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PREFACE

Free trade zones and advanced information technology are shaping the current business world that creates more uncertainties and challenges for management. Innovation and sustainability are becoming the driving engines for many corporations to strive in this more complex globalized market. As many corporations are moving across national and cultural borders, good corporate governance is also playing an important role to guarantee the sustainability of the business.

With this current situation, The Business Management Program of Petra Christian University conducts the first international conference on management and entrepreneurship to address the issues of innovation, sustainability, and governance. This conference is made possible with the support of *Jurnal Manajemen & Kewirausahaan (Journal of Management & Entrepreneurship)*, a nationally accredited scientific journal, and several other nationally and internationally accredited journals. The conference will present seven keynote speakers from six different countries: Indonesia, Malaysia, India, France, UK, and USA.

This conference is also calling for research articles and papers from scholars, researchers, and students from all over the world. There are six sub-themes with various topics covering on management and entrepreneurship that are ready to explore and discuss. The conference will be a forum where fellow academics share experience, exchange knowledge, work hand-in-hand, utilize a new technology, and find managerial solutions for a better business world.

The 1st conference of International Conference on Management and Entrepreneurship (i-CoME) is held on the Discovery Kartika Plaza Hotel in Bali, Indonesia during July 13–15, 2017. It is held by Business Management Program of Petra Christian University, Indonesia and supported by McKendree University, USA and Saurashtra University, India with theme “Promoting Innovation, Sustainability & Governance for a Better Business World”. Moreover, all papers presenting will be found in this proceeding in order to disseminate all current scientific research results. Hopefully, it could contribute for developing knowledge in Management and entrepreneurship.

Indonesia, July 13–15, 2017

The Editor in Chief

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Strategic Decision Making Based on Information Systems for Improving the Competitiveness of Small and Medium Enterprises in the Trade Sector of the City Tourism and Trade

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ABSTRACT

The main shortcomings of micro, small and medium enterprises in Indonesia are located into its traditional management system coupled with lack of utilization of information and technology. Economic and trading growth in Surabaya, Malang and Batu are higher compared to national economic and trading growth. Information and technology are essential factor in improving strategic competitiveness of grocery since it can be used to seek information about customer to gain their trust and satisfaction. The present study shows that strategic competitiveness of grocery in Surabaya and Malang is based on service and product quality. Meanwhile, strategic competitiveness in Batu is based on pricing of the product. Utilization of information and technology in making strategic competitiveness decision obtain the same result as conventional statistics analysis.

Keywords: Small and Micro Enterprises, Competitiveness, Strategic, Business Decision, Information System

INTRODUCTION

Precise decision making for developing business in information and technology era nowadays is highly demanded. Delay in making decision stimulates loss of business opportunity coupled with hamper the growth of business to become stagnant or even failed. Economic growth of Indonesia in 2015 was around 4, 79% in which it decreased compared to 2014 which around 5, 02%. Economic growth of East Java province in 2015 was around 5, 44% or slowed down around 0, 42 point compared to 2014 which was around 5, 86%. Commerce industry in Indonesia within 5 years is experiencing steady growth around 13, 24%. Steady growth of commerce industry for East Java province in 2015 was exceeding the national growth which was around 17, 29%. Surabaya as the capital of East Java holds around 18, 56% within commerce industry mainly micro enterprises since it has around 1.538 micro enterprises that hold micro trading business permits and 4.062 small enterprises that hold small trading business permits [3]. Economic growth of Malang in 2015 was around 5, 61%. It is influenced by strategic location of Malang which is located nearby Batu as one of the national tourism destination in East Java. The economic growth of Malang can be seen from its Gross Domestic Regional Product (restaurant, hotel and commerce) was around 37, 67% in 2015. Batu is tourism city which possesses commerce growth around 6, 44% from 116 enterprises that hold micro trading business permits and around 23 enterprises that hold small trading business permits [3]. Batu city gave 41 tourism objects which are 14 natural tourism objects, 19 artificial tourism objects, 10 cultural objects which dispersed in 3 districts. The total number of tourists who came to Batu city around 2,089,022 visitors therefore the existence of groceries needs to be located nearby tourism objects in Batu to achieve customer satisfaction [10]. Information concerning product discount and special offer are needed by customer in order to gain customer trust and satisfaction [15]. This condition demands technology and information to maintain and improve competitiveness strategy since technology and information are able to provide quick access for customer in getting information about the product. Based on interview with the vice minister of commerce Mr. Bayu Krisnamurthi in August 2014, there are around 75.000 small and medium enterprises who are using internet in conducting their business (detik, 2014). Therefore it can be assumed that small and medium enterprises nowadays are utilizing information and technology as the marketing media in improving their business.

LITERATURE REVIEW

Competitive advantage is not enough for small and micro trading enterprises to compete within market. They also need sustainable competitive advantage in order to strengthen their capacity. Sustainable competitive advantage is needed to establish high quality product which has competitiveness values in order to counteract the existence of minimart, super market, coupled with hyper mart. Furthermore, competitiveness values that are mentioned above can be described as: (1) Ensuring supply chain in order to maintain regular coupled with continuous supply, (2) Providing high quality products which have reasonable price for the market, (3) Producing product variations which are suitable with the market needs and demands [1]. (Turban, Aronson, & Liang [32]) stated that internet has changed business behavior coupled with competition nature. Moreover, internet is not changing business model rather than it is used as tool to elaborate competitive advantage. (Kotler & Armstrong [17]) assumes that *internet marketing* can be defined as an effort which is done by company to inform, communicate, promote coupled with marketing through internet. E-commerce is an example of internet marketing which becomes marketing trendsetter for small and micro enterprises nowadays in Australia and Denmark. Study result shows that there are two environmental factors which support e-commerce to become trendsetter in Australia and Denmark which are: customer pressure coupled with service quality in related to information and technology. This phenomenon is matched with research conducted by (Scupola [26]) in south Italy. Service range influences development of small stores. In other words wide range services of minimarket influence the development of small store. Average friction around 57,29% or one minimarket influences 4 stores (Iffah, Sutikno, & Sari [14]) furthermore high number of minimarket accretion stimulates revenue changing of traditional store and Short distance (1 meter) between minimarket and traditional store stimulates reduction of traditional store revenue around 0,02%. [34]. The present study discusses theory about human resource as sustainable analysis tool which is developed into a model of company resource. This model is applied into four information technology attributes which are capital needs, exclusive technology, technical information technology skill and managerial information technology skill which might be used as sustainable competitive advantage sources [20]. The present study examines significance factors which influence adoption and implementation of ecommerce b-to-b within small and micro enterprises in Australia and Denmark. It can be seen that there are two environmental factors which support e-commerce to become trendsetter in Australia and Denmark which are: customer pressure coupled with service quality in related to information and technology [27]

METHOD

RESEARCH STAGES

Research stages are started by examining references of researches and official documents concerning small and medium enterprises mainly groceries in commerce sector. The next stage is by conducting survey and questioner to collect data. Later on, the data is analyzed coupled with categorized into three sections which are: discount of the competitor product, portfolio of small and medium enterprises in commerce sector, analysis of market and consumer. SWOT and Cross tabulation are used as the approach in analyzing the data in order to determine the connection between groceries factor and positioning. The result of SWOT and Cross tabulation will be analyzed further using logic regression to determine the influence of competitiveness advantage of grocery. Analysis result will be compared with fuzzy logic output within information system of the grocery.

POPULATION AND SAMPLE

The present study uses micro finance groceries as the sample and population. According to Economic Ministry Decree No.40/KMK.06/2003, 29 January 2003 (Minister of Finance [21]), micro finance grocery is a productive business that owned by Indonesian private or family which has circulation sales maximum Rp.100.000.000, 00 (one hundred millions) each year. Respondents of the present study are grocery owner in Surabaya, Malang, and Batu. The number of sample is based by approaching *degree of freedom* 95% level which maximum *error* is approximately 0,05 for 385 as the minimum number of respondents based on formula Issac and Michael [28]. Minimal number of respondents is 385 in which it is rounded into 400 which consist of 200 respondents from Surabaya, 100 respondents from Malang and 100 respondents from Batu.

DATA COLLECTION TECHNIC

Data collection in the present study uses two stages which are primary data and secondary data which will be describe below:

1. Primary data collection is taken directly from respondent through questionnaires that are distributed in Surabaya, Malang and Batu.
2. Secondary data collection is taken by examining firm's report, literatures, online periodical journals that are published by corporation, government department, bulletin, various reports that are published by official department coupled with Indonesian Statistic Bureau.

DATA ANALYSIS TECHNIC

Cross tabulation analysis through is conducted in order to determine relation between research construction and respondent characteristics [29]. Meanwhile, competition analysis will be analyzed using SWOT. Competition analysis is elaborated by identifying threat, opportunity, or strategy question that occur as an impact of potential competition changes, also competitor strength coupled with weakness. Cravens stated that competitor analysis can be defined as competition field, strategic group analysis, image and evaluation of main competitor [6]. Analysis mentioned above should able to show competitor strength and weakness. (Robbins & Coulter [24]) stated SWOT analysis is a mapping of weaknesses and strengths of an organization coupled with opportunities and threats that can be occurred nearby the organization. The analytical Logistic regression is an approach in modeling prediction such as linear regression or Ordinary Least Squares regression. Dichotomy scale means a scale which consists of two categories such as yes and no, good and bad, high and low [13].

FINDINGS

Based on literature reviews, survey and analytical Logistic regression, it can be seen that competitiveness grocery is highly influenced by price, quality, location and flexibility. It has nearly same result like study which is conducted by(Ward, Leong, & Boyer [33]) since it is showed that competitiveness dimension of a firm consists of cost, quality, delivery order, and flexibility. Moreover, study conducted by (Krajewski, Ritzman, & MK [18]) stated that business location plays important role toward operation cost of a firm, product and service price and influence firm competitiveness. Location also plays essential role toward dimensions of strategic marketing such as flexibility, competitive positioning, management demand, and strategic focus [9]. (Kotler [16]) described that achieve eminence in competition can be achieved by establishing relation with consumer which based on:

a. Consumer value

Customer value is a difference between customer total value and customer total cost coupled with customer total cost toward market bargaining (customer revenue)

b. Consumer satisfaction

Customer satisfaction can be measured according to performance that is given by a product. When the products are suitable with customer expectation therefore customer satisfaction can be acquired

Factors that form competitive positioning mentioned above need to be anticipated mainly for commerce small and medium enterprises by producing accurate strategic plan. One of the successful key in determining accurate strategic plan is concerning market selection and determining strategy to compete within competition [12],[25]. (Porter, [23]) stated that competitiveness eminence can be achieved through various strategies such as business strategy which consists of cost leadership, differentiation and focus. Continuous competitiveness eminence can be achieved when the management has ability to create and implement resistant strategy toward imitation competition and able to establish long term competition [2],[11],[19]. Moreover, environment factor also play important role toward business condition since this factor able to determine what kind strategy that can be applied [5]. (Pearce, Robbins, & Robinson [22]) also stated that a good way to formulate effective and efficient strategy is by combining internal and external organization point of view. Results that are taken from studies mentioned above can be used as guidance in establishing groceries competitiveness in global competition. Nowadays, competition is only happened within one level but it develops into multilevel competition level. It can be seen that service range of minimarket influences the

development of groceries. One minimarket influences 4 groceries revenue which is shown by decreasing revenue with average friction around 57, 29 % [14]. Furthermore, next study shows that high revenue that is achieved by minimarket influences the decreasing revenue of groceries and minimarket position which is 1 meter from groceries also influences the decreasing revenue of groceries around 0, 02% [34]. Strategic position based on study that is conducted by (Alimudin [1]) stated that entrepreneur orientation ranks in strategic position in developing sustainability of small consumer goods in Surabaya. Consumer goods owner needs to make commitment concerning innovation, proactive, courageous in managing and taking risks.

Indicators which can be formulated based on studies mentioned above are:

- 1) Internal Analysis Factors (micro) that can be used are financial report, groceries sales report, selling price, number of consumers, and groceries operational cost.
- 2) External Analysis Factors (macro) which can be used are:
 - a) Competitor numbers
 - b) Competitor price mainly special competitor such as Indomart and Alfamart
 - c) Location distance with minimarket

The next step is distributing questionnaire by applying likert scale 1-4 that distributed into grocery respondents. Collected data is examined using cross tabulation analysis coupled with SWOT analysis. The result of data analysis mentioned above can be seen below:

Table 2. *Cross tabulation* of Internal and External Environmental Construct with competitiveness as the variable.

Construct	Variable	Significance	Description
Internal Environment	Product Price	0,00	Significant
	Consumer number	0,00	Significant
	Production Cost	0,00	Significant
External Environment	Competitor number	0,00	Significant
	Competitor Price	0,00	Significant
	Distance location of competitor	0,00	Significant

Source: Primary data analyzed in 2017

According to crosstab construct analysis result of internal and external competitiveness environment indicators, it is showed that all indicators have value below 0.005. In other words it can be said that all constructs have tight relation with competitiveness construct. Grocery is a small commerce sector which can be used as infrastructure in planning business and positioning its competitiveness since commerce growth is firm coupled with steady. It is matching with the statement of (Bracker, Keats, & Pearson [4]) which stated that established planning will be beneficial for small firm within dynamic industry that developed rapidly.

According to(Thompson, Higgins, & Howell [30]) information and technology is an advantage which can be used by its user in order to facilitate coupled with make the task easier. Advantage measurement is based on usage frequency and diversity/various applications that are operated. It also stated that individual will enhance information and technology when he or she comprehends positive advantages that are given by information and technology (ibid).(Todd, Chin & A [31]) provide various dimensions concerning the advantages of information and technology into two categories which are (1) Benefit with one estimation factor and (2) Benefit with two estimation factors (benefit and effectiveness). Benefits with one estimation factor consist of numerous dimensions such as: 1. Facilitate task/job becomes easy 2. Useful 3. Increase productivity 4. Enhance effectiveness 5. Improve job performance. Meanwhile, benefit with two estimation factors. Meanwhile, two estimation factors consist of (1) Enhance effectiveness, (2) Improve job.

Characteristic differences of information and technology user are influenced by numerous factors in which one of the factor is user behavior. User behavior is influenced by user perception toward information and technology. Theoretically, user behavior is developed by information and technology scholars in order to improve user convenient toward computer as the form of information and

technology [7],[8]. Moreover, user behavior can be used to see user willingness coupled with adaptability to adopt information and technology in order to enhance competitiveness of the company. Commonly, managerial system of grocery possesses traditional behavior in conducting business therefore adoption of information and technology for grocery can be seen as solution to make and plan strategic decision. In order to attract grocery owner in using information and technology, simple design computer application will be suitable to be used by grocery in developing their business. Therefore, in order to make quick decision, we need computer to accelerate drafting proses in making business strategic plan.

Table 3. Analysis of Internal and External Environmental variable grocery store in Surabaya, Batu and Malang (mean)

City	Internal			External		
	Product Price	Consumer number	Production Cost/bulan	Competitor number	Competitor or Price	Distance location of competitor
Surabaya	Market Price	55	6.000.000	8	Market Price	157
Batu	higher Market Price	34	4.220.000	3	higher	227 meter
Malang	higher Market Price	38	5.241.000	7	higher	275 meter

Based on the analysis crosstab that the selling price and customers have shown a significant relationship with a significance value of $0.012 > 0.05$, meaning at the level of 95% selling price have a real relationship with the number of subscribers. Multivariate analysis can be concluded that on the whole the independent variables suspected to affect the price competitiveness of the grocery store, there is one subvariable (operating costs) are most influential on the price competitiveness of the grocery store with p value $0,000 < 0,05$. a grocery store in Surabaya actually have lower operating costs, but because of their efforts the average loan to third party, the burden of interest costs were high enough to make their operating costs equal as its competitors.

DISCUSSION

Strategic location of grocery store can be regarded as attractive factor in developing commerce business mainly for start-up and home-based business. Therefore, grocery store located nearby tourism area should be able to increase competitiveness advantage for sustaining and improving business. Utilization of information and technology are new gateway to create cost efficiency. Dimitrios Buhalis stated that information and technology are able to transform the strategic position of organizations by altering their efficiency, differentiation, operational cost and response time. In particular, information and technology stimulate radical changes in operation and distribution of the tourism industry.

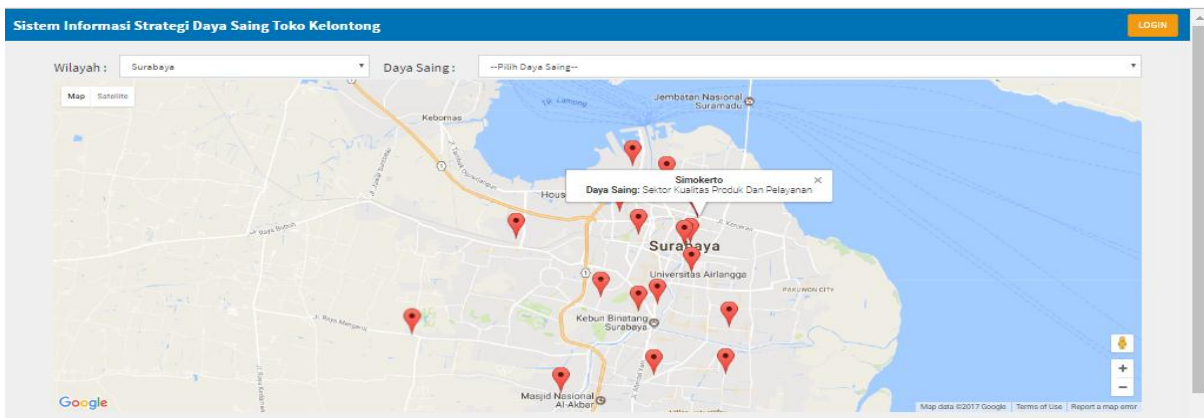
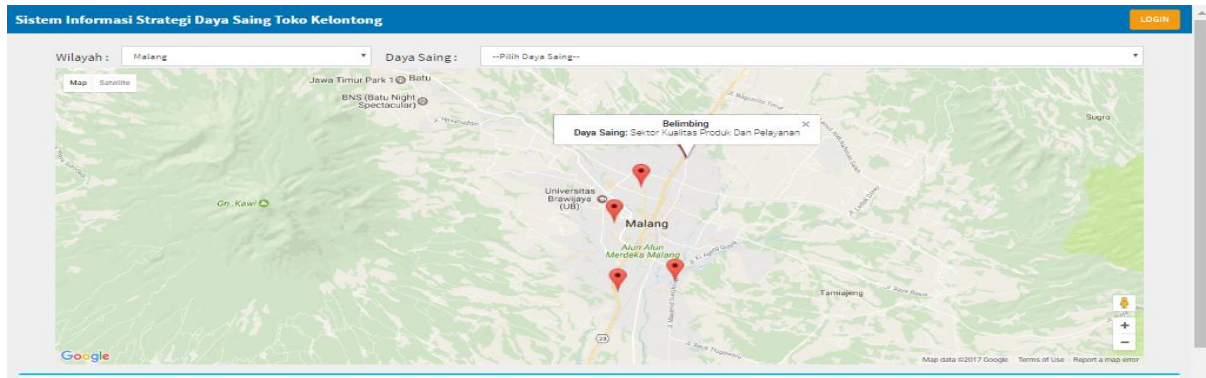


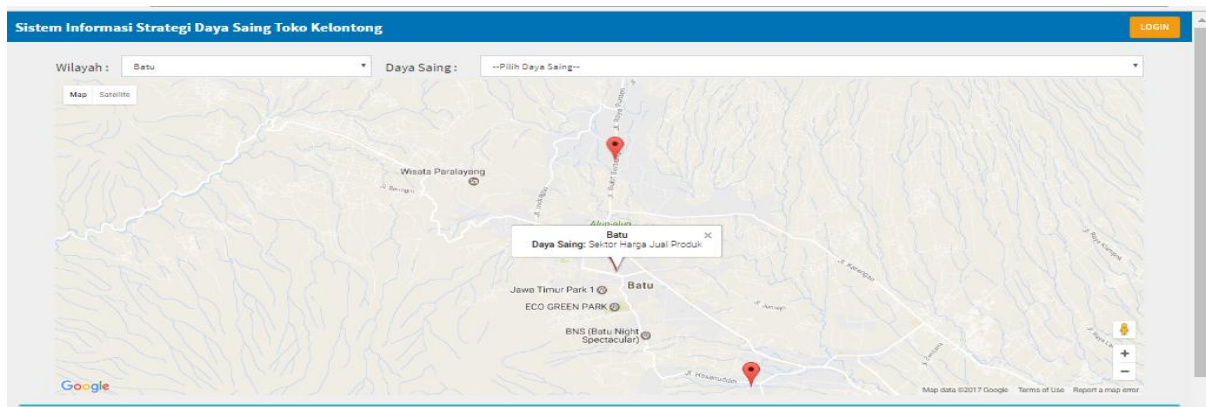
Figure 1. Utilization of information and technology to depict grocery store Competitiveness in Surabaya city source: Information System of Groceries Strategic Competitiveness in Surabaya available at <http://118.97.247.164/fuzzy/>

A grocery store in Surabaya should be able to keep its customers not to move to a competitor by creating a familial relationship with its customers. The use of IT will be able to manage and keep customers trust.



Figur.2 Utilization of information and technology to depict grocery store Competitiveness in Malang city:
source: Information System of Groceries Strategic Competitiveness in Malang available at
<http://118.97.247.164/fuzzy/>

Strategic location of grocery stores in Malang should be able to keep its customers not to move to competitors therefore grocery stores need to manage stock and variation of products according to customers needed.



Figur. 3 Utilization of information and technology to depict grocery store Competitiveness in Batu city
Source: Information System of Groceries Strategic Competitiveness in Batu available at
<http://118.97.247.164/fuzzy/>

Grocery stores in Batu are still relatively moderate since it is located nearby the area of tourism therefore those stores must be able to maintain stability of price competitiveness by reducing production cost by not selling products that are not popular within customers. The distance of grocery stores that are bit far from the tourism center and the presence of mini market as competitor urge grocery stores to be more creative in creating excellence service and price. Utilization of information and technology greatly assist the grocery stores in reducing marketing costs and increasing competitiveness price.

CONCLUSION

Utilization of information and technology are effective and efficient in making proper decisions to improve the competitiveness of grocery stores in Surabaya (commerce and industrial city), Malang and Batu (tourism city). The development of information and technology systems that support the competitiveness of grocery stores are necessary to maintain and improve business growth of grocery

store in industrial and tourism areas. The main shortcomings for grocery stores in utilizing information and technology to make strategic decision related to the competitiveness strategy toward competitors are the high production cost of information and technology coupled with maintenance of data server.

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To Be an Entrepreneur or Non-Entrepreneur: Entrepreneur Orientation Dimensional

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ABSTRACT

This study is conducted to explore and examine the characteristics of students who intent to choose a career to be an entrepreneur or non-entrepreneur based on their entrepreneurial orientation dimensional. Five dimensions of entrepreneurial orientation [1] are used to predict the student intention to be an entrepreneur or non-entrepreneur. A total of 117 samples were collected from the second year and up students of Universitas Trilogi. There are 27 items of questionnaire which is break down from five dimensions entrepreneurial orientation [1]. They are 1) risk-taking, 2) proactiveness, 3) innovativeness, 4) autonomy, and 5) competitive aggressiveness shown affect the student's career choices. A descriptive statistics and analysis factor are conducted to analyzed the data collected from respondents. The result showed that 1) risk-taking, and 2) autonomy dimensions have significance affect to the student's career choice. These variables could distinguished students who would choose a career as an entrepreneur or non-entrepreneur. The students who brave to take the challenge, take the risks, ready to failure and never stop trying after failure were predicted prefer to choose a career as an entrepreneur. Besides that, the students who independent spirit and freedom of action necessary to advance new venture development is the characteristic of students who choose a career as an entrepreneur.

Key Words: Entrepreneur Orientation, Entrepreneur, Risk Taking, Innovativeness, Proactive, Career Choice.

INTRODUCTION

When the world turned down by economic recession on 1997, micro and small enterprises could be fade away from the crisis; start-up business and small enterprise could hold on and sustain in that time. Indonesia as a developing country should drive the people to be entrepreneur as much as can do. The existence of entrepreneurship contributes to every nation and economy by promoting competitive environment, increasing innovation, job creation and most importantly purchasing and wealth of economy [2] [3] in [4]. Furthermore, it's importance to encourage people especially young age people to take up the challenge to be an entrepreneur. Entrepreneurial prospects in the future are open largely and bright future, as number of Indonesian population are big and it is to be big market share and captive market. Hence, in the era of globalization, there is still opportunity for entrepreneurs to develop and explore the market share. Indonesia has to be producers, not only customers. Still large portion of markets are open and could be cultivated for Indonesian producer. So we have to create many entrepreneurs, especially young entrepreneur.

The interest and desire to be an entrepreneur should begin to develop as early as possible. Foster and support people who have the entrepreneurial spirit is one duty of the government to improve the quality of Indonesian human resources. Although this task is not only borne by the government, educational institutions even as the source of creation of quality human resources who have the same role in developing intentional motivation of student becoming an entrepreneur. Recently, the phenomenon of people who choose a career as entrepreneurs are increasing. We can see in our surrounding or society, particularly in urban areas or big cities in Indonesia such as Jakarta. Trilogi University as one of business and management schools will have an important and active role in developing student interest in being an entrepreneur; to help the government to reduce unemployment which is increasingly high time to time; to create students to ready to work, and also prepare students

to become an entrepreneur. So the students do not need to search job after graduate but create jobs for others. McClelland [5] conducted a study to look at the factors that drives career motivation; the need for achievement and Rotter [6] found the locus of control that can be interpreted as a potential boost as an entrepreneur.

There are many studies and researchers have been done to explore about entrepreneurship, both conceptually and empirically. One of study in Indonesia showed small numbers of young generations (refer to students) who interested to choose a carrier as an entrepreneur [7]. Noer found that students and alumni Institute of Technology Surabaya (ITS) were interested to choose a career as an non-entrepreneur. This study revealed that only a few students chosen a career as an entrepreneur [7]. They preferred to be non-entrepreneur when they graduate the school. Studies in entrepreneurship area are something interest for some researchers. This study is a replication of Noer's research and conducted to obtain profile of student of Universitas Trilogi, whether they have interest in to be an entrepreneur or non-entrepreneur by making a discriminant function. This function would be used to distinguish an object (respondent) in a group categories whether she/he will choice of a career as an entrepreneur or non-entrepreneur. The study used entrepreneurship orientation dimension of Lyon, Lumpkin and Dess, 2000 as the variables to make some characteristic of the respondents [8].

LITERATURE REVIEW

The concept of entrepreneurship was first established in the 1700s, and the meaning has evolved ever since, even there is still no universally accepted definitions of entrepreneur or entrepreneurship. Nabi *et al*, 2006 simply equate it with starting one's own business. But, most economists believe it is more than that. The entrepreneur is one who is willing to bear the risk of a new venture if there is a significant chance for profit. Others emphasize the entrepreneur's role as an innovator who markets his innovation. Entrepreneurs develop new goods or processes that the market demands and are not currently being supplied (Source URL: http://www.america.gov/st/econ-english/2008/May/20080603211339_eaifas0.4090082.html).

Entrepreneurship plays an important role in economic development by incubating technological innovations, increasing economic efficiency and creating new Jobs [9] in [10]. Business expert Peter Drucker took this idea further, describing the entrepreneur as someone who actually searches for change, responds to it, and exploits change as an opportunity. Most economists today say that entrepreneurship is a necessary ingredient for stimulating economic growth and employment opportunities in all societies. In the developing world, successful small businesses are the primary engines of job creation, income growth, and poverty reduction. Therefore, government support for entrepreneurship is a crucial strategy for economic development. Entrepreneurship includes the establishment of new enterprises, entrepreneurial activity is also required managerial skills of an entrepreneur. Entrepreneur defined as a person who brings resources in the form of labor, material, and other assets in a combination that come up to value added, and is also attached to the people who bring about change, innovation, and new rules. Intention to be an entrepreneur play a role to develop the entrepreneurship activities and the capability of being an actual entrepreneur [11] in [12]. Entrepreneurship intention is influenced by several characteristic such as attitude, innovativeness, being a team player, risk taker and being a decision maker [13].

Entrepreneurial Orientation is one of the most important and established concepts within the field of entrepreneurship. Many researchers conducted to study about entrepreneurial orientation to explore about intention of students, enterprise to be an entrepreneur or to develop company performance. The Entrepreneurial Orientation has emerged as a major construct in entrepreneurship literature when it comes to understanding entrepreneurial processes. The research about attitudes and behavior related to Entrepreneurial Orientation have been positioned as organization phenomena that capture firm-level entrepreneurial patterns and processes [14] in [15]. Other researchers used three dimensions: innovativeness (the willingness to engage in product innovation), to be more proactive than competitors in taking advantage of new market opportunities and risk taking (to take risks to try out new products). Some researchers used 5 Entrepreneurial Orientation dimension [16] [17] in [18] as multidimensional construct; risk taking, innovative, proactive, autonomy and competitive aggressiveness.

Risk taking is the willingness to commit significant resources to a project in the face of uncertainty. The business environment characterized by diversity and complexity to making business decision under uncertainty. However, making decisions in such circumstances requires an understanding of the situation to enable a firm take moderate and calculated risk to limit the firm's exposure [19]. Risk taking is the tendency to take something or project whose returns are not know, and make entry into new unexplored market [20] [21]. Therefore most studies have treated risk taking as a critical of Entrepreneurial Orientation when determining of entrepreneurship dimension. Innovativeness involves engaging in creative activities (visioning and experimentation) which may result in new products, services, or processes. Innovativeness is one of the fundamental instruments of firms strategies to develop new and enhance existing processes, products, and services to penetrate markets, expand market share and give a firm competitive advantage in response to these changes. Innovativeness refers to a firm's behavior to generate new ideas leading to new or improved processes, products or services [22]. Innovativeness is also related to creativity which is a source of ideas that can lead to innovation of products services, process, markets or technology [23] and [16] added innovativeness as initiating a creative destruction process.

Proactiveness involves future oriented behavior such as first mover actions to secure and protect market share/demand. In the current competitive business environment, firms may gain first-mover advantage in the marketplace by introducing new processes or products ahead of competitors[24]. The tendency to be forward-looking and to become first mover indicates a firm's proactiveness. Lumpkin and Dess [24] defined proactiveness as taking initiative by anticipating and pursuing new opportunities related to future demand and by participating in emerging market. Autonomy implies acting independently others to bring about ideas and vision. Autonomy refers to the ability and will to be self-directed in the pursuit of opportunities. Autonomy is independent minded people leave comfortable positions to pursue novel ideas. Autonomy is an entrepreneurial act [24]. Autonomy involved the use of champions to promote entrepreneurial activity. These champions protect new idea creators from the undesirable judgment and treatment of the organization and from the possible resource constraints. Competitive aggressiveness means aggressive response to the strategic moves of competitors. Competitive aggressiveness is beating competitors to the punch [24]. Competitive aggressiveness is distinct from proactiveness, is the type of intensity and head to head posturing that new entrants often need to compete with existing rivals. Also the tendency of firms to assume a combative posture towards rivals and to employ a high level of competitive intensity in attempt to surpass rivals. Moreover, Competitive aggressiveness described as the number of actions taken by a firm and the time it takes a firm to respond to a competitor's action [24] [26] [26].

The process of choosing a career is very important in one's life because the choice he or she makes would determine his or her future. An individual has to know the nature of the career that he has chosen whether or not it is suitable or in accordance to his interests and potentials. If the career suits him, ultimately he would like the profession and would feel satisfied towards his job. Career development is defined as "ongoing process that allows individuals to take information they know about themselves, organize it, and use it to learn about the world of work and how they relate to it [27] in[28]. Career choice implies students' or recent graduates' decision of selecting the occupation and professional field which fit best to their individual needs [29] in [28]. Apart of the competencies and skills self-assessment and the evaluation of career alternatives, the decision made refers to the field of activity and the employer profile to work for and is dependent to the individual preferences over alternative career options.

METHOD

POPULATION AND SAMPLE

Population are the universe or collection of all elements being described or measured by a sample or the group from which data are to be collected. Therefore sampling is the process of selecting a few (a sample) from a bigger group (the sampling population) to become the basis for estimating or predicting the prevalence of an unknown piece of information, situation or outcome regarding the bigger group. A sample is a subset/subgroup of a population. Population of the study are the students who are in third and fourth year of study. The method random sampling or probability sampling is used to get the sample. The formula (from statistics) for estimating the sample size:

$$n = \frac{Z^2 \alpha/2 \cdot p \cdot q}{e^2}$$

$$e = 10\%$$

$$n = 49 \text{ mahasiswa entrepreneur of } 50\%$$

where:

n = Number of sampel

Z $\alpha/2$ = Z score of $\alpha = 5\%$, 1,96

p = Proportion of student who choose as an

q = (1-p) = 50%

Hence, to determine sample size at a level of 95 percent accuracy, a sample of at least 49 students is necessary. There were 120 questionnaire outgoing to respondents but only 117 questionnaire back and processed. It is enough to meet the minimum requirement to further process.

DATA COLLECTION

To gather the data, the study using primary data method by sending respondent a questionnaire. The study used Likert scale; to 'measure' attitudes, the intensity of respondents' attitudes towards the various aspects of a situation or issue and provide techniques to combine the attitudes towards different aspects into one overall indicator. The major focus of this research is to investigate the perception of students regarding their career choice. Data was collected through a 27-item survey allocated among 117 students from second and third grade. The students were asked to answer the questions based on 5-point Likert scale where 1= strongly disagree 2= disagree 3 = undecided 4= agree 5 = strongly agree. There are 27 items in the questionnaire, also demographic characteristics of respondents, such as years of study, sex type, study programs, Grade Point Average (GPA), type of parents occupation, and career options.

Validity is the extent to which a test measures what it is supposed to measure. Reliability is the degree to which a test consistently measures whatever it measures. Cronbach's Alpha is basically a way of summarizing the correlations among all items. All the variable of questions are valid whereas all the results are higher than r table score. From the table r for df = number of cases - 2 or for this research df = 42-2 = 40, with a significance level of 5% obtained r table 0.2018. We can conclude that all the questions are valid. Cronbach's Alpha is 0.924 and positive means all the instrument are reliable.

To analyzed the data is used statistics; a set of procedures for gathering, measuring, classifying, computing, describing, synthesizing, analyzing and interpreting systematically acquired quantitative data. We used statistic components : descriptive statistics and discriminant analysis. Discriminant Analysis (DA), a multivariate statistical technique is commonly used to build a predictive / descriptive model of group discrimination based on observed predictor variables and to classify each observation into one of the groups. Multiple quantitative attributes are used to discriminate single classification variable. Commonly used in discriminant analysis techniques are stepwise, canonical and discriminant function. Using SPSS software to perform stepwise, canonical and discriminant function analysis.

FINDINGS AND DISCUSSION

A. DESCRIPTIVE STATISTICS

Figure 1 shows the frequency table of students based on their career choice whether to be entrepreneur or non-entrepreneur. The students who choose a career as an entrepreneur are greater (65.81%) than non-entrepreneur (34.19%). We can say the students have intention to be as an entrepreneur.

The result show that more students have intention to be an entrepreneur than non-entrepreneur. It is sounds good and be an important things for the institution to do many thing to motivate and prepare the students to be an entrepreneur. There are many ways to prepare the students to be an entrepreneur. Soft skills such as speech class, have a business as soon as they graduate the school. It is by developing good and suitable academic curriculum for economics students to prepare them to be entrepreneur. The school should assigns the student to join the young entrepreneur competition, championship and others, drift the students who have new business or wants to develop a start-up business. We know Indonesia still need many entrepreneur to develop this country. Young generations are the subject of change agent.

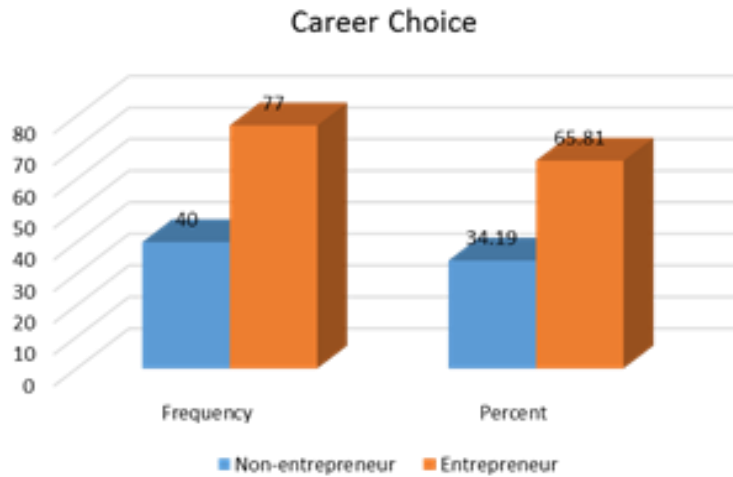


Figure 1. Career Choice of Students

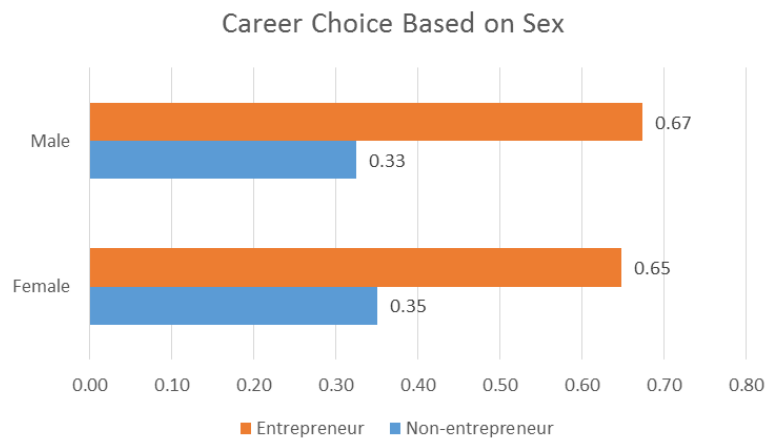


Figure 2. Career Choice Based on Sex

Figure 2 shows that 67 % of are male students who choose as an entrepreneur and the remaining is 33 % as non-entrepreneur. Otherwise, the female students who chose a career as non-entrepreneur is 65 % and 35 % as non-entrepreneur. We can say that almost the students whether male or female prefer to be an entrepreneur. Commonly the female are less brave or risk taker but in this case, 65 % of female students want to be entrepreneur as their career option. It is a good starting point to improve and motivate the students while their study in Universitas Trilogi.

Although the subject Entrepreneurship is a compulsory subject that is given to good students majoring in Management and Accounting, turned out to be an entrepreneur interest is dominated by students from the Department of Management. It is not surprising that more than 40% of student of Management want to be an entrepreneur. Universitas Trilogi prepares the student for a wide range of careers in business including business development and running a start-up, especially for the student of Management Program. The curriculum is designed to foster entrepreneurial and innovation skills in students, to enable you to have a career managing innovation in existing firms and to found new ventures.

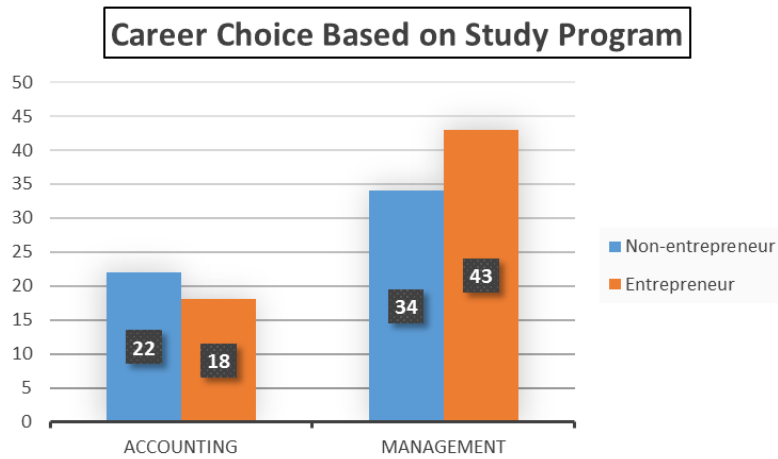


Figure 3. Career Choice Based on Study Program

Career Choice based on IPK

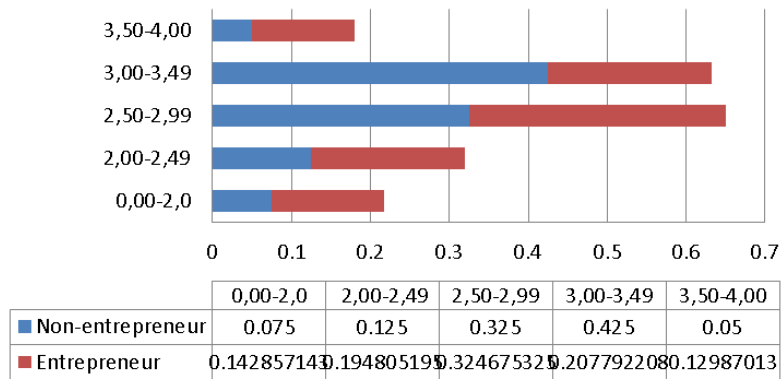


Figure 4. Career Choice Based on IPK

If noted, figure 4 is very interesting, when the students have GPA relative low (between 0.00 to 2.99) tend to want to be an entrepreneur. Reversal when the GPA is relative high (between 3.00 to 4.00), the student prefer to be non-entrepreneur. We cannot say that to be an entrepreneur do not need an intelligent factor. It is a coincidence, or this condition is a fact. Need more in-depth research to get a more definitive answer.

Career Choice based on Pekerjaan Orangtua

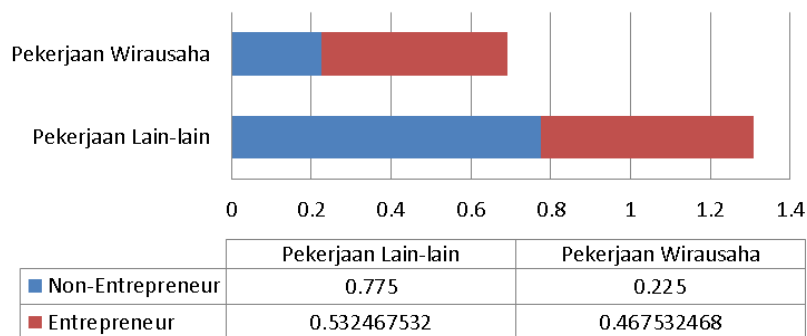


Figure 5. Career Choice Based on Pekerjaan Orangtua

How about the parent’s background? Figure 5 shows that 53.25% of students who are interested in to be an entrepreneurs have family background of entrepreneur. As we know the most prominent factors to be an entrepreneur is parental entrepreneurship. Having an entrepreneur for a parent increases the probability that a child ends up as an entrepreneur.

B. DISCRIMINANT ANALYSIS

The principle of Discriminant analysis is almost the same as regression analysis (simple and multiple) that shaped the dependent variable a ratio data, whereas discriminant analysis shaped a categorical data. The most function is to determine whether there are clear/confirm differences between groups on the dependent variable. In discriminant analysis, multiple quantitative attributes are used to discriminate single classification variable. In other words, if any differences between members of the group 1 to group 2. The purpose of this study is to identify characteristics that are indicative of student who are likely to choose career choice, and use those characteristics to identify to be an entrepreneur and non-entrepreneur. Sample includes a total of 117 cases (third and fourth year of study). The study used entrepreneur orientation as a research variable. Entrepreneur orientation have 5 dimension (Lyon, Lumpkin and Dess; 2000) and each have some indicator or attributes. Here we construct the variables.

Table 1. Test of equality of group means

	Wilks' Lambda	F	df1	df2	Sig.
Risk Taking	0.964	2.672	1	71	0.107
Competitive aggressiveness	0.92	6.178	1	71	0.015
Proactive	0.988	0.872	1	71	0.354
Innovative	0.985	1.071	1	71	0.304
Autonomy/dependence	0.999	0.085	1	71	0.771

The first step is to test the significance of the discriminant function using Wilk's Lambda and F test. To test of significance, Wilk’s lambda is used to test for significant differences between groups. Wilk’s lambda is between 0 and 1. It tells us the variance of dependent variable that is not explained by the discriminant function. It tells which variables contribute a significant amount of prediction to help separate the groups. The smaller the Wilks's lambda, the more important the independent variable to the discriminant function. Wilks's lambda is significant by the F test for all independent variables.

In the table 1 ‘Tests of Equality of Group Means’ the results of ANOVA, carried out for each independent variable, are presented. Here, **risk taking** and **competitive aggressiveness** differ (Sig. = .000) for the two groups (Entrepreneur and Non-entrepreneur). From the table 1 shows the significant value of variable variable risk-taking (0.107), which means that there is a difference between groups. Also, significant value of variable competitive aggressiveness 0.015 indicates that the variable can distinguish respondents from both groups. Both of numbers means risk taking and aggressive competition are the variable which is the discriminant factor for student to choose a career as an entrepreneur. While proactive, innovative, and autonomy with value in a row 0.354, 0.304 and 0.771 can not confirm to be independent variables which is influence to the student of career choice as entrepreneur.

Tabel 2. Test of matrices

Box's M		22.57
F	Approx.	1.358
	df1	15
	df2	6896.196
	Sig.	0.105

Test of homogeneity of covariance matrices result in table 2; Box's M test the assumption of homogeneity of covariance matrices. This test is very sensitive to meeting the assumption of multivariate normality. Discriminant function analysis is robust even when the homogeneity of variances assumption is not met. The significance value of 0,105 indicates that the data do not differ significantly from multivariate normal. This means one can proceed with the analysis.

Tabel 3. Test of canonical correlation

Function	Eigenvalue	% of Variance	Cumulative %	Canonical Correlation
1	.234(a)	100	100	0.436

The larger the eigenvalue, the more of the variance in the dependent variable is explained by that function. The canonical correlation is the measure of association between the discriminant function and the dependent variable. The square of canonical correlation coefficient is the percentage of variance explained in the dependent variable. When there are two groups, the canonical correlation is the most useful measure, and it is equivalent to Pearson's correlation between the discriminant scores and the groups. As we see in table 3.3, the value of canonical correlation is 0.436 means association between the discriminant function and the dependent variable are relative high.

Tabel 4 Wilks's lambda

Test of Function(s)	Wilks' Lambda	Chi-square	df	Sig.
1	0.81	14.417	5	0.013

Wilks' lambda is a measure of how well each function separates cases into groups. Smaller values of Wilks' lambda indicate greater discriminatory ability of the function. In table 4 we see the small significance value (0.013), it indicates that the discriminant function does better chance at separating the groups. The standardized discriminant function coefficients in the table serve the same purpose as beta weights in multiple regression (partial coefficient); they indicate the relative importance of the independent variables in predicting the dependent. Coefficients with large absolute values correspond to variables with greater discriminating ability. The structure matrix table shows the correlations of each variable with each discriminant function. There is only one discriminant function is in this study. Discriminant function is a latent variable that is created as a linear combination of independent variables.

Tabel 5. Standardized canonical discriminant function coefficients

	Function
	1
Risk Taking	0.579
Competitive Aggressiveness	1.106
Proactive	-0.476
Innovative	0.462
Autonomy/independence	-1.192

The table 5 shows the Pearson correlations between predictors and standardized canonical discriminant functions. Discriminant function; our model should be like this:

$$D_i = 0.579 \text{ risk taking} + 1.106 \text{ competitive aggressiveness}$$

Classification Statistics table is used to assess how well the discriminant function works, and if it works equally well for each group of the dependent variable. Table 6 tells that it correctly classifies 72 % and 68 % of the cases. Overall, 76.0% of the cases are correctly classified (18+34/75).

Tabel 6 Resubstitution classification summary

Original	Predicted		
	0	1	Total
0	18	7	25
1	16	34	50
0	0.72	0.28	1.00
1	0.32	0.68	1.00

CONCLUSION

1. The students who choose career as an entrepreneur are greater (65.81%) than non-entrepreneur (34.19%). Around 67 % of man students choose as an entrepreneur and the remaining is 33 % as non-entrepreneur. Otherwise, the female students who chose a career as non-entrepreneur is 65 % and 35 % as non-entrepreneur.
2. The risk taking and aggressive competitiveness are to be the factors affect to career choices of students. This variable can distinguish between groups of career option those are entrepreneur and non-entrepreneur. We can say that career option as an entrepreneur will be chosen by the students who have willingness to commit significant resources to a project in the face of uncertainty, independent attitude, ready to take some risks and under certainty.. This variable can distinguish between students who choose a career entrepreneur with non- entrepreneur.
3. Other conclusion that students who aggressive, intensity and head to head posture and have number of actions taken comparing others will choose or prefer a career as an entrepreneur.

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Entrepreneurs' Resilience: A Qualitative Case Study

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ABSTRACT

This study aimed to describe the attitudes of work resilience in SMEs owners in the food industry setting in Surabaya. Two entrepreneurs with similar age and business background were selected due to their experiences in overcoming negative business events. The data in this study was collected by a qualitative interview technique. Thematic analysis method was chosen to interpret the research outcomes. The study confirmed that both subjects possessed the three resilience attitudes, namely commitment to the business they built, high self-control to deal with existing problems and positive thinking point of view. Additionally, two strategies were implemented to face life barriers, such as transformational coping and social support.

Key Words: Resilience, hardiness, entrepreneurship, and food industry.

INTRODUCTION

Small and Medium Enterprises (SMEs) in various countries, especially in Indonesia is an important economic driver. This is because most SMEs depart from the family/home industry; therefore their consumers come from the middle to lower class. Furthermore, the role of SMEs, especially since the monetary crisis in 1998 could be seen as a savior of national economic recovery in terms of increasing the rate of economic growth and employment.

Based on Indonesian Law no. 20/2008 concerning Micro, Small and Medium Enterprises, the definition of SMEs is a stand-alone productive economic enterprise undertaken by an individual or business entity which is neither a subsidiary nor a branch of a company owned, controlled or part of either directly or not directly with Medium Enterprises or Large Businesses with net worth or annual sales of more than Rp 50,000,000.00 (fifty million rupiah) up to a maximum of Rp 10,000,000,000.00 (ten billion rupiah), excluding land and buildings place of business; or has annual sales of more than Rp 300,000,000.00 (three hundred million rupiah) up to a maximum of Rp 50,000,000,000 (fifty billion rupiahs).

The strategic role of SMEs in the Indonesian economy might be perceived from its current position in the business world. Urata (2000 in Ediraras [1]), who has observed the development of SMEs in Indonesia, states that SMEs in Indonesia are (1) major players in economic activities in various sectors; (2) the largest employer; (3) major players in the development of regional economic activities and community empowerment; (4) creators of new markets and innovations; and (5) contributors of foreign exchange through their contribution in the export of goods.

In recent years, the performance of SMEs has increased. Referring to Central Bureau of Statistics (BPS) data, the number of SMEs in Indonesia has penetrated 56.5 million at the end of 2012 with contribution to the gross domestic product (GDP) of 59.08%. Furthermore, the data indicates that the contribution of SMEs to employment is significant enough as SMEs are able to absorb around 101.72 million people.

The rapid development of SMEs shows that it is important to manage and develop SMEs well in order to improve the Indonesian economy. However, research from Keenan Institute concludes that to develop SMEs in Indonesia is relatively more difficult when compared with other ASEAN countries (Artharini, 2013). In particular, there are four main issues that SMEs might experience in Indonesia, namely unqualified human resources (HR), limited marketing capacity of SMEs, a less conducive business climate and lack of technology access. In addition to the issue of capital, the Minister of

Cooperatives and SMEs Indonesia also suggested that many SMEs are still not able to optimize existing technology and still use traditional marketing methods that hamper the process of effective product marketing [2].

These various problems create stress for the owners of SMEs. Stressful or negative situations may produce different results depending on the individual who experienced it [3]. The individual differences in dealing with stress have become an interesting topic for the science of psychology. In particular, Maddi [4] revealed that the resilience (hardiness) is the key to dealing with stress effectively.

The concept of hardiness comes from the existential personality theory and developed by Kobasa in 1979 [3]. Hardiness can be defined as a set of key characteristics that consists of three dimensions, namely (1) the commitment: the ability to feel engaged in the various activities of life; (2) control: the belief that the individual is capable of controlling or influencing the events that happen to him/her; and, (3) the challenge: the feeling that change is not a negative but a useful challenge for self-development [5].

Individuals who have high resilience will have a superior commitment than individuals who do not have high resilience. Individuals who have high resilience are able to have internal control over both positive and negative events and they are able to see pressing situations as challenges rather than as stressors [6]. Individuals who have high resilience respect themselves and what they do, have meaning and purpose in life and believe that they are capable of influencing or controlling their lives to some extent [7]. Overall, highly resilient individuals have personal mastery and they are able to cope with stressful situations by acting confidently in implementing effective solutions [7]. Several studies have shown that there is a correlation between resilience with a number of important work factors, including work performance (Westman [8]; Maddi [9]; Cash & Gardner [7]), job satisfaction (McCalister et al. 2006 in Cash & Gardner [7]), and the intention to resign [7]. Furthermore, high-resilient individuals are also associated with low levels of stress and high levels of individual well-being [10],[11].

The results of research conducted by Maddi in 1987 [14] (in Maddi [6]) found that hardiness is the root of resilience. Therefore, resilience can also be summed up as a collection of attitudes consisting of 3C, that commitment, control and challenge [6]. According to Maddi and Khoshaba [5], resilience is also able to improve the performance of entrepreneurs or owners of SMEs since entrepreneurial work tends to bring up many stressful situations. Additionally, Maddi et al. [12] suggested that in order to become successful SME owners, individuals must have resilience in the face of stress and they must develop the market and the products and services they offer on an ongoing basis.

Based on the above description, it is found that resilience is very useful when applied in the world of SMEs. Departing from the background, researchers want to understand more about the resilience of the work of SME owners, especially SMEs in the field of food. The purpose of this research is to describe the resilience of the SME owners of food field in Surabaya. Researchers would argue that the kind of study presented is useful for at least three reasons: (1) it provides useful insights to SME owners or individuals who wish to plunge into the world of entrepreneurship to train resilience attitudes; (2) it enriches research on resilience in the field of food industry in Indonesia; and (3) it can aid in the understanding of the dynamics of resilience in SME owners.

LITERATURE REVIEW

DEFINITION OF RESILIENCE

Resilience can be interpreted as an individual's capacity to struggle and to strive even in the face of stressful situations [5]. In the context of work, resilience is defined as the ability to always work maximally regardless of what is happening around the individuals [13]. Resilience is an individual capacity to deal with difficult situations and manage change more positively [13].

Longitudinal study of the resilience of the 450 employees Illinois Bell Telephone (IBT) indicates that the key of resilience is hardiness due to hardiness helps individuals to think and to act constructively when the pressing situations emerge [14]. Concretely, hardiness improves performance, leadership, stamina and health at a time when the individual undergoes a pressing change.

RESILIENCE COMPONENTS

According to Maddi and Khoshaba [5], resilience consists of three components of attitude: Commitment, Control and Challenge. Highly enduring individuals will be committed to what they are doing, have greater self-control to deal with the situation and see change as a challenge for selfdevelopment [3].

Commitment

According to Skomorovsky and Sudom [3], commitment is the ability to feel involved in every activity in life. Initially, individuals will seek out an interesting and important experience for them, then they will surrender themselves to engage in such activity [15]. Despite a pressing situation, the individual will continue to show involvement and view the withdrawal from the pressing situation as weak [5].

Individuals who are strongly committed will view work as prime and valuable enough to gain attention, imagination and full effort [5]. They will not easily give up because they are already involved in themselves and the environment [9] in [16]. Highly committed individuals will also prefer to remain engaged in the activities they live rather than to be alone in the pressures they experience [9] in [16]. In fact, they will find a way to get more involved in each experience rather than avoiding that pressure [15]. Another feature of committed individuals is being able to discover the feelings of worth and meaning of others, events, and thoughts about their environments [9] in [16].

Control

Control is a tendency to think, feel and behave as an influential person rather than as a person who is passive in the face of life [9] in [16]. According to Skomorovsky and Sudom [3], control is a form of belief that a person can change the situation for the better. Individuals who have strong control will continue to make the outcome of the changes taking place positively [5]. Instead of sinking in passivity and weakness, the individual will do his/her best to find solutions to daily work problems. Furthermore, he/she will also look for situations that are open to change and accept things that he/she can not control positively. Therefore, one characteristic of high control individuals is always thinking positive in every pressure they experience.

Individuals with strong controls will think if they keep trying and making changes, they will certainly be able to influence the outcomes of the problem [9] in [16]. Pollock (1989, in Judkids et al. [17]) adds that control shows individuals' self-confidence that they have several options to choose from. These choices are the way to turn bad things for the better [3].

Challenge

Challenge is a willingness to follow change as a good opportunity to develop (Skomorovsky & Sudom, 2011). The challenges of life that can not be predicted and the changes that occur are encouragements for individuals to grow [16]. Individuals who have strong challenge will view change as a tool that paves the way for a new and satisfying life [5]. Indeed, they will be responsive to stressful situations, trying to understand and learn from the situation. Also, they will be open to challenges rather than avoiding or resisting challenges. In addition, individuals who have strong challenge will think positively of life fluctuations [16].

Maddi & Khoshaba [5] state that individuals who have high challenge are able to cope with any changes that occur because they understand what the changes are, learn from these changes and conquer those changes.

RESILIENCE SKILLS

Three components of resilience will produce transformational coping skills and social support [5]. Cash and Gardner [7] suggest that coping strategies can be divided into two: the focus on the problem and the focus to deal with the emotions generated by the existing pressures. A transformational strategy is a strategy that focuses on social issues and social support is a strategy that emphasizes on dealing with emotions resulted by stress. These two skills make individuals able to handle stress and pressing situations [6].

Transformational Coping

Resilient individuals are able to transform pressing changes into something beneficial [5]. In addition, they are able to change difficult situations to be more positive by understanding every stimulus that causes a stressful situation. In fact, individuals will use their thought process to place change in a larger perspective so that the negative aspects of the change can be eliminated. The way that is often used is to think that stress is experienced by everyone so that individuals will not feel alone in the struggle. After broadening the perspective, individuals begin to use their time to deepen their understanding of the current pressing situation and seek effective and innovative solutions. Some studies show that people who have hardiness will find it easier to see the problem in a positive perspective compared to people who are not resilient [3]. Maddi and Hightower (1999, in Maddi et al. [9]) stated during the stressful situation, a person who is resilient will tend to do problem solving (transformational coping) as compared to deny or avoid the problem (regressive coping).

Social Support

In the face of a stressful situation, resilient individuals interact with other individuals rather than alienating themselves [5]. Moreover, they will also attempt to resolve interpersonal conflicts through constructive social interactions and win-win solutions. Resilient individuals believe that problems are opportunities to strengthen a relationship [5]. Furthermore, they will strive to maintain the relationship even though it is difficult to do because they believe that relationships are important and valuable for their personal growths. Individuals who have strong endurance will use social support to deal with pressures [3]. Hence, those who have high resilience will find it easier to build and maintain social networks than individuals with weaker survival [3]. In social support strategy, the concept of resilience is not meant to be a challenge but to give and receive the help and encouragement of the surrounding environment [9]. Additionally, social support is also capable of making the individual to resist the negative effects of the problem and able to manage the negative feelings generated by the problem [7]. Research conducted by Maddi, et al. [9] states that there is a significant relationship between resilience and acceptance of social support primarily by the family. The more social support a person receives, the more resilient they will face the pressures they experience.

METHOD

DATA COLLECTION

According to Newman (2003) the present study was a qualitative research using case study approach. The data collecting technique used was interview. The interviews used in this study were in-depth face to face interviews with general guidelines. In the interview process, the researchers had a general interview guide, which listed issues that should be covered without specifying the order of questions. Interview guidelines were used to remind researchers of the aspects to be discussed, as well as to be a checklist of whether relevant aspects had been discussed or asked. In addition, the theme of the questions could still be developed in the implementation of the interview. Hence, the general guidelines for the initial questions of the interview were the same, while the subsequent developments would be adjusted to the particularity in the field on each subject.

PARTICIPANTS

The purpose of the research was to interview SME owners in the setting of food industry in Surabaya. We approached 3 entrepreneurs who had minimum 5 years of experience by telephone. One of them declined because he felt his business never faced any significant trouble. The first subject was AP, a 31 years old man, who own a noodle business since 2012. His business has expanded into 4

branches in Surabaya and one branch in Gresik. The second subject was HN, a 30 years old man and the owner of meatballs restaurant since 2010. In addition, researchers also conducted interviews with significant others as much as two people, who were appointed by the subjects. Interviews with significant others were conducted for the purpose of corroborating subject statements and for exploring areas of research that had not been obtained from the subject.

DATA ANALYSIS

Verbatim transcriptions of the face to face interviews were prepared by two research assistants. In analyzing the data in this study, researchers refer to the data analysis model proposed by Poerwandari [18], namely data organization, open coding of the early data, peer reviews and triangulation.

FINDINGS AND DISCUSSION

COMMITMENT

The main characteristic of individuals with high commitment is that they will show a desire to be more engaged in various activities (Pollock, 1989 in Judkins, 2007). Maddi ([9], in Sheard & Golby [16]) states that highly committed individuals will not give up easily because they are already involved in themselves and the environment. AP started his business in the field of ponds but failed as he was evicted due to a land dispute. Then, AP decided to do business of crops and fish suppliers yet he failed to make profit. AP always rises from his failures until he managed to build a profitable noodle business. AP chooses to rise compared to being alone in the pressure. This is consistent with the theories expressed by Maddi et al. [9] that highly committed people will prefer to remain engaged with others and activities rather than being alone in the pressures they experience. This feature also presents in HN who had to struggle for 6 years in pioneering meatball business. The pressures that he encountered included dishonest employees, debt of hundreds of millions to be repaid, and parents' loss of trust. HN proves his commitment that he will continue to rise because he feels he has been involved in the meatball business that he built. HN's desire to become more involved in the meatball business is a hallmark of the HN's high commitment (Pollock, 1989 in Judkins, 2007). As expressed by Maddi ([9] in Sheard & Golby, [16]), the beliefs that AP and HN have comes from the precious feelings they have towards themselves and the efforts they have. For example, HN feels that meatballs are not just spherical meat as seen by others but a wheel that can bring HN to the top of success. Accordingly, AP views his noodle business as very valuable that he believes someday will be aligned with international brands such as McDonalds and Kentucky Fried Chicken.

CONTROL

In the face of any pressure, HN and AP are not passive but active individuals. There are three main things that demonstrate the control attitudes of HN and AP: (1) positive thinking and grateful for every circumstance, (2) the decision to change the business concept, and (3) solutions to change the situation for the better. When individuals have good control then they will not be silent when changes occur, but will be active to take decisions to find a solution [5]. They will think if they keep trying then they will certainly be able to influence the final outcome of the problem [9] HN encountered failures for many years in his meatballs business. One of the reasons was his business location was not strategic; hence, he did not get many customers. However, it was expensive to rent a better place and HN realized that changing the location was not the only solution. HN did brainstorming and he decided to change his marketing strategy. The situation that HN experienced was in accordance with Pollock's (1989, in Judkins, 2007) expression that control shows ones' self confidence that they have several choices to choose from. Given some of these options, they can turn a bad situation for the better [3]. Likewise, failed ponds business did not make AP run out of sense to become a successful entrepreneur. He decided to explore the world of Multi Level Marketing (MLM), café, reseller crops and so forth. The conclusion that can be drawn is the many choices of solutions they can actively think about and they can decide as a form of control of the changes that take place.

Individuals with high control tend to think positively in every bad situation [5]. By doing so, they will be able to see from the other side and accept every situation with gratitude. For example, when his business was quiet, HN did not think that he would fail again in his business. He revealed that he was

grateful with the situation as he could check his equipment and facilities. Due to this, he was able to detect malfunctions in his food storage. Thus, he could tackle the problem faster and did not disappoint any customer.

CHALLENGE

AP and HN enjoy the rhythm of their lives during bad and good moments. They consider that the upsides and downs of life are challenges to be conquered. In order to face challenges, three components help AP and HN, namely (1) continuous learning; (2) beliefs in God and (3) strong faith in the success of their business efforts. HN and AP dare to rise to beat every challenge because they have the provision of knowledge that they have obtained from previous experiences. Maddi and Khoshaba [5] stated that individuals with high challenge can adapt to any change that occurs because they understand what the change is, learn from the change and conquer the change. HN and AP can learn from any pressure that occur in their lives because of their mindsets about changes, they consider any change not as a threat but as an opportunity to be a better person [17],[9].

HN and AP have high learning desires that motivate them to attend various business seminars both inside and outside Surabaya. Additionally, they are members of Orphan Lovers community whose members are businessmen and entrepreneurs. Through this membership, they broaden their network and enrich their knowledge of entrepreneurship.

Maddi & Khoshaba [15] states that individuals with high challenge perceive that life fulfillment does not come from comfort zones. Despite of his upper middle family background, AP chose to start a business while studying his bachelor degree. Although HN already had a job as a badminton coach in Bali, he resigned to establish his business. AP and HN are awakened to face challenges because they know challenges will enable them to develop their business in a better direction. Sheard and Golby [16] confirm that individuals who have a rising attitude to challenge will think that life is unpredictable and challenges will stimulate themselves to flourish. When HN experienced low sales, he chose to learn how to make meatballs to reduce costs instead of closing his business.

TRANSFORMATIONAL COPING

Both subjects are able to manage their emotions and accept negative situations by implementing transformational coping. Transformational coping is a strategy to change one's perception in order to view negative events as positive learning experiences [9]. For example, HN considered his experience with dishonest workers as a process to create a better business process. Indeed, he opted to rent a stall in a food court when he realized that his workers ran away with his meatballs carts. AP discovered a difficult situation in which his supplier purposely reduced seasonings so the noodle tasted bland. He tried to negotiate but it did not work out. To overcome this problem, AP chose to do self learning on noodle making because AP perceived this event as a learning opportunity. Both subjects' efforts might not immediately produce rapid results. However, it is an innovative action done to deal with the situation and it make them quite comfortable in the middle of difficult situations [3]. This behavior is the sole means of dealing with a stressful situation. If such a strategy is practiced continuously when the individual feels depressed, it may lead to a resilient attitude.

SOCIAL SUPPORTS

In running their business, AP and HN obtained help and encouragements from their surrounding environment [9]. AP and HN built their business from scratch, meaning that their business efforts purely come from their own thinking rather than continuing the family business. This produced challenges since AP and HN had to design and manage everything from basic level. Theyboth have experienced a state of bankruptcy because their business were quite. This happened due to unstrategic business locations. Both subject did not have enough capital to rent or buy a good business place. Nevertheless, they were able to deliver business by utilising their parents' houses. More over, their families also provided verbal motivations. Maddi and Khosabha (2005) state that in the face of difficult situations, the resilient will interact with others rather than oppose them. In situations of disagreement or loss of parental trust caused by bankruptcy, both subjects did not avoid to see their parents. But they tried to prove that their business would be able to recover by seeking social supports from close friends in their community and organizations.

CONCLUSION

As in any research, there are limitations that should be considered. Firstly, it might be uncertain to what extent the research outcomes can be generalized to the population of SMEs owners because of the small sample size. Hence, further qualitative research with large sample size is needed to inquiry and test the validity of the research results. Secondly, awareness needs to be raised as the present research uses self-reported data through face-to-face interview. Self reported data may pose biases, such as selective memory and exaggeration. However, significant others interviews were administered to reduce the potential occurrence of biases. Thirdly, the research findings may be easier to be influenced by the researchers' biases as qualitative research is highly dependent on the personal skills of the researchers. In order to enhance the accuracy of the study, researchers employed two persons to be assistants to collect and review data.

In conclusion, the study demonstrates that resilience is a fundamental component to help SMEs owners to face adversities. Indeed, the relationship between resilience and stress should not be underestimated. Resilient attitudes emerge through individuals' life experiences. To ensure that individuals have resilience, they need to build 3 Cs attitudes: commitment, control and challenge. Additionally, if individuals have raised resilience, they will usually be marked with intelligence in which they have good self-control in dealing with negative situations. The resilient individuals are able to make a source of stress into something more challenging and resolved. Individuals who have those values will feel more meaningfulness in their lives. Finally, they will be more confident in implementing their abilities to accomplish with the most effective solution.

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The Difference of Entrepreneurial Intention among Students Based on Demographic Factors

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ABSTRACT

This study examines differences of entrepreneurial intentions among students based on demographics (gender, educational background and parents' job). Selection of the sample in this study is done by using purposive sampling. The criterion is students who are studying in Yogyakarta. The data are collected by using questionnaires. The respondents are 200 students who are studying in Yogyakarta. The data are analysed by using compare means independent sample t-test and compare means one way anova in SPSS 23 program. The results show that gender determines differences of entrepreneurial intention among students, while the variable of educational background and parents' job do not determine the difference of entrepreneurial intention among students.

Key Words: entrepreneurial intention of students, demographics, gender, educational background, and parents' job.

INTRODUCTION

It is believed that the number of employers affects the prosperity of a country, so some things that support an increasing number of employers are important. Entrepreneurial intention is one of the factors which is believed to encourage the formation of employers. Based on previous researches, entrepreneurial intention of students is closely linked to the possibility of someone to be an entrepreneur. Countries can be prosperous when the number of residents who become entrepreneurs at least 2% of the total population. Therefore, the number of entrepreneurs is important for the prosperity of a country [1]. An entrepreneur is a person who is able to create new jobs in order to employ people. It is claimed that being an entrepreneur is a right choice because it can provide employment and they do not need to depend on others. There is no substitute for the entrepreneur agents. Having entrepreneurs, a country becomes wealthy and powerful. Not having entrepreneurs, a country will be poor and weak [2].

The role of self-employed is significant in a developing country. It can be demonstrated in the history of civilization and human progress, where contributions from self-employed is great for economics development, such as in the western countries and Japan [3].

There are some researchers who have been focusing on entrepreneurial intention. There are many studies which have been conducted to assess the entrepreneurial intention and behavior of students. In their study, the researchers raised the various factors that affect a person's intention to become an entrepreneur. In this study, the researchers focus on entrepreneurial intention which is differentiated by demographic factors.

LITERATURE REVIEW

ENTREPRENEURIAL INTENTION

The word of "entrepreneurship" comes from the French language (*entreprendre*) which means to undertake, to run, to do and to try. The term is first introduced by Richard Cantillon and increasingly popular when used by economist Jean Baptiste Say to describe entrepreneurs who are able to move the resources of the economy from low productivity level to a higher level productivity and produce more [4].

Entrepreneurial intention is a feeling which attracts someone to run business activities independently and to take risks. Some previous studies mentioned that entrepreneurial intention of students is a source for new entrepreneurs in the future. In this study the meaning of entrepreneurial intention is the tendency of a person to become an entrepreneur.

GENDER

Gender is a biological and physiological differences between men and women, with a significant difference in the anatomical differences of the reproductive system of men and women. Gender is a difference between men and women in terms of three aspects: cognitive, conative and affective that can form the hallmark of conduct [5]. Although between male and female entrepreneurs are generally the same but in some cases there are differences in the level of motivation to start a business [6].

EDUCATIONAL BACKGROUND

The educational background of a person, especially related to the field of business, such as business and management or economics is believed to affect the willingness and interest to start new businesses in the future. A study from India proves that the educational background becomes one of the important determinants of entrepreneurial intention and the success of the business carried on [7]. Courage form of entrepreneurship is driven by the educational institution or school, schools are on the subjects of entrepreneurship that is practical and attractive can arouse students' interest in entrepreneurship [6].

PARENTS' JOB

Work background of parents is one of the factors which has a role in entrepreneurial intention of someone. Parents jobs can be farmers, private sector employees, self-employed and civil servants. In this study, the researchers distinguish parents' job between entrepreneurs and non-entrepreneurs. Parents' entrepreneurial background is an important factor in increasing interest in entrepreneurship because the parents are able to provide a managerial system on how entrepreneurs work. Parents who are experienced in entrepreneurship will encourage their children to participate in entrepreneurship or continue the family business [8]

HYPOTHESES

The influence of gender or sex of the intention to be an entrepreneur has been widely studied [9] [10]. Men and women entrepreneurs are generally the same but in some cases there are differences in the level of motivation to start a business [6]. Women tend to be less likely to run new businesses than men [9] Women assume that work is not important, because women are still faced with the demands of traditional thing which is being a wife and a housewife [11]. Similar findings are presented by Kolvereid [10], men tend to have a higher entrepreneurial intentions than women.

H1: There is a difference in the level of entrepreneurial intention between male and female student.

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H2: There is a difference in the level of entrepreneurial intention among students of economics and non-economics.

Wang and Wong in Mahesa [5] mention that there is a positive influence of parents' job in entrepreneurial intention. Entrepreneurs who succeed are those who were raised by parents who are also entrepreneurs, they have many extensive experiences in the business world [5].

H3: There is a difference in the level of entrepreneurial intention among students whose parents are entrepreneurs and non-entrepreneurs.

RESEARCH METHODS

THE SOURCE OF DATA AND SAMPLE SELECTION

The data used in this study are primary data. The sampling method is done by using purposive sampling method. This method of selecting samples requires specific criteria. The criteria of respondents used in this study are male and female students studying in Yogyakarta.

ANALYSIS METHODS

The first data analysis in this research is descriptive statistical analysis. The second one is an analysis of hypothesis test. Statistical tools used to test the hypothesis in this study are compare means independent sample t-test and compare means one-way ANOVA.

RESULTS

Hypotheses test 1, 2, and 3 is to test whether there is a difference in the level of entrepreneurial intention among students based on demographic factors. The statistical tool used to test hypotheses 1 and 2 is the compare means independent sample t-test. While the statistical tool to test hypothesis 3 is compare means one way ANOVA. The results of hypotheses test are in this table:

Hypotheses Testing Results

Hypotheses	Probability	Conclusion
H1: There is a difference in the level of entrepreneurial intention between female and male students.	0,036	hypothesis is supported
H2: There is a difference in the level of entrepreneurial intention between students of economics and non-economics.	0,357	hypothesis is not supported
H3: There is a difference in the level of entrepreneurial intention between students whose parents are entrepreneurs and non-entrepreneurs	0,112	hypothesis is not supported

DISCUSSION

THE INFLUENCE OF GENDER ON ENTREPRENEURIAL INTENTION

There is a difference in entrepreneurial intention of male and female students. This hypothesis is proven in studies showing differences in entrepreneurial intention of male and female students ($p < 5\%$). This is in line with research [11] which revealed that women tend to be casual in choosing a job than men, women assume that work is not important, because women are still faced by the demands of traditional thing which is being a wife. Similar finding is presented by Kolvereid [10], men are shown to have higher entrepreneurial intention than women.

THE INFLUENCE OF EDUCATIONAL BACKGROUND ON ENTREPRENEURIAL INTENTION

This hypothesis is not proven in this study. The result of data analysis showed that there is no difference in entrepreneurial intention of economic and non-economic students ($p > 5\%$). This finding contrasts with previous research Sinha [7] which states that the intention of being an entrepreneur is influenced by educational background. However, this finding is in line with [12] which showed that there was no difference of entrepreneurial intention between the students of economics and non-economics faculty. Entrepreneurship subjects are already common in the department of non-economic, even the entrepreneur competition arena has also been widely followed by students majoring in non-economic, so in line with the findings of this research that students of economic and non-economic has the same level of entrepreneurial intention which is high [12].

THE INFLUENCE OF PARENTS' JOB ON ENTREPRENEURIAL INTENTION

This hypothesis is not proven in this study. The results show that there is no difference in entrepreneurial intention of students whose parents are entrepreneurs and non-entrepreneurs ($p > 5\%$). This finding contrasts with the findings of Morello [13] which states that students whose parents are entrepreneurs have higher entrepreneurial intention. This may be related to information access that is now very open and most of the information is likely to encourage someone to be an entrepreneur [2]. A person does not just listen to the advice of his parents only in terms of choosing a career, but he gets the information from a variety of sources which are very accessible. Students can easily access various information media which present the advantage of being an entrepreneur.

CONCLUSION

This study contributes to the literature on the difference of entrepreneurial intention based on demographics. Based on the results of data processing and discussion, these are conclusions of this study:

1. The result of the first analysis analyzed by compare means independent sample t-test shows that the hypothesis 1 is supported. Gender variable proves decisive difference in the level of entrepreneurial intention of students; men have higher entrepreneurial intention than women.
2. Based on the analysis of compare means independent sample t-test, hypothesis 2 is not supported. The finding indicates that there is no difference between the level of entrepreneurial intention of economics and non-economics students.
3. The result of the analysis of the compare means one-way anova shows that hypothesis 3 is not supported. The finding indicates that there is no difference between the level of entrepreneurial intentions of students whose parents are entrepreneurs and non- entrepreneurs.

LIMITATIONS AND SUGGESTIONS

This study has some limitations that may affect the results of the overall study. These are the limitations:

1. This study specifically examines university students, so that the results of this study cannot be generalized to other levels of education such as high school, vocational school, and others.
2. This study has only 3 variables of demographics. In the future studies, it should be added by some variables of demographic aspects such as age and environment.

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Factors Influencing Consumers' Purchase Intention of Genuine Products and Intention to use Pirated Products: Malaysian Perspective

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ABSTRACT

The issue of digital piracy has plagued many content creators, such as artists, authors, developers, programmers and companies, for decades. Understanding the factors that lead to digital piracy and the purchase of genuine products would benefit how these content creators market their products and prevent more instances of theft. Based on the Theory of Planned Behaviour, this study was conducted to understand the factors that influence the attitude and intention to use pirated digital products. The theoretical model and the defined hypotheses were tested with a sample of 108 participants in Malaysia. Our study found that perceived risk has a direct and indirect influence on the intention to use pirated digital products. In addition, attitude also was found to play a role in the intention to use pirated digital products.

Key Words: Purchase intention, genuine products, pirated products, digital products.

INTRODUCTION

*"The approach that the music industry took to fight piracy was the wrong strategy."
MC Hammer, Rapper*

The quotation above from MC Hammer, the world-famous rapper, shows the concern of many in the music industry who claim that the digital industry has lost its battle against digital piracy. Digital piracy refers to obtaining electronic contents for sale or personal use without the consent of the intellectual property owner [63]. The digital piracy issue is regarded as one of the most complex and challenging phenomenon to be experienced by the global digital industry. Despite the extant literature showing that the impact of digital piracy is not necessarily negative (Herjanto, Gaur, Saransomrurthai & Quik [27]), business practitioners, governments, and scholars have joined forces to show their dismay at the outcomes. Digital piracy has been projected to contribute to global digital industry profit losses of 4.2 trillion dollars and the elimination of 5.4 million global jobs by 2022 (ICC, 2017). In addition, digital piracy is also claimed to be responsible for weakening artists' creativity and motivation (Morris & Higgins [51]), as well as funding crime and terrorist organizations (Yar [80]), destabilizing emotional states (Herjanto [26]) and more importantly, demoralizing the human spirit [70]. With such significant negative impacts on the individual and wider society, scholars have focused their efforts on finding the solution to this phenomenon. According to Gaur, Herjanto, Saransomrurthai and Bhargava [23], such efforts have mainly been focused on investigating four important variables: attitude toward digital piracy, intention to conduct digital piracy, digital piracy behavior and digital piracy rate. Among these variables, Eaton and Visser [19] argue that attitude is the most important variable to predict an individual's digital piracy behavior and therefore, it is expected that scholars will put more effort into finding the antecedents of attitude. To illustrate, the extant literature shows that demographic (Hinduja [28]), sociological (Kwon, Cho & Kim [38]), psychological (Griffith [24]), emotional (Herjanto [26]), legal (Lau [39]), economic (Kwan [37]) as well as cognitive (Morris & Higgins [52]) variables serve as antecedents of the attitude toward digital piracy. However, despite these significant efforts, the digital piracy literature is still far from finding consensus and remains inconclusive [10]. One of the crucial reasons for this issue is that the extant literature is too focused on non-psychological motivation variables (Taylor, Ishida & Wallace [73]), such as price, legal knowledge, availability of the original products etc [23]. Psychological motivation involves complex,

controlling mental willpower that affects an individual's thoughts and behavior (Snyder [68]) and is built on a combination of different psychological components (Ryan., Bernard & Cunningham [62]), such as felt perception (perceived), consciousness, normative susceptibility etc. Although these variables are widely accepted as main motivations to influence an individual's attitude, marketing scholars have found that these variables inconsistently affect an individual's attitude toward digital piracy. Hence, the extant literature provides more questions than answers. Consequently, this research attempts to answer these questions and confirm whether the above variables are responsible for attitude toward digital piracy. Table 1 shows some of the inconsistent findings on these variables.

Despite these investigations, Chiu, Hsieh and Wang [13] argue that the extant literature does not provide any empirical investigations on how to promote an individual's intention to use legal products. An attempt is therefore made in this study to fill this gap in the research by examining this intention.

Table 1. Summary of Inconsistent Findings

Variable	Findings	Authors
Perceived Risk	Impact	[66]
	No Impact	Lalovic, Reardon, Vida and Reardon (2012)
Perceived Benefits	Impact	Vida, Koklic, Kukar-Kinney and Penz' (2012)
	No Impact	[61]
Price Consciousness	Impact	[48]
	No Impact	[58]
Normative Susceptibility	Impact	[78]
	No Impact	[33]

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Malaysia, as one of the South East Asian tigers, has enjoyed steady economic growth in the last few years and is predicted to enjoy 4.0% economic growth in 2017 and 4.4% in 2018 [17]. This notable achievement has meant that Malaysia is one of 13 countries identified by the World Bank as showing the steadiest economic growth amongst countries in the last 25 years. One of the main reasons of this significant growth is that the Malaysian government has continuously committed itself to creating more competition in the global arena through improvement of their productivity and increase in the quality of their human resources [74]. In the last decade, the Malaysian government has allocated significant funds to improving the Malaysian education system and as a result, by the end of 2015, the Malaysian literacy rate was nearly 95% (UNESCO [75]) and their internet penetration was 69% [31]. Such achievements mean that Malaysia is one of the most educated and computer literate countries in South-East Asia. To maintain their economic growth, the Malaysian government has introduced a school-based initiative program to boost Internet literacy amongst their young people [76]. Although improvement in computer literacy has increased young people's competitiveness, Loch and Conger [45] argue that such improvements should be controlled and treated with caution. Failure to control improvement in computer literacy potentially provides a highway to conducting digital piracy. According to the Business Software Alliance Report [9], at the end of 2015, Malaysian software piracy was ranked 12th in Asia Pacific and it cost nearly USD \$460 million dollars.

PERCEIVED RISK

Perceived risk refers to an individual's perception of the uncertainty and negative consequences of conducting digital piracy [30]. The extant literature shows that individuals who are exposed to digital piracy products tend to experience multiple different risks. These include financial, quality, time, privacy or information and after sale risks (Aldhmour [2]), prosecution risk (Tan [72]), social and psychological risk (Liao, Lin & Liu, [42]), delivery risk (Naiyi [54]), opportunity costs (Lu, Hsu & Hsu [47]), and safety risk [20]. Table 2 shows a brief description of these risks. These different risks shows that an individual's perception of these risks toward digital piracy products is highly subjective and determined by behavioral goals, intended usage, prior knowledge and involvement toward products (Dowling & Staelin [18]), individual and firm characteristics (Sun [71]), privacy and security of the individual (Miyazaki and Fernandez [50]) and acceptance of the products (Kini, Rominger & Vijayaraman [35]) and varies according to environment and products [20].

Table 2. Brief Definition of Risks

No	Type of risks	Definition	Authors
1	Financial risk	A potential financial or monetary loss because of buying or using digital piracy products and more importantly a risk of losing extra money through credit card fraud.	[2]
2	Quality risk	A quality risk can be closely associated with a quality issue. That is, an individual potentially experiences inferior quality products that may decrease performance or output.	[54]
3	Time risk	A potential extra time loss due to involvement in re-researching and replacing the digital piracy products.	[21]
4	Privacy risk	A potential loss of personal information.	[41]
5	After-sale risk	A potential loss due to trading disputes and service guarantee.	[83]
6	Prosecution risk	A potential exposure to getting caught.	[42]
7	Social risk	A potential loss of status in an individual's social group.	[41]
8	Psychological risk	A potential discomfort or unnecessary tension.	Liao et al., 2010.
9	Delivery risk	A potential risk of undelivered products.	[54]
10	Opportunity cost risk	A potential risk of choosing the wrong alternative products.	[47]
11	Safety risk	A potential threat to the individual's health.	[20]

Although the negative effects of these risks have been well recognized, scholars believe that the intensity of these risks varies. For example, Koclik (2016) found that a performance risk is the most significant risk that affects an individual's digital piracy behavior. However, Liao et al. (2010) found that performance, social, prosecution and psychological risk are more substantial. Jeong, Zhao and Khouja [32], on the other hand, argue that performance, financial, time, social, psychological, privacy and prosecution risk are the most important risks. These differences show that scholars have no consensus on an agreed set of dimensions for perceived risks in the context of digital piracy (Al-Rawad, Al Khattab, Al-Shqairat, Krishan & Jarrar, [6]); consequently, the extant literature offers more questions than solutions (Liao et al. 2010) and more importantly it fails to model a higher construct of perceived risk [20]. With this consideration in mind, therefore, Aldhmour [2] concludes that perceived risk in the digital piracy context is the product of a combination of various risk dimensions, and accordingly, we believe that it may be wise to take one step back by investigating the concept of perceived risk as an overall perceived risk rather than as individual risk dimensions.

Although the extant literature shows that perceived risk is believed to be one of the most important components of an individual's attitude toward digital piracy (Sanitnarathorn, 2016; Aldhmour [2]; Liao et al., 2010; Koklic [36]; Lee [41]), Sinha and Mandel [66] argue that the effect of perceived risk on an individual's attitude can be either positive or negative. That is, when the individual feels comfortable with these risks and sees such potential risks as a tool to feel a sense of excitement, the individual tends to challenge such risks by endorsing or using digital piracy products. In contrast, when an individual feel that the consequences of using digital piracy products are worthless and negatively impact their well-being, the individual tends to develop a negative attitude toward these risks and accordingly will avoid using digital piracy products [44]. The degree of perceived risk, according to Kim and Park [34], is also determined by the individual's cultural background. Based on Hofstede's cultural theory, Kim and Park [34] found that Australia's individualistic culture is more comfortable in challenging risks than South Korea's collectivist culture. Malaysia, according to Hofstede [29], is considered as a collectivist culture, and as a result, Malaysians tend to avoid risks and instead are less sensation seeking (Cheah [11]), favor harmony, search for public consensus (Schermerhorn & Bond [64]) and prefer genuine digital product usage. Thus, based on this consideration, we consider the proposition that perceived risk generates a positive attitude toward the usage of digital piracy is irrelevant and accordingly, we hypothesize that:

H1a: Perceived risk has a negative association with attitude toward the use of digital piracy products.

Slovic, Fishhoff and Lichtenstein [67] argue that an individual's judgment of a perceived risk varies and depends on how the individual quantifies and characterizes the perceived risk. That is, when the individual perceives the amount of risk to be high, uncontrollable and hazardous, the individual tends

to utilize his/her cognitive ability to find a suitable coping mechanism to reduce and avoid this risk and consequently, the intention (Vasileiadis [77]) to adopt a digital piracy product decreases. Based on this argument, we hypothesize that:

H1b: Perceived risk has a negative association with the intention to use digital piracy products.

PERCEIVED BENEFITS

Perceived benefits refer to an individual's belief concerning the positive consequences of engaging in digital piracy product usage [82]. Wang, Yeh and Liao [79] argue that the degree of an individual's perceived benefit is determined by the combination of utilitarian or performance related benefits that help achieve task requirements as well as hedonic benefits or emotional related benefits that are generated in the process of digital piracy product usage. In other words, to experience the perceived benefits, the individual should experience extrinsic benefits (perceived usefulness) and intrinsic benefits (perceived enjoyment) (Lin & Lu 2011). Thus, the higher the degree of perceived benefits, the higher the individual's feeling of satisfaction, which in turn increases the individual's approval of digital piracy product use. The Theory of Acceptance Model shows that perceived benefits positively improve an individual's attitude toward digital piracy usage [82]. Perceived benefits include the ability to save money and time as well as convenience (Chen, Shang & Lin [12]) and pleasure (Lin & Lu 2011). Based on this argument, therefore, it is important for us to investigate whether the perceived benefits positively affect Malaysian's attitude toward digital piracy product usage. Based on this argument, we hypothesize:

H2a: The perceived benefits of using pirated digital products have a positive association with attitude toward the usage of digital piracy products.

Although technology has increased the quality of digital piracy products [40], such products have no performance or quality guarantee and still may experience performance issues [59]. Such issues will not only reduce an individual's performance (Belson [7]) but also decrease his/her social status [81]. To avoid these issues and maintain the status quo, an individual may consider avoiding digital piracy products and consider genuine products as they are more trustworthy and less risky [22]. Based on this argument, therefore, we hypothesize:

H2b: The perceived benefits of purchasing genuine digital products have a positive association with attitude toward purchasing genuine digital products.

PRICE CONSCIOUSNESS

Price consciousness refers to consumers' intention to search for the best and most reasonably priced products in relation to their value [3]. That is, an individual with a high price consciousness tends to buy (Peng & Wang [56]) and use the lowest priced products [55]. The price of digital piracy products is traditionally a lot cheaper than genuine products [25]. Therefore, such products offer a price advantage and consequently, they attract price conscious individuals to adopt and use such products. Based on this consideration, we therefore hypothesize:

H3: High price consciousness has a positive association with attitude toward digital product usage.

NORMATIVE SUSCEPTIBILITY

Normative susceptibility is defined as an individual's tendency to conform other expectations in their decision making [14]. An individual with a high level of normative susceptibility tends to want to impress his/her peers by adjusting his/her behavior to fit others (Wang, Yeh & Liao [78]) and consequently purchasing or using similar products to the groups he/she belong to [4]. Failure to follow and adopt group behavior may potentially impact the relationship between the individual and the rest of the group members and ultimately lead to loss of membership of the group [57]. Thus, when an individual identifies him/herself as a member of a group that favors genuine digital products, the individual has a higher likelihood of adopting and using genuine digital products. Accordingly, we hypothesize:

H4a: Normative susceptibility has an inverse relationship with digital pirated products.

H4b: Normative susceptibility has a positive relationship with genuine digital products

ATTITUDE

Attitude is known as a product of an individual’s overall evaluation of a stimuli or behavior (Min, Ji & Qu [49]) and is claimed as being one of the most important components in generating behavioral intention [41]. A large number of the major Intention Theories, such as TRA, TPB, TAM and the Theory of Trying, have tested this relationship in different contexts and proved that attitude plays the most important linear role in generating behavioral intention [36]. That is, when an individual has a positive or negative attitude toward a stimulus, the individual will have positive or negative intention respectively. In different studies, attitude is also shown to mediate the relationship between perceived risk and intention [65],[36]

Hence, we proposed that:

- H5a: Attitude toward digital piracy products strongly influences the intention to use digital piracy products.
- H5b: Attitude toward genuine digital products strongly influences the intention to use genuine digital products.
- H5c: Attitude toward digital piracy mediates the relationship between perceived risk and the intention to conduct digital piracy behavior.

Spears and Singh [69] argue that the intention to use digital piracy products is a result of an individual’s evaluation of such products. That is, intention is the chief engine to drive an individual to adopt digital piracy products [15]. Based on the arguments above, the conceptual model of our research hypotheses is shown in Figure 1.

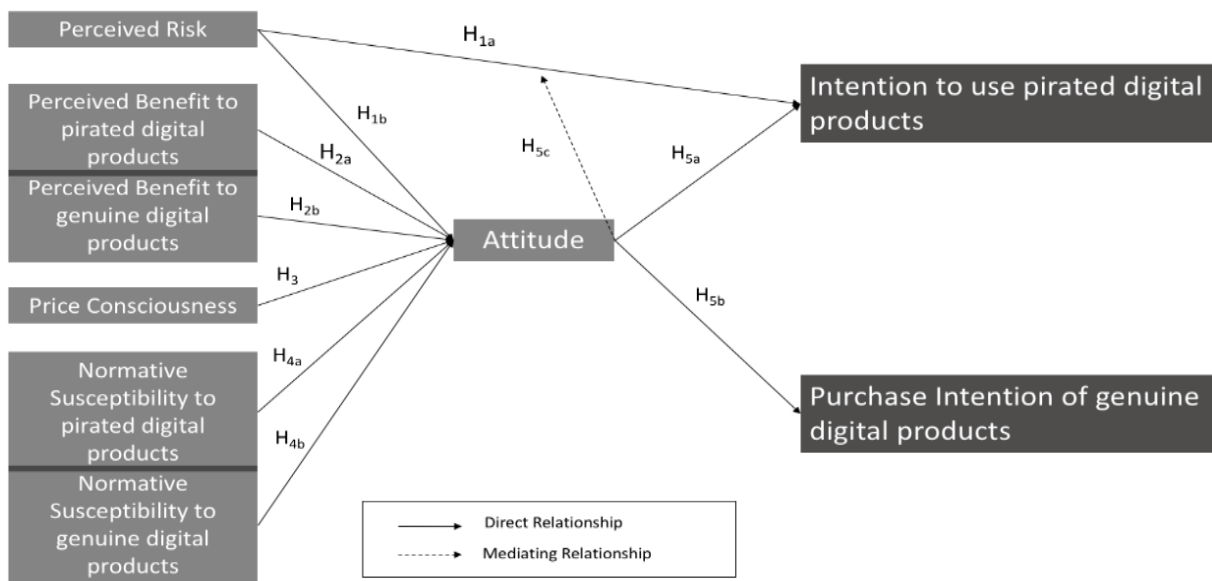


Figure 1. Conceptual model of digital piracy usage

RESEARCH METHODOLOGY

The conceptual model above was tested on a sample of 108 Malaysian residents who were at least 18 years old. The sample consisted of 48 (44.4%) respondents who were male and 60 (55.6%) respondents who were female. In total 94 (87%) respondents in our sample had a university degree or equivalent, 12 (11%) had a diploma and 2 (2%) had a high school diploma. Finally, 93 (86%) respondents earned RM 999/month or less and only 15 (14%) earned RM 1000 – 1999/month. To test the above model, we borrowed and modified items from previously published literature as shown in Table 3 below. Each question was measured on a seven-point Likert scale, ranging from 1 (strongly disagree) to 7 (strongly agree). To ensure the robustness of the items, a pilot study was conducted on 30 respondents and the value of the Cronbach Alpha of these items was > 0.8, which exceeded Bryman and Bell’s [8] recommendation of a value of 0.7 Cronbach Alpha.

Table 3. Research Instrument List

Variable Measurement	Item	Source	Type of Variable
Perceived risk of pirated digital products	5	[16]	Independent
Perceived benefit of pirated digital products	8	Bahtra & Ahtola (1991)	Independent
Perceived benefit of genuine digital products	8	Bahtra & Ahtola (1991)	Independent
Price consciousness	4	Huang (2004); Lichenstein (1993)	Independent
Normative susceptibility to pirated digital products	4	[78]; Bearden et. al. (1989)	Independent
Normative susceptibility to genuine digital products	4	[78]; Bearden et. al. (1989)	Independent
Attitude	10	[60],[78]	Independent, Mediating
Intention toward pirated digital products	5	[78],Huang (2004); Grewal (1998)	Dependent
Purchase intention toward genuine digital products	5	[78],Huang (2004); Grewal (1998)	Dependant

DATA ANALYSES AND RESULTS

To test the proposed research model, Cronbach Alpha and Exploratory Factor Analysis (EFA) were conducted to test the reliability and validity of the multiple items used in the present study. The Cronbach Alpha value of the variables used above are listed in Table 4 below:

Table 4. Reliability Analysis and Cronbach's Alpha

Variables	Cronbach's Alpha	Strength of Association
Perceived Risk	0.691	Moderately Strong
Perceived Benefit of Genuine Products	0.768	Strong
Perceived Benefit of Pirated Products	0.796	Strong
Price Consciousness	0.657	Moderately Strong
Normative Susceptibility of Pirated Products	0.684	Moderately Strong
Normative Susceptibility of Genuine Products	0.788	Strong
Attitude	0.750	Strong
Intention towards Genuine Products	0.759	Strong
Intention towards Pirated Products	0.765	Strong

Although the Cronbach Alpha values of perceived risk, price consciousness and normative susceptibility to pirated products were less than 0.7, their values were very close to 0.7 and generally, any Cronbach Alpha value over 0.6 is considered acceptable [53]. Therefore, we argue that Cronbach Alpha values of 0.691, 0.657 and 0.684 for, respectively, perceived risk, price consciousness and normative susceptibility to pirated products can be considered as moderately strong and acceptable. Further, the EFA with Varimax rotation was used to test the validity of the items. The principle component analysis revealed the existence of eight components with eigenvalues greater than 1.00 explaining a total of 63.62% of the variance.

HYPOTHESIS TESTING

The multiple linear regression approach was used for this analysis to calculate all the relationships by significance level. Given the sensitivity of multiple linear regression estimation to multicollinearity, the potential for multicollinearity among the predictor variables was assessed and the multicollinearity test results are shown in Table 5.

Table 6 shows that the perceived risk and attitude was statistically significant (p -value = 0.000). As shown, the t -statistic was recorded at 8.028, which supports the relationship between the predictive variable and dependent variable. This confirms that H1b, which proposed that there is a relationship between the perceived risks of pirated products and attitude, is supported. In contrast, we found that H2a, H2b, H3, H4a and H4b are not supported.

The hypothesized relationship between perceived risk and intention to pirate was statistically significant (p -value = 0.045) at a 95% confidence interval. As shown, the t -statistic was obtained at a value of -2.027, at a confidence interval of $t > 1.960$ (two-tailed) which supports the relationship between the predictive variable and dependent variable. The analysis supports the relationship between the variables of the construct. Therefore, H1a is supported, which proposed that there is an inverse relationship between perceived risk and the intention to pirate products.

Table 5. Correlation Between Variables

	Correlations								
	PR	PBG	PBP	PC	NSP	NSG	ATT	IG	IP
Perceived Risk	1								
Perceived Benefit – genuine products	.074	1							
Perceived Benefit – pirated product	-.321**	-.329**	1						
Price Consciousness	-.081	-.291**	-.277**	1					
Normative Susceptibility – Pirated products	.064	-.202*	.434**	.175	1				
Normative Susceptibility - Genuine products	-.037	-.253**	.510**	.036	-.565**	1			
Attitude	.656**	.011	-.324**	-.145	-.072	-.149	1		
Intention to use genuine products	.085	.308**	-.383**	-.297**	-.202*	-.058	.037	1	
Intention to use pirated products	-.486**	-.079	.568**	.099	.183	.197*	.555**	-.052	1

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

Table 6. Coefficients of Attitude

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(constant)	3.276	1.257		2.607	.011
Perceived Risk	.779	.097	.634	8.028	.000(**)
Perceived Benefit Pirated	-.104	.152	-.067	-.685	.495
Perceived Benefit Genuine	-.208	.145	-.119	-1.498	.137
Price Consciousness	-.102	.080	-.101	-1.272	.206
Normative Susceptibility Pirated	-.044	.120	-.034	-.368	.714
Normative Susceptibility Genuine	-.112	-.110	-.099	-1.022	.309

Table 7. Coefficients of Intention to Use Pirated Products

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(constant)	7.258	.487		14.900	.000
Perceived Risk	-.249	.123	-.214	-2.027	.045
Attitude	-.393	.100	-.415	-3.929	.000

Table 8. Coefficients of Intention to Use Genuine Products

Model	Unstandardized Coefficients		Standardize Coefficients	t	Sig.
	B	Std. Error	Beta		
(constant)	4.997	.361		13.846	.000
Perceived Risk	.027	.072	.037	.379	.705

Further, the hypothesized relationship between attitude and intention to pirate was statistically significant (p-value = 0.000) at a 99% confidence interval. As shown, the t-statistic was obtained at a value of -3.929, at a confidence interval of $t > 2.576$ (two-tailed) which supports the relationship between the predictive variable and dependent variable. The analysis supports the relationship between the variables of the construct. Therefore, this supports H5a, which proposed that there is a relationship between attitude and the intention to pirate products.

Using a stepwise regression approach, the predictor variable of attitude and the dependent variable were not found in the equation Table 8 shows that the hypothesized relationship between attitude and intention to purchase genuine products was statistically insignificant (p-value = 0.705). As shown, the t-statistic was obtained at a value of 0.379 which does not support the relationship between the variables of the construct. Therefore, this does not support H5b, which proposed that there is a relationship between attitude and the intention to purchase genuine products.

Table 9. Coefficients of Attitude

Model	Unstandardized Coefficients		Standardize Coefficients Beta	t	Sig.
	B	Std. Error			
Perceived risk \hat{a} Attitude (constant)	.739	.468		1.580	.117
Perceived Risk	.806	.090	.656	8.959	.000
Perceived risk \hat{a} Attitude \hat{a} Intention (constant)	7.258	.487		14.900	.000
Perceived Risk	-.249	.123	-.214	-2.027	.045
Attitude	-.393	.100	-.415	-3.929	.000
Perceived risk \hat{a} Intention (constant)	6.968	.513		13.576	.000
Perceived Risk	-.566	.099	-.486	-5.728	.000

The hypothesized mediating role of attitude between perceived risk and the intention to pirate products is supported. As shown in Table 9, a significant relationship was found between perceived risk and attitude with a p-value of 0.000 and a t-value of 8.959. A significant relationship was found between attitude and the intention to pirate products with a p-value of 0.000 and a t-value of -3.929. The analysis supports an indirect relationship between the three variables. An indirect effect exists within the item construct. Furthermore, the relationship between perceived risk and the intention to pirate products was statistically significant with a p-value of 0.000 and a t-value of -5.728. The results support a direct relationship between the predicting variable and the dependent variable. A direct effect exists within the item construct. Therefore, a partial mediating effect is verified between the variables, with both the direct and indirect effects between perceived risk and the intention to pirate products being mediated by attitude.

The Sobel test was further conducted to investigate the mediating effect of attitude and the intention to pirate products. It showed that the indirect relationship between the perceived risk of pirated products and the intention to pirate products had a z-value of 3.598 and a p-value of 0.000 at a significant level of p-value < 0.01. Therefore, the findings show that attitude has a significant mediating relationship. Thus, a partial mediating relationship is proven. This supports H5c which proposed that attitude has a partial mediating effect between perceived risk and the intention to pirate.

DISCUSSION AND CONCLUSION

As hypothesized, the research shows that an individual's psychological elements influence his/her attitude toward digital piracy product usage differently. Within this study, we found that while perceived risk significantly affects an individual's attitude toward digital piracy product usage, perceived benefits, price consciousness and normative susceptibility were found to have no significant impact on attitude toward digital piracy product usage and genuine product usage.

There are mixed results in the extant research concerning the effect of perceived risk and benefit, price consciousness and normative susceptibility on the attitude toward the use of digital piracy products and genuine products. However, the findings of this research may offer clear and important confirmation of the importance of these different psychological elements for reducing the positive attitude toward the use of digital piracy products. For example, the positive and significant relationship between perceived risk and attitude and intention toward digital piracy products usage shows that it is important for governments as well as business practitioners to increase individuals' perceived risk of using digital piracy products. This finding shows that the issue of digital piracy in Malaysia may be a result of Malaysian Internet users not fully understanding the terms and conditions on how to operate and use the Internet [76]. Therefore, to generate a higher perceived risk, it is important for the Malaysian government as well as business practitioners to simplify the language and clarify this risk, and at the same time, to educate and introduce different types of risks (finance, quality, time, privacy, after sale risk, psychological, delivery, opportunity cost risk, and safety risk) to Malaysian Internet users. By increasing such perceived risk awareness, individuals may feel a higher degree of fear which can lessen the intention to use digital piracy products. Thus, it is safe to say, that the higher the degree of perceived risk toward digital piracy product usage felt by the individual, the higher the tendency to

perceive the negative consequences. This study confirms that perceived risk positively reduces the positive attitude toward digital piracy product usage as reported by Sanitnarathorn (2016), Aldhmour [2], Liao et al. (2010), Koklic [36] and Lee [41] and intention toward digital piracy product usage as described [43].

In contrast, the study found that the relationship between the perceived benefits of digital piracy products and attitude toward digital piracy product usage is insignificant. The findings show that individuals tend to find digital piracy product usage to be without benefit. This phenomenon might be explained by the fact that Malaysians do not see that using digital piracy products can improve their emotional state (hedonic benefits), or improve their ability to perform (utilitarian benefits).

The findings also suggest that the relationship between the perceived benefits of genuine product usage and attitude toward genuine product usage is insignificant. It can be concluded that although Malaysian Internet users are aware of the benefits of genuine products, these benefits do not drive them to buy genuine products. This phenomenon might be generated and influenced by the high acceptability of digital piracy products among their society and therefore, individuals do not see the benefits of genuine products as attractive enough for them to use them but at the same time, they are not willing to use digital piracy products. This shows that Malaysians have a high degree of a mental accounting. This study supports the study of Alam et al. [1] who found that perceived benefit insignificantly affects individuals' adoption of ICT in the Malaysian SME context.

In this study, the concept of price consciousness was also shown to insignificantly affect the usage of digital piracy products. One of the reasons for this finding might be that the price of digital piracy products is still considered too high by Malaysians. Considering the simplicity of conducting illegal piracy, Malaysians might think that digital piracy products should be free. With this argument, therefore, Malaysians may not see a cheap pirated CD offering a price advantage.

Finally, we found that normative susceptibility has no effect on individual attitude toward pirated digital products. This phenomenon can be explained through the concept of the Malaysian way of life. Malaysia is considered to be a religious country [46]. Being religious, Malaysians tend to maintain their self-image through exercising their religious beliefs and adopting religious norms. From the religious point of view, digital piracy product adoption is considered as an immoral activity [5]. It is therefore potentially damaging to self-image with the risk of being removed from group membership. Thus, to maintain their self-image, Malaysians avoid using digital piracy products. Our findings also revealed that that normative susceptibility has no effect on individuals' attitude toward genuine digital products. As well as being a religious country, Malaysia is also considered to be a collective culture [29]. Being a member of a collective culture, Malaysians tend to maintain a low-profile status to maintain relationships with other members of the group. Showing their ability to purchase and use expensive, genuine digital products could be wrongly perceived and could potentially generate a group outcry. To maintain group harmony, therefore, Malaysians tend to avoid purchasing or using expensive goods such as genuine digital products. These explanations show that Malaysians tend to favor group interest over the self, and accordingly, they also avoid the use of digital piracy products to maintain their religious image, while also avoiding genuine digital products to maintain their low-profile status.

The findings of this research underline the importance of individuals' perceptions in general, and perceived risk in particular in the effort to combat the digital piracy phenomenon. It is important that governments and business practitioners continue educating their customers by highlighting the negative consequences of digital piracy product usage and to approach and invite individuals to utilize their mental accounting to evaluate the insignificant benefits of digital piracy.

LIMITATIONS AND FURTHER RESEARCH

Although this research contributes to the field of study of pirated digital products, there are several limitations to this research that should be addressed. First, the sample size selected for study was small and was concentrated in one area of Kuala Lumpur. Hence, there is a lack of generalizability in this sample. Future research should employ a larger sample size and include different geographical areas to

allow the generalization of the data. Second, a questionnaire was employed as a method to collect sample data. While this method has the benefit of being easy to administer and thus easier for the researcher to acquire data, there remains the issue of the decision to participate. Using this method, potentially valid respondents may have declined to participate in this study which may have led to unforeseen bias. Furthermore, respondents may have been less than truthful or less inclined to give an honest answer because of the sensitive issue of pirated digital products or the reluctance to purchase genuine products. Getting respondents to participate was a challenge as they feared that their reputation or image could be tarnished. Therefore, further research should employ different methods of data collection. Third, digital products have a wide classification – from music to software to movies and to books. This research only looked at pirated digital products from a general point of view. In other words, there was no clear separation of the different categories. Attitudes may be different across separate categories, thus producing different perspectives towards pirated digital products.

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Role of Leadership in Economic Transformation from Dying Village to a Living Village (Case Studies Community Blimbingsari)

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ABSTRACT

Blimbingsari village changed, by moving the four elements (spiritual, work ethics, social capital and entrepreneurship) resulting in a change of the rural infrastructure, economic development and institutional as well as the creative economy of the village. The role of the village leader and spiritual leader role affect change in rural communities. The method used in this study is a qualitative research. Techniques of data collection is done with interviews, gathering documents and triangulation. The findings are: First, the leader gives a positive value through the process of socio-economic transformation have actualize in the middle of the village of Blimbingsari; Second, the village leader Blimbingsari intervene against factors of spiritual values, work ethics, social capital and entrepreneurial factors; Third, the process of socio-economic transformation have actualize in the village of Blimbingsari and occurs in a long time as a long process.

Key Words: Leadership, Economic, Transformation, Community

BACKGROUND

Increasingly strong globalization needs to be balanced with the realization that market mechanisms are not always able to solve the problem of resource inequality. Development policies should give attention to the need to reorganize the foundation's assets management system in rural areas [11]. By looking at the village as a place of economic activity, the village is seen as a potential base of economic activity through investments in infrastructure and facilities to support agricultural purposes, as well as directing more integrated.

This transformation process is the role of village government leaders (formal) and spiritual leader (informal) in moving the village community Blimbingsari amended, by moving the four elements (spiritual, work ethics, social capital and entrepreneurship) resulting in a change of the rural infrastructure, economic and institutional development as well as the creative economy of the village. Judging from the time period, this transformation include very fast when it adopted the Christian community, they adopt new values and a new identity as a Christian Bali.

Impact of transformation embodied / visible with the formation of village Blimbingsari be the only tourist village in Jembrana, from the perspective of an institutional approach that the current position will be subject to change. In 2004 the village was very dry and deserted as if this village was "dead". Before 2004 there was no water from the pipes, poor roads and not many residents who had business. But after a church leader named Pak Ketut Suyaga this village became "alive" in collaboration with the village head of Blimbingsari. So the government and the church work together between village leaders and church leaders is what causes this village to be prosperous and prosperous. The real proof of the change is that water was not available, but now there is water using appropriate technology. The highway that had been ugly and difficult to work, but now the road has been paved and connect Palasari and Blimbingsari and Melaya, making it easier for workers to work. The economy has also changed, which previously had no business now that the population has a business of cows, coconuts and grocery stores.

The role of the village leader and spiritual leader role affect change in rural communities. Unless society becomes secular then 'maybe' formal and informal leadership roles are not important in the upcoming changes. This is what the authors are interested in, so the focus of this research is how the role of the leader improves the village economy from being "dead" to a "live" village?

THEORETICAL

Tjokroamidjojo (2000), see development as a process or social change efforts (social change). Can mean also a business change and development of the state and condition of the people who are less well become better. In the carrying out of development and the need for a business process, where the construction of a series of conscious effort made towards a better state than before [10].

Every economic development is expected to stimulate economic growth is described by an increase in national income or per capita income [25]. Rostow's theory (1960) on growth is essentially a theory of modernization and development, where this theory believe that the human factor (not the structures and systems) became the main focus. Rostow saw social change that calls the journey of development as a process of evolution from traditional to modern. This reasoning is explained in detail by Rostow in the five-stage scheme. In theory it is said that the first stage is a traditional society, then develop into preconditions for take-off, followed by community takeoff, then maturation community growth, and ultimately achieve a modern society aspired, namely industrial society as society consumerism (high mass consumption). How modern society aspired to be achieved, Rostow filed primarily the availability of capital requirements[4].

Adler, P, & Kwon, S., [1]f says that the basics of psychology and human behavior is closely related to social change. Grillo, R.D. and R.L. Stirrat [14] is more interested in looking at the aspect of economic growth compared to the growth of the cultural aspects in the development of culture. Generally, economic growth is always described as a factor of 'external', but for Grillo, R.D. and R.L. Stirrat [14] economic growth is a factor of 'internal' ie the values and motivations that drive a person to exploit the opportunities and seize the opportunity. In Grillo, R.D. and R.L. Stirrat [14] above interpretation of Max Weber's thesis, if the Protestant ethic driving growth in the West, the same analog also able to see the economic growth of a country. According to him, the Protestant ethic was the need for achievement (N'ach).

Francis Fukuyama [13] reveals that the economic life deeply rooted in social life and basically can not be understood apart from the customs, morals, and customs of a society where economic processes that occur (compare with Muller, 1992). This confirms that economic development is not a purely economic process, but rather a manifestation of transformation or social and cultural change (Soedjatmoko, 1983). Added that, it always involves the construction of changing perceptions and attitudes towards life as a whole, not in separate sections [25]. Therefore, any process of economic development always involves a multidimensional factor in it [10].

Theory development Darcy dan Kleiner [10] focuses on changes in the structure of the stages of the process of economic change, industrial and institutional structure of the country's economy is growing, which is undergoing a transformation from traditional agriculture to switch to the industrial sector as the main engine of economic growth. Research conducted (Darcy dan Kleiner [10]) on the transformation of the structure of production shows that in line with the increase in income per capita, the country's economy will shift from the original rely on the agricultural sector to the industrial sector. Increasing the role of the industrial sector in the economy in line with the increase in per capita income that occurs in a state closely linked to the accumulation of capital and human resource development (human capital).

One of the negative impact of these structural changes is the increasing urbanization that would impede the process of equitable distribution of the fruits of development, where the increase in revenue would only occur in urban areas. Meanwhile in an abandoned rural sector workers will experience slow growth, thus widening the gap between rural and urban areas. Structural transformation will only work well if followed with equal opportunity to learn, decrease in population growth rate, and a decrease in the degree of economic dualism between rural and urban areas [12].

Morse [19] stated that in this world changes happen every day, so running any effort may have a tendency to succeed or fail. To be successful, entity or community must embrace change. Robbin [20] stated, entity or community should be changed. If unchanged, the entity will die. What is expressed

Khalili. S [15] matching with Drucker [8] which states that all entities must change in order to survive. This statement has a meaning that changes in an entity should be phrased in the interest of survival. Drucker [8] explicitly states that the process of change should be managed skillfully so the changes take place effectively in the interests of the entity. The community is similar to what is said by Stoner, James A.F & Edward [24] that all members of society must be motivated to change. If not, change the goal will not be realized. In relation to the context changes, Coleman [7] formulated a model of the form kaleidoscope changes are features or contextual aspects that need to be considered in deciding a change.

In this context Schumpeter [21] explicitly states that resistance to change is dangerous in an environment filled with uncertainty. Resistance to change can be grouped into two categories, namely individual resistance and resistance groups. Actually, the resistance of individuals and groups alike differ only in the number of actors alone.

The results of the research conclusions Coleman [7] explains that social change caused the first Samin, shift Samin community of religions "*ageman Adam*", became followers of Islam are also due to pressure the government to embrace a religion. Second, the modernization of agriculture with the use of technology but does not eliminate institutional mutual cooperation called the "*splice*" where the need for labor in agriculture was obtained by means of mutual help among farm households in turns without wage system. Third, labor migration undertaken by the younger generation as well as the inclusion of information through the mass media affect social life Samin. However Castells [6] argues that development should still consider local knowledge and review the development model that is identical style modernization with Westernization.

Bass & Avolio [5] found that for coastal communities, the expected social transformation is the existence of social change from traditional fishing communities become industrialized societies are creative, dynamic and able to utilize the natural resources available in coastal areas.

Barker [2] found that social change is the duality of the Bali-Hindu communities where duality changes regarding the elements of change among other elements of social structure (the structure of subjective and objective), elements of the causes or sources of change (exogenous and endogenous), direction change (linear and cyclical), as well as the driving element changes (structure and agent / agency) which changes the process takes place simultaneously and influence each other overlap, resulting in a change in symptoms.

Bourdieu [4] identified three stages of the transformation of traditional institutions in strengthening democratic economy in rural Bali. First, type of communal society is a universal characteristic when dependencies between high population and low outside interference once. Second, the new institutional simultaneously followed by the destruction of traditional institutions are built on the culture and spirit of communality as the village community resilience (LKMD) and Village Unit Cooperatives (KUD), some farmers, farm groups, women farmers, and "the *PKK* group". Third, is the stage of a new communality. The government began to shift to a new approach that is more appreciative local communality.

RESEARCH METHODOLOGY

The method used in this study is mix method, which is a quantitative and a qualitative research. This mix method research process involves a significant effort, such as the numbers of the data from the village like the number of people, sex, work, type of entrepreneurship, also asking questions and procedures, analyze the data inductively from the specific themes to common themes and interpret the meaning of the data [3]. This research applies a stylish outlook inductive research, focusing on the individual meanings, and translate the complexity of a problem [18].

This research area in the village Blimbingsari with the following considerations. First, that from the beginning of this village is the village for disposal (*meselong*) poor hopeless, until now the village Blimbingsari selected and prosperous tourist village in Jembrana, which received funding from the

Province of Bali. Second, village located in the district Blimbingsari Melaya, Jembrana, Bali, with a predominantly Protestant, although being in the midst of the majority Hindu community. This means that this village has its own uniqueness that is famous for Christian Village (Pasikian Pekraman Christian), there has never been pekraman village based on the Christian teachings in Bali. Third, land area of about 400 (four hundred) acres, with a population of around 230 (two hundred thirty) heads of households provided with "free" by the Dutch government in 1931 (Michel Picard [17]), succeeded in building a village economy with incredible Blimbingsari. Fourth, Blimbingsari Residents have many successful entrepreneurs in the field of cattle, chickens, pigs and catfish and plantation products such as coffee, cocoa and coconut. Fifth, the village is willing to apply the values of local wisdom in support of local development [23].

Techniques of data collection is done with interviews, gathering documents and triangulation [3]. Interviews were conducted to the informant (citizens / residents) either the head of the village, spiritual leaders, community elders Blimbingsari village, some *diaspora* communities Blimbingsari village, and the village board (LPM, LPD), District and Village Village Blimbingsari and servant of the Church at Peniel Church Blimbingsari. Determination techniques informant was purposively. Documentation method used is stored records, books, newspapers. Direct observation techniques through observation and recording of phenomena that appear on the process of economic transformation Blimbingsari today.

DISCUSSION

Blimbingsari village visited by many nations in the world, tourists both domestic and foreign tourists (international). However, it does not happen automatically, before the village institutions and individuals establish themselves with discipline, serious and organized. For the case Blimbingsari village community, the leaders of which started its activities began quietly, their humility and willingness to work on leadership (both church and government actors) that led to the village that had been 'poor' to village 'forward' and prosperous [22].

A village community to implement its development requires human resources is one of the factors that determine whether or not an advanced country in carrying out the development. Blimbingsari village initially carry out development in difficult conditions it requires the leadership figure who has the charge and the entrepreneurial spirit that is good and right and innovations made in the implementation of development to be able to increase the creativity of the village community members Blimbingsari to a performance that truly can produce in agricultural activities, livestock and plantations [26].

Blimbingsari village engaged in the construction is slowly but surely, after going through various challenges and trials can eventually reach a point of significant progress and capable of prospering society. One decisive factor was the leadership that encourages entrepreneurship to every member of the community. There are two key words in entrepreneurship, namely creativity and innovation. Finding new ways that are efficient in the field of agriculture, plantations and farms is a way to improve people's lives Blimbingsari village.

Management of innovation, and creative development is the task of leadership in order to encourage all members of the village community Blimbingsari to working toward a goal, namely to improve their welfare. Obviously human resources Blimbingsari village is the village's main assets are supported by leadership that can encourage community members to cultivate the mentality of entrepreneurs in the field of animal husbandry, agriculture and plantations. Leadership must be able to act as a thinker, planner, and control villages in carrying out development activities with an entrepreneurial spirit. (See Figure 4.1.)

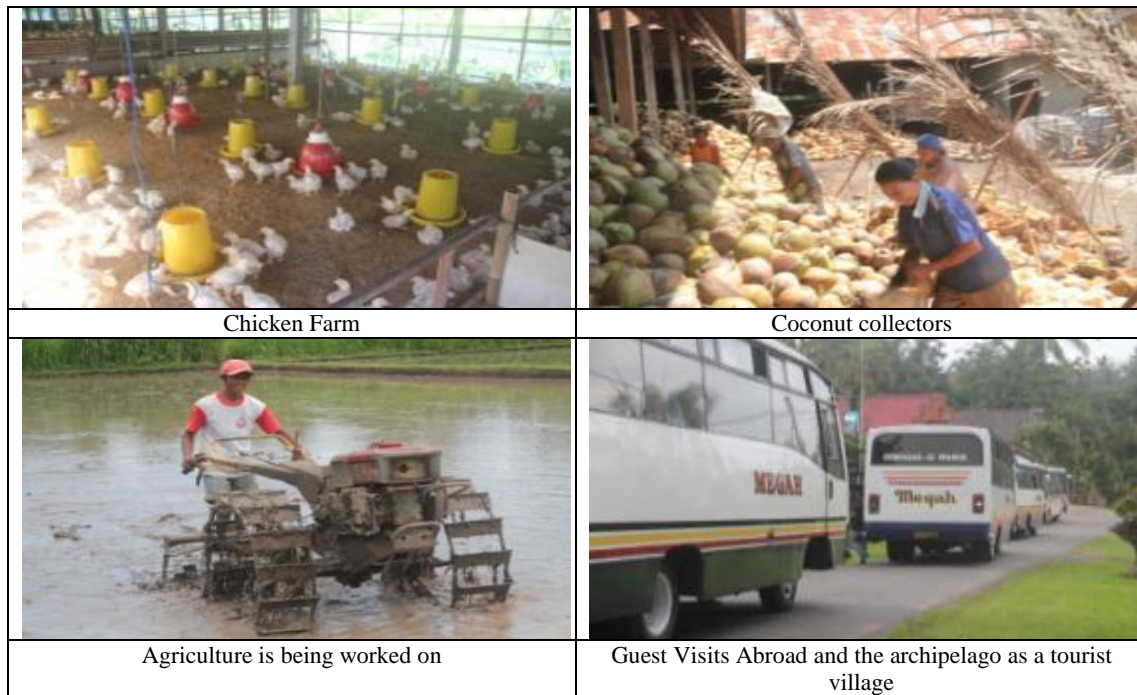


Figure. 4.1. Community entrepreneurial type Blimbingsari

Leadership is subject to the implementation of development. Leadership that directs the behavior of others towards the achievement of a particular goal, in this case the development goals to achieve better conditions. Leadership directing and causing others to act in a certain way or follow a certain direction, which is of course to the charge and the value of entrepreneurship to further improve the performance and optimal results in agriculture, livestock and plantations.

Leadership based entrepreneurship has advantages where performance leadership possesses the more freely. Entrepreneurial-based leadership is more likely to facilitate members of the public with a set of capabilities to improve their quality of life by optimizing the existing resources in the village Blimbingsari in the fields provided in the village, among other fields of animal husbandry, agriculture and plantations.

When examined, the dimensions of innovation greatly affect the outcome of the performance of members of the community in improving productivity. Innovation is supported by the dimensions of creativity which ultimately leads to increased economic resources as a logical consequence of increased productivity. Environment of rural communities in carrying out their activities in the development of agriculture, livestock and plantations increasingly become dynamic and competitive. Blimbingsari Village Community will be more excited to develop and market new products and services potentially in the village, which would be marketed in the centers of the market, both across sub-districts, counties, and even across the province. One of the responsibilities of leadership is most important and the most difficult is to guide and facilitate the process of making a major change in the community.

Leaders from various generations Blimbingsari village started its activities by using the value of spirituality and social capital so that they work together and have an unwavering determination (doing what must be done). It turned out that the village community leaders Blimbingsari succeed. It was all because it has a humble leadership and have the will. This leadership has no ego or personal interest. These leaders are ambitious incredible, but the first and most important ambition is to his village, not for their own.

These factors are growing in the middle of the village of Blimbingsari influenced by historical trends, social attitudes, and socioeconomic factors. Blimbingsari village leaders have continually understand

the four main elements of the (spiritual values, work ethic, working capital and entrepreneurial value) has grown in the village of Blimbingsari, so that the values that make a positive contribution to the productivity of the community to improve the living standards in the field of economics and other aspects as well which support it, such as the spiritual value to continue always to love, such as teaching and the value obtained from the Gospel or the Bible.

Blimbingsari village leaders as change agents trying to make a direct and dynamic changes, because it makes four (4) main values that interact through transformative leadership variable boost in the form of order, stability and the ability to perform a systematic and planned changes. And this requires a real change in the socio-economic behavior as a pre-requisite to understanding the development of the Village Blimbingsari such as gardens, where plants and trees grow and develop according to his character.

And from the beginning of the formation and development Blimbingsari village, it has been passed in a frame of institutional evolution and tortuous history. Actor leader sharpened understanding of the ecology and the history that goes along with the people who initially came under pressure, but it can get out of the process with a resounding victory by the power of the Christian faith that is owned, so as to bring significant changes in the economic sector. This is all due to the good leadership that is able to make a breakthrough and change for the people of the village Blimbingsari and development undertaken.

Perspective transformative leader Blimbingsari village represented by Ps. I. Made Rungu representing spiritual leader and continued through the leadership of Mr. Jacob Julian of laity who became head of the village, likened planters refers to the premise that it is impossible to describe the spiritual values and the community based on the estimated mean values and rational design simple. That's because the history of the village of Blimbingsari full of challenges and shocks, which otherwise could through this process well, then it is happening is the destruction of the village Blimbingsari. But with strong leadership factor and continue to improve rural economic sectors, the enlightenment and change better than the original state can take place effectively (see Figure 4.2 below).





Figure. 4.2.

CONCLUSION

Every economic development is expected to stimulate economic growth is described by an increase in national income or per capita income [25]. Leaders give a positive value through the process of socio-economic transformation in the community has Blimbingsari village actualize. Blimbingsari village leaders have continually understand the four main elements of the (spiritual values, work ethic, working capital and entrepreneurial value) has grown in the village of Blimbingsari, so that the values that make a positive contribution to the productivity of the community to improve the living standards in the field of economics and other aspects as well which support it, such as the spiritual value to continue always to love, such as teaching and the value obtained from the Gospel or the Bible.

Village leaders Blimbingsari always increase leadership capacity (Kottler, John P [16]) through the intervention of the factors of spiritual values, work ethics, social capital and entrepreneurial factors. These factors are growing in the middle of the village of Blimbingsari understood as a pattern of beliefs, values, and behaviors, and leaders as agents of change do the role and relationship with the community intensive, because it is influenced by historical trends, social attitudes, and socioeconomic factors.

The process of socio-economic transformation that occurs is a long process [9]. Meanwhile, the village leader Blimbingsari as a change agent trying to make a direct and dynamic changes, because it makes four (4) main values that interact through transformative leadership variable boost in the form of order, stability and the ability to perform a systematic and planned changes.

The author only examines the role of leaders in improving the economy of society. The possibility in other studies will show what the role of church leaders and government leaders more specifically will be examined by other researchers.

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Knowledge Management and Its Application in Business and Public Service: A Review

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ABSTRACT

This study is to describe the development of KM theory and compare the applications of KM in business and public service. The study was conducted by reviewing literature on KM and applications in business and public sector. It was based on literatures from 2007–2016. Results of the study show that KM has theoretically developed and produced various views resulting from debates about whether or not KM is basically positivist or interpretive in nature. The theoretical debates assure that KM will continuously develop in the future and be established as a discipline. The application of KM in the public sector was not as progressive as that in business due to weaknesses that are unable to address by both practitioners and researchers. However, there are many spaces potentially developed by using a scientific perspective for the application of KM in the public sector.

Key Words: Knowledge management, business, public service.

INTRODUCTION

Knowledge management (KM) is a concept that has relatively long been developed in literature. Initially, it was a concept developed by many practitioners in business and government domains, but not in academic domain. The concept of KM was initially developed in 1980s and a part of professional concepts at the mid of 1990s [1].

KM has actually been applied in a business domain since the discourse was started. Nevertheless, such success story was not too great as expected, except for what happened in Japan. Sanya and Shehab [2] stated that many conventional KM techniques basically failed to apply in business domain, which was not due to its conception but rather the failure in applying it in a right manner. Most techniques are too general, so that they do not show significant difference at operational level. Most sources of the failure are from the inability to identify the types of knowledge that are necessary for business sector in a maximum manner.

With the application of KM in business sector, the concept has actually been applied in public service by some governments. British government, for example, has developed a manpower competence framework that specifically led to the KM-based competence, namely, the Skills Framework for the Information Age (SFIA) [3]. In the same country, information has been emphasized as an important asset of public institutions and must be managed well as the basis for an effective decision-making for public service [4].

However, at least in a contemporary academic domain, most experts viewed that the concept began to fade out, while few argued it has actually undergone a revolutionary progress toward a more complex new concept with the recent development of technologies [5] such as both information and communication technology infrastructure and service [6]. For example, Ragsdell [7] argued that an organization did not necessarily follow a knowledge management framework entirely. It is enough for a specific organization such as a college or university to follow the framework of knowledge creation (KC) to acquire very great benefits.

Such enthusiastic application of the concept of KM in practical domain and academic pessimism about the concept of KM in literature led to a contradiction in what is actually the value of knowledge management for business and public service. The main objectives of this study are to fill such lag of

knowledge by more systematically reviewing the literature closely related to knowledge management and compare the applications of KM in business and public service.

LITERATURE REVIEW

The theoretical framework as the basis of KM theories started from a view on the essence of knowledge. Firestone [8] recognized three interpretations of knowledge: (1) knowledge as structure really existing in a physical system, which allows an object to adapt with environment, such as DNA code; (2) knowledge as a belief about world, beauty, and truth, and (3) knowledge as authoritative linguistic formulation of the world. The third definition led to the conception of hierarchy that has to date been generally accepted. This conception has built the hierarchy of data, information, knowledge, and wisdom. Data are those collected from environment, information is a data storage objectively and structurally managed but without any comments [9], knowledge is comments or interpretations on the data that were managed well to be any information, and wisdom is the meaning derived from knowledge for daily life. European Union, for example, believes that knowledge is a combination of data and information plus expert arguments, skills and experiences to produce invaluable assets that can be used to help a decision-making in explicit and/or tacit or individual and/or collective knowledge” [10].

Furthermore, KM theories have developed about how knowledge can be wisdom. Various theories presented here are merely to explain the way knowledge is managed as good as possible to achieve for the advantage of knowledge holder. This is based on a view that some people that have knowledge can fail to translate knowledge owned into wisdom or, as analogue, into excellence, quality service, and other performance indicators.

METHOD

The literature study of knowledge management was difficult to conduct if no focus was given to a more specific aspect. It was due to many literatures available. A search in Google Scholar showed that there were 1,130,000 scientific articles that contained keywords of KM. Other strategy taken was only to review meta-analysis studies. Moreover, the studies taken were limited to the last ten years of 2007–2016. Literature were collected by using keywords of knowledge management and meta-analysis in Google Scholar, which were systematically searched for each year in the first highest 10 pages of search results. Finally, the literature review was specifically carried out on article issued by O’Leary [5], which comprehensively reviewed on the development of KM in literature to date. In addition, a citation analysis was also done on Fahey & Prusak’s [11] article, which can be viewed as the most comprehensively critical article about KM as it reviewed various aspects of the application of KM.

FINDINGS

The examination of meta-analysis literatures from 2007–2016 resulted in 10 relevant meta-analysis studies. As can be seen from Table 1, studies was mostly conducted by Serenko and Fteimi. A study conducted by Lee and Chen [12] was the most comprehensive meta-analysis in number as it reviewed 10,974 research articles. Nevertheless, the study only covered a period of 1995–2010. Akhavan et al’s [13] study was the most comprehensive in time because although only reviewed 500 studies it has the widest range of studies from 1980–2014. Therefore, this study also added data from 2015–2016 by using Fteimi’s [14] method.

Table 1 Meta-analysis Studies of Knowledge Management

Year	Author	Objective	Number	Range
2010	Serenko et al [15]	The development of KM as the discipline of science	2,175	1994-2008
2011	Lee and Chen [12]	Topic and trend of KM	10,974	1995-2010
2012	Jacks et al [16]	Effect of culture on KM	52	2000-2010
2012	Iqbal and Mahmood [17]	The development of research topic on KM	18	1999-2011
2013	Serenko [1]	The development of KM as a discipline of science	108	1997-2012
2015	Fteimi [14]	The development of the theoretical framework of KM	74	1999-2014
2015	Serenko and Durnay [18]	The mostly basic literature in KM	100	1997-2009
2015	Massaro et al [19]	The development of KM in the public sector	180	2002-2014
2015	Fteimi and Lehner [20]	The development of research topic in KM	755	2006-2013
2016	Akhavan et al [13]	The development of research topic on KM	500	1980-2014

DISCUSSION

THE DEVELOPMENT OF KM THEORY

Fteimi's [14] study was able to list a number of theories developing in KM literature, including the only literature to discuss theory on KM context and KM mechanisms [21]. From 74 literature studied, two of them studied the development of KM theories, i.e. [22] and [23]. Crane [22] successfully collected 36 KM theories from literature review with the oldest theory by Nonaka [24] and the youngest one by Tsoukas [25]. These theories were mapped in four quadrants based on the dimensions of conception about knowledge (knowledge as an object or knowledge as a social action) and focus on knowledge entity (organizational knowledge and personal knowledge). There was a theoretical shift from an initial conception of knowledge as an object toward the conception of knowledge as result of a social action, and simultaneously a perspective shift from an organizational knowledge perspective to a social knowledge perspective.

Tzortzaki and Mihiotis [23] divided KM theories into four approaches, i.e. positivist approach, resource-based interpretive approach, knowledge-based interpretive approach and an organic approach. However, Serenko [1] was more informative by presenting the development of KM theories based on periods with the typical characteristics of each period. First periode are before the mid of 1990s, characterized by knowledge codification and storage and A person is a source of knowledge. Second period (from the mid of 1990s to the early of 2000s) characterized by a search for "applied knowledge" and Knowledge sharing processes which initiated and driven by individual employees as part of their daily routine. Third period, begin in early of 2000s and faded in 2013, characterized by increasing importance of culture and contextual aspects and concepts such as societal learning, the democratization of knowledge, and citizen involvement. Fourth periode, started in 2014, characterized by knowledge navigation quizzics (the art and science of questioning) and transition from the "theory of the firm" to the "theory of the un-firm" (networked enterprises).

DEVELOPMENT OF THE APPLICATION OF KM IN BUSINESS

The development of the application of KM in business sector was mostly reported in a systematic manner by Jacks et. al [16], which listed the case studies of KM in a variety of business context. These results show that the application of KM in business indicates variation in implementation from success to failure.

In 1998, Fahey and Prusak [11] set forth eleven errors in the application of KM in organization. According to Fahey and Prusak [11], these mistakes were: (1) Not develop a working definition of knowledge. (2) Emphasizing knowledge stock to the determine of knowledge flow. (3) Viewing knowledge as existing predominantly outside the heads of individuals. (4) Not understanding that a fundamental intermediate purpose of managing knowledge is to create shared context. (5) Paying little heed to the role and importance of tacit knowledge. (6) Disentangling knowledge from its uses. (7) Downplaying thinking and reasoning. (8) Focusing on the past and the present and not the future. (9) Failing to recognize the importance of experimentation. And (10) substituting technological contact for human interface. (11) Seeking to develop direct measures of knowledge.

Fahey and Prusak's [11] article was cited approximately 1.140 times in literature. Ramesh and Tiwana [26] used it as one of the references in terms of developing the factors that inhibit the successful implementation of KM in certain organization. Markus et al [27] was among the first critics on Fahey and Prusak [11], arguing that knowledge flow perspective was only one perspective found in literature (second error). There were other schools in KM more emphasizing that knowledge is a concrete thing and can be stored as stock. This debate has even been continuously recorded to date. Journal of Knowledge Management Research and Practice in 2016 issued a special edition that discussed the debates of scientific views on KM, whether or not knowledge is an entity that can be managed through a process or as a flow that cannot be caught and stored but continuously flow.

DEVELOPMENT OF THE APPLICATION OF KM IN PUBLIC SERVICE

UNPAN [28] emphasized that difference in the application of KM in the public sector is more located in the characteristics of public institutions that are full of ambiguity, pluralistic decision making, high visibility, political environment, possible conflicts of interest at the government levels, no direct control of resources, rigid and limited compensation system in providing extrinsic incentive, high public expectation, the legal requirements of justice, openness, and honesty, as well as lack of discretion and flexibility in decision making. Based on the difference of characteristics, it is assumed that the application of KM in the public sector will be different also from that in business sector.

The development of the application of KM in public service was mostly comprehensive studied by Massaro et al [19]. However, they did not show the detailed findings, but more emphasized on sectoral trends of the application of KM in the public sector. The aspect highlighted in the findings is why the studies on the application of KM in public service focused on several sectors, while other sectors were ignored. From the study by Massaro et al [19], it can be recognized that the studies on the application of KM in the public sector was focused on the education sector. Fifty three percent literature led to the application of KM in education sector, 15% in health sector, and 10% in other sectors.

However, the results did not include key public services such as police, fire, ambulance, and defence, but actually the case is they are very critical due to related to people safety and citizen protection [19]. Massaro et al [19] argued this showed many researchers in the public sector were too afraid to explore such closed sectors and few practitioners are willing to engage in researches in these public sectors. Meanwhile, in education sector, researchers are often practitioners like teachers and headmasters, thus having more accesses to learn KM in the sector.

The development of KM in the public sector is much more challenging than in business sector. This is because the purposes of organization in the public sector are sometimes more difficult to measure and largely contradictory with the goals of corporate business. Meanwhile, public sector is challenged in representativeness, accountability, and responsiveness more than in business sector. The division of knowledge is also regarded to be more difficult to do because the division of job is more specific and does not provide incentives to knowledge sharing [29]. Therefore, only applying the framework of KM from business to public sector could be contraproductive in nature [19], so that it should be not imported directly [28]. Unfortunately, as shown by Massaro et al [19], studies on KM in the public sector are still very limited and too focused on education sector.

In addition, Massaro et al [19] suggested to pay attention to Electronic Journal of Knowledge Management (EJKM). The journal is regarded as a journal with specific specialization in the public sector compared to other journals. In fact, 55% of the articles in the journal studied by Massaro et al [19] were largely from EJKM.

Massaro et al [19] developed and addressed several implications of the studies on the trend of researches on KM in the public sector as follows.

- a. There is no superstar (Matthew) effect in the literature of KM in the public sector. Matthew's effect is the effect that appears in literature studies that show that there are several authors that have a high frequency of research more than others. Few authors have high specialization on the topic while most authors contribute just once to the body of knowledge. For example, to date the

literature study has two superstars, namely, Fteimi and Serenko, because both authors greatly contributed to more than meta-analysis research about KM. This is because many authors only contributed once to research and they seemingly have intention to expand or deepen their results of study.

- b. Limited international cooperation among authors. Study on the public sector is different from that in business, which is frequently not cross-country and -culture in nature. This shows the weaknesses of studies on KM in the public sector.
- c. The specialization of some journals in the field. It is particularly found in EJKM, which is connected with several international conferences on KM in the public sector such as in Europe. Other researches are included into the journals of KM in a sporadic manner, so that they become a small part of other articles on KM largely dominated by studies in business.
- d. Several areas in the world need to be studied more deeply on KM in the public sector. The studies in the developing countries are mostly found in Malaysia and India. The reason is that the governments in both countries promote KM in the active policies of public sector, while in other countries, KM in the public sector has seldom be studied.
- e. There is no research synthesis. Therefore, Massaro et al [19] claimed that they were among the first to conduct a meta-analysis in study on KM in the public sector. However, the study is still limited to article but not focused on the essence of KM theories, for example, to explore significant difference between KM theories in the public sector and business sector.
- f. No interesting research questions established conclusions in the field of KM. All studies that proposed new KM theories were derived from the studies in business sector or in a combination of business and public sectors. There is no specific theory that address KM in the public sector.

The description above shows that KM in the public sector are lagged from that in the business sector. With the low academic orientation to KM in the public sector, practitioners in the Asian Productivity Organization (APO) written a book of “Knowledge Management for the Public Sector” [30]. This book, published in 2013, contained six case studies of the best practices of KM in the public sector in some countries. The six case studies include International Enterprise Singapore, Bhara Electronics Limited India, Korea Custmos Service, Taphanhin Crown Prince Hospital Thailand, Agency for Science, Technology, and Research Singapura, and Malaysian Agricultural Research and Development Institute. It is a progressive step that can be developed more into a theoretical framework by involving contributions from case studies that should be more comprehensive, or synthesizing the existing articles as listed by Massaro et al [19].

ADDITIONAL STUDY

Many literature reviews available to date were limited up to 2014, so that the author conducted an additional study to include a period of 2015-2016. Fteimi [14] made a list of 10 journals mostly important in KM that could be sources of literature about KM.

The mostly important journal is Journal of Knowledge Management. This journal was established in 1997 and published five or six issues annually. With the presence of specific issue in the development of the journal, it can be seen how KM was developed in scientific literature. The specific issue was just presented in 2005. Focus of the study in 2015 was on the modelling of knowledge and cross-boundary knowing, while in 2016 it included KM for non-profit sector, new ICTs for KM in organization, and knowledge-intensive organization. The trend that mostly needs to pay attention is that authors began to consider new ICTs in KM, including the way to utilize social media and the application of smartphone to support KM and explore much more about the application of KM in non-profit organizations.

Other journal from Emerald Insight related to KM is Journal of Intellectual Capital. This journal just addressed an issue of public sector in 2015 in a specific issue. In 2016, the specific issue addressed was the issue on a relationship between intangible capital and intellectual capital. *The Learning Organization*, the third journal, has not had specific issues in 2015 and 2016.

The second great publisher in the world, Pelgrave Macmillan, has a leading journal of KM, namely, Knowledge Management Research and Practice. In 2015 it had a special issue, but issues in 2016 were

special ones. The two issues proposed were knowledge as flow and process, as well as KM and the capacity of application in the small and middle enterprises (SMEs).

Wiley Publisher has a leading journal of KM, i.e. *Knowledge and Process Management*, with specific issues in 2015 and 2016. IGI Global has International Journal of Knowledge Management. In 2015, the journal issued a special edition of KM and risk. Journal of Information and Knowledge Management issued by World Scientific in 2016 invited new studies about Big Data and a summary of KM model and theory in literature. Finally, Journal of Knowledge Management Practice by TLA unfortunately ceased to publish after 14 years in 2013.

EJKM did not issue special edition, but this journal had interesting articles about KM. Garlatti and Massaro [30] appeared by emphasizing the results of 16th ECKM (*European Conference on Knowledge Management*) in Italia. Based on the observation in ECKM, KM is still so interesting for both senior and junior schoolars throughout the world. Moreover, it can be concluded that KM was the increasingly established concept. International Journal of Learning and Intellectual Capital from Inderscience issued specific edition in 2016 about the factors affecting intellectual capital value for organizational competitiveness.

The review of journals above shows that the contemporary trend of KM began to shift toward the modelling of knowledge, cross-boundary knowing, new information and communication technologies, big data as well as orientation of KM toward theories in SMEs, public sector, and non-profit organizations after making a summary of various theories about KM available in the public sector.

Results of the studies in the top journals show that KM has actually not died among researchers. As stated by O'Leary [5], KM moved from a single concept in a corporate environment into a concept that utilizes the new kinds of information technology with a wider scope and higher computing ability. This is not interesting for those in business sector with a specific segment, but it is increasingly interesting for those in the public sector with all citizen as consumers. On the other hand, KM also began to be influential in the public sector and other sectors that were initially not the focus of KM such as in SMEs and non-profit organization.

CONCLUSION

The literature review carried out above shows several important points that describe the development of KM in scientific and practical domains. Concerning the development of theory, KM has developed and produced a number of theories. The resultant diversity of theories reflected the debates about whether or not KM is positivist or interpretive in nature. Positivist paradigm is oriented to the use of new technologies for KM, while interpretive one is oriented to the social elements of KM. The theoretical debates should assure that KM will continuously develop in the future and be more established as a field of research and thinking.

In applications in business, initially KM seemingly faded out. However, it was actually a revolutionary situation. KM seemingly faded out because there were other concepts that appeared and substituted the concepts such as social media and cognitive computation. It is actually not the decrease of KM but rather an evolution into a more massively new form of KM by adopting knowledge not only from the environment of organization, but also from the nearly unlimited environment of the Internet.

The application of KM in the public sector has not been as progressive as that in business. There are still many weaknesses shown by KM in the public sector, which are unable to addressed by both practitioners and researchers. Even, many spaces in public services need to pay attention by KM, at least from a scientific perspective. The development of computation and social network technologies strengthens KM in the public sector, so that in the future this setor will be more able to apply KM and possibly more successful than in business sector.

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Explorative Study Point of Sales Based on Cloud Computing Adoption (Case Study: Small Medium Enterprise)

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ABSTRACT

The Internet technology and cloud computing development are increasingly prevalent create small and medium enterprises (SMEs) have an opportunity to be able to adopt information technology at a cost that is affordable and does not require a huge investment. Not only large organizations that use the Internet in business processes but many microenterprises, small and medium enterprises (SMEs), which also use it, especially when internet users outside of their organization is also increasing. Based on data in <http://internetlivestats.com> over the last 5 years Indonesia has increased the number of internet users is significant. This paper discusses the adoption of cloud-based POS usage, resource exploration related to the use of the POS will be conducted with qualitative research. The results of this study are documented real need cloud-based POS which fit with IT Users need and business owner.

Key Words: SMEs; Internet; Cloud; Technology; Investment.

INTRODUCTION

The internet technology growth in the latest year enabled Small Medium Enterprise (SME's) to be more competitive in this era. This internet development is able for micro, small and medium enterprises improving their business processes, stock management and decision making which related with business strategy. The data from <http://internetlivestats.com> describe over the last five years the number of internet users in Indonesia had increased significantly. In the last 3 years internet development had a new technology called cloud computing, cloud computing technology allows SME's use information technology solutions very flexible in the needs of the operating system platform, information technology infrastructure and software, the flexibility of cloud computing is provide a new solution for SME's who want to use the software and application without spending a huge amounts and make a large investment to buy hardware needs of information technology. The purpose of the this paper is to explore is possible Point of Sales based on Cloud Computing adopted for SME's in Indonesia.

LITERATURE REVIEW

CLOUD COMPUTING

Cloud computing is define as a share pool of on-demand computing resources that are accessible over the internet and dynamically configured to optimize resource. Cloud computing offer users ubiquitous and convenient access to a shared pool of computing resources consisting of networked servers, storage and software applications that are configured based on user requirements, rapidly provisioned to correspond with demand, and made available on a pay-per-use basis. Essentially, cloud computing represents the IT services which delivered over the internet on a scalable, virtual infrastructure using the latest communication technologies, cloud computing services allow users access to shared resources in a customize service format to their needs without buying, install, maintain, and manage those computing resources[1]. Cloud services also have possibility to reduce the problem of information systems which is a challenge often faced by SMEs. These challenges include among others [1] unfurled management functions through the benefits of information systems, [2] bridging limited funds to have a skilled technical employees in information systems, and [3] limitations on the investment of capital for Information and Communication Technology. Some of these challenges have led SMBs have a slower adoption rate for IT innovation compared to large companies[2]. Cloud

services have the chance to overcome many challenges, as mentioned above, and requires little equipment investment in information and communication technology infrastructure. The cloud services can even be managed by suppliers and service providers are paid by the system of "pay as you use". Cloud services enable SMEs receive additional benefits including increased business focus, the infrastructure is more economical, collective problem solving, experimental business models, reduce dependence on human resources and improve the experience of SMEs[3]. An important conclusion from previous research is that the cost savings and cost reduction is not the most important factor for small businesses (SMBs or SMEs) to adopt cloud. "Ease of Use and comfort 'and' Security and Privacy 'is considered the top two priorities for them to adopt cloud, followed by cost reduction or cost savings. This shows that SMEs are happy to adopt cloud for ease of use, convenience and better security and privacy in addition to reducing their investments. factors that significantly affect the adoption of cloud computing, are shown in the figure 1. [4]

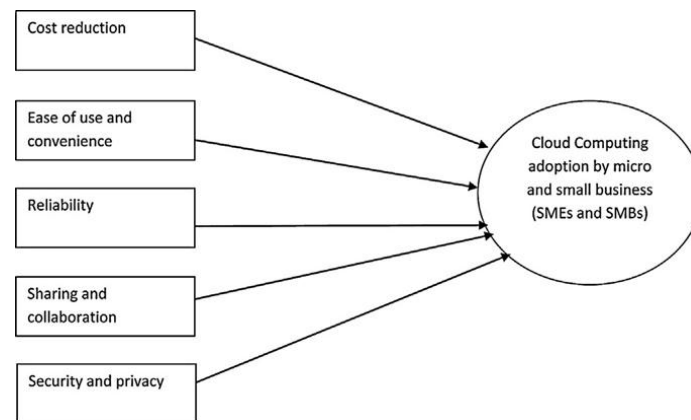


Figure 1. Factors That Significantly Affects In Cloud Computing Adoption

POINT OF SALES

Definition of Point of Sales (POS) is a retail store, a cashier at the store, or the location where the transaction occurred. More specifically, POS refer to the hardware and software used for checkouts - the equivalent of an electronic cash register. POS used in supermarkets, restaurants, hotels, and virtually any type of retail business. Most retail POS systems do more than simply the task of "point of sale". Even for smaller retailers, many POS systems already include an integrated accounting, inventory management, purchasing demand forecasting, customer relationship management (CRM), service management, leasing, and payroll modules. Because of these functions, the supplier is sometimes seen a POS as retail management software or business management software. Today, most large retailers using POS software or POS system hardware with standardized interfaces by suppliers and retailers working together to standardize development of computerized systems and simplify interconnecting POS[5].

METHOD

This research uses Qualitative Methodology for collecting information, data analysis, triangulation, result analysis and conclusion finding. Qualitative studies are based on data that are fundamentally different from the data collected in other observational study. The standardized measures employed in quantitative studies constrict the diverse perspectives of study participants along pre- determined continua (e.g. categorical or continuous) so that they can be statistically aggregated. the data collected in qualitative studies are typically obtained through in-depth interviews, focus groups, direct observation, document review, and audio recording review. These data, while typically not aimed at establishing generalizability, lend themselves to generating new theoretical insights about certain phenomena[6]. This research conducted using in-depth interviews with 10 users, the users consist of IT User, IT Expert and Business Owner. The research methodology phase in this research is shown on figure 2 bellow.

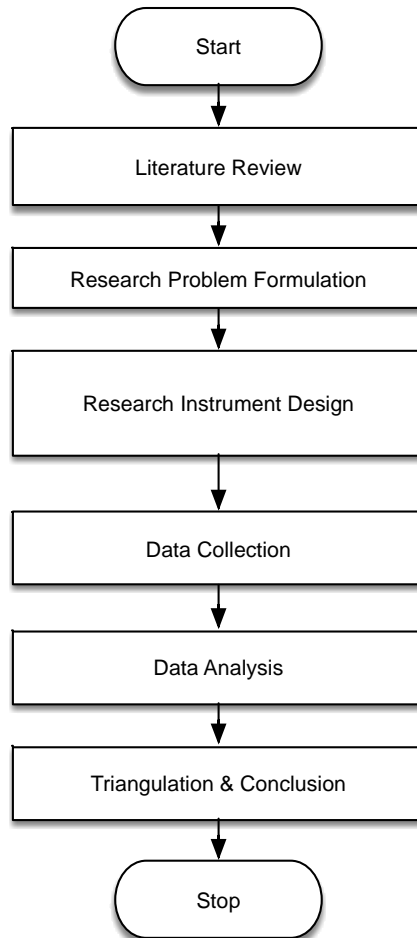


Figure 2. Research Methodology

Data collection for this research was done by interview to 10 informants in Surabaya, Indonesia, the informants consists of three categories: business owners, IT experts, IT users. Through the interview process is expected to deliver IT users and business owner need the features, then this demand will be validated by IT experts and business owners, while business owners can deliver also features what the needs of the POS for later validated by IT experts. The relationship between 3 informants categories shown in figure 3 below. The informants profile shown in table 1 below;

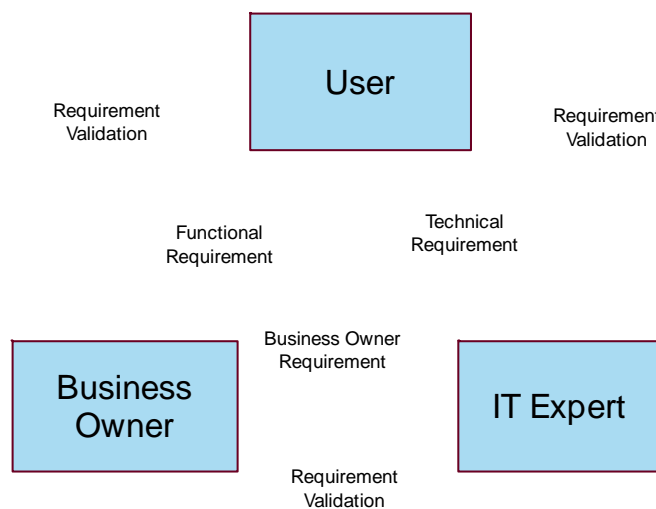


Figure 3. Informants Categories Relation

Table 1. Informants Profile

User	Role	Industry type
1	IT User	Retail
2	IT User	Retail
3	IT User	Retail
4	Store Manager	Retail
5	IT User	Retail
6	IT User	Retail
7	Business Owner	Supermarket
8	Business Owner	Electronics
9	IT Expert	IT
10	IT Expert	IT

In this study, the interview process is conducted in a structured interview, in this study gained a list of questions for the interview process, a list of questions that made as many as three types of questionnaires to be three categories of speakers can be represented. a list of questions shown in table 2 to table 4 below.

Table 2 Interview Question For It Users

No	Question
1	What features has been often used in applications using POS?
2	What features do you think should be used easily as good and fast?
3	What features are frequent errors when using POS application?
4	What features do you think should be added in POS applications that you use today?
5	Are these features will have problems when used with an Internet browser?
6	Does it require transaction reports per shift feature that is sent to your email?
7	Is it required the use of gadgets / tablet for the efficient use of POS applications?
8	What is Features report really necessary and currently used in POS applications today?
9	What are facilitated in your work using the POS application?
10	According to you what are important and must be provided from the POS application services?

Table 3. Interview Question For Business Owner

No	Question
1	How long to use IT to your business operations?
2	Do maintain/investments in IT carried out routinely?
3	Are there any obstacles in maintaining and IT investment?
4	Is the cost of investment / maintain such IT server investment / purchase of computer hardware diverted to lease operating costs cloud computing is going to be the solution to the problem of IT investments?
5	During use the POS application ever experienced any problems?
6	Is the transaction and report can't be seen at any time and in any place becomes an obstacle in use during this POS?
7	What features has been often used in applications using POS?
8	Whether the feature will be constrained when used in cloud computing (requires internet connection to use the POS application)?
9	Is it reporting features of transactions per day are sent to the email require?
10	What is Features report really necessary and currently used in POS applications today?
11	What are facilitated in your business by using a POS application?
12	Is it the development of mobile computing technology will make it easier to control your business?
13	What features need to be provided to be accessed in the gadget / tablet?
14	In general, what would you consider cloud computing to be used in your business?
15	According to you what are important and must be provided from an application service-based cloud computing?

Table 4. Interview Question For It Experts

No	Question
1	How long do you provide IT services to the consumer ?
2	Do maintain/investment in IT required for your customers ?
3	What constraints in infrastructure / IT hardware of your customers ?
4	Is the cost of investment / maintain such IT server investment / purchase of computer hardware diverted to lease operating costs cloud computing is going to be the solution to the problem of IT investments ?
5	Is it possible POS application that you provide to your customers moved into cloud computing services ?
6	What features do you think are required and need to be provided in the POS application ?
7	Are these features will run into problems when used in cloud computing (requires internet connection to use the POS application) ?
8	Is it necessary to provide a feature report transactions per day were sent to the business owner's email ?
9	What reporting feature that is absolutely necessary and which is currently used in POS applications today ?
10	What is facilitated by the provision of cloud computing services for POS applications ?
11	Is it the development of mobile computing technology will make it easier to control your business ?
12	What features need to be provided for the POS that can be accessed in the gadget / tablet ?
13	In general, what would you consider cloud computing to help your customers ?
14	According to you what are important and must be provided from an application service-based cloud computing?
15	Do you think that with you providing cloud computing services for POS applications will make your customers more efficient in running the business and the business?

FINDINGS

After going through the interview process to obtained the features needs of IT users and business owners and then performed the validation from IT experts interview, triangulation of the interview result begin. Based on the triangulation results showed that the use of cloud computing will indeed be the future, but not all IT users are ready to use it, based on interviews also showed that not all IT users need mobile technology to the needs of POS operations. Relations needs and validation of the interview can be seen in Table 5 to table 7 below.

Table 5. Summary From It Users Interview

No	Purpose	Result
1	Determining what features are required in Point of Sales (POS) as IT Users	Feature related to sales activity and store front operation, including payment activity and print out receipt is generally needed for IT Users in retail
2	Finding feature in POS application frequent errors when applied.	Most of POS application used in informants already less error
3	Discovering the key factors that make POS application can be used by IT users	Easiness of use factor is the most important factor
4	Dig up information on whether the use of cloud computing and mobile technologies can help IT users to operate the POS application	Most IT Users in retail industry don't need cloud computing or mobile technologies to run the POS Application, they just call for Personal Computing
5	Finding out whether recap daily transactions sent via email is required at the POS application	Daily transactions recap is require sent via email in every end of work shift
6	Finding the report feature whatever is required at the POS application	Sales summary and daily transaction summary are the most needed in reporting feature

Table 6 Summary From Business Owner Interview

No	Purpose	Result
1	Figuring out how long it has been using IT for business	All of informants using IT more than 10 years
2	Discovering the investment of IT Infrastructure and Computer equipment maintenance is performed regularly	All of business owner maintain their IT infrastructure and equipment regularly, and review their IT Investment every year
3	Discovering the use of cloud computing will be the solution for the IT infrastructure/equipment investment and maintenance problem	Business Owner believes that Cloud computing is a future solution, they can reduce cost of IT investment by switch into IT operational cost
4	Finding out whether the transaction and report can't be seen at any time is a constraint in using POS	All of business owners totally agree that the limitation of current POS is about can't be accessed anywhere and anytime
5	Discovering out what features are required in POS from the point of business owners	Features most needed by business owners are a summary of the transactions that occur every day either for the sale, purchase and transfer of inventory
6	Finding out the report feature whatever is needed at the POS application	Business owners need the report features in POS related to Sales summary, sales item analyst, sales trend and forecasting in a graphical report
7	Finding out if there will be an obstacle when POS is currently used to migrate to cloud computing	Business owners believe that the migration to cloud computing is no problem as long as they can use all features comfortably with additional feature in cloud computing
8	Discovering the mobile technologies will help enable the use POS and what features are needed in mobile technology	Business owners needs mobile technologies such as smartphone and tablets to monitor their company activity. Transaction summary, transaction analyst and dashboard report is the features that needed by the business owner in mobile technologies
9	Find out if a recap of transactions every day sending to business owner via email is required	Is really needed
10	Finding what factors are a major consideration in the use of cloud computing	The most important factor of cloud computing use is about the internet (need fast and reliable internet) and security in the POS application

Table 7. Summary From It Experts Interview

No	Purpose	Result
1	Figuring out how long to provide IT services to consumer	All of IT experts already provide IT solutions for their consumer more than 5 years
2	Finding out whether consumers of the company to perform maintenance and investment of IT devices regularly	All consumers regularly maintain their IT devices such as PC, server
3	Finding out whether the use of cloud computing will be the solution to the problem of investment and maintain IT equipment	Most of consumers interested with cloud computing because of cost efficiency, but somehow they worried about data credential
4	Finding out whether the products and services of the company can be transferred to cloud computing	The POS application is mostly having no problem if transferred to cloud computing, the obstacle is about the internet connection in Indonesia
5	Finding out what features are required in POS from the point of IT Experts	Sales activity, payment method, stock monitoring, report analysis and dashboard for executive are the most important feature in POS applications
6	Finding the report feature whatever is needed at the POS application	Daily activity in sales, stock moving, activity analysis, forecasting and dashboard are the report features needed in POS application
7	Find out if there will be an obstacle when POS is currently used to migrate to cloud computing	The obstacle for cloud computing in Indonesia is about the internet connection, for POS features is having no problem if migrated to cloud computing

No	Purpose	Result
8	Figuring out whether mobile technologies will help to enable the use POS and what features are needed in mobile technology	Mobile technologies right now is the solutions for business owner who want monitor their company in anyplace and anytime. POS features should have in mobile technologies is about reporting and analysis feature
9	Find out if a recap of transactions every day sending to business owner via email is required	Is needed for business owner
10	Finding what factors are a major consideration in the use of cloud computing	The most important factor for the use of cloud computing is about the internet connection and security for data in an application

Based on interviews of IT users, business owners and IT experts found that cloud computing solutions area a future solution for POS applications, although not all of the features required by IT users. This statement present that the solution provided must be based on customer needs and not based on advances in technology, this statement has been mentioned by the research conducted by Eleonora Pantano and Milena Viassone in 2013. The research said understanding what consumers and retailers expect acquires importance for the successful adoption and diffusion of innovations. Despite the large number of technologies for points of sale and the potential benefits emerging from the introduction of these advanced systems, still only a limited number of retailers adopted them with different strategies[7]. Latest research about cloud computing in 2016 said that data protection is important factor in architectural principles and guidelines that should be followed in order to achieve success in cloud computing [8], is matched with the business owner and IT Experts statement which said in this research interview, this statement is in line with prior studies in 2015 done by Sharma and Al Bahdi which said service providers need addressed the customers to feel comfortable to hand over data to an external large cloud computing network, this is the part of trust in cloud computing services which really by customer [9].

Based on interviews of IT users, business owners and IT experts obtained the features that must exist in the cloud-based POS and the factors that influence the use of cloud-based POS. The summary of features need factors that influence shown in table 8 below.

Table 8. Feature Needs And Adoption Factor Summary

Role	Features Need	Factor Influences
IT Users	<ul style="list-style-type: none"> - Sales - Store front operation - Stock Transferred - Transaction summary and recap in every shift 	<ul style="list-style-type: none"> - Ease of Use
Business Owner	<ul style="list-style-type: none"> - Transaction Summary and send it to email everyday - Report Analysis - Dashboard - Forecasting 	<ul style="list-style-type: none"> - Security - Internet Connection
IT Experts	<ul style="list-style-type: none"> - Sales - Store front operation - Stock Transferred - Stock Audit - Transaction Summary and send it to email everyday - Report Analysis - Dashboard - Forecasting - Items Information - Transaction Audit 	<ul style="list-style-type: none"> - Security - Internet Connection

DISCUSSION

The business owner who becomes the object in this research already using IT for quite long time and have IT education background, that factor made this study can successfully identify the features needed for a POS-based cloud computing, which is consistent with studies that have been conducted

by Rahayu and Day in 2015, in this study said that an understanding of the IT needs from business owners is a major factor in technology adoption[10].

In table 8 can be see that security is the important factor for business owner and IT experts, this factor is related with another previous research which done in 2015 which said Security is one of the biggest obstacles that hamper the widespread adoption of cloud computing. Several business and research organization are reluctant in completely trusting the cloud computing to shift digital assets to the third-party service providers. The conventional IT infrastructure keeps the digital assets in the administrative domain of the organizations [11], another article said Security governance, as part of the company's corporate governance, is the most suitable path by which to gain control of security processes and guarantee an alignment with business strategies. Information security policy compliance requires active governance enforcement with adequate controls over the organization's personnel[12]. From this explanation can be see that security always be big issues for cloud computing adoption, is important for cloud service provider to provide not only reliable cloud services but also reliable and safe cloud services

CONCLUSION

The Important factors that affect the use of cloud computing is ease of use, security and internet connection, and the most important factor is security. Currently POS features is already enough for SMEs needs and having no problem if transferred to cloud computing, mobile technology is a cloud computing enable in this time because a lot of mobile user in nowadays. Cloud computing will be future solution for Indonesian SMEs if Indonesian internet become faster and more reliable.

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Motivation: The Driver of Management Accountants in Practice Ethics Qualitative-Intrepretive Perspective (Studies in SGG Indonesia)

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ABSTRACT

This study aims to describe and interpret the underlying motivation of the management accountant in running practice of ethics. This study uses qualitative-intepretive approach to look at the social reality of the object of study. Qualitative-intepretive approach aims to understand the phenomenon of what is experienced by research subjects, for example, behavior, perception, action and so the whole depicted in the form of words and language in the context of natural. The findings of this study, first: the motivation is the driver of the management accountants in ethical or unethical actions. Second, understand the capitalistic tend to bring the accountants have the motivation in terms of power and wealth. Thirdly, the intention is the main capital of a motivation and without any opportunity then lapses in ethical behavior will never happen. Furthermore, this study also found that worship as one of the motivations of management accountants in ethical practices. Based on these findings, this study interpreted that the driver of the management accountants to behave ethically or unethically is motivation.

Key Words: Motivation, Management Accountant, Driver, Intention, ethical behavior.

INTRODUCTION

Ethics issue is a never ending topics to discuss by age. Even in the BC years, ethics have been discussed carefully and intelligently. Many philosophers become famous by the interest in ethics. For example, Immanuel Kant with deontological theory that emphasizes "Good Will". In Kant's theory, the good action is the appropriate action with the aim to emphasize a general and universal purpose. The underlying principle of universality Kant's ethics we can look at the concept of the categorical imperative. Moreover the principle of humanity meant that Kant's ethics put human in a high position. In addition to Kant, various philosophers also present enrich thinking on ethical concepts. For example, Plato with the concept of "wisdom" ethics, Aristotle with "To be Happiness" and so on. Various opinions and views of the philosophers show that ethics never going to end in discussion, it is always exist and should be studied among people.

Ethics placed in the human mind as a reference for the human being, both as individuals or as a group to conduct the establishment of a good and correct behavior. Basically, human mind are influenced by the environment he lived, and in circumstances always form a twin or binary opposition [1]. Ethics remain a discourse if there is no correct idea of how ethical practices be implemented in the fight between "right" and "wrong". Ethics are not always grounded in honesty or kindness, in reality we are hard to find the practices of honesty and goodness carried out by the individual. To bridge this discourse, ethics in business and organizations is often framed in the code of conduct.

Corporation code of conducts are rules made by the organization to streamline operations of the organization. Standards and code of conduct is used as a frame in guiding individual behavior and lead management accountants in the process of preparing and presenting financial statements. Standards and code of conduct are means (infrastructure tools) which can restrict the behavior of management accountants to refrain from deviate actions that can cause ethical dilemmas. The accounting process which always restricted to a predetermined standard sometimes caused tensions and internal conflicts. This pressure and conflict can pose ethical dilemmas if not managed well. Ethical dilemmas in several studies have an impact to the behavior of management accountants[2],[3],[4]. Then, it needs more attention in ethics not to rule out the possibility that management accountants have a deviant act.

The reason why deviant act occur, is their specific motivation. Motivation is the construction of hypotheses used to help explain the behavior (Robbins and Judge, 2008) in[5]. Motivation is a need of psychological and physiological that creates the behavior or an impulse that leads to a specific destination. Since the establishment of organizations is to achieve certain goals, which means that there are any motivations in the organization. Furthermore, individuals establish the organization also has a motivation that is needed to encourage on specific objectives[6]. That is, there is always motivation among individuals and organizations.

Based on the relationship between an ethical dilemma, the misbehavior and what caused the accountant doing the misbehavior, this study be disposed to describe and interpret how individuals or within groups practice its ethical. The Author felt it was important to clarify this issue due to a variety of conditions that occurs more often these days which led to a conflict than an agreement. The question in this study is how motivation of the management accountant profound practicing ethics.

METHODOLOGY

PERSPECTIVE INTERPRETIVE TO UNDERSTAND REALITY

The study used a non-positivistic approach with Perspective Interpretive. The author have confidence in the study of non-positivistic is better able to cope with the constraints of the social world in the reality of life. Burrell and Morgan [7] describe the interpretive nature as a paradigm that has the characteristics to understand and explain the social world is inseparable from the personal glasses directly involved in a social process.

SOURCES AND TYPES OF DATA

Sources and types of data the study was obtained from the key person (decision maker), the managers at the SGG. The Informant in the study consists of 20 managers, but this study focus on key persons of 6 (six) define informants. The other informants will be used as triangulation to determine the validity of the data.

Table 1. Key Person Source of Information

Irawan	A/R Manager
Sheilawati	Accounting Manager
Evie Sukarsih	Finance Manager
Wigatining	Tax Manager
Hadi Sunandar	Internal Controll Manager
Titik Maryani	Budget Manager

ANALYTICAL FRAMEWORK

The author exercise interactive analysis by Miles and Huberman[8]. This analysis divided into four basic components, which are 1) the collection of data, an initial process in this study, 2) data reduction, is the selection process, focusing on the practice in reality of the source, the simplification and abstraction in the files note contained of data. This process takes place continuously during the study, 3) data presentation, constructed information that enables organizations conclusion narrative description which allows the conclusion to do, 4) drawing conclusions [8].

DATA COLLECTION TECHNIQUES

The author came to the site of the source to study and observe, then interact with social actors in a relatively long time. After obtaining sufficient data, the author then analyzed systematically with the appropriate method, and then interpreting it. After the author do all of these steps, then report it in accordance with the data or phenomena gained in the field. The author uses some of the techniques which is relevant to this type of study, such as observation, interview, documentation[3].

STUDY OF LITERATURE

CAPITALISM: THE BEHAVIORAL CIRCLE OF INDIVIDU IN MANAGEMENT ACCOUNTANT

According to what we understand, an organization founded in addition to bringing together the various interests that exist, it is also to set up maximize profits for the benefit of the owner. The objectives of profit maximization strongly motivate individuals in the organization to compete to increase its profit. This condition psychologically, according Triyuwono [9] will stimulate the emergence of excessive egoistic behavior. The egoistic behavior is behavior that revives the understanding of capitalism. The capitalists have said:

"...it's my right to invest money in any way as long as it brings huge profits, such as usury, monopoly or anything as long as I do not force others to borrow my money by paying interest. It is my right to donate my money to the poor at a time when I like, is also my right to not donate because I do not wish ... because the money is mine"(Qardhawi, 1997) in [11]

By means of this understanding is bond with the freedom to accumulate wealth, cultivate and spend freely. Their idea is oriented toward individualism that is not concerned with anyone else unless there are benefits that can be grasped [10].

The attitude of capitalist glorifies money. Their mindset is directed how to make profits and money as much as possible. According to them, the money settle his affairs, money makes life quiet. The capitalists worship of money, as a place of worship market and bank and sometimes they assess the human dignity according to the influence of money he has (Qardhawi, 1997: 70) in[11]. Individual in capitalist system considers the pivot of economic turnover. Individuals are the driver of the economic activity and the ultimate goal at the same time. In the capitalist economic system, individual tends to create a gap between the owners of capital and the agent, either superiors and subordinates. Furthermore, conflicts of interest, is in the course of the capitalistic system.

CAPITALISTIC SYSTEM: ROOTS OF UNETHICAL BEHAVIOR

Suseno (1992) in Muslim [12]) states that there are three ideas that developed in modern society, namely, a) the economics of capitalism, b) philosophy of humanism and c)the philosophy of rationalism. Capitalism¹ is a thought in economics who want to make the economic problems became separated from theology. According to Muslim [12]), capitalism is a concept which frees human in economic activity and also pursue profit freely. The main principle is Laissez Faire, which is the principle that prohibits external authority to intervene in economic affairs. Adam Smith believes when people freed to get profit, there is a competition,so that the stability of society maintained [13].

According to Smith, kindness did not relate with the economy. Smith rejected the view that asserts kindness is a major ethical attitude in business. He agrees that kindness is a common moral virtue that must be observed by everyone, but in the economic field, it lacks relevance. Ethical value in the context of economy is a reciprocal relationship, cooperation and justice. That is, in the business people should not be detrimental to trading partners and should be treated as a trading partner. Ethical value should maintain although the personal interest is still dominant in the capitalist system.

The Adherent of the ideology of capitalism has a faith that self-interest is the primary motivation that drives to perform economic activities. However, Smith's self-interest is a self-interest that does not exceed the limit unethical or selfish. The goal is the pursuit of selfish motives, then everyone involved in the business indirectly creates prosperity to all. Smith's argument creating a condition that each individual involved in business transactions certainly bring different motives, dominating by self-interest. Self-interest that eventually cause to emerge the concept of the individualistic and materialistic. Meanwhile, according to Durkheim, the concept of individualistic often exist for the expansion of the division of labor. Individualistic can be advanced at the expense of the power of beliefs and shared sentiments[16]. As a result, increasing in the individual differences will raises "the cult of personality".

¹ For this study,the author explain the economics of capitalism alone.

Based on the above explanation, the capitalist system can create a healthy competition. The goal is the free market leads to a healthy competition between individuals or communities, and avoid stagnancy. The practice is different, the freedom given make people become greedy and ignoring the interests of others (Wyatt, 2004). Throughoutly, Wyatt (2004) states that the weaknesses found of accountant are the greed of an individual and corporate, the services provide by client which reduce independence, subdued treatment to the client and participation in avoid accounting rules. It is a form of the cult of personality by management accountants, disclosed by Wyatt. The cult of the individual in modern society, packed by in a wide variety of terms such as, solidarity or mutual assistance, but it is still individualistic.

Based on this system, economic class appears which led to a gap between labor and capital, because the different in motivation, which often leads to conflicts of interest. Motivation is a concept that is used to analyze the forces that work against or within the individual to initiate and direct behavior [4]. This concept is used to explain the difference in the intensity of behavior. The more intense in behavior is the result of a stronger motivation and to indicate the direction of behavior.

THE MOTIVATION OF INDIVIDU OF MANAGEMENT ACCOUNTANT

The value of materialistic undoubted motivated people in their life latently. Covered by modernity, the individual has emigrated into capitalism[16]. Modernity is defined as the life and nature been driven and characterized by values that deify advance achievement in all fields. The result is an individual more selfish, far from the nature of altruism. His motivation was money and power. That is, with the money then the individual can control everything in this world. If the money is in the hands, then the power can obtained easily. If both are present, the advantage can be achieved automatically. The two kind of motivation is often shackles of the mind management accountants who are in the circle of capitalism. Those are often creates a conflict of interest within the organization and happened upon management accountants.

POWER: MOTIVATION OF INDIVIDUALS BEHAVE UNETHICAL

Conflicts of interest are more common among the management accountant as subordinate, to the management accountant as a leader. Conflicts of interest tend to underlie some of the issues raised in the SGG. The Leader as the most esponsible for all aspects of the company often uses his power to carry out actions that pose ethical dilemmas. The information from Sheilawati says;

"People in power always wallowing in material but that's what makes them forget self awareness. Amenities abound given by the company is still not enough, eventually they often use different facilities were actually not qualified to ... yes because that power. People like this tend to creates fear instead of respect, so those who are under his control afraid to reject what he ordered, although obviously deviated. In Java terminology, people call as "sak karepe dhewe"

"Sak karepe dhewe" is one term that is expressed by the informant as a gesture of freedom with their own interests. The statement came out to show that the power of a person, sometimes have attitude that arbitrarily. According to the informant, power is always associated with the material. Therefore, the attitude to pursuit of power is also pursuing material. If the individual has a motivation in materiality in all its activities, the motivation is always in favor of self-interest and it always linked to an individualistic and egoistic.

Power tend to made people forget their selfawareness, not exception to the management accountant. Blau (1964: 117) as quoted by Paloma[17] states that power is the ability of a person or group to impose its will on the other hand, despite the rejection or resistance. However, Blau argues that the only legitimate power of command (authority) to be adhered to. That is, the exercise of power is justified by the group or organization and is regarded as a legitimate authority. Privileges based on shared norms or rules outlined in the collective behavior Paloma [17]. This norm is internalized by members of the group and forced upon them. That is, power is not something that is wrong, if not excessive exercise of power and provides benefits in kind on compliance. However, when power is oppressive, and sucking, this will provoke resistance and even opposition. When this happens in an

organization then the oppressive power often creates an internal conflict, although they realize that they are under the control of leaders.

Although power often creates conflict, It is one of the motivation to individuals within an organization. We do realize that management accountants working in the company would have the motivation to improve self actualization of them through positions or powers granted by his skills. Power demonstrated an ability or skill possessed by the accountant. Power is also associated with a reward. That is, the higher the power of person, the higher the rewards obtained Paloma [17]. Thus, the motivation of power also led to the material (extrinsic rewards) and self-actualization (intrinsic rewards). The material and self actualization, in certain more favor of self-interest which is inside of the circle of capitalism.

OPPORTUNITY: SUPPORTING FACTOR OF MOTIVATION OF POWER TO BEHAVE UNETHICAL

Opportunity also means of motivating the management accountant to perform unethical behavior. This opportunity factors to perform unethical behavior in SGG open to all levels of job positions.(Mulwarman and Ludogdo [18]) states that the opportunity to behave unethically may depart from the working position held by individuals.

Furthermore, Ludigdo and Kamayanti [19])also expressed the magnitude of the opportunity that individuals behave unethically by using the position in the office depending on the existence of means and motivation to commit unethical acts. That is, the opportunity in this case as a complementary element and can not stand alone without any means and motivation in an ethical violations and irregularities. A strategic position at work, which called "basah" is a field for management accountants to perform irregular activities of with ease. As told by Mr. Irawan follows:

My position allows one to cheating, but for what ... it will only pollute my dignity. I feel guilty if my wife and kids had to eat with the results of my fraudulent act. I believe no matter how small I can hide from others, God will know it.

The above statement shows that the management accountant does not take opportunity the strategic position, which called "basah" as an ingredient to add the wealth for him. Furthermore, the informant does not take a gain from opportunity to do unethical in his position. This is because the management accountant is to follow their conscience and have the awareness to behave ethically. God has become a pedestal in carrying out activities. Piety, fear and obey to God made him reluctant to commit the deviant act. Conscience is a means inside himself, so that when there is no code of conduct whenever they remain on the right path. Based on the above explanation, the opportunity is a supporting factor of power motivation to behave unethically or unethical.

MONEY (MATERIALISTIC): MOTIVATION INDIVIDUAL UNETHICAL BEHAVIOR

The main factors leads individuals commit unethical acts is a conflict of interest (Sulistyanto, 2008: 26). Nina and Arifin (2004) states that a conflict of interest in business arise when an employee or officer of a company carrying out its duties, but he has personal interests against the results of the implementation of these tasks are possible: a) contrary to the interests of the company and b) quite substantially so that the possibility that affect judgment which incompatible with the objectives of the company. That is, these conflicts of interest arise when the personal interests of employees drove him to action that may not be the best course of action for the company. Evie Sukarsih and Wigatining declare potential conflicts of interest in the SGG as follows:

In connection with gift, sometimes there are leaders who secretly receive gifts from parties outside the SGG. Yet clearly it is already stressed by the management company to not accept in any form related to the job. Perhaps because of his position ... that makes "it's okay"(Evie Sukarsih).

If something been awarded and can not be returned ... usually I report to my leader and thank God his leadership is not "geleman", so the prize will be divided equally for all officer and led me to say that it is a reward for the hard work of we are helping them, "hopefully this lawful for us". But as possible as I can, I will returns it any way (Wigatining)

Footage of both informants statement signifies money or gifts are one of the motivations for them. Although they realize that they are working to have the motivation to get money. (Ludigdo and Kamayanti [19]) linked this phenomenon with the professionalism of accountants. That the achievement of material wealth, sometimes symbolize by money galore, has brought a very strong wave in measuring the feasibility of acceptance and seriousness in carrying out professional work. Furthermore, the scope of the accounting profession which jobs are always associated with finance, could very vulnerable in cope with conflict are particularly in this regard. The following statement of Hadi Sunandar, whose not want to prostitute for money:

I do not deny if I really need the money, but money is not everything for me. Satisfaction that I feel does not come from how much money I have, but how do I give comfort to my family, my brothers, my neighbors or even people I have not know and it does not need to have the money right ... it could use concern, compassion for others, or maybe make myself useful for those people who, for example, with the knowledge I have.

This phenomenon shows that people still need money as material to fulfill their living. However, individual reflection on the existence of money is very diverse. Everyone is susceptible to a particular temptation to compromise a value, but greater satisfaction gained from not step over that line. For the capitalists, money is the main objective. Money is the solution to solve problem, the money can create a prosperous and quiet life. Maxwell (2008) says "money is a bad master but an excellent servant". That is, money is nothing more than a sharp tool, if not handled properly then the resulting damage is very fatal. In this regard, Koehn (2000) suggest an understanding of money is not any measure of success in the job.

Getting paid by a big amount of money is one of motivation for someone to work at a company. Meanwhile, motivation in each individual brings in the direction they want. Perhaps we need to re-open the related theory of Maslow's hierarchy of needs of individuals. Maslow says that people will always try to meet the five need in their life include physiological needs, safety, love, esteem and self-actualization [20]. Although in the course of his life, Maslow felt that the pyramid upside down, but in practice the physiological needs is the main reason a person to work (Maslow [20]) Most of the motivation to work is to meet their needs in the form of clothing, food and shelter, and it happened by the reality of this study.

In practice, individuals who have adequate their physiological needs, then the motivation is no longer the materialistic as a primary need and. If the first level needs have not been met, then the individual is always overshadowed to meet the needs of the first level in any way. Most of the individuals are on the first level has a conflict of interest is higher when compared with individuals yangng already stepped at a later stage. Primary needs sometimes turn a blind eye to do an honest person's heart.

Motivation from that level of the management accountant is different with the one who has met the first level of hierarchy of needs, but continue to theft of company funds. Management Accountant second model is more inclined to the motivation to enrich them and seek pleasure (hedonism). Understand hedonism contains a truth that humans by nature seek pleasure and seeks to avoid the displeasure [21]. But hedonism performed by management accountants both models are egoistic hedonism. He performed these activities solely to pleasure them. That is, the accountant has the presumption that he does not have the moral obligation to make something other than what is best for them.

WORSHIP: ACTOR MOTIVATION AT WORK

A statement from the actor this study, empirical evidence has been found is that some informants, act their profession with the motivation of worship. In accordance with the beliefs held, "to work is a worship". Lewis [22])states that to work by the Qur'an is associated with faith, and worship is done as a form of faith. This suggests that the relationship between faith and activities like the relationship between trees, roots and fruit, as a results of such work must be accountable to God. The following information from Mr. and Mrs. Hadi Sunandar Maryani point, the motivation of worship:

If we do activities with religious motivation, the work feels lighter, because I think the motivation we run everything certainly sincere. All we're doing is solely for Allah, so the most important thing for me is how God sees my effort.

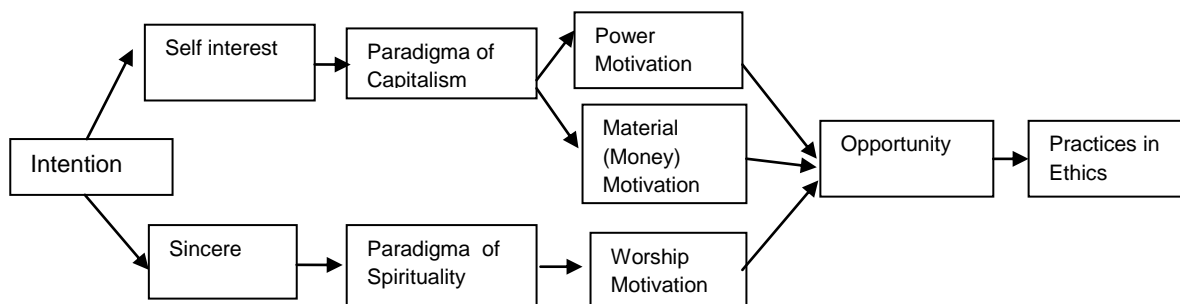
If we run something solely because of Allah, I am sure the fortune or trust by the company to provide a great responsibility to me in the form of office, it will not run anywhere. Because I'm sure, fortune will never be confused with others. So why should I run after it, which I did only perform in accordance with the rules of Allah and do not violate the ban ... surely God will unleash my fortune.

Based on the above, it appears that two informants have different orientations with other informants. In general, another informant expressed motivation to work is to meet the needs of decent living or oriented in the career positions. However, both the informant focuses on the intention of worship as the sole motivation itself. That is, the operation appears to sooth because he realized the work obtained reflect the quality of his or her identity as a Muslim.

The informant believes the intention of worship in the works will bring blessing, not only the material obtained but the happiness of the world and the hereafter. Based on the explanation above, this study underlines that the motivation for this study actor in working solely for worship. Motivation is more glorious worship in him because of the informant embrace the paradigm of spirituality.

ANALYSIS AND CONCEPT OF MOTIVATION IN PRACTICE IN ETHICS OF MANAGEMENT ACCOUNTANT

Based on the above findings, several points that could be highlighted in this study are: 1) Motivation is the driving factor of management accountants in ethical or unethical actions. In an organization we can not generalize that all individuals have the same motivation. This statement is based empirical evidence to show that in reality the practice of this study there are various motivations, among other powers, the material (money), the intention of worship 2) The orientation of motivation management accountant to power and material are more likely to embrace the paradigm of capitalism, while the motivation of worship leads on the paradigm of spirituality². 3) All forms of motivation have never materialized if there is no intention in it. Therefore, the intention is the main source of a motivation. The good intentions of the management accountants are not bringing with all the motivation in a good and vice versa. 4) Motivation always supported their opportunity. The motivation to deviate is nothing if there is no opportunity, and vice versa. That is, the opportunity is a key enabler for management accountants to behave unethically. 5) The Motivation of worship put on behavior of management accountant not conflict with conviction, environmental organizations, professional environment and the social environment, because in fact the management accountant does not want an aberration. The deviation happened, because of external factors, for example the chance (opportunity) and enterprise environments that characterize his behavior, causing them to perform that action. That is, not a single management accountant who have the motivation to commit irregularities or unethical actions.



Graphic 1. The Scheme of Motivation in Practice Ethics

² Paradigm spirituality that is rooted in the perspective that someone who is a religious spirit and basic beliefs of all activities or social reality in a society (Kholiq, 2009)

DESCRIPTION OF THE SCHEME

The practice of ethics always starts with intentions (Sugiono [24]), for every management accountant believe that all forms of any activity it always starts with intention. If at the beginning of his journey as the management accounting profession begins with the sincere intention of running this profession, then the management accountants begin their days with all forms of kindness, honesty, truth because all that is done solely for the Lord of Hosts.

Sincere intentions contained in a paradigm of spirituality that is rooted in the perspective that someone who is a religious spirit and basic beliefs of all activities or social reality in a society [22]. The paradigm of spirituality will give birth to the motivation of worship as a reason why he worked as a management accountant. Worship is the submission form of management accountant to God, because of they belief that "all come from Illah Illah and will go back to".

The Paradigma of spirituality always break down injustice and misguidance[23]. Therefore, based on religious motivation, management accountants make improvements to a irregularities and ethical violations. If the motivation exists within the management accountant and opportunities provided are used to improve any deficiencies contained in the company, then the accountant not have difficulties in showed ethical practice. As a result, they had move to a good and could provide a model for others to do the same. If this is done continuously then the corporate culture is contaminated rapidly with the value brought by the management accountant.

In the other hand, if the intention of the management accountant for the benefit of themselves, then they orients themselves on the paradigm of capitalism. Muslim [12]) state capitalism more emphasis on profitability as much as possible. Secular capitalist is very far from spiritual values, so that the system does not provide space on morality. As a result, the system is prioritize more demand on business than the demands of ethics. In other words, in a natural situation, especially in emergency conditions, capitalist adherents tend to prioritize profitability rather than moral importance. One of the most important thing for them is the result, regardless of whether the process is done according to the ethical value or break the ethical value[3].

Management accountants already have the intention of working for the benefit of themselves, the motivation to work will only be oriented to the build up of money and the pursuit of power. Therefore, if they get the opportunity to make a profit or a greater profit, then they will leave manajemen accountant conscience, values and norms that had been taught by the family and the school to turn on how well the benefit is transferred to him. As a result, the action is far from the truth. If it is dishonest, then surely what he is doing is not right[3]. If it is not true, then the accountant can no longer be trusted. Whereas the main capital management accountant is trust[13],[14]. Trust must begin with honesty, fairness will always direct people to the truth [15].

IMPLICATION OF MOTIVATION IN PRACTICE ETHICS MANAGEMENT ACCOUNTANT

The implication of the findings of this phenomenon is the main driving motivation for action on ethical or unethical. Management accountants with motivation capitalist are in place of SGG, but motivated by the perspective of worship also many SGG. That is, modernity does not erode the spirituality that is owned by the management accountant. We can not directly reduce the capitalist system in view of the management of a company accountant.

Ethical practices in SSG find that motivation does not lead to an ethical dilemma or irregularities directly,because the motivation is personal with individual dimensions, where this study have confidence that the worst possible person would still have a good value stored in their hearts. Ethical dilemmas and lapses even more often caused due to external factors i.e.not working of code of ethics, opportunity and the absence of reward, social environment that infuse a values conflict with ethics.

CONCLUSION

CCAB [3] remark that the motivation is a part of ethical dilemma, as a result of this study that motivation is forming element of ethical motivation of management accountant and individual dimension related to the ethical practice of management accountants. Motivation becomes a component of ethical dilemmas, when the management accountant is more interested in the activities

as an accountant. However, if the motivation of management accountants to work in the form of worship with sincere intentions, it will convey spiritual values by promoting ethical values. That is, the motivation will bear an ethical value if the motivation is based on the spirituality.

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Why do You Become a Landlord?

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ABSTRACT

The human population growth is not matched by the housing construction, so it makes the demand higher than the supply. It will increase the housing prices significantly. Some people with limited funds to buy a house will choose to rent a house for the first time. This creates opportunities for investors to gain profit from capital gain and income from renting out the house. This study intends to find out the factors taken into considerations for becoming a landlord. The data are collected by distributing questionnaires to owners who are renting out their houses (landlord) in Surabaya. The questionnaire obtained are from 113 respondents, then are processed using the factor analysis. The result of the factor analysis finds out that there are four financial factors to be considered by landlords, such as the inflow and outflow factors, investment factors, leasing fee and regulation factors, and interest in entrepreneurship factors. These three factors explain the beneficial for being a landlord, and one factor explains the loss. Therefore, becoming a landlord is more attractive.

Key Words: Investment, Landlord, Financial, Investment, Entrepreneurship.

INTRODUCTION

A house is the basic need for people to use for sheltering. With the increasing income and wealth, it will encourage people to invest. Investors choose to invest in property because it is perceived as a secure and stable investment which is not affected by volatile markets. Property can be used as long-term investments, because housing price is likely to increase every year [1]. Hartanto [2] stated other advantages to invest in the property because it can be used as collateral on credit for banks, inflation protections, capital gains, and received passive income by renting out the house. Erawan [3] stated individuals who invest in a house rentals are due to the high demand level and high profit level, so houses are still an attractive investment product.

The positive points of investing in residential houses encourage the owners to rent out their houses. First, it is as a diversification portfolio of investment. Second, it is the cost of tenant responsibility (user cost) such as electricity charges, water, and security costs [4]. Third, it can be used as the future retirement income. The rental income can be used for savings as the retirement fund [1]. Fourth, the influence of family and friends who have already rented their houses will push the owners to do the same thing. Fifth, it is also a consideration about the future home that can be used to elderly people who will retire [5]. Sixth, it is “your own business”, so the owners have freedoms to determine their own rules and requirements [6].

Based on pre-survey conducted to ten owners who rent out their houses in Surabaya, it can be seen that owners have different reasons to rent out. Some of the reasons are purchasing a house when the price is low, getting rental incomes, and receiving a tax incentive to land and building. Homeowners prefer to rent out their houses because they do not want their houses uninhabited. On the other hand, the owners also bear some losses, if tenants make a problem, and additional costs such as insurance, cost of agreement letter (legal who told), maintenance and repair cost, and addition rental income tax. Portman, Brey, and Stewart [7] state that avoiding further harm to another house renter, many rules must be understood when renting out their houses.

This study will focus on finding the factors that are considered when renting out a house. It is interesting to draw upon those homeowners or investors who will lease a house so that they can consider those factors before making the final decision.

LITERATURE REVIEW

A house can be used for consumption and investment [8]. Investment motives will be one of the reasons why homeowners rent their houses [9]. The owner who has decided to rent his estate is called a landlord. Tosh [10] defines a landlord as an owner (lessor) of a house who has agreed with the agreement written or not written to rent his house to others (called a lessee). According to Lord, Lloyd, and Barnes [11], a landlord is defined as one who receives an income lease from a second home, not of those who receives a leasing income from a house which he occupies. Furthermore, Prandial [12] explained about the push and barrier motivation in becoming a landlord.

Initial motivation in investing a house is because most buyers get low house prices, and also they find opportunities in a secure investment or asset appreciation. Property investment is a secure investment in the long term, because it forms in tangible assets compared to other investments such as stock. It can increase owner wealth, capital gains and rental return, as well as investment diversification. Income from rental is an important reason for landlord, because rental income can be used to relieve mortgage loan, expense payment, also future retirement income. This future retirement income is caused by owner's fear that the pension fund is not enough. The cost can be transferred to the tenant if landlord has a written tenancy agreement, namely user's cost of utility and land building tax.

On the other hand, the motivation barrier is that the rental income tax will increase the rental price. If a tenant bears the tax, the rental price will increase, so landlord may cancel that rental agreement. The other barrier is a problem between the tenant and time. Tenants have bad attitudes, such as not paying the rent on time, destroying the house, or annoying landlord constantly with other trivial things. Service time from a landlord to his tenants and prospective tenants is not a full-time job, but landlord must be prepared for 24 hours in emergency event, therefore sometimes the owners have no time for vacations.

METHOD

This research is using data from questionnaires collected from landlords in Surabaya. Sampling data is collected by a cluster method on five regions, in the City Center, North, South, East, and West housing area of Surabaya. The questionnaires obtained are from 125 respondents, but only 111 respondents are selected that can be used in research. Next, the data are analysed by Factors Analysis and concordance Kendall Test. Factor Analysis is used to reduce variables researched into variants, with KMO and Bartlett's test, Anti-Image Matrix, factor rotation, variance explained, factor loading, and labelling [13]. The concordance Kendall is used to test ranking answers from respondents in assessing attributes.

FINDINGS

The data analysis is divided into three parts: descriptive analysis, concordance Kendall and factors analysis. The results shows the profile of the landlords; the genders are 47.8 % women and 52.2 % man, mostly 49.6% from age 45 to 54 years old, and 28.3 % from 55 to 64 years old. The education background are 52 % at a bachelor degree, and 29% at high school level. The largest income is 38.9% above Rp. 26 million per month and 30.1% around Rp. 13-26 million per month. They have become a new landlord since one year ago (20.24%) and they have experienced as a landlord between 2-3 years (16.8%), then experienced around 5 years (15%).

Table 1. shows that concordance Kendall is used to see the ranking attributes perceived from the most important reasons. The first reason is why someone investing in houses. The second reason is the driving motivation to be a landlord, and finally the third reason is the motivation barrier to be a landlord. The test shows a mean value rank 1 (one) for the most important attributes and 5 (five) for the least important attributes.

Table 1. Reason to Become Landlord

Reason 1		Reason 2		Reason 3	
Attributes	Mean Rank	Attributes	Mean Rank	Attributes	Mean Rank
Capital Gain	2.49	Rental Income	2.35	Expenses	2.41
Appreciation	2.80	Future Rental Income	3.28	Problem Tenant	2.57
Low House Price	3.07	Tax (PBB)	3.75	Income Tax	2.88
Secure Investment	3.23	It's Your Own Business	4.15	Time	3.42
Investment Diversification	3.40	Influenced by Families or Friend	4.50	Rental Regulation	3.73
		User Cost	4.73		
		Future Home	5.23		

To find the factors that a landlord considers by reducing variables that motivates landlord, whether positive and negative, factors analysis is used. The process begins in table 2., it is to look at the matrix anti image that expresses validity if the correlation value is more than 0.5, then all variables can proceed to further analysis. KMO value shows $0.824 > 0.5$; Bartlett test value significantly $0.000 < 0.05$; Cronbach's alpha $0.875 > 0.6$ indicates that all variables are reliable and can be used in factors analysis.

Table 2. Factor Analysis Assumption

Attributes	Anti-Image Correlation	Validation
Appreciation	0.702	Valid
Capital Gain	0.790	Valid
Low House Price	0.887	Valid
Secure Investment	0.813	Valid
Investment Diversification	0.849	Valid
Rental Income	0.885	Valid
Future Retirement Income	0.847	Valid
Influenced by Families or Friend	0.856	Valid
Future Home	0.754	Valid
It's Your Own Business	0.653	Valid
User Cost	0.811	Valid
Land and Building Taxes	0.865	Valid
Expenses	0.860	Valid
Income Taxes	0.828	Valid
Problem Tenants	0.787	Valid
Rental Regulation	0.890	Valid
Time	0.809	Valid
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.824
Cronbach's Alpha		.875
Bartlett's Test of Sphericity	Approx. Chi-Square	690.598
	Sig.	(0.000)

The factor formation is using the rotation varimax to reduce the numbers of attributes, in order to arrange and reduce to smaller variables. The factors are stated good when eigenvalue > 1 . The set analysis results are four (4) factors that have eigenvalue over 1, so the process is continued to attributes determination by each factor. Loading factor is then used to evaluate every attribute factors that are formed, and this loading factors are > 0.5 . The output analysis shows that out of 17 attributes, there are only 15 factors that are presented as the new factors as the loading factors are above 0.5. The factors are named as follow: in and out cash flow, investment, cost and regulations of lease, and entrepreneur interest.

Table 3. New Factors

Factors Group	Formed Factors	Loading Factors	% Variance
1	Low House Price	0,663	17,405
	Rental Income	0,796	
	User Cost	0,745	
	Land and Building Taxes	0,722	
2	Appreciation	0,689	15,576
	Capital Gain	0,720	
	Secure Investment	0,703	
	Investment Diversification	0,678	
3	Expenses	0,688	14,728
	Income Taxes	0,672	
	Problem Tenant	0,649	
	Rental Regulation	0,526	
4	Time	0,561	10,608
	Influenced by Families or Friend	0,678	
	It's Your Own Business	0,775	

DISCUSSION

The profile of the respondents are men, aging from 45 until 54 years old, having an undergraduate degree, having an occupation as entrepreneurs, and having new experiences to rent a house for one year. The respondents have a large income, above Rp. 26 million per month, in order to be able to buy a second house or more for their investment. They expect a profit when selling the house in the future (capital gain). The landlord reason for rent out his other house is to receive some rental incomes. However, when renting out their houses, the landlords also bear the burdens, such as housing repairs and notary fees to make a tenancy agreement. Before they meet the troublesome tenants, they have to anticipate by making a clear agreement and buying insurances for their houses.

The first dominant consideration from the factor analysis is the in and out cash flow. The first attributes consist of low house price, user cost, land and building taxes, and rental income. Low values in property are investment opportunities, because the property can be leased to get repayment gradually from the rent income. Landlord can gain benefits from reducing the mortgage payment or increasing the income routine when retired. Landlords are also able to distribute the utility costs, such as water bills, electricity bills or security costs, and then transform those utility costs to the tenants.

The second factor is the investment, which consists of the appreciation of housing values, capital gains, secured investment, and investment diversification. When the owners choose to invest in properties, they expect to gain from increasing housing values. The owner gets the profit when selling the house with higher prices. Furthermore, they can use the property as an investment combination, because investing in a house is low risk and good return. Seelig et al. [1] declare that someone who invests rental housing hopes additional wealth through investment diversification and capital gains. Memery & Kerrins [5] state that investing a house gives more benefit because of the appreciation from the property value while it is more secure investment than other investment products.

Third factors is the cost and regulation lease. These factors consist of some expenses, income taxes, tenant problems, regulations, and time. Those costs are additional costs that must be borne by present owners who rent out their houses. The rental regulation is considered as a form of landlord's responsibility. A tenant who does not have good attitudes sometimes takes additional costs, for example paying for the house improvements. The owners sometimes spend time for repairing the house if the destruction is intentionally or not deliberately by a tenant. Portman, Brey, and Stewart [7] state that the hard parts when renting out their houses are the time when a tenant having problems with other tenants, an additional charge (expenses), and regulations to be learned and accounted for responsibility.

Finally, the interest of becoming an entrepreneur is also necessary to put into considerations. As "it's your own business" can be defined as a freedom to prescribe rules and regulations according to the

owners, because renting out a house is running one's own business. Influences from friends can also encourage people to engage in this business. Entrepreneurship can develop if the family and friends support this idea and give positive experiences to others when renting out a house [14].

CONCLUSION AND SUGGESTION

This research is showing the four factors that motivate owners to decide to rent their houses. The first factors include in and out cash flow, low house prices, rental incomes, user costs, and land and building tax. Second factors are investment factors, which consist of an appreciation, capital gains, a secure investment, and an investment diversification. The third factors are costs and regulations tenancy factors, consisting of expenses, income tax, problematic tenants, and rental regulations. The final factors are about the interest in entrepreneurship, which consist of family or friend influences and "it's your own business" ideas.

Investors who own two or more houses can consider to rent out their houses, and receive additional incomes from the rental fees, then swift the burden of operational costs to the lessees. However, there are also some negative reasons that are important to consider and find a solution. The development for the next research are possibly into analysing the difference or the influencing factors that has formed for making a decision to rent out. Another further investigation can be conducted in the view of psychological factors such as landlord or tenant behaviour regarding overconfidence, personal traits, and others.

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The Effect of Sustainability Report Disclosure Towards Financial Performance and Firm Value (Empirical Study in the Main, Manufacturing and Energy Sector Listed in IDX)

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ABSTRACT

This research is aimed to determine the effect of sustainability report disclosure towards financial performance and firm value. Stakeholders, especially investor recognize that profit is not the only objective to achieve. They realized that sustainability of a company is one of the most important issues which company should consider. To build sustainability, a company should aware about their social and environmental activities besides its economic activities. These three aspects are included in a sustainability report. Sample of this research is companies registered as main, manufacturing and energy sector that publish sustainability report which listed in Indonesia Stock Exchange (IDX). It consists of 10 companies during the period of year 2012-2014 and this research get 30 total samples. The statistical method used in this research is path analysis using IBM SPSS Statistics version 22. The independent variable was sustainability report disclosure which was measured by using the GRI (Global Reporting Initiatives) index. Earnings per Share (EPS) is the proxy of financial performance and have a role as both dependent and intervening variable. Price/Earnings Ratio used as proxy of firm value and act as dependent variable. Control variable used in this research was firm age. The result show that sustainability report disclosure has significant effect on financial performance, the research also show that sustainability report disclosure has significant effect on firm value but was not mediated by financial performance variable.

Key Words: Financial Performance, Firm Value, GRI, Sustainability Report.

INTRODUCTION

Each company was established with expectation that the company can maintain the continuity of their business, growing rapidly and can exist for a long period. The companies compete with others in running its business as good as possible for making profit and maintain business continuity. However, in an effort to achieve the goal of the company that is to make a profit and maximize shareholder value, companies often pay less attention to aspects other than the financial side, such as environmental and social that actually an important aspect that must be considered for the survival of a company. The company is expected not only pay attention to the interests of investors and creditors as a capital provider, but the company must also pay attention to the environment, consumers, employees and society in general. Therefore, the company is required to provide transparent information, relevant, accountable, other than that the company is also required to have good corporate governance (GCG).

Corporate reporting system had been developed, stakeholders initially focus only in terms of financial assessment of the company, so that at first financial report is a report that is most needed. However, financial report, which only provide information about the financial items are considered incomplete because it does not include non-financial information that will be used as consideration in the decision making process, so the report then developed into a management reporting. In management reporting, not only explain about the financial items, but also has presented information related to the management of the company. However, the management reporting does not present how commitment, concern and responsibility of the company towards social issues and the environment that is actually the fundamental pillars of the business. Therefore, the report was developed into green accounting reporting that in addition to serving the financial reporting, also focuses on the reporting of corporate social responsibility (CSR Reporting) or Environmental Reporting. However, reporting with green accounting has limitations, i.e. financial reporting and CSR reporting mostly expressed in the form of

separate reporting so confusing users. Therefore, reporting evolved into sustainability report which presents the information about social, environmental and financial integrally in a single package of corporate reporting [1].

LITERATURE REVIEW

Stanford Research Institute introduced the terms of **stakeholders** as “those groups without whose support the organization would cease to exist” [2]. The statement can be interpreted that the existence of an organization (company) is influenced by support of a group that have a relationship with the organization.

Legitimation Theory confirms that the company continues to strive to ensure that they operate within the framework and norms that exist in the community or the environment in which the company is located, where they try to ensure that their activities is accepted by community as a "legitimate" [3]. The legitimacy of the company by the community is a strategy for the company in order to meet the needs of a going concern and the company's development. Gray et al.[4] argues that legitimacy is “A system-oriented view of organization and society permits us to focus on the role of information and disclosure in the relationship between organizations, the state, individuals and groups”.

Elkington [5] define that **sustainability report** means a report that not only containing financial performance information but also non-financial information consists of information about social and environmental activities which enable the company to grow continuously (sustainable performance).

Currently, most companies in Indonesia developing sustainability report refers to the **guidelines** issued by the Global Reporting Initiatives (GRI). The guideline used by the company in 2000 and 2012 is GRI-G3.1 later in 2013 has been updated to GRI-G4 and generally applicable. Indicators specified in the GRI-G4 consist of two disclosures, i.e. general standard disclosure and the specific standard disclosure. General standard disclosure consists of seven aspects: Strategy and Analysis; Organizational Profile; Identified Material Aspects and Boundaries; Stakeholder Engagement; Report Profile; Governance; Ethics and Integrity. While specific standard disclosures are divided into three main categories: Economic; Environmental, and; Social. Furthermore, the Social category is divided into four sub-categories: Labor Practices & Decent Work; Human Rights; Society, and; Product Responsibility.

Sustainability Report measurement will be assessed based on sustainability report disclosure index (SRDI) formula. Sustainability report published in 2012 will be scored based on the GRI-G3.1 guidelines, while sustainability report published in 2013 and 2014 will be assessed based on the GRI-G4. SRDI calculation is done by giving a score of 1 if an item is disclosed, and 0 if not disclosed. SRDI calculation formula is as follows:

$$SRDI = \frac{V}{M}$$

SRDI = Sustainability Report Disclosure Index

V = Number of items disclosed by the company

M = Number of items expected

Earnings per share (EPS) was a proxy of financial performance. Gitman and Zutter [6] define earnings per share as “The firm’s earning per share is generally of interest to present or prospective stockholders and management”.

$$EPS = \frac{\text{Earnings available for common stockholder}}{\text{Number of shares of common stock outstanding}}$$

Source: Gitman and Zutter (2015:130)

Price/Earnings (P/E) Ratio was a proxy of firm value. Gitman and Zutter [6] describe P/E ratio as follows: “The P/E ratio measures the amount that investors are willing to pay for each dollar of a

firm's earnings. The level of this ratio indicates the degree of confidence that investor have in the firm's future performance. The higher the P/E ratio, the greater the investor confidence”

$$\text{P/E Ratio} = \frac{\text{Market Price per Share of Common Stock}}{\text{Earnings per Share}}$$

Source: Gitman and Zutter (2015:130)

Firm Age can describe the maturity of an enterprise in managing its business. When a company is already mature, the company concerned about what is desired by stakeholders generally and its shareholders specifically. The long-established company will get more attention from the wider community. Thus, a long-established company will always maintain the stability and image of the company. To maintain stability and image, the company will strive to maintain and improve its performance [7].

The hypothesis of this research is:

H₁: There is a direct significant effect between sustainability report disclosures on financial performance.

H₂: There is a direct significant effect between sustainability report disclosures on the firm value.

H₃: The influence of sustainability report disclosures on firm value is mediated by financial performance.

METHOD

The population in this research is a company that publishes sustainability report and included in the main sector, the manufacturing sector and energy subsectors and listed on the Indonesia Stock Exchange (IDX). The population will be determined based on the sample as a research object. Sample selection technique used is non-probability sampling with purposive sampling. The criteria set out in the selection of the sample are: Companies that included in the primary, manufacturing or energy sector on the IDX, which publishes sustainability report on the period 2012-2014 and can be accessed through the company website and/or the IDX website (www.idx.co.id). This indicates that the disclosure by the company's sustainability report can be accessed by the public; The company also publishes financial reports for three consecutive years (2013, 2014, 2015) and all required variables in this study are available.

The independent variable in this study was sustainability report disclosure, the control variable was firm age, the intervening variables in this study was the financial performance once served as the dependent variable, and the firm value was set as the dependent variable.

The data used in this research is secondary data, i.e. sustainability report data for the period 2012-2014, financial performance and firm value data. Sustainability report obtained from the website of each company, while the data for the financial performance's variables and corporate value obtained from the financial statements, the company's annual report for period 2013-2015 and Yahoo Finance website (<https://finance.yahoo.com>).

This study will use path analysis as data analysis techniques. Testing the significance of the path coefficients performed with partial test (t-test), where the data provided will be processed using statistical applications IBM SPSS Statistics version 22. The level of significant of the researchers used is 10%. The significance level was set at 10% due to the limited size of samples were obtained. This happens because of the small companies that meet predetermined criteria.

Diagrams and the path coefficient will be presented in Figure 1 below:

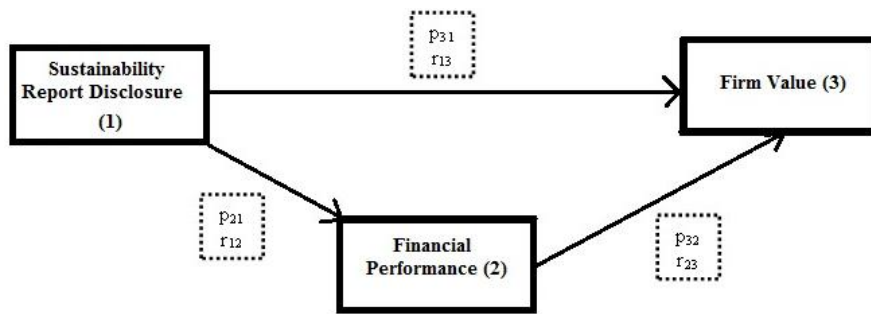


Figure 1. Diagrams and Path Coefficient

FINDINGS

The first phase, testing was conducted to determine the p₂₁ path coefficient by using regression in SPSS 22.0. The independent variable (exogenous) in this test is SRDI. The dependent variable (endogenous) used is Earning per share (EPS) of the company in 2013, 2014 and 2015. The control variables (firm value) also used in the test. Firm age were calculated from the date of registration of the company became listed on the Indonesia Stock Exchange up in 2013, 2014 and 2015. The results are presented in Table 1 below:

Table 1. The Results of P₂₁ Path Coefficients Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-394,383	361,691		-1,090	,285
SRDI	826,706	418,541	,347	1,975	,059
AGE	16,361	14,281	,202	1,146	,262

a. Dependent Variable: EPS

Referring to the results shows in Table 1, an equation can be arranged as follows :

$$\text{Financial Performance (EPS)} = -394,383 + 826,706 \text{ SRDI} + e$$

Based on these equations, a negative sign in the intercept means that if there is no disclosure of the sustainability report, the company financial performance would be reduced by Rp394,383. The number +826.706 on SRDI variable meaning that every 1% increasing of sustainability report disclosure score (SRDI) the company's financial performance will be increased by Rp826,706.

Based on the data presented in Table 1 show that the results obtained in a t-test, p-value of p₂₁ path coefficient is equal to 0,059. Thus meaning that the p₂₁ path coefficient significant because p-value obtained in testing smaller than the significance level ($\alpha = 0,1$). It can be concluded that there is significant influence between the disclosure of sustainability report on the financial performance of the company. The path coefficients are standardized regression coefficients that are the results of SPSS analysis indicated by the beta coefficient (Standardized Coefficients) [8]. P₂₁ path coefficient is 0,347, these number means that the disclosure of sustainability report affect the financial performance by 34,7%. The results obtained in this study are consistent with research conducted by Soelistyoningrum [10], Susanto and Tarigan [11], Ulfah [12], Safitri (2015) and Wijayanti [13]. These studies used sample of companies that publish sustainability report and listed on the Indonesia Stock Exchange for the period 2006 until 2015. The independent variables were used in these studies is the sustainability report disclosure, while the dependent variable is proxies by the financial performance ratios, i.e. ROA and current ratio , The study results show that the disclosure of sustainability report affect the company's financial performance.

The disclosure of sustainability report can affect the company's financial performance because of the transparency of companies to disclose aspects of the strategy and profile (including governance also ethics and integrity), the activities undertaken such as economic, environmental and social activities make the trust of stakeholders towards the company increased thus causing the company also encouraged to improve their performance. A company that concerned about the interest of wide-stakeholders (not only interest of the capital providers) will continue to run their business as good as possible, so that the company continues to have the support of its stakeholders. The support provided by the stakeholders is one of the most important things for a company to survive in a business.

The next step is to test the P₃₁ and P₃₂ path coefficients that are done by using multiple regression method in SPSS 22.0. The dependent variable in this test is the firm value that use the Price/Earnings (P/E) ratio as a proxy. P/E ratio used is for the periods 2013, 2014 and 2015. The independent variables are sustainability report disclosure index and the company's financial performance which is proxies by EPS. Firm age still used in the model as control variables. The test results for the model will be presented in Table 2 below:

Table 2. The Result of t-test for P₃₁ and P₃₂ Path Coefficients Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	(Constant)	-14,203	9,467		
	SRDI	25,049	11,470	,396	2,184
	EPS	-,001	,005	-,049	-,266
	AGE	,677	,375	,313	1,807

a. Dependent Variable: PE

Referring to the results shows in Table 2, an equation can be arranged as follows :

$$\text{Firm Value (P/E)} = -14,203 + 25,049 \text{ SRDI} - 0,001 \text{ Financial Performance (EPS)} + e$$

The number -14,203 in the constants means that when variables SRDI and financial performance equals zero, then the firm value (P/E Ratio) will be dropped 14,203 times. The value of the SRDI variable 25,049 means that if another variable value is remains the same, and there is an increase of 1% in the sustainability report disclosure score, firm value (P/E) will rise by 25,049 times. While if the financial performance variables (EPS) increased by Rp1 and other variable value remains the same, then the value of the company will decrease by 0,001 times.

Based on test results presented in Table 2 p-value obtained was 0,038 for the P₃₁ path coefficient. It shows that the P₃₁ path coefficient was significant (p-value = 0,038 < 0,1). The value of P₃₁ path coefficient was 0,396 which can be seen in Beta contained in Standarized Coefficients column. It can be concluded that the disclosure of sustainability report affect the value of the company about 39,6%.

In Table 2 are also presented that p-value of the P₃₂ pathcoefficient equal to 0,793 and beta of -0,049. It shows that the P₃₂ path coefficient is not significant (p-value = 0,793 > 0,1) so that it can be concluded that financial performance has no influence on the firm value.

Sustainability report disclosure can affect the value of the company due to the company's efforts to disclose its activities in the form of sustainability report in accordance with the indicators specified in the GRI-G3.1 guidelines and GRI-G4 means that a company has noticed to the aspects of sustainability. When companies have started to think of sustainability as a long-term goal, then a company will be viewed as a good company in the eyes of stakeholders, especially investors, which with it will cause the value of a company, is increasing.

The relationship between EPS and P/E Ratio obtained in testing tends to inversely. The point is, if EPS rises it is precisely the firm value or in this case is proxies by a P/E ratio will decrease. This can occur

because of EPS and stock price move fluctuated during the study period. In 2013 and 2015, stock market prices tended to decline for each sample company. Things that affect stock market prices tend to decline include the global economic conditions indicate a slow growth. The decreasing of global economic growth could not be separated from the impact of the debt crisis in Europe a few years ago. As a result, the global financial market being severe turmoil, especially the exchange rate of the US dollar also strengthened against all other currencies due to fears of rising interest rates of the Fed (Central Bank of America). As part of the global economy, Indonesia was also affected by a significant slowdown during the last six years (PT. Bukit Asam annual report, 2015).

The decrease of global economic conditions led to declining exports to the reduction in domestic consumption. Decline in export demand could have an impact on the company given that the majority of companies in the sample is trading with parties outside Indonesia. In addition, China's economy in recent years has depreciated significantly, affect the activities of companies engaged in mining and plantation because China is the main market of mining and plantation commodities. Companies engaged in the manufacturing sector (cement production) also affected by the global economic decreased due to the weakening property sector also decreased the impact on the domestic cement consumption. Other factors that have an impact on the cement production sector is the excess supply of cement in China that causing the Chinese can export cement at more competitive prices compared to cement companies from Indonesia. While the companies engaged in the energy sector. its revenues decreased due to lower revenues from industrial sectors affected by the global economic decreased. These factors cause the company's stock price tends to declined, so that when the company EPS has increased though, the firm value (P/E Ratio) will decrease.

The test results are summarized in a causal relationship, which will be presented in Figure 2 below:

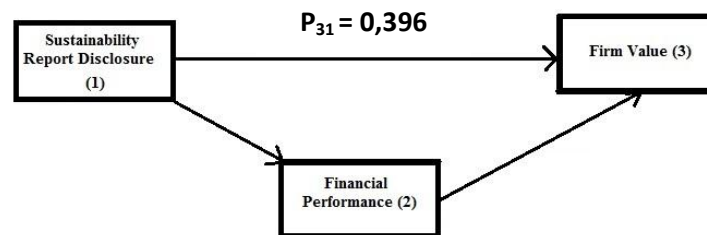


Figure 2. Causal Relationship Between Variables

According to the test, the results shows that there is a direct influence between the disclosure of sustainability report disclosure towards financial performance as indicated by the P_{21} path coefficient that is 0,347. This indicates that the strength of the disclosure of sustainability report directly determine changes in the company's financial performance by 34,7%. In addition, the test results also show that there is a direct influence of the sustainability report disclosure on the firm value, as indicated by the value of P_{31} path coefficient of 0,396. The number shows that the strength of the disclosure of sustainability report which directly determines the changes in the value of the company is 39.6%. To determine the indirect effect between the sustainability report disclosure on the firm value through the intermediate variables of financial performance, is done by multiplying path coefficient P_{21} and P_{32} i.e. (0.347×-0.049) . Results obtained from the multiplication are -0.017003. The negative sign in these results indicate that the effect of sustainability report disclosure on the firm value is not mediated by the financial performance variables. It can be concluded that the disclosure of sustainability report directly influence the firm value, without going through intermediate variables. It shows a tendency that at the moment, investors are beginning to realize the aspect of sustainability is the company's long-term goals. Therefore, investors are no longer investing just by looking at the company's financial performance as the only consideration. A company that does the disclosure of sustainability report means that the company is investing in the company's reputation in the future. The test results obtained in this study are not in line with research conducted by Sejati [9], which used a sample of 18 companies listed on the Indonesia Stock Exchange in the period from 2006 to 2013. The study found that sustainability report disclosure does not have a significant effect on the company

performance and firm value. The difference occurs because current stakeholders, especially investors no longer underestimated the sustainability of a company. Investors started to realize that the sustainability aspect will bring a positive impact for the long term sustainability of the company (going concern). The sustainability of a company is a motivating factor for the company itself to improve the quality of its activities, from the aspect of strategy, corporate profile, corporate governance, ethics and integrity of the company, economic activities, social to environmental activities. If the quality of these activities has been good, will certainly lead to good relations between the company and all stakeholders. In accordance with what is disclosed by the stakeholders theory that the existence of an organization is influenced by support groups that have a relationship with the organization, then the disclosure of sustainability report is very important to be implemented. With the disclosure of sustainability report, a company becomes more transparent to stakeholders on its activities. With this transparency, stakeholders will certainly feel get noticed, so as reciprocal efforts, they will also provide support for the company. In addition, besides the stakeholder theory, the legitimation theory is also stated that the company continues to strive to ensure they operate within the framework and norms that exist in the community or the environment in which the company is located, where they try to ensure that the activities is accepted by community as a "legitimate" [3]. Therefore, disclosure of aspects of strategy, governance, ethical, economic, environmental, social and other aspects contained in the sustainability report is very important because with these disclosures, the activity of a company will gain status in the community or the environment surrounding the company operates or the company can be said to be legitimate. If the company's relationship with its stakeholders has been good and there is a legitimacy of the public, the value of a company in the market will certainly increase as investors "willing to pay dearly" to be able to have the company.

CONCLUSION

The test results showed a significant influence between the sustainability report disclosure and financial performance. It means that the sustainability report disclosure affect the company's financial performance. The higher the score of sustainability report disclosure the financial performance will be higher. The disclosure of sustainability report can affect the company's financial performance because of the transparency of companies to disclose aspects of the strategy and profile (including governance also ethics and integrity), the activities undertaken such as economic, environmental and social activities make the trust of stakeholders towards the company increased thus causing the company also encouraged to improve their performance. The test result also shows that there is a significant direct effect between sustainability report disclosure towards the firm value, without mediated by financial performance. It shows a tendency that at the moment, investors are beginning to realize the aspect of sustainability is the company's long-term goals. Therefore, investors are no longer investing just by looking at the company's financial performance as the only consideration. When a company makes a decision to disclose its sustainability activities through sustainability report, it means that the company is investing in the company's reputation in the future. It proves that the company has started to think of sustainability as a long-term goal. Therefore, a company will be viewed as a favorable company in the eyes of stakeholders, especially investors, which with it will cause the value of a company, is increasing.

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Investment Decision: The Impact of Overconfident Managerial

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ABSTRACT

The U.S. Presidential election was an event that received widespread attention across the globe. In the 2008 presidential campaign, Barack Obama nominated to be the first black President. In 2016, Hillary Clinton potentially become the first woman President in American history, while the other candidate, Donald Trump, made some unpopular and controversial proposals. The purpose of this paper is to analyze whether the 2008 and 2016 election were considered as the relevant information in the Indonesian Stock Market (IDX). The daily closing prices of all all share listed in IDX would be examined used event study method. The results provide insight about the responsiveness of IDX participants to the US Presidential election event that could be used in decision making.

Key Words: Investment Decision, Overconfident Managerial, Cash Flow, Market Value, Corporate Size, Managerial Ownership.

INTRODUCTION

Manager will decide the investment policy in the company. Firstly, they will review the firm's condition and then they will estimate the benefit of the investment. Naturally, manager will show their optimist expectations for the result of investment decision. According to Weinstein[1] and Lin, Hu, and Chen [2], the good result of investment will occur under the supervision of overconfidence managerial. Yet, when the manager decides the investment based solely on overconfidence itself, they can make the decisions go wrong.

This research will examine the effect of irrational managerial on investment decision. A manager will be more overconfidence, when they do believe that the output is under their control and they have highly commitment [1]. When managers have more control over the firm through the managerial ownership, they will more overconfidence for every decision that they will [3]. Thus, managers will tend to overestimate the value of project [4].

The overconfidence managerial is likely to see that market degrading the value of the company. When the managers undervalue the market value of the firm, the company will be reluctant to issuing the new equity and will refuse to invest in the project which has positive NPV. Since the investment planning will require an understanding of the implications of the investing over long horizons, so the manager should consider the risk of their decisions.

According to previous researchers, the investment decision is not only affected by managerial behavior, but also several independent variables. The independent variables such as cash flow [5] firm size [6], market value [7] , and managerial ownership [3] will be used in this research. So, this research will explain more about those independent variables.

The investment decision for manufacturing firm in Indonesia is supported by Indonesian Government through the investment program in the era of ASEAN Economic Community (AEC). This investment program will play important role for Indonesia's GDP from manufacturing sector. So, investment decision in Indonesia is one of special attention for not only managers but also the shareholders. In Indonesia, the majority of managerial from listed company usually stated their optimism in the company's annual report. Therefore, this research is needed to investigate the effect of managerial overconfidence to investment decision. So this research can give the new point of view, thus the company will get better improvement of investment performance in manufacturing firm based on managerial behavior.

LITERATURE REVIEW

THEORETICAL BACKGROUND

Investment decisions usually are made by the manager in the company. This decision indicates the capital expenditure in financial statements. The manager analyzes the performance of investment by using fundamental analysis, technical analysis, and judgment [8]. Sometimes, manager takes the decision based on their judgments. The manager's behavior is derived from psychological principles of the decision making. It explains why the manager doing investment. According to Shefrin [9], there is the influence of psychology on the financial practitioners' behavior. No matter how much the manager is well informed, studied deeply, and has done research before investing, sometimes the managers will also behave irrationally [8].

Investing on fixed assets has their own risk. Since, it is a vital decision for long term investment. For conventional financial theory, managers are assumed to be rational wealth-maximizers and they have basic of the investment strategies on risk-return consideration. Yet, in the practice, the level of manager's risk taking behavior is not the same. It is depended on the manager's personal attitudes to the investment risk. Thus, the previous researches in financial behavior such as Shefrin [9], Shleifer [10], as well as Jagongo and Mutswenje [8] have developed rapidly in recent years. It shows that there are evidences to prove which the manager's financial decisions are also affected by behavioral factor, such as managerial overconfidence [11].

This research examines the influence of managerial overconfidence on the investment decisions in the listed company. It also has additional factors that have been found to influence the managerial investment decision in Indonesia. The previous researches identified the other factors such as cash flow and value of the company [12], [3], corporate size, and managerial ownership [13].

OVERCONFIDENT MANAGERIAL AND INVESTMENT DECISIONS

According to Lin, et al [2], corporate policies can be affected by the irrationality of manager. In this research, the researcher focuses on investment decisions. The manager will have overconfidence as the personal characteristic to estimate about the future performance. The manager will do believe in good achievement for investment. Based on Weinstein [1], the senior manager will have more overconfidence than junior manager because the senior managers believe that the results are under control. The older tenure of manager shows the experience in managing the company. Thus the managers tend to overstate their ability when take the investment decisions. According to Ritter [11], when manager have more overconfidence behavior, they will take more investment decisions. The first hypothesis for this study is:

H1: There is a significant relationship between managerial overconfidence and investment decisions

CASH FLOW AND INVESTMENT DECISIONS

The company can obtain funding for the investment because there is a relevant financial consideration [14]. In particular, the firms with more opportunities to have more cash flows will tend to invest more, since a rise in cash flow indicates the positive signal for the company to have good future performance. According to Lin et al [2], cash flow is the positive explanatory power for the company's investment, because the manager is willing to invest, when the cash flows are available. Thus, the second hypothesis for this research is:

H2: There is a significant relationship between cash flow and investment decisions

MARKET VALUE AND INVESTMENT DECISIONS

Based on previous research, the investment decision was determined by a well-functioning capital market [13]. The model of well-functioning capital market shows the investor's behavior to response the company's performance. The behavior of market leads more opportunities for the company to grow by investing in fixed assets. Through the market value, the company will know how the investor thinks about the company's reputation as fundamentally objective. According to Hall and Jogerson [7] and Tobin [15], the higher value of the firm leads the investment opportunities. So, the third hypothesis in this research is:

H3: There is a significant relationship between market value and investment decisions

COMPANY SIZE AND INVESTMENT DECISIONS

The company size is included in this research as the fourth independent variable. According to Kadapakam, Kumar, and Riddick [16], larger companies will have better access to get financing, than the smaller companies. Whereas, the smaller companies may be forced to take the investment, even those firms will more have costly external financing, because the smaller companies have higher competitive pressures and face the “do or die” condition. The larger firms with more funding tend to have more investment [16], [17]. So, the fourth hypothesis in this research is:

H4: There is a significant relationship between company size and investment decisions

MANAGERIAL OWNERSHIP AND INVESTMENT DECISIONS

Managerial ownership shows the level of agency problems in the company [18]. When the company has higher managerial ownership, the agency problems will decrease, since the manager feels like having the company as the investor. Thus, the manager has more controls to the firm to make the favorable investments [16]. The successful investment decision leads the manager has more incentive (bonus), get capital gain as the profit for holding the company’s stock, and get dividend payment. So, the researcher hypothesises that:

H5: There is a significant relationship between managerial ownership and investment decisions

METHOD

This research used Indonesian listed manufacturing firms during 2011-2015. The companies must have positive sales value to measure the company size in this study. Furthermore, linear multiple regression is used in this research to capture the impact of managerial overconfidence to investment decision with more several independent variables. Those independent variables consist of cash flow, market value, company size, and managerial ownership. The diagnosis test such as normality, multicollinearity, autocorrelation, and heteroscedasticity will be checked to get the best linear unbiased estimator (BLUE) for linear regression.

In this research, the dependent variable is investment decision. The investment decision is showed by measuring the corporate investment in fixed assets. It is measured by investment expenditure that is normalized by book value of assets.

The first independent variable in this research is managerial overconfidence. It is measured by using dummy variable. When the manager keeps the positions at least 5 years and the average dividend increased at least two of the first three years in tenure, will indicate that manager is overconfidence. If both measurements are met, the dummy variable will be coded by 1. Otherwise, it will be coded by 0. The other independent variables in this research are cash flow, market value, corporate size, and managerial ownership. The value of cash flow is measured by the internal of net worth in the company by adding the EBIT with depreciation minus tax. The value of cash flow will be standardized by total assets. Furthermore, the market value of the firm showed by the market value of equity to book value of equity ratio. Corporate size will be measured by the Ln sales and the last variable is managerial ownership which measured by the board of director’s share ownership. The researcher uses the following linear regression to test the hypotheses which is similar to the previous researches:

$$\text{Inv}_{it} = \beta_0 + \beta_1 \text{MO}_{it} + \beta_2 \text{CF}_{it} + \beta_3 \text{MV}_{it} + \beta_4 \text{CS}_{it} + \beta_5 \text{MOW}_{it} + \varepsilon_{it} \quad (1)$$

Where, Inv shows the investment decisions, MO shows managerial overconfidence, CF shows cash flow, MV shows market value, CS shows company size, and MOW shows the managerial ownership.

FINDINGS

The research’s result in the Table 1 shows that managerial overconfidence, cash flow, and company size have positive and significant effect on the investment decisions at 5%, 1%, and 1% at sig. level respectively. Meanwhile, market value and managerial ownership have not significant effect on the investment decisions.

Table 1. The Result of Linear Regression Model

Variabel	Unstandardized Coefficients		Sig. t	t	F-Statistics	Sig. F	Adj. R ²
	B	Standard Error					
(Constant)	-0.1429	0.0351	0.0000	-4.0662			
Managerial overconfidence	0.0075**	0.0036	0.0389	2.0889			
Cash flow	0.1528***	0.0300	0.0000	5.0941	19.3106	0.0000	0.4307
Market value	-0.0001	0.0004	0.7268	-0.3502			
Company size	0.0057***	0.0012	0.0000	4.5895			
Managerial ownership	-0.1081	0.0683	0.1161	-1.5832			

Notes: *** sig at 1%, ** sig at 5%, and * sig at 10%

Table 1 also documents the research's results of the value of F-test and Adj. R-square. The value of F test is significant at 1% level. It means the data also fit the regression model. Furthermore the value of Adj. R-square is 43.07%. Thus the result indicates that 43.07% of dependent variables in this study explained by independent variables and the remaining 56.93% will be affected by variables that are excluded in this study. Furthermore, the result also has passed through the classical assumption test of linear regression. Next, the result of this study shows the following linear regression:

$$Inv_{it} = -0,1429 + 0,0075 MO_{it} + 0,1528 CF_{it} - 0,0001 MV_{it} + 0,0057 CS_{it} - 0,1081 MOW_{it} + \varepsilon_{it} \quad (1)$$

Furthermore, the following table 2 will show the summary of hypotheses results for this research:

Table 2 Summary of Hypotheses Results

Hypotheses	Results	Sig. Level
H1: There is a significant relationship between managerial overconfidence and investment decisions	Accepted	5%
H2: There is a significant relationship between cash flow and investment decisions	Accepted	1%
H3: There is a significant relationship between market value and investment decisions	Rejected	-
H4: There is a significant relationship between company size and investment decisions	Accepted	1%
H5: There is a significant relationship between managerial ownership and investment decisions	Rejected	-

DISCUSSION

The result shows that managerial overconfidence has positive effect on investment decisions. Managerial overconfidence affects the investment decisions in behavioral finance theory. Overconfidence will give positive signal to reach the benefit from the investment. This result is consistent with Weinstein [1] and Lin, et al [2]. The overconfident managerial will see something good in the investment result, thus they will spend more money to buy more fixed assets. Since, manager believes that they can control the results of these investments. Besides, many managers of the listed companies declared their confident in the annual report every year in Indonesia.

Cash flow has positive and significant effect on investment decisions in this study. This result study is consistent with Bond and Costas [14] as well as Lin et al [2]. Cash flow can control the shareholder by doing the investment and decreasing the amount of dividend [19]. Manager will be more willing to invest, when there is more internal fund. According to Ross et al (2008), when there is more internal funding, the value of internal growth rate to increase the investment will be higher.

Market value does not have any effect on investment decisions. This result is not consistent with previous research such as Tobin [15]. It shows that the higher value of the company cannot indicate the investment decisions. The market value shows how investor reacts about the company's

performance. According to this research's result, the investor's point of view does not affect the investment in the company, since this decision is made by the manager. Moreover, the managers have more understanding about the real the company's condition, thus the investor's reaction through the market value will do not affect the investment decisions.

Furthermore, corporate size has positive significant effect on investment decisions. This result is consistent with the previous researchers such as Kadapakan et al [16], Adele and Ariyo [17] as well as Nguyen and Dong [21]. According to Nguyen and Dong [21], the larger firms show the ability of the company to get more revenue. Furthermore, the larger company tends to have more access to get financing than the smaller company. By having this opportunity, the larger company will have more inflow to finance the investment.

The last, managerial ownership has not significant effect on investment decisions. This result is not consistent with previous research such as Kadapakan et al [16]. As long as the manager has role to be a shareholder, they will want more dividend, more incentive, or both options. On the contrary, the managerial ownership is very small in the listed company in Indonesia. It means that they are not the majority shareholder. So, the value of managerial ownership cannot determine the amount of investment decisions in the company.

Furthermore, this result will contribute in behavioral finance that the overconfident managerial affect the investment decisions in the manufacturing listed company in Indonesia. Since the manager is the key person to take the important decision. On the other hand, there is still bad effect if the manager use this believe uncontrollable. The result will inflict a financial loss, if the output is not in their control.

The main result shows that there are 56.93% dependent variable will be explained by the other independent variables that are excluded in this research. Thus, the next researchers can add some factors that may influence the investment decisions. Given the limited sample in this research, the next researchers can use the different sector for listed company in Indonesia to know the phenomenon behind their investment decisions.

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Crime in the Field of Banking by using the Weakness of Letter of Credit

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ABSTRACT

Letter of Credit (LC) is highly desirable and wide acceptance in the trading community because LC considered to carry low financial risk. Behind its use, the LC turns often misused by external actors even aided by unscrupulous internal bank to make fictitious transactions, create a letter or false documents as a condition for payment. This paper discusses the occurrence of criminal acts in the banking sector by exploiting weaknesses in the LC that make the bank as a victim and also a means to commit crimes such banking. The discussion in this paper emphasized on the application of laws and regulations applicable to indict the perpetrators of criminal acts in the banking sector by exploiting weaknesses of LC. Aspects of the discussion of a criminal offense based on the special legal of banking, Act No. 10 of 1998 concerning Banking for the perpetrators of bank's internal, and under the provisions of the Penal Code for persons outside the bank.

Key Words: letter of credit, criminal acts in the banking sector.

INTRODUCTION

Letter of Credit (LC) is a payment method offered by bank for settlement the international transaction, particularly the foreign trade namely import export. LC as the method of payment is a secure financing facility for both importers and exporters, particularly for exporters who have traded goods. For exporters, the most important element in a transaction is the assurance that the goods that have been sold will get the payment as agreed by the buyer when the seller has sent the goods in request. On the other hand, for buyers, the accuracy of receipt of goods is the most important element because the goods that come late will certainly not be worth selling again or no longer useful, especially the fashionable and perishable goods that will quickly be abandoned by consumers when assessed has expired time or has expired for consumption.

Therefore, the existence of LC is a means capable of providing guarantee for the interests of the sellers and buyers. In the event of default by either party, either the seller or the buyer, the bank as the LC issuer will provide payment guarantee for the seller or the waiver of payment for the buyer. Almost all foreign trade transactions generally use LC because of the guarantee power provided in the use of LC, mainly on the first transactions done between the seller and the buyer.

The fact that there is a seller's rights regarding the payment of the transaction and the buyer's right regarding the receipt of goods guaranteed through the use of LC does not eliminate the possibility of occurrences of deviations which should be a constraint in the settlement of transactions using LC. These constraints can become neglected at the buyer's request. Generally, in the process of negotiation made by the seller in order to request payment for the transaction has been done or will be done, requires the inspection of documents requested or required to be prepared by the seller as stated in the LC by the bank and forwarded to the buyer. In case of discrepancy, the seller is obliged to repair or provide all documents required in LC. In case of discrepancy, the seller is obliged to repair or provide all documents required in LC. If the buyer accepts that the deviation is negligible, the issuing bank of LC shall make payment to the negotiating bank which will be forwarded to the seller. This is where the weakness of LC use occurs. That is, the bank as a guarantor only relates to documents, even the bank can keep running a negotiated process of LC payment to the seller despite the occurrence of irregularities as long as the buyer gives the "ignored" instructions on the deviation that occurred.

The conditions occurring in payments using LC as described above are set out in the universal provision for payment methods using Letter of Credit (UCP). Subsequently in Article 5 UCP 600, it is emphasized

that in transactions using LC banks deal only with documents and not dealing with goods, or other implementation. The provisions in the UCP are the basis for the principle of attachment to documents in LC. In Article 14 a UCP 600 it is affirmed that the LC payments are based on the suitability between the LC requirements and the submitted documents viewed under "on their face".¹

With this LC weakness it is possible once the occurrence of collusion between buyers and sellers. For example to obtain and rotate funds paid by the bank to the seller as working capital without having to pay interest and administration costs as in the application of working capital loans or other mortgage credit. Another example is the L/C fictitious. In the case of a fictitious LC there is actually no real transaction between the seller and the buyer. Sellers and buyers colluded to get funding as a cheaper way than applying for credit, or used to steal bank funds. Because the bank only checks the documents and does not check the physical transaction, then the bank never know that the transaction actually never happened. In many cases the fictitious LC always involves the internal bank itself, and this is what is called collusion and corruption to deceive the bank. This is also of concern to banks in terms of risk management.

One of the fundamental things is UCP does not regulate fraud issues in LC transactions. Fraud in LC transaction is not regulated in UCP 500 (Article 15) or in UCP 600 (Article 34). Fraud is a legal arrangement in the Criminal Law. In the case of fraud or collusion that makes the bank as a victim can be categorized as a crime in the field of banking.²

There are differences in the use of terminology in banking criminal act, such as a crime in the field of banking, crime against banking, and banking crime. This term difference evolves to the notion of banking crime. Banking crime can be interpreted as a crime "in the banking sector" which in this sense includes all unlawful acts that are related to the banking business. In this sense also covered banks as perpetrators and banks as victims.³

This paper will reveals the occurrence of criminal offenses in the field of banking conducted by buyers and sellers by utilizing the weaknesses of Letter of Credit either colluded or without colluding with the internal bank.

Based on the research focus, this type of research is a normative legal research. Normative research is a legal research conducted by examining library materials or secondary data.⁴ The approach used in discussing the research data is the Statute Approach and Conceptual Approach. The Statute Approach is conducted by reviewing all laws and regulations pertaining to legal issues being addressed. While the conceptual approach moved from the views and doctrines that developed in the science of law. The legal substances used are primary, secondary and tertiary. Secondary data were collected through document studies of literature materials consisting of:

1. Primary Legal Material, binding legal material derived from legislation that is:
 - 1) The Criminal Code
 - 2) Law on Criminal Procedure Law. No. 8 Year 1981
 - 3) Law No. 10/1998 on Amendment of Law no. 7 Year 1992 on Banking
 - 4) Uniform Customs and Practice for Documentary Credit, ICC Publication No. 500 Year 1994 (UCP 500)
 - 5) Uniform Customs and Practice for Documentary Credit, ICC Publication No. 600 Year 2007 (UCP 600)
 - 6) Circular Letter of Bank Number 26/34 /ULN dated December 17, 1993

¹ Circular Letter of BI Number 26/34 / ULN dated December 17, 1993.

² The term "Criminal Acts in the Field of Banking is used by Brigadier General Drs. HAK Moch Anwar, SH and Prof. Mardjono Reksodiputro, SH, MA. See, HAK Moch Anwar, Crime in Banking, (Bandung: Alumni, 1986). See also Marjono Reksodiputro, Progress of Economic Development and Crime, Collection of Essay Books, (Jakarta: Center for Justice Services and Legal Services, 1994), page 74.

³ Setiadi, Edi and Rena Yulia, Economic Criminal Law, Yogyakarta, Graha Ilmu, 2010, page 139.

⁴ Soerjono Soekanto and Sri Mamudji, Normative Law Research: A Brief Overview, Jakarta, PT. Raja Grafindo Persada, 2009, page 13.

2. Secondary Legal Material, namely:
Materials that provide an explanation of the primary law, namely books and reading sources related to the problems studied, scientific work of the law and documents relating to the problems studied.
3. Tertiary Law Material, namely:
Supporting materials outside the legal field that provide guidance and explanation of primary and secondary legal materials such as general dictionary, legal dictionary, encyclopedia, newspapers as long as contains information relevant to this research material.

LITERATURE REVIEW

LETTER OF CREDIT IN BANKING PRACTICE

In general, Letter of Credit (LC) is used to finance the contract of sale of goods or long distance sales crossing the boundaries of a territory between buyers and sellers who do not know each other well. However, LC is not a guarantee or guarantee or a negotiable instrument.

How to pay by using LC is not separated from the terms and conditions set by the parties concerned. One of the requirements is that a payment can be made if it has been submitted documents to the bank that formally meet the requirements stipulated in the LC. Payment by LC in its implementation involves banking services that are located in different countries. Therefore, the use of payment method with LC requires the suitability of payment method between the banks, which is realized by the existence of regulatory uniformity.⁵

LC literally can be translated as a debt or letter of receivables or billing, but in fact LC is a promise of payment if and after fulfilled certain conditions⁶. In Uniform Customs and Practice for Documentary Credits⁷, ICC Publication No. 600 of 2007 (UCP 600), the definition of Letter of Credit is "Each agreement, in various names or with various purposes, issued by a bank (Issuing Bank) acts upon the request and instruction of a customer (Applicant) or on his own behalf, to make payment to a third party or its proxy (the person designated by the beneficiary/LC recipient) or authorize another bank to make payment, or to accept and pay bills of exchange/draft, or authorize other banks to negotiate upon the submission of the designated documents, provided that the documents meet the terms and conditions of LC".

The LC definition under UCP is the promise of the issuing bank to make a payment or authorize another bank to make payments to the recipient for the submission of documents in accordance with LC requirements⁸. The essence of the LC definition according to UCP is that the LC is the promise of payment. The issuing bank shall make payment to the recipient either directly or through another bank upon the instruction of the applicant promising to pay back to the issuing bank.

The definition of LC according to Bank Indonesia is a promise from the issuing bank to pay a sum of money to the exporter as long as the exporter can meet the terms and conditions of the Letter of Credit⁹. The opinion of Bank Indonesia is the core of the LC is the promise of payment. The payment of LC to the recipient may be made directly by the issuing bank or through another bank as its proxy.

In practice Commercial banks in Indonesia follow the LC definition according to UCP. This is because at the time of enactment of Government Regulation no. 16 of 1970 (amended by Government Regulation No. 11 of 1976) and both have been revoked by Government Regulation no. 1 of 1982, Bank Indonesia

⁵ Adrian Sutedi, *Juridical Review Letter of Credit and Syndicated Credit*, Bandung, Alfabeta, page 6.

⁶ C.F.G. Sunaryati Hartono was quoted by Ramlan Ginting, *International Business and Banking Transactions*, Jakarta, 2008, page 15.

⁷ The enforcement of UCP 500 or UCP 600 is not based on the signature and ratification mechanism by the government or the head of State as is appropriate to a treaty or convention. In Indonesia, BI issues Bank Indonesia Circular Letter in the UCP 500 enforcement setting.

⁸ UCP 500, article 2.

⁹ Bank Indonesia, *Foreign Affairs, Foreign Exchange Payment and Registration Section, International Payment Method Letter of Credit & Non-Letter of Credit*, 1995, page 2.

issues the Association of Foreign Exchange Flows Regulations (HKPLLD) as the implementation provisions requiring that LCs received from overseas as well as those issued from Indonesia abroad are subject to UCP applicable UCP 290¹⁰ which came into force on 1 October 1975.

As a condition of its implementation, Bank Indonesia issues Circular Letter of Bank Indonesia no. 17/14/ULN dated September 29, 1984 which requires that the LC issued by the foreign exchange bank in Indonesia be subject to the prevailing UCP, UCP 400, which entered into force on 1 October 1984. Then the Bank Indonesia Circular Letter no. 17/14 / ULN is revoked by Bank Indonesia Circular Letter no. 26/34 /ULN Dated December 17, 1993 which regulates LC subjection on UCP applicable UCP 500. Bank Indonesia Circular Letter no. 26/34 /ULN gives the foreign exchange bank the option to determine the LC it submits under or not to UCP 500. In practice, the foreign exchange bank is still subject to the LC definition following UCP 500 even though UCP 600 has been published.

Letter of Credit as a means of payment is in great demand internationally because of the elements of the promise of payment available in this instrument. LC recipients who sell goods to LC applicants feel secure because of the promise of payment from the issuing bank. Conversely, the applicant also feels secure buying goods by way of payment using LC because it will receive the documents it wants because the fulfillment is a condition of LC payments.

In general, the issuing bank does not directly make payments to the recipient, but through another bank authorized by LC to do so. Another bank acts according to the authorization¹¹ it receives from the issuing bank. If the other bank concerned acts outside its authority of attorney then the bank is solely responsible for any risks that may arise. If the other bank acts according to the authorization receiving from the issuing bank, then the other bank is entitled to a reimbursement from the issuing bank¹² for the payment it has made to the addressee. Furthermore, the issuing bank shall also be entitled to receive reimbursement from the applicant for any payment made to another bank. This repayment is called reimbursement.

BANK DOCUMENTS, PAYMENTS AND GUARANTEE IN LETTER OF CREDIT

The main thing to note in the use of LC as a means of financing and payment of export import transactions is on the documents required in the LC. The basis for bank transactions is focused on documents only, so the beneficiary must meet the specific requirements related to the documents as stated in the LC accompanied by the draft itself to obtain payment. The document is evidence of the implementation by the beneficiary regarding the sales contract on its part and the transfer of ownership of the goods¹³.

In this way the buyer obtains a certainty of receiving the goods which have been approved and fixed payment by the buyer. Similarly, the bank concerned with this transaction is granted the right of ownership of the goods, thereby ensuring that the buyer will fulfill its obligations under the agreement of the LC¹⁴.

According to Maurice Megrah, the LC payment requirement is the submission of documents in accordance with LC requirements. The submission of these documents is a condition for LCs to be paid or accepted and paid at maturity¹⁵. Those documents are the main basis for determining the bank's attitude in the payment of LC.

Article 4 UCP 500 contains the following provisions: "In credit operations all parties concerned deal with documents, and not with goods, services and/or other performances to which the documents may relate."

¹⁰ The prevailing UCP is UCP 1974 Revision, ICC Publication No. 290 also called UCP 290.

¹¹ This Intermediary Bank is justified in accordance with UCP 500 Articles 2, 7, 9, 10, 14, 18

¹² UCP 500 Article 14, 19.

¹³ Soepriyo Andhibroto, Letter of Credit In Theory and Practice, Semarang: Dahara Prize, 1997, page 160.

¹⁴ *ibid*

¹⁵ Maurice Megrah, Risk Aspects of The Irrevocable Documentary Credit, as quoted by Ramlan Ginting, Op.Cit., Page 217.

Furthermore, article 5 of UCP 600 contains the following provisions: “Banks deal with documents and not with goods, services or performance to which the document may relate.”

In this case the emphasis of the difference between UCP 500 and UCP 600 lies on the party implementing the LC. UCP 500 says the party implementing the LC is all parties, including the issuing bank, the designated bank and the recipient. Meanwhile, UCP 600 said the party carrying out the LC is a bank, meaning only the issuing bank and the appointed bank.

Subject to the provisions of Article 4 UCP 500 or Article 5 UCP 600, the bank shall pay the documents filed as long as the submitted documents meet the LC requirements. Banks in implementing LC deal with documents only. So the core of LC realization is the suitability of documents with LC requirements. Therefore, banks are required to conduct research on documents to determine whether the documents can be paid or not. The benchmark specifying document is UCP. The Bank shall conduct research on the documents submitted to determine whether the documents are in compliance with the LC requirements. According to Article 13 a UCP 500, the measurement of conformity is based on international banking practice standards. Inconsistent documents one to another are a reflection of the lack of compliance between documents and LC requirements. Meanwhile, according to Articles 14 a and d UCP 600, the suitability measurement is based on the presence or absence of conflict between the document and the data in the document, other required documents or LC. Basic measurement to determine whether or not a conflict based on LC, the document itself and international banking practice standards¹⁶.

The decision to determine documents physically (formally) has or has not been in accordance with the LC requirement and substantially the documents have been or have not been consistent with one another completely based on the research of the bank, not on the basis of the other party's understanding. Such as this research documents is called research based on face (appear on their face).

Based on Article 14 b UCP 600, the bank in examining the documents has a maximum of 5 (five) banking days after the presentation day to determine the appropriate presentation. In Article 15 UCP 600 mention that the issuing bank and the confirming bank are obliged to undertake honor or negotiation of the appropriate presentation. This means that once the issuing bank or confirmation bank has established the appropriate presentation under Article 14 b UCP 600, then based on Article 15 UCP 600 issuing bank or confirmation bank enters the settlements process for honor or negotiate. In essence Article 15 UCP contains the obligation to pay when the presentation is appropriate, without arranging when the realization of the honor or negotiate.

WEAKNESSES OF LETTER OF CREDIT

LC is said to be an effective payment method, providing payment guarantee for exporters as well as guaranteed fulfillment of documents for the interests of importers. However, in practice, the method of payment with LC is not fully able to run effectively, this is evidenced by the various deficiencies contained in the payment method using LC, among others as follows:

1. The LC is concerned with 'complying presentation' which is the presentation of documents that meet the terms and conditions of Letter of Credit, applicable UCP requirements and international banking standard practices, so that payments are made by banks only on the basis of documents.
2. If the document contains discrepancies, then even if the goods have been shipped/shipped in accordance with the order, the exporter has the potential to not receive the payment or receive the payment with discrepancy fee deducted.
3. In the event of fraud, the exporter/beneficiary will not receive a payment even if all documents submitted meet the requirements. Under the principle of independence, the LC is a contract independent of its basic contract. The sales contract, LC issuance contract, LC contract between issuing bank and beneficiary, agency contract is interrelated in business, but legally those contracts could not be attributed one to another.

¹⁶ Ibid., page 219-220

ANALYSIS

The main thing to note in the use of L / C as a means of payment of import export transactions is on the documents required in LC. LC is very concerned with 'complying presentation' which is presentation of documents that have met the terms and conditions of Letter of Credit, applicable UCP terms and practices of international banking standards, so that payments are made by banks only on the basis of documents. The basis for bank transactions is focused on documents only, so the beneficiary must meet the specific requirements related to the documents as specified in the LC accompanied by the draft itself to obtain the payment. The document is evidence of the implementation by the beneficiary regarding the sales contract on its part and the transfer of ownership of the goods.

The weakness of LC is what is used by related parties, in this case the buyer and seller to commit crime in the banking scope. Generally, perpetrators of crime in the banking field is done by corporate actors commonly referred to as white collar crime. In doing the action the perpetrator is also assisted by an insider or person in the bank. Forms of white collar crime in banking crime related to employment activities and their positions may include falsifying letters in payment traffic (checks, money orders, demand deposits), establishing banks without permission (to avoid taxes), providing credit beyond the Banks financial capability, embezzling customers 'money, leaking all customers' financial secrets and more itself.

Banking crime cases both banks as victims or involve insiders in banks by utilizing the weakness of LC often occur in Indonesia, including the case of LC Bank Pembangunan Indonesia- Bapindo (famous of the case of Golden Key Group-GKG) and the case of fictitious LC BNI (known as Gramarindo Group-BNI case).

In the case of KGK, Bapindo has ignored the principles of prudence and supervision, in this case the Legal Lending Limit (BMPK), namely the provision of credit of 1.3 trillion has exceeded the limits considered to violate the principles of prudence and supervision. In BNI case, the usance transactions of LC Gramarindo Group and Petindo Group as beneficiary have been negotiated by BNI Bank Kebayoran Baru with discounts without preceding the acceptance from the issuing bank. In addition, LC documents contain irregularities and LC negotiations are conducted without document completeness.

Any offense as a violation of prohibitions or obligations under the law is essentially an act of law (onrechtmatige handeling) as the main requirement shall comply with all elements of the offense as formulated in a law intentionally or unintentionally committed by a person who is accountable and by law has been declared a punishable offense. The criminal act is said to be strafbaarfeit.

In general, the potential deviations that may occur when applying for the issuance of LC facilities are among others the debtor using fictitious or falsified supporting documents, resulting in fictitious transactions and as if there is a legal relationship between the importer (applicant) and the exporter (Beneficiary) which can also occur both companies are paper trading companies. In this case of course the bank will be harmed, because the LC facility can be disbursed by the debtor. However, fictitious transactions using these LC facilities usually also often involve internal parties from the bank itself. In the event of a falsification of documents at the time of submission of an LC facility involving an internal bank, it is appropriate to implement article 49 paragraph (1) letter a of the Banking Act for the internal parties involved in the bank. The use of Article 49 Paragraph (1) Sub-Paragraph a (Law Number 10 of 1998) relates to fraudulent crimes related to bookkeeping, business activity reports, bank account transactions.

Banking Law number 10 of 1998 is a criminal act with specific perpetrators, only applicable to the Commissioners of the Bank, Board of Directors of Banks and Bank Employees. That is, the perpetrators of crime in article 49 are internal banks themselves. If a bank employee conspires with an outside bank conducting a criminal offense, then the bank's employees are subject to bank laws while outsiders are subject to the Criminal Code.

Under the provisions of the Criminal Code, the perpetrators of criminal acts in the banking sector may be charged under Article 55 paragraph (1) first book of the Criminal Code, Article 264 paragraph (2) jo

Article 55 paragraph (1) to the Criminal Code; and Article 263 paragraph (1) jo Article 55 paragraph (1) of the Criminal Code.

Article 264 paragraph (2) jo article 55 paragraph (1) first book of Criminal Code, aimed at the act of forgery or falsifying the letter. Counterfeiting or falsifying the letter mentioned in article 264 of the Criminal Code is committing an act of falsifying a pre-existing letter or falsifying a letter that has been specified criteria. This is different from the definition of article 263 of the Criminal Code which is to make a fake letter that has not existed before with the aim to give rise to rights.

Article 263 paragraph (1) of the Criminal Code contains elements of who, makes false or falsified letters, which may give rise to any right, contract or debt relief, or designated as evidence of a thing, with the intent to use or order others to wear The letter seems to be true and not false, such use may result in harm, those who do, order to do or participate in doing.

CONCLUSION

Criminal actions in the field of banking by buyers and sellers may occur by exploiting the weaknesses of LCs that are particularly concerned with 'complying presentation', ie presentation of documents that meet the requirements of LC, applicable UCP regulations and international banking standard practices. So payments are made by banks only on the basis of documents without any physical verification of the transactions taking place.

The effort to overcome the crime in the banking sector conducted by the internal bank is charged with Act Number 10 of 1998 concerning Banking which clearly states that the legal subjects or perpetrators of criminal acts in committing the crime of false registration are set in a limitative manner, namely the board of commissioners, directors, or bank employees which are all officers and employees of the bank, while persons outside the bank are subject to the Criminal Code.

Banks are required to have a stricter standard of internal verification procedures for each LC facility transaction regardless of proximity of customer relations with both importers and exporters in order to overcome the weaknesses in the provision of LC facilities.

The penalties applied are more effective and maximized, especially for the internal bank considering the bank is an institution trusted by the public to save the funds. For parties outside banks that make banks as a means and targets of criminal offenses in the field of banking can be snared by adding articles in the Act Money Laundering Crime. This can happen considering the weakness of LC that does not verify facts in the field, so the LC facility applied by the importer can be used as a means of money laundering through bank.

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The Relationship Between Contrarian Strategies and Momentum Strategies

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ABSTRACT

This study focuses on the relationship between the return of contrarian strategies and the momentum strategy returns on the Indonesia Stock Exchange for the period of 2008 to 2015. De Bondt and Thaler [1] argue that investors in investing can use contrarian investment strategies or momentum investment strategies because these two strategies are a relatively simple trading strategy, mostly done by investors and is a strategy based on past cross-sectional stock movements. Contrarian strategies rely on stock price reversals and momentum strategies basing on sustainability returns. Allegedly both strategies have a close relationship. Sampling of research are seven shares with largest market capitalization on the Indonesia Stock Exchange for the period of 2005 to 2015, they are TLKM, ASII, BBCA, HMSP, BBRI, BMRI, and UNVR. Correlation test results shows the correlation relationship between the return variables of the contrarian strategy is 0.606373. Nevertheless, the relationship between the use of contrarian strategy and momentum strategy is not so strongly connected that the success of the investor with the contrarian strategy is not entirely determined by the success of the investor using the momentum strategy, there are still other factors contributing to the success of each investment strategy.

Key Words: Contrarian strategies, momentum strategies, investment strategies.

INTRODUCTION

Understanding of investment in general is the investment within a certain time in the hope of gaining profit in the future, so that in investing no one wants to lose [2]. Investment products offered are quite diverse so that the investment choice according to the will and ability of investor analysis. The investment decision made will be based on a specific investment strategy, and the performance of an investor compared to other investors may be different due to the different investment strategies it uses.

There are many published studies on contrarian and momentum investment strategies. The earliest and most influential work on contrarian investment strategy was done by De Bondt and Thaler [1] who found that when U.S. stocks were ranked on their returns over the past three to five years, those with the lowest past returns earn higher returns over the subsequent three to five years and vice versa. They found that contrarian strategies in the other seven industrialized countries seem to have significant returns, contrarian strategies in the Germany appear to be profitable.

De Bondt and Thaler [1] argue that investors in investing can use the contrarian investment strategy or momentum investment strategy because these two strategies are relatively simple trading strategies in the stock, mostly done by investors. Contrarian strategies rely on stock price reversals and momentum strategies basing on sustainability returns. According to Lakanishok [3] most investors like investing in winner stock and this goes on for some time causing the price of winner stock to keep increasing and become overvalued. The overvalued winner stock price keeps the investors together selling it so that the winner stock price keeps dropping until undervalued.

Kanel [4] says that individuals tend to be counter-strategy actors. This opinion is reinforced by Haan and Kakes [5] who argue that this contrarian strategy is favorable, in contrast, according to Chan et al., [6] an investment strategy that exploits momentum by buying past winners and selling past losers, so-called momentum strategies will be profitable and run by many professional investors.

RESEARCH PROBLEMS

When looking at how these two strategies work, it appears that each strategy can not be done alone, both of these strategies will always run together. Contrarian strategy investors will buy stocks that are falling in price that is not favored by investors of momentum strategists and sell them when the price goes up. Instead investors of momentum strategy traders will buy stocks that rise in price sold by investors perpetrators of contrarian strategies and sell them when the stocks fall in price. Thus, the problem of this study is: is there a strong relationship between the successful use of contrarian strategies with the successful use of momentum strategies?

THE FOUNDATION OF RESEARCH THEORY

Contrarian strategies say that stocks that have recently had a worsening performance will get better results in the future, and therefore an investment strategy that buys loser stocks and sells winners is called a contrarian strategy and will gain significant future abnormal returns [7].

The contrarian strategy is related to the overreaction hypothesis which assumes that most people tend to overreact to unexpected and dramatic news events. Some economist believe that the same behavior occurs in stock markets. In other words they think that stock prices are overvalued in case of good news and undervalued in case of bad news, but eventually return to more appropriate, less inflated or less deflated values. Based on this hypothesis, De Bondt and Thaler [1] designed an empirical test due to the fact that extreme movements in stock prices will be followed by subsequent price movements in the opposite direction. The more extreme the initial price movement, the greater will be the subsequent adjustment.

De Bondt and Thaler [1] paper provides strong evidence of long-term stock price reversal in the US stock market. In particular they found evidence that stocks that have performed poorly over the past three to five years (past losers) tend to outperform past-winning stocks. They call this type of contrarian investment. Contrarian investors are investing on the grounds that the latest market conditions are unrealistic, and therefore they make investment decisions that deviate from the general market trend.

Investors who combine past prices and trading volume information in determining their investment strategy will earn higher returns than investors who build their portfolios solely on the basis of stock prices alone. The successful use of contrarian strategies is measured by the returns derived from the use of contrarian strategies. The Assogbavy [8] formula is used to calculate the return of the contrarian strategy as follows:

$$R_{jt} = \frac{P_{jtL} - P_{jtF}}{P_{jtF}}$$

Where:

R_{jt} is the daily return of the stock j of the contrarian strategy

J is a type of securities 1,2,3, ... N securities

P_{jtL} is closing price of final stock formation period

P_{jtF} is the closing price of the initial stock of the formation period

Jegadeesh and Titman [9] documented the incident in the US stock market, that the average past winners continue to outperform past losers for more than three to twelve months. They call this a momentum strategy. Investor momentum believes that a large increase in stock prices will be followed by additional gains and vice versa for declining stock values. This strategy is seen to capture profits by buying "hot stock" and selling "cold stock". To participate in the momentum of investment, the trader will take long positions for stocks that have shown prices tend to rise, or short positions for stocks that are on a downward trend. The basic idea is that once a trend is set, it is more likely to proceed in the same direction than to move against the trend. The momentum investment strategy is based on the assumption that stocks under-react to arrival of new information as opposed to the contrarian strategy. It suggest that one buy past winners and sell past losers.

The measurement of the success of the momentum strategy implementation is done by calculating the returns obtained from the use of momentum strategy using the momentum strategy formula by Chan et al., [6] as follows:

$$SUE = \frac{e_{iq} - e_{iq-4}}{Tit} \quad (2)$$

UE is the daily stock's return from the momentum strategy

e_{iq} is unexpected earnings period for stock i

Unexpected earning for period is the difference of closing price in one formation period

e_{iq-4} is unexpected earnings of four periods of last for stock i

Tit is the standard deviation of the unexpected earning period (e_{iq} - e_{iq-4})

POPULATION AND SAMPLE

The population of this study are all stocks in Indonesia Stock Exchange which have daily closing price and daily trading volume data in rupiah. Sample criteria are Go Public company with large market capitalization in Indonesia Stock Exchange having daily closing price data and daily trading volume since early October 2006 until end of December 2015. From Yahoo Finance can be obtained information about market capitalization of all issuers in Indonesia Stock Exchange and from the data it can be seen that the largest market capitalization is always achieved by ASII, BBCA, BBRI, BMRI, HMSP, TLKM, and UNVR stocks which all have daily closing price data and become the source of this research data.

RESEARCH METHODOLOGY

The daily closing price data of the seven sample stocks is processed into contrarian strategy return and momentum strategy return with Assogbavy formula [8] to get contrarian strategy return data and Chan et al. [6] formula to get momentum strategy return data. The amount of research data obtained from the above formula is 3.858 data of contrarian strategy return and 3.858 data of momentum strategy return. Furthermore, bivariate correlation analysis with Pearson Product Moment is performed on contrarian strategy return data and momentum strategy return data to know the strength of the relationship between the contrarian strategy variable with the momentum strategy variable.

The test steps are as follows:

1. Determining the Hypothesis

Ho: There is no significant relationship between successful use of contrarian strategy with the successful use of momentum strategies.

Ha: There is a significant relationship between the use of contrarian strategies with the use of momentum strategies

2. Determining the level of significance

The test uses two-tailed test with significance level $\alpha = 5\%$. (The test is done by two sides because to know whether or not there is a significant relationship, if one side is used to know the relation smaller or bigger). The level of significance in this case means we take the wrong risk in making the decision to reject the correct hypothesis as much as 5% (5% significance or 0.05 is the standard measure that is often used in research)

3. Testing Criteria

Ho accepted if Significance > 0.05

Ho is rejected if Significance < 0.05

4. Compare the significance: The value of significance is 0.004 < 0.05, then Ho is rejected.

ANALYSIS

Implementation of contrarian strategy and momentum strategy are closely related. Both of these strategies are not contradictory but mutually required to apply them together. Momentum investment strategy is a strategy that buys stocks when prices are moving upwards in the hope that there is a stock price momentum that is moving upwards it will continue in the future and then resell those stocks when it is felt that momentum of the upward movement has weakened or stopped and reversed. While the contrarian strategy is a stock transaction that buys stocks when prices are down and sell shares when prices rise, while other investors are trying to buy stocks.

CORRELATION TEST RESULTS

		Correlations	
		Kontrarian	Momentum
Kontrarian	Pearson Correlation	1	.606**
	Sig. (2-tailed) N		.000
Momentum	Pearson Correlation	.606**	1
	Sig. (2-tailed) N	.000	
		3858	3858
		3858	3858

** . Correlation is significant at the 0.01 level (2-tailed).

Pearson correlation test result stated that return of contrarian strategy correlated significantly with momentum strategy return that is equal to 0.606. The value of this correlation is significant at a significance level of 1 percent. This can be seen in the correlation table above which is done with SPSS program. According Sugiyono [10] in the guidelines to provide interpretation of the correlation coefficient, said that the correlation value of 0.606 states a strong relationship. It is thus evident that the successful use of contrarian strategies has to do with the successful use of momentum strategies.

Correlation test results shows the correlation relationship between the return variables of the contrarian strategy with the momentum strategy return is positive. The positive correlation relationship between the return of contrarian strategy and the momentum strategy return is 0.606373 which is smaller than 0.8 so it is not classified as high correlation. If the correlation is greater than 0.8 then there is multicollinearity between variables [11]. Correlation test results shows the correlation relationship between the return variables of the contrarian strategy with the momentum strategy return is positive. The positive correlation relationship between the return of contrarian strategy and the momentum strategy return is 0.606373 which is smaller than 0.8 so it is not classified as high correlation. If the correlation is greater than 0.8 then there is multicollinearity between variables [11]. Nevertheless, the relationship between the use of contrarian strategy and momentum strategy is not so strongly connected that the success of the investor with the contrarian strategy is not entirely determined by the success of the investor using the momentum strategy, there are still other factors contributing to the success of each investment strategy.

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Implicature Force of Local Wisdom Values in *Tembang Macapat* Work By Raden Ngabehi Ranggawarsita for Prevent Counterproductive Work Behavior and Driving Employee Engagement: A Study of Literature

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ABSTRACT

Employee engagement (EE) is increasingly recognized as an important issue in the management and development of human resources to improve performance. In addition, EE is also seen as effective to anticipate employee's adverse behavior. This behavior is known as Counterproductive Work Behavior (CWB). The CWB hazard is certainly threatening the sustainability, future, and reputation of the organization because CWB not only damages the organization but also its members and customers. So, EE is something promising while CWB is something that is scary and dangerous. Employees with engagement are likely to survive CWB which in turn can make the organization stronger in the face of change and challenges, while at the same time being proactively able to create and / or seize opportunities to achieve organizational goals. This study aims to explore the definitions of these two concepts and analyze the factors driving the EE and CWB dimensions. This study also aims to examine the EE's role in anticipating the emergence of CWB. Furthermore, it was found that EE plays a very important role in anticipating CWB. These roles include 1) EE as an effective strategy for performance improvement, 2) EE as an effective way to improve work outcomes and business outcomes, and 3) within the framework of the organization's future prospects, EE as key Important to the success of the organization as a whole. These three things can only be achieved with the employee who has high engagement that can be ascertained safe from the harmful behavior, that is CWB. Macapat have a force of implicature of local wisdom driving employee engagement. This study is aimed at analyzing the effect of employees' understanding on the local wisdom values containing in Macapat verses by Raden Ngabehi Ranggawarsita on employee engagement. The data is the employees' responses on their understanding of local wisdom values containing in the verses. This study is systematically done on the base of literature overview on Macapat verses by Raden Ngabehi Ranggawarsita The result reveals that the employees' understanding on the local wisdom values containing in the macapat verses significantly affects employee engagement.

Key Words: Local wisdom values, macapat verses, employee engagement, counterproductive work behavior (CWB), performance.

INTRODUCTION

Tembang Macapat is a very famous Javanese literary work especially among Javanese people (Solo and Yogyakarta). Tembang Macapat has many songs that contain the value of local wisdom or high philosophy values that can be used as life guidance. Among the many famous literary works of Tembang Macapat are the works of Raden Ngabehi Ranggawarsita. He is a santri, an Islamic scholar, and a Javanese Poet. His works, thematically, are so diverse, of them concerning philosophy, religion, mysticism, humanity, social life, social criticism, and so on.

Another advantage of Raden Ngabehi is his ability to combine Hindu, Buddhist, and Islamic teachings that are packed in a frame of teachings in the form of 'kejawen'. The results of the concoction of the values of these three sources in which also sprinkled elements of Javanese culture turned out to make the Javanese people can easily receive it and in the same time make the name Si Raden Ngabehi more famous and respected. In addition, Si Raden Ngabehi is very master of 'inner and inner knowledge', and in the field of 'kepujangan', he is very 'waskitha', ie his speeches are correct and there is no doubt [1].

In social life, including in the life of work, Raden Ngabehi Ranggawarsita's work pragmatically contains the implicatur value of local wisdom that can form a person working with passion, sincerity, devotion, and giving or doing something more for others, family, and family 'ndalem '(The employer). The characteristic of the "servant of the palace" as mentioned above is referred to as the worker having the ability to "ngayahi dawuh" (contributing more / more). Workers with such characteristics are referred to by Kahn [2] as "engaged employee" (high / contributing employees). Also, he is the first scientist to introduce the concept of "employee engagement" in the world of research and academics.

The work of this poet has a pragmatic power implicature as the value of local wisdom in establishing employee engagement (EE). An example of macapat speech from his famous work is 'begja-begjane kang lali, luwih begja kang eling lan alert' (as lucky as people who forget themselves, still more lucky people who always remember and alert). This utterance implies that a person in his life included in work should not be trapped in self-forgetful behavior that can harm others and others. However, one should still strive to be aware, to understand, to behave 'remember' who he is, remember God, and remember his duties and obligations as a good worker. In addition, alertness and prudence in work is also important as it concerns safety, security and comfort. Thus, 'eling' and 'vigilant' can be categorized as a distinctive employee characteristic of contributing highly to the organization (engaged employee).

Employee engagement is a new concept, warmly reviewed by researchers especially in the field of human resource management and human resource development due to its ability to improve performance. Bagyo [3] states that "employee engagement is time to be formed and / or manifested in the organization in order to have high competitiveness Which is realized in the form of reliable performance. That's because employee engagement refers to a performance reality where employees are not only job satisfaction, committed, but also they are able to sincerely work or do something more valuable for the organization's interests and progress Both inside and outside the workplace. In other words, whatever the employee does comes from creativity and capability or a certain talent that positively affects the organization. Employees no longer work only on assigned tasks or defined job descriptions, framed by assigned range of tasks, but they have the freedom to cross tasks within the corridor of goodness or are contributive to the achievement of the organization's vision, mission and objectives. To establish employee engagement, organizations conduct a variety of efforts by identifying and correcting the drivers of employee engagement. In relation to this effort, Tembang Macapat by Raden Ngabehi Ranggawarsita contains many wisdom values that have the power to mobilize and establish employee engagement in the organization. Many researchers studied the factors driving the employee engagement, but none of them studied the values contained in Tembang Macapat as a local wisdom capable of mobilizing and forming employee engagement. Previous research has been done in relation to the factors driving employee engagement among them by Saks [4] which concluded there are six employee engagement movers, namely job characteristics, organizational support, supervision support, rewards and recognition, procedural justice and distributive justice. Mani [5] found four drivers, namely employee welfare, empowerment, growth, and interpersonal relationships. Seijit [6] identified ten drivers termed 10

Cs including connect, career, clarity, convey, congratulate, contribute, control, collaborate, credibility, and confidence. Britt et al. [7] found two drivers of employee engagement, namely employee engagement and commitment. This study examines whether understanding the values of local wisdom contained (implicatur) in Tembang Macapat by Raden Ngabehi Ranggawarsita has an effect on employee engagement.

LITERATURE REVIEW

Implicatur (implicature) can be understood as the meaning of speech / speech is not said or implicit meaning contained in an utterance. The meaning can be extracted through the context of speech. In a pragmatic perspective, implicatures have a force that can move a person (listener / reader) to do something. In other words, the power of implicatur can influence a person to behave certain [8], [9], [10], [11]. Local wisdom can be generally understood as wise, wise, and good-value local ideas,

embedded and followed by members of the community. According to Nakornatap et al. [12] as quoted by Mungmachon [13] that local wisdom is the basic knowledge gained from life in harmony with nature. Local wisdom is closely related to the culture of a society. This wisdom can be abstract and can be concrete, but the important characteristic is that wisdom comes from experience or truth derived from life. Wisdom formed from experience integrated with physical, spirit and environment. Local wisdom emphasizes the moral aspect of matter. Examples of such local wisdom are the values contained in *Tembang Macapat* by Raden Ngabehi Ranggawarsita.

Tembang Macapat is a work of Javanese literature in the form of song which is used as a tool to express the soul of art through vocal 'nembang' and as a media of awareness that contains suggestions, *pitutur*, through poems that contain meaning for life. *Macapat tembang* is widely available in Javanese literary works such as *Serat Wulangreh*, *Serat Wedhatama*, *Tripama Fiber*, *Fiber Kalatidha*, *Witaradya Fiber*, and so on [14].

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In the Javanese tradition, work is seen as a life aspect that is closely related to social status. Moreover, someone was working for *Kanjeng Sinuwun* or *Kanjeng Sultan* in a palace. The people who work in that place are known as "abdi dalem" (palace employees). They work with full dedication and satisfaction, high commitment and sincerely willing to do everything possible to *Kanjeng Sinuwun* called "ngayahi dawuh" (contribute more / high) Such conditions can be categorized as a picture of the existence or formation of employee engagement in Palace environment. This is believed to be the result of the implicativity of the values contained in the speech or the *tembang Macapat* speech implanted in them. Such "abdi dalem" capable of "ngayahi dawuh" is recognized as one of the important factors for the success of the Sultanate Based on the social phenomenon that occurs in working life, in fact the tradition of employee engagement has been found phenomenally, but conceptually and theoretically not yet awakened, and on the basis of empirical facts also researchers build a theory about employee engagement that in the last decade is emerging and busy studied, Such as Kahn [2], Baumruk [15], Shaw [16], Richman [17], Ferguson [18], and others. Based on the results of his research, Kahn [2] defines employee engagement as the maximum deployment of members of the organization in performing its duties, both physically, cognitively, and emotively for performance improvement. The definition is seen to be used as a reference by other experts in their participation to explain employee engagement. This concept is also understood as an emotional and intellectual commitment [15], [17], [16] a psychological condition that crosses three aspects called by Kahn [19], and as individual involvement and satisfaction as well Work enthusiasm [20]. Another view states that employee engagement as an illusive force that drives employees to achieve optimal performance [21], and all the positive attitudes that employees show toward the organization [22]. Kumar & Suwetha [23] summarizes the thoughts of The Business Communicator [24] research institute that employee engagement contains three important aspects: two sides of the coin in the form of knowledge needed to perform the work and the motivation to apply the knowledge they possess, Devotion) is ever-increasing to achieve organizational goals, and as a social process in which employees are personally involved in strategies and changes in everyday tasks.

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METHOD

The type of this research is analytical descriptive research on the basis of research data in the form of information about the factors forming or driving employee engagement contained in Tembang Macapat by Raden Ngabehi Ranggawarsita. The tool used to explore the values of local wisdom is the study literature, then the researchers are prepared based on the concept described through the indicators. This study is systematically done on the base of literature overview on tembang mocopat Results and Discussion Tembang also contains the value of local wisdom that can be classified into two parts, namely the value of consciousness berketuhanan and the value of cooperation. Among all the fibers mentioned above, Kalathida fiber contains two songs that contain the value of consciousness berketuhanan and two songs that contain the value of awareness berketuhanan and team work. Sabdatama Fiber contains one song that contains the value of consciousness and cooperation and cooperation one song that contains the value of cooperation. The Sabdajati Fiber contains one song containing the value of consciousness and one song that contains the value of cooperation. The Witaradiya fiber contains one song that contains the value of cooperation.

Figure 1.1: The Value of Local Wisdom in Tembang Macapat

No.	Tembang Macapat creation Ranggawarsita			
	Nama Serat	Nama Tembang	Value of Local Wisdom	
			The value of Divine Cosciousness	Value of <i>team work</i>)
1.	<i>Kalathida</i>	Gambuh (6 Tb)	Goodwill, patience, self-knowledge	Responsible, diligent work, love to learn
2.	<i>Sabdatama</i>	Gambuh (3 Tb)	Humble, clever take wisdom	the simple Life
3.	<i>Sabdajati</i>	Megatruh (2 Tb)	Taqwa, tawakkal, think positive	Light hand (like helping), competing healthy
4.	<i>Witaradiya</i>	Megatruh (1 Tb)	-	Persevering work

The Value of Divine Consciousness Some values of local wisdom in tembang macapat work by Raden Ngabehi Ranggawarsita have implicatur in forming employee engagement (EE) among them are: good intention, humble, patient, taqwa, tawakkal, clever take wisdom, know self, positive thinking. These values are contained in the eight macapat tembang. This shows that conscientiousness plays an important role in social life, including in work activities.

Good intentions are the foundation or foundation of the positive mental attitude of employees in doing their work. It is believed that every job depends on its intentions. On the basis of this belief the employee would start his work with good intentions that inculcate the 'will of the heart' for a good, both for himself, colleagues, and organizations. So this good intention frames the motion of the

employee to keep behaving positively (EE) in working or not outward towards bad and adverse work behavior called counterproductive work behavior (CWB). Ki Ranggawarsita taught "goodwill" in doing the work based on the teachings of Islam which affirm that "the charity really depends on its intention" The behavior of good intentions in doing the job is also spoken in Javanese philosophy such as "aja golek wah, mengko dadi owah" (do not do the job with the intention to be praised, cared for, and flattered by people because it will make the goal change and bad results, but do the job with the intention good). Another well-known Javanese philosophy is also famously spoken, namely "lonely ingenuity, rame ing gawe" (not oriented towards compensation, but rather focusing on doing the job as well as possible). This philosophy implicatures that one should do a job with good intentions, not be deceived or lulled by a desire for rewards of what will be obtained, or eager to get the material as much as possible but the work is not done well. When this happens, it is clear that the work was done not based on good intentions, but bad intentions. This will make the work is not as expected because the work is done with bad lust or bad intentions that are influenced by lust.

In addition, humble (*andhap asor*) is a positive behavior that shows that an employee is not arrogant, not arrogant, and not arrogant. Humble employees are self-knowledgeable, respectful to colleagues, and understand the organization. Such humble behavior is recognized to drive employees into engaged employee. Javanese tradition or culture strongly emphasizes humble behavior. This cultural value is widely embodied in speeches such as "aja adigang, adigung, adiguna" (do not like to rely on power, nobility, and intelligence), "aja dumeh" (anyone should not boast or rely on rank, position, position, or power to suppress, Blackmailing, or oppressing others because in fact the human being is the same in front of the Creator, and only his *taqwanya* distinguishes his degree before God). Other lines containing the same implicature are "kendhel ngringkel, dadhag ora godhag" (dashing, brave and clever, but really cowardly and stupid). The utterances contain the power of pragmatic implicatures that the person should not be proud, not arrogant or arrogant, but must behave in all manner of things so that it will be authoritative, calm and virtuous. Humble is recognized as the value of "kejawaan" inherent in the behavior of everyday life so it has become "unen-unen" (convention said) that the Javanese are humble people (*andhap asor*) [25]. Behavior *andhap asor* is also spoken in the following *Mijil tembang*.

Dedalanne guna lawan sekti

Kudu andhap asor Wani ngalah dhuwur wekasane Tumungkula yen dipundukanni Ruruh sarwa wasis Samubarangipun

The principle of humility in Javanese culture is in harmony with the results of research conducted by Asim Gunarwan scientists [25] on Javanese society (Solo and Yogyakarta). Javanese society holds the values of "kejawaan" in social interaction both in social life as well as in the world of work. Gunarwan [25] summarized the values of *kejawaan* into ten points as follows. 1) The living person must always maintain harmony among all people (*rukun agawe santosa, crah agawe bubrah*); 2) The duty of everyone is to show respect to others according to their respective degrees (*kurmat*); 3) People should always be humble (*andhap asor*); 4) In behaving each person must pay attention to the place, position or rank of each (*empan-board*); 5) In doing something to others, each person must consider how he feels if the act is directed to himself (*tapa-slira*); 6) Those who dare to succumb will eventually gain a high degree (*wani ngalah, noble wekasane*); 7) If scolded by superiors or elders, be polite; 8) People can be rich without possessions; 9) Characteristics of the offspring of good people is polite and courteous behavior; 10) In many ways, saying something indirectly is better than saying it outright.

Forbearance is also viewed as a positive mental attitude of employees in the work. Forbearance in work or patience tasks in controlling oneself from harmful behavior. Patience in question is mental or mental resilience, not easily discouraged, not easily trapped emotionally in the work. Patient employees have high levels of self-control. The wise words of the Javanese teach a lot about patience, such as "gliyak-gliyak tumindak, sareh pakoleh" (patience will bring the achievement of goals); "Yitna yuwana lena kena" (whoever is careful and patient will survive, anyone who careless and negligent will get disastrous); "Alon-alon waton kelakon" (let slowly survive, be patient / be careful so it can be done); "Patience sareh mesthi will pakoleh" (patience accompanied by a calm heart will

be able to make the achievement of the goal). These words of wisdom contain implicatures that a person should behave patiently in life including in working life because patience can actually lead to success. In addition to the wise words mentioned above, here is also the famous macapat sekar Asmaradhana song sung by the Javanese, especially those who deepen or study the Javanese philosophy

Aja turu sore kaki

Ana dewa nganglang jagat Nyangking bokor kencana Isine dunga tetulak

Sandang kaliyan pangan

Yaiku bagianipun

*Wong melek, **sabar**, narima...*

(Jangan tidur lebih awal di waktu petang saudara, Ada dewa turun ke bumi,

(Do not sleep early in the evening, There is a god down to earth, Carrying a golden purse containing prayer protection, clothes and food, It is shared with people who are sleepless, patient, and willing to accept) (Sekar Asmaradhana, in Kamajaya,[1])

The song teaches that human beings should not be lazy because God always gives His bounty and fulfills the needs of people who always actively worship and work. They are "literate" people, those who are always 'dhikr', intelligent, knowledgeable, faithful, and open minded. Also, they are "patient" people, who are always able to control their lusts, istiqamah (consistent) in carrying out the commandments of God and away from all his prohibitions, and those who "narima" (qana'ah). These three groups (literate, patient, and narimic) actually active people are not passive, dynamic rather than static, and creative rather than conservative. This category is also the one God likes because they are in a frame of glory. Thus, patient employees are active, dynamic and creative who can make positive contributions to themselves, coworkers and organizations.

The value of consciousness berketuhanan in tembang macapat highly contribute in forming employee engagement is taqwa. The value of devotion shapes an employee to behave away from something forbidden by God and constantly strives to do what God tells us to do. Therefore, devoted employees always avoid counterproductive work behavior (CWB) behavior because the behavior is contrary to the values of awareness berketuhanan, but on the other hand try to contribute positively in the work so that it can lead to be engaged employee.

Javanese culture teaches the value that leads someone into the pious behavior of God that is spoken in the expression 'religion ageming aji' (religion as noble guidance). This utterance implicatur that implies that human beings hold fast to the teachings of religion, namely piety to God so that life becomes noble both in the world and in the hereafter. In another utterance it says "praise of the prince" (worship of God) which can be interpreted as a form of devotion from godly behavior to God. The implicatur power contained in the utterance that everyone who wants to live a noble life must be devoted to God in everyday life. This taqwa behavior can clearly establish employee engagement within the organization.

Tawakkal is perceived as a positive behavior of an employee who emerges after all maximal efforts are made in doing the work. In this case, the employee performs the surrender and all the work to God after maximum work or optimal effort is done based on the belief that God is Most Decisive and All-Giving Rizki to all beings. Employees with reckless behavior are ensured to work hard as well as possible, to do the best and benefit and not to do any harmful negative actions. The lexical 'tawakkal' means submitting to God.

'Tawakkal' is a surrender and all compensation from goodness done to God with sincerity and faith. This behavior can shape the behavior of not being greedy or willing to accept what is part of it or that has been established by the organization, not haunted by feelings of always lacking, and forming a work spirit that is maintained. The Javanese philosophy refers to the behavior of "receiving the pandum" (accepting what is given or granted), whereas the Islamic perspective refers to it as the "qana'ah" behavior (sincerely accepting what God gives). Behavioral behavior can actually bring about peace of mind so that employees who tawakkal and "nerima ing pandum" or "qana'ah" feel calm, happy and eager in doing his job optimally.

Other behaviors that are included in the consciousness berketuhanan is clever take lessons (lessons) from events that occur. It is meant by this behavior that employees behave and behave positively as a response to events or everything that is felt or that befell on self and others. This kind of behavior certainly benefits both employees, coworkers and organizations. This behavior is also a reflection of the self-knowing behavior of who he really is in his capacity as an employee and as a creature of God. This behavior establishes the employees are not arrogant so it can be accepted by the work environment and support a conducive working atmosphere. Also, self-aware employees have an awareness that work is worship as one manifestation of his or her belief that God created man for the purpose of worship.

Clever take wisdom or lessons from events that happened either on the self or others seen as behavior "responsive" in Javanese philosophy. This behavior can also be categorized as 'eling' behavior or conscious and self-understanding and events especially in the world of work. Employees who always "eling" are classified as "beggar" employees (lucky) so that they can contribute positively to themselves, colleagues and organizations. This is in accordance with a very famous speech as the teachings or principles of life that Ranggawarsita triggered, "begja-begjane kang lali, luwih begja kang eling lan alert" (fortunate enough to forget, still more lucky people who remember and alert). Behavior "and" alert "are two inseparable behaviors that can deliver employees as" beggar "(lucky) people in their lives. Such behavior is a reflection of the attitude of "responsiveness" in taking wisdom (lessons) in every event or event.

Positive thinking or positive prejudice against co-workers and any existing social phenomena color the person's behavior in work. Positive thinking breeds positive behavior, and vice versa. Thinking / prejudging negativity is disliked by God even including sinful acts because it will only engender destructive and self-defeating behaviors, co-workers, and organizations. Clearly, this kind of positive thinking is very contributive to the formation of employee engagement. Religion does teach people to put forward positive thinking / prejudice (husnudz dzon) and stay away from negative thinking / prejudice (su'udz dzone). The advantage for positive thinking is the presence of peace of mind or peace of mind which, in turn, can lead a person to self-control, attitude and positive behavior that ultimately benefits others besides himself.

Positive thoughts and prejudices are also able to build and maintain good relationships among employees because among them there is no gap or personal barrier in the form of feelings and attitudes of anger, jealousy, envy, and the like that evoke lust anger and lust clearly evil relationships in the personal. Between employees and in turn will damage their working conditions and performance. The Javanese philosophy teaches the principle of 'harmony' and avoids 'contention' or hostility. This can be seen in the adhered speech of "rukun agawe santosa, crah agawe bubrah" (harmonious make peace, quarrels lead to destruction). The harmonious life and brotherhood can be built on the foundations of positive thoughts / prejudices against others or partners. Positive thoughts / prejudices are not only done in relation to others, but also to God. Javanese philosophy as taught by Ranggawarsita that man must have positive thoughts / prejudices to God in any case, whether that befall themselves or ot.

VALUE OF COOPERATION (TEAM WORK)

Some of the values contained in the song macapat in the form of value of cooperation (team work) that includes: responsible, simple life, diligent work, like learning, light hand (helpful), and compete healthy. Those values are in a solid and resilient working atmosphere. Teamwork can be understood as a way of working that promotes the value of mutual co-operation, the same light weight is shared, sharing information and knowledge, skills and experience and all of it refers to the optimal performance and objectives of the organization. These values can be explained as follows. Teamwork has a tradition of responsibility in work, both individual responsibility and group responsibility. Behavioral responsibility is ensured to be attached to each team member so that every job can ensure a satisfaction. Work done with responsibility can bring maximum results so as to benefit all parties. Conversely, the lack of responsibility in a teamwork can create disappointing work and damage to the work environment. Behavior of responsibility to work in a team work can establish

employee engagement in a conducive working environment. The Javanese philosophy that teaches responsibility as it is said in the wise words "mulat salira, hangrasa wani" (before acting must know themselves, think clearly, not alone to not disappoint others, also firm in deciding whether or not able to do something Willing to take responsibility for the actions taken). Another lesson of the same implicatur is "yen wani aja wedi-wedi, yen wedi aja wani-wani" (if dare not be afraid, if afraid not to be brave); "Ing ngarsa sung tuladha, ing madya mangun karsa, tut wuri handayani" (in front of giving good example, amid encouragement, behind giving strength or support). These three utterances contain implicatures responsible for deeds or work.

Behavior "hangrasa wani" shows the courage and firmness to do the job if deemed capable and dare to take responsibility for the work done. The behavior of "yen wedi aja wani-wani" suggests that a brave, self-serving, pretentious and pretentious life is not justified because the behavior clearly makes the person unable to take responsibility. The final word of wisdom is especially well known among the Javanese that everyone is likely to occupy three places in a social order, ie in front (ing ngarsa), in the middle (ing madya), and behind (tut wuri). The inner position requires everyone to be accountable in accordance with their abilities that are outlined in detail that when the lead is responsible to provide good role models, as close to the members are responsible for encouraging, and when behind them they are responsible Answer gives full support in order to achieve what the goal. The Javanese philosophy also teaches a simple lifestyle. Tembang macapat Ranggawarsita's work also contains simple lifestyle values including in the work environment. Simple life is meant to maintain and refrain from all temptations and the influence of luxury, glitter of the world, and excessive in terms of clothing, food, and board. This is not to say anti-luxury goods, delicacies, and magnificent homes, but all that can be met if you can not with excessive levels. Employees who have a simple lifestyle tend not to be ambitious, not greedy, and willing to accept what is part of it. Of course this behavior is beneficial to employees, colleagues and organizations. Therefore, employees who are greedy and high-life style can damage or harm the organization because it always feels lacking, it is possible to think dirty that can lead to adverse work behavior also, both for the team and the organization The value of the wisdom contained in the Javanese philosophy of life is as simple as it is said in the word "wicked crisp" (looks dashing and luxurious but dry is nothing); "Aja golek wah mengko dadi owah" (do not look for praise, idol, or flattery that actually harm); And "ajining diri dumunung ana ing lathi" (one's self esteem lies in his speech). The first and second wisdom implicatures that one should live a simple life, not luxurious and splendid even in a state of affluence, let alone a luxurious lifestyle but in fact in a deficiency that is only to get praise, adulation and respect from others.

Similarly the third wise word contains the same implicature power but this is much more popularly used in everyday life. This word of wisdom emphasizes that politeness is a very important aspect and leads people to behave in a simple and humble manner which in turn can elevate a person's degree both in relation to his fellow human beings and his relationship with the omnipotent

Teamwork desperately requires diligence and a tradition of learning. The diligent and studied employees are sure to have progress and developments in the tradition of thinking, working, and social interaction. Ha is due to the changing work environment and technology so rapidly that it is necessary to learn to improve the ability of adaptation and work skills. In this way teamwork can develop, efficiently and effectively in achieving its goals. A wise word that contains implicatur power about the diligent behavior that is often spoken, that is "alon-alon waton kelakon" (let slow origin safe/done). Speech indicates that one should behave patiently and diligently for a desired goal. The word 'alon-alon' can be understood as a behavior of not giving up easily, not easily discouraged, and behaving consistently in doing every job to succeed.

The word bijak associated with learning behavior that is often spoken is listed in the following macapat song;

*Ngelmu iku,
Kalakone kanthi laku, Lekase lawan kas, Tegese kas nyantosani,
Setya budya pangekese dur angkara.*

(The science is accomplished by deeds, Starting with a will, That is, willingness to build kesentosaan, Truly mindless conquering all spirits) (Sekar Pocung, in Kamajaya, 1985).

Tembang that contains the real meaning that science can only be achieved by learning, hard, and high spirit that is intended to build a good and eradicate munkar. For that one can learn and learn in the future in order to uphold the truth and goodness and evil. Knowledgeable people have a high degree of knowledge both in social life and in the eyes of God. So obviously who likes to learn have the ability to build and uphold the good and away from and eradicate munkar. Likes to be helpful or lightweight is also a positive behavior that can shape employees into engaged employees. This behavior is a reflection of thinking maturity, personal maturity, and sensitivity to the work environment and conditions of others. Helpful employees are very profitable for themselves, coworkers, and organizations because this behavior is an attribute of God that is always good and provides help to His servant. In the divine perspective (deity) someone who helps helps will always get help from God in any case because the behavior of help is clear to yourself. Thus, it is clear these behaviors shape employee involvement in the work environment.

The value of local wisdom contained in the following wisdom shows helpful behavior, namely "ngundhuh wohing pakarti" (everyone will get a worthy reply from what is done). This utterance implicatur that implies that someone should do good deeds like to help others because people who like to help others especially those in need will get a reward of kindness or help from God. Goodness done in the likes of helping will be felt by itself reply or goodness is delegated to the children of their grandchildren. On the contrary, if a person likes to do evil or does not want to help others then certainly will aka reap the results of the crime in the form of something that is not happy or miserable self and descendants of descendants.

Race in goodness (healthy competing) is taught by God. The content of this kind of value in tembang macapat shows that Ranggawarsita known as an Islamic scholar based his work on the teachings of Islam. Healthy competing behaviors in the workplace are manifested in the form of developing self-potential, working and doing the best, and doing anything that can provide the greatest benefit to others. Employees like this do not have the nature of jealousy, envy, and hasut to colleagues, it helps the co-workers in accordance with the ability they have. Thus, this behavior is very clear to establish employee engagement and eliminate damaging behavior or CWB.

In addition, there is a word of wisdom that implies that someone should behave or do better based on a healthy competitive spirit with each other. The word wise is like "wooden hayuning bawana" (adding to the beauty of a world that is created so beautifully) that means that something that is good should be improved to be better or more beautiful so that there is an increase over time instead of destructive or destructive behavior either for oneself Or others. A healthy competitive spirit is the foundation or spirit of this behavior that must be inculcated to realize the value of the benefits of what is produced.

FINDINGS

Based on the results of this study, it can be concluded that the value of local wisdom contained in the tembang macapat works Raden Ngabehi Ranggawarsita can be divided into two, namely the value of awareness berketuhanan and the value of team work (team work). The value of awareness berketuhanan include: good intentions, humble, patient, taqwa, tawakkal, clever take wisdom, know yourself, positive thinking. The value of team work involves: responsible, simple living, diligent work, learning, light hand (helpful), and competing healthy. Both domains of local wisdom contribute to the formation of employee engagement (EE) in the work environment and keep employees from counterproductive work behavior (CWB).

Recommendation Researchers also provide recommendations related to the establishment of employee engagement (EE) so as to provide something that can be done by managers in developing a reliable and competitive human resources. Some of the recommendations that can be given in this study are listed as follows. 1. It is recommended to human resource managers to make efforts to cultivate the value of local wisdom that can encourage the formation of employee engagement attitude. 2. It is recommended to the organization that employee engagement is an important issue in

the management and development of human resources in the global era so that it is necessary to fully support the establishment of employees engaged through the inculcation of local wisdom values. 3. For future researchers, it is recommended to conduct research aimed at exploring the values of other local wisdom that can encourage employee engagement attitude.

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