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BUREAUCRATIC REFORM POLICY STRATEGY USING THE CIPP MODEL FOR THE IMPROVEMENT OF PUBLIC SERVICES IN KEMENKO-POLHUKAM

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Abstract

This study aims to evaluate bureaucratic reform strategies in organizational units within the Coordinating Ministry of Politics, Law and Security (Kemenko Polhukam). Bureaucratic Reformation has the main objective of realizing world-class governance characterized by the implementation of effective, efficient, accountable, transparent governance, clean from collusion, corruption and nepotism practices or clean government, so that can ultimately improve employees' performances related to the tasks and functions of the Kemenko Polhukam which are synchronization and coordination of planning, drafting and implementing policies in the fields of politics, law and security. One area of reform that is quite important to improve is public services, especially in the current era of regional autonomy which provides opportunities for regions to innovate, creative, and create the best models for achieving quality improvement for the community. The research methodology used in this study was qualitative research that resulted descriptive data by using the CIPP (Contexts, Input, Process and Product) evaluation model. The results showed that bureaucratic reform in the Coordinating Ministry for Politics and Security was quite good, which increased from the previous year as much as 6.1%. Several bureaucratic strategies were implemented between changing the management, arranging the laws, arranging organization and governance, structuring the HR management system, strengthening supervision, strengthening public accountability teams, improving the quality of public services, monitoring and evaluating the related units.

Keywords: *Bureaucratic Reform, Strategy, Obstacles, CIPP model.*

Abstrak

Penelitian ini bertujuan untuk mengevaluasi strategi reformasi birokrasi di unit organisasi pada lingkungan Kementerian Koordinator bidang Politik Hukum dan Keamanan (Kemenko Polhukam). Reformasi Birokrasi mewujudkan tata kelola pemerintahan yang berkelas dunia dengan bercirikan terselenggaranya pemerintahan yang efektif, efisien, akuntabel, transparan, bersih dari praktik-praktik kolusi, korupsi dan nepotisme atau *clean government*, sehingga pada akhirnya mampu meningkatkan kinerja pegawai yang terkait dengan tugas dan fungsi dari Kemenko Polhukam yaitu sinkronisasi dan koordinasi perencanaan, penyusunan, dan pelaksanaan kebijakan bidang politik, hukum, dan keamanan. Salah satu area perubahan reformasi yang cukup penting untuk ditingkatkan adalah pelayanan publik, terutama di era otonomi daerah saat ini yang memberikan kesempatan kepada daerah untuk berinovasi, berkreasi, dan menciptakan model terbaik demi pencapaian peningkatan kualitas kepada masyarakat. Metodologi penelitian dengan pendekatan penelitian kualitatif yang menghasilkan data deskriptif, menggunakan model evaluasi CIPP (*Contexts, Input, Proccess and Product*). Hasil penelitian menunjukkan bahwa reformasi birokrasi di Kemenko Polhukam cukup baik, dimana meningkat dari tahun sebelum sebanyak 6,1%. Beberapa strategi birokrasi diterapkan diantaranya manajemen perubahan, penataan Perundang-Undangan, penataan organisasi dan tata laksana, penataan sistem manajemen SDM, penguatan pengawasan, tim penguatan akuntabilitas publik, peningkatan kualitas pelayanan publik, monitoring dan evaluasi pada masing-masing unit yang terkait.

Kata Kunci: Reformasi Birokrasi, Strategi, Hambatan, model *CIPP*.

INTRODUCTION

The reform of the bureaucracy that rolled out into the National Agenda defined through regulation of the President of the Republic of Indonesia Number 81 year of 2010 about the Grand Design of the Bureaucratic Reform and the Regulation of the Minister of State for Administrative Reform and Bureaucratic Reform Number 20 year of 2010 concerning the year 2010-2015 Road Map about Bureaucratic Reform. Bureaucratic Reform has the main goal of realizing world-class governance characterized by effective, efficient, accountable, transparent governance, clean from the collusion, corruption and nepotism or clean government, so that the improvement of the performance of the Organization of the Government is achieved. The national agenda for the reform of the bureaucracy is to encourage all government organizations that still considered slow, wasteful, and ineffective, to be able to serve with the support of the Government apparatus which have adequate capability so that they are able to perform optimally, effectively and efficiently in the governance process. Efforts to change the paradigm are carried out, among others, through organizational restructuring, so that the size of the organization becomes the right size according to the needs of the implementation of organizational functions, changes and improvement of work mechanism procedures with the implementation of quality standards.

According to Meliana (2014) in her research says that the reform of the bureaucracy is the arena and vehicle for optimizing

changes in the government administration which currently considered slow, convoluted, incompetent, and corrupt. Improving the governance through bureaucratic reform program has entered the second phase. One of the areas to the reforms which is important to be improved is the public services, especially in the era of the current era of regional autonomy that provides opportunities for regions to be innovative, creative, and to create the best model for achieving quality improvement for the community. The development of a strong bureaucracy is an important element to maintain the continuity of sustainable development. To that end, bureaucratic reform will be implemented throughout all ministries/institutions and then forwarded to local governments. Furthermore, in the preparation of planning and budgeting, a comprehensive performance-based budget system will be conducted. The reform is expected to bear positive results especially in the improvement of the quality of public services, the effectiveness and accountability of the activities of the ministries/institutions and corruption prevention.

Fundamentally, bureaucratic reform is expected to lead to changes in the body of the organization, and these changes must be able to be adapted by the entire apparatus. Moreover, the existence of the program quick wins that demands speed in influence, outcomes, and the impact of the bureaucratic reforms implemented. According to Rhenald Kasali (2007), there are 2 (two) types of changes in the organization, (1) operational changes, namely small changes that are par-

tial and generally do not give such a broad impact on other units in the organization, (2) strategic change, which has a broad impact and requires coordination and supports of related units, or even entire organizational components. Putra, Djumlani and Paselle (2014) in their research said that bureaucratic reform in the civil service are implemented through competency-based Human Resources Management Systems in the staffing system is a paradigm that gives direction for empowering Human Resources-Civil Servants in order to manifest the Civil Servants who are professional, responsible, fair and fair, as mandated in the Act – Chapter 12 number 43 year of 1999.

In general, the assessment of the progress of changes the bureaucratic settings has not shown a satisfactory achievement. Various assessments from the survey of independent institutions provide strong evidence of the low public perception of the performance of the bureaucracy after regional autonomy. Stereotypes about corruption, collusion, and nepotism remain congenital defects that overshadow all local government activities in managing the machinery of the government.

Bureaucratic reform in the Coordinating Ministry for Politics, Law and Security experienced obstacles and constraints in the implementation of the policy, namely the process of transition from a bureaucratic reform system towards a system of post bureaucratic reforms that has not been fully completely because not all components of bureaucratic reform can be carried out by *Kemenko Pol-*

hukam, due to the limited human resources that are owned by *Kemenko Polhukam* and still not optimal public service given by *Kemenko Polhukam*.

According to Santoso (2012), the history of bureaucracy in Indonesia has a bad report, especially during the new order, which made the bureaucracy a political machine. As a result, people have to pay expensive fees. The uncertainties of time, costs, and who is responsible for are some empirical facts about the destruction of bureaucratic services. Moreover, bureaucracy services have become one of the main causes of the rise of Corruption, Collusion and Nepotism (*KKN*). Political officials who fill the Government bureaucracy are very dominant. This condition for quite a while awakened forming attitudes, behaviours, and opinions that political officials and officials of the bureaucrats could not be distinguished.

Zuhro (2010), says that the model professional and neutral bureaucracy characterized by bureaucratic arrangement that supports the widespread creation of spaces for public participation empowerment and increased community creativity. In other words, the bureaucratic model is competitive within and between its parts. There is the institution of autonomous participant empowerment outsourcing competitor the democratization of public initiative and the making of early warning to the public of professional public service standards transparent in terms of cost and time public accountability system of appointment based on merit, the expertise of the collective objective of supervision com-

petition institutions in providing public services and politically neutral. Firman (2015) said that the poor quality of services and the freedom of information that had been held in the bureaucracy made some problems in achieving a good quality of service. Regulations concerning public services must be a reference that can be maximized by regulators when implemented. This makes the public service becomes a complicated, long and expensive. This also triggers abuse and corruption at various levels of government. Coupled with bureaucratic way of thinking which does not made public as the actor to be served.

Bureaucratic reform agenda also tends not to have a clear orientation in various bureaucratic problems especially in bureaucratic performance. Manting (2017) in his research found that bureaucratic reform is one of the right ways to build people's trust. Bureaucratic reform is an attempt the principal change in a system in which changes the structure, behaviour, and the existence or old habit. The scope of the bureaucratic reform is not only limited to the processes and procedures, but also related to changes in the level of structure and attitudes as well as behaviour.

The research approach used in this study was a qualitative approach, in which the research process is used based on theories that are relevant to the issues canvassed in order to find a solution in the problems. Research was conducted by qualitative analysis purely by studying and doing identify intrinsic against existing phenomena. Implementation

of comprehensive operational standards procedures in West Jakarta Prisons Hall (*Bapas*) is the implementation of the duties and functions that are passed down in writing and detail so that each employee in the performance of his obligations as a state civil servant can work optimally and make real contributions to the creation of employees who optimal in the framework of good governance.

Wardana and Meiwanda (2017) said that the changes in the pattern of governance in Indonesia along with bureaucratic reform are needed because of the government situation continues to shift; the old system is certainly no longer suitable if applied in the current era of Indonesian government. Public interests and values are the focus in this article, attempt a bureaucratic revamp of the government of Indonesia towards the better prioritizing the interests of the community, as parties served requires a long process, bureaucratic reform does not only focus on government movement, all components of the society can also support this bureaucratic reform so that effective governance will be quickly achieved. This is supported by research conducted by Tanti, S Zauhar, and Rochmah (2017) that the change the paradigm of the government from a centralized approach to decentralization which is characterized by autonomous region policies brings a new nuance in the implementation of regional government. The change in the paradigm altogether characterizes changes in the volume or task burden of the regional government in accommodating all matters submitted which later will be accommodated in the organizational structure of the regional apparatus. Bureaucratic re-

form at both the central government and regional governments is a necessity in effort to realize “good public governance.” Other government service bureaucratic reforms, public confidence towards the government has decreased while dealing with licensing documents that seem convoluted. With the existence of the problems, the Pasuruan City Investment and Integrated Licensing Service have made bureaucratic reform by issuing a One Stop Integrated Service system. Cepiku and Mititelu (2010) in their research said that the implementation of the administrative reform, particularly bureaucratic reform did not always run smoothly, full of challenges faced require a very ripe, agenda having previously not prioritized and not clearly defined in terms of the implementation of an effective, though referring to a strong desire. For this reason, it is necessary to select and develop proper strategies in an effort to succeed bureaucratic reform of the bureaucracy to realize effective governance in local government, as Nuril (2018) said in Hanh Been Lee that the strategy is a variable that is used to change the administrative reform that includes the type, scope and pace of reform. Prasajo and Kurniawan (2008), said the strategy was necessary, because of weak agents of change, the internal structure of the institution is not intended for big changes as well as the scope and pace of reform should be compromised. To step into the implementation of administrative reform, two strategies are offered, namely the Comprehensive Strategy and incremental strategy. Comprehensive Strategy is a method or pattern used by a central managerial in controlling several

areas of coverage such as personnel, budget and organization. In the implementation of these strategies, the necessary political support from regulators, while the legislature and political parties rarely provide adequate support. Ruler required political commitment, considering the entire planning administration reform will be carried out and must be made known to the rulers, so that the desired goals will be achieved. As a result of research in several areas, it was found that one of the factors supporting the success of the reform of the bureaucracy in the area is the commitment and political will the head area. Incremental strategy is an approach that viewed the Administration’s reforms gradually and as sequential chain, because reform is considered as a process. This approach gave priority to training that involves not only the staff of the Agency’s reform, but also people from other relevant agencies. Each strategy has advantages and limitations. The advantages of incremental strategy can build trust among agents of reform. While its limitations as his approach are way up (gradually), so it will need a much longer process. The advantages of comprehensive strategy, the changes will be thorough and takes a relatively shorter than incremental. The limitations require more attention from both the government and related agencies/institutions. Therefore, the time, the main issues of the strategy is influenced by the following conditions:

1. The draft administrative has reform scheme are obvious, including the alternative solutions.

2. Depending on the power of the Government, in seeking the political support, especially from the bureaucracy.
3. Implementation of the reform of the scheme should be communicated into or out of the organization. Requires that members and sub-groups of the Organization informed
4. Environmental change crucial reform can be effective.
5. The implementation of the scheme more moderate reforms.

Dror (2014) posited six cluster administration reform strategy more dip (concrete) on the question of the reform of the administration. Broadly speaking, donation is thought Dror in the strategy reform of Administration regarding the quality of Human Resources needs, the separation of the influence of political power against bureaucracy and a fundamental system change, namely by doing decentralized. Below are six thought reform strategies concerning Dror administration, namely: (1) Producing the efficiency of the Administration, can be measured from the value for money-saving aspect, for example through simplification of procedures, changes in procedures, reduction of the duplication process and the same approach in the Organization and methods; (2) Reducing practices that weaken the administrative reforms (such as: corruption, cronyism, favouritism and others); (3) changing the main component of the administrative system to generate ideal conditions, such as applying merit system employment, implement a program-based budget system,

build data banks and so on; (4) Adjusting the administrative system to anticipate the effects of social changes due to modernization or war; (5) Dividing clearly between employees on the system of the administration of development in the political system, for example, break down the powers of the Government officials or bureaucrats at the senior level, so the more wayward in the political process; (6) Changing the relationship between the administrative system with all or part of the components of the society, for example through a strategy of decentralization, democratization and participation. Hanafie (2014) said that the Administration's reform strategy options above require a system of policy making that is of high quality. On the perspective of service and performance improvement of government bureaucracy, Effendi (2009), revealed that the reform strategy is defined as efforts to improve the quality of public service, accelerating the eradication of corruption, increased the performance of Human Resources management, staffing agencies based performance, remuneration and meritocracy, competency-based training, settlement of the status of honorary officers, daily power off and officers are not fixed as well as deregulation and debureaucratization. It turns out that in GDRB (Grand Design the reform of Bureaucracy) in Indonesia, seems that the implementation of the reform of the bureaucracy that proclaimed is not comprehensive, but rather, because through incremental stages, which includes four stages, namely (1) implementation, (2), (3) implementing the program, and (4) the method of implemen-

tation. At this stage, implementation of the reforms carried through three levels of implementation other than bureaucratic reform strategies expressed in GDRB, the following methods of the implementation of the reform of the bureaucracy is done with four ways: (1) Premetive; predicting the possibility of a bureaucratic practice that is considered inefficient, ineffective, cause lengthy process, CCN and other opportunities and anticipative steps; (2) Persuasive, performing various bureaucratic reform efforts such as through socialization, public campaign, internalization to build the status and individual commitment; (3) Preventive; preventing the possibility of a bureaucratic practice that is considered inefficient, ineffective, raises the long process, *KKN* opportunities, and open up more. Through a change in mind set, culture sets; (4) action/sanction, sanction or punishment such as apply for those who don't perform in the implementation of the reform of the bureaucracy. Patrisia (2017) in her research revealed that in carrying out the reform of the bureaucracy was not easy, the various obstacles encountered, certainly from either internal or external environment. In other words, the bureaucratic reform failure hampered indirectly because of low morale and motivation of *SDM*. In fact the issue of human resources (*SDM*) is also related to: (1) recruitment system, (2) placement (the right man in the right place), (3) the system of incentives; and (4) salary. The recruitment system still nuanced *KKN* will not produce human resources in accordance with the competencies and professional. Collusion and Nepotism led to the policy

makers into a dilemma in deciding the ideal HR, because analysis of the position of the base will not be a consideration. The decisions taken, typically are political also the placement of someone in certain position. The basic consideration is taken not based on competence. The analysis of the position or performance, often are political to keep the interests of power management. Incentive systems and inadequate salaries contribute towards the course of the reform of the bureaucracy, because of incentives and salaries may motivate the bureaucracy in the exercise of his duties, so as to realize the performance well. With a high salary and incentives will give stimulus bureaucracy work well and expected corruption does not occur.

RESEARCH METHODS

The research method is qualitative. According to Creswell (2010), research is qualitative methods to explore and understand the meaning by a number of individuals or a group of people considered to be derived from social or humanitarian problems. The research was conducted in Ministry of Politics, Law and Security (*Kemenko Polhukam*). The data sources used in this research were primary data and secondary data. Primary data obtained from first through a structured interview to the respondents by using questionnaires. The respondent is an expert resource person selected based on considerations of expertise, practical experience, and stakeholders. The secondary data were obtained from various sources through the study of literature, institutional and other agencies, as well as references from the in-

ternet. This data is in the form of the results of the review of the literature, reports, documentation, archives, and others. Engineering data collection performed is observation, in-depth interviews, and conduct studies of the literature. The technique of determination of the respondent's done deliberately (purposive sampling) who are considered expert/experts. Expert interviewees in this study are: (1) the head of the Bureau of planning and organization; (2) the head of a law firm, Proceedings and Institutional Relations; (3) the General Bureau Chief; (4) Deputy Secretary 1; (5) the Deputy Secretary 2; (6) the Secretary Deputy 3; (7) the Secretary Deputy 4; (8) the Deputy Secretary 5; Deputy Secretary (9) 6; Deputy Secretary (10) 7; (11) the Inspectorate.

Processing techniques and data analysis conducted this research is using the CIPP model (context, input, process, product). This is beneficial for the CIPP model analyse issues strengths and weaknesses of a particular object that will be or is running so that gives you an idea to decision makers in planning a program to make it more directional, and reduce the potential for failure. The evaluation context is also expressed as the focus of the institutions identify opportunities and assess the needs formulated as a gap (discrepancy view) the condition of the real (realistic) and the expected condition (idealistic). Evaluation of input can be said to be an evaluation of the information provider to determine how the use of the resources available to achieve the objectives of the program. This evaluation consists of a personal analysis with regard to how the use

of existing resources, an alternative strategy in the framework of the achievement of the goal of a program that is identifying and assessing incur a capability system, alternative strategies the program, procedures for the design, financing and implementation of the strategy of scheduling. The evaluation process includes the identification of problems of procedure on implementing incident activity. Product evaluation aims to measure, interpret, and evaluate programs.

RESULTS AND DISCUSSION

Coordinating Ministry of politics, law and security or commonly abbreviated *Kemenko Polhukam* is one of the coordinators of the Ministry which has the task of organizing a coordination, synchronization, and control of the Affairs of the Ministry in implementing the Government in the fields of politics, law and security. Each Ministry/Agency roles and tasks and related functions coordinated by *Kemenko Polhukam*. The condition as a logical consequence because the political, legal, and security is a field that has sliced or overlapping in the achievement of goals and objectives implemented by ministries/agencies. In carrying out the tasks referred to in the regulations of the Coordinating Minister for Political, law and Security number: 367/COORDINATING/Polhukam/10/2010 article 3 mentions that the Ministry for Coordinating political, legal, and security organises functions as follows: (1) Synchronizing the planning, preparation, and implementation of policies in the fields of politics, law and security; (2) planning, preparation, Coordi-

nation and implementation of policies in the fields of politics, law and security; (3) control of the conduct of the Affairs of the Ministry; (4) the management of the country's wealth/belongings that are the responsibility of the Coordinating Ministry of politics, law, and Security; (5) oversight of the implementation of the tasks in the Environment Ministry Coordinating political, legal, and security; and (6) the implementation of the specific tasks given by the President.

Kemenko Polhukam as government organizations must have the ability to respond to dynamic environmental conditions intelligently that naturally grow and develop. There is the fact that the dynamics of world politics or changes that occur in the present era of globalization has been a competition between Nations. These conditions are likely to lead to a scramble for influence that is quite tight, both on a regional and global level. These developments are caused the occurrence of changes in national and world public order situation with the emergence of issues of dissemination of universal values and acceleration. As the Ministry coordinator, *Kemenko Polhukam* also has the duty of helping to coordinate and synchronise the President in the formulation, implementation and assignment policies in the fields of politics, law and security. *Kemenko Polhu-*

kam has the strength and ability to move the ministries/agencies in implement policies of political, legal and security both generated neither by *Kemenko Polhukam* nor in order execution policy-related issues of politics, laws and security. The existence of *Kemenko Polhukam* as the Coordinator for politics, law and security is becoming increasingly important and valued benefits, because it can be recognised, trusted and respected by all parties. *Kemenko Polhukam* is not just part of the Government, but also a part of the whole society and aspects of life.

Strategic goals achieved significantly by *Kemenko Polhukam* was to measure of the achievement to ensure the achievement of business goals which have been formulated and reflects the influence brought about by the presence of the results (outcomes) of all program of *Kemenko Polhukam*. In order to achieve the objectives of the strategy the *Polhukam Kemenko*, then the strategic goals was arranged and the indicators for the next five years are: (1) the achievement of the effectiveness of synchronization and coordination of the planning, preparation, and implementation the policy fields of political, legal and security; (2) increasing the institutional capacity of *Kemenko Polhukam* in order to the coordination and synchronization of policy areas of political, law and security.

Table 1. Objectives and indicators of *Polhukam Kemenko 2015-2019*

Target	Indicator
The better the bureaucratic reform and governance	1. The national Bureaucracy Reform Index 2. Score the integrity of the public service
National law enforcement	1. legal development index 2. Corruption Perceptions Index
Increasing the quality of democracy and diplomacy	1. Indonesia Democracy Index 2. The amount of the agreement and the agreed international cooperation in the field of <i>Polhukam</i>
The creation of security stability	1. The stage of the MEF 2. The percentage of the domestic defence industry contributions towards MEF 3. Domestic Security Index 4. Responsiveness Index of National Cyber systems
Implementation Coordination/consolidation of Mainstreaming the insights of nationalities and national character	The number of provinces and District/City that implement national insight and coordination of national character (based on RPJMN)
The number of provinces and Kabupaten/Kota that implement national insight and coordination of national character (based on RPJMN)	1. The index of Bureaucratic Reform <i>Kemenko Polhukam</i> 2. Reasonable Opinion Without Exception to financial statements <i>Kemenko Polhukam</i> 3. The index of service Coordination 4. Organizational Capacity Index

In carrying out the tasks and functions as well as realizing the vision and mission of supporting *Kemenko Polhukam* dimensions of national development and public service are: (1) the human development dimension; (2) the dimensions of the flagship sector, as well as (3) dimensional equalization between groups and between regions in a guided *Kemenko Polhukam* values as follows:

1. Simple. Standard service that is easy to understand, easy to follow, easy to implement, easy to be measured with a clear procedure and fees affordable to the community as well as the organizers.

2. Consistent. In the preparation and application of standard service should pay attention to the provision in adhering to the time, procedures, requirements, and costing an affordable service.

3. Participatory. In the preparation of the service standard, involves the communities and stakeholders to discuss together and get the harmony on the basis of the commitment or agreement.

4. Accountable. Things are arranged in the standard of service should be implemented and consistently accountable to stakeholders.

5. Continuous improvement. Standard service should be able to apply appropriate development policies and the need to improve the quality of service.

6. Transparency. It must be easily accessible and known by the entire community.

7. Justice. Standard service must ensure that the services provided can reach all of the communities of different economic status,

geographical location, distance and differences in the physical and mental capabilities.

The data were analysed using the CIPP method because this method can provide an overview of the evaluation model of the implementation of bureaucratic reforms policies that include an evaluation of the context evaluation, input evaluation, process evaluation, and product evaluation.

Table 2.

Evaluation of the Implementation of the Reform Policies of the Bureaucracy

No	The Components of The Evaluation	Positive findings	Negative findings
1	Context: a. Environment b. the need c. Objectives	a.do the work surroundings that have a good level of discipline because they are government employees surroundings b.in terms of needs no positive findings c.has a strategic plan, vision and mission which is quite fundamental in conducting the government	a.the bureaucratic system that is long enough and the lack of transparent and transparent accountability on complicated work b.Limited facilities and infrastructure to support the needs of the work c.the lack of coordination and understanding of the ministries under the coordination of <i>Kemenko Polhukam</i> to complete some of the specific issues that can impede the achievement of business objectives.
2	Input: a. resources b. Identification System c. Alternative strategies d. Design procedure e. fees and schedule	a.Some employees in the environment <i>Kemenko Polhukam</i> have competencies in accordance with their fields so that capable of completion of the work well. <i>b.Kemenko Polhukam</i> is Ministry Coordinator can coordinate with ministries/agencies under the coordination in resolving an issue c. has a variety of strategies to solve problems in the field of politics law and security d. design procedures are done already, where prior to the implementation of that procedure accompanied by so	a.the limited support facilities work so that will can affect the timeliness b.Still need for mutual collaboration of ministries/institutions c.still require strategies in resolving problems over the development of technology and information systems d.Needed more procedures design simple and easy insolving e.There are incidental to its activities outside of the planning

		cialization e. no financing and schedule in accordance with the proposals	is already planned
3	<p>Process:</p> <p>a. Monitor the activities</p> <p>b. the process of interaction</p> <p>c. Observation of activity and staff</p>	<p>a. There's been a presidential instruction No. 7 of the year 2017 which gives <i>Kemenko Polhukam</i> about authority to conduct monitoring against strategic policy towards the ministry / institution under the coordination</p> <p>b. some of the ministries/agencies under the coordination of <i>Kemenko Polhukam</i> has had its representation as a clerk in the environment <i>Kemenko Polhukam</i> so as to simplify the process of interaction and coordination</p> <p>c. almost every part in bureau has had analysts so that officials can assist in the decision making process</p>	<p>a. do not yet have an integrated system to be able to watch every ministries/agencies under the coordination of <i>Kemenko Polhukam</i></p> <p>b. sectoral ego still has a problem in completing of the ministries/agencies under the coordination of <i>Kemenko Polhukam</i></p> <p>c. the limited Training for employees of the surroundings <i>Kemenko Polhukam</i></p>
4	<p>Products:</p> <p>a. operational Design</p> <p>b. criteria for the measurement of</p> <p>c. the collection of values</p>	<p>a. <i>Kemenko Polhukam</i> has 7 Kedeputan that can perform the function of coordination, surveillance, control and synchronized against the Ministries/Agencies under the coordination of <i>Kemenko Polhukam</i> b. Coordination Function which is owned <i>Kemenko Polhukam</i> can run well because in presidential instruction No. 7 on the functions of coordination, synchronization, control and supervision</p> <p>c. <i>Kemenko Polhukam</i> is Government institutions where there is already a Ministry that assess the reform of the Bureaucracy in the environment <i>Kemenko Polhukam</i></p>	<p>a. There is overlapping of functions Still owned <i>Kemenko Polhukam</i> making Ministries/Agencies feel that their functions be exceeded</p> <p>b. There are some tasks from the direction in which when in view of its activities is the leading sector of the other Ministries</p> <p>c. reform of the Bureaucracy in the environment <i>Kemenko Polhukam</i> already running over this, but still need to be improved, because it has not been able to achieve a perfect score in accordance the criteria that has been set by the Ministry of <i>PAN & RB</i></p>

The Organization of the Government which is assessed is still sluggish and ineffective-efficient, making the base to tackle reform of the bureaucracy. The reform could be a radical change can be identified with the revolution or the change may be gradual. This depending on the object it will be reformed. If the damage and irregularities that happened has been very chronic reform should be done radically. But if irregularities occur is seen still then not needed radical reform. Development of reform practice and its renewal could create a bureaucratic reform was well underway. The reform of the bureaucracy that still can run if pioneered the organization doing some updates while implementing the existing regulations. Implementation of the reform of the bureaucracy on the environment *Kemenko Polhukam* post publication of presidential Regulation No. 81 year of 2010 about the Grand Design the reform derived from the data source to some of the interviews as an object of research and some documents related *Kemenko Polhukam*.

Furthermore, this bureaucratic reform leads to work more professional and accountable, especially in general bureau public which responsible for the public transparency. While based on the observation, data of public service that is transparent and effective. The public get excellent service in accordance with expectation i.e. quickly and easily. From observations in the field are still found, the ideal of service conditions are still difficult to be realized, because in reality there is still *Kemenko* on the *Polhukam* apparatus perform tasks/an

other job, moonlighting outside his duty to increase income in order to meet the needs of the living. From the description-the description above, namely regarding quality service of *Kemenko Polhukam* apparatus can be seen from the aspect of spontaneity in dealing with the problems and serve the community, grace period length of a settlement of the problem and civility in granting the waitress as well as politeness and hospitality in providing services can be said to have not been as expected by users of the service, or still less so need to get special attention from leaders who are in *Kemenko Polhukam*.

Bureaucratic reform was implemented in order to realize good governance (good governance). The reform here is a process of renewal is done gradually and sustainably, thus excluding attempts and/or action that is both radical and revolutionary. To provide excellent service (efficient) and carry out effective supervision of depend on legislation that became the basis of the duties and authority of a bureaucracy. Of the legislation set out the system and procedure (systems and procedures) and the Ministry of supervision. Further based on the desired systems and procedures created the organization- al structure necessary to set the levels and types of Office, duties and authorities as well as the number and qualifications of human resources (HR) required by pay attention to workload. Not only the number of human resources needs to be defined but also the quality and expertise of anything from human resources required is a factor that must be considered.

Improvements to the current apparatus service system should be a priority, because the Ministry apparatus are always needed by the community. Therefore, in conducting the activity and daily necessities had to be through licensing and Government Regulation. The Organization of the Government reforms needed so that services provided to the community in accordance with the needs and the development of the times. *Kemenko Polhukam* managed to formulate policies and regulations in favour of the bureaucratic change poured in the strategy reform of bureaucracy. There are some strategies that had already been implemented, namely: (1) increasing the means of facilities in offices to support the activities according to the needs; (2) supporting the organization's needs in the field of Human Resources; (3) the summons and serving unit/other sections related to the layout of the manuscript correspondence in *Kemenko Polhukam*; (4) the public Ministry against accommodating; (5) organizing the working mechanism; (6) regulating administrative accountability; (7) compiling the organization to match the duties of *Kemenko Polhukam*; (8) conduct evaluation activities performed against each of the offices; (9) drawing up of internal security technical policies; (10) conducting internal auditing against financial and performance through audits, evaluations, review, monitoring and other surveillance activities; and (11) compiled a report on the results of the activity. There are eight (8) areas of change that became the focus of a bureaucratic Reform organization, governance, legislation,

resources human apparatus, supervision, accountability, public services, work culture and mind-set of the apparatus. In response to the change implementation in area 8, *Kemenko Polhukam* had 8 of them perform changed management strategy, structuring Laws invitations, structuring the Organization and governance, structuring the system of human resource management, strengthening the supervision team, strengthening public accountability, improving the quality of public services, monitoring and evaluation in each of the units concerned. Various efforts have been undertaken for the sake of the progress of the implementation of the Environment Ministry's bureaucracy reform Coordinating political, legal and security, visible leadership and support of a high commitment to do various changes as well as the program to improve the existing conditions such as:

1. The implementation of the management reform of the bureaucracy has been supported by planning, implemented by the bureaucracy and reform the entire unit is assisted by the agents of change.
2. Harmonization of efforts has been made legislation through the identification, mapping and analysis
3. Improvement of HR management through assessment and competency development needs identification on some employees.

The strategy and the effort that has been implemented in the framework of structuring and strengthening government

organizations have been bearing fruit, where in *Kemenko Polhukam* was able to increase the value of Bureaucratic Reform originally 67.77% to 61.6%. The improvement of organizational performance through the stages of the implementation of the programme and activities of the Coordinating Ministry bureaucracy reforms *Polhukam* done in sustainable every stage provides changes or improvements of conditions of bureaucracy that is unfavourable to the State bureaucracy. *Kemenko Polhukam* will continue to monitor, maintain, and encourage the implementation of the goals of the bureaucracy reformation according RB nationwide. Coordinating Ministry of politics and Security Law also continues to strive to realize a good bureaucratic reform nationally. It can be seen from the efforts in improving product *Polhukam Kemenko* on Bureaucratic Reform change throughout.

CONCLUSION

The conclusions resulting from this research that:

1. Context: the employees of *Kemenko Polhukam* have good discipline so that the strategic plan, vision and mission can be done in the Organization of the Government, however, still needs to be improved bureaucratic system and coordination
2. Input: *Kemenko Polhukam* employees already have the competence and strategy but need to be improved cooperation and a more simple procedure design
3. Process: *Kemenko Polhukam* has representatives from each Ministry/agency as an employee, but in solving the need to have an integrated system 3.
4. Product: *Kemenko Polhukam* has 7 bureau that can coordinate, synchronize, control and supervise, but still need to be improved in the exercise of the tasks of the implementation of the reform of the bureaucracy in the environment *Kemenko Polhukam* there obstacles and constraints such as the strengthening of accountability has not been fullest because there are still a pretty long bureaucratic system, inadequate public services because of the limited support facilities work and human resource management systems are rudimentary because of limited education and training for employees in the environment *Kemenko Polhukam*. A priority in the reform agenda of the bureaucracy had indeed become an important thing and should be organized in a systematic, controlled, and directional, so that reform of the bureaucracy that do not place road, but can be moved towards the direction of a more good than ever before.

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THE VALUE-ADDED ANALYSIS OF INTELLECTUAL CAPITAL FOR BANKING FINANCIAL PERFORMANCE

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Abstract

This study was conducted to see how intellectual capital (IC) affects company performance (ROA) by entering the size variable in its calculations. This study also analyzes how much financial performance changes occur as an effect of the efficiency of the use of capital employees (CEE), the efficiency of using Structural Capital (SCE), and the partial efficiency of using Human Capital (HCE). Research was conducted on conventional banking in Indonesia for the period 2013 - 2017. The research data was obtained from the official website of the Indonesia Stock Exchange (IDX). This study found that VAIC had a significant positive effect on ROA, and from the three IC components it turned out that the CEE component had the greatest influence on ROA

Keywords: *Intellectual Capital, ROA, Size, Banking.*

Abstrak

Penelitian ini dilakukan untuk melihat bagaimana Intellectual Capital (IC) mempengaruhi kinerja perusahaan (ROA) dengan memasukkan variabel size dalam perhitungannya. Penelitian ini juga menganalisis berapa banyak perubahan kinerja keuangan terjadi sebagai efek dari efisiensi penggunaan modal karyawan (CEE), efisiensi menggunakan Structural Capital (SCE), dan efisiensi parsial menggunakan Human Capital (HCE). Penelitian dilakukan pada perbankan konvensional di Indonesia untuk periode 2013 - 2017. Data penelitian diperoleh dari situs web resmi Bursa Efek Indonesia (BEI). Studi ini menemukan bahwa VAIC memiliki efek positif yang signifikan terhadap ROA, dan dari ketiga komponen IC ternyata komponen CEE memiliki pengaruh terbesar pada ROA.

Kata Kunci: Intellectual Capital, ROA, Size, Perbankan.

INTRODUCTION

Information development makes business patterns begin to change. The power of globalization, financial innovation and progress information technology guide banks to follow aggressive business strategies to reinforce their bottom-line (Saif, 2018). What we are experiencing now is a dramatic shift from material sources to knowledge, from hardware to software. At the time of expansion and growth based on new knowledge of “factors of production” which have replaced energy from artificial and natural energy to a certain extent which aims to replace routine work and finally physical capital (Pulic, 1998).

Technological advances have changed the financial services industry very quickly. Such progress is not accompanied by regulation and understanding of technology and its impact on the financial sector (Lucey et al., 2018).

According to Edvinson Intellectual capital is an intangible asset that is explicitly not contained in financial statements but has an impact on financial performance and is a relationship between employee, idea and information (Edvinson, 2001). Intellectual Capital is an asset or non-monetary source without physical substance which is a fundamental factor in the process of creating corporate value. Knowledge-based companies depend primarily on the types of assets for value creation and their competitive advantage. The empirical results show that companies that have better intel-

lectual capital efficiency and are able to manage intellectual capital efficiently will reach the level of efficiency according to the targets set (Mondal & Ghosh, 2015).

The debate about the results of research related to how the influence of intellectual capital on banking performance is still warm. Nazif (Ozkan, Cakan, & Kayacan, 2017) analyzed 44 Operational Banks in Turkey between 2005 and 2014, in his research found that Intellectual Capital had a positive impact on company performance which in this study proxied with ROA. The performance of the intellectual capital of the Turkish banking sector is generally influenced by the efficiency of Human Capital (human capital efficiency - HCE). Irina (Berzkalne & Zelgalve, 2014) conducted a study of 65 companies listed on the Baltic during the period 2005 to 2011. This study used correlation analysis to provide an empirical investigation of the impact of intellectual capital on firm value. This study found that capital efficiency and efficient use of capital can still be used to calculate intellectual capital, the efficiency of structural capital is not significant in terms of intellectual capital and firm value. Antonio (Meles, Porzio, Sampagnaro, & Verdoliva, 2016), Mahfoudh Abdul Kareem (Al-Musali & Ismail, 2014), Silvia (Sumedrea, 2013) support Nazif and Irina research that Intellectual Capital plays a very positive role or role in performance company. The effect on financial performance is positive and significant when the analysis involves the long term (Santos, Basso, & Kimura, 2018).

A lot of literature review is done by looking at intellectual factors one by one to see how

the impact of each variable on the value of the company. Research conducted by Joshi (Joshi, Cahill, & Sidhu, 2010) tested the performance of ICs from 11 Australian-owned banks that had good performance for the period 2005-2007. Elders Rural Bank, a small bank in terms of total assets, shareholder equity and the number of employees is the best performing bank among Australian-owned

banks followed by four major banks operating in Australia. The HCE relationship is significant and has a considerable impact on bank efficiency in value creation. Efficiency in utilizing HC makes Bank Australia able to show high performance. Bank performance in terms of CEE and SCE has little or no impact on efficiency. the bank as a whole and its value creation (Joshi, Cahill, & Sidhu, 2010).

Table 1. GAP Research

Title	Authors	Finding
Effect of Human Capital on Company Performance	(Ozkan et al., 2017)	HCE positively affects the bank's financial performance
	(Hashim, Osman, & Alhabshi, 2015)	HC individually is not significant towards ROA
	(Al-Musali & Ismail, 2014)	Human Capital does not have full potential to improve company performance
Effect of Structural Capital on Company Performance	(Ozkan et al., 2017)	SCE does not have a significant effect on bank financial performance
	(Hashim et al., 2015)	SC individually is not significant for performance
	(Al-Musali & Ismail, 2014)	Structural Capital does not have full potential to improve company performance

Referring to research conducted by Pulic (Pulic, 1998, 2004), (Ullum, 2016), (Ullum, 2017), (Ozkan, Cakan, & Kayacan, 2017) the efficiency of intellectual capital is measured using VAIC variables, namely variables to measure the efficiency of intellectual use capital by looking at the added value obtained by the company from the intellectual use. Value added (VA) is obtained by adding operational costs (O), D (depreciation), employee costs, and amortization (A). VAIC is the sum of the efficient use of human capital (HCE), the efficiency of capital employed (CEE) and the efficiency of the use of

structural capital (SCE).

Human Capital Employee, is the efficient use of human capital obtained by dividing human capital with value added ($HCE = HC / VA$) where HC is the total salaries and wages. Structural Capital Employed is obtained by dividing structural capital with value added ($SCE = SC / VA$) where SC is VA-HC. CEE is obtained by dividing CE by value added ($CEE = CE / VA$) while CE according to (Pulic, 2004) and (Ullum, 2016, 2017) is the book value of total assets.

RESEARCH METHODS

The data processed is banking data in Indonesia for the period 2010 to 2017. The dependent variable in this study is the bank's financial performance using a ROA proxy. ROA is the main measure for calculating bank profitability (Dietrich & Wanzenried, 2011; Ozkan et al., 2017; Pasiouras & Kosmidou, 2007).

The independent variables in this study are Value added intellectual coefficient (VAIC) developed by (Pulic, 1998) to measure the efficiency of intellectual capital from bank financial performance. VAIC is a measuring instrument used to see the level of efficiency of banks. The higher the value of VAIC, the more efficient the company or the added value generated from each of the costs incurred is higher. The intellectual capital component has a different role to bank profitability. This study studies how intellectual capital factors consisting of human capital, employee capital and structural capital that most influence bank financial performance (ROA).

Research conducted (Ozkan, Cakan, & Kayacan, 2017) found that company size variables greatly influence the efficiency of the use of intellectual capital. Based on the results of these studies, the authors include variable size banks as additional variables in this study.

The methodology in this study begins

by looking at the influence of VAIC on bank profitability represented by ROA without considering other variables. The next step looks at how VAIC influences if the size variable is taken into account. The third step looks at the influence of the components of VAIC namely HCE, SCE and CEE on ROA without considering other variables. The final step analyzes how the effect of HCE, SCE, and CEE on ROA takes into account variable size.

Based on the steps above, the Equations in this study can be arranged as follows:

$$ROA_{it} = \beta_0 + \beta_1 VAIC_{ij,t-1} + \varepsilon_{it}$$

$$ROA_{it} = \beta_0 + \beta_1 VAIC_{ij,t-1} + \varepsilon_{it} \text{ (Model1)}$$

$$ROA_{it} = \beta_0 + \beta_1 VAIC_{it} + \beta_2 LnTA_{it} + \varepsilon_{it}$$

$$ROA_{it} = \beta_0 + \beta_1 VAIC_{it} + \beta_2 LnTA_{it} + \beta_3 R\&D_{it} + \varepsilon_{it}$$

(Model2)

$$ROA_{it} = \beta_0 + \beta_1 HCE_{it} + \beta_2 SCE_{it} + \beta_3 CEE_{it} + \varepsilon_{it}$$

$$ROA_{it} = \beta_0 + \beta_1 HCE_{it} + \beta_2 SCE_{it} + \beta_3 CEE_{it} + \varepsilon_{it}$$

(Model3)

$$ROA_{it} = \beta_0 + \beta_1 HCE_{it} + \beta_2 SCE_{it} + \beta_3 CEE_{it} + \beta_4 LnTA_{it} + \varepsilon_{it}$$

$$ROA_{it} = \beta_0 + \beta_1 HCE_{it} + \beta_2 SCE_{it} + \beta_3 CEE_{it} + \beta_2 LnTA_{it} + \beta_3 R\&D_{it} + \varepsilon_{it}$$

(Model4)

The variables used in equations 1, 2,3 and 4 are described in Table 2.

Table 2. Explanation of Variables

Dependent Variable		
ROA	$EAT/(TA_t - TA_{t-1})/2$	(Ozkan et al., 2017)
Independent Variables		
VAIC	CEE + HCE + SCE	(Ozkan et al., 2017; Pulic, 2004; Ullum, 2016, 2017)
HCE	VA/HC	(Ozkan et al., 2017; Pulic, 2004; Ullum, 2016, 2017)
CEE	VA/CE	(Ozkan et al., 2017; Pulic, 2004; Ullum, 2016, 2017)
SCE	VA/SC	(Ozkan et al., 2017; Pulic, 2004; Ullum, 2016, 2017)
Size	Ln Total Asset	(Djalilov & Piesse, 2016)

REGRESSION AND HYPOTHESIS

The regression model to be tested is divided into 2 groups, namely: models 1 and 2 examine the relationship between VAIC and bank financial performance (ROA); Models 3 and 4 examine the relationship between IC components, namely HCE, SCE and CEE on financial performance (ROA). Equations 2 and 4 involve variable size, to see if the variable size has a different impact on financial performance (ROA).

Based on the calculation of SPSS (the results in the appendix) the following equation is obtained. The hypotheses formed from the four models are:

H1. There is a positive significant relationship between the coefficient of value-added intellectual capital (VAIC) and financial

performance (ROA).

H2. There is a positive significant relationship between the capital employed efficiency coefficient (CEE) and financial performance (ROA).

H3. There is a positive significant relationship between the coefficients of human capital efficiency (HCE) and financial performance (ROA).

H4. There is a positive significant relationship between the coefficient of structural capital efficiency (SCE) and financial performance (ROA).

RESULTS AND DISCUSSION

The results of processing data using SPSS are summarized in the following Table 3:

Table 3. Inter Variable Correlation (according to the Pearson Corelation)

	ROA	CEE	HCE	SCE	VAIC	LNTV
ROA	1					
CEE	0.706**	1				
HCE	0.471**	0.222	1			
SCE	0.448**	0.227	0.958**	1		
VAIC	0.528**	0.319*	0.994**	0.968**	1	
LNTV	0.553**	0.122	0.540**	0.522**	0.939**	1

** shows of significance level of 1%

* shows of significance level of 5%

From the table above shows that the variables VAIC, HCE,

SCE and size have a significant relationship to the significance value of 1% towards the

ROA variable. Specifically, the CEE variable has a significant relationship at the significance values of 1% and 5%.

Table 4. Regression

	MODEL 4	MODEL 3	MODEL 2	MODEL 1
C	0.000 (-5.138)	0.009 (-0.2717)	0.010 (-2.689)	0.095 (0.226)
VAIC	-	-	0.021 (2.381)	0.021 (2.381)
CEE	0.000 (7.961)	0.000 (6.653)	-	-
HCE	0.347 (0.950)	0.157 (1.438)	-	-
SCE	0.545 (-0.610)	0.664 (-0.437)	-	-
LNTV	0.000 (4.576)	-	0.008 (2.776)	-
R2	0.705	0.578	0.354	0.264
F	30.321	23.334	14.453	18.600
p-v	0.000	0.000	0.000	0.000

Data numbers in parentheses show the results of t statistics.

Table 4 illustrates the relationship between profitability and intellectual capital from the regression equation 1, 2, 3, 4. The regression results show r square models 3 and 4 (0.578 and 0.705) higher than models 1 and 2 (0.264 and 0.354). These results indicate that the components of VAIC are partially higher than VAIC itself ((Al-Musalli & Ismail, 2012; Joshi et al., 2010; Ozkan et al., 2017).

The results of model 1 and 2 show that VAIC is significantly positively related to ROA. Increased VAIC will increase bank profitability. The results of models 3 and 4

show the relationship between components of VAIC (CEE and HCE) positively and significantly associated with ROA. Increased VAIC will increase bank profitability. Model 3 and 4 focus on the relationship of components of VAIC namely HCE, CEE and SCE to ROA. The results of statistical calculations show a positive relationship between CEE and HCE on ROA, an increase in CEE or HCE will increase ROA. The impact of increasing ROA due to an increase in CEE outweighed the increase in ROA due to an increase in HCE. CEE has a greater influence than HCE and SCE. These results indicate

that the banking sector uses their financial and physical assets efficiently in an effort to achieve a higher level of profitability.

CONCLUSION

The research was conducted on banks in Indonesia which became the top 10 banks in Indonesia that have large assets. This study found that CE, HCE and SCE had a significant positive relationship to the profitability of banks that had the largest number of assets in Indonesia. Of the three components CEE has the strongest relationship. These results indicate that the banking sector uses their financial and physical assets efficiently in an effort to achieve a higher level of profitability. The larger the size of the bank has the greater the level of profitability, because the bigger the bank has greater assets. Partial measurement of intellectual capital (looking at the components of IC, namely the components of HCE, CEE and SCE) on ROA has a greater impact than if the IC measurements were carried out by themselves, namely the size of VAIC.

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ANALYSIS THE QUALITY OF SERVICE AND EFFECTIVENESS E-COMMERCE AUYPUBLISHER USING THE METHOD E-SERVQUAL

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Abstract

This research aims to analyze the quality of the service and the effectiveness of E-commerce. This research uses a quantitative approach. Data analysis using the pras test test validity and reliability as well as a test of normality. At this stage of the analysis of data with calculations *e-servqual* will get the service quality level *e-Commerce* and the calculation of *e-Commerce* It can also analyze the priority of each service attribute that needs to be fixed or not. The questionnaire will be filled is given to respondents with Nonprobability Sampling technique. This study use 46 participant. The Total value of Electronic Service Quality (TESQ) obtained from the results of the calculation of the gap between perception and expectation is positive, the results obtained are 0.226. This means that the customer's expectations of the service *e-Commerce* in larger AUYPublisher from the Ministry obtained this time, so that the service provided is still not satisfying customers and has not been effective (X_2).

Keywords: Service quality, effectiveness, e-commerce, e-servqual, electric service quality

Abstrak

Penelitian ini bertujuan untuk menganalisis kualitas layanan dan efektivitas E-commerce. Penelitian ini menggunakan pendekatan kuantitatif. Uji prasyarat analisis data menggunakan uji validitas dan reliabilitas serta uji normalitas. Pada tahap analisis data dengan perhitungan *e-Servqual* akan didapat tingkat kualitas layanan *e-Commerce* dan dari perhitungan *e-Commerce* juga dapat menganalisis prioritas dari tiap atribut layanan yang perlu diperbaiki ataupun tidak. Kuesioner yang akan diisi diberikan kepada responden dengan teknik Nonprobability Sampling. Sampel dalam penelitian ini sebanyak 46 orang. Dari nilai Total Electronic Service Quality (TESQ) yang diperoleh dari hasil perhitungan kesenjangan antara persepsi dan harapan bernilai positif, hasil yang diperoleh adalah 0.226. Artinya harapan pelanggan terhadap layanan *e-Commerce* di Penerbit AUYPublisher lebih besar dari pelayanan yang diperoleh saat ini, sehingga pelayanan yang diberikan masih belum memuaskan pelanggan dan belum efektif.

Kata Kunci: kualitas servis, efektivitas, e-commerce, e-servqual, kualitas servis elektrik

INTRODUCTION

The value of trading via internet in Indonesia among year 2009 was more than \$ 3.4 billion or approximately \$ 44 trillion. The number of internet users reached 17 million and the value of *e-Commerce* who also reached 3.4 billion u.s. dollars of this rated as a potential online market and that number continues to grow in the next years (Darmawan and Chandrataruna, 2009).

The potential market is perceived by the leadership of Publisher AUJ. Publishers book publishing company AUJ that focus to books in the field of health. The Publisher has a distinctive market AUJ, i.e. student health sciences clumps. Health Sciences student belongs to a group of students who did not have a lot of spare time. A dense lecture activities, tasks, as well as the practice of confiscating most of their time. Need for books is high especially with the enactment of the method of learning *Problem Based Learning* (PBL) that requires self-study. This condition becomes a market opportunity for Publishers AUJ to present their products on the market *e-Commerce* in order to be easy to reach the target market because of the kodisi, the Publisher of the AUJ make a *e-Commerce*, which is currently *e-Commerce* has been running for about 1 year.

Publishers should be able to make the AUJ customers to buy its products. Ability to understand customer satisfaction and how to make a buying decision is absolutely required. The main factors of customer satisfaction is the perception of the quality of customers service/service (Zeithamal and Bitner, 2006). Previous research tells

us that the quality of service is an important indicator of customer satisfaction (Spreng and Machoy, 1996).

Model quality services are the most popular and up to now many made reference in research management and marketing services is a model *Service Quality* (*Servqual*) developed by Parasuraman, Zeithaml and Berry, (1985-1994) (Tjiptono and Chandra, 2016:149). Method *Servqual* This later developed into *e-Servqual* essentially, this model is an adaptation and expansion of the model *Servqual* into the context of the online shopping experience. The measurement of service quality in the model *e-Servqual* This is based on a multiple-item scale designed to measure the expectations and perceptions of customers, as well as the gap between the two main dimensions of 7 (efficiency, reliability, fulfillment, privacy, responsiveness, compensation, and contacts) (Tjiptono and Chandra, 2016:178). the Seven main dimensions are translated into the respective detailed attributes for the variable variable expectations and perceptions, compiled statements based on Likert scale, from 1 (strongly disagree) to 5 (strongly agree). Quality evaluation of services using a model *Servqual* includes calculation of the difference between the value given the customers for each pair of statements relating to expectations and perception (Tjiptono and Chandra, 2016:159).

In General, analysis is the investigation against an event (bouquet, deeds, etc.) to know the actual state of Affairs (causes, sat subjects, and so on); or a tree decomposition of various his share and review the section

itself and the relationship from to obtain the proper understanding and the understanding of the meaning of the whole. He describes it as a thinking activity analysis to elaborate a whole into component so that it can recognize the signs of the components, their relationship to each other and their respective functions in one integrated whole (He and Yooke, 2000).

Goetsch and Davis (2010) in Tjiptono (2016) defines quality as the dynamic conditions relating to a product, service, human resources, processes and environments that meet or exceed expectations. Quality is a function of costs where costs can be lowered with the repair process or the reduction of variation in the product or variations in the process (Tjiptono and Chandra, 2016:115).

Quality of service is the company's understanding about customers to create superior value for customers on an ongoing basis (Taylor, 2001). Every company vying improve service to its customers in order to seize the market. Quality of service is one of the keys to success for the company in the face of the increasingly keen competition era (sustainable and Mufattahah, 2009).

Kim and Moon in 1998 stated that *e-Commerce* is the process of deliver information, products, services and payment processing, phone cable, internet connection and access other digital. Baourakis, Kourgiantakis, and Migdalas in the year 2002 States that *e-Commerce* is a form of per-trade goods and information through the internet network. Quayle in the year 2002

also didn't want to lose to add-kan definition of *e-Commerce*. *e-Commerce* defined as the various forms of electronic data interchange or Electronic Data Interchange (EDI) which involves the buyer and seller through E-Mail, mobile device, mobile, connected devices in an internet network.

Chaffey in 2007 refine again definition of *e-Commerce*, by considering that the year 2007 development computer technology and the internet has added a change in *e-Commerce*, with the emergence of diverse security technologies, online payment technologies, mobile devices (*Smartphone, Mobile, Tablet*), the increasing number of organisations and peng-to the connect to the internet, and muncunya a variety of web-based application development technologies. So then congressional repair of difinisi *e-commerce*. *e-commerce* is defined as all forms of processthe exchange of information between organizations and stakeholder-based electronic media network that connects to the internet (I Putu Agus Eka Pratama, 2015:2).

Model quality services are the most popular and up to now many made reference in research management and marketing services is a model *Service Quality (Servqual)* developed by Parasuraman, Zeithaml, and Berry (1985-1994). Through a survey done by Parasuraman, Zeithaml and Berry set a dimension to measure the quality of a service, where the dimensions are then known by the name of Servqual in ten dimensions (James Jiang, Gary Klein: 2002).

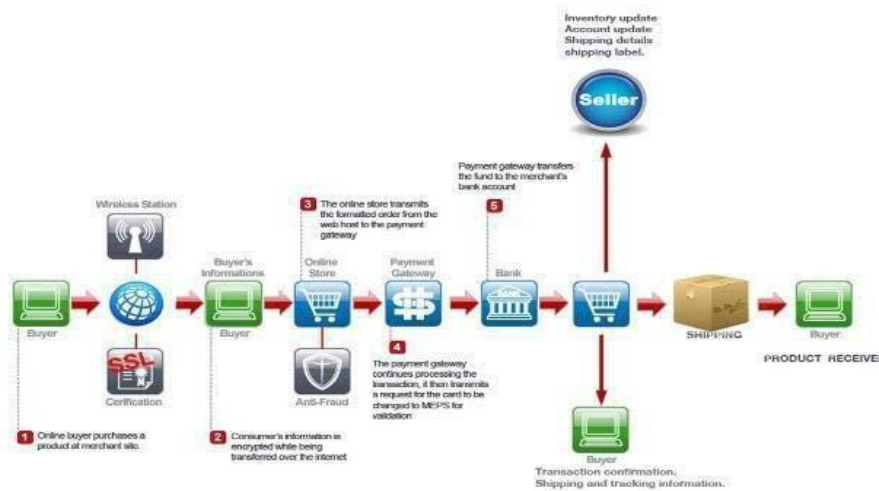


Figure 1. Groove activities on E-Commerce (Source: I Putu Agus Eka Pratama, 2015:8)

In its development then the tenth, the component in compress into five dimensions which became a reference for measurements in do Customer against IE (James Jiang, Gary Klein: 2002) *Reliability*, The ability to have better performance in its mainstay can and accurate. *Assurance*, The ability of the members to give rise to a sense of believe and securely to customers. *Tangibles*, The visible aspect of the mass physical equipment and personnel the officer. *Empathy* includes kepedullian as well as individual attention to our users. *Responsiveness*, i.e. the willingness to assist participants and giving proper attention.

Model servqual there are 5 the main gap, i.e., the knowledge gap, gap's delivery standards, communication gaps, service gap. These models illustrate in Figure 2.2 in. The horizontal dotted lines separate the two major phenomena: the upper part is a phenomenon related to the customers and the bottom refers to a phenomenon in the company or the service provider (Tjiptono and Chandra, 2016:149-152).

Method Servqual. This later developed

into e-Servqual essentially, this model is an adaptation and expansion of the model Servqual into the context of the online shopping experience. In the e-servqual model there are 4 kinds of gap, i.e. the information gap, gap, communication design, and fulfillment gap (see Figure 2.3). A conceptual framework for integrating two major aspects: (1) an assessment of the quality of customer service is electronic and the consequences and (2) the weakness of the organization can contribute to the assessment of the quality of service is crappy electronics.

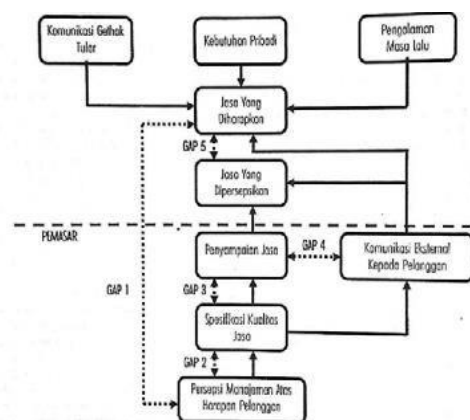


Figure 2. conceptual Model Servqual (Source: Zeithaml, et al., 1990)

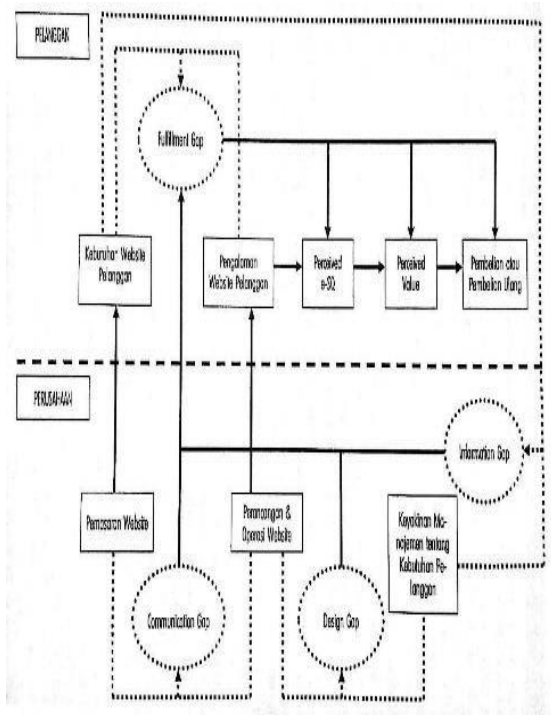


Figure 3. Conceptual Models *e-servqual*
 (Source: Zeithaml, et al., 1990)

METODOLOGI RESEARCH

This research uses a quantitative approach.

Test the validity of using IBM SPSS Statistics programme 22. Reliability test will be done by the method of Cronbach's Alpha counting is done by calculating the average interkorelasi of which the details of the statement in kuisoner (Kurniawan, 2008).

The calculation of the *e-Servqual* on the research in accordance with the steps and formulas described by Tjiptono and Chandra (2016). The result of the calculation *e-Servqual* It can determine the level of quality of service *e-Commerce* given unsatisfactory or not (Tjiptono and Chandra, 2016:159).

The analysis data in this study was conducted to analyze the results of data obtained from the processing of the data. From the results of a calculation *e-Servqual*

will get the service quality level *e-Commerce* and the calculation of *e-Commerce* It can also analyze the priority of each service attribute that needs to be fixed or not. Questionnaire likert scale is done using the with range 1 to 5 to answer strongly disagree to strongly agree answers.

The questionnaire will be filled is given to respondents with Nonprobability Sampling technique, namely the sampling techniques that do not give the same opportunity to opportunity/every element or members of the population to be selected into the sample (Sugiyono, 2007:66). Researchers then use method *convenience samples*, i.e. sampling conducted in accordance with the provisions or requirements of a sample of certain populations of the most easily accessible or was obtained by investigators. This study uses 46 participants.

RESULTS AND DISCUSSION

The value of the *e-Servqual* per variable or declaration sought by calculating the average value (*meandata* from the results) the perception and expectations of each statement. Once known to the average value of each statement's perception and expectation, then the average value of the perception of the average value of reduced expectations that would later produce the value gap (*gap*) of each variable or declaration. As shown in Table 1.

The results of the e-Value Sevqual per Variable/ Statement			
No	Perception (P)	Hope (E)	The Gap (Q)
1	3.283	3.674	-0.391
2	3.522	3.870	-0.348
3	3.587	3.913	-0.326
4	3.761	3.891	-0.130

5	3.565	3.935	-0.370
6	3.957	3.848	0.109
7	3.543	3.957	-0.413
8	3.522	3.957	-0.435
9	3.674	3.935	-0.261
10	3.935	3.891	0.043
13	3.804	3.891	-0.087
14	3.717	3.891	-0.174
15	3.978	3.761	0.217
16	3.674	3.826	-0.152
17	3.826	3.848	-0.022
19	3.478	4.000	-0.522
20	3.674	3.783	-0.109
21	3.761	3.804	-0.043
22	3.674	3.826	-0.152
23	3.543	3.913	-0.370
24	3.413	3.891	-0.478
25	3.870	4.043	-0.174
26	3.435	3.935	-0.500
27	3.587	3.913	-0.326

Table 1. Result Value e-sevqual per Variable

The results of calculations on Tabel 1. Seen that statement No. 16 has the largest negative gaps i.e.-0522, statement No. 16 giving customers the average value of the lowest perception that where customers are less satisfied against the sector. Otherwise on no. 13 has the largest positive gaps i.e. 0217, statement No. 16 giving customers the average value of the lowest perception that where customers are less satisfied against the sector. Otherwise on no. 13 has the largest positive gaps i.e. 0217, where in the customer gives an average value of considerable perception which was quite satisfied with customer service in the sector.

The value *e-Servqual* per variable/ statement is known, then do the calculations to find the value of *e-Servqual* for each dimension. Researchers divided into 9 dimensions where each service represents a dimension *e-Commerce* It takes customers. The dimensions are determined based on the grouping of statements contained in the

questionnaire. Calculations for *e-Servqual* per the dimensions not too far from the calculation *e-Servqual* per variable.

The difference is visible only on the results of value *e-Servqual* per variable is obtained, then performed in which the average value and sought after. For the complete results can see table 2.

No	Dimensions	P	E	Q
1	<i>Growing (Real)</i>	3.538	3.837	-0.299
2	<i>Reliability</i>	3.647	3.924	-0.277
3	<i>Responsiveness</i>	3.804	3.913	-0.109
4	<i>Assurance</i>	3.833	3.848	-0.014
5	<i>Emphaty</i>	3.750	3.837	-0.087
6	<i>Lack of Annoying Banners</i>	3.478	4.000	-0.522
7	<i>Online Assistance (Help Online)</i>	3.717	3.793	-0.076
8	<i>Ease of Use</i>	3.543	3.877	-0.333
9	<i>Site Security and Respon Time</i>	3.630	3.964	-0.333

Table 2 results of e-Value Sevqual per Dimension

From the results shown in table 2, it can be concluded that in dimensions *Lack of Annoying Banners* (There are no annoying banner) has an average of the largest negative gaps i.e.-0522. Where the customers are not satisfied will service or feature provided by e-Commerce Publisher AUJ. Different dimensions *Assurance* (Assurance), on this dimension has the lowest negative gap IE-0.014. Where the customer feels dissatisfied will also service provided, but not as big as in the other dimension.

The value of TSEQ (Total Electronic Service Quality) required for testing the hypothesis that was already written by the researchers. The value of TESQ knowable by performing calculations by finding gaps (*gap*) of the average total perception and expectations throughout the respondents, as

described below in table 3.

No	It	PS	Q
1	3.458	4.417	-0.958
2	1.750	2.458	-0.708
3	1.000	3.833	-2.833
4	4.042	4.458	-0.417
5	4.000	4.458	-0.458
6	4.042	3.458	0.583
7	3.792	3.792	0.000
8	4.250	3.958	0.292
9	3.917	3.750	0.167
10	4.000	3.875	0.125
11	3.333	3.042	0.292
12	4.000	3.125	0.875
13	3.417	3.167	0.250
14	3.750	3.125	0.625
15	3.083	4.042	-0.958
16	4.000	5.000	-1.000
17	5.000	4.875	0.125
18	4.208	3.917	0.292
19	3.083	3.667	-0.583
20	4.750	4.125	0.625
21	4.833	4.083	0.750
22	4.833	1.750	3.083
23	4.875	4.000	0.875
24	3.625	2.833	0.792
25	3.000	4.000	-1.000
26	3.875	4.500	-0.625
27	3.333	4.417	-1.083
28	3.792	2.875	0.917
29	4.083	3.375	0.708
30	3.500	2.042	1.458
31	4.708	3.083	1.625
32	4.542	3.958	0.583
33	4.417	4.458	-0.042
34	4.250	2.958	1.292
35	4.458	3.083	1.375
36	4.208	3.625	0.583
37	4.542	4.292	0.250
38	4.375	3.792	0.583
39	4.625	3.708	0.917
40	4.375	5.000	-0.625
41	4.125	3.917	0.208
42	3.750	2.875	0.875
43	3.667	3.000	0.667
44	3.083	3.500	-0.417
45	3.458	3.625	-0.167
46	3.417	2.958	0.458
Average	3.883	3.658	0.226

Table 3. The Result Value of TESQ

Based on the value of TESQ, with total value of 3,883 ice is and PS is 3,658, sehingga nilai *e-Servqual* obtained as a whole is 0226. With the value obtained proved that

the services provided *e-Commerce* Publisher AUY currently satisfy customers and ineffective. As the results obtained from the respondents, where expectations are greater than the perception. As explained on the sub chapter (3.2.3.2) when the value of the ICE > PS then “Less satisfied” Customers, when the value of the ICE = PS then “customer satisfied”, and if the value of the ICE then “PS < Customers very satisfied”.

The result of the processing of data as the proposed improvements in the *e-Commerce* AUY Publisher future. to determine priority repair service *e-Commerce* the Cartesian diagram, used as look at Figure 4.

Quadrant A shows the statement/variablated very important by customers who use *e-Commerce* but in fact it is still not satisfactory (customer perception is low, while high customer expectations). Quadrant A requires handling that need to be prioritized in the improved quality due to pass the attributes in this quadrant are considered very important by customers who use *e-Commerce* but his Ministry is not satisfactory so that the parties should enhance the quality of the AUY Publisher of his Ministry.

P2: E-Commerce Publisher AUY typical design how it looks

P3: E-Commerce Publisher AUY has a neat design and regularly

P5: E-Commerce Publisher AUY provide ease the process of transacting

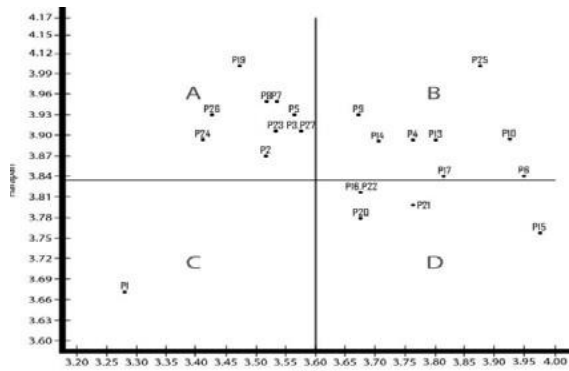


Figure 4 Repair Service e-commerce publisher AUY

P7: E-Commerce Publisher AUY guarantee timeliness

P8: E-Commerce Publisher AUY suppress occurrence of error record

P19: information required to appear without any interruption

P23: E-Commerce Publisher AUY gives ease in transaction products

P24: Website is very flexible to interact

P26: Quick website Responses

P27: Customer don't have to wait long in transacting through E-Commerce Publisher AUY

Statement on the quadrant B is the statement/variable that needs to be fixed and needs to be maintained because of customers who use *e-Commerce* has been satisfied with the service but customers want services provided better again. But even though so there is still a negative values in this quadrant. In the table below can be seen attributes contained on the B quadrant along with order of priority improvements to its services.

P4 : Appearance of E-Commerce Publisher AUY correspond to the products offered.

P6 : E-Commerce Publisher AUY credible/reliable.

P9 : E-Commerce Publisher AUY shows his

role in resolving problems quickly

P10 : Customer Service E-Commerce Publisher AUY always expanding the number to help customers

P13 : Customer Service E-Commerce Publisher AUY have politeness and hospitality towards its customers

P14 : Customer Service E-Commerce Publisher AUY has knowledge of the products offered

P17 : Customer service via social media are the current trends

P25 : Guaranteed secure customer information

Statement on the quadrant C is the area of low priority because the statement/variable in this quadrant are considered less important or not by the user and his Ministry was less satisfactory. But that does not mean the statement/variable in the quadrants of this not being a thing that should be noted because future statements or those attributes could be the demands on behalf of the AUY in running quality of service. In the following table can be seen the statement/variable contained in quadrant C, along with order of priority repair.

P1 E-Commerce Publisher AUY has an interesting look with the fonts, colors, graphics, and pictures that support each other statement on the quadrant D is the statement is considered important but less satisfying customers. In the following table can be seen the statement/variable found in the quadrant D along with the order of priority of its repair. E-commerce. Publisher p15 AUY has availability of information office address and contact number

P16 : Ease customers contact and speak with a Customer Service E-Commerce Publisher AUUY

P20 : Terdapatnya live chat feature

P21 : Terdapat column article that contains important information and knowledge about the product

P22 : E-commerce Publisher AUUY clear and easy to understand

CONCLUSION

Based on the value of the *e-Servqual* per variable (statement), gap or the gap is highest for service *e-Commerce* It is on the 16th of variable-0522 (ease of customer contact and talk with *E-Commerce Customer Service* Publisher AUUY). The value of the *e-Servqual* the lowest variable exists in the variables of 0217 (*E-Commerce Customer Service* Publisher AUUY have politeness and hospitality towards its customers).

The value of e-servqual per dimension shows all values *e-Servqual* each of the dimensions is negative, meaning that all services *e-Commerce* towards customers has not been satisfactory. Dimension with a value of *e-Servqual* the highest is the dimension of *Lack of Annoying Banners* i.e. registration-0522, whereas the value of e-servqual dimensions is the lowest *Assurance* registration-0.014.

The Total value of Electronic Service Quality (TESQ) obtained from the results of the calculation of the gap between perception and expectation is positive, the results obtained are 0226. This means that the customer's expectations of the service *e-Commerce* in larger AUUY Publisher from the Ministry obtained this time, so that

the service provided is still not satisfying customers and has not been effective. The service improvement priorities take precedence is a service that resides on a quadrant.

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ANALYSIS OF THE INDONESIAN FOREIGN TRADE POLICY WITH ARGENTINA IN PERIOD 2008-2013

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Abstract

This research aims to understand the reasons behind Indonesia trade with Argentina in the period 2008-2013. The formulation of the problem in this research is the “Why Indonesia keep doing trade with Argentina in the years 2008 to 2013 but the balance of trade deficit?”. Through the frame of economic nationalism, the research found that in line with the value of a strong political history between the two, Indonesia had the interests of market access (trade policy) and strengthening of the domestic industry (industrial policy). Market access in this case related interests of Indonesia who made Argentina as a hub in the region of South America. But in terms of strengthening the domestic industry, not apart from the strengthening of the ranching industry needs through imports of animal feed from Argentina. **Keywords:** trade deficit, industrial policy, trade policy, economic nationalism, domestic industry

Abstrak

Penelitian ini bertujuan untuk mengetahui alasan di balik perdagangan Indonesia dengan Argentina pada periode 2008-2013. Rumusan masalah dalam penelitian ini adalah “Mengapa Indonesia tetap melakukan perdagangan dengan Argentina pada tahun 2008 hingga 2013 walaupun neraca perdagangan defisit?”. Melalui kerangka nasionalisme ekonomi, penelitian membuktikan bahwa sejalan dengan nilai sejarah politik yang kuat antara keduanya, Indonesia memiliki kepentingan akses pasar (kebijakan perdagangan) dan penguatan industri dalam negeri (kebijakan industri). Akses pasar dalam hal ini terkait kepentingan Indonesia yang menjadikan Argentina sebagai hubungan di kawasan Amerika Selatan. Namun dalam hal memperkuat industri dalam negeri, tidak terlepas dari penguatan kebutuhan industri peternakan melalui impor pakan ternak dari Argentina.

Kata Kunci : perdagangan defisit, kebijakan industry, kebijakan perdagangan, ekonomi nasional, industry domestik

INTRODUCTION

Indonesia Trade cooperation with Argentina already lasted a long time. Agreement about economic cooperation and trade between the Governments of Argentina and the Government of Indonesia has already ratified on July 26, 1993, through Presidential Decree No. 67 the year 1993 in Jakarta. This relationship continues to evolve into a variety of sectors, such as tourism, health, banking, education, and investment (www.kemlu.go.id, 2008).

Since Indonesia trade agreement with Argentina in 1993 ratified, Indonesia has always suffered losses. Therefore, Indonesia export activities to Argentina are smaller compared to their import activities. Indonesia's exports are always ranked below than on their import. Although in a span of 1998 until the year 2003 experiencing heaving activities Indonesia trade exports and imports with Argentina, but did not affect overall trade that Indonesia has always been dominated by activities their import (www.comtrade.un.org, 2014).

Increased cooperation with Indonesia trading Argentina looks at the increasing

volume of trade. There is a significant increase to the total trade of Indonesia and Argentina, look at table 1 below. In 2008, total trade in both countries just revolved around 800 million dollars, the United States (US) in the year 2013 increased significantly to two billion US dollars. Although in 2008 the trade conducted by the two countries is only done in the non-oil sector alone, over the next year to trade in the two countries to flourish not only in non-oil and gas sector but also in the oil & gas sector of ten million US dollars in 2009.

Although total trade Indonesia and Argentina experienced a rise, on balance of trade experienced losses. In the Indonesia trade with Argentina in the years 2008 to 2013, Indonesia's import activities do more than with their export activities. In 2008 the value of exports carried out by Indonesia did not reach half of the total value of imports. The value of Indonesia's exports to Argentina just revolved around 187 million us dollars, while the value of imports amounting to 613 million US dollars. In the year 2013, the value of Indonesia's exports increased compared with the previous year, namely amounting to 335 million US dollars. v

Table 1.1.

Total trade in Indonesia and Argentina 2008-2013 Year (in thousands of US dollars)						
Description	2008	2009	2010	2011	2012	2013
Description	800.860,3	823.152,9	1.226.241,6	1.940.436,1	2.068.817,6	2.021.841,5
Total Trade	800.860,3	812.631,1	1.222.309,9	1.933.440,5	2.062.695,2	2.017.083,6
Oil and gas	800.860,3	812.631,1	1.222.309,9	1.933.440,5	2.062.695,2	2.017.083,6
Non Oil and Gas	187.056,8	159.089,7	281.122,5	354.470,4	312.538,8	335.214,5
Export	0,0	0,0	0,0	170,4	24,0	0,0
Oil and gas	187.056,8	159.089,7	281.122,5	354.300,0	312.538,8	335.214,5
Non Oil and Gas	-613.830,5	-664.063,1	-945.119,1	-1.585.965,7	-1.756.278,8	1.686.627,0
Import	0,0	10.521,8	3.931,7	6.825,2	6.098,4	4.757,9
Oil and gas	613.830,5	653.541,3	945.187,4	1.579.140,5	1.750.180,3	1.681.869,1
Non Oil and Gas	-426.747,7	-504.973,4	-663.996,5	-1.231.495,3	-1.443.739,9	-1.351.412,6
Balance of trade	0,0	-10.521,8	-3.931,7	-6.654,9	-6.074,5	4.757,9
Oil and gas	-426.747,7	-494.451,6	-660.064,9	-1.224.840,4	-1.437.665,5	-1.346.654,7

Source: "Balance of Trade with Trade Partner Country", Central Bureau of Statistics (BPS) and the Indonesian Ministry of Trade

There are seven countries contributed to the non-oil trade deficit for Indonesia's largest in 2011-2013. The top three there is an adjacent country with Indonesia, namely Thailand, China, and Australia. Thailand and China are countries in the Asian region, while Australia directly adjacent on the lower part of Indonesia. In positions four and five there are countries that are on the American continent, namely, Argentina and Canada. Country Canada is a country located in North America, while Argentina is a country which is in the American South. Therefore, it makes Argentina as the South American country in the region that accounts for most of the trade deficit in the region (www.kemendag.go.id, 2012).

Indonesia and Argentina trade barrier not only on the problems of a great distance but are also traded. Because of the two countries in developing countries, this means that the goods being traded are the result of farming such as vegetables, fruits, and nuts. Although it is not the main commodities traded goods. The main commodities traded by Indonesia in Argentina is rubber, vegetables, nuts, and protective footwear. While the main commodities traded by Argentina to Indonesia is a residue, waste from the food industry, animal food, vegetables and beans, cereals and cotton (www.komtrade.un.org).

Based on the above exposure, Indonesia still does trade with Argentina although the views of Indonesia trade balance suffered a loss or deficit. It has no effect with a total trade of Indonesia and Argentina that are experiencing continuous improvement each

year. Even the trade barrier of Indonesia and Argentina is not just a deficit trade balance for Indonesia, but it is very long and also commodities traded. Based on the background, this research will try to analyze the reason what makes Indonesia keep doing trade with Argentina. Therefore, the problems in this research are Why Indonesia keep doing trade with Argentina in the years 2008 to 2013 but the balance of trade deficit?

The purpose of this research is to see the country in protecting the welfare of the nation, and also see a country's economic policies can affect the economic policies of other countries. Because this research focusses to Indonesia trade with Argentina which continue to trade despite the deficit on its trade balance. In addition, Indonesia trade with Argentina this is a cross-regional trade, that trade through a particular area to the other. Trading with Argentina that is part of the South American region can be an alternative market for Indonesia.

Economic nationalism

Economic nationalism to see that the State should be more worried about its national interests. Economic nationalism wants countries to shoulder the responsibility to enhance the ability of members of optimally in society, so that the achievement of a productive capability, at the same time cooperation between countries should also be more improved (Baehaqi Arif, 2016). Therefore, economic nationalism emphasizes the importance of promoting indigenous entrepreneurs, businesses and enhance the role of the State to establish a national industry (Kuncoro, 2013).

Economic nationalism, based on the opinion of Otto Hieronymi(1980) is a complex phenomenon. Because of his thinking that goes beyond the traditional or non-traditional in trade issues, so this thinking allegedly complex. In economic nationalism, the State has always strived to protect the production in his country with all efforts including through efforts in policy or other barriers, dumping, export subsidies and various other trade policies Although detrimental for neighboring countries.

On various industrial policies in economic nationalism, as well as export or import policies on a voluntary basis, so that the occurrence of the development of the market economy in the country. Economic nationalism is not just limited to countries that are weak but also used by powerful countries, even small States and Liberals can only become a nationalist.

Although economic nationalism cannot be explained in a simple way, there are at least 3 definitions of analysis on economic nationalism. First, economic nationalism pursues national interests by sacrificing some national interests in order to achieve certain national goals. This was done so that it would benefit some citizens. Whereas the second definition contradicts the first definition, that sacrificing national interests in order to achieve certain national goals to benefit some groups, but by blurring facts so that their profits are seen as an advantage for all. Third, the most outstanding economic nationalism is pursuing national interests by sacrificing the interests of other countries(Hieronymi, 1980).

In this research, it used more economic nationalism in the first explanation, namely reaching national goals by sacrificing several other national interests. Based on the opinion of Henryk Szlajfer that economic nationalism has basic provisions. The entire economy must be oriented primarily towards supplying the domestic market and increasing the per capita income consumed. The export volume will depend on import requirements. Emphasis must be placed on increasing agricultural exports (Szlajfer, 1990).

In addition, Anthony P. D'Costa stated that Asian countries have been active in the industry, trade, investment, and technology policies with the aim of promoting and building a national economy. Economic nationalism is defined as seeking sustainability and new forms of economic nationalism which show that all forms of intervention from the state can be interpreted as a form of achieving national goals. However, forms of intervention in Asian countries have a firm economic foundation that aims to protect or promote national, industrial and economic business. After economic professionalism adapts to the global economy, it means that the state does not have a discriminatory policy but the state still supports domestic capital for business expansion.

Friedrich List states that economic nationalism based on protection carried out by a country is not permanent so that protection can be erased at any time. Then, the government can be expected to pursue new complementary policies which will be the initial form of new economic nationalism

policy. The state also facilitates the process of adjusting to globalization through selective reforms and continues to protect domestic companies. The state pursues its economic goals both defensively and offensively, protects and promotes national assets and resources, both domestically and abroad (D'Costa, 2012).

Shivali Aggarwal asserted that Economic nationalism should be defined as a collection of policies whose results originate from a shared national identity or from the dominance of certain nationalisms in state politics. That is, economic nationalism must prioritize national interests over personal property and profit motives. Because economic nationalism is more than just trade protection and industrial policy. Economic nationalism is also the center of ideas of economic activities that must be subject to the country's development goals and the interests of the state (Aggarwal, 2016).

RESEARCH METHODS

This research uses qualitative research. During the research, researchers will collect data in the form of qualitative documents, both in the form of public documents and private documents. Public documents can come from newspapers, papers, or reports from government agencies such as the Ministry of Foreign Affairs and also the Ministry of Trade. Meanwhile, private documents can come from letters or e-mail (e-mail). The author also collects primary data from the official website of the Ministry of Foreign Affairs, Ministry of Trade, Ministry of Industry and also the Ministry of Agriculture. Furthermore, the authors

conducted a literature study in collecting secondary data. The author collects various written sources, such as books, literature, and academic journals. The author also considers the use of data collection techniques through in-depth interviews.

Indonesian and Argentine Trade Relations

In answering this research question, there are three reasons behind Indonesia's actions which continue to trade with Argentina even though Indonesia suffered losses in the trade. First, the historical value of politics between the two countries, Indonesia and Argentina. Second, Indonesia has an interest in expanding its market share in South America through Argentina. Third, Indonesia wants to protect the domestic livestock or agricultural industry.

a. Historical Value of Politics

The relationship between Indonesia and Argentina is not only seen from the large value of trade between the two, but also from the historical value that has been going on for a long time.

After the proclamation of Indonesian independence in 1945, one of the Latin American countries that gave recognition to Indonesian independence at that time was Argentina (Feriolus Nawali, 2016). However, the new diplomatic relations between Indonesia and Argentina were inaugurated in 1956. This shows that the relationship between Indonesia and Argentina has a very important historical value for Indonesia because Indonesia's independence requires recognition from other countries.

After diplomatic relations between the Indonesian state and Argentina were

formalized on June 30, 1956, relations between the two countries continued to run well. Indonesia's first visit to Argentina occurred when President Soekarno visited Argentina on the 21st May 1959. Likewise, Argentina visited the head of state, namely President Menem's visit in 1996, and President Fernandez de Kirchner in 2013.

On several visits, the President of Argentina produced agreements between Indonesia and Argentina. The first visit at the head of the state level by Argentina in 1996 conducted by President Menem, resulted in a Memorandum of Understanding (MoU) in cooperation in the field of animal health signed on August 26, 1996, in Jakarta (www.kemlu.go.id, 2016). During a visit by the head of state that took place in 2013 by the President of Argentina, Cristina Fernandez de Kirchner, it produced two MoUs that were related to investment promotion and cooperation in agriculture, as well as agreements in the field of transportation in this case related to flight opening or flight service (Doko, 2013).

Increasing cooperation relations between Indonesia and Argentina is not only seen from bilateral levels, but also at multilateral levels. There is three multilateral cooperation that can strengthen cooperation between Indonesia and Argentina, namely: Non-Aligned Movement (NAM), South-South Cooperation, and FEALAC. The collaboration that continues to grow from time to time can also add to the sense of trust between Indonesia and Argentina.

These international institutions underlie as well as direct the activities of bilateral

cooperation between Indonesia and Argentina. As for the economic goals of NAM, namely increasing world income by means of industrialization and agricultural technology cooperation to increase food production among developing countries (Departemen Luar Negeri, 1986). Then, South-South Cooperation as a reflection of solidarity which has a unique historical process among its members, South-South Cooperation has the aim of increasing the potential among its member countries (www.kemlu.go.id, 2014).

The main priority of NAM is the equality of nations and world peace in the system of economic and political relations in the world. There are two main attitudes in realizing this, first relying on self-reliance and national security of each country. Second, promote solidarity and cooperation between NAM countries to strengthen their position and increase their contribution in the preparation of the new international economic order. The NAM countries also have a strategy to campaign for a new international economic order, namely a combination of cooperation and mutual assistance in terms of better trade requirements for developing countries. This strategy aims to increase world income based on industrialization, agricultural modernization, independence in the field of technology and food production in developing countries 9 Ministry of Foreign Affairs (Departemen Luar Negeri, 1986).

Argentina has collaborated with Indonesia. Based on the statement of the Argentine Ambassador to Indonesia, Ricardo Luis Bocalandro, that Argentina

has collaborated on food development technology, and Argentina also provides training on developing cattle farms in the East Nusa Tenggara region (www.kemlu.go.id, 2016). Because Argentina is the largest corn producing country in the region, and Argentina has implemented a modern agricultural scheme using certain technologies such as drones in its irrigation. Not only using technology, but also land that is well patterned (Miftahul Koer, 2016). Therefore, technological cooperation through technology transfer, especially in agriculture, is very beneficial for Indonesia, coupled with the training provided by Argentina.

In the framework of South-South Cooperation, Indonesia continues to develop cooperation with other developing countries such as Argentina. This aims to create a more just world economic order, such as the goal of NAM and South-South Cooperation, namely to form a new world economic order. Until finally, developing countries are no longer underestimated in the political system or the world economy (Brotodiningrat, 2012).

In 2014, Indonesia and Argentina supported each other in the United Nations organization. In the reform of members of the Security Council, Indonesia, and Argentina so that there will be no reform in permanent members, but the reform of the addition of members of the Security Council is only done to non-permanent members. Argentina also supports Indonesia serving again as a non-permanent member of the Security Council (Bora Asik, 2014 in www.milanmun.it). In the previous year, Indonesia also stated that it supported Argentina as a

non-permanent member of the Security Council for the period 2013-2014.

b. Expansion of Market Share

Indonesia still directs its trade to traditional markets only. Until the 2008 crisis occurred the impact of the crisis that occurred in America (which is a traditional Indonesian market). Therefore, Indonesia should see alternative markets so that trade is not only focused on trading into traditional markets, but also extends markets to potential markets such as South America. The expansion of Indonesia's international trade market share is not only aimed at finding potential markets, but also aims at national development, trade promotion, and also the development of domestic industries.

The general objective of Indonesia's international trade policy is to increase access to export markets and facilitate exports. This is intended to reduce dependence on certain export markets, increase the growth of non-oil exports, diversify export markets, diversify export products, and improve the foreign trade business climate aimed at optimizing public services. The factors underlying the export policy are the fulfillment of domestic demand, namely consumption of industrial raw materials; Stability of domestic prices; and national food security and interests. Import policies are carried out to protect and increase farmers' income, stimulate the use of domestic production, make a trade and domestic market competitiveness and a conducive business (Ministry of Foreign Affairs Report in *Tabloid Diplomasi*, 2011).

Indonesia as a country that adheres to an open economic system, international trade

especially exports is an important factor in driving economic growth. Indonesia's gross domestic product (GDP) of around 30% comes from exports. Exports also make the domestic economy more passionate, because it will attract a lot of investment, employment, and utilization of local natural resources. The more products exported, will encourage economic growth in the country. The development of the world economy since entering the 21st century has increasingly opened trade relations between countries, which is characterized by the increasing flow of goods and services between countries, despite the global crisis in late 2008 (Kementerian Luar Negeri Republik Indonesia, 2011).

c. Indonesia Protects the Livestock Industry
The dependence of poultry feed on corn from year to year is increasing as the population increases and national poultry production, there are no feed ingredients that can replace or substitute corn as a feed component which is considered more economical. Increasing national chicken meat and egg production also has an impact on increasing demand for animal feed. The Association of Animal Feed Entrepreneurs said that in 2011 national animal feed consumption is estimated to reach 10.3 million tons. This number increased 4.04% compared to 2010 which amounted to 9.9 million tons (www.industri.kontan.co.id, 2013).

As is well known, Indonesia experienced a trade deficit with Argentina. Based on data from the Ministry of Commerce of the Republic of Indonesia, the main goods

imported by Indonesia from Argentina include cake, solid waste extracted from soybean oil, soybeans, broken or whole, and corn kernels (Kementerian Luar Negeri Republik Indonesia, 2015). This data is also reinforced by data on the United Nations Commodity Trade (UN Comtrade) that cake, soybean pulp, and corn are the top products in goods imported by Indonesia from Argentina. Even UN Comtrade said that for this product in 2012 it reached more than 1.5 billion US dollars. This explains that products such as cake, soybeans, and corn are very important for Indonesia because all these items are animal feed raw materials which have the highest nutritional content for poultry animals such as laying and broiler chickens, and ruminants such as beef cattle and pork (www.pse.litbang.pertanian.go.id, 2010).

In 2012, there was a trade deficit of US \$ 23.59 billion, which was then suppressed to US \$ 18.37 billion in 2013. The deficit was mainly due to a surge in imports of raw materials, auxiliary materials and capital goods. Of the total industrial product imports in 2012 worth US \$ 139.73 billion, around 90 percent of them were imports of raw materials, auxiliary materials, and capital goods. Imports in the same percentage occurred again in 2013. This means that industrial growth is directly proportional to the increase in imports of raw/auxiliary materials and capital goods.

The importation of the nine industry groups mentioned earlier comes from countries that have signed free trade agreements with Indonesia. Only in the food

and animal feed industry and pulp and paper groups, the imports come from countries that do not have free trade agreements, namely Argentina, Canada, Brazil, and the United States (www.kemenperin.go.id, 2016).

Indonesia is required to import animal feed raw materials from cakes and corn so that domestic needs are met. Corn is one of the feed ingredients that should not be imported because domestic production has exceeded demand, it still has to be imported. This is due to the gap between production or supply and the needs of feed mills, especially those related to the accuracy of quality, quantity, and certainty of sustainable supply, including competitive prices. Corn imports are also experiencing difficulties because many countries require and use more competitive corn, such as feed ingredients, food, fuel, processed industrial raw materials, and fertilizer (Fertilizer). To meet these shortcomings or overcome these gaps must be met from imports.

Trade Maintain Diplomacy Relations

In the case of Indonesian trade with Argentina, which continues to trade even though it has a significant trade deficit in the period 2008-2013, it is not only due to the activities of Indonesia's imports from Argentina greater than its export activities. The reason Indonesia is continuing to trade with Argentina shows that there is a far more profound background behind this action. In this case, there is a deep interest that concerns Indonesia's trade with Argentina. The results of the research findings that have been described previously show three main reasons related to Indonesia's interests in

trade deficits with Argentina.

First, Indonesia's interest in its trade deficit with Argentina is to maintain the historical value of politics with Argentina. In this case, the reason Indonesia continues to trade with Argentina despite having a trade deficit, namely the position held by Argentina for Indonesia, and also the historical value possessed by the two countries that have important meaning and also affect the relationship between the two.

Second, Indonesia's trade with Argentina can also provide market expansion for Indonesia in the South American region. In the condition of the international system that is prone to crises such as the 2008 global crisis, coupled with the crisis that occurred in Europe, requires Indonesia to look for alternative markets in addition to its traditional market as well as this. The expansion of this market also has a purpose for Indonesia, which is among other things so as not to depend on one particular market; national development in the form of domestic economic growth by opening new markets will increase export activities; promotion of domestic products in destination countries such as Argentina; and also the development of domestic industries by meeting domestic needs.

Third, the trade deficit between Indonesia and Argentina aims to protect domestic industries related to livestock and agriculture. Another goal of Indonesia's trade with Argentina, namely Indonesia wants to maintain the livestock industry by importing animal feed raw materials so that domestic industries related to using raw

materials such as cake, soybeans, and corn do not experience bankruptcy or even death.

CONCLUSION

The conclusion of this research is that trade deficits cannot only be seen in terms of exports and imports. Because trade itself is related to other sectors, such as development, industry and also some other interests besides economic interests. Indonesia's trade with Argentina, which has a deficit, has an interest in it, namely expanding Indonesia's international trade market share and also protecting the domestic livestock industry. All these things are also in line with the history of politics between Indonesia and Argentina.

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THE DETERMINANTS OF SOVEREIGN CREDIT RATINGS: INDONESIA AND ITS NEIGHBORHOOD COUNTRIES 1998-2016

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Abstract

The aim of this research is to study the determinants of sovereign credit ratings of Indonesia and its neighborhood countries in the period of 1998-2016. Using secondary data and analyzed using ordered probit, it is found that every credit rating agency has its own variables influencing to its published credit ratings. In general, for Indonesia and its neighborhood countries, the variables with significant and positive relationship are fiscal balance and current account deficit to GDP, freedom index, and GDP per capita; while the variables with significant and negative relationship are external debt to GNI and real exchange rate. Gross domestic savings to GDP influences credit ratings in both ways. Interestingly, inflation does not affect the credit ratings. Indonesia and neighborhood governments could use this information to manage their macroeconomic indicators in order to get favorable ratings from credit rating agencies.

Keywords: *Indonesia, Ordered Probit, Rating Agency, Sovereign Credit Rating.*

Abstrak

Tujuan penelitian ini adalah untuk mempelajari penentu peringkat kredit Negara bagi Indonesia dan negara-negara tetangga pada periode 1998-2016. Menggunakan data sekunder dan dianalisis menggunakan *ordered probit*. Ditemukan bahwa setiap lembaga pemeringkat kredit mempunyai variabel masing-masing yang memengaruhi peringkat kredit yang dipublikasikan. Secara umum untuk Indonesia dan negara-negara tetangga, variabel-variabel yang signifikan dan berpengaruh positif adalah keseimbangan fiskal dan defisit transaksi berjalan terhadap PDB, indeks kebebasan, dan PDB per kapita; sedangkan variabel yang signifikan dan berpengaruh negatif adalah utang luar negeri terhadap GNI dan nilai tukar riil. Tabungan domestik kotor terhadap PDB memengaruhi peringkat kredit secara dua arah. Menariknya, inflasi tidak memengaruhi peringkat kredit. Pemerintah Indonesia dan negara-negara tetangga dapat menggunakan informasi ini untuk mengelolain dikatorma kro ekonomi dalam rangka memperoleh peringkat utang yang baik dari lembaga pemeringkat.

Kata Kunci: *Indonesia, Ordered Probit, Lembaga Pemeringkat, Peringkat Kredit Negara.*

INTRODUCTION

Sovereign credit ratings are very important due to globalization of market and cross border investments. Sovereign credit ratings are not country ratings, but they address the credit risk of national government, do not address specific default risk of other issues (Beers & Cavanaugh, 1998). These ratings give insight into investing risk and political risk of a particular country.

Sovereign credit ratings affect economy of a country in terms of cost of debt and foreign direct investment. For example, OECD countries received high foreign direct investment (FDI) when their credit ratings were high (Cai, Gan, & Kim, 2018). Turkey observed two ways causality between sovereign credit ratings and FDI during 1995-2013 (Bayar & Kilic, 2014). The downgrade of sovereign credit ratings would lead to reduction of investments and

reliance of credit market due to rising cost of debt (Almeida, Cunha, Ferreira, & Restrepo, 2017). Furthermore, the bond yield of firms is found to increase significantly due to the downgrades. For short term government borrowing cost, a downgrade to sub-investment grade by one major rating agency increase Treasury bill yields by 138 basis points, on average (Hanusch, Hassan, Algu, Soobyah, & Kranz, 2016).

Research on determinants of sovereign credit ratings still attracts many studies up to now. One of the reasons might be credit rating agencies do not offer transparent criteria to determine ratings and their changes (Mora, 2006). Thus, many studies have been conducted in various countries in different periods. As shown in Table 1, the results of several previous studies on determinants of sovereign credit ratings are still ambiguous and inconsistent in different country studies.

Table 1. Inconsistent Results in Previous Studies

Authors	Samples	Variables
Cantor & Packer (1996)	49 countries across regions	Fiscal balance (x)
Mellios & Paget-Blanc (2006)	86 countries across regions	Real exchange rate (+); gross domestic savings (+)
Chodnicka (2015)	45 European countries	Gross domestic savings to GDP (+) for high & middle economies; (-) for low economies; official exchange rates (-)
Kabadayı & Çelik (2015)	19 emerging countries	Account deficit & fiscal balance to GDP (-); real exchange rate (-); gross domestic savings (+)
Pretorius & Botha (2017)	28 African countries	Current account to GDP (+); fiscal balance (+)

Note: (+) positive influence, (-) negative influence, (x) no influence

Source: Authors' compilation

The most prominent credit rating agencies are Standard & Poor's (S&P's), Moody's, and Fitch. However, their credit ratings are different from each other. For example, in terms of S&P's ratings, Indonesia has the lowest and the most volatile grade compared

to Malaysia, Philippines, and Thailand. In addition, in the period of 1998 to 2016, S&P's had not given investment grade rating for Indonesia. Other rating agencies, such as Fitch had awarded investment grade rating for Indonesia since 2012, while Moody's had awarded it since 2011.

Ministry of Finance Indonesia has a vision to be the main driver of inclusive economic growth for Indonesia in the 21st century. Many research on effect of sovereign credit ratings showed the correlation between better economic conditions and higher ratings (Almeida et al., 2017; Hanusch et al., 2016) which make a policy to improve sovereign credit ratings very relevant.

The inconsistent results of previous research on different countries as exemplified in Table 1, urge an additional research with smaller scope to be conducted in the case of Indonesia. Furthermore, every credit rating agencies seems to have different consideration of rating formula that would be interesting to be studied. The addition of neighborhood countries, i.e. Malaysia, Philippines, and Thailand has two goals: (1) to compare determinants of credit ratings for Indonesia and for those of three Indonesia's neighborhood countries and (2) to fulfill minimum requirement of small sample since Indonesia data alone will not suffice. The choice of Indonesia and surrounding countries also constitutes innovation for this research since limited studies focus to this region in the study of sovereign credit ratings.

Therefore, the research question is: What are determinants of sovereign credit ratings in Indonesia and its neighborhood countries? Specifically, this research interested in macroeconomic determinants, i.e. fiscal balance and current account deficit, external debt, freedom index, GDP per capita, real

exchange rates, inflation and gross domestic savings.

RESEARCH METHOD

The objects of this research are sovereign credit ratings of Indonesia and its neighborhood countries from 1998 to 2016. The selection of countries is based on data availability. Therefore, Malaysia, Thailand, and Philippines are preferably chosen rather than countries like Vietnam, Myanmar, or Cambodia. Singapore unfortunately must be excluded due to difficulty of getting its external debt record.

This research used only secondary data. The data in the form of credit ratings and macroeconomic indicators were obtained from Bloomberg terminal and World Bank site (<https://data.worldbank.org>).

The dependent variable in this research is sovereign credit ratings. Sovereign credit ratings are divided into two categories, i.e. investment grade and speculative grade. Investment grade reflects high grade with high credit worthiness; while speculative grade signs low grade with low credit worthiness.

The highest credit rating, i.e. prime, is AAA in S&P and Fitch and Aaa in Moody's system; while the lowest is C in all rating agencies, in addition to SD rating for speculative default. To change the sovereign credit ratings to become ordinal scale, the coding method by Cantor and Packer (1996) and also Kabadayi and Çelik (2015) were used. The complete rating symbols and ordinal scale were shown in Table 2.

Table 2. Rating Symbols and Ordinal Scales

Rating Specification	Rating Symbols			Scale
	S&P	Fitch	Moody's	
Investment grade rating				
Highest quality	AAA	AAA	Aaa	6
High quality	AA+, AA, AA-	AA+, AA, AA-	Aa1, Aa2, Aa3	5
Strong payment capacity	A+, A, A-	A+, A, A-	A1, A2, A3	4
Adequate payment capacity	BBB+, BBB, BBB-	BBB+, BBB, BBB-	Baa1, Baa2, Baa3	3
Speculative grade rating				
Likely to fulfill obligation	BB+, BB, BB-	BB+, BB, BB-	Ba1, Ba2, Ba3	2
High risk obligation	B+, B, B-	B+, B, B-	B1, B2, B3	1
Obligation cannot meet	CCC+, CCC, CCC- , CC, C, SD	CCC+, CCC, CCC-, CC, C, SD	Caa1, Caa2, Caa3, Ca, C, SD	0

Source: Cantor & Packer (1996); Kabadayi & Çelik (2015)

There are seven independent variables used in this study, i.e. (1) coefficient for fiscal balance and current account deficit to GDP (CATGDP), (2) inflation as calculated from GDP deflator(DEF), (3) External debt to gross national income (EXDGNI), (4) freedom index (FHI), (5) gross domestic product per capita (GDPPC), (6) real exchange rate (REXR), and gross domestic saving to GDP (SAVGDP). The seven variables are chosen

based on results of previous literature which are expected to influence to sovereign credit ratings in Indonesia and the neighborhood countries. Each independent variable, its expected sign, notation, and variable type are summarized in Table 3. More information about the independent variables, including formulas to operationalize the independent variables follow. The explanation is mainly from Hubbard, O'Brien, and Rafferty (2011), unless stated otherwise. .

Table 3. Independent Variables

Variables	Expected Sign	Notation	Variable Type
Coefficient of fiscal balance & current account deficit to GDP	-	CATGDP	Ratio
Inflation	-	DEF	Ratio
External debt to GNI	-	EXDGNI	Ratio
Freedom index	+	FHI	Interval
Gross domestic product per capita	+	GDPPC	Ratio
Real exchange rates	-	REXR	Interval
Gross domestic savings to GDP	+	SAVGDP	Ratio

Source: Authors' compilation

CATGDP is computed as the ratio of fiscal balance and current account deficit as a portion of GDP, while inflation is calculated as GDP deflator. REXR is calculated as nominal exchange rates multiplied by proportion of domestic per foreign price level. Furthermore, Freedom index measures economic environment in which government can exercise control through rule of law, government budget size, regulatory efficiency, and market openness (Miller & Kim, 2017).

$$SR_{ijt} = \alpha + \beta_1 CATGDP_{it} + \beta_2 DEF_{it} + \beta_3 EXDGNI_{it} + \beta_4 FHI_{it} + \beta_5 GDPPC_{it} + \beta_6 REXR_{it} + \beta_7 SAVGDP_{it} + \varepsilon_{it} \quad (1)$$

where SR stands for sovereign credit rating, *j* represents three different sovereign credit ratings (i.e. S&P, Moody's, and Fitch), *i* symbolizes country, and *t* denotes time. Thus, there are three empirical models, one for each credit rating agency to predict probability of getting certain sovereign credit ratings.

Before implementing ordered probit regression, classical assumption tests were implemented, i.e. normality, multicollinearity, autocorrelation, and heteroscedasticity test. In addition, significance tests in terms of likelihood ratio statistic, Z-statistic, and pseudo-R² tests (Gujarati & Porter, 2009) were implemented to inquire the robustness of independent variables in explaining the dependent variable.

As for normality test, Saphiro-Wilk and Saphiro-Francia results are 0.8393 and 0.5786, well above 0.05 to confirm normality of residuals. For multicollinearity test, results of Pearson product moment correlation test show no multicollinearity exists. The

The index is computed as composite index consisting of property rights, government integrity, judicial effectiveness, tax burden, government spending, fiscal health, business freedom, labor freedom, monetary freedom, trade freedom, investment freedom, and financial freedom.

The model employed in this research is ordered probit regression since the dependent variable is ordinal scale. The empirical model is as follow:

highest correlations are between SAVGDP and CATGDP (0.6177), between EXDGNI and DEF (0.6036), and between REXR and EXDGNI (-0.6107). All are below 0.8 as indicator of serious multicollinearity. In addition, testing multicollinearity using VIF produces EXDGNI as the highest VIF value (3.57), which is below the VIF value of 4 to represent serious multicollinearity problem. Regarding autocorrelation test, this study used Wooldridge test to identify autocorrelation. The result shows that the value of Prob.>F is 0.0108, below 0.05, meaning that autocorrelation exists. To cure the problem, regression was done using "vce(robust)" command in STATA. This procedure was known as White's heteroscedasticity consistent standard errors or robust standard errors (Gujarati, 2011).

Heteroscedasticity test was performed using Breusch-Pagan/Cook-Weisberg test. The result was Prob.>chi2 = 0.0734, above 0.05. It means that no heteroscedasticity in the data.

Ordered probit model coefficient differ by a scale factor, therefore the magnitude of the coefficient cannot be interpreted directly. The interpretation of coefficient is conducted through marginal effect test (Gujarati & Porter, 2009). Marginal effect is a measure of the instantaneous effect of a change in a particular explanatory variable on the predicted probability variable. The marginal effect tests were conducted for each rating level of each rating agency.

RESULT AND DISCUSSION

Descriptive statistics of variables are presented in Table 4. As seen in Table 4, mean sovereign credit ratings lie between 2.42 to 2.76, out of maximum 4. It means that mostly Indonesia and the neighborhood

countries have sovereign credit ratings of 2 or 3. Since rating 3 means the minimum base for investment grade, it implies that in general the countries in this research are under investment grade during period studied.

The coefficient of current account and fiscal balance to GDP (CATGDP) is positive, meaning the countries in the sample have positive balance of trade, investment, transfer, and government budget. As for inflation (DEF), the values range between -5% and 75%. The minimum inflation was observed in Malaysia in 2009; while the maximum inflation was observed in 1998 during economic crisis. On average, mean inflation is 6% for the countries during period of study.

Table 4. Descriptive Statistics

Variable	N	Mean	Std. Dev	Min	Max
SR (S&P)	76	2.42	1.22	0.00	4.00
SR (Moody's)	76	2.59	0.97	1.00	4.00
SR (Fitch)	76	2.76	0.92	1.00	4.00
CATGDP	76	0.03	0.06	-0.06	0.23
DEF	76	0.06	0.09	-0.05	0.75
EXDGNI	76	0.48	0.24	0.20	1.68
FHI	76	61.17	4.91	51.90	71.5
GDPPC	76	3,706.18	2,756.82	463.97	11,183.96
REXR	76	92.90	10.21	65.76	116.26
SAVGDP	76	0.30	0.10	0.14	0.49

Source: Compiled by authors

External debt to GNI (EXDGNI) depicts the ratio of debt owned by the country and its national income. The positive sign of EXDGNI shows that the countries in this study always have external debt; while the

lowest burden was observed in Philippines in 2003 and the highest burden was observed in Indonesia during 1998 economic crisis.

Mean freedom index (FHI) for the sample is 61.17 out of maximum 100, with

the minimum was 51.9 for Indonesia in 2006 and the highest is 71.5 for Malaysia in 2016. In addition, GDP per capita (GDPPC) maximum is USD 11,183.96 for Malaysia in 2014 while the minimum is USD463.97 for Indonesia in 1998.

Real effective exchange rate (REXR) measures the value of currency against weighted average of several foreign currency divided by price deflator/index of cost. Again, the lowest REXR is observed in Indonesia during economic crisis, while the highest is observed in Philippines in 2015.

As for domestic savings per GDP (SAVGDP), it represents investment,

government spending, and net export as a percentage of GDP. The highest SAVGDP was possessed by Malaysia in 1998, while the lowest occurred in Philippines in 1998.

The ordered probit regression results for each rating agency are presented in Table 5. As shown in the table, all models are significant at 1% as showed by Prob.>chi2 which are very low (0.000). Pseudo R2 are also high, i.e. 0.6981 for S&P model, 0.7306 for Moody's model, and 0.7071 for Fitch model. However, Pseudo R2 is second in important for probit model as the most important one is sign and significance of coefficient (Gujarati, 2011).

Table 5. Ordered Probit Regression Estimates

Variable	S&P			Moody's			Fitch		
	Coeff	Z-stat		Coeff	Z-stat		Coeff	Z-stat	
CATGDP	29.947	6.77	***	6.431	1.27		11.166	2.76	***
DEF	3.681	1.23		2.395	0.90		-6.930	-1.31	
EXDGNI	-1.713	-0.78		-0.045	-2.99	***	-5.150	-2.64	***
FHI	0.383	4.78	***	0.349	4.20	***	0.256	3.74	***
GDPPC	0.002	3.86	***	0.002	5.33	***	0.001	3.27	***
REXR	-0.054	-2.18	**	-0.069	-2.84	***	0.014	0.48	
SAVGDP	-13.063	-3.45	***	1.271	0.46		10.253	2.73	***
Observation	76			76			76		
Prob.>chi2	0.000			0.000			0.000		
Pseudo R2	0.6981			0.7306			0.7071		

Note: ***= sig. 1%, **= sig. 5%, *= sig. 10%

Source: Compiled by authors

For coefficient for fiscal balance and current account deficit to GDP (CATGDP), it is significant at 1% in S&P and Fitch models. The sign is positive, which is in contrary to expectation as stipulated in Table 3. This result is different from Kabadayi and Çelik (2015) which observe negative relationship between CATGDP to sovereign credit ratings in 19 emerging economies. The result

is in line with Pretorius and Botha (2017) which report positive relationship between current account to GDP and fiscal balance to sovereign credit ratings of 28 African countries. Thus, the sovereign credit ratings of S&P's and Fitch will be upgraded if fiscal balance and current account deficit to GDP increase. However, Moody's rating is not affected by the CATGDP variable.

For inflation variable which is measured using GDP deflator (DEF), it is not significant in all three models. Previous results generally observe negative relationship between inflation and sovereign credit ratings (Cantor & Packer, 1996; Chodnicka, 2015; Kabadayi & Çelik, 2015; Kalloub, Kapusuzoglu, & Ceylan, 2018; Mellios & Paget-Blanc, 2006; Pretorius & Botha, 2017).

Regarding variable of external debt to GNI (EXDGNI), the variable is significant in Moody's and Fitch models. The variable has negative coefficient as expected. This result is in accordance with previous studies (Cantor & Packer, 1996; Kabadayi & Çelik, 2015; Melki, Fiti, & Ben Arab, 2017; Mellios & Paget-Blanc, 2006). Arefjevs and Braslins (2013) using slightly different measure, i.e. external debt to export ratio, also found that the variable has negative sign. Therefore, to increase credit ratings, especially from Moody's and Fitch, Indonesia and its neighborhood countries should reduce their external debt to GNI.

For freedom index, the variable is significant in all models and has positive sign as expected. The result is in line with Kabadayi and Çelik (2015). Calcagno and Benefield (2013) and Belasen, Hafer, and Jategaonkar (2015) also found positive relationship between economic freedom and bond ratings in 39 states and 50 states, respectively. Thus, countries with high economic freedom enjoy favorable bond ratings and pay lower borrowing costs. Similar situation may also be able to be inferred for sovereign credit ratings.

Regarding GDP per capita (GDPPC) and sovereign credit rating, the variable is significant in all three models. It has positive sign as expected. The result confirms previous studies (Kabadayi & Çelik, 2015; Melki et al., 2017).

The sixth independent variable, i.e. real exchange rate (REXR) is significant in S&P and Moody's models. It shows negative signs, as expected, meaning that exchange rate depreciation leads to worse sovereign credit ratings. It is in line with Chodnicka (2015) and Kabadayi and Çelik (2015) but is contrary to Mellios and Paget-Blanc (2006). Therefore, a country in the sample should maintain its real exchange rate to get favorable sovereign credit ratings.

The last independent variable, i.e. gross domestic saving to GDP (SAVGDP) is significant in S&P and Fitch models. However, the coefficient has negative sign for S&P but positive sign for Fitch model. The positive sign is reported in Kabadayi and Çelik (2015), while positive and negative signs are also observed in literature (Chodnicka, 2015; Mellios & Paget-Blanc, 2006). Possible explanation could be difference in the level of economic development among sample. Chodnicka (2015) found that middle economic countries in Europe have positive signs while low economic countries have negative signs.

As for marginal effect, Table 6, Table 7, and Table 8 report marginal effect for S&P, Moody's, and Fitch, respectively. Interpretations are provided only for significant independent variables.

Table 6. Marginal Effects for S&P Model

Variables	Sig.	SR =0	P> z	SR =1	P> z	SR =2	P> z	SR =3	P> z	SR =4	P> z
CATGDP	***	-7.04e-07	0.85	-0.0002	0.78	-1.3978	0.44	1.3966	0.44	0.0014	0.76
DEF		-8.65e-08	0.85	-0.0000	0.79	-0.1718	0.53	0.1716	0.53	0.0002	0.77
EXDGNI		4.03e-08	0.86	0.0000	0.80	0.0780	0.60	-0.0799	0.60	-0.0001	0.78
FHI	***	-9.01e-09	0.85	-2.62e-06	0.79	-0.0179	0.48	0.0179	0.48	0.0000	0.77
GDPPC	***	-3.62e-11	0.85	-1.05e-08	0.78	-0.0001	0.41	0.0001	0.41	7.34e-08	0.76
REXR	**	1.27e-09	0.85	3.70e-07	0.78	0.0025	0.44	-0.0025	0.44	-2.57e-06	0.76
SAVGDP	***	3.07e-07	0.85	0.0001	0.78	0.6098	0.45	-0.6092	0.45	-0.0006	0.77

Note: ***= sig. 1%, **= sig. 5%, *= sig. 10%

Source: Compiled by authors

In Table 6, marginal effect analysis for S&P model is limited to significant variables, i.e. CATGDP, FHI, GDPPC, REXR, and SAVGDP. Analysis is also limited to substantial marginal effect (marked with shaded cells). The highest marginal effect is CATGDP, meaning that an increase of coefficient of fiscal balance and current account deficit by 1% the probability of having adequate

payment capacity (SR=3) increases at the ratio 1.3966. Focusing on having adequate payment capacity (SR=3) column, 1% increase in CATGDP, FHI, GDPPC will increase probability of getting “having adequate payment capacity”, whereas 1% increase in REXR and SAVGDP *reduces* probability of getting “having adequate payment capacity” (SR=3) by 0.0025 point and 0.6092 point, respectively.

Table 7. Marginal Effects for Moody's Model

Variables	Sig.	SR =1	P> z	SR =2	P> z	SR =3	P> z	SR =4	P> z
CATGDP		-2.77e-06	0.82	-0.2219	0.33	0.2218	0.33	0.0001	0.81
DEF		-1.03e-06	0.82	-0.0826	0.47	0.0826	0.47	0.0000	0.80
EXDGNI	***	1.96e-08	0.82	0.0016	0.37	-0.0016	0.37	-7.68e-07	0.80
FHI	***	-1.50e-07	0.82	-0.0120	0.36	0.0120	0.36	5.90e-06	0.80
GDPPC	***	-6.81e-10	0.82	-0.0001	0.33	0.0000	0.33	2.67e-08	0.80
REXR	***	2.96e-08	0.82	0.0024	0.34	-0.0024	0.34	-1.16e-06	0.80
SAVGDP		-5.47e-07	0.85	-0.0439	0.72	0.0439	0.72	0.0000	0.83

Note: ***= sig. 1%, **= sig. 5%, *= sig. 10%

Source: Compiled by authors

Table 8. Marginal Effects for Fitch Model

Variables	Sig.	SR=1		SR=2		SR=3		SR=4	
			P> z		P> z		P> z		P> z
CATGDP	***	-3.50e-06	0.84	-1.8082	0.04	1.7962	0.04	0.0120	0.64
DEF		2.17e-06	0.84	1.1221	0.37	-1.1147	0.37	-0.0075	0.65
EXDGNI	***	1.62e-06	0.84	0.8340	0.14	-0.0204	0.14	-0.0055	0.63
FHI	***	-8.02e-08	0.84	-0.0414	0.06	0.0411	0.06	0.0003	0.63
GDPPC	***	-1.94e-10	0.84	-0.0001	0.02	0.0001	0.02	6.66e-07	0.64
REXR		-4.25e-09	0.85	-0.0021	0.66	0.0022	0.66	0.0000	0.74
SAVGDP	***	-3.22e-06	0.84	-1.6602	0.17	1.6492	0.17	0.0110	0.63

Note: ***= sig. 1%, **= sig. 5%, *= sig. 10%

Source: Compiled by authors

In Table 7, the highest marginal effect for

Moody's model is freedom index, meaning that 1% increase in freedom index will increase probability of getting "having adequate payment capacity" (SR=3) by 0.0120 point. In brief, 1% increase in freedom index and GDP per capita will bring higher probability to be granted "having adequate payment capacity" (SR=3). Conversely, 1% increase in real exchange rates and external debt will decrease probability of getting SR=3, or in other words increase probability of getting SR=2, i.e. "likely to fulfill obligation".

In Table 8 for Fitch Model, 1% increase in fiscal balance and current account will have higher probability to get rating "strong payment capacity" (SR=4) by 0.0120 point. In addition, 1% increase in freedom index, saving to GDP, and GDP per capita will increase probability of getting SR=3; while 1% increase in external debt will decrease probability of getting SR=3 rating or increase probability of getting SR=2 rating. Focusing on column SR=3, the highest marginal effect is saving to GDP (SAVGDP).

CONCLUSION

Determinants of sovereign credit ratings for Indonesia, Malaysia, Thailand, and Philippines are fiscal balance and current account, external debt, freedom index, GDP per capita, real exchange rates, and gross domestic savings. Inflation does not determine the sovereign credit ratings in these countries.

From marginal effect tests, it is found that every variable has different effect to each rating agency. S&P rating is most affected by fiscal balance and current account to GDP, Moody's rating is affected the most by freedom index, and Fitch rating is affected mainly by gross domestic saving to GDP.

For government and policy makers in Indonesia and its neighborhood countries alike, to get favorable sovereign credit ratings and thus lower borrowing costs, the governments should set up policies and manage macro economies. Specifically, they should increase fiscal balance, increase current account, lower external debt, maintain freedom index, increase GDP per

capita, and appreciate real exchange rates. As for gross domestic savings to GDP, it should be treated cautiously since the impact to sovereign credit ratings is ambiguous.

Limitation for this study is mainly due to small sample. For future study, researcher could add more observations since this study use limited 76 observations. Addition of data, however, may force researcher to include several countries, since time series of individual country may not suffice. Moreover, applying more stringent multi collinearity test may be able to cure many insignificant marginal effects. Furthermore, using other independent variables may add prediction power of the model. For example, an interesting research avenue is using technological development to explain sovereign credit rating, such as using mobile phone as measure of knowledge economy (Bissoondoyal-Bheenick, Brooks, & Yip, 2006). Other independent variables are political stability or corruption control as measures which similar to freedom index (Kalloub et al., 2018). Researcher may also use other dependent variables, such as state bond ratings (Belasen et al., 2015; Calcagno & Benefield, 2013) or spread between state bonds and risk free bonds (Pačebutaitė, 2011).

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THE EFFECT OF GENERATION X AND GENERATION Y BEHAVIOR ON EMPLOYEE LOYALTY THROUGH JOB SATISFACTION

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Abstract

This study aims to determine the effect of Generation X and Generation Y behavior on employee loyalty through job satisfaction. The method utilized survey method using quantitative approach with 78 respondents from Generation X and 55 respondents from Generation Y. Chi Square method was used to test the hypothesis of this research. The results of this study have found that there are differences in behavior between Generation X and Generation Y employees in assessing job satisfaction and employee loyalty. The differences in the behavior of Generation X and Generation Y in assessing job satisfaction and loyalty should be put into a serious concern so that the company's regeneration process can proceed without hindrance for the continuation of a sustainable company life..

Keywords: *Generation X, Generation Y, Job satisfaction, Employee Loyalty.*

Abstrak

Penelitian ini bertujuan untuk mengetahui pengaruh perilaku generasi X maupun generasi Y terhadap loyalitas karyawan melalui kepuasan kerja. Metode yang digunakan adalah metode survey dengan pendekatan kuantitatif dengan komposisi 78 dari generasi X dan 55 dari generasi Y. Pengujian hipotesa menggunakan metoda Chi Square atau Chi Kuadrat. Hasil penelitian ini bahwa terdapat perbedaan perilaku antara karyawan generasi X dan generasi Y dalam menilai kepuasan kerja maupun loyalitas karyawan. Perbedaan perilaku generasi X dan generasi Y dalam menilai kepuasan kerja maupun loyalitas harus menjadi perhatian yang serius agar proses regenerasi perusahaan bisa berjalan tanpa halangan untuk kelanjutan kehidupan perusahaan yang berkesinambungan.

Kata Kunci: *Indonesia, Ordered Probit, Lembaga Pemeringkat, Peringkat Kredit Negara.*

INTRODUCTION

Employee loyalty is necessarily expected for any manufacturing company's regeneration continuity and transfer of expertise. One way for such company to maintain its employee loyalty is to know the behavior of its human resources very well. Without knowing the behavior of its human resources in detail, it is impossible for any company to manage its regeneration properly, especially, for the companies that engage in manufacturing industry, which main expertise is not yet available at the existing polytechnic or Job Training Center (BLK) prepared by the government. A manufacturing company with a high level of risk and process diversity might only leave with its human resources who are less loyal to the company if it is not serious in managing its human resource well. Employee disloyalty is not only indicated by one's resigning or leaving the company. However, disloyalty can also be seen from how much the company spends on the *hidden cost* caused by several issues that should have been avoided if the employees are caring and loyal to the company. Employees with high loyalty will never let the company spend a little more if they find a way to spend less. Additionally, it is also deemed to be important to maintain the employee's comfort zone. Yet, it is also worth noted that it might be necessary to put the employees from their comfort zone as the last resort. To achieve the success of retaining employees so that they keep working and generating more profits for the company, companies must pay attention to the factors that make employees feel comfortable and feel satisfied

at work and with the company. The efforts to keep employees stay have become a major problem in many companies for several reasons. For instance, corporate companies that have a higher level of job satisfaction tend to have employees with high loyalty as well. However, it is worth questioning whether, with the changing of generation nowadays, the aforementioned statement is still relevant. Therefore, the writer of this research article thought it was necessary and important to write a research article that focuses on loyalty through job satisfaction on the behavior of employees from Generation X and Generation Y based on the grand theory of researchers who shared generation theory in several periods, namely Lancaster & Still in 2002 at the company.

Generation X as much as 80% dominates the composition of/ employees in the company, while Generation Y by 20%. Gargiulo (2012) argues that some of Generations X employees may leave work and Generation Y may occupy the largest proportion of labor in the next few years.

The shifting of employee behavior does require serious handling. Like it or not, the older generation X will shift to the younger generation. The number of Generation X will quickly decrease in the manufacturing company, in which the average of working age or retirement of 55 years could not provide a workplace for them. Therefore, it is not exaggerating to put the effect of Generation X and Generation Y employee's behavior on job loyalty through job satisfaction in company as the title as it is very precise and interesting to study.

In carrying out their work activities, employees cannot not be separated from the loyalty and work attitude, so that they can always carry out their work properly and so that they can feel a deep sense of pleasure in the work that they do. Employee loyalty will automatically come into play when employees work happily and they feel satisfied. In other words, employee loyalty will grow in line with work satisfaction. To add, loyalty is a relationship that makes someone believe in someone else. Additionally, loyalty is reflected in the willingness of employees to maintain and defend organizations both inside and outside of work from undermining irresponsible people (Hasibuan, Malayu.S.P. 2011).

Moreover, according to Sudimin (2003) loyalty is the willingness of employees with all abilities, skills, thoughts and time to participate in achieving company goals, keeping company secrets, and not taking actions that harm the company as long as the person is still an employee. Barsky & Nash in the journal Anwar Basalamah (2012), in addition, suggest that loyalty significantly strengthens employee intent to stay in the same brand and their willingness recommends a brand to other.

The aforementioned aspects of loyalty are individual psychological processes that will often influence to form loyalty, which is a strong drive to remain as a member of the company, to have a definite trust, to accept the values of the company's company fully, and to obey the rules that apply a sense of responsibility high and positive work attitude. If these aspects can be fulfilled and owned

by employees, then surely the employee will have high loyalty in accordance with the expectations of the company. Based on the experts' opinions mentioned earlier, it can be concluded that employee loyalty is any action taken sincerely from the heart of an employee by doing anything for the good of the company without any negative intention towards the company. Wilson (*missing year*) states that job satisfaction includes how an employee can feel whether the work is fun or unpleasant to do.

Meanwhile according to Ryder, N. B (1965) Generation is a group consisting of individuals of the same age range who have experienced the same historical event in the same period. This statement is in line with the that of Kupperschmidt (2000), who states that a generation is an identifiable group that shares birth years and significant life events at critical developmental stages. Additionally, it does not contradict with Strauss & Howe (1991) statement who divide generations based on the similarity of birth spans and similarities in historical events. The distribution of these generations is expressed by other researchers with different labels as well, but they generally have similar or even the same meaning. For example, according to Martin & Tulgan (2002) Generation Y is a generation born in the range of 1978, while, according to Howe & Strauss (2000) generation Y is a generation born in 1982. This insignificant difference occurred because of the different schemes used to classify generations as the researchers came from different countries.

RESEARCH METHOD

The design of this study utilized survey methods where the objects between variables were hypothesized. The hypothesis itself describes the influence between two variables or more variables to find out whether or not a variable is associated with other variables, or whether a variable is influenced by the other variables. Thus, this study is aimed to examine the behavior of Generation X and Generation Y, and job satisfaction toward Employee Loyalty. It is also aimed to determine whether there is any influence between the four variables and to what extent these variables influence each other.

This research is considered as quantitative research with a goal to obtain the picture of influence. Based on the characteristics of the problem under study, the research is considered as causal research as it may detect variations in a factor related to variations in one or more other factors, such as the influence of the Generation X employee behavior and Generation Y

employee behavior (X2) towards loyalty (X4) through job satisfaction (X3). It is necessary to note that X3 and X4 are dependent variables with X1 and X2 as independent variables.

RESULT AND DISCUSSION

This study consisted of four variables, two exogenous variables consisting of Generation X employees, Generation Y employees, and two endogenous variables job satisfaction and employee loyalty. Presentation of descriptive data in a row is arranged based on the score distribution of each variable in the form of a range of statements of absolute frequency distribution or relative frequency. The frequency distribution is arranged based on Sturges rules, and its absolute frequency distribution is illustrated in the histogram. It is then continued with portrayal of the size of the distribution of standard intersections equipped with calculations, mean, mode, and median values, as a measure of the central symptom for each variable. For more details, it will be described with the acquisition of data as specified in the following table:

Table 1. Population and Sample Distribution

Generation	Population	Population	Sample
X		118	78
Y		82	55
TOTAL		200	133

Table 2. Questionnaire instrument

Variable	Dimension	Indicator	Items
Job Satisfaction	5	19	25
Employee Loyalty	5	18	35
TOTAL	10	37	60

The data for job satisfaction variable is measured by the Likert method (5 scales). For one statement, it has a scale of 1 to 5, which is illustrated in 5 options, namely: SS with a score of 5, S with a score of 4, Nwith

a score of 3, TS with a score of 2, and STS with a score of 1. It is also equipped with 25 statement items taken from all instrument respondents to Job satisfaction of 133 employees.

The results is based on screening of 124, the lowest score of 39, the average through a questionnaire consisting of 25 statements of respondents with the answer category using a Likert scale model. Based on the results of data analysis, a total score of 12,377 was obtained, with the highest score

of 124, the lowest score of 39, the average score (\bar{x}) of 93.06, median (me) of 93.83, mode (Mo) of 86, standard intersection (s) of 13,671, and variance of 186,905. The frequency distribution of job satisfaction data is presented in the table below.

Table 3. Frequency Distribution of Job Satisfaction

No	Interval	Class Sign	Lower limit	Upper limit	Frequency	
					Absolute	Relative (%)
1	62 - 69	65	61,5	69,5	1	0.8
2	70 - 77	73	69,5	77,5	1	0.8
3	78 - 85	81	77,5	85,5	8	6.0
4	86 - 93	89	85,5	93,5	35	26.3
5	94 - 101	97	93,5	101,5	43	32.3
6	102 - 109	105	101,5	109,5	31	23.3
7	110 - 117	113	109,5	117,5	13	9.8
8	118 - 125	121	117,5	125,5	1	0.8
Σ					133	100

The data from employee loyalty variable is measured using Likert method (5 scales). For one statement, it has a scale of 1 to 5, in five options, namely: SS with a score of 5, S with a score of 4, N with a score of 3, TS with a score of 2, and STS with a score of 1. It is also equipped with 35 statement items taken from all instrument respondents to Job satisfaction of 133 employees.

of respondents with the answer category using a Likert scale model. Based on the results of data analysis, a total score of 18,941 was obtained with the highest score of 175, the lowest score 83, the average score (\bar{x}) 142.41, median (me) 142.20, mode (Mo) 140 standard intersections (s) 1,348, and variance 241,729, the frequency distribution of employee loyalty data is presented in the table below.

The results is based on screening through a questionnaire consisting of 25 statements

Table 4. Frequency Distribution of Employee Loyalty

No	Interval	Class Sign	Lower limit	Upper limit	Frequency	
					Absolute	Relative (%)
1	83 - 94	88	82,5	94,5	2	1,5
2	95 - 106	100	94,5	106,5	2	1,5
3	107 - 118	112	106,5	118,5	3	2,3
4	119 - 130	124	118,5	130,5	14	10,5
5	131 - 142	136	130,5	142,5	46	34,6
6	143 - 154	148	142,5	154,5	38	28,6
7	155 - 166	160	154,5	166,5	21	15,8
8	167 - 178	172	166,5	178,5	7	5,3
Σ					133	100,0

Based on the results of the conclusions of the hypothesis provided above, it can be concluded that the findings of this study inform that the behavior of employees of generation X and generation Y affects their satisfaction towards the company. In this case, the behavior between generation X and generation Y is different in assessing each job satisfaction, as indicated by the results of the comparison between Chi table and Chi count, where the results of Chi count are greater than the Chi table.

Overall, the loyalty independence is influenced by both generations X and generation Y. Therefore, what needs to be considered is that different treatments are needed in addressing different generations to anticipate regeneration from generation X to generation Y that will absolutely occur in every company.

CONCLUSION

Based on the results of the overall data analysis, the findings yield the following information. First, the results processed using Chi Square or chi squared method produce the fact that the chi square value of the job satisfaction variable is a standard 0.05 critical limit value compared to the Chi square value calculated for the Job satisfaction that gets 42,620 results. Meanwhile, the Chi table value is set at 5,991, so that in this study there was an influence of the behavior of generation X and generation Y toward Job Satisfaction. The calculated results for work loyalty variables get the results of 16,525 while the chi table set is 5,991. Thus, this indicates the behavior of generation X and Generation Y employees are not independence or, in the other word, it

influences job loyalty.

Moreover, there are differences in behavior between generation X and generation Y in viewing job satisfaction and loyalty. However, the awareness towards the behavior of generation X and generation is not a scourge that must be avoided. Yet, it has to be an issue that all stakeholders and authorities must be aware of and concern about. If employees' bad behavior cannot be detected, it is not impossible that the regeneration process in a company will fail. This will lead to a new problem that could have been prevented earlier. Generational changes are strongly influenced by the changes in the climate of life and existing technology. This findings are in line with the narrowing of age or the range of technological differences that have been studied previously. It is not impossible for companies to have trouble in regulating the regeneration of their employees if they are not aware. Changes in future generations will be faster in line with increasingly rapid technological movements, the behavior of future generations will be more difficult to plan.

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The Effect of Commissioners Board Size and Committee Board Size on Disclosure of Corporate Social Responsibility (CSR)

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ABSTRACT

This study aims to analyze the effect of board size and committees size to corporate social responsibility through financial performance. The sample used in this study is secondary data of companies listed LQ-45 Index in 2013-2017 and determined using a purposive sampling method. The data about research variables are available in the financial report. The data analysis method is using path analysis. The results wereshowed that the size of commissioners board to corporate social responsibility was significant positive, size of committees to corporate social responsibility was significant positive relationship, size of commissioners board to financial performance was significant positive relationship, size of committees to financial performance was relationship positive significant, financial performance to corporate social responsibility shows a significant positive relationship.

Keywords: *commissioners board size, committees board size, financial performance, corporate social responsibility*

ABSTRAK

Penelitian ini bertujuan untuk menganalisis pengaruh ukuran dewan komisaris dan ukuran dewan komite terhadap pengungkapan *corporate social responsibility* melalui kinerja keuangan. Sampel yang digunakan dalam penelitian ini menggunakan data sekunder perusahaan yang terdaftar di Index LQ-45 tahun 2013-2017 dan ditentukan dengan menggunakan metode *purposive sampling*. Data-data tentang variabel penelitian yang diperlukan tersedia dalam laporan keuangan. Metode analisis data yang digunakan adalah analisis jalur. Hasil penelitian menunjukkan ukuran dewan komisaris terhadap *corporate social responsibility* menunjukkan hubungan yang positif signifikan, ukuran dewan komite terhadap *corporate social responsibility* menunjukkan hubungan yang positif signifikan, ukuran dewan komisaris terhadap Kinerja Keuangan menunjukkan hubungan yang positif signifikan, ukuran dewan komite terhadap Kinerja Keuangan menunjukkan hubungan yang positif signifikan, kinerja keuangan terhadap *corporate social responsibility* menunjukkan hubungan yang positif signifikan.

Kata Kunci: *ukuran dewan komisaris, ukuran dewan komite, corporate social responsibility, kinerja keuangan*

Introduction

The capital market has a very important role for companies outside the banking sector. This is related to the two functions which carried out by the capital market, namely the function of the economy and financial functions. The role of the capital market in economic functions is as a liaison between the provider of funds (investors) with users of funds (issuers or companies going public). Whereas the role of the capital market in financial functions is indicated by parties who have excess funds can invest in the hope of getting a return (return), and then the company can use the funds as a support for the company's operations. According to Sawir (2005), a capital market is a place for companies to collect the capital by offering stock to the public.

The companies which listed on the stock exchange generally get higher demands from the investors to make information disclosure widely. The need for this information cannot be fulfilled only with mandatory disclosures, but companies also need to disclose more information in a social responsible manner. Through disclosure of social responsibility, management can demonstrate the performance of the company and provide information that is appropriate for users (Subroto; 2004).

According to Subroto (2004), one of the important issues in the capital market is about disclosure of financial statements that are always changing along with the development of

the capital market. This disclosure is important because the financial statements are one of the main information in achieving capital market efficiency and it is a means of public accounting. Subroto (2004), also states that disclosures in financial reporting have an important meaning in making investment decisions. According to Wulandari and Atmini (2012), disclosure is needed by investors, because with the disclosure, the risk of the information that is faced will be reduced. The reduced of the risk of the information can increase the security for investors to invest in certain public company securities, Wulandari and Atmini (2012).

One of the fundamental information published by the company is the disclosure of corporate social responsibility (Corporate Social Responsibility) in the annual report as a company's commitment to contribute positively to environmental, social and community activities. The importance of Corporate Social Responsibility (CSR), get a great attention from the government and companies in Indonesia. Disclosure of information about social responsibility by the company aims to get more value in making investment decisions or other business decisions made by investors, creditors, and other market participants. The willingness of companies to disclose social responsibility is also one of the ways that managers can do to increase the value and credibility of companies in public view (Huda and Heykal, 2006).

According to Hackston and Milne (1996), corporate social responsibility is often

called as corporate social reporting, social accounting, social disclosure or corporate social responsibility, is the process of communicating the social and environmental impacts of an organization's economic activities towards specific groups of interests and the society as a whole. According to Untung (2008), the main reason for social disclosures carried out in corporate responsibility is that investors can make an informed decision in making investment decisions. This is also done by the company to obtain an added value for the community around the company including the use of social resources.

Disclosure of Corporate Social Responsibility is measured by the Corporate Social Responsibility Disclosure Index (CSRDI) proxy based on the G4 version of the Global Reporting Initiatives (GRI). The GRI-G4 indicate the issued in 2013 which consists of six disclosures, namely economic, environmental, labor, human rights, community performance, and responsibility for products as a basis for sustainability. The law does not explain in detail how CSR is carried out and reported in the annual report so that the implementation of the company is impressed only to comply with regulations. In fact, investors appreciate CSR information disclosed in the company's annual report, which means that the number of investors can increase (Sayekti et al. ; 2008).

The implementation of good corporate governance is needed in order to build public and international trust as an absolute condition

for good and healthy business development efforts. Cadbury Report (1992), defines corporate governance as the principle that directs and controls the company in order to achieve a balance between the strength and authority of the company in providing accountability to particular shareholders and stakeholders in general. Shleifer and Vishny (1997), in Darmawati et al. (2005), interpreted corporate governance as ways that are used with the aim of giving confidence to suppliers of company funds so that companies will get a return on the funds they invest. The Forum for Corporate Governance in Indonesia (FCGI; 2002) defines corporate governance as a system that directs and controls a company.

The board of commissioners acts as the highest internal control mechanism and it is collectively responsible for supervising and providing input to directors and ensuring that the company has implemented good corporate governance based on applicable rules (KNKG, 2006). Limited Liability Company Law Number 40 of 2007 Article 97, states that the board of commissioners is in charge of overseeing the board of directors' policies in running the company and providing advice to the board of directors. Deviations made by the board of directors can be investigated by the board of commissioners through an evaluation of various types of periodic reports received from the board of directors to ensure that any actions are not in accordance with the policies set by the company. One factor that shows the effectiveness and efficiency of an organization in

order to achieve its objectives is financial performance (Pertwi and Pratama, 2010). The effectiveness of an organization can be realized if the management has the ability to choose the right tool to achieve the stated goals. While efficiency is interpreted as a ratio (ratio) between input and output, where the company expects optimal output for the business activities it runs.

The company's financial performance does not always describe a positive trend, therefore measurement of financial performance is needed by analyzing the company's financial statements using existing financial ratios. Ridwan and Barlian (2003), revealed that financial performance information is needed to assess potential changes in economic resources that are possible to be controlled in the future and to predict the production capacity of existing resources. The results of financial report analysis are needed by the management of the company as a basis for making decisions regarding the survival of a company. Ratio analysis based on the company's financial report data can provide benefits including knowing the financial results that have been achieved by the company in the past and can know the weaknesses that the company has and the results are considered good enough for the company (Ridwan and Barlian; 2003). The results of measuring the performance of financial ratios can be used as the basis for the company's management in making decisions related to reward, punishment, and improving performance in the next period and it can cre-

ate corporate value for its stakeholders.

Fatimah et al. (2016), through his research proved that the audit committee has an influence on disclosure of corporate social responsibility. The existence of an audit committee acts as one of the corporate governance mechanisms that can affect the disclosure of social responsibility in the company's annual report.

Research conducted by Othman et al. (2009), which examined the Determinants of Islamic Social Reporting Among Top Sharia-Approved Companies in Bursa Malaysia showed that the size of the company, profitability and the size of the Muslim board of directors had a significant effect on disclosure of Corporate Social Responsibility and industry types that did not significantly influence Corporate Social Responsibility disclosure.

Research conducted by Khoirudin (2013), which examines Corporate Governance and Disclosure of Islamic Social Reporting in Islamic Banking in Indonesia shows that the size of the board of commissioners and the size of the sharia supervisory board simultaneously have a positive effect on Corporate Social disclosure Responsibility of Islamic banking in Indonesia.

Formulation of the Problem

Based on the background above, the main problem can be formulated from this research, namely:

1. Does the commissioners board size have

- a significant effect on the disclosure of Corporate Social Responsibility (CSR) on companies listed on the Indonesia Stock Exchange LQ-45 index for the 2013-2017 period?
2. Does the committee board size have a significant effect on the disclosure of Corporate Social Responsibility (CSR) on companies listed on the Indonesia Stock Exchange LQ-45 index for the 2013-2017 period?
 3. Does the commissioners board size have a significant effect on Financial Performance in companies listed on the Indonesia Stock Exchange LQ-45 Period 2013-2017?
 4. Does the board committee size have a significant effect on Financial Performance in companies listed on the Indonesia Stock Exchange LQ-45 Index for the 2013-2017 period?
 5. Does Financial Performance have a significant effect on the disclosure of Corporate Social Responsibility (CSR) in companies listed on the Indonesia Stock Exchange LQ-45 Index for the 2013-2017 period?

Research Methods

Types of Research

This research is explanatory research that aims to obtain clarity of phenomena that occur in the empirical world (real world) and try to get answers (verificative) in order to explain

the causal relationship between the research variables through data analysis in order to test the hypothesis. The quantitative approach is used during the testing research theory through data analysis with statistical procedures.

Types and Data Sources

The type of data used in this study is secondary data, namely data obtained through a review of several kinds of literature relating to the issues raised and from relevant theoretical references (books, bulletins, journals, magazines, newspapers, and websites). While the data used in this study is secondary data in the form of annual reports issued by companies and registered on the Indonesia Stock Exchange LQ-45 Index for the 2013-2017 period. The annual financial report originates from the Indonesia Stock Exchange website (www.idx.co.id) and the company's website which is the research sample.

Research Population and Samples

The population used in this study are companies from various business sectors listed on the Indonesia Stock Exchange LQ-45 Index for the 2013-2017 period. The purposive sampling method is the process of selecting samples used in this study. Purposive sampling is a sampling technique using certain considerations that are adjusted to the criteria set by the researcher. The sample in this study was determined by the following criteria:

1. Companies listed in the Indonesia Stock Exchange LQ-45 Index for the 2013-2017

Period.

2. Companies that have never been delisted from the Indonesia Stock Exchange LQ-45 Index for the 2013-2017 Period.
3. Data about the required research variables are available in full in the annual report published.
4. Companies that use the Rupiah reporting currency. The reason for choosing samples with the above criteria is to avoid the bias caused by extreme differences.

Data Analysis Method

This path analysis is used to analyze the causal relationship between variables and hypothesis test in this study. By using path analysis, estimation of causal influences between variables will be carried out and the position of each variable in the path directly or indirectly. If there is a path that is not significant then the trimming theory is applied. This theory is done by removing or deleting paths that are not significant. The significance of the model can be seen from the beta coefficient (β) which is significant for the pathway (Akdon & Riduwan, 2007). The path diagram and path

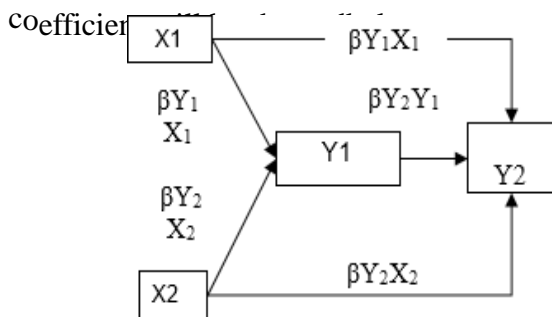


Figure 1. Path Analysis Model

Caption:

- $\beta_{Y_1 X_1}$ = Path coefficient influence X to Y₁
- $\beta_{Y_1 X_2}$ = Path coefficient influence X₂ to Y₁
- $\beta_{Y_2 X_1}$ = Path coefficient influence X₁ to Y₂
- $\beta_{Y_2 X_2}$ = Path coefficient influence X₂ to Y₂
- $\beta_{Y_1 X_2}$ = Path coefficient influence Y₁ to Y₂

Calculating Path

Path calculation is used to explain the effect of earning assets, temporary syirkah funds, and liabilities. The influence of the three variables can directly or indirectly affect the financial performance of the company. If the calculated path is not significant, then the trimming theory is carried out. If you already done the trimming theory, next is recalculate each of the path coefficients. The path analysis model (Akdon & Riduwan, 2007) will be explained as follows :

a. Trimming Model Path Analysis

Trimming theory is a model used to correct a path analysis structure model by removing from the exogenous (independent) variable model which path coefficient is not significant (Akdon & Riduwan, 2007). The steps of path analysis testing with the trimming model are as follows (Akdon & Riduwan, 2007):

1. Formulate structural equations
2. Calculate the path coefficient based on the regression coefficient
 - a) Make complete path diagram images

- b) Calculating the regression coefficients for the sub-structures that have been formulated
3. Calculate the path coefficient simultaneously (overall).
4. Count individually
5. Test the compatibility between path analysis models
6. Summarizes the table
7. Interpretation and conclusion

b. Pathway Analysis of Decomposition Models

✓ Direct Effect

1. Effect of variable commissioners board size to Corporate Social Responsibility (CSR).

$$DEY_1X_1 = X_1 \rightarrow Y_1$$

2. Effect of variable committees board size to *Corporate Social Responsibility (CSR)*.

$$DEY_1X_2 = X_2 \rightarrow Y_1$$

3. Effect of variable commissioners board size to financial performance.

$$DEY_2X_1 = X_1 \rightarrow Y_2$$

4. Effect of variable board committees

size to financial performance.

$$DEY_2X_2 = X_2 \rightarrow Y_2$$

5. Effect of financial performance to Corporate Social Responsibility (CSR). $DEY_2Y_1 = Y_1 \rightarrow Y_2$

✓ Indirect Effect

1. Effect of variable commissioners board size to Corporate Social Responsibility (CSR) through financial performance.

$$IEY_2Y_1X_1 = X_1 \rightarrow Y_1 \rightarrow Y_2$$

2. Effect of variable committees board size to Corporate Social Responsibility (CSR) through financial performance.

$$IEY_2Y_1X_2 = X_2 \rightarrow Y_1 \rightarrow Y_2$$

Results and Discussion

Description of Research Samples

The sample used in this study was selected using purposive sampling, which aims to obtain companies that were suitable for the purposed of the study. The sample criteria must be listed in the LQ45 Index in a row, the sample must also present the data needed in the study, in this case, the data regarding to the company's Corporate Social Responsibility activities and the company's financial performance data. Based on

the explanation above, the companies that were become samples in this study were:

Table 1. List of Companies Sampling the Indonesia Stock Exchange LQ45 Index

NO	COMPANY NAME	CODE
1	Astra Agro Lestari Tbk	AALI
2	Adaro Energy Tbk	ADRO
3	AKR Corporindo Tbk.	AKRA
4	Astra International Tbk	ASII
5	Alam Sutera Realty Tbk.	ASRI
6	Bank Central Asia Tbk.	BBCA
7	Bank Negara Indonesia Tbk. (Persero)	BBNI
8	Bank Rakyat Indonesia (Persero) Tbk.	BBRI
9	Bank Mandiri (Persero) Tbk.	BMRI
10	Global Mediacom Tbk.	BMTR
11	Bumi Serpong Damai Tbk.	BSDE
12	Gudang Garam Tbk.	GGRM
13	Indofood CBP Sukses Makmur Tbk	ICBP
14	Indofood Sukses Makmur Tbk.	INDF
15	Indocement Tunggul Prakasa Tbk.	INTP
16	Jasa Marga (Persero) Tbk.	JSMR
17	Kalbe Farma Tbk	KLBF
18	Lippo Karawaci Tbk.	LPKR
19	PP London Sumatera Tbk.	LSIP
20	Media Nusantara Citra Tbk.	MNCN
21	Tambang Batubara Bukit Asam	PTBA
22	Telekomunikasi Indonesia (Persero) Tbk.	TLKM
23	United Tractors Tbk.	UNTR
24	Unilever Indonesia Tbk.	UNVR

source: appendix (author processed, 2018)

Path Analysis

Path analysis is used to analyze the causal relationship between variables and hypothesis test

in this study mathematically. The results of the path analysis were presented in the figure as follows:

Table 2. Path Analysis Result

Standardized		Beta	Sig	A
Path				
X1	Z	0,281	0,004	0,05
X2	Z	0,224	0,018	0,05
X1	Y	0,228	0,009	0,05
X2	Y	0,184	0,028	0,05
Z	Y	0,177	0,030	0,05

source: appendix

Based on the Table 2, to analyze the first path, it could be explained that the Commissioners Board Size (X1) with Financial Performance (Z) has a significant influence. This could be known with the results of a significant value which was 0.004 smaller than $\alpha = 0.05$. The second path between the Committee Board Size (X2) and Financial Performance (Z) has a significant effect which was equal to 0.018 smaller than $\alpha = 0.05$. The third path between Commissioners Board Size (X1) and Corporate Social Responsibility (Y) has a significant effect that was equal to 0.009 smaller than $\alpha = 0.05$. The fourth path between the Committee Board Size (X2) and the Corporate Social Responsibility (Y) has a significant influence of 0.028, which was smaller than $\alpha = 0.05$. The fifth path between Financial Performance (Z) and Corporate Social Responsibility (Y) has a significant effect which was equal to 0.030. The results of path analysis can be seen in the following figure:

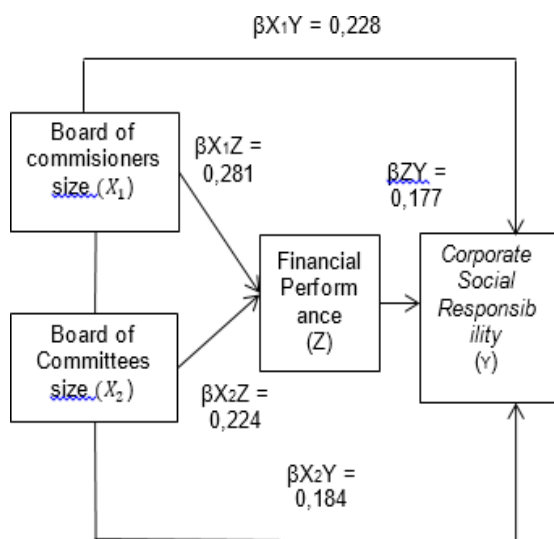


Figure 2. Path Analysis Model

Caption:

β_{X_1Z} : path coefficient direct effect size of board commissioners (X_1) to financial performance (Z)

β_{X_2Z} : path coefficient direct effect size of board committees (X_2) to financial performance (Z)

β_{X_1Y} : path coefficient direct effect size of board commissioners (X_1) to Corporate Social Responsibility (Y)

β_{X_2Y} : path coefficient direct effect size of the board of committees (X_2) to Corporate Social Responsibility (Y)

β_{ZY} : path coefficient direct effect financial performance (Z) to Corporate Social Responsibility (Y)

The path coefficient was calculated by making a structural equation, namely a regression equation that shows the relationship. The path analysis model in the equation was as follows:

$$Z = 0,021 + 0,281X_1Z + 0,224X_2Z + \dots \dots \dots \text{(formula 1)}$$

$$Y = 0,044 + 0,228X_1Y + 0,184X_2Y + 0,177ZY + \dots \dots \dots \text{(formula 2)}$$

Caption:

Y = Corporate Social Responsibility

X_1 = size of board commissioners

X_2 = size of board committees

Z = financial performance

β = coefficient of the independent variable

$\epsilon_{1,2}$ = residual variable

The results of the path coefficient structural equation The Effect of Commissioners Board Size and Committees Board Size on Corporate Social Responsibility Through Financial Performance cannot be interpreted before classic assumption tests were carried out in order to be free from multicollinearity, heteroscedasticity and fulfill the assumption of model normality.

Calculating Paths

Path calculation was used to explain the influence of Commissioners Board Size variable (X_1), Committee Board Size (X_2) on Corporate Social Responsibility (Y) through Financial Performance (Z). Each pathway must be tested for significance first. If after testing there was a path that was not significant, a trimming method was needed. Based on Figure 1 the test results for calculating the path coefficient:

- a. Direct Effect

- 1) The direct effect of commissioners board size to financial performance was 28,1%
- 2) The direct effect of committees board size to financial performance was 22,4%
- 3) The direct effect of commissioners board size to Corporate Social Responsibility was 22,8%
- 4) The direct effect of committees board size to Corporate Social Responsibility was 18,4%
- 5) The direct effect of variable Corporate Social Responsibility to financial performance was 17,7%

b. Indirect Effect

- 1) Indirect effect of commissioners board size through financial performance to Corporate Social Responsibility $(0,281 \times 0,177) = 0,049$ or 4,9%
- 2) Indirect effect of committees board size through financial performance to Corporate Social Responsibility $(0,224 \times 0,177) = 0,039$ or 3,9%

c. Total Effect

- 1) Total effect : $Y \text{ X1} \rightarrow Z \rightarrow Y, 0,228 + 0,049 = 0,277$ or 27,7%
- 2) Total effect: $Y \text{ X2} \rightarrow Z \rightarrow Y, 0,184 + 0,039 = 0,223$ or 22,3%

Hypothesis Test

t Test

According to Ghozali (2013), statistical tests are used to determine the ability of each variable. This test considers the other independent variables constant and uses a significance level of 0.05 ($\alpha = 5\%$). The following t test hypothesis test results:

Table 3. T Test Result

Hypothesis	A	Sig
1	0,05	0,004
2	0,05	0,018
3	0,05	0,009
4	0,05	0,028
5	0,05	0,030

Source: Appendix

Based on Table 3, hypothesis t-test shows the following results:

a. Effect of Commissioners Board size to Corporate Social Responsibility

Based on the Table 3, it can be seen that the level of significance (α) variable of the Commissioners Board size (X1) was 0.004 < 0.05. This means that the Commissioners Board size has a significant effect on Corporate Social Responsibility (H1 accepted).

b. Effect of Committees Board Size to Corporate Social Responsibility

Based on the Table 3, it can be seen that the significance level (α) variable of the Committee Board Size (X2) was 0.018 < 0.05. This means that the Commissioners Board size has a significant effect on Corporate Social Responsibility (H2 was accepted).

c. Effect of Commissioners Board Size to Financial Performance

Based on the Table 3, it can be seen that the level of significance (α) variable of the Commissioners Board size (X1) was 0.009 < 0.05. This means that the Commissioners' Board size has a significant effect on Financial Performance (H3 was accepted).

d. Effect of Committees Board Size to Financial Performance

Based on the Table 3, it can be seen that the significance level (α) variable of the Committee Board Size (X2) is 0.028 < 0.05. This means that the Commissioners Board size has a significant effect on Financial Performance (H4 is accepted).

e. Effect of Financial Performance to Corporate Social Responsibility

Based on the Table 3 it can be seen that the significance level (α) of the Financial Performance variable was 0.030 < 0.05. This means that Financial Performance has a significant effect on Corporate Social Responsibility (H5 is accepted).

Discussion

Effect of Commissioners Board Size on Corporate Social Responsibility

The results of path analysis on the t-test of the first hypothesis (H1) can be seen in Table 3 that the Commissioners Board size has an effect on the Corporate Social Responsibility by looking at its significance level of 0.004. The relationship shown

by the regression coefficient was positive, meaning that the Commissioners Board size increase, the Corporate Social Responsibility will increase (H1 accepted).

The board of commissioners was a representative of the shareholders of a company that was incorporated as a limited liability company and functions as a management supervisor. According to KNKG (2006), the board of commissioners has the authority to regulate and monitor the highest internal control mechanisms and it was collectively responsible for supervising and providing input to the directors and ensuring that the company implements GCG properly.

A strong influence can be given by the board of commissioners by pressing the management to disclose their social information extensively in order to realize corporate accountability. The greater of commissioners board size, better supervision will be made by the management of the company. Good supervision was expected to expand the disclosure of Corporate Social Responsibility (CSR) in meeting stakeholders' information needs and to minimize information that can be hidden by company management. The support of these stakeholders helps the company to maintain the survival of the company.

The results of this study were in line with previous research conducted by Khoirudin (2013), which states that the Commissioners Board size has a positive effect on Corporate Social Responsibility. So it can be concluded that the Commissioners Board Size has a significant positive effect on Corporate Social Responsibility.

Effect of Committees Board Size on Corporate Social Responsibility

The results of path analysis on the t-test of the second hypothesis (H2) can be seen in Table 3 that the Committee Board Size influences the Corporate Social Responsibility by looking at the significance level of 0.018. The relationship shown by the regression coefficient was positive, meaning that the Commissioners board size increase, Corporate Social Responsibility will be increased (H2 is accepted).

As one of the corporate governance mechanisms, the audit committee can influence the disclosure of corporate social responsibility. The audit committee was a committee that has the role of assisting the commissioner or supervisory board in ensuring the effectiveness of the internal control system and the implementation of tasks from internal and external auditors (Alijoyo and Zaini, 2004). The task of the audit committee was to review the company's compliance with the applicable laws and regulations in the field of capital markets and other regulations relating to company activities and to provide independent and professional opinions on aspects of compliance, control, risk management from internal audit activities and external (Alijoyo and Zaini, 2004). The company sought to focus on participating in implementing the principles of good corporate governance as a form of accountability to the community and shareholders.

Fatimah et al. (2016), through her research proved that the audit committee has an influence on disclosure of corporate social responsibility. The existence of an audit committee acts as one of the corporate governance mechanisms that can affect the disclosure of social responsibility in the company's annual report. Corporate social responsibility was not only aimed at improving company performance but also increasing the trust

of all stakeholders and changes in ethical issues for the management of the company.

Based on agency theory, principals will try to find information and provide intensive to ensure agent responsibility for company ownership. The audit committee that was responsible for financial statements, corporate governance, and corporate supervision was expected to be able to meet the information needs of the principal. Principles measure the level of results obtained from an agent's business based on the information obtained. The agency costs incurred by the company can be reduced along with the tight supervision carried out by the audit committee.

The results of this study were in line with previous research conducted by Fatimah et al. (2016), which state that the Committee Board Size has a positive effect on Corporate Social Responsibility So it can be concluded that the Size of the Board of Commissioners has a positive influence on Corporate Social Responsibility.

Effect of Commissioners Board Size on Financial Performance

The results of the path analysis in the t-test for the third hypothesis (H3) can be seen in Table 3 that the Commissioners Board size has an effect on Financial Performance by looking at the significance level of 0.009. The relationship shown by the regression coefficient was positive, meaning that the Commissioners Board size increase, the Financial Performance will increase (H3 is accepted).

The board of commissioners was a representative of the shareholders of a company that was incorporated as a limited liability company and its function as a management

supervisor. According to KNKG (2006), the board of commissioners has the authority to regulate and monitor the highest internal control mechanisms and it was collectively responsible for supervising and providing input to the directors and ensuring that the company implements GCG properly.

A strong influence can be given by the board of commissioners by pressing the management to disclose their social information extensively in order to realize corporate accountability. The results of this study were in line with previous research conducted by Khoirudin (2013), which states that the Commissioners Board size has a positive effect on Corporate Social Responsibility. So it can be concluded that Commissioners Board size has a positive effect on Corporate Social Responsibility.

Effect of Committees Board Size on Financial Performance

The results of path analysis on the t-test of the fourth hypothesis (H4) can be seen in Table 3 that the Commissioners Board size influences Financial Performance by looking at the significance level of 0.028. The relationship shown by the regression coefficient was positive, means that the Commissioners Board size increase, Financial Performance will increase (H4 is accepted).

The audit committee was a committee that has the role of assisting the commissioner or supervisory board in ensuring the effectiveness of the internal control system and the implementation of tasks from internal and external auditors (Alijoyo and Zaini; 2004). The task of the audit committee was to review the company's compliance with the prevailing laws and regulations in the field of capital markets and other regulations relating to company activities and to provide independent and

professional opinions on aspects of compliance, control, risk management from internal audit activities and external (Alijoyo and Zaini; 2004).

Based on agency theory, principals will try to find information and provide intensive to ensure agent responsibility for company ownership. The audit committee that was responsible for financial statements, corporate governance, and corporate supervision was expected to be able to meet the information needs of the principal. The Principal will measure the level of results obtained from the agent's business based on the information obtained. The agency costs incurred by the company can be reduced along with the tight supervision carried out by the audit committee.

The results of this study were in line with previous research conducted by Fatimah et al. (2016), which state that the Committee Board Size has a positive effect on Financial Performance. So it can be concluded that the Commissioners Board Size has a positive effect on Financial Performance.

Effect of Financial Performance on Corporate Social Responsibility

The results of path analysis on the t-test of the fifth hypothesis (H5) can be seen in Table 3 that Financial Performance has an effect on Corporate Social Responsibility by looking at the significance level of 0.030. The relationship shown by the regression coefficient was positive, meaning that the Financial Performance increase, Corporate Social Responsibility will increase (H5 is accepted).

Haniffa and Cooke (2005), state that a positive relationship between profitability and broader social disclosure can be seen from the increasing number of benefits obtained by

a company. High profitability illustrates that companies can bear higher costs for disclosing extensive information on social responsibility reports. Companies were encouraged to disclose more detailed information in their annual reports in order to reduce political costs and show the company's financial performance to the public if the company has high profits so that it has full power to implement a policy.

The term profitability was commonly referred to as economic performance in several studies. Profitability can be measured using several methods, including profit margin, return on assets (ROA), return on equity (ROE), and payout ratio (Brealey et al .; 2008). The higher the level of profitability of the company, the greater the disclosure of Corporate Social Responsibility (CSR) conducted by the company. In line with the theory of stakeholders, which states that a company was not an entity that only operates for its own sake but must be able to provide benefits to its stakeholders.

The results of this study were in line with previous studies conducted by Othman et al (2009) which states that Financial Performance has a positive effect on Corporate Social Responsibility. So it can be concluded that Financial Performance has a positive effect on Corporate Social Responsibility.

Conclusion

Based on the results of the analysis and discussion that the researcher has explained, it can be concluded as follows:

1. The results of testing the path analysis on the effect Commissioners Board Size on Corporate Social Responsibility show

a significant positive relationship. This proves that the good size of the Board of Commissioners will increase Corporate Social Responsibility (H₁ Accepted).

2. The results of testing the path analysis on the effect of Commissioners Board Size on Corporate Social Responsibility show a significant positive relationship. This proves that a good Committee Board Size will improve Corporate Social Responsibility (H₂ Accepted)
3. The results of testing the path analysis on the effect of Commissioners Board Size on Financial Performance show a significant positive relationship. This proves that a good of Commissioners Board Size will improve Financial Performance (H₃ Accepted)
4. The results of testing the path analysis for the influence of Commissioners Board Size on Financial Performance show a significant positive relationship. This proves that a good of Board Committee Size will improve Financial Performance (H₄ Accepted).
5. The results of testing the path analysis on the effect of Financial Performance on Corporate Social Responsibility show a significant positive relationship. This proves that a good of financial performance will improve Corporate Social Responsibility (H₅ Accepted)

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THE POTENTIAL AND SURVEILLANCE STUDIES ALUMNUS FACULTY OF ECONOMICS AND BUSINESS ISLAM UIN RADEN INTAN LAMPUNG

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Abstract

Alumni searches (Tracer study) as part of an alumni network construction should be done regularly and scheduled. The alumni FEBI can generally be absorbed in the world of work with a waiting period of normal working ranges of less than 3 (three) months and the majority of alumni working in the field of employment in accordance with their competence. Based on the results of the questionnaire tracer study, the majority of graduates in response to their competence as a result of the learning process in Febi, pretty good. Alumni also commented that soft skill competencies they have higher than hard skills and competencies it has in accordance with the needs of the working world are increasingly demanding mastery of soft skills.

Keywords: *Potential, Tracer Study, FEBI*

Abstrak

Pencarian alumni (*Tracer study*) sebagai bagian dari pembangunan jaringan alumni harus dilakukan secara teratur dan terjadwal. Alumni FEBI umumnya dapat terserap di dunia kerja dengan masa tunggu rentang kerja normal kurang dari 3 (tiga) bulan dan mayoritas alumni yang bekerja di bidang ketenagakerjaan sesuai dengan kompetensinya. Berdasarkan hasil studi penelusuran kuisioner, mayoritas lulusan dalam menanggapi kompetensinya sebagai hasil dari proses pembelajaran di Febi, cukup baik. Alumni juga berkomentar bahwa kompetensi soft skill yang mereka miliki lebih tinggi dari hard skill dan kompetensi yang dimilikinya sesuai dengan kebutuhan dunia kerja yang semakin menuntut penguasaan soft skill.

Kata Kunci: Potensi, Tracer Study, FEBI

BACKGROUND

Education is a business carried on by a person or group of others to become mature in terms of biological, psychological, paedagogis, in accordance with the

values of society and culture (Hasbullah, 1999). Education is basically a cultural transition (transition of culture) that is dynamic towards a change in a continuously (continuous), then education is considered as a vital bridge to develop the culture and civilization of man. As a process of cultural transformation, education is defined as the activities of the cultural inheritance from one generation to another (Umar Tirtarahardja, 2005). Education constitute the main tool for the development and determine the future of the nation/the community (Muri Joseph, 2006).

Education, especially higher education, today is expected to be able to produce graduates who have the competency skills (practical and theoretical) in accordance with the needs of the workforce, in line with the Presidential Decree No. 8 of 2012 on the National Curriculum-based KKNI (Indonesian National Qualifications Framework), KKNI is a framework level Indonesia qualification of human resources, which is put, equalizes, and integrating education sector by sector training and work experience in a recognition scheme workability adapted to the structure in many employment sectors (Presidential Decree No. 8 of 2012).

Indonesian National Qualifications Framework (KKNI) is the frame of reference of at least the size, the recognition of the educational hierarchy do. KKNI also referred to as a competence and qualifications framework hierarchy to reconcile, equalize, and integrate the fields of education and job training and work experience in order to award the work in accordance with the recognition of the competence of the structure of employment in various sectors.

In KKNI perspective, every program of study is required to clarify the “Graduate Profile” expected through activity tracking studies, feasibility studies and analysis of the needs in the community. Profile of graduates reflects the minimal ability to master students after graduating which refer to the four aspects of the needs, the attitude (attitude) field work ability knowledge and managerial responsibilities. Fourth ability must then be translated into a learning outcomes (learning outcomes) on each of the subjects in the study program. So later, all the planning for learning or Semester Implementation Plan (RPS) should be based on learning outcomes (Learning Outcome) that fits the needs of the graduate profile.

In connection with this context there are two key words to link the curriculum with Indonesian National Qualifications Framework, namely the achievement of learning (learning outcomes) and qualifications (Directorate General of Higher Education, 2013). This

means that the learning outcomes packaging into KKNI qualification levels is essential for pairing and equalization purposes or recognition of qualifications and the level of education or employment levels. His relationship with KKNI, that at every stage or level contains three outcomes are integrated with each other, namely skills (cognitive and psychomotor) owned by a student after completing a course of lectures; knowledge (content knowledge) that underlies the skills possessed to be able to adapt to change in the foreseeable future, managerial capabilities for the skills and knowledge mastered in order to develop in accordance with the demands of his professional (Ali Akbar Jono, 2016), especially in the working world.

The existence of a Higher Education is strongly associated with the extent of utilization of graduates in the working world. The world of work as stakeholders, we must increase the level of kepercayaan, to maintain stakeholder confidence level there are at least three key factors that must be considered are: appearance, services and products. Appearance institution can be seen from the availability and completeness of facilities and infrastructure that is comfortable and safe and responsible use in supporting the implementation of the Tri Dharma College. Service to the community is shown by the existence of a set of procedures and policies and performance indicators are clear and complete for the sake of ensuring the excellent service, while the product, in this case generated alumni,

In order to carry out the task of quality management of higher education the Faculty of Economics and Business Islam UIN Raden Intan Lampung need to plan for quality based on the needs of stakeholders, in particular students and the graduates, then one will have to do is to identify and analyze the data needs of students, alumni and the world of work, Alumni revenue potential is the ability of an institution or agency to accommodate graduates to be employed in accordance with the discipline, both based on the level of qualification or level of education. Cambell and Panzano, as quoted by Samani Muchlas, said that six important aspect determining the success of the alumni were accepted in the world of work are competent, able to interact in a positive, confident in doing the task,

Alumni Tracking is part of the identification process to see the achievements of graduates in terms of aspects relevance of basic competencies desired by a user graduates graduates. Besides tracking of alumni is an attempt to get information. Tracking the alumni are part of the stage to the planning and decision-making, especially related to the implementation of the process of learning, curriculum relevance and competence of graduates with the needs of the workforce.

Alumni searches (Tracer study) is the study of trace tracking graduates /alumni who performed two years after graduation and study aims to determine the outcome in the form of transition from higher education to the world

of work, the last working situation, alignment and application competence in the workplace. Tracer studies can also provide educational information regarding the output Febi namely self-assessment of the acquisition and the acquisition of competencies, the educational process include evaluation of the learning process and the contribution of higher education to the acquisition of competencies and Educational input be further excavations to information sosio biografis graduates.

Tracking studies graduates or graduates was empirical research can yield valuable information in evaluating an educational program. Information such studies can be used as a quality assurance for the institution as a whole, in the sense that institutions conduct continuous improvement program corresponding to the input of the search results of studies graduates (Schomburg, 2003). Tracking studies graduates Alumni play a role in evaluating the curriculum a course of study, demonstrate the advantages and weaknesses of the program so as to produce a fundamental improvement suggestions. Febi graduates generally have stronger ties to the institution of learning, then alumni perceptions and perspectives are more objective in evaluating the learning program that has been taken.

According to Zembere dan Chinyama in the Tri Suryati dkk. (2012), explained that main object study the search for alumni is research the transition process of education higher to the world of work, analysis the relationship

between higher education with the world of work from the perspective of the purpose of individual as satisfaction work and position of employment, income, security work, and types of occupation.

METODE

The search is a descriptive study was conducted on an ongoing basis against college graduates, about the various datayang concerned graduates, such as the cumulative Achievement Index (IPK), duration of study, type of work, long time get a job and a salary beginning. Search studies is a method of execution tracer study against alumni. Through the tracer study College can obtain the required information and data. Search studies is a way to obtain needed information from College alumni are known as the tracer study. *Tracer study* search alumni is to know the activities of alumni after graduating from college, the transition from the world of higher education to the world of work, the employment situation, the acquisition of competencies and the use of competency in job and career. According to Soemantri dkk (2010), graduates (tracer study) is one of the things that should be done by each educational institution.

RESULT AND DISCUSSION

Tracer study activities can also be used to find information about the needs of companies or institutions against alumni of the College. The purpose of this activity is to gather relevant information and input from graduates about

learning and work experience experienced by graduates of the College for development. According to Harald Schomburg in Soemantri dkk. (2010), extended "Tracer study is an approach that enables higher education institutions get information about flaws that may occur in the process of education and the learning process and can be a the basis for planning activity for consummation in the future".

According to Wuradji et al. (2010) that a search of graduates (tracer study) is an important part of the activities of an educational institution. Search graduates will be obtained through a variety of important information is very beneficial to the institution, for graduates, and also other institutions related to the Organization of education. Tracer study allows an institution to track the condition of graduates and from information obtained can be taken a wide range of policies and actions that provide benefits to graduates and to the development of institutions that concerned. According to Nazir in Nuroso Soeharto dkk. (2008), "tracer study (study of search) is the main focus of the study is to obtain the existence of or information from graduates who are already working or not working".

The activities of the tracer study can provide information obtained from graduates who managed to diprofesinya, such as knowledge, skills, and job demands, work area, and the position of the profession who do graduate. Graduates can provide information on education and learning process during their lectures

in college. This is as described by Syafila in Lieli Suharti and Ferrynela (2012) which explains that the tracer study is an approach that allows institutions of higher learning to obtain information about the various shortcomings that may occur in the process of education and the learning process and can be the basis for planning activities for future refinement. According to Mario Anthony B, tracer study is a study tracking the footsteps of graduates or the alumni committed to alumni of the two (2) years after graduation (first survey) and five (5) years after graduation (second survey). Meanwhile, according to the Ministry of education and culture, is the tracer study study tracking the footsteps of graduates or the alumni conducted between one (1) year three (3) years after graduation. According to the National Accreditation Body-higher education (BAN-PT) as cited by Ainil Fitri (2010) in its research report that there were some elements of the assessment that is used to look at the effectiveness of the standards of the graduates are. Services and utilization of graduates, including variety, type, container, quality, price, and intensity. Tracking and recording data on graduates, including comprehensive, the profile of the first job waiting period, the suitability of the field work with majors, and position the work first. Participation of the graduates and alumni in supporting the development of academic and non-academic Courses.

Based on some explanation as reflected above, then it can be inferred that the alumni search studies is one way to get the informa-

tion and data required such high profile College graduates, long waiting period in get a job, type of work, work placements, and income or salary earned in each month of college alumni. Search the graduate tracer study is generally called the activity at an educational institution whose primary focus is to obtain information or whereabouts of graduates who had worked or not worked, later the information can be used and action policy is used to provide benefits for graduates and for developers the institution.

As for the objective, the Schomburg in Soemantri dkk. (2010), the main goal of from the activities explains that the tracer study is to know or identify the quality of graduates in the workforce, while special-purpose tracer study is, identifying the competency profile and skills of graduates, relevance of the implementation of the curriculum that has been applied in college with the needs of the labour market and the development of professional competence within the department, to evaluate the relationship of curriculum and study in the department as a scientific development and as a contribution in the process of accreditation Department.

The activities of the Tracer Study is beneficial to enhancing the relationship of graduates and Alma Mater, as can be seen from the experience of renowned educational institutions, bonds alma mater strong and graduates can bring many benefits to the alma mater as with use of gait graduates in the community. Tracer

Study is an approach that allows institutions of higher learning information about the shortcomings of the may occur in the process of education and the learning process. The result of the tracer study of the College can be used to find out the success of the educational process which has been done to the children of his protégé.

As for the waiting period work alumni according to the portfolio Valuation Guidelines Book V Institutional Accreditation of the College of the year 2007, the elements of the standard assessment graduates was “waiting period graduates to work relatively brief, colleges have efforts tracking graduates to do periodically, College provides career guidance and employment information for students and graduates”. Based on BAN-PT (2008) in Ainil Fitri (2010), length of waiting period work graduates to earn his first job after graduation requires a short time i.e. less than 3 months. According to another opinion, the employment waiting period is the period or time span of passing grade alumni to get work.

Inauguration initial establishment of the Faculty of Economics and Business Islam (Febi) UIN Raden Intan Lampung is dated August 11, 2015, which at that time still a UIN Raden Intan as IAIN Raden Intan Lampung. At the beginning of the formation, Febi Prodi only has two and one concentration, namely the Economic Prodi Prodi Syariah and Syariah Banking and Accounting concentration Sharia. Febi before an existing study programs in Ra-

den Intan Faculty of Shariah UIN Lampung, which is one of the five faculties at UIN Raden Intan Bandar Lampung today.

The existence of this Faculty has a very long history since it was founded in 1968, the history of the Faculty of Shariah UIN Raden Intan Lampung is inseparable from the history of the UIN Raden Intan Lampung, namely through consultation Ulama Lampung in Lampung Tengah Metro as the capital of the time, in order to establish the Islamic Welfare Foundation Lampung (YKIL) in 1963, which gave birth to the establishment of the College of Islamic Religion (PTAI). So that in that year (1963) the establishment PTAI to open two (2) of the Faculty, the Faculty of MT and Faculty of Shariadi Lampung under the patronage of and compensation for YKIL with the location of offices and classrooms were placed in the Hall of the Faculty of law of the road Fob Hasanuddin No. 1 Telukbetung. After a few months of the second lecture of the Faculty shifted to the Masjid Jami ' Lungsir Teluk betung, now called masjid Jami ' Al-Furqon.

Faculty of Shari'ah UIN Raden Intan Lampung dinegerikan in conjunction with the inauguration of IAIN Raden Intan Tanjungkarang with Letter Decision 68 (SK) Minister of religious affairs RI Number 187 Year 1968 on 26 October 1968 in conjunction with Hasan Mukhtar, s. H was appointed Rector IAIN al-Jami'ah al-Islamiyya al-Hukumiyah Raden Intan and m. Zubair Djuaini SH as Secretary. Lectures and activities at the time were

held in the building of the Chinese school in the way Ex Kartini Kaliawi Cape Coral. (IAIN, 2001).

At the time of dinegerikan, Faculty of Shari'ah UIN Raden Intan Lampung based SK Minister of religious affairs RI No. 187 year 1968 had two departments, namely the Department of religious courts (PA) Criminal Islamic Civil and courses (PPI), which has the task of carrying out the activities education and instruction, the penelitiandan community in the field of Law and Sharia (Islamic law and positive law). (IAIN, 2001).

At the moment, FEBI UIN Raden Intan which originated from the opening of the Economic Studies Program at the Faculty of Shari'a Shari'ah in 2006 and obtained the permission of operations, then in the year 2013 following the Sharia Banking Course opened. See the community growing in great numbers from year to year and in 2015 year officially FEBI stands alone and apart from the Faculty of Shari'ah.

Currently Febi has had 4 Department / Economics Prodi Prodi namely Shariah and Shariah Banking Prodi has had accreditation, Prodi Accounting and Business Management Shariah Shariah is still at the stage of operational licenses. Although still relatively young to support quality learning, Febi has had with the local College Building class numbered 36 rooms divided into 3 units of 2-storey building and one 3-storey building as a center Dean faculty administration. Febi means of lectures

supported by various facilities such as LCD projectors, whiteboards, laptops and other means. The number of such facilities has been bias used for all of the lecture hall. Means of supporting the education that is Lab. Bank Mini and Lab. Computers are used for practical activities, while the supporting infrastructure in the field of information technology is the presence of several point hot-spot for wireless Internet in Febi environment. Each student is entitled to have access to internet with high speed provided by the college.

Of the 35 respondents were sampled in this study, to distinguish the sex of the respondent. The composition of the respondents in terms of the sex of the respondents who participated in the study 28.5% were male and 71.4% were female.

Furthermore, respondents by age. These respondents age grouping aims to determine the age group participating in the tracer study questionnaire in this study. All respondents in this study aged 20-25 years (100%).

In the aspect of the learning experience, pengalaman study is expected to bring a positive influence within the competence of students in the form of implementation, performance improvement, and the willingness of lifelong learning. To mengeahui graduate learning experience while studying in Febi, aspects studied in tracer studies are: aspects of learning and teaching, facilities and learning conditions and the impact of learning experiences and the benefits of learning in Febi.

In the aspect of learning, *tracer studies* It aims to find out the extent to which aspects of learning can provide a positive contribution which can add to the learning experience. In more detail it is measured from the practical knowledge, theories and empirical concept, independent study, tutorial learning materials Print learning as a primary source, a non print materials, as the main source of information. End of the program assignment and exam courses regularly. For more details can be seen in the image below:

Figure 1
Aspects of Learning



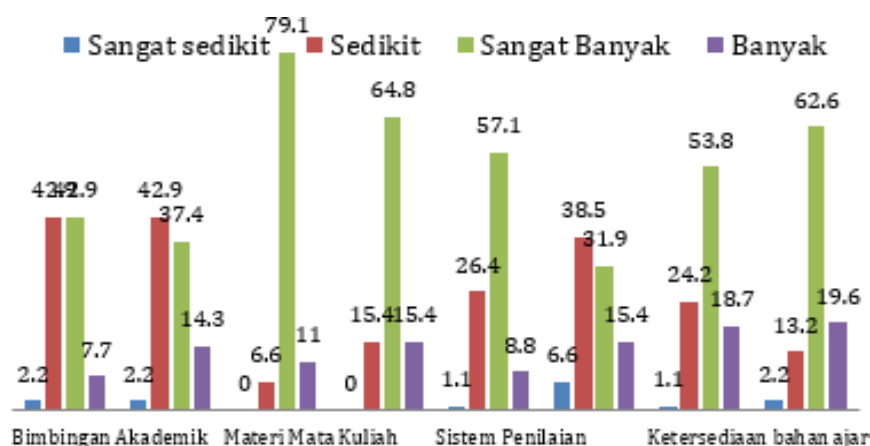
On Figure 3 above, this research can identify that aspect of independent study revealed the majority of respondents (91.3%) provide a great learning experience. These findings indicate that the system is open and independent learning are applied Febi UIN Raden Intan Lampung in the learning process has been very helpful that can be applied in the workplace by Raden Intan UIN Febi graduate Lampung. In addition to independence, the test subjects on a regular basis and take the final as well as tutorials printed teaching materials as a major source of learning is learning which aspects are very much helpful perceived (reaching a percentage above 90%). Followed by the understanding of the theories and concepts (over 80% said a lot and very much benefit in its application).

Although it is common for all indicators in the application of learning assessed by the graduate application can already be implemented, but there are some of the respondents (31.9%) stating that non-print materials as a

primary source of information is still considered lacking in the application followed the aspect of practical knowledge and empirical (25.2%). Thus it can be stated that the aspects of learning that students were optimal implementation rated useful in the work is independent study, test subjects on a regular basis and take the exam in the final project.

In the aspect of facilities and learning conditions, *tracer study* It aims to map the extent of the facilities and learning conditions of students accepted for study at UIN Febi Raden Intan Lampung. The facilities and learning conditions that can be given FEBI UIN Lampung secara Raden Intan well to the students will help to expedite the learning process that will have an impact on the quality of learning. In more detail it is measured from several aspects: academic tutoring, course materials, diversity of programs of study offered, the assessment system, a collection of library books, teaching materials availability and quality of services provided Febi (figure 2).

Figure 2
 Conditions and Learning Facilities



The results showed that most respondents (90%) stated that the course material has been very much a positive learning experience, followed by the quality of the service provided Febi (82.4), the diversity of courses offered and the availability of teaching materials (72.6%) and the assessment systems (65.9%). Positive assessment of graduates Febi UIN Raden Intan Lampung indicates that the following lecture material availability and ratings system had been given a very great experience in the learning process.

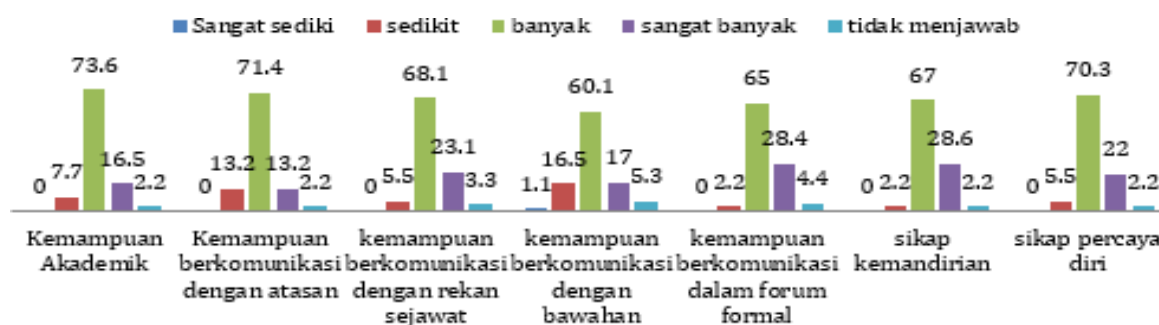
However, some aspects of the facilities and learning conditions that they feel while studying in Febi UIN Raden Intan Lampung rated graduates have not given Febi optimally include guidance for final exams and academic advising in general, where the majority of respondents (45%) express little experience felt. This means that there is a need for guidance, especially students during final exams can not be given by Febi the library book collection good. Moreover rated most graduates (45%) is still lacking.

The research findings indicate that the

facilities and learning conditions have not been optimally can help to achieve optimal learning with academic guidance and collection of library books. Low ratings for the possibility of aspects due to low accessibility of students to be able to borrow a good book in the library due to the limitations of the local library. With e-library facilities offered can solve this problem. Then from the side which is still considered low guidance role, likely due to a tutorial that followed the student can not provide a positive impact in overcoming the difficulties in academics and in the final exam.

On the impact of the learning experience, studi also explore the extent to which the impact of the learning experience can affect the knowledge, skills and knowledge sikap. Aspek impact on knowledge is the ability in the field of science diperoleh. Dari academic or skill aspect of the learning experience can improve the ability to communicate with superiors, peers, subordinate and in a formal forum. Judging from his attitude, then experience learn Febi expected to build independent and confident attitude (Figure 3)

Figure 3
Impact Learning Experience



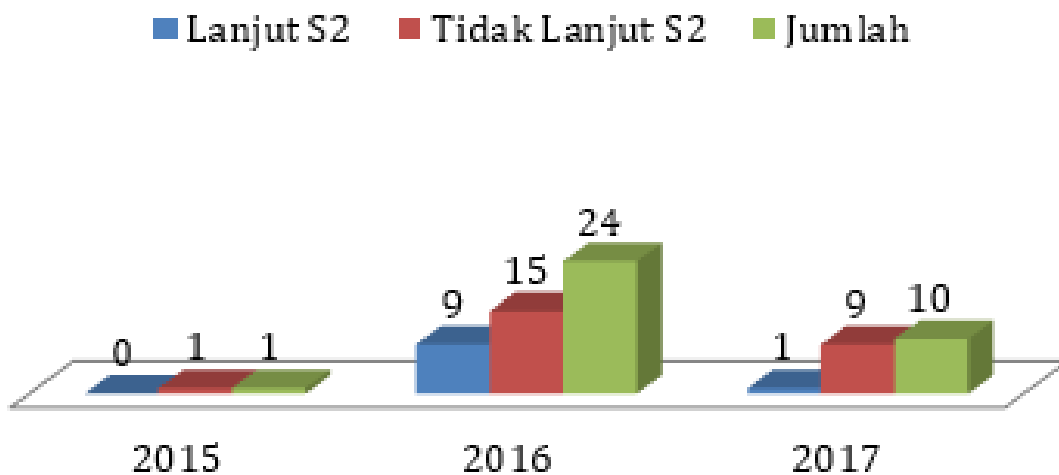
The results of the research presented in Figure 5 show generally that impact learning experiences in improving the knowledge, skills and attitudes rated graduates provide a great experience. From the aspect of knowledge of the majority of respondents (90.1%) stated that the academic and scientific capability to show improvement. From the aspect of skill, learning experiences in Febi UIN Raden Intan Lampung improve communication skills, especially in a formal forum (85.5%). That is a learning experience in Febi UIN Raden Intan Lampung rated graduates have a positive impact in improving the confidence to build networking through participation in a formal forum. The learning experience is perceived by graduates who have a positive impact on the knowledge and skills also in line with increasing aplomb (92.3%) and the attitude of independence (85.6%).

From the findings of this study indicate

that aspects of the learning experience that is considered to provide a positive experience selamabelajar in Febi is a self-learning, and felt very much subject matter provides a positive learning experience, as well as the quality of service provided Febi, The impact of the learning experience for graduates is to increase academic skills, improve communication skills not only inwork environment on the forum formal. Next but independent attitude and confidence is increasing due to the impact of the learning experience for Febi.

In the aspect of further studies on the level S2 shown that, keinginan Islamic Economics graduate study program for proceedings in further studies (S2) after graduating from Prodi S1 Islamic Economics indicated a willingness to continue to learn menuntut ilmu order to be useful, especially in the work environment. Berikutgambar below the data of graduates who went on and did not resume S2.

Figure 4
 Data Respondents Continuing and Not Continue S2

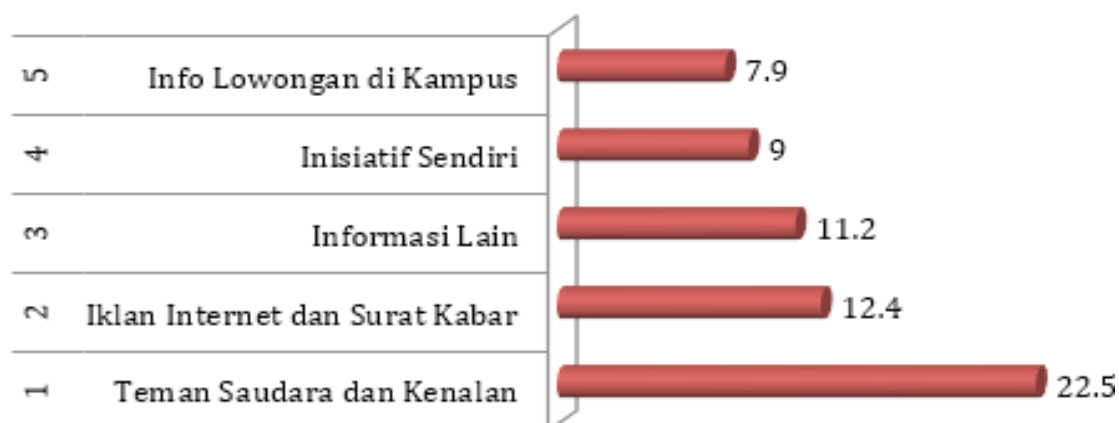


Based on the picture above shows that most graduates do not continue (71.4%) to the level of S2, while states continue to pursue S2 (28.5%). For 2015 graduates who did not continue their studies S2 as much as one person, while continuing there. For 2016 graduates who continue to pursue S2 were 9 people, while as many as 15 people had not progressed S2. For 2017 graduates who did not continue to pursue S2 as many as nine people, while continuing S2 level by 1 person. Low interest for further studies could be due to lack of significant changes S2 degree to career development.

In the aspect of job history after college levels seen that This study aimed to obtain information on how to get a job (Figure 7). The findings of this study show information from friends, relatives and acquaintances showed the first rank (22.5%), followed by the Internet and newspaper ads (12.4%), other information at (11.2%) and their own initiative (9%) and the vacancy of the announcement on campus (7.9%). These findings indicate that the conventional way in search of work remains dominant, of searching through the internet.

Figure 5
Employment Information Now

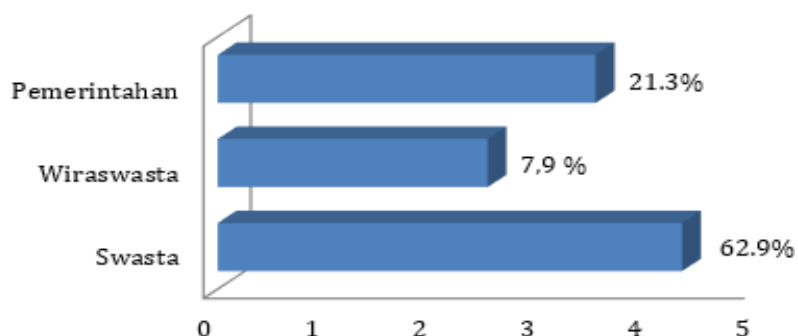
■ Informasi Pekerjaan Sekarang Persentase



Judging from the work information, the majority of respondents (62.9%) stated that working in private followed in the administration 21,3%. Another interesting finding in this study is there are some graduates (7.9%) declare themselves as self-employed. Govern-

ment programs forward toward encouraging graduates to become entrepreneurs so as to provide employment opportunities to others. So that graduates are not only looking for work but must create jobs through various business activities are performed.

Figure 6
 Agencies Working Place



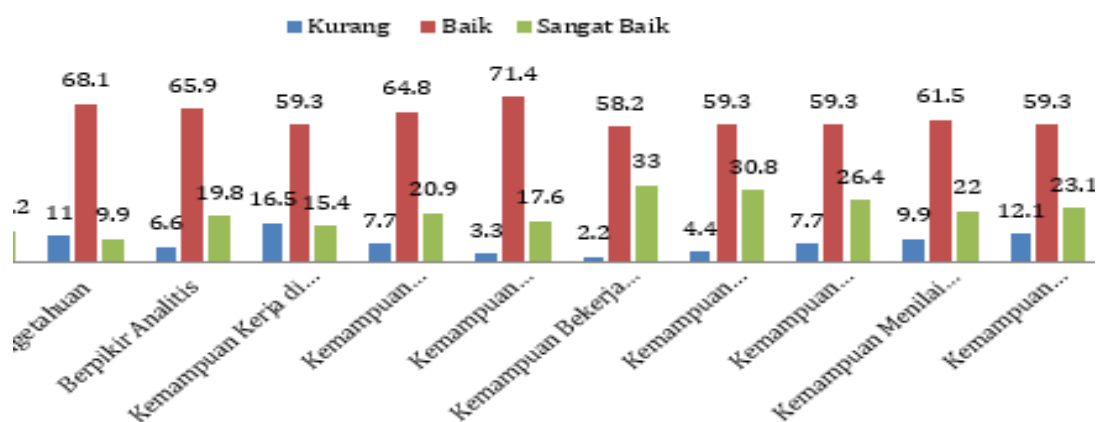
The above findings that showed most of the graduates work in the private institutions namely 62.9%, followed by work on the part of government self-employed 21.3% and 7.9%.

The success of the institution can be measured from a sanctioned individual competence. A successful education is reflected in the high berkompentensi graduates who fit the needs of the job. This study aims to identify the degree to which the education Prodi Sharia Economy can meet the needs of the world of work-related competences. Need to compare

student owned and competences competences required in the job.

Competence is focused on aspects of mastery or related field is in the Faculty of Economics and business, analytical thinking, the ability of performing under pressure, the ability to coordinate activities, manage time ability are efficient, the ability to work productively with others, the ability to use a computer or the internet, the ability to solve problems, the ability of the judge's own or other people's ideas and the ability to present ideas, results and reports.

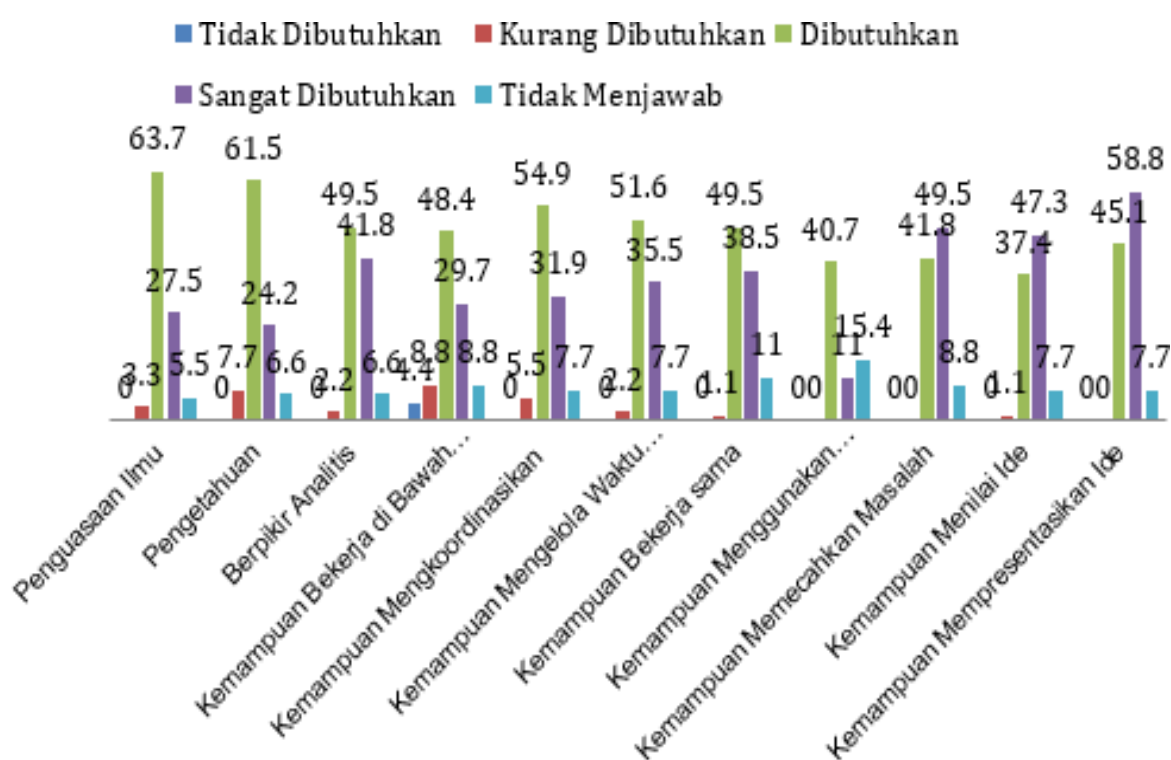
Figure 7
 The Competence of Graduates in Employment



In the picture above shows the respondents' current competence, generally can be identified that the competence of graduates are at a good level (> 59,%), especially in terms of scientific knowledge (74.7%), the ability to manage time (71.4 %) and knowledge (68.1%). Not only on a good level, some graduates assess their competencies that are at an excellent level, namely in terms of the use of computers (30.8%), ability to solve problems

(26.4%) and the ability to present ideas (23.1%) as well as the ability to assess the idea (22%). Meanwhile, in terms of knowledge and mastery of science graduates are not able to assess at a very (9.9% and 13.2%). When viewed with the competencies required in the performance of the graduates showed an increase. This means that graduates assess their competence to meet the demands of competence in the field of work (Figure 8).

Figure 8
Competency Requirements at Work



In the picture above shows the opinion about the competence of the student graduate job requires. From these images in general can be seen that the competence of graduates to meet the needs in the field of employment. Competencies that are needed in the field of

work that graduates can meet is the ability to present ideas (58.8%), ability to solve problems (49.5%), the ability to judge the ideas (47.3%) and the ability to work together (38.5%) as well as the ability to manage time (35.5%). However, if viewed from the scientific com-

petence, capability in terms of mastery of science and knowledge most respondents assess their capacity with new can meet the needs of working at the level of either or needed in the working world.

Conclusions

The conclusion of this study are that:

Alumni can generally be absorbed in the world of work with the normal waiting period of work which is about 3 months after graduation already got their first job. The majority of alumni working in the field of employment in accordance with their field of study. Alumni considers that the curriculum developed by Febi own good. Almost all the basic core courses organized considered useful in supporting their work. For the method of assessing the Alumni Teaching and Learning Activities to-face classroom activities directly and classroom discussion activities, as well as practice in the field is very important and useful. Alumni consider the hard and soft competencies they have and acquired while studying in Febi has been good. Alumni assess soft skills competencies they have higher than on their hard skills and this is in accordance with the needs of the working world are increasingly demanding mastery of soft skills. However, if compared with the expectation of demands in the workplace still a number of gaps that need to be improved in both the hard skills and soft skills.

It is time for higher education institutions to carry out surveys of alumni search more seri-

ously. The data generated by the survey had an important contribution to the development of higher education institutions. In addition, it is time for higher education institutions adhering to the results of empirical research in the field of higher education decision making process. Very often in education policy changes, for example in terms of the curriculum, without any consideration of empirical data and research results. This of course is ironic because higher education institutions are always seen as a center of scientific activity.

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2. SISTIMATIKAPENULISAN

- a. Bagian awal : judul, nama penulis, abstraksi.
- b. Bagian utama : berisi pendahuluan, metode, hasil dan pembahasan, dan simpulan dan saran (jika ada).
- c. Bagian akhir : ucapan terima kasih (jika ada), keterangan simbol (jika ada), dan daftar pustaka.

3. JUDUL DANNAMAPENULIS

- a. Judul dicetak dengan huruf besar/kapital, dicetak tebal (bold) dengan jenis huruf Times New Roman font 12, spasi tunggal dengan jumlah kata maksimum 15.
- b. Nama penulis ditulis di bawah judul tanpa gelar, tidak boleh disingkat, diawali dengan huruf kapital, tanpa diawali dengan kata "oleh", urutan penulis adalah penulis pertama diikuti oleh penulis kedua, ketiga dan seterusnya.
- c. Nama perguruan tinggi dan alamat surel (email) semua penulis ditulis di bawah nama penulis dengan huruf Times New Roman font 11.

4. ABSTRACT

- a. Abstract ditulis dalam bahasa Inggris dan bahasa Indonesia, berisi tentang inti permasalahan/latar belakang, cara pemecahan masalah, dan hasil yang diperoleh. Kata abstract dicetak tebal (bold).
- b. Jumlah kata dalam abstract tidak lebih dari 250 kata dan diketik 1 spasi.
- c. Jenis huruf abstract adalah Times New Roman font 11, disajikan dengan rata kiri dan rata kanan, disajikan dalam satu paragraph, dan ditulis tanpa menjorok (indent) pada awal kalimat.
- d. Abstract dilengkapi dengan Keywords yang terdiri atas 3-5 kata yang menjadi inti dari uraian abstraksi. Kata Keywords dicetak tebal (bold).

5. ATURAN UMUM PENULISAN NASKAH

Setiap sub judul ditulis dengan huruf Times New Roman font 11 dan dicetak tebal (bold).

- a. Alinea baru ditulis menjorok dengan indent-first line 0,75 cm, antar alinea tidak diberi spasi.
- b. Kata asing ditulis dengan huruf miring.
- c. Semua bilangan ditulis dengan angka, kecuali pada awal kalimat dan bilangan bulat yang kurang dari sepuluh harus dieja.
- d. Tabel dan gambar harus diberi keterangan yang jelas, dan diberi nomor urut.

6. REFERENSI

Penulisan pustaka menggunakan sistem Apa Style. Semua yang tertera dalam daftar pustaka harus dirujuk di dalam naskah. Kemutakhiran referensi sangat diutamakan. Penulisan naskah dan sitasi yang diacu dalam naskah ini disarankan menggunakan aplikasi referensi (reference manager) seperti Mendeley, Zotero, Refworks, Endnote dan lain-lain.

A. Buku

[1] Penulis 1, Penulis 2 dst. (Nama belakang, nama depan disingkat). Tahun publikasi. Judul Buku cetak miring. Edisi, Penerbit. Tempat Publikasi.

Contoh:

O'Brien, J.A. dan J.M. Marakas. (2011). Management Information Systems. Edisi 10. McGraw-Hill. New York-USA.

B. Artikel Jurnal

[2] Penulis 1, Penulis 2 dan seterusnya, (Nama belakang, nama depan disingkat). Tahun publikasi. Judul artikel. Nama Jurnal Cetak Miring. Vol. Nomor. Rentang Halaman.

Contoh:

Cartlidge, J. (2012). Crossing boundaries: Using fact and fiction in adult learning. The Journal of Artistic and Creative Education. 6(1):94-111.

C. Prosiding Seminar/Konferensi

[3] Penulis 1, Penulis 2 dst, (Nama belakang, nama depan disingkat). Tahun publikasi. Judul artikel. Nama Konferensi. Tanggal, Bulan dan Tahun, Kota, Negara. Halaman.

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Michael, R. (2011). Integrating innovation into enterprise architecture management. Proceeding on Tenth International Conference on Wirtschaftsinformatik. 16-18 February (2011), Zurich, Swis. Hal. 776-786.

D. Tesis atau Disertasi

[4] Penulis (Nama belakang, nama depan disingkat). Tahun publikasi. Judul. Skripsi, Tesis, atau Disertasi. Universitas.

Contoh:

Soegandhi. (2009). Aplikasi model kebangkrutan pada perusahaan daerah di Jawa Timur. Tesis. Fakultas Ekonomi Universitas Joyonegoro, Surabaya.

E. Sumber Rujukan dari Website

[5] Penulis. Tahun. Judul. Alamat Uniform Resources Locator (URL). Tanggal Diakses.

Contoh:

Ahmed, S. dan A. Zlate. (2013) Capital flows to emerging market economies: A brave new world?. <http://www.federalreserve.gov/pubs/ifdp/2013/1081/ifdp1081.pdf>. Diakses tanggal 18 Juni 2013.

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