the correlation coefficient of $r_{y.1} = 0.922$ at the significance level $\alpha = 0.01$, with the regression equation $\hat{Y} = 50.310 + 0.711 X_1$. The coefficient of determination $R^2 = 0.850$, this means that organizational culture contributes 85% to employee performance. Research hypothesis 2 (H2) can be accepted which shows that organizational culture has a significant influence on employee performance.

3. There is a positive influence between OSH management and organizational culture together on employee performance. OHS management and organizational culture together have a positive influence on employee performance. The strength of this influence is shown by the multiple correlation coefficient of $r_{y.12} = 0.947$ with a significance level of $\alpha = 0.01$ with multiple regression equations $\hat{Y} = 41.091 + 0.404 X_1 + 0.285 X_2$. The coefficient of determination (R^2) is equal to $= 0.897$, this means that OHS management and organizational culture contribute 89.7% to employee performance.

Based on the theories put forward by experts, it can be concluded that this research can be a reference, that OHS management and organizational culture have a positive influence on improving employee performance, especially in oil and gas mining companies that are full of risk. An increase in both of these variables can prevent the occurrence of risk to the lowest point (zero accident).

Implications and Suggestions

The implications of this study provide a major emphasis on safety management. Compared to other countries, the implementation of safety management in Indonesia is still relatively underdeveloped. To overcome this, the role of management is very important in increasing the understanding of potential hazards and ways to anticipate them early, and for that, it needs to be supported by an organizational culture that is specifically built and created to prevent the occurrence of a disaster. Based on the description of the conclusions and implications described above, the authors propose a number of suggestions, especially those relating to efforts to improve employee performance through improved OHS Management and organizational culture.

- a. Train and educate employees regularly to be sensitive to the potential of a disaster.
- b. Socializing SOPs to employees, both in the form of books, as well as instructions that are easy to see and read by employees.
- c. Building an organizational culture that is hand in hand in preventing potential disasters.

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[70]

The Influence of Regional Tax Revenue, Regional Retribution and Results of Management of Regional Wealth Separated on Local Government Revenue (PAD) of Bogor Regency Government

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Abstract. This research to determine whether the Effect of Local Tax Revenues, Local Retributions and Results of Management of Disseminated Area Wealth to regions significantly Local Core Revenue in Bogor District. The research method used was descriptive by using secondary data obtained from Realization of Regional Revenue and Expenditure Budget Report of Bogor Regency. Data collection method used was Documentation and Library with quantitative approach. The data in this research was entirely transformed into Natural Logarithm form first so that data can be normal distribution. After data was collected, data were analyzed using SPSS program to test Local Tax Revenues, Local Retributions and Results of Management of Disseminated Area Wealth significantly related with Local Core Revenue either partially with correlation significance test and simultaneously. The analytical tool used was SPSS (Statistic Product and Service Solution) 23 Version. The results of this study indicate that the Local Tax variable has a significance value of 0,000, where the value Sig. below 0,05, so that the Local Tax variable significantly partial to the Local Core Revenue. Local Retributions variable has a significance value of 0,076, where the value of Sig. upper 0,05, so that the Local Retributions variable relates not significant partially to the Local Core Revenue. Results of Management of Disseminated Area Wealth variable has a significance value of 0,076, where the value of Sig. upper 0,05, so that the Local Retributions variable relates not significant partially to the Local Core Revenue. Based on the tests that have been done Local Tax Revenues, Local Retributions and Results of Management of Disseminated Area Wealth obtained R value of 0,999 which means together independent variables are strongly interconnected with Local Core Revenue.

Keywords : local tax revenues, local retributions, results of management of disseminated area wealth and local core revenue

[71]

Impact of The Implementation of a One-Way System to The Level Attachment at The Salak The Heritage Hotel

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Abstract. This research is motivated by government policy that implements One Way System (SSA) in around Bogor Botanical Garden, and this impact to the Hotel which is around SSA. This study aims to determine the Occupancy Rate of Hotel Salak The Heritage before and after One Way System (SSA).

The data of this research is obtained from within the company, the sample is taken using purposive sampling technin, then using statistical analysis of paired sampel test with t-table 1.658 and t-count of 1,314 obtained both quantitatively and qualitatively. Qualitative analysis is the interpaton of the data obtained from the Hotel Occupancy data, while the quantitative analysis includes the assumption test of class, and the paired sample t-test.

The results of this study indicate that there is no difference in the occupancy rate of the hotel at the time before the change of one-way system and after a one-way change.

Keywords: Occupancy Rate

[72]

Identifying The Causes Why Some of The Households in Bogor Have Not Yet Utilized The Service of The Tirta Pakuan Water Company (PDAM) of Bogor

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Abstract. PDAM will remain focused on improving the quality of services with a variety of planned development programs. With strong commitment and strong cooperation, PDAM is optimistic to serve 100% of the people of Bogor City by 2019. Currently, the number of Bogor Household Households served by PDAM is 138,705 from the number of Households 261,898 (BPS Kota Bogor, 2017).

What factors caused some people of Bogor City not to utilize drinking water service from PDAM? What strategy does PDAM use to reach 100% service target by 2019?

This study is to find out why some Households in Bogor City have not utilized PDAM service yet. And this research uses relationship analysis, to identify the influence of revenue and availability of PDAM pipeline installation network to Household interest to become PDAM customer.

The result of the analysis shows that there is no strong relationship between Household Income and Punishing Network Instability of PDAM Installation, to Household Interest to become PDAM's customer. of the 402 respondents used responded, as follows:

A total of 192 respondents are interested in becoming a PDAM customer, by reason of need, drought anticipation, deep well water and decreasing water quality.

A total of 85 respondents who stated hesitantly gave the reason, that well water is still feasible, because of the cost factor, because still living in contract house, PDAM is often problematic, depends on the surrounding neighborhoods, and the availability of alternative water source.

A total of 125 respondents who expressed no interest in the reasons, that related to financial problems, living in rented houses and taps are often problematic.

Keywords: Household Consumer PDAM

INTRODUCTION

Background

This research is based on the statement of the President Director of PDAM Tirta Pakuan Kota Bogor (PDAM) which quoted from <https://mediabogor.com/inilah-rapor-akhir-tahun-2016-pdam-tirta-pakuan-kota-bogor/>, that it remains committed to being the best water supply company in Indonesia. Going forward, the PDAM will remain focused on improving the quality of service with various planned development programs. With strong commitment and cooperation, PDAM is optimistic that 100 percent of drinking water service coverage for Bogor city's people will be fulfilled in 2019.

The number of Households in Bogor according to the Central Bureau of Statistics of Bogor in 2017, is 261,898 Households, and those served by PDAM reach 138,705 Households (52.96%). So the number of Households that have not connected PDAM service, is as many as 123,093 Household (47.00%).

However, according to information cited from Media Bogor (2016), that during the year 2016, the addition of the number of Tirta Pakuan City's Bogor Customers increased 9.4 percent from the previous year.

Recorded at the end of December 2015, the number of subscribers was 138,151 direct connections, while up to December 20, 2016, reached 147,230 or increased by 9079. The addition of this new subscriber surpassed the 2016 additional target of 9000 SL service coverage as the number of new subscribers increased. Coverage of customer service amounted to 3.1 percent, from 82.79% as of 31 December 2016 to 85.89%.

Identification and Problem Formulation.

In addition to paying attention as described in the background, identification is also done as an effort to obtain a description of the cause of some households in Bogor City has not yet utilized a water connection from PDAM.

From the results of problem identification, then the formulation of problems that can be stated, are as follows:

1. Is there a strong relationship between household income and the availability of the PDAM pipeline installation network to the household interest in becoming a PDAM customer?
2. What factors caused some households in the city of Bogor not to use clean water service from PDAM?

The Objectives

The purpose of this study are:

1. Considering the influence of household income and the availability of PDAM pipeline installation network in the interest of the household to become a customer.
2. Knowing the causes of some households in the city of Bogor have not utilized the PDAM water supply services.

The Benefit

The benefits expected from the research are:

1. Obtaining information about why some of the households in Bogor have not utilized the clean water service by PDAM.
2. Providing input to the management of PDAM Tirta Pakuan Bogor City, about the causes of some Bogor city residents who have not utilized PDAM water supply services, so that PDAM management can align beneficial service programs in reaching 100% service target by 2019.

LITERATURE REVIEW

Tirta Pakuan PDAM Kota Bogor.

Regional Water Company (PDAM) in the city of Bogor, is the only provider of clean water located in the city of Bogor. History shows that the city of Bogor, formerly known as *Buitenzorg*, has had a drinking water service system since 1918 which was built by the Dutch government at that time. The drinking water service system utilizes Batu city springs located in the Bogor regency area and is about 7 km from the city of Bogor. The name of the drinking water company was *Gemeentelijke Waterleiding te Buitenzorg*. Batu spring water source is the embryo of the existence of PDAM Bogor city and in 1918 is considered as the start of the drinking water service city of Bogor.

In its development, PDAM Bogor city as BUMD owned by Bogor city government was formed based on regulation of Bogor city area No.05 year 1977. Tirta Pakuan Water Supply Company (PDAM) is located in Bogor city, precisely at Jalan Siliwangi no. 121 South Bogor.

Unicef Indonesia (2012) states that clean water and sanitation are the seventh Millennium Development Goal (MDG) objectives and by 2015 it is expected that up to half the population without access to safe drinking water and basic sanitation can be reduced. PDAMs that are given authority to carry out clean water fulfillment tasks, especially in urban areas, still face several obstacles. High operating costs result in not all operational and maintenance costs can be borne. As a result, urban water supply systems are generally poorly maintained and damaged.

According to BPS data of Bogor city in 2017, it was noted that the number of households that have been PDAM customers, is estimated to be 130,705 households. The number is about 51 percent from 261,898 households in Bogor city

Taking into account Table 2.1 shows that the increasing number of households served by the PDAM percentage each year does not always show a high increase. Constraints faced by PDAM Bogor city in increasing the number of services, among others, the increase in population and the difficulty of increasing the availability of raw water to be managed as clean water.

Coverage Service Area Tirta Pakuan PDAM Bogor city, is all households in the city of Bogor. Table 2.1 below shows the improvement of PDAM water services from 2013 to 2016.

Tabel 2.1.
Household Clean Water Service
PDAM Tirta Pakuan Kota Bogor 2013-2016.

Year	Number of Subscribers Household
2013	102 765
2014	110 940
2015	131 089
2016	138 705

Source: BPS city of Bogor in 2017.

To find out why the high number of Bogor city households who have not utilized the PDAM service, then need to know the causes and factors that influence it.

Understanding Interest.

Interest according to the big dictionary of Indonesian language, it is said as a high liver tendency towards something, passion, desire (<https://kbbi.web.id/minat>). Interest is the drive or desire in a person on a particular object. Interest is closely related to one's motivation, something learned. and may vary depending on needs, experiences, and fashion trends, not innate. Factors influencing the emergence of one's interest depend on the physical, social, emotional, and experience needs. Interest begins with happy feelings and positive attitudes.

There are several factors that influence the demand for an item, ie the price of the good itself, the price of other related goods (substitution or complementary), per-capita rate, taste or habit, population, price forecast in the future, producer efforts to increase sales (promotion). Economic analysis is considered that demand for a good is primarily influenced by its price level. Therefore, in demand theory which is mainly analyzed is the relationship between the amount of demand for a good and the price of the goods. (Sukirno: 2008).

Factors affecting people's interest in using PDAM services.

From the results of the study desk conducted can be obtained picture related to factors that affect PDAM water supply by the community. As in Didin Lukmanul Hakim's research in 2010, about the accessibility of clean water for the people in the protected settlement of Pontang District, Serang District. The research is seen from the demand (demand) and the provider (supply) of clean water, based on the basic variables of access examined, including the amount/volume, distance, time, cost, and quality. The result is the access variables, ie distance, time and cost of clean water become the main priority to be overcome, and the volume and quality of clean water become the second priority. The results of the development direction analysis will be a recommendation to the Regional Government, PDAM, and community in residential areas.

Rumahorbo (2009), which in his study used variables, water prices, the number of family members and income, obtained the results that the three variables showed significant results on demand for clean water. However, the high demand for clean water is not accompanied by the availability of water owned by PDAM Tirta Nadi Medan.

In all cities and districts in Indonesia that already have clean water services managed by Perusahaan Daerah Air Minum (PDAM) in general have not been able to meet the needs of clean water for the community that is the responsibility within the scope of its service area. This situation is caused by the lack of government in anticipating the adequacy of water in the region.

To obtain a water source as a raw material of clean water by PDAM, more and more difficult day. The situation is exacerbated by the neglect of encroachment in parts of the land supporting the availability of water. So when the water needs more urgent and the PDAM needs raw water to be processed as drinking water, it takes a long time and effort, as a result of land tenure on water sources from upstream to downstream.

In the end, the government needs to provide substantial funding for land acquisition with water resources and land acquisition and compensation when the pipeline is built to drain the water. The situation is not only against the community but also occurs in the government because the use of water sources occur and across different administrative regions.

Prior Research.

There has been much research on the factors that affect the community in relation to demand clean water or PDAM drinking water conducted in several regions in Indonesia. Here are some previous studies that have been done:

1. Research conducted by Mujiyanti (2004) in Boyolali using income variable, number of family and duration as PDAM customer, and its effect on demand of clean water, showed that the three variables significantly influence the demand of clean water.
2. Merysa Rohma Dwi Sakina (2008), in his research on the analysis of several factors that influence the level of drinking water consumption of PDAM in Surabaya with variable income per capita, the number of household customers, and the inflation rate shows the result, that simultaneously shows a real relationship between the independent variable of income per capita, the number of household customers, and the inflation rate significantly affect the bound variation of drinking water consumption PDAM in the city of Surabaya.
3. Yuni Masdayani Harahap, Faigiziduhu Bu'ulolo, and Henry Rani Sitepu (2013), in his research on the factors affecting the demand of drinking water at drinking water supply companies (PDAM) Tirtanadi Medan using population variables, income per capita population, drinking water rates, the amount of water produced. of the four variables that are a very dominant influence on demand for drinking water, is the population, the tariff of drinking water, and the amount of water produced.
4. Fauziah (2016), in his research on the factors affecting water demand in drinking water companies (PDAM) in Yogyakarta Special Region (DIY) for the period of 2004-2013, shows that PDAM water prices have a positive correlation to water demand at PDAM. Then the GRDP per capita DIY and the population of DIY positively affect the demand for clean water at PDAM. Similarly, the number of people who also have a positive effect. While the number of households and the number of industries in DIY no significant effect on the amount of demand for clean water in PDAM.
5. The results of I Nyoman Utama and Muhammad Ikbal (2017), the factors affecting demand for clean water in PDAM Kota Sumbawa show the result that income, the number of family members, and the price or water tariff significantly influence the demand of clean water.

If we look at the results of previous research on the factors that influence the demand for clean water, the variables that often arise are the income variable, the number of family members and the price. Other variables, is inflation, duration as a customer of PDAM.

RESEARCH METHODOLOGY

Research Methods.

This study aims to determine the causes of 123,093 households (47.00%) in the city of Bogor, has not utilized the clean water service from PDAM Tirta Pakuan Bogor city. To get information about this research, then used method Descriptive by Survey.

Types and Data Sources.

This research uses primary data obtained from field observation. Secondary data is processed data used as support in this research.

Operationalization of Variables.

Dependent Variables: interest

Independent Variables 1. Income 2. PDAM Network

Data Collection Techniques.

The data used were from the sample, which had previously been determined using the random sampling specified by Slovin with $\alpha = 5\%$. Instruments used in data collection are questionnaires and interviews. The collected data are grouped according to the criteria used.

Data Analysis.

Data analysis used is a statistical descriptive analysis. Conducted grouping according to the criteria used, ie interested respondents, hesitant respondents, and respondents who are not interested. From each group will be noted the reasons presented by the respondent according to each answer criterion.

Relationship analysis is done by looking at the relationship between income and the availability of PDAM pipeline network around the respondent's residence, to the respondent's interest to be a PDAM customer.

RESULTS AND DISCUSSION

Results

The research area covers four sub-districts in Bogor City area, each in West Bogor District, South Bogor Subdistrict, East Bogor Subdistrict, and West Bogor District are concentrated in densely populated urban areas. Respondents in West Bogor were set in Balumbang Jaya urban village, in East Bogor in Hardjasari urban village, in North Bogor in Sindang Sari urban village and in Bogor Utara sub-district in Ciparigi village.

1. Joint descriptive analysis.

Descriptive analysis of all respondents from all sample areas as presented in Table 4.1 and the combination of reasons given by respondents to PDAM service leadership are presented in Table 4.2.

Table 4.1. Respondents' Interest
In PDAM Connection

Criteria	amount	Percent
Interest	192	47.76
Doubtful	85	21.14
No Interests	125	31.09
	402	100.00

Table 19 shows that 192 Household Respondents (47.76%) are interested in using PDAM water supply service, 85 respondents (21.14%) are hesitant and 125 respondents (31.09%) are not interested.

Table 4.2.

Grouping of reasons stated by respondents according to criteria

No.	Criteria	Reason
1	respondents were interested in utilizing PDAM services	Reasons respondents who are interested in: 1) 94 respondents stated that because of the need 2) 32 respondents stated as an alternative when dry 3) 43 respondents said the more well water in 4) 23 respondents said the quality of well water decreases
2	respondents were hesitation meng-Use PDAM services	Reasons respondents were undecided: 1) 27 respondents said they have a well and the water is nice. 2) 13 respondents did not give a reason 3) 15 respondents said cost issues 4) 9 respondents lived contracted 5) 6 respondents family problems 6) 6 respondents stated that depending on the environment (if many pairs, want to come in pairs) 7) 4 respondents expressed fear of the sudden water drought taps into alternative 8) 4 respondents stated that the problem of taps (should know the policy, small water supply, availability of network taps) 9) 1 respondents claimed for alternative
3	Respondents who are not interested in using the services of PDAM	The reason respondents are not interested: 1) 98 respondents said it is still great and the water wells 2) 8 respondents did not give a reason 3) 16 respondents said financial problems 4) 2 respondents live in the housing contract 5) 1-Taken taps respondents have problematic
4	Respondents who are not interested in using the services of PDAM	The reason respondents are not interested: 1) 98 respondents said it is still great and the water wells 2) 8 respondents did not give a reason 3) 16 respondents said financial problems

		4) 2 respondents live in the housing contract 5) 1 respondents said taps problematic
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Analysis of Relations.

Table 4.3. Descriptive Statistics

Variable	Mean	Std. Deviation	N
Interest	1,8483	0,88	402
Income	1838034,83	1249683,00	402
PDAM network	0,6045	0,49	402

Table 4.3 above shows that all variables have a standard deviation that is smaller than the average value of the count. The situation can be interpreted, that the data qualify according to statistics.

Tabel 4.4.

Correlation Coefficient and Determination Coefficient

Variable	Interest	Contribution
Income	0,059	0,003
PDAM network	-0,226	0,051

Tabel 4.4 above shows that income has the correlation coefficient of 0,059, which translate into earnings that income has a very weak relationship with the interest.

Discussion

From the results of the grouping of respondents of household respondents, it is known that the interest of the household respondents in Bogor City is still dominant enough to be the PDAM water supply customers, compared with the hesitant and uninterested respondents. Although the surveyed household respondents all have other wells and springs, the consideration of respondents interested or uninterested is largely determined by the condition of the respondent and the local conditions.

Bogor known as the rain city and its area has many water sources such as surface water and groundwater causing many people who use it for daily needs. Utilization may be surface water, such as rivers and springs, or groundwater such as dug wells and drill bores. But in some areas of the city Bogor surface water and groundwater has decreased both quantity and quality. Environmental Agency of Bogor, West Java, revealed that underground water in the city area is already in critical condition. Among others, due to reduced forest area and pollution. The situation has been known for a long time, but the handling has not gone ahead.

As the research conducted by Wigena (2004) mentioned, that Bogor is one of the suburbs of the capital city of Jakarta which became the goal of the urbanization of Java. This causes a high rate of population growth that affects the quality of water resources degradation. Although the quantity of Bogor City can meet the needs of water supported by high rainfall, the quality of surface water resources problems (river water and water) and groundwater (wells). This is related to the utilization of water for household, industrial, market and agricultural purposes. From this utilization, the source of surface water pollutant comes from household waste, market, factory, and agricultural waste which is indicated by high levels of COD and folic acid.

Variable Income used in this study did not give a strong effect, considering the average income is below the minimum City Minimum Wage (MSE), which while in the Rp. 3.200.000.-. This condition is possible as the cause of some respondents to be uninterested (as many as 125 respondents from 403 respondents (31.09%) to become clean water subscribers managed by PDAM Tirta Pakuan Bogor City The number of respondents who have income under UMK is 310 respondents. description of respondents according to the income under MSEs and respondents who earn above MSEs, can be seen in the Frequency Distribution in Table 4.6 below.

CONCLUSIONS AND SUGGESTIONS

Conclusion.

From the discussion, it can be concluded that:

1. As many as 402 respondents participated in this study, 192 respondents (47.76%) are interested to subscribe to clean water managed by PDAM Tirta Pakuan Bogor City. A total of 85 respondents (21.14%) expressed doubt. And as many as 125 respondents (31.09%) stated no interest.
2. Reasons given by respondents who are interested is 94 respondents because of need, 32 respondents argued as an alternative when drought, 43 respondents said because the wells deeper and 23 respondents stated because the quality of water decreased.
3. The reasons given by the doubtful respondents are 27 respondents stated that the water is well and the water is good, 13 respondents did not give a reason, 15 respondents stated the cost problem, 9 respondents for occupying rented house, 6 respondents stated that they have family approval 6 respondents depend on the environment (neighbors), 4 respondents feared suddenly drought, 4 respondents said PDAM problematic and 1 respondent stated as an alternative.
4. Reasons put forward by respondents who are not interested, is 98 respondents stated there are still wells and water is good, 8 respondents did not give a reason, 16 respondents due to financial problems, 2 respondents live in rented house and 1 respondent said PDAM problematic.
5. The result of relationship analysis shows that the income and existence of PDAM pipeline installation located near the respondent did not give significant influence to respondent's interest to subscribe to water managed by PDAM.

Table 4.6
Table of Frequency Distribution

Classes	Frequency	Valid Percentage
≤ 499999	25	6,3
500000 - 999999	57	14,3
1000000 - 1499999	56	14,0
1500000 - 1999999	79	19,8
2000000 - 2499999	75	18,8
2500000 - 2999999	18	4,5
3000000 - 3499999	64	16,0
3500000 - 3999999	3	0,8
4000000 - 4499999	4	1,0
4500000 - 4999999	2	0,5
5000000 - 5499999	10	2,5
5500000 - 5999999	5	1,3
6000000 - 6499999	2	0,5
8000000 ≥	400	100,0
Total		
System	2	
Total	402	

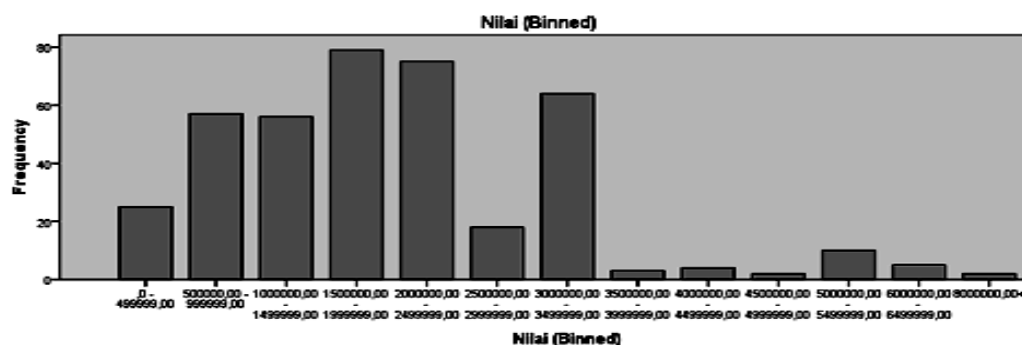


Figure 4.1
Illustration of Respondents' Income Selected on the Research

Suggestions.

1. It takes effort from the Government and PDAM Kota Bogor targeting 100% Service in 2019 by accommodating low-income people to get clean water service with mitigating programs such as cheap water and free installation.
2. It is advisable for the government to be more assertive about land use as mandated by the river basin law and the use of land around the water source. As stated in the Conclusion that respondents who are interested to become PDAM customers partly argue for fear of drought, deep wells, and deteriorating water quality. The situation indicates that the condition of groundwater and surface water in the city of Bogor is deteriorating.
3. The condition of groundwater and surface water in the city of Bogor is getting worse, it is suggested to the Government and PDAM Bogor City provide compensation upstream both to the community and reforestation for the quantity and quality of groundwater and surface water in the city of Bogor is not getting worse.

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[73]

Influence of Flower Service, Service Value and Customer Satisfaction to Customer Loyalty (Case Study at BMC Hospital Bogor)

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Abstract. The Flower of Service is core product that have in common on additional services element. there are two kinds of supplementary services, first supplementary services that make it easy, required needed to service or to give relief in the use to core product, second, supplementary services that strengthens, have added value to customer, service value or we know value of service is a thing which effect customer satisfaction to buy or use goods or services offered, while consumer loyalty that is change to form a prospective buyer be a customer loyal and a client company.

The purpose of this research is (1) to know the influence of Flower of Service to Customer Loyalty (2) to know the influence of Service Value to Customer Loyalty (3) to know the Influence of Customer Satisfaction to Customer Loyalty.

Based on the results show that the regression equation: $Y = 18.594 + 0.004X_1 - 0.075X_2 + 0.353X_3 + \text{error}$ where this result means that if the Flower of Service is 1 then the value of consumer loyalty will increase by 0.004 and have a non-significant relationship between the flower of service to customer loyalty, if service value is 1 then loyalty level will increase equal to -0.075 and have no significant relationship between service value to customer loyalty and if customer satisfaction is 1 then consumer loyalty value will increase equal to 0.353 have significant relation between customer satisfaction to loyalty customer.

Keywords : flower service, service value, customer satisfaction, customer loyalty

[74]

Influence of Celebrity Endorser, Attractiveness and Packaging Impressions on Interest in Watching Pesbukers ANTV

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Abstract. RESEARCH OBJECTIVES is to determine the effect of Celebrity Endorser, Impressions Attractiveness, Impression packaging and Interest in Watching of Pesbukers ANTV Television program (1) to know the effect of Celebrity Endorser to Interest in Watch (2) to know the effect of Impressions Attractiveness to Interest in Watch (3) to determine the effect of Impressions Packaging to Interest in Watch (4). The number of respondents in this study amounted to 100 respondents taken from students / I Sekolah Tinggi Ilmu Ekonomi Kesatuan Bogor. This research data in though by using SPSS. RESEARCH METHODS used is to use quantitative research that places the celebrity endorser, Attractiveness Impressions, and packaging Impression as independent variable and interest in watching as a dependent variable. With primary data used is questionnaires distributed to selected respondents and processed the results with statistical calculations. RESULTS $\hat{Y} = -0,820 + +0,353X_3 +$ Which in this case means if the celebrity endorser is 1 (one) then the interest in watching value will be 0,207. If the attractiveness impression is 1 (one) then the interest in watching will be 0,568. If the packaging impression is 1 (one) then the interest in watching will be 0,353.

Keywords: Celebrity Endorser, Attractiveness Impressions, packaging Impression, Interest in Watching

[75]

The Influence of Brand Equity Elements on Purchase Decision and Its Implication on Customer Loyalty

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Abstract. This research aims to determine how the influence of brand equity elements (brand awareness, brand association, perceived quality, and brand loyalty) to purchase decision and their impact on consumer loyalty PT. Garuda Indonesia in Bogor City. This research used exogenous variables (brand awareness, brand association, perceived quality and brand loyalty) and endogenous variables (purchase decision and customer loyalty). The sample method that used in this research was Roscoe. With 100 respondents selected are people who have been used the inflight services of Garuda Indonesia. This research data is processed using AMOS 22 for structural equation modeling analysis. The results of this research shows that brand awareness has a positive and significant influence to purchase decision, brand association has a positive and significant impact to purchase decision, perceived quality has a positive and significant influence to purchase decision, brand loyalty has a positive and significant influence to purchase decision, and purchase decision has a positive and significant impact on customer loyalty. Because all variables show the result of t-count or Critical Ratio (C.R.) ≥ 1.96 or p value ≤ 0.05 which means the hypothesis is accepted.

Keyword: Brand Awareness, Brand Association, Perceived Quality, Brand Loyalty, Purchase Decision, Customer Loyalty

[76]

Factors That Influence Small Business Performance in One-Way Traffic System Area

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Abstract. This research aims to determine the factors that affect performance of micro, small and medium enterprises in Malabar, Lodaya and Gunung Gede before and after the implementation of one way system. There are several internal and external factors that influence the performance of micro, small and medium enterprises. This research used independent variables (human resources aspect, financial aspect, technical and operational aspect, market and marketing aspect, government policy aspect, Social, Economic and cultural aspect) and variable dependent (performance of micro, small and medium enterprises).

The sampling method that used in this research is nonprobability with 100 respondents that have macro, small and medium enterprises in Malabar, Lodaya and Gunung Gede.

Based on this research, obtained the conclusion that there are two factors that have positive affect and significant toward micro, small and medium enterprises before the implementation of one way system. The factors are financial aspect and market, marketing aspect earned t-count that bigger than t-table. Financial aspect ($3,536 > 1,98$), market and marketing aspect ($5,402 > 1,98$). And there are four factors that have positive affect and significant toward macro, small and medium enterprises after the implementation one way system. The factors are human resources aspect ($2,082 > 1,98$), financial aspect ($3,287 > 1,98$), technical and operational aspect ($2,081 > 1,98$), and market, marketing aspect ($3,712 > 1,98$).

This research also got result that there are positive affect and significant from human resources aspect, financial aspect, technical and operational aspect, market and marketing aspect, government policy aspect, Social, Economic and cultural aspect together toward performance micro, small and medium enterprises before and after the implementation of one way system because it got f-count that bigger than t-table before the implementation of one way system it earned ($18,446 > 2,20$) and after the implementation of one way system ($13,605 > 2,20$).

Keywords : human resources aspect, financial aspect, technical and operational aspect, market and marketing aspect, government policy aspect, Social, Economic and cultural aspect and performance of micro, small and medium enterprises.

[77]

Interest Analysis on Sekolah Tinggi Ilmu Ekonomi Kesatuan Bogor Students With Motivation Approach, Personality and Entrepreneurial Characteristics

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Abstract. For the last decade entrepreneurship has undergone a rising interest and development in many countries, including Indonesia. One of the factors that contributes to entrepreneurship growth in a Nation is the entrepreneurship education provided by Universities. To build and develop entrepreneurship interest, universities must find the defining factors that greatly affect the students. This study was conducted to measure entrepreneurship interest of Sekolah Tinggi Ilmu Ekonomi Kesatuan Bogor students and to find the factors that affect such interest from motivation, skills, and education point of views. A survey with the questionnaire was the data gathering method and Structural Equation Modeling was deployed for the main analysis. The result showed that education gave the greatest positive effect on students' entrepreneurship interest with enthusiasm and comprehensive learning method as the dominant factors.

Keyword: Interest in Entrepreneurship, motivation, entrepreneurship education

INTRODUCTION

The level of advancement of a country can be seen from the number of entrepreneurs in the country. The bigger the number of entrepreneurs is, the greater expectations the people have for jobs in accordance with the expertise, so that this can improve the living standards of a country. With the new job fields, the unemployment rate will be overcome. In the era of globalization, the role of entrepreneurship for economic growth not only increases output and income per capita, but also involves the introduction or application of changes in the structure of business and society (Hisrich, Peters, & Sheperd, 2008). In developed countries an interest in becoming an entrepreneur is considerable. The people of developed countries no longer want to be civil servants, but more oriented to the tertiary sector of the service sector. By creating or opening employment opportunities, and opening new markets through entrepreneurship, the stability of the nation's economy can be generated as a result of business growth in various sectors.

Universities, in this case, can be used as a motivator in educating students to have the courage to become entrepreneurs. This goal can not be accomplished without any encouragement and interest that arise in students. The problem faced by the college is how to grow entrepreneurship interest in the students so that the choice of career they choose after graduation is as an entrepreneur.

Interests can be defined as something that draws attention to something. Interest indicates what people want or do or what they love. In order to increase or cultivate entrepreneurial interest, it is necessary to know in advance the factors that influence the incidence of interest, and the next stage is to develop the interest into an independent business. According to Eka Aprilianty (2012), research shows there is a mutual influence between the potential of entrepreneurial personality, entrepreneurship knowledge, and family environment as much as 42.2 percent of entrepreneurial interest.

According to Alma (2010: 12), the most encouraging one to enter an entrepreneurial career are (1) personal attributes and (2) the personal environment. The results of the research indicate that interest in entrepreneurship is influenced by the potential of entrepreneurial and environmental personalities.

It has become the demands of the times that students should have a high entrepreneurial spirit and more creative thinking, as the competition for job seeking is more competitive while the offered field is also limited, but there are also some parties who make this entrepreneurship as something that is being liked (trend). The change is followed by a growth or increase in output that enables greater prosperity for the various parties involved.

By recognizing the potential and interest of the students, entrepreneurship can be accelerated growth, especially in University level. Programs undertaken by universities plus a conducive campus atmosphere can serve as a link for students who want to open a business during college.

This research tries to identify how big the entrepreneur interest of the students of STIE Kesatuan in Bogor.

Based on the above background, the problems that exist in the students is that students tend to be less interested in becoming entrepreneurs. Further research needs to be done on how much interest the students have in entrepreneurship. The researcher's questions to be studied are as follows:

1. How students' interest in entrepreneurship is studied according to the motivation to be an entrepreneur.
2. How much interest the students have in entrepreneurship assessed according to personality and characteristics.

RESEARCH METHODS

The research will use a survey method to get the required data. Broadly speaking, the survey method will be divided into three stages, namely:

1. Pre-Activity Stage Survey

At this stage, the researcher will make a first observation of the research population, namely students of STIE Kesatuan Bogor force from 2013 to 2017. In addition to observation, researchers will also conduct a preliminary survey to test the questionnaire form that will be used in the main survey. The results of the preliminary primary survey will be a reference for the improvement of the questionnaire form if there are less valid and rival questions.

2. Survey Activity Stage

At this stage, the researcher will first select a sample of respondents from the study population. The selected respondents will then be given a questionnaire form to fill out. In the implementation of survey activities, in addition to distributing the questionnaire form, the researcher will also supervise the process of filling out the questionnaire form so that the answers given are correct and accurate answers.

3. Post-Activity Stage Survey

At this stage, the researcher will recapitulate all the answers to the questionnaire. The results of the recapitulation will then be analyzed to get answers to the research problem formulation. All results of research activities will be made into an activity report.

Descriptive statistical techniques will be used to see the characteristics of respondents and answers are given. Structural Equation Modeling (SEM) technique will then be applied to test the model of the structural hypothesis that has been built before. The use of SEM will result in correlation value between indicator and model goodness value as a whole. Based on these values can be drawn conclusions about the indicators that have the greatest impact on student entrepreneurial interests.

RESULTS AND DISCUSSION

The results of the questionnaires distributed to STIE Kesatuan Bogor students can be described as follows:

Table of Descriptive Analysis

Code	Statement	Percent (%)				
		Strongly Disagree	Disagree	Doubtful	Agree	Strongly agree
E1	I can be successful with entrepreneurship	1:29	2:03	10:06	58.54	28.07
E2	I have a feeling of worry to lose when I start a business	2:12	11.63	25.48	53.46	7:29
E3	Entrepreneurship will lower my self-esteem	48.62	43.73	3:41	3.69	0:55
E4	Entrepreneurship is a world full of challenges	1.85	1.85	3:42	60.41	32.47
E5	Being an entrepreneur is currently very difficult because it has many competitors	3:33	11.94	21:57	50.00	13:15
E6	Being an entrepreneur would be more profitable than being an employee	2:22	3.97	21:07	48.43	24.31
E7	I encourage my family to be employees than entrepreneurs	8.62	24.56	34.29	27.80	4.73
E8	I like to read the profile of successful entrepreneurs	1.67	7:15	25.35	51.90	13.93
E9	Entrepreneurship will help the public welfare	1.85	1.67	9.64	54.12	32.72
E10	Being an entrepreneur is the last option for me in choosing a job	8.60	21:16	29.21	31.98	9:06

Code	Statement	Percent (%)				
		Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
F1	I was personally responsible	1:29	0.74	24.13	56.26	17:59
F2	I have a high degree of creativity	1:29	3:04	51.33	35.42	8.92
F3	I have a great curiosity	1:20	1:01	16.42	57.66	23.71
F4	I was too hasty in making decisions	3:04	21:16	39.37	30.82	5.61
F5	I do not like it when other people criticize me	9:48	37.20	39.59	11:33	2:39
F6	I am able to adapt to the new environment	1:57	2.86	32.96	47.28	15:33
F7	I am sociable and have a strong social life	1.66	4:33	36.28	41.71	16:02
F8	I love to help others	1:48	0.65	9:05	60.30	28.53
F9	I can set the time between study and relax well	1:38	5:54	39.21	43.73	10:15
F10	I am able to become an exemplary and fair leader	1:38	2.95	41.05	44:19	10:42
F11	I am an optimistic person	1:20	2:59	31.73	51.16	13:32
F12	I like to exchange ideas with others	1:11	1:48	16.60	57.24	23:56
F13	I always try to find an alternative solution to solve a problem	1:57	1:11	16:51	62.92	17.90
F14	I'm afraid to fail when starting a new thing	4:33	15:56	39.13	33.98	7:00
F15	I dare to take risks	1.76	4.64	43.64	41.88	8:08
F16	I am confident of my abilities	1:01	2.76	29.28	52.49	14:46
F17	I am not easily discouraged when experiencing a difficult situation	1:29	3.69	31.83	50.37	12.82
F18	I always depend on others	15:13	35.24	37.27	10.98	1:38
F19	I am a future- oriented person	1:11	1.85	22.81	54.29	19.94

Code	Statement	Percent (%)				
		Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
G1	I love to read books or articles on entrepreneurship	1.66	8:47	54.97	29.01	5.89
G2	I am excited by the subjects of entrepreneurship	1:39	2:50	40.80	43.48	11.84
G3	Methods given in entrepreneurship subjects made me understand the concept of entrepreneurship	1:29	2:22	29.67	54.07	12.75
G4	Doing hands-entrepreneurship is the most preferred method of learning	1:29	2:31	22:32	48.89	25.18
G5	I never attended or listened to a motivational seminar on entrepreneurship	2:03	8.78	27.08	48.34	13.77
G6	I was motivated to entrepreneurship after joining the subjects of entrepreneurship	1:38	2.86	33.49	46.13	16:14

Based on the above three tables, it can be seen that the majority of respondents chose Agree option for most statements and Neutral for some statements. One statement that the majority answered Strongly Disagree is the statement in E3.

The next step in the analysis phase is to test the reliability of the existing dimensions. Reliability testing is done to see if the questions that make up a dimension have been able to describe the dimension. This test is done by using Cronbach's Alpha value. Dimensions that have Cronbach's Alpha value ≥ 0.7 can be considered reliable. Here are the results of reliability testing of the four dimensions that exist:

It can be seen in Table 1 that the dimensions of Motivation, Skills, and Education have Cronbach's Alpha values above 0.7 (although the Motivation dimension has a value close to), so the three dimensions are reliable. This is the opposite for the dimension of interest that has a Cronbach's Alpha value of 0.51 which can be considered not reliable. Nevertheless, the value of 0.51 is still acceptable even though it is considered to be very inadequate. The small value of Cronbach's Alpha can occur due to the lack of a number of questions representing the dimension, so for the handling, it can be done by

adding questions (of course for later research).

Table 1. Results of the reliability test

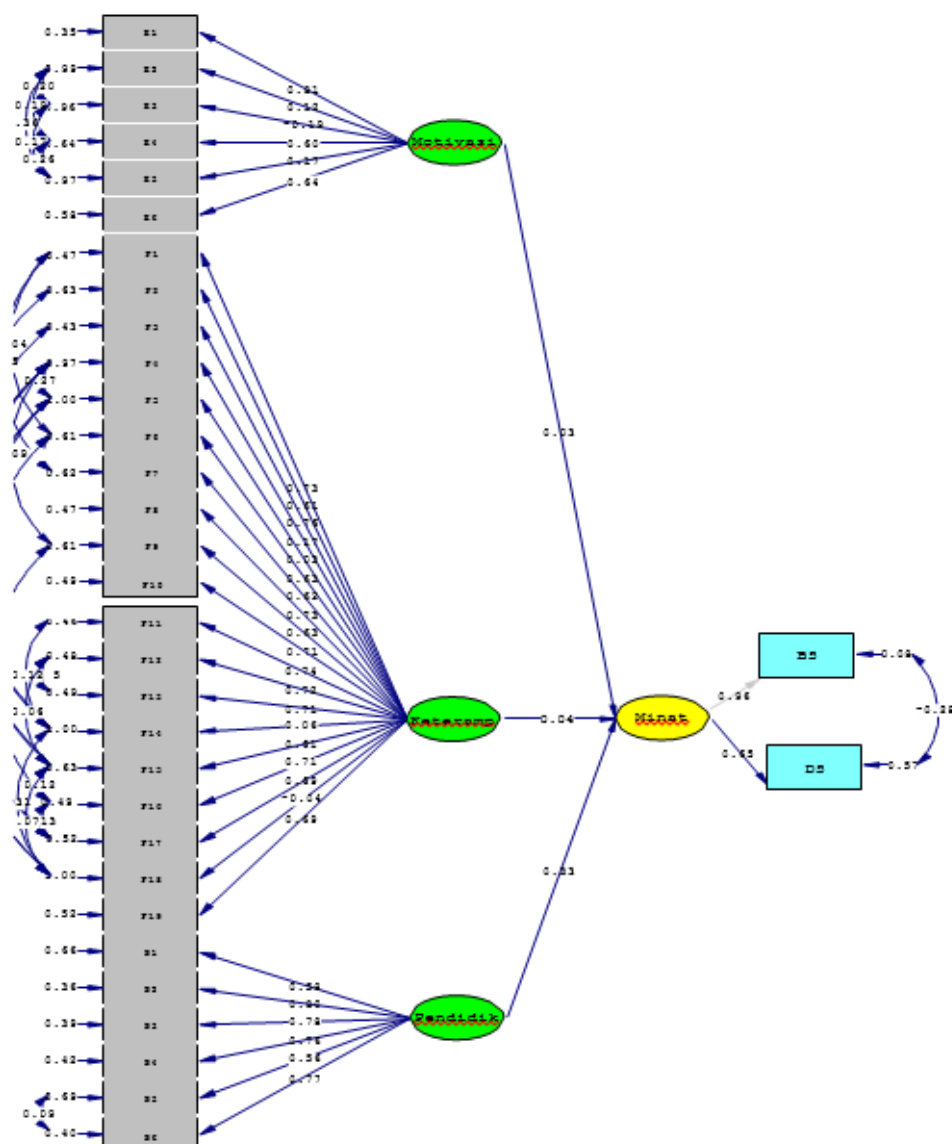
Dimension	Cronbach's Alpha
Entrepreneurship Motivation	0.69
Entrepreneurship skills	0.89
Entrepreneurship Education	0.86
Interest in Entrepreneurship	0.51

CONCLUSIONS AND SUGGESTIONS

1) Based on the descriptive analysis, STIE Kesatuan students choose to study at STIE Kesatuan campus because of its location which is close to the residence. The majority of STIE Kesatuan students aspire to become entrepreneurs, while the rest choose to work as employees. STIE Kesatuan students consider that opening a business is difficult and requires a lot of capital and the risk of failure becomes the most feared. Because in general if entrepreneurial activity fails, it not only affects the physical loss alone but also will impact on mental and social views.

2) However, the majority of students aspire to become entrepreneurs, thus indicating that their business interests are still high. They will take the opportunity to entrepreneurship. Most students assume that if they are entrepreneurship while undergoing college is because they feel happy and as their first step in the world of entrepreneurship. This shows that most students have a high interest to become entrepreneurs.

3) Based on SEM analysis, the most prominent characteristic of Entrepreneurship from Education point of view (or give the biggest influence) is the statement "I am enthusiastic to follow entrepreneurship course". From this, it can be seen that students who enthusiastically follow entrepreneurial subjects tend to have a greater interest in entrepreneurship. The second characteristic that gives the biggest contribution is "The method given in entrepreneurship subject make me understand the concept of the entrepreneur", that is if the student is able to capture the method of entrepreneurship subject well will make him more interested to entrepreneurship.



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[78]

Strategy For Improving Performance and Competitive Advantages of Export-Based Shoe Msme in Bogor in The Free Trade Competition

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Abstract. Cooperative and MSME development is a strategic step to foster a level of development and become a concern both nationally and internationally. Based on the statistical data of the business unit, the number of MSME businesses is 62.9 million business units, of which the most are micro-enterprises with a percentage of 98.70% (Ministry of Cooperatives and UMKM, 2018 @KemenkopUKM)

The specific objectives of this research are as follows: 1) Availability of evaluation and mapping of shoe MSMEs in Bogor, in the form of information relating to problems and solutions. 2) Availability of recommendations regarding the development of shoe MSMEs. The results showed 1) several attributes, including production processes, production equipment, production control, buildings and facilities, markets, quality standardization, business management, capital, and promotion need to be improved. 2) Shoe MSMEs need better guidance in terms of production processes and production facilities in the form of equipment and training assistance to produce more high-quality products, as well as assistance in coaching in the promotion and promotion of market share both domestically and internationally.

Keywords: Strategy, mapping, performance, competitive advantage, export, free trade, shoe area.

1. INTRODUCTION

Development of Cooperatives and Micro, Small and Medium Enterprises (MSMEs) is a concern, both nationally and internationally. This was marked by the announcement on June 27 as International UMKM Day (Ministry of Cooperatives and UMKM, 2018 @KemenkopUKM). Based on the statistical data of the business unit, the number of MSME businesses is 62.9 million business units, of which the most are micro-enterprises with a percentage of 98.70% (Ministry of Cooperatives and UMKM, 2018 @KemenkopUKM). One form of government attention that has just been given is the issuance of Government Regulation Number 23 of 2018 concerning MSME tax incentives in the form of a reduction in tariffs to 0.5% (@KemenkopUKM, 2018).

The policy can be felt as a concrete solution to improve people's welfare. (<http://www.depkop.go.id>, 2017). The development and growth of MSMEs today is inseparable from the existence of commitments, policies, and government programs on an ongoing basis with the aim that SMEs in Indonesia can continue to grow and be highly competitive so as to be able to compete in the global economy. Moreover, the strategic role of the sector contributes to 60.3 percent of Gross Domestic Product and 97.2 percent of employment (BPS, 2016, www.bps.go.id). In the period of five years, 2015-2019, the development of MSM was carried out through various policies to improve the competitiveness of MSMEs. (<http://www.depkop.go.id>, 2017)

One of SMEs which has big potential to be developed is SME shoes. Shoes produced by Indonesia are not inferior to products from foreign countries. In 2012 sports shoes, including Adidas and Nike are produced in Tangerang Banten. In that year the value reached US \$ 3.3 billion (Bisnis Indonesia, 2012. www.bisnisindonesia.com). In 2014 the value of Indonesia's footwear exports exceeded US \$ 4.5 billion, an increase of 18.4 percent from the previous year's achievement of only US \$ 3.8 billion. (Ministry of Industry, 2015, www.kemenperin.go.id).

However, MSMEs still face various obstacles in the development of the business.

Formulation of Research Problems

The formulation of the problem of this research is to examine the performance of shoe SMEs in Bogor, where the description regarding the performance is obtained through the results of studies in the form of in-depth data and information regarding shoe MSMEs, which are the results of the evaluation and mapping of shoe MSMEs. The description of the performance is beneficial for stakeholders in building shoe UMKM in general and shoe SMEs in Bogor in particular.

The formulation of the next problem is to find out how a coaching model can be developed for shoe SME actors so that they have a competitive advantage.

Special Objective

The first specific goal (Year One) is 1) The availability of an evaluation and mapping result, in which the results are in the form of data and information that are presented in depth regarding the problem along with the solution and supported by mapping the performance of the shoe UMKM in Bogor. 2) The availability of a conceptual model recommendation regarding the development of shoe MSMEs (including the development of soft skills).

2. LITERATURE REVIEW

Definition of Strategy

According to Stoner Freeman and Gilbert in Husein Umar (2003), the notion of strategy is divided into two perspectives, in which the first perspective states that strategy is defined as a program to determine and achieve organizational goals and implement its mission. Then the second perspective, states that the strategy is defined as a pattern of responses or organizational response to their environment at all times

Definition of Performance

Gomes in Mangkunegara, (2014) put forward the definition of performance as an expression such as output, efficiency, and effectiveness often associated with productivity.

Definition of Competitive Excellence

Kotler and Armstrong (2012) explained that competitive advantage is superior to competitors obtained by offering lower value or by providing greater benefits because the price is higher.

Overview of SME

Micro Enterprises Based on Law Number 20 the Year 2008 concerning SMEs (Small and Medium Enterprises) is productive business owned by individual and/or individual business entity that fulfill the criteria of Micro Business as regulated in Law.

3. RESEARCH METHODS

1. Mapping of shoe SMS profile
2. Performance analysis and shoe SMS competitive strategy
3. SWOT analysis
4. Strategy feasibility and development model concept of show SME.

4. RESULTS AND DISCUSSION

4.1. Existing condition of show SME in Bogor

Overview with regard to the existing condition of SMEs of shoes in Bogor with reference to the condition of some SMEs of shoes

Table 4.1. General description

No	Names of SMEs	A brief history
1	SMEs of sandals of Mr. Heri	Hereditary from 1960
2	SMEs of sandals of Mr. Itang	Hereditary
3	SMEs of shoes of Mr. Aceng	The SME was established by Mr. Aceng in 2000 with the experience as a shoe laborer and initial capital amounting to Rp. 5 million

Table 4.2. Overview of Quantitative Market

No	Names	Product demand
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1	Sabina Sandal SME	Standard product quantity demand is 100 scores per week. When the market demand is low, the quantity is only 60 scores per week.
2	Sandal SME of Mr. Itang	In the next 5 years, the demand projection is 200 scores per week. Product demand is 90 scores per week
3	Sandal SME of Mr. Teddy	Product demand is 80 scores per week
4	Sandal SME of Mr. Aceng	Product demand is 40-80 scores per week

Tabel 4.3 Description of Production Technique

No	Names of SMEs	Brand of product	Technical specification of product/standard product quality
1	Sandal SME of Mr. Heri	Sabina	There are no special specifications. The resulting quality is still fairly simple or standard because MSMEs have not used sophisticated technology
2	Sandal SME of Mr. Itang	Product labeled by the buyer	There are no special specifications. The resulting quality is still fairly simple or standard because MSMEs have not used sophisticated technology
3	Sandal SME of Mr. Teddy	Product labeled by the buyer	There are no special specifications. The resulting quality is still fairly simple or standard because MSMEs have not used sophisticated technology
4	Shoe SME of Mr. Aceng	Product labeled by the buyer	There are no special specifications. The resulting quality is still fairly simple or standard because MSMEs have not used sophisticated technology

4.2. Performance of Shoe SMEs in Bogor

The results of performance measurement are shown in Figure 4.1 below.

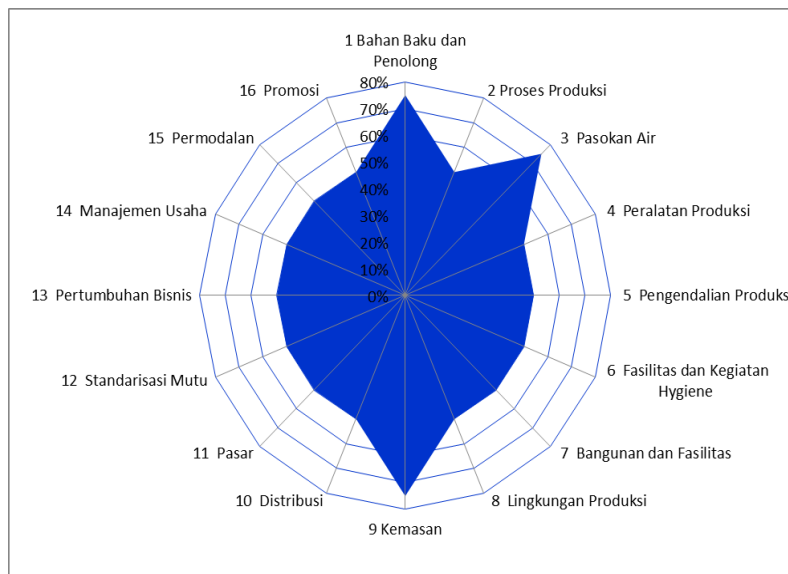


Figure 4.1 Spider diagram on performance achievement of shoe SMEs in Bogor

Figure 4.1 shows that the performance for the attributes of the production process, production equipment, production control, building, and facilities, market, quality standardization, business management, capital, and promotion are moderate. In this case, the performance measure is based on the perception of SMEs on a medium scale, while expectations are on a high scale. Thus there needs to be an increase in these attributes.

4.3. Development Model of shoe SMEs in Bogor

Shoes SME which is a reliable business in Bogor needs better coaching in terms of production processes and production facilities in the form of equipment and training assistance to produce higher quality products. Equally important is the assistance in terms of market share development both domestically and abroad, as well as assistance in promoting the development of promotion for the product more widely known

4.4. Development Strategies of Show SMEs in Bogor

The survey results revealed the strengths and weaknesses that are owned by shoe SMEs in Bogor, as shown in Table 4.4. and Opportunities and the threat of which is owned by shoe SMEs in Bogor as seen in Table 4.5

Table 4.4 Analysis of Internal Factors Strategies of shoe SMEs in Bogor

Internal Strategies Factor	Weight	Rating	Score
I. Strength		0.5	
a. Product quality	0,15	4	0,60
b. Competitive price	0,20	4	0,8
c. Uniqueness of product	0,10	3	0,30
d. Innovation of the shoews	0,15	3	0,45
II. Weakness		0.5	
a. Irregular financial governance,	0,20	1	0,20
b. Inventory management of irregular raw materials,	0,10	2	0,2
c. Supervision of production processes and poor quality,	0,15	2	0,3
d. Workplace is less comfortable,	0,05	1	0,05
Total	1,0		2,9

Interpretation: Based on the above IFAS matrix, the score is 2.90

Table 4.5 Analysis of Internal Factors Strategies of shoe SMEs in Bogor

External Strategy Factors	Weight	Rating	Scores
I. Opportunities		0,5	
a. People know the product	0,10	4	0,4
b. Availability of human resources	0,15	4	0,6
c. Location is near supplier	0,05	3	0,15
d. Having centered marketing system	0,05	3	0,15
e. Strategic selling place	0,15	4	0,6
II. Threats	0,5	0	
a. Business competitor with no regular customers	0,35	2	0,7
b. Many of the businesses bankrupt ut	0,30	1	0,30
c. Fast changing models	0,35	2	0,7
Total	1,0		3,6

		4,0	Kuat	3,0	Rata-rata	2,0	Lemah	1,0
Total Skor Faktor Eksternal	Tinggi	Pertumbuhan melalui integrasi vertical		Pertumbuhan melalui integrasi horizontal		Penciutan melalui turn around		
	3,0	Stabilitas		Pertumbuhan melalui integrasi horizontal Strabilitas (Tidak ada perubahan profit strategi)		Divestasi		
		Pertumbuhan melalui diversifikasi konsentrik		Pertumbuhan melalui diversifikasi konglomerat		Likuidasi		
		Sedang						

Figure 4.2 Internal and External Matrix

After knowing the value of IFAS score of 2.9 and the EFAS value of 3.6, we got the Internal-External Matrix (IE Matrix).

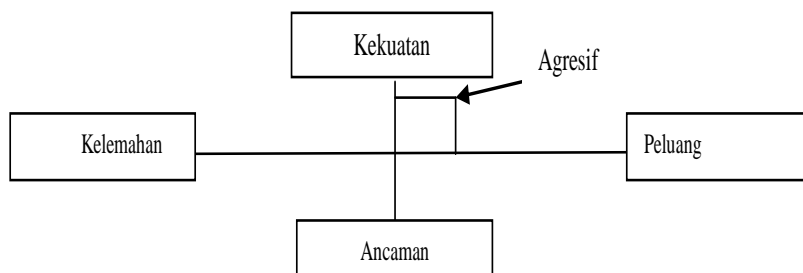


Figure 4.3 Matrix Space
Source: Data managed in 2018

Below are some strategies that can be used to market the shoe SME business:

1. Make a unique shoe product
2. Being a Networker.
3. Determining to segment, targeting, and positioning (STP).
4. Utilize E-commerce.
5. Consistent.

Some of these marketing strategies can be done to develop the business of UMKM. In a business, in addition to marketing strategies, it is also necessary to make financial reports that are no less important. Now, SMEs can create financial reports using accounting software. A journal is an online accounting software that helps create financial reports easily, quickly and real-time

Referring to the explanation above, the next step to improve the performance of shoe MSMEs is through training and guidance that are recommended to be carried out as shown in Table 4.7 below

Observing that one aspect that is important for MSMEs is capital, then UMKIM can access capital at LPDB-KUMKM which is the work unit of the Ministry of Cooperatives and SMEs in the financing sector that manages revolving funds for strengthening capital for cooperatives and MSMEs. In 2018, LPDB appeared with a new paradigm in the management of revolving funds. Even the government, through several national

banks, provides easy access to credit, where for Micro KUR, it can borrow up to 25 million without collateral.

5. CONCLUSION

1. The attributes of the production process, production equipment, production control, buildings and facilities, markets, quality standardization, business management, capital, and promotion have moderate performance. Thus there needs to be an increase in these attributes. Difficulties in terms of capital make the company still survive with conventional and manual technology, so production capacity is also relatively limited. In terms of business management, a

large gap was also found based on an assessment of perceptions of existing expectations and conditions. The company's bookkeeping system is still controlled directly by the owner of the company and has not fulfilled the rules of the accounting system. Thus, efforts are still needed to improve these attributes so that shoe SMEs are more developed in the future.

2. Development of MSME of shoes refers to the existing condition profile, needs, and local regulations. Based on mapping the performance of shoe MSMEs, there are problems, as follows: (1) weaknesses in the form of gaps in most of their attributes; (2) competitive advantage of UMKM is based on comparative advantage; and, (3) the types of assistance from the government / related institutions are relatively more oriented towards the type of assistance that contains economic content rather than knowledge content, so that the perceived positive impact is short term.

3. Shoes that are superior products of MSMEs need better guidance in terms of production processes and production facilities in the form of equipment and training assistance to produce higher quality products. Equally important is assistance in terms of developing market share both domestically and abroad. As well as coaching assistance in the development of promotion for the product more widely known

4. MSMEs have opportunities and strengths so they can take advantage of opportunities.

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[79]

Analysis of Long-Term Financial Management Policy Case Study PT Sierad Produce Tbk

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Abstract. The company's long-term financial policy is the policy that is associated with a model of the enterprise. Corporate funding can come from debt or equity. The company's equity capital can originate from own capital and shareholders as well as bonds.

The purpose of this research is to identify on PT Sierad Produce Tbk; to find out the sources of capital used by the company; to know the performance of the company, and long-term financial policy.

The results of this study showed that analysis of TP Sierad Produce Tbk more dominant use of equity in debt for the purposes of the company's capital. This is indicated by the ratio of debt to equity ratio which was only reached 48.37%, meaning that only 48.37% venture capital is funded by the equity that comes from its own capital and shareholders. The toughest issue facing the company is a matter of very high operating expenses, due to the price of chicken dropped below the cost of goods production and the company should sell loss because if not for sale will add to the burden of operational, while chicken prices in the more elderly lower. In the year 2015 is the year that the weight for the company in that year suffered a loss of up to 332 billion which caused many factors but by borrowing long-term debt the company succeeded in lowering the level of loss that very significant though still many deficiencies within the company and still losing money in of 68 billion, but it is an increase in the need to preserve. Things to do by the company is expanding exports of its products because the company needs for the production of raw materials in use are still imported and hit its high operating costs.

Keywords: financial management, long-term funding, financial performance, financial ratios

1. Introduction

Economic growth in Indonesia after the reform era continues to grow rapidly, supported by state facilities for investors and entrepreneurs which make Indonesia the fastest growing economy in the world.

The company was established under the name PT Betara Darma Export-Import, on September 6, 1985, PT. Sierad Produce Tbk. replaced PT Betara Darma Import Export. Since December 27, 1996, the Company listed its shares on the Indonesia Stock Exchange (formerly the Jakarta Stock Exchange) with the stock code "SIPD". PT. Sierad Produce Tbk engaged in Integrated Chicken Farming produces various kinds of products such as animal feed, broilers DOC, laying hens, live chickens, broilers, processed foods.

In 2001, 3 (three) companies engaged in the integrated poultry business, namely PT Anwar Sierad Tbk, PT Sierad Feedmill and PT Sierad Grains merged and merged into one with the company. In 2011, the company took over the shares of PT Belfoods Indonesia, a company that runs businesses in the

frozen food processing industry through the conversion of debt into share ownership (debt to equity swap).

Based on the background described above, the researcher formulates the problems that will be discussed in the research are:

1. More in-depth research on business analysis of PT. Sierad produce Tbk
2. More in-depth research on the profitability analysis of PT. Sierad produce Tbk
3. More in-depth research on asset management analysis of PT. Sierad produce Tbk.
4. More in-depth research on the analysis of PT. Sierad produce Tbk.

2. Research Methodology

The method used in this study is descriptive and quantitative methods. Descriptive research is a form of research aimed at describing existing phenomena, both natural phenomena and man-made phenomena. The phenomenon is biased in the form, activity, characteristics, changes, relationships, similarities, and differences between one phenomenon and another.

Quantitative research is one type of research whose specifications are systematic, planned, and clearly structured from the beginning to the making of its research design. Another definition of quantitative research is that research requires a lot of use of numbers, ranging from data collection, interpretation of the data, and the appearance of the results.

2.1 Analysis Method

A. Trend Analysis

Trend analysis is an analysis method that is intended to make an estimate or forecast in the future. To forecast well, it takes a variety of information (data) that is quite a lot and observed in a relatively long period of time, so that the results of the analysis can be known to what extent the fluctuations occur and what factors influence the changes.

B. Analysis of Financial Ratio

Financial Ratio Analysis or Financial Ratio is an analysis tool used by companies to assess financial performance based on comparative data of each post contained in financial statements such as balance sheet, profit and loss, and cash flow in a certain period. The ratio that will be used in this study is the analysis of the ratio of liquidity, profitability, activity, solvency, market value.

C. Analysis of Dupont

DuPont analysis is a method used to analyze the ability of a company and the rate of return on equity. And shows the rate of return on assets that can be obtained from the net margin multiplication (Net Profit Margin) with the Total Assets turnover (Total Assets).

D. SWOT Analysis

SWOT analysis is a form of analysis in the management of a company or within an organization that can systematically help in the preparation of a plan that is mature to achieve goals, both short-term goals and long-term goals.

3. Results And Discussion

Market share rating for the animal feed sub-sector listed on the Indonesia Stock Exchange. PT Sierad Produce Tbk is in 4th place with a market share of 5.13%. The company is still optimistic although it is currently considered the smallest for the scale of the same animal feed industry.

3.1 Risk Control

As a business entity, the Company faces a variety of risks both systematically and non-systematically in carrying out daily operational activities. The following are the risks faced by the Company:

1. Risk of Availability and Fluctuation of Raw Material Prices.

To meet certain raw material needs, the Company imports from abroad considering that the majority of the main raw materials used by the Company are commodity goods such as corn and soybean meal. The availability and prices of these raw materials depend on weather conditions, harvest and supply and demand levels which are often not available in the local market with an adequate amount. The Company manages these risks by trying to reduce costs by purchasing large quantities of raw materials. In addition, the Company also continues to look for raw materials that can be substituted from imported raw materials through various research and development.

2. Exchange Rate Risk

The Company has an exposure to the exchange rate of the Rupiah against other national currencies, especially the US Dollar with the purchase of imported raw materials. Anticipation by the Company to mitigate the risk of fluctuations in the exchange rate is by conducting good cash management and natural hedging. In addition, in order to obtain the best exchange rate in each transaction, the Company also monitors changes in foreign exchange rates against the Rupiah value along with conditions that can affect it.

3. Risks of Live Chicken Price Fluctuations

Live chickens are a commodity product whose price is strongly influenced by the level of supply and demand. In order to reduce the risk of a temporary or seasonal decline in the price of live chickens, the Company seeks to maximize the production capacity of modern chicken brooders where live chicken that is cut will be stored for later sale at high prices or further processed into processed food.

4. Risk of disease outbreak

Poultry deaths on farms are often caused by disease outbreaks. To overcome this risk, the Company implements bio-security in all facilities owned, as well as by providing consultation and guidance to farmers. In addition, to prevent disease outbreaks, the Company routinely provides vaccination against poultry.

5. Interest Rate Risk

The Company is exposed to interest rate risk, credit risk and liquidity risk related to financing facilities in the form of bank loans and finance lease liabilities. In order to minimize interest rate risk, the Company manages interest expenses through a combination of fixed interest rates and variable interest rates accompanied by an evaluation Market interest rates. Management also reviews the various interest rates offered by creditors before making a decision to enter into a debt agreement to obtain favorable interest rates. Other efforts undertaken by the Company are by always maintaining business relationships with other trusted parties, establishing verification policies and credit authorization, and monitoring the collectibility of receivables on a regular basis to reduce the number of uncollectible receivables.

6. Liquidity Risk

The Company periodically evaluates the projected cash flows and actual cash flows including the maturity date of the debt. In addition, in order to obtain optimal funding sources, the Company reviews the financial markets.

3.2 Analysis of Profitability

Profitability Ratio

The increase in sales of PT Sierad produce Tbk has sales that are still below the industry average. This shows that the company has not been able to compete and maintain consumer interest. The decline in the cost of goods sold was divided by sales of PT Sierad Produce Tbk below the industry average. This shows that PT Sierra Produce Tbk has been efficient in suppressing HPP compared to competing industries that have an increasing trend, so that the profit can be maximized compared to the competitor industry. Increasing the trend of operational expenses divided by sales of PT Sierad Produce Tbk is still above the industry average. This is caused by many factors, especially external factors, namely the exchange rate of the rupiah against the dollar decreases causing raw material costs to rise because most of the raw materials are imported. There is also an excessive supply of DOC (day old chicken) compared to demand in the market. Government policies ~~that~~ limit corn imports and the destruction of DOC brooders to stabilize DOC prices. Viruses that attack livestock also affect the production and burden of the company. There are also unstable prices of chicken meat and eggs which causes market demand for these commodities to decline.

Judging from the gross profit margin (GPM) the company is able to minimize sales costs so that the gross profit generated is better and more efficient than the industry average. This is due to HPP being able to be suppressed by the company so that the gross profit received has increased.

However, the operating profit margin (OPM) of PT sierad Produce Tbk and industry has not been able to suppress such operating and production costs so that operating profit margins have decreased. High operating expenses and declining sales are a problem for all companies engaged in the animal feed sector, moreover many external factors that cannot be controlled by the company. This has an impact on the profits earned by the company to become inefficient and even lose.

So that the ratio of Net Profit Margin (NPM) of PT sierad Produce Tbk is not able to suppress expenses such as tax expenditures, and interest expense, so the net profit earned by the company experienced a

significant decline until it loses. This is because the company uses more of its equity compared to using debt so that the tax burden that the company has is high.

At the Return of Assets (ROA) ratio of PT Sierad Produce Tbk below has decreased. This shows that the company's Earning After Tax (EAT) has a loss and sales that are always decreasing. This causes the company to be unable to return the use of assets within one year.

This also affects the Return on Equity (ROE) ratio of PT Sierraaduce Tbk. Decreased. This shows that the company's Earning After Tax (EAT) has experienced a loss and sales that are always decreasing. This causes the company to be unable to return equity within one year.

3.3 Asset Management Analysis

1. Activity Ratio

Current asset turnover (CATO) PT Sierad produce Tbk experienced a decline due to the increase in company sales not comparable with the increase in current assets owned by the company in the last five years. This causes current asset turnover (CATO) of PT Sierad produce Tbk to be under the animal feed sub-sector industry. This decline means that the company has not been able to use existing current assets to generate higher returns.

This happens also in the ratio of Fixed Assets Turn Over (FATO) of PT Sierad produce Tbk due to the decrease in fixed assets owned by the company for the last five years but fixed assets sold by the company are unproductive assets so that they have no influence on sales but still the company unable to increase sales. This causes Fixed Assets Turn Over (FATO) PT Sierad produce Tbk is under the animal feed sub-sector industry. This decrease means that the company has not been able to use existing fixed assets to generate even higher profits.

Because the ratio of CATO and FATO has decreased, the trend of Total Asset Turn Over ratio has also decreased because the use of company assets can not increase sales so that the profits owned by the company will decrease.

But the current ratio activity of PT sierad Produce Tbk in the ratio of Current Ratio (CR) has increased even though a little, this is because the company has a short-term debt that is slightly compared to the current assets used so that the turnover is good.

Similarly, the Quick Ratio (QR) turnover of net current assets that have been reduced by inventory has a good trend, this shows the company is able to pay its short-term debt with cash.

3.4 Analysis of Funding Policies

Solvability Ratio

Increased Debt to Total Asset Ratio (DAR) trends PT Sierad Produce Tbk is due to a decrease in total debt and a decrease in the trend of total assets, assets are reduced due to depreciation and there are some unproductive assets sold. This shows that PT Sierad Produce Tbk is able to manage its debts well, because the increase in Debt to Total Asset Ratio (DAR) of PT Sierad Produce Tbk is insignificant. However, it can be seen that the funding of corporate assets uses more debt so that the risk is higher but has a high chance of return.

Decrease in Debt to Equity Ratio (DER) of PT Sierad Produce Tbk due to a decrease in total debt and an increase in equity held by PT Sierad Produce Tbk. This shows that PT Sierad Produce Tbk is able to manage to fund based on debt well. Although it uses more of its equity compared to its debt because it avoids the risk of large interest in order to reduce the risk of not being paid. This step was taken because the EBIT of the company was unable to generate profits in 2014 and 2015 so that the company had an interest and tax expense that was not paid. This could threaten the continuity of the company because of an increase in liabilities that must be paid by the company.

Long-Term Debt Ratio (LDER) of PT Sierad Produce Tbk is known that long-term debt growth is lower than equity growth, which means that low-risk companies are funded by the company's equity. But this causes the company to have a high tax burden because it uses more equity as evidenced in 2014 to 2015 the tax burden of PT sierad produce Tbk from 2.89 billion to 22.52 billion this has an impact on net income and corporate dividends that will be shared with shareholders.

In the ratio of Time interest earned (TIE) PT. Sierad Produce Tbk has not been able to pay the fixed costs of the company in the form of interest loans by utilizing the company's EBIT, which means the company has not been able to pay interest and few opportunities to get additional loans if the company seeks loans through interest (bonds) interest offered by the company must be high so investors are interested in buying it with the hope of high profits. This was due to the low EBIT and high operating expenses which caused the company to be unable to pay its interest expenses, especially in 2014 and 2015 which experienced very large losses.

3.5 Evaluation of dividend policy

The ratio of PT Sierad Produce Tbk Earning Per Share (EPS) has not been able to distribute dividends to its investors, because the company has not been able to generate high net income so that there is a decline in other causes namely high outstanding shares also become a problem so in 2015 the company conduct stock split reverses which aims to increase the share price and reduce dividends distributed. This has an impact on the confidence of prospective investors to buy the company's shares because the expected profits are not appropriate. If it continues, the company will find it difficult to get additional capital from new investors so the company is underfunded and threatened with bankruptcy.

This has an effect on the Price Earning Ratio (PER) ratio because the dividend distributed is compared to the stock price, because the dividend is not distributed, so the company's stock price does not dare to buy at a higher price than the original stock price.

3.6 Dupont Analysis

From the above Dupont analysis, PT Sierad Produce Tbk, from 2012 to 2016 decreased, this caused PT Sierad Produce Tbk unable to increase return on equity (ROE). This shows that in the return of capital to the sale of PT Sierad Produce Tbk, it has not been efficient in generating profits.

4. Conclusion

4.1 Evaluation of Financial Performance

1. Profitability

From the analysis of sales in 2012 to 2016, the company experienced a decline, this caused PT Sierad Produce Tbk to be unable to compete with competing industry sales, which had an impact on the company's profits. In the cost of goods sold divided by sales increased at higher than the competitor industry this shows that the company has not been able to reduce the cost of goods sold. From the results of the analysis carried out on operating expenses divided by sales the company experienced a higher increase than the competitor industry, which means that the company's operating expenses are very high, the company has not been efficient in suppressing costs while decreasing sales. From the analysis measured by calculating the Net Profit Margin, Gross Profit Margin, and Operating Profit Margin the company has a value that is not so good, is below the industry average which means that the profits received by the company are still not so optimal, because the company does not press the burden businesses that affect the company's net income. From the analysis of Return On Assets (ROA) of PT Sierad Produce Tbk has a minus value, this explains that the company is unable to return assets from the net profit earned because the company's net profit suffered losses. Likewise, Return On Equity experienced a minus decrease in the ratio calculation, because the net lab of the company suffered a loss, so the company was unable to return equity.

2. Asset Management

From the analysis of the asset management performance of PT Sierra Produce Tbk for the period of 2012 to 2016, the company has not been able to process its assets properly. This is due to the calculation of the activity ratio of the CATO value (Current Asset Turnover) in PT Sierad Produce Tbk has a value of 2.92x rotation. This means that PT Sierad Produce Tbk has used its smooth assets well. However, when compared with the industry average, it can be said that the CATO value is below the industry average that has a 3.01x rotation. as with FATO Fix Asset Turnover PT sierad Prouce Tbk has a 2.69 times turnover, which means the company has used its fixed assets well. But the competitor industry has 3.23 times that is still above PT Sierra Rroduce Tbk which means that the competitor industry is more efficient in using its fixed assets to get profit. And total asset turnover (TATO) of PT Sierad Produce Tbk as much as 1.37 times, this states that the company can be said to be good because the turnover is over 1 time but the industry's turnover of competitors has a higher turnover of 1.49 times which means that the competitor industry is more efficient in using all its assets. Furthermore, PT sierad produce Tbk's current ratio has 0.88 times turnover, this can be said to be bad because PT Sierad Produce Tbk's current ratio turnover does not touch the number 1 time so the company is unable to meet the current liabilities of the company using current assets. Different from competing industries which have a turnover of 1.84 times. The cash ratio of PT Sierad Produce Tbk still does not have a good value. The company is still below the industry average below 1 time. This means that the company still cannot pay its short-term liabilities with the cash that is in the company at the time of maturity. While Quick Ratio has good value because it is above the industry average.

4.2 Evaluation of funding performance

From the analysis measured by calculating the solvency ratio: Debt-Asset Ratio and Debt-Equity Ratio from 2012 to 2016 the company has a better value below the industry average. Even though the company has high debt, it can be said to be safe compared to its competing companies. Whereas the Long Term Debt To Equity LDER and Time Interest Equity (TIE) are still below the industry average and have less good value due to long-term debt that has less maximum use and loss of net income. The conclusion of the financial performance is that companies use their own capital more than using debt even more so using long-term debt so that the tax burden is very high, this causes the company is unable to pay the burden even though the debt owned by the company is not good enough to pay interest expense is seen in the average TIE ratio of only 0.08%, this is due to very high operational expenses which cause the company to receive very low profit before interest expense and tax (EBIT) and decrease sales. this causes an inability to pay interest and taxes.

Dividend policy valuation

From the calculation of the analysis of earnings per share (EPS) and price earning ratio (PER) in the period 2012 to 2016, the company has a poor performance can be seen EPS and PER are far below the industry average. this is caused by companies that always lose each year, this affects the dividend distribution, which is under 0 which means there is no profit distributed by the company to shareholders. This has an effect on PER, a bad PER ratio causes the company's stock not worth buying because the shares purchased are not proportional to the profit expected by investors. So the conclusion of these two ratios is that PT sierad Produce Tbk is not feasible for investment because dividends are not given during the last 5 years and the stock value is bad.

5. Recommendations

Based on the results of the conclusions above, the suggestions that can be given by the author are as follows:

- a. Companies need to add additional funds to make improvements, such as modernization, capital structuring and management structuring.
- b. The company must give trust to the banking world, to get additional working capital.
- c. Companies need to develop such as exporting goods that are produced.
- d. Companies need to reduce operating costs that swell to close the threat from external parties with existing external forces.
- e. Adding to the sale of animal feed and seeds to small farmers and those in remote areas so that PT sierad produce Tbk's products can dominate the market as a whole.
- f. Provide training and education to employees so that the company can maximize the performance of its employees.
- g. Produce their own raw materials so that the burden can be reduced, such as opening corn farming which is the main raw material for making animal feed, especially the restrictions on the import of corn by the government so that it can be overcome.

6. Disclaimer

This report was made by the author as a student research in order to fulfill the requirements of completing the final assignment to achieve a Bachelor of Capital Market Financial Management. The above research is made on the basis of reliable company data and other relevant external information, and is carefully processed according to the equity research procedures. The author is not responsible for the possibility of the incompleteness of the data being processed.

Whereas all author's interpretations and opinions are made on the basis of comprehensive consideration of the data and information that is processed by respecting the principles of fairness. This report is not intended to influence any party, therefore, the report writer is not responsible for misuse of this report for the purposes of any transaction.

This report contains a statement of financial conditions, the results of which are classified as forwarding statements in the implementation of the applicable legislation, except for historical matters. These statements have the prospect of risk, uncertainty, and can lead to actual development in a materially different way than reported.

Prospective statements in this report are made based on various assumptions regarding the current and future conditions of the Company and the business environment in which the Company conducts business activities. The Company does not guarantee that documents that have been verified as valid will bring certain results as expected.

This report contains the word "Company" or "company" which is defined as PT Sierad Produce Tbk which runs a business in the field of the animal feed industry. Sometimes the word "SIPD" is also used on the basis of convenience to refer to PT Sierad Produce Tbk in general.

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[80]

The Influence of Funding Policy, Sales Level, And Return On Equity To The Growth of Companies

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Abstract. The purpose of this study is to analyze what factors can affect the company's profit growth. Variables used in this study consisted of three independent variables: funding policy, sales level and return on equity. The dependent variable is the company's profit growth.

The data used in this research is quantitative data with the secondary data source. This research was conducted by using statistical analysis that is multiple linear regression, a significant test of F and t, correlation coefficient and coefficient of determination at three food & beverage subsector companies, namely PT. Indofood Sukses Makmur Tbk, PT. Mayora Indah Tbk, and PT. Ultrajaya Milk Industry & Trading Company Tbk. The data used is a financial report with a period of 10 years, from 2007-2016.

The results showed (1) Funding Policies (2) Level of Sales and (3) Return On Equity for PT. Indofood Sukses Makmur Tbk each has a positive, negative and negative influence on Corporate Growth Profit, for PT. Mayora Indah Tbk all three have a negative influence on the Company's Profit Growth. However, only Return On Equity has a significant effect. While for PT. Ultrajaya Milk Industry & Trading Company Tbk each positively, positively and negatively influence the Company's Profit Growth.

Keywords: Funding Policy (Financial Structure), Sales Level (Sales Growth) and return on equity (ROE)

3. INTRODUCTION

Maximizing wealth and profits for company owners is the goal of company management. To get profit, management must make their business and performance good, efficient and effective. Profit or profit is obtained from the difference in sales results, namely income that is greater than the cost used. However, it is not always the profits earned, the company may suffer losses. Therefore, it is necessary to keep the company in production, so as to produce an optimal profit. Every company definitely wants an increase in profits. The increase or growth in profit strongly supports the development of the company, because the profit can be invested to support the company's operations, which is commonly referred to as profit on hold.

The need for funds or capital, whether it is own capital or that comes from debt is needed by developing companies. In determining which funding is most suitable for the needs of the company, a funding decision needs to be made, namely by making several choices among several possible funding that will be used by the company, but first, the company must establish a funding policy. Funding decision making is very important because it determines the success or failure of the business.

Sales activities are routine activities of the company. The company's sales results are unstable, tend to rise / fall, because there are factors that influence, such as defeat in competition, products that are less desirable by consumers, etc., all of which will have an impact on the company, because the company's capital can be sourced from outside (external) or from the internal company itself.

Creating profit for the company is very important. Company owners or shareholders really expect company management to work according to the target to be achieved. To assess management's ability to create profits, it is usually calculated using the Return On Equity ratio. ROE is a profitability ratio based on

the shareholders' perspective on management. In practice, shareholders can terminate the employment relationship with the board of directors or management and appoint a new board of directors if the targets set are not met.

4. LITERATURE REVIEW

Profit Growth

Profit is the difference between income and profit after deducting expenses and losses. Profit is one measure of operating activity and is calculated based on the basis of accrual accounting (K.R. Subramanyam & John J.Wild 2010: 4).

According to Gunawan and Wahyuni (2013: 64), the measure that is often used to determine the success or failure of company management is the profits earned by the company. Profit growth is the development of profits that occur in a company in a certain period of time whether experiencing a profit increase or vice versa has decreased (David H.M Hasibuan 2009: 36).

Budgeting Policy

According to James E Anderson as quoted by M. Irfan Islamy (2009: 17). the policy is "a purposive course of action followed by an actor or set of actors in dealing with a problem or matter of concern". (A series of actions that have specific objectives followed and carried out by an actor or group of actors to solve a particular problem.

According to Ross, Westerfield and Jordan (2009: 295) Funding is part of financial terms. Generally, this term refers to long-term funding. Corporate funding activities aim to support the profit creation process. Funds are used as working capital for the operational activities of the company. The source of funds used can be obtained from internal funding sources or external funding sources.

Level of Sales

According to Kotler (2006: 457), sales are a process in which the purchase needs and sales needs are met through the interchange of information and interests.

Return On Equity

Return on Equity is one of the ratios in measuring profitability. The profitability ratio is the ratio to assess the company's ability to seek profits, this ratio also provides a measure of the level of management effectiveness of a company.

RESEARCH METHOD

Research methods can be interpreted as a scientific way to obtain valid data with the aim of being found, developed, and proven, a certain knowledge so that in turn it can be used to meet, solve, and anticipate problems (Sugiyono, 2010: 5).

Population and Sample

According to Sugiyono (2010: 80) population is "The area of generalization which consists of objects or subjects that have the quality of the definition set by researchers to study and then draw conclusions". The population in this study are companies in Indonesia that have gone public listed on the Indonesia Stock Exchange.

According to Sugiyono (2010: 80) the sample is "part of the amount and characteristics of the income".

The sample criteria used in this study are:

1. A consumer goods company registered and active on the Indonesia Stock Exchange, for at least 10 years.
2. Having complete financial data needed.

Operasional Variabel

Operational research variables are explanations of each variable used in the study of the indicators that shape it.

Profit Growth

To calculate profit growth, the following formula can be used:

$$\text{Profit growth} = \frac{\text{Net profit}_t - \text{net profit}_{t-1}}{\text{Net Profit}_{t-1}} \times 100\%$$

Budgeting Policy

The indicators used in the funding policy are:

$$\text{Financial Structure} = \frac{CL}{(LTD + Equity)}$$

Sales Level

The sales growth rate is calculated by the following formula (Weston and Copeland 2008: 240):

$$\text{Sales Growth} = \frac{\text{Sales}_t - \text{Sales}_{t-1}}{\text{Sales}_{t-1}} \times 100\%$$

Data Analysis Method

Multiple Linear Regression

Multiple linear regression is an analysis that is used with the intention of predicting how the state (ups and downs) of the dependent variable (criterion), if two or more independent variables as predictor factors are manipulated (raised by value) (Sugiono 2010: 277), with the following formula :

$$Y = a + b_1 X_1 + b_2 X_2 + b_3 X_3 + E$$

Y: Profit Growth

A: Constant coefficient

β (1-3) : Regression Coefficient

(Financial Structure, Sales Growth, ROE)

E: Error

Correlation Analysis

Correlation analysis is used to see the weak strength between independent variables with dependent variables. Following is the formula of the correlation coefficient:

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

Remarks :

r = correlation coefficient

n = Number of samples (lots of data in 10 years)

x = independent variable

(Funding policy, level of sales, and Return on Equity)

y = dependent variable (profit growth)

Determinant Coefficient Analysis

According to Ghazali (2011: 97) "the coefficient of determination essentially measures how far the ability of the model to explain the variation of the independent variables'. The following is the formula of the coefficient of determination:

$$KD = r^2 \times 100\%$$

Remarks:

KD = Determinant Coefficient

r^2 = Squares of Correlation Coefficients

T-Test

T-test basically shows "how far the influence of an explanatory/independent variable individually in explaining the variation of independent variables (Ghozali 2011: 98). The hypothesis is formulated as follows:

$$t_{hit} = \frac{r \sqrt{(n-2)}}{\sqrt{1-r^2}}$$

Remarks:

R = correlation coefficient

n = number of respondents (sample members)

Statistical research 1

H0: $\beta_0 = 0$, Funding Policy has no effect on profit growth.

H1: $\beta_1 \neq 0$, Funding policy affects profit growth.

Statistical research 2

H0: $\beta_0 = 0$, the level of sales does not affect profit growth.

H1: $\beta_1 \neq 0$, the level of sales influences profit growth.

Statistical research 3

H0: $\beta_0 = 0$, Return on equity has no effect on profit growth.

H1: $\beta_1 \neq 0$, Return on equity influences earnings growth.

Statistics Research 4

H0: $\beta_0 = 0$, Funding Policy, Level of sales and Return on equity have no effect on profit growth.

H1: $\beta_1 \neq 0$, Funding Policy, Level of sales and Return on equity affect the profit growth.

F-Test

According to Ghazali (2011: 98): "F statistic test basically shows whether all independent or free variables included in the model have a joint influence on the dependent/dependent variable". The F Test formula is as follows:

$$F = \frac{R^2 / (k - 1)}{(1 - R)^2 / (n - k)}$$

Remark:

R = correlation coefficient

k = number of independent variable

n = number of sample population

Research Hypothesis:

H₀ : $\beta_1 = \beta_2 = \beta_3 = 0$, Funding Policy (X₁), Level of Sales (X₂), *Return On Equity* (X₃) not influenced by profit growth (Y)

H₁ : $\beta_1 = \beta_2 = \beta_3 \neq 0$, Funding policy (X₁), Sales level (X₂), *Return On Equity* (X₃) influences the profit growth (Y).

3. RESULTS AND DISCUSSION

PT. Indofood Sukses Makmur Tbk.

Based on the results of the study, it can be seen that the funding policy variable has no significant positive effect on earnings growth. The cause or reason for the insignificance of the funding policy variable (financial structure) on profit growth is the lack of precise composition or use in terms of liabilities namely current debt, long-term debt and equity used to meet funding needs, management has not been able to determine to fund for the company. Therefore, the funding policy has not been able to provide changes to the company's profit growth.

Meanwhile, it is known that the level of sales variable has a negative influence not significant on profit growth. The reason is the lack of management performance in maintaining the stability of the number of

sales so as not to decline and try to reduce the costs and operating expenses incurred by the company. Therefore, the level of sales has not been able to influence the company's profit growth.

It is known that the variable return on equity has no significant negative effect on profit growth. The absence of significance between the effect of return on equity on company profit growth indicates that the lack of business and management performance in profit creation. Therefore, return on equity has not been able to influence the company's profit growth.

PT. Mayora Indah Tbk

Based on the results of the study it can be seen that the funding policy variables have a negative and insignificant effect on earnings growth. The cause or reason for the insignificance of funding policy variables (financial structure) on profit growth is due to poor utilization and use of liabilities components, such as short-term debt, long-term debt, and equity, so as not to have an influence on profit growth.

For sales level variables have a negative influence not significant on earnings growth. The reason is that the company's sales activity has not been stable, there is still an increase and decrease that occurs so that it has not been able to influence profit growth.

It is known that the variable return on equity has a negative but significant influence on the profit growth of PT. Mayora Indah Tbk. The significance of the effect between the effect of return on equity on company profit growth indicates that management has worked well and effectively, so as to create efficiency in the company in obtaining profits or profits. Therefore, return on equity can affect the company's profit growth.

Ultrajaya Milk Industry & Trading Company Tbk.

It is known that the funding policy variable has a positive and not significant effect on profit growth. Just as in the previous two companies the cause or reason for insignificance is the lack of good use and management of components in terms of liabilities such as short-term debt, long-term debt, and equity so as not to have an influence on profit growth.

Based on the results of the study it can be seen that the level of sales variable has a positive and not significant effect on earnings growth. The reason is that the company has not been able to manage costs, expenses, and expenses well and is not trying enough in marketing and promotion of its products. Therefore there is no effect on profit growth.

Meanwhile, it is known that the variable return on equity has a negative effect not significant on profit growth, this indicates a lack of business and management performance in profit creation. So that the company has not been able to maximize profitability. Therefore, return on equity has not been able to influence the company's profit growth.

4. CONCLUSION AND SUGGESTIONS

CONCLUSION

Based on the results of the research and discussion above, it can be concluded:

1. PT. Indofood Sukses Makmur Tbk

- a. Funding Policy variable (X1) partially does not have a significant effect on the company's Profit Growth (Y).
- b. The Sales Level variable (X2) partially does not have a significant effect on the company's Profit Growth (Y).
- c. Variable Turnover return on equity does not have a significant effect on the company's Profit Growth (Y).
- d. Funding Policy Variables (X1), Sales Level (X2), and return on equity (X3) simultaneously have insignificant influence on the company's Profit Growth (Y).

2. PT. Mayora Indah Tbk

- e. Funding Policy variable (X1) partially does not have a significant effect on the company's Profit Growth (Y).
- f. The Sales Level variable (X2) partially does not have a significant effect on the company's Profit Growth (Y).
- g. Variable Turnover of return on equity partially has a significant effect on the company's Profit Growth (Y).
- h. Funding Policy Variables (X1), Sales Level (X2), and return on equity (X3) simultaneously have insignificant influence on the company's Profit Growth (Y).
- i. PT. Ultrajaya Milk Industry & Trading Company Tbk

- j. Funding Policy variable (X1) partially does not have a significant effect on the company's Profit Growth (Y).
- k. The Sales Level variable (X2) partially does not have a significant effect on the company's Profit Growth (Y).
- l. Variable Turnover return on equity does not have a significant effect on the company's Profit Growth (Y).
- m. Funding Policy Variables (X1), Sales Level (X2), and return on equity (X3) simultaneously have insignificant influence on the company's Profit Growth (Y).

SUGGESTION

The suggestions that can be given in this study are:

1. For research that will develop the results of this study, it is recommended to add other variables with different research objects.

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