SERVICE INNOVATION:
IN GLOBALIZATION COMPETITION OF HOSPITALITY INDUSTRY

Widjaja Hartono
Ciputra University, Surabaya - Indonesia
whartono@ciputra.ac.id / wijayah@yahoo.com

ABSTRACT

Service innovation is a new or considerably changed service concept, client interaction channel, service delivery system or technological concept that individually, but most likely in combination, leads to one or more (re) new (ed) service functions that are new to the firm and do change the service/good offered on the market and do require structurally new technological, human or organizational capabilities of the service organization. (Van Ark, 2003). The definition covers the notions of technological and non-technological innovation. Non-technological innovations in services mainly arise from investment in intangible inputs. The hospitality industry consists of broad category of fields within the service industry that includes lodging, restaurants, event planning, theme parks, transportation, cruise line, and additional fields within the tourism industry. The hospitality industry is a several billion dollar industry that mostly depends on the availability of leisure time and disposable income. It remains a large and growing industry. It facilitates economic growth, world trade, international investment, and is therefore central to the globalization taking place in many other industries.

The purpose of this research is to discuss the importance of using service innovation in order to face a globalization competition in Indonesian hospitality industry.

Keywords: Service Innovation, Globalization Competition, Hospitality Industry

INTRODUCTION

Service organizations are constantly attempting to find innovative ways to serve customers more effectively and efficiently. Even though they recognize service innovation as being essential, service organizations also face particular challenges in their innovation efforts. Participants in an industry roundtable on service innovation outlined the elements of and challenges inherent in the process of developing and introducing new services. One of the chief frustrations identified by the participants is that service innovations are easily imitated. Another challenge to service innovation is the real-time nature of introducing new services. The service cannot be tested in a laboratory. At minimum it must be pilot tested with real guests in a real hotel. Moreover, once a new service is rolled out it is difficult to recall. Innovation is most successful in service operations that seek the support of employees for innovations and, beyond that, encourage employees to participate in a culture of innovation.

Indonesian travel and tourism is ranked 28th by size internationally, 129th by relative contribution to national economies and 13th in long-term growth among 176 countries listed by the WTTC in 2011 (WTTC, 2011). Apart from the distinctiveness of the hospitality sector and despite the very significant contribution it makes to the Indonesian economy and employment, so it is crucial to develop service innovation in Indonesian hospitality industry in a globalized competition era.

RESEARCH METHODOLOGY

This research uses descriptive method and was done by collecting data from books, papers, journals and internet database resources

RESULT AND DISCUSSION

Innovation and Service Innovation

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According to Berry (2008), innovation is the creation of new possibilities for additional valued added, taking into account not only the typical product/process innovation of manufacturing but also market, organizational, and resource input innovation. As competition intensifies and the pace of change accelerates, firms need to exploit existing competences or exploring new opportunities.

Service innovation is a new or significantly improved service concept that is taken into practice. It can be for example a new customer interaction channel, a distribution system or a technological concept or a combination of them. A service innovation always includes replicable elements that can be identified and systematically reproduced in other cases or environments. The replicable element can be the service outcome or the service process as such or a part of them. (Chesbrough, 2009)

A service innovation benefits both the service producer and customers and it improves its developer’s competitive edge. A service innovation is a service product or service process that is based on some technology or systematic method. In services however, the innovation does not necessarily relate to the novelty of the technology itself but the innovation often lies in the non-technological areas. Service innovations can for instance be new solutions in the customer interface, new distribution methods, and novel application of technology in the service process, new forms of operation with the supply chain or new ways to organize and manage services. (Bettencourt, 2007)

Innovation in Hospitality Industry

Innovation is one of the main determinants of competitiveness. Innovation theory was first developed for manufacturing industry. Applying innovation theory to service sectors, it must take into account the inter sector heterogeneity which makes it important to study innovation in one specific sector at a time. Nevertheless, innovation in one sector presents multiple dimensions and may be classified into some relevant types. The hospitality industry was chosen for this study because hospitality is an important and extremely competitive sector, which is characterized by continuous transformation. Therefore, it may argue that competitiveness in hospitality like tourism is particularly dependent on innovation for achieving lower costs and higher quality outputs such as improved services and products, environmental issues and information and communication technologies (ICT hereafter) interaction. However, as tourism firms are operating in different sectors such as transportation, accommodation, leisure or intermediation, innovation behavior of tourism firms will also differ. The hotel industry for example, stands out from all of them since it is an homogeneous industry that provides an important part of the tourism services. It is also generic in the sense that different levels of hotel quality do not really have an impact on the hotel operations as such. What differs between high and low quality accommodation is the quality of the extra services and tangibles. Therefore, product innovation is a good or service, which is either new, or significantly improved with respect to its fundamental characteristics, technical specifications, incorporated software or other immaterial components, intended uses, or user friendliness. Process innovation includes new and significantly improved methods of supplying services and of delivering products. In both cases, the outcome should be significant with respect to the level of output, quality of products (goods/services) or costs of production and distribution. Furthermore, the innovation should benefit the enterprise; it does not necessarily have to benefit to the market and it does not matter whether the innovation was developed by the focal enterprise or by another enterprise or agent. This conceptualization of innovation also applies to service sectors because the characteristics typifying services have implications for the definition of innovation that are considered. For example, only strategically determined changes must be considered as innovation, and not the differences between transactionsthat are a consequence of the presence of certain individuals. Hence, innovation to be analyzed includes both the one that is based on new knowledge, or technologies developed internally, and the one that imports knowledge or technologies from outside the organization. In fact, most of the relevant literature and the empirical studies on innovation in the service sector reveal that, except for certain sectors such as information and telecommunications, innovation comes into the operations of a service firm primarily through the acquisition of equipment, material, and components from suppliers in other sectors.

Policy-need Driven Perspective of Service Innovation

As services and service innovation represent a wide range of heterogeneous activities, there is a need for policy targeting/selection. With these challenges in mind concentrated in identifying typologies from two
perspectives. These are the policy-need driven perspective and the typology implication driven perspective of policy design. (Zomerdijk, 2007)

The typologies can be analyzed from a policy-needs perspective where the starting point of the analysis is defining the policy needs. It is then followed by selecting a typology to address a specific policy setting. In this perspective the policy designer decides upon the frames of analysis that lead to selecting the relevant typologies. The typologies in turn, lead to the explanations and descriptions of the effects of different policies.

The typologies themselves have direct implications for service innovation policy and indicator development. As typologies are derived from disciplinary approaches towards service phenomena, the typologies also have logical implications on how to affect the phenomena under discussion. For instance, the prerequisites of service innovation might include a certain type of organizational culture resulting in an organizational focus having implications for actual government interventions or rules in facilitating changes in an industrial sector. Further, an industrial sector might contain actors that are operating on very different business models than the rest.

By entering a process of trial and error, the policy designer can capture the dimension of different modes of operation to tackle the issue of facilitating renewal towards more profitable modes of operation. The typologies are thus divided into the above approaches but are applied in policy work in a sequence of deepening cycles to capture the complex phenomenon of service innovation. By using typologies to find the criteria and the paths an effective policy might have, the service policy design process itself becomes a process reminiscent of an “innovation lab”.

Globalization in Hospitality Industry

In many countries, where tourism has become a major export industry, the hospitality sector is the focal point for concepts of globalization to take root. Indeed, tourism has become the world's largest export industry, involving as it does enormous cross-border flows of people and capital. The hospitality industry is one of the world's largest employers and arguably one of the largest traders of foreign currency. It is often also a focal point for local society, and is clearly at the center of the transfer of ideas and the cross fertilization of cultures. At its heart, the hospitality industry plays an important part physically in bringing people together in a global community. And those countries suffering from trade imbalances due to high imports frequently look to tourism and hospitality to close the gap. Hospitality is thus not only an industry; it is a concept – and a major force in the rapidly evolving global marketplace.

Globalization has increased the interdependence between countries, economies and people. It does not involve only giant corporations, but also small and medium sized businesses together with family-run firms (Levering, 2008). This process has led to the creation and operation of global tourism market where destinations, which are expected to compete on equal basis regardless of the country of origin, function interactively. Globalization has opened a whole new world of development opportunities. 715 million people travelled abroad in the year 2010, by the year 2020 this number is expected to increase to 1.6 billion. The tourism turnover is 3500 billion US$ and accounts for 10 percent of global trade. Tourism has become big business and is run by great trusts.

Hospitality Industry in Indonesia

According to the World Travel and Tourism Council (WTCC), travel, tourism and leisure are among the fastest-growing sectors in the global economy and the trend is still to continue, and the contribution of the travel and tourism economy to employment is expected to rise from 6.3 percent from 2012 to 2013.

The travel and tourism industry has a very significant place in the global economy in at least two ways. First, the industry is one of the main contributors to the national income of many countries and a main source of foreign currency earnings: 83 per cent of countries in the world rely on it as one of the top five in export revenues. Second, the travel and tourism industry is also an important job provider.

Indonesia has a great potential in the hospitality industry as the contribution of the world’s travel and tourism economy is increasing every year. As one of the priority sectors of development in Indonesia, the Indonesian
government has also allocated its major resources in supporting the travel and tourism industry. As the industry expands, hospitality graduates are working in a wider spectrum of positions than ever before, these are the sectors that have great impact in the economy development in Indonesia.

CONCLUSION

In the recent years, with the increasing levels of globalization in Indonesian hospitality industry, the industry will need to learn different management and service innovation approaches to survive and develop in environmental circumstances with high levels of uncertainty as well as understand the implication of future impacts, both positive and negative, of the changing environment in which they operate. As international trade and business expand, there is no question that international linkage and service innovation will become more important for the hospitality industry in Indonesia.

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THE ESTIMATION of IMPROVING EFFICIENCY OPERATIONAL e-PROCUREMENT SYSTEM

by
Dyah Budiastuti  
Binus University, Jakarta - Indonesia  
dyanto@binus.ac.id

ABSTRACT

At present, technology development and information system have important roles in supporting the business process of a company and they have also influenced the business player to shift into an electronic based business or e-business. Procurement leads to all activities which involve the process of obtaining goods from supplier that includes purchasing, transporting, stocking, and storing in the warehouse (Turban: 2010), whereas e-procurement is an integration and electronic management of all procurement process including initiating purchase, rights allowing, delivering, and payment between buyer and supplier (Chafey 2009, p.381). Meanwhile, according to Turbat et al (2010, p.290), e-procurement is the procurement process of goods and services for an organization electronically. E-procurement utilizes web-based technology to support the procurement process including requesting, searching, contracting, ordering, purchasing, shipping, and payment.

Keywords: e-procurement, operational, procurement, e-business

INTRODUCTION

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The main concept in developing e-procurement is Supplier Relationship Management (SRM), in which according to Burt, Petcavage, and Pinkerton (2010) as quoted by Taube and Bryant (2010) is the development of collaboration relationship to keep the balance between buyer and seller by prioritizing win-win solution.

Therefore, e-procurement is the procurement process of goods and services for organization electronically by implementing a web-based technology to support the important procurement process, which includes requesting, searching, contracting, ordering, and payment.

By utilizing the e-procurement system, it will decrease the administration costs, decrease the operational costs, minimizing the procurement cycle time, and improving the supply chain relationship.

E-Procurement Process

According to Turban et al (2010, p.254), e-procurement process (Figure 1) consists of:

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a. Searching of supplier and product, for example: throughout the electronic catalogue, brochure, telephone, etc.
b. Measuring the supplier quality to decide which supplier that can collaborate together, for example: throughout the performance history of supplier, finance stability of supplier, and from the help of research departments.
c. Selecting the market mechanism, for example: private, public, auction, or exchange.
d. Comparing and negotiating price, payment, shipping, quality, etc. to choose the supplier.
e. Making the buying contract to set the payment.
f. Making the purchase order, for example: by electronic form or anything that is automatic.
g. Arranging the goods shipping and checking of shipping documents, bills, and the quality of the sent products.
h. Making payment.

The diagram of e-procurement is illustrated below:

Figure 1: E-Procurement Process. Source: Turban et al (2010)

Meanwhile, according to Turban et Al (2010, p.254-255), the objectives of applying e-procurement are:
1. To raise the productivity of staffs in purchasing section (giving extra time and lower the job pressure to them)
2. To decrease the purchasing price throughout product standardization, reverse auction, discount and multiply purchase.
3. To improve the information and management flow.
4. To minimize the purchase from non-contract supplier.
5. To improve the purchasing process and saving due to smoothness in purchasing.
6. To build efficient partnership relationship.
7. To ensure an on-time shipping.
8. To decrease the process time and order fulfillment throughout automatic system.
9. To decrease the dependency on skills and training from purchasing staffs.
10. To decrease the number of suppliers.
11. To make the purchasing process simpler and quicker.
12. To shorten the invoice reconciliation
13. To decrease the administration fees per order.
14. To discover new supplier who is able to provide cheaper and quicker goods and services.
15. To integrate the budget control with procurement process.
16. To minimize the human error in purchasing and shipping.
17. To control and regulate the purchasing behavior.

According to the research by Hawking et al. (2004) which is quoted by Piotrowicz and Irani (2010), the results of applying e-procurement are decreasing the administration costs, improving the market intelligence, lowering the operational costs and supply, shortening the procurement cycle time, and increasing the supplier chain.

**Efficiency Operation Measurement**
According to Birgham and Houston (2009, p.88), the efficiency operation measurement can be analyzed by utilizing the management assets ratio (assets and invests), which capable of measuring how effective the company in exploiting invests and economic resources.

Management assets ratios consist of:

a. **Inventory turn-over ratio**
   - It is the proportion between sales and supplies
     
     \[
     \text{Inventory turn-over} = \frac{\text{Sales}}{\text{Supplies}}
     \]

b. **Fixed assets turn-over ratio**
   - It is the proportion between sales and fixed net assets.
     
     \[
     \text{Fixed assets turn over} = \frac{\text{Sales}}{\text{Fixed net assets}}
     \]

c. **Total assets turn-over ratio**
   - Total assets turn-over is a good summary measurement regarding the efficiency of the whole category of assets.
     
     \[
     \text{Total assets turn-over} = \frac{\text{Sales}}{\text{Total assets}}
     \]

**Estimation of efficiency improvement of e-procurement operation system**
The rising rate of efficiency of an e-procurement operation system can be analyzed by comparing the efficiency of the present procurement operation system with the e-procurement system which is going to implemented in a company.

A. **Operation efficiency on procurement system**
   - For example, the data of company in 2011 are as follow:
     - Sales = Rp. 350,000,000
     - Supplies = Rp. 90,000,000
     - Fixed net assets = Rp. 60,000,000
     - Total assets = Rp. 550,000,000

   Therefore, the ratios of assets and invests management which indicate the efficiency of procurement operation system are:
a. Inventory turn-over ratio
   Inventory turn-over = Sales / Supplies
   = 350,000,000 / 90,000,000
   = 3.89 times

b. Fixed assets turn-over ratio
   Fixed assets turn-over = Sales / Fixed net assets
   = 350,000,000 / 60,000,000
   = 5.83 times

c. Total assets turn-over ratio
   Total assets turn-over = Sales / Total assets
   = 350,000,000 / 550,000,000
   = 0.64 times

B. Operation efficiency on e-procurement system
   For instance, a company, which applies e-procurement system, predicts that there will be an increase in sales and total assets for about 5% due to the saving cost such as ATK cost, phone fees, and transportation costs with the condition of total net assets and supply rates that remain the same, therefore are recorded as:
   • Sales = Rp. 367,500,000
   • Supplies = Rp. 90,000,000
   • Fixed net assets = Rp. 60,000,000
   • Total assets = Rp. 577,500,000

   Therefore, the operation efficiency will be:
   a. Inventory turn-over ratio
      Inventory turn-over = Sales / Supplies
      = 367,500,000 / 90,000,000
      = 4.083 times
   b. Fixed assets turn-over ratio
      Fixed assets turn-over = Sales / Fixed net assets
      = 367,500,000 / 60,000,000
      = 6.13 times
   c. Total assets turn-over ratio
      Total assets turn-over = Sales / Total assets
      = 367,500,000 / 577,500,000
      = 0.64 times

   Based on the calculation above, the comparison between the efficiency of procurement operation system with the efficiency of e-procurement operation system can be illustrated as in figure 2 below:
CONCLUSION

With the increasing of sales estimation and total assets by 5% and net assets and supply level remain the same, therefore the application of e-procurement system will generally contribute in the increasing of efficiency in procurement operation system.

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ABSTRACT

Batik is a part of Indonesian heritage and culture. The pattern of the Batik can be use as a reflection of the identity, status and personal image. For the Javanese, “Batik” is not just a fashion, but it also contains the philosophy and beliefs that has closely related to daily life. The batik becomes identical to the greatness of the leader that considers having a power to increase his authority. By using qualitative methodology, this study prove that the cloth of the leader can support their image in coordinating the followers to achieve organizational’s goals.

INTRODUCTION

Research Backgrounds

Clothes plays important role in determining image of the people. The clotch is a reflection of the identity, status, hierarkhi, gender that has a symbolic value as well as an expression of a particular way of life. Clothing also reflects the history, relationships of power, as well as views differences in social, political and religious. In other words, clothing is our social identity and cultural (Nordholt (ed), 2005: V). In Indonesia, clothing has different meanings, each reflect the norms and cultural values of a tribe. Even it also determines the identity of the nation's cultural life. Symbols on the clotch have essential meaning as a regulator of behavior and motivate people to behave in accordance with the meaning of these symbols.

As a result of cultural history, clothing has experiencing altered form from one to others periods of time. The altered from also known as modes. Mode that used by a certain group of people in a nation determine high-low the image of the nations in choosing a dress of its citizen (Ludmila Kybalova in Condronegoro, 1995:2). Thus the mode may show the relationship of social condition, economy and culture of nation concerned.

According to Raffles, the grade social levels in Java differentiate the way of their dressing; some of the dress are only allowed for noble families. However, this rules did not apply in the region and province which occupied by the Europe. The most common dress in this region is sarong. For Malay peole, the Sarong is usually been used as a scarf dilerer or it tied at the waist. While the pattern of the Sarung that widely used by the Bugis and Malay si plaid (tartan), the Javanese people has more varieties on the pattern. For instance; Javanaese farmers mostly use tartan patterns, meanwhile the noble Javanese prefer Java painted batik (Raffles, 2008: 52-54).

For the Javanese, especially those living in the area of Yogyakarta and Surakarta, “Batik” is not just a fashion, but it also contains the philosophy and beliefs that has closely related to daily life, both inside and outside the palace. However, in the palace, the Batik gain gain more strength and have explicit interpretation. The batik becomes identical to the greatness of the King and family. Batik is considered as fashion which has motifs to show the social level of the user. However for King, Batik is not just a fashion, but also considered having a power to increase his authority (Moertono, 1985: 42-43).

Based this research background, this study is trying to reveal the meaning of the Batik for a leader. Is it just as a development mode, or having other purposes?

The Objectives of the Research

The objectives of the study are:

1. Reveals the extent of the meaning of batik for a leader
2. Reveal the meaning of the batik symbol that wear by the leader both in the past and present.
LITERATURE REVIEW

Clothing as Identity

According to A. Laurie (cited in Nordholt; 2005) clothing is an expression of one's identity because when we choose the clothes, either in store or at home, then it reflect the description of themselves. While Kuper (cited in Nordholt; 2005) emphasized the importance of dress as an expression of social identity, origin, commitment and loyalty to individuals. Therefore, it is not surprising that people look the clothing as their reflection. In short, we now understand why the relationship between the people and their clothing are more intimate than the relationship with all other the material objects that reflected in. The symbol's variates in the clothing reflecting the communication tool that can give meaning to each individual (Condronegoro, 1995:26). Thus, we can say that the depiction of the clothes show person's identity. Thus, symbol of Batik can also recognize one's identity. Batik can tell a lot about the person, either through the values that embodies on every motive or through the price.

Batik

The word “batik” originated from Javanese language called “amba”, meaning to write and to dot. The word batik itself refers to the technique of batik-making style - using a canting or cap - and dyeing fabrics by using the color material shades of “wax” that applied over the fabric. In English, this technique is known as wax-resist dyeing. So batik cloth is a fabric that has a decoration or patterns created by canting and cap to use the wax as the color material. This technique can be applied only on the material made from natural fibers such as cotton, silk, wool and can not be applied on polyester. Without use this technique, it not a “batik”.

In the past, the batik making is an exclusive activity because it is only done by the sons and daughters of king's family. Ordinary people who can do “batik” are those who become an employee of the palace or work to the aristocracy. They had the opportunity to learn batik because of accompanying or serving their employer in making “batik”, then they take this knowledge outside the palace. Therefore, there are two traditions of batik making; the palace batik and people's batik.

While batik is still dominated by writing batik, batik occupies an important position in society. Pattern in Batik is not just the work of a batik artist, but a work that has values with very deep philosophy. At that time, Batik cannot be separated from a feudal life with a variety of symbols in life. Thus, Batik becomes the work of art. In the future, Batik extends into the wider society, so for our next generation, Batik become part of traditional heritage.

Meaning and Philosophy of Batik

As a form of art, batik is closely related to social and cultural conditions. According to Janet Wolff (1981) that art is a social production that contained of art. The development of batik as an art form is not free from social and cultural conditions that provide a background of art production. Pattern of the Batik was also arisen due to socio-cultural change. For example, pattern of the Batik appears to be related the philosophy of the leader (Sarwono, 2005). Therefore, Batik can also be used as guidelines and guidance of daily life because pattern in the Batik implied range of meanings that can be used as a guide of life to achieve superior human beings. Meanings of batik are contained from various shades, colors, and ornaments. Furthermore, the pattern of the Batik also implied in how people can become good, happy, honest, wise, fair, and so on. However, nowadays, the people is only concerned on the aesthetics and the beauty of the Batik.

During traditional-feodalism government, Batik is needed to legitimize his position batik. While, on the modern government that more democratic, Batik is needed to create an image for his/herself.

Leadership

The identity of a person's leadership can be drawn from the clothes. In coordination and cooperation with the group, the clothes of a leader will help in the communicating. Leadership itself according to De Janasz adalahbLeadership is:
A process of social influence to move individual and groups toward goal achievement

Sharing a vision and engaging followers in that vision

The ability to move on organization to higher level of performance by transforming vision into significant actions.

A relationship, as opposed to property of an individual. Leadership exists only where followers exist and its effectiveness varies in direct relation to the level of trust present in the relationship. Similarly, while some individuals may be more or less trusting than others, trust exists (and evolves) in relationships (De Janasz, 2006: 341)

In line with De Janasz, Robbins stated that the leadership as the ability to influence a group toward the achievement of targets. Leader uses their words, ideas, and physical presence to "rule forces" (Robbins, 2006: 432 and 467). While Soemarsaid argued that the leader is a coordinator of the followers (Moertono, 1985: 17). A leader is someone who is basically able to influence others to achieve what he wants. The leader is a figure of manager to achieve the organization goals.

RESEARCH METHODOLOGY

This study begins by tracing the literature from library of the Department of Education and Culture, Batik museum and through the internet site. These previous studies provide input in identifying issues batik, particularly regarding the cloth as leadership identity.

This study uses the historical method in determining the meaning of batik clothing, especially as the identity of the leadership in the past. The purpose of the use of historical method is to obtain results of a systematic reconstruction of the past and up to a level that can be objectively justified. Historical method consists of four stages, namely heuristic, criticism, interpretation, and historiography. Kuntowijoyo even mention that the study of history has five stages, namely the topic, gathering resources, verification (source of historical criticism or validity), interpretation (analysis and synthesis) and writing (Kuntowijoyo, 1995: 89).

The stages of research begin with the search and collection of data sources or known as heuristics (Kosim, 1988: 32). Heuristic is a technique that helps us to find traces of history (Reiner, 1997: 113). In order to collect the written sources relevant to the theme under study, the authors conducted a literature study. Literature study carried out in several places such as the National Library of Indonesia, the National Archives of the Republic of Indonesia in Jakarta, Library Faculty of Letters, University of Padjadjaran-Bandung, Central Library Graha Soeria Atmadja Padjadjaran University-Bandung.

The second stage is a criticism or verification stages, ie stages or activities of researching and selecting sources of information, impressions are critical. Each source has two aspects: external and internal, so criticism is divided into two: internal criticism and external criticism. Internal criticism is the process of selecting the data to investigate the credibility of a trusted source or custom, while the external criticism investigate the authenticity of the source (Kuntowijoyo, 1995: 99).

The third stage is to do the interpretation (interpretation) of data. This stage is often referred to as the source of subjectivity, because according to Kuntowijoyo (1995: 100) opinion was partly right and partly wrong. Interpretation as a source of subjectivity is said is true, because without interpretation the historian, the data will provide anything. An honest historian will include data and information from which the data was obtained so other people can look back and reinterpret.

The fourth stage is the stage of historiography. Historiography or story writing history is a record of everything that has happened which was the royal nature of human consciousness (Barnes in Herlina-Lubis, 2000: 9).

After four stages, this study is obtainted information from participants through interview. The semi-structure interview is conducted by choosing participants from practitioners and batik experting who understand the meaning of batik pattern that worn by a leader both in the past or the present. The data are analyzed by using content analysis approach to gain the meaning contained in clotching that worn by past and recent leader. The flow of research methodolgy for this study is shown in figure 1.
Figure 1: Research Methodology Flow Chart
RESULT AND DISCUSSION

The Traditional Leadership (Sultan Hamengku Buwono VIII)

In the past, during the period of the occupation of the Dutch in Indonesia, Yogyakarta is a Royal sovereign. Under the leadership of a king, during the reign of Sultan Hamengku Buwono VII and Sultan Hamengku Buwono VIII (1921-1939). The condition of a social economy in Yogyakarta has a prosperity compared with the previous. Despite the reduced salary from the Dutch. Its due to cash country that collected by Hamengku Buwono VII. It's build the palace enforcement greatness Yogyakarta, including dress worn by the noble (Condronegoro, 1995:21). Why is fashion considered as one of the means of enforcement authority? Apparently this is related closely to the concept of the traditional leadership of Java, as Soemarsaid says by the concept of kawula-gusti. Where the King as a leader regarded as gusti. Gusti was the concept of the parable that the King must have the properties of the God. Sultan as the representative of God in the Earth. He is the legitimate ruler of the world and is the sole intermediary that must be passed human to reach God. He also must pass a God to man (Moertono, 1985: 42). As the guardian of God, the Sultan was placed on top of the ordinary people. He is the principal source of power, comprehensive and single in the country. As a leader, a Sultan must have two elements, namely power and authority. Both elements must help each other. Because it is necessary to increase the strength required integrity (Depdikbud, 1976: 164). The concept of power in Java closely kesakten(Surbakti, 1992:81). The power and authority are legitimated as the supreme authority in Yogyakarta. Sultan must show with cult of grandeur. It's consists of 2 types, one is not material or abstract and other more concrete, more can be seen. An abstract concerning the spiritual aspect (inner perfection), such as that supernatural powers and the genealogy of the king. Whereas batik can be classified as a concrete cult of grandeur. By wearing certain fabrics that have a specific motif can add prestige (Moertono, 1985: 72-73).

Therefore, the Sultan issued a special policy on the use of batik cloth keratonan set forth in Chapter Namanipun Panganggo Dalem Pranatan Kapraban Ing Nagari Dalem Ngayogyakarta established on May 3, 1927. The regulations mean to assert that the Sultan as a gusti, the King should not be confused with his servants. Though between gusti and kawula is connected, both slaves and masters are not allowed to breaking the official dividing line, and the social hierarchy based on birth or rank. This is clearly seen in the many laws that determine the procedures for the use of clothing, use of language, use of color or the way of respect (Moertono, 1985: 19). Motifs contained in the sultan's rule, has a very deep philosophical meaning. For the wearer is expected to provide aura of power as contained in the philosophy of meaning. For instance, motive parang rusak only allowed for the King, Queen, and Crown Prince. For the king is parang rusak barong, queen is parang rusak gendreh and crown prince is parang rusak kiltik. Each is distinguished by its size. The top indicates that the fabric has a high position. Getting to the bottom of the order of the fabrics, the lower position. The people who should wear it more than the amount of fabric on top order. The composition of the motives of the cloth shows the social hierarchy and social status. The regulation was in fact only has the force of law in the palace, but is expected to be recognized and implemented by communities outside the Palace. Sultan emphasized the implementation of this rule within the palace in order to become an example for the people outside the palace, so that it can guarantee the effectiveness of the implementation of this regulation on the outside keraton. It relates to cosmology java who puts keraton not just building where the live the king only. If the king was regarded as a person who centralize power and authority, then keraton is a companion's institution in the process of centralizing. For the Javanese, not only political and cultural center, but also as the "sacred center of the kingdom"(Magnis in Ali, 1986: 36). The Palace is considered to be the most populous country. Strength of the palace is expected to radiate to the whole country. Since the regulations were issued, wearing batik fabric can not be used arbitrarily by any person. Especially in the palace or, who shall enter into palace. Regulation sultan Hamengku Buwono VIII about using batik proved to be influential in the life of society. Obedience to the people of Yogyakarta with these regulations, other than a presumption that everything must follow the sacred center of the kingdom, is also closely associated with traditional Javanese conception of power. For the people of Yogyakarta every word of sultan not merely from a human who happens to have power, but also the magic words are supported by all the magical forces of royal heritage. Sultan is a source of cosmic forces flowing into the area and bring peace, justice, and fertility. The command of the sultan is the law, and each of his desire is a command for the people (Soemardjan, 1991: 25). In accordance with that proposed by Jannaz and Robbins that a leader must have the ability to influence a group toward achieving its goals. Leader as a shaper of meaning. They are someone who uses the words, ideas, and their physical presence to "governing forces"(Robbins, 2006: 432 and 467). Sultan was able to "governing forces" to obey the regulations made. For the people of Yogyakarta, they looked to their sultans with a profound respect and trusts are not limited. They believe that the King is the liaison between the mortal world and the afterlife. The Sultan is regarded as the King who has political power, military, and religious absolute, traditionally recognized. He is considered a mediator between man and God. It is not surprising if all his decision could not be
refuted and his power becomes unlimited. This means that decisions and actions is derived from the God (Ali, 1986: 27).

For the people of Yogyakarta, Sultan is a leader who has supernatural powers or sakti. It is permitted to be beyond the ability of ordinary people (guardian of God). According to leadership theory, leadership like this called charismatic leadership. Obedience and loyalty of its followers are full of confidence arising from the leader who loved, respected and admired, not because the truth of the reasons and actions of the leader (Effendy, 1981: 32). In addition to the charisma compliance in society based on tradition. Compliance is traditionally grown by history. The Sultan was the leader who occupied the throne was hereditary, so people will be obedient and loyal to him. Good or bad, right or wrong that is run is not a problem. People believe that the old traditions and positions of power based upon the tradition that is reasonable and worthy of respect. With the high-tech technology, information can be easily obtained. Changes in foreign cultures can be quickly known by the people of Indonesia. Of course the ease of getting information will affect the perception of Indonesia, including the perception of how to dress. However, despite a change in the way people dressed in Indonesia in recent times, but the concept of clothing as a self-identity that may impact on the leadership remains in force. It is precisely through one's clothes leader communicates his true identity. Political and social situation in Indonesia experienced a change. From the colonial occupation of a feudal to democracy more free and flexible. How to dress the leaders changed. They are generally no longer wear traditional clothes, but more modern dressed, of course, more practical and adapting western clothes. Modern clothing is for example a shirt, jacket, pants or a skirt for a woman. Currently, the pants are not only worn by men, women were also wearing it as an official dress.

Modern Leadership (Susilo Bambang Yudoyono)

In contrast to traditional leadership, leadership in the contemporary era of Susilo Bambang Yudhoyono, clothes no longer be a source of legitimacy of power. The function of clothing remains an expression of one's identity and social. Since the adoption of a cultural heritage of Indonesia batik by UNESCO on October 2, 2009. Batik is popular again, since it almost all the people of Indonesia wear. There are also leaders of this nation. If in the past, batik represents the social stratification of the wearer and has a magical meaning to the wearer to exude an aura like that contained in the motifs. Currently batik can still symbolize the wearer's social stratification, however magical meaning has shifted. Because Leadership today is no longer influenced by the things that are magical religious. Leadership today is more emphasis on skills, as proposed by Jannasz and Robbins. According to De Janasz, leadership is:

- A process of social influence to move individual and groups toward goal achievement
- Sharing a vision and engaging followers in that vision
- The ability to move on organization to higher level of performance by transforming vision into significant actions.

A relationship, as opposed to property of an individual. Leadership exists only where followers exist and its effectiveness varies in direct relation to the level of trust present in the relationship. Similarly, while some individuals may be more or less trusting than others, trust exists (and evolves) in relationships (De Janasz, 2006: 341). In line with De Janasz, Robbins stated that the leadership as the ability to influence a group toward the achievement of target. The leader as a shaper of meaning. They are someone who uses the words, ideas, and their physical presence to "governing forces" (Robbins, 2006: 432 dan 467). Batik clothes worn by the leader of both state officials and an organization is usually marked by subtle batik which is expensive and are produced by companies of certain batik. Examples such as Batik Keris, Batik Danarhadi and Batik Allure. Batik-designed by renowned designer, designer, such as Iwan Tirta, Carmanita, Edward Hutabarat, etc. This is in accordance with the opinion Condronegoro (1995:26), which states that the various symbols that are reflected from clothing is a communication tool that gives meaning to each individual. The President himself is seen more often wearing batik in various activities of the presidency. As head of state of this country, of course dressed in batik SBY prefers a more formal dress symbolizes Indonesian heritage than as a suit or safari. Even today, the emerging trend SBY batik, batik motifs that ever wore later became popular among the people, so that the craftsmen is competing to produce the batik mass. SBY comes from a certain political party that has the symbol of a certain color. SBY’s party’s activity is often seen wearing batik clothes with that color. Motifs and colors were then become popular among the public. This indicates that in the modern era is batik no longer wearing the leader as the legitimacy of power, but more toward the imaging itself.
CONCLUSION

Batik cloth was not only worn as apparel only, but is also given the identity to the person who is wearing it. In traditional reign, leaders are wearing Batik just to legitimate their position. By wearing Batik they are expected to obtain the cult of grandeur, meanwhile in the modern reign, it is already changed. Batik does not legitimate their leaders' position, but they focus on image when they are appearing in the public to make them more perfect. Along with the science and technology development, the public’s perception is also changing. It means Batik does not indicate the identity of the leaders. Nowadays, Batik still plays an important role for leaders, but it does not function as the element of legitimacy. Batik is worn to describe them to have the good image in front of the public.

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ANALYSIS OF EFFECT OF SOCIAL CAPITAL, AND ENTREPRENEURSHIP ORIENTATION OF
ORGANIZATIONAL RESOURCES
TO MICRO ENTERPRISES PERFORMANCE IN JAKARTA

Masruroh; Julianto
Binus University, Jakarta, DKI Jakarta, Indonesia

Abstract

Micro, small and medium enterprises (SMEs) are very important in a country is due to the presence of many entrepreneurs those make country's economy will become more advanced. Assessment of the success of a business can be judged from the level of performance. Subjective performance will be easier to conduct an assessment of the business. Social capital (Social Capital) to create a relationship with consumers and the environment so as to create an impact on the performance of a business. In addition, an employer must has entrepreneurial spirit in order to improve the performance of business. Business is also not free from the resources that will be used in running the business. This research was a descriptive study that looking for the influence of independent variables to the dependent variable. The data those used by giving questionnaires to the SMEs, this study uses regression methods to determine the level of influence. The results of this study will show the influence exerted by social capital, entrepreneurial orientation and organizational resources to entrepreneurial performance. The effect of those factors are significant and are made with the regression equation is \( Y = 0.0417 + 0.426X1 + 0.249X2 + 0.328X3 \). From the general equation is then SMEs should be able to increase social capital because it has the highest influence on the performance of entrepreneurship.

Keyword : Social Capital, Entrepreneurial Orientation, Organization's Resources, entrepreneurial performance

Introduction

David McClelland had explained that a country called off if a minimum number of entrepreneurs have at least 2 percent of the population in the country (www.kompas.com). So SMEs is one alternative way to create many entrepreneurs to be able to improve the quality of Indonesia's economy.

Social capital is an asset for any community support for the effort that we will establish it. With good support, then the effort will certainly be much more acceptable products and services. Thus, the opportunities - new opportunities will certainly be created because it was getting support from the network - a network that is owned. Enterprises are readily accepted by society it must have good performance.

SMEs are a businessman and an entrepreneur who must has the entrepreneurial spirit. If someone has an entrepreneurial orientation is good then he must be able to face all circumstances, conditions and opportunities. That can be captured so well that entrepreneur is able in his efforts to promote better business and be able to survive in the competitive era of globalization.

An attempt must has the resources. Resources owned by an entrepreneur should be well supported. Just like a knife you have, the ability of a knife depends on the users. Employers should be able to optimize the use of resources so well that the business able to provide good performance.

The Empirical Result

Andriani (2006) had conducted research which considered the effect of orientation of entrepreneurial and influence of knowledge interest and also company capability to marketing performance. Besides, there are also research problem about tightening of emulation in hand made clothes industry specially at small scale industry in Semarang city which's owning local market so that push brooding company to be more ahead in formulating strategy to improving its performance.
Some conditions and factors above were importance to be checked empirically and analyzed. Therefore the practitioner(owner) in hand made clothes industry can obtain fact to support their exist in market, so the formulated strategy earn. More accurate, this research is done by taking research object at small scale hand made clothes industry in Semarang, amounting to 170 company with population element that is manager/owner. Sampling technique that used is purposive sampling. Amount of determined respondent as research sample is 100 people. Analysis technique that used to interpret and analyze data in this research is technique of Structural Equation Model (SEM) of software package of AMOS.

Result of examination proven hypothesis that factor entrepreneurial orientation and knowledge of market become positive effect of marketing capability and marketing performance. It is mean high significance of each other variables. As for model which is raised in this research can be accepted posed at by index according to where value of GFI 0,900, value of chi-square 87,987, probability value 0,084, value of TLI 0,965 and value of CFI 0,973, all have up to standard although value of AGFI 0,853 accepted by marginal.

General Guidelines

The scope of this study are included it in the collection and use of data from a population sample which represent the population in the retrieval of research data. The data are retrieved by using non-probability sampling. The data were collected by way of giving questionnaires to the respondents. Respondent is small entrepreneur who is living in the subdistrict of Cengkareng and Kapuk.

The data have been collected and analyzed by using some quantitative data analysis techniques in that the data are numeric. The discussion is conducted in this study uses multiple methods of analysis are:

1) The transformation of data into intervals of ordinal
2) Test the validity and reliability
3) Test for normality
4) Test the simple regression and multiple regression

The transformation of data into intervals of ordinal

To meet the requirements of parametric statistics, the data have been obtained from the questionnaires should be changed to the data interval. The data is converted into an interval scale by using the MSI (Method of Successive Intervals). The conversion of data by this method will be done by counting the number of existing data and then do the calculations cumulative proportion of the formula calculation is then performed to determine the final scale of the individual responses to questionnaires.

Test of the validity and reliability
Validity and reliability test are one of the requirements for such data can proceed with parametric statistics. The analysis was performed using SPSS software. Validity is the degree of accuracy of the data is really going on with the research object data can be reported by the investigators. A scale of measurement is called valid if it does what should to do and measure what should to be measured. So the test is to prove the validity of such data to be processed according to what exactly should be measured. With the precision of the measured data so that data can be analyzed next. Reliability indicates the consistency and stability of a score (scale of measurement). Thus, the reliability includes two main things, namely: the stability of the size and consistency of size.

Data Normality Test

Data normality test aims to test whether the regression model has a normal distribution. A regression equation is said to have been good if the data variables are approximately normally distributed. Test for normality can be seen by the probability plot.

The Research Result

Simple regression is a measurement tool to measure how far the influence exerted by a single independent variable to a single dependent variable so that researchers can infer something from the results of the analysis.

The purpose of using multiple regression was to determine the impact that each of independent variable to dependent variable together. In addition, to draw conclusion on the variables that tested whether the value or worth straight backwards. In addition, this test is used to analyze the hypothesis. It can be seen by the level of significant on the table ANOVA on SPSS processed. The basis of decision making are as follows:

- If the sig > 0.05 then H0 rejected and H1 accepted
- If the sig < 0.05 then H0 refused and H1 accepted

<table>
<thead>
<tr>
<th>Variable</th>
<th>Regression</th>
<th>Regression Equation</th>
<th>Test of Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>$X_1 \rightarrow Y$</td>
<td>59.6%</td>
<td>$Y = 1.578 + 0.460 X_1$</td>
<td>Significant</td>
</tr>
<tr>
<td>$X_2 \rightarrow Y$</td>
<td>22.2%</td>
<td>$Y = 1.956 + 0.286 X_2$</td>
<td>Significant</td>
</tr>
<tr>
<td>$X_3 \rightarrow Y$</td>
<td>41.8%</td>
<td>$Y = 1.590 + 0.461X_3$</td>
<td>Significant</td>
</tr>
<tr>
<td>$X_1, X_2, X_3 \rightarrow Y$</td>
<td>72.2%</td>
<td>$Y = 0.417 + 0.426X_1 + 0.249X_2 + 0.328X_3$</td>
<td>Significant</td>
</tr>
</tbody>
</table>

Conclusion

After doing research the conclusion can be drawn are as follows:

1. By using simple regression analysis and hypothesis testing, it turns out there is the influence of social capital on performance on micro-businesses in the district of Cengkareng and Kapok. Social capital has a significant influence on micro-business performance in the district of Cengkareng and Kapuk.
2. It turns out there is the influence of entrepreneurial orientation on performance on micro-businesses in the district of Cengkareng and Kapok. Entrepreneurial orientation has a significant influence on micro-business performance in the district of Cengkareng and Kapuk.
3. Effect on the performance of the organization's resources on micro-businesses in the district of Cengkareng and Kapok. Organizational resources have a significant influence on micro-business performance in the district of Cengkareng and Kapuk.
4. With the results of multiple regression analysis, there was the influence of social capital, entrepreneurial orientation, and organizational resources to performance on micro-businesses in the district of Cengkareng.
and Kapok. Social capital, entrepreneurial orientation, and organizational resources are shared - both have a significant effect on micro-business performance in the district of Cengkareng and Kapuk.

References


SILVER ENTREPRENEURSHIP AGENDA IN MALAYSIA: A PROPOSED MODEL FOR PRODUCTIVE AGING

Noor Hazlina Ahmad  
School of Management, Universiti Sains Malaysia  
11800 Penang, Malaysia  
Tel. +60 4 653 3355, Fax. +60 4 653 3130  
email: hazlina@usm.my

Aizzat Mohd Nasur and  
School of Management, Universiti Sains Malaysia  
11800 Penang, Malaysia  
Tel. +60 4 653 2548, Fax. +60 4 653 3130  
email: aizzat@usm.my

Hasliza Abdul Halim  
School of Management, Universiti Sains Malaysia  
11800 Penang, Malaysia  
Tel. +60 4 653 5162, Fax. +60 4 653 3130  
email: haslizahalim@usm.my

Pishen Seet  
Flinders Business School  
Law Commerce (3.69), GPO Box 2100,  
Adelaide 5001, South Australia  
Tel: +61 8 82012840  
Email: pi-shen.seet@flinders.edu.au

Abstract

This paper aims at proposing a framework for productive aging among those aged 45-plus or retiree via entrepreneurial initiatives, known as ‘silver entrepreneurs’. Evidence has shown that the number of Malaysians aged population is estimated to be more than 1.4 million and is projected to increase to 3.3 million in the year 2020 (Mafauzy, 2000). It is acknowledged that a group of these will comprise of professionals who are aged 45-plus retirees with relevant industry experience as well as knowledge and well-established networks built up over their working careers which will enable them to effectively identify entrepreneurial opportunities and secure resources efficiently to exploit them. However, there is little research on and understanding of what drives these ‘silver entrepreneurs’, with most of the research focussed on entrepreneurial ventures started by 18-35 year-olds. This means that policy-makers are ill-equipped to develop specific measures that will assist retirees into a second or sunset career in entrepreneurship. This research aims to bridge this research gap by assessing the profile and motivations of silver entrepreneurs in Malaysia with a specific focus on understanding the internal and external factors that affect their intentions to start new ventures as well as factors that affect the success and growth of these ventures.

Keywords: silver entrepreneurs, productive aging, new venture, Malaysia

INTRODUCTION

Silver entrepreneurship is a highly relevant yet largely under-researched phenomenon. It is anticipated that over time, silver entrepreneurs (i.e., retirees or people aged 45-plus who starts up a business) will have a growing impact upon national economic performance, policy frameworks, academia and the business community. As populations age, this cohort will increasingly become a mainstream issue for analysis and debate, especially when it has the potential to generate “first generation entrepreneurs” in the family. Little is known about the ability of this group to embark on entrepreneurial career or journey. Such research is the first step towards a better understanding of how to encourage and support productive ageing in the 21st century and beyond and is seen as a first promising step to develop “first generation entrepreneurs” in the family. This research aims at exploring the silver entrepreneurs success and growth by examining entrepreneurship at older ages.

This study is one of the first initiative to delve into silver entrepreneurship in Malaysia with the hope to provide insights into the factors affecting silver entrepreneurship success as well as the challenges faced in maneuvering silver ventures. This effort is deemed crucial since fostering silver offers a “Productive Aging” among retirees/mature people given the heighten percentage of aged population in the country. Encouraging silver entrepreneurship could also provide a solid platform in developing “first generation entrepreneurs” in a family.
institution which could assist in transforming the socio-economic well being of the family itself and the society at large. This is also inline with Malaysia’s National Agenda to transform the society to become a high income society via the New Economic Model.

Finally this study aims to offer recommendations on the possible formation of conducive “entrepreneurship ecosystem” for silver ventures. With the preceding justifications, this study is geared towards exploring and investigating a novel issue in the local context. In addition, given that no study has been conducted in this area, the study attempts to venture into an emerging and potentially transformative research ideas pertaining to bolstering “productive aging” via silver entrepreneurship. For the purpose of this study silver entrepreneurs is defined as people aged 45-plus or retirees who start up a business.

**RESEARCH BACKGROUND**

In line with the National Agenda to "transform the Malaysian economy to become one with high incomes and quality growth" by 2020 as stated in the New Economic Model, it is deemed timely that the focus should also be directed towards creating a “productive aging” among mature population. The goal is to stimulate economic growth by keeping the momentum going and the productivity level high across all demographic segments in the society, in part through encouraging entrepreneurial pursuit even at the older age. This could also be a means to develop first generation entrepreneurs within the family system because the younger generation is able to learn from the vicarious learning mode with the presence of a role model in the family. It has been posited that silver entrepreneurs possessed various capabilities and resources that could be leveraged on to generate a successful venture given the work history and experiences they obtained from previous employment. As such, exploring the entrepreneurial endeavor among this cohort could provide a new perspective on the whole concept of “entrepreneurship” altogether.

At present, the number of Malaysians aged population is estimated to be more than 1.4 million and is projected to increase to 3.3 million in the year 2020. Specifically, the percentage of the population that is 60 years and over has also increased over the years - 5.2% in 1970, 5.7% in 1990 and 6.3% in the year 2000. In the year 2020, this percentage is expected to be 9.8% of the population. Between 1990 and 2020, the population of Malaysia is expected to increase from 18.4 million to 33.3 million – an increase of 80%. The aged population however is expected to increase from 1.05 million in 1990 to 3.26 million over the same period, an increase of 210% (Mafauzy, 2000). Apart from an increase in the aged population, the aged are also living longer as evidenced by an increase in the life expectancy (refer to Table 1). Similarly, a report by UNICEF (2012, http://www.unicef.org/infobycountry/malaysia_statistics.html#91) has stated that the life expectancy at birth for Malaysian population has shown a dramatic increase from 64 (1970) to 70 (1990) to 74 (2010).

<table>
<thead>
<tr>
<th>Table 1: Malaysia Demographic Profile 2011</th>
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<tbody>
<tr>
<td><strong>Total Population: 28,728,607 (July 2011 est.)</strong></td>
</tr>
<tr>
<td>Age structure</td>
</tr>
<tr>
<td>----------------</td>
</tr>
<tr>
<td>0-14 years (29.6%)</td>
</tr>
<tr>
<td>15-64 years (65.4%)</td>
</tr>
<tr>
<td>65 years and over (5%)</td>
</tr>
<tr>
<td>Life expectancy</td>
</tr>
<tr>
<td>71.05 years</td>
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</table>

Source: http://www.indexmundi.com/malaysia/demographics_profile.html

Another report published by the Department of Statistics Malaysia (2012) has indicated the increase percentage of aging population in Malaysia. The proportion of the population of Malaysia below the age of 15 years decreased to 27.6 per cent compared with 33.3 per cent in 2000. In contrast, the proportion of working age population (15 to 64 years) increased to 67.3 per cent from 62.8 per cent. The proportion of population aged 65 years and over also increased to 5.1 per cent as compared with 3.9 per cent in 2000. Consequently, the median age increased from 23.8 years in 2000 to 26.2 years in 2010. The trend of these indicators is in line with the transition of age structure towards aging population of Malaysia (refer to Figure 1).
Figure 1. Number of population by sex and age group, Malaysia 2000 and 2010

Source: Department of Statistics Malaysia (http://www.statistics.gov.my/)

Having noted that, age segmented data about SME owners in Malaysia is not available from the published reports, however, an examination of 212 entrepreneurs in Malaysia has reported close to 20% of the entrepreneurs started business above the age of 40 (Ahmad et.al, 2010). This figure, at the very least, provides evidence that silver entrepreneurs do exist in the context of Malaysia.

In addition, as reported by Gaskell (2011, http://technorati.com/business/article/older-people-becoming-entrepreneurs-study-finds/ ), more than 25% of new businesses in the UK are started by people that have recently retired, according to new research by Clydesdale and Yorkshire Bank. The research, which involved more than 500 small business owners from across the land, concluded that 23% of silver entrepreneurs set up their businesses after being made redundant, with a further 12% doing so after retirement. According to Evans (2011) in his article “Can Older People Do Startups?”, the author has identified a few reasons as to the increasing number of start ups among older cohorts. Some of the reasons are: (1) availability of wealth of experience from working with a wide variety of people and companies, (2) availability of extensive networks that can be leveraged to open doors for a startup from a marketing and sales perspective, and (3) financial stability. At the macro-level, the move towards greater entrepreneurial activity has the potential to reduce the overall burden of pension, social welfare and health costs for the nation.

LITERATURE REVIEW

The Concept of the Silver Entrepreneur

The term silver entrepreneurship has been used to describe the growing incidence of mature entrepreneurs worldwide. Having said that, no general consensus has emerged as to the most acceptable term to use. The current terminology used to describe silver entrepreneurs includes “grey entrepreneurs,” “senior entrepreneurs,” “seniopreneurs”, “third age entrepreneurs,” “elder entrepreneurs,” and “second career entrepreneurs.” In terms of age, for some authors (such as Blackburn, Hart & O’Reilly, 2000), it is as young as 45 years of age; while for others, 60 or even more (Goldberg, 2000).

In general, the scholars have basically categorised several types of silver entrepreneurs, largely drawn from their motivation to start a venture at the mature age. Singh and De Noble (2003), for example, suggest three categories of silver entrepreneurs which include (1) constrained entrepreneur, who has the passion to start a business for a period of time but lack financial resources (2) rational entrepreneur, who sees self-employment as a progression of his or her career, or as a way to increase personal wealth; and the (3) reluctant entrepreneur, who is forced into self-employment due to external.

Factors Affecting Silver Entrepreneurship Success
Proposing a conducive ecosystem of silver entrepreneurship is obviously not an easy task. The extant literature on silver entrepreneurs suggests some encouraging factors is related to entrepreneurial capital which include possessing vast experience due to former employment, knowledge, and strong financial position (Hindle & Rushworth, 2002). Nevertheless, potential challenges identified that may have direct impact on silver are failing health (energy levels), lower education levels and the broader social framework in which older people operate.

In addition, possessing entrepreneurial orientation could be an added value to silver entrepreneurs. Researchers describe entrepreneurial orientation as a multidimensional construct which consists of innovativeness, risk taking and proactiveness dimensions (Covin & Slevin, 1989; Wiklund, 2005). In a recent study that links entrepreneurial orientation and performance, Kropp, Lindsay and Shoham’s (2008) find that risk taking and proactiveness are the key elements of entrepreneurial orientation which explained firm’s performance.

It is without doubt that the cumulative body of knowledge, skill, and competencies that is acquired over an extended period of time are said to be the most important resource that most silver entrepreneurs would possess in greater quantities if compared to their younger counterparts. Often, a factor that has been portrayed as having significant impact on entrepreneurial success is the technical knowledge and “know-how” (Ahmad et al., 2010). Prior industry experience offers various advantages namely; the ability of the mature people to identify potential gaps in the current business offerings and also, extensive management experience may also be a useful asset, since it allows the mature entrepreneur to avoid many of the mistakes made by people unfamiliar with the task of organizing and managing a new venture (Weber & Schaper, 2003).

Personal networks are another important asset. It has been argued that in the context of entrepreneurship, possessing a vast network and linkages would enable entrepreneurs to compensate for the lacking of other types of assets (Ferri, Deakins, & Whittam, 2009). Debruin and McLaren (2002) have suggested that entrepreneurs usually gather a network of useful contacts during their professional lives. A study that focuses on older entrepreneurs suggest that both informal and formal networks are crucial for new venture (DeBruin & Firkin, 2001). The importance of networking towards entrepreneurial ventures has been highlighted by many scholars and this could offer evidence that such personal links can help older entrepreneurs gain both finance and marketing support.

The availability of financial capital to support venture formation and growth has been proven a key contingency in the success of entrepreneurs at any age. As for the silver entrepreneurs, this capital can be acquired during earlier professional or contractual employment prior to their entrepreneurial attempt. Similarly support from the government agencies, especially in a highly institutionalised country like Malaysia is also seen as an important support mechanism to spur silver entrepreneurship. The social norm of a particular society towards older group is also crucial, in that, it indicates whether they are receptive towards “productive aging” or rather, perceived older cohort as “helpless” group. This indicates that the environmental contingencies play important roles in ensuring the silver entrepreneurship success.

PROPOSED CONCEPTUAL FRAMEWORK

Based on the preceding discussion, it is apparent that there are several factors that are posited to affect the success and failure of silver entrepreneurship. Some of the factors are classified in this study as “internal factors” that reflect entrepreneurial capital, attitude, network, and competencies, whereas external factors encompasses elements of support mechanisms, environmental contingencies and financial assistance. In light of this, a conceptual framework is advanced for further empirical investigation.
Based on the conceptual framework advanced for this research, the hypotheses conjectured for further empirical testing are as follow:

**H1:** The entrepreneurial capital of the entrepreneurs will have a significant impact on silver entrepreneurship success.

**H2:** The entrepreneurial attitude orientation of the entrepreneurs will have a significant impact on Silver Entrepreneurship Success.

**H3:** The personal networks of the entrepreneurs will have significant impacts on silver entrepreneurship success.

**H4:** The entrepreneurial competencies of the entrepreneurs will have significant impacts on silver entrepreneurship success.

**H5:** The external factors (i.e., support mechanisms, environmental contingencies, and financial assistance) will have significant impacts on silver entrepreneurship success.

**DISCUSSION AND CONCLUSION**

This initiative is anticipated to generate new knowledge in the area of entrepreneurship in Malaysia. To this end, this study will be able to offer the following contributions in terms of:

- profiling the unique attributes of silver entrepreneurs in Malaysia, an important segment that contributes significantly to the nation’s economy yet has often been ignored both in terms of scholarly inquiry and practical ramifications.
- offering a novel model that brings into light the factors affecting silver entrepreneurship success among mature cohorts in Malaysia towards “productive aging” and the creation of first generation entrepreneurs within the family institutions.
- advancing new knowledge and information on the “what” and “how” to obtain a conducive ecosystem for successful silver entrepreneurship.

It is certain that good research in the area of silver entrepreneurship will add to the existing body of entrepreneurship knowledge, since mainstream entrepreneurship research has largely overlooked this cohort. Empirical research is required in order to provide a better description of the silver cohort as well as to better understand “what” factors that will ensure their survival and success and “how” they operate their ventures to ensure its sustainability. This is even more important in the context of Malaysia that envisaged to transform the society into a higher income society by leveraging on the productivity and participation of all in the economic activity. Analysis on silver entrepreneurship success also has potential importance to many parties.

Policy makers and business advisory agencies will be able to better understand this growing group to ensure that any targeted assistance programs can be effective given that “entrepreneurship cannot be cast in one mold”. Larger businesses that rely heavily on the strength of the small business sector, and financiers (such as banks and venture capitalists) could also benefit from a better understanding of the peculiarities of conducting business with silver entrepreneurs. Lastly, small business owners themselves will benefit from a better understanding of exactly what characteristics and skills will best equip them to undertake a silver venture.

**REFERENCES**


STUDENT PREFERENCES TOWARD AUTOMOBILE MULTI ATTRIBUTES: A CONJOINT ANALYSIS

Rudy Aryanto
Himawan Sentosa
Binus University, raryanto@binus.edu

ABSTRACT
This research purposed to know what are the students preferences kind about automobiles. Because there are so many of car variances, which are offered by the company, and the consumers have a freedom to choose the best product according to their interest and needs. And with the government’s plan to develop the National Low Cost Car Program, it can be ensured that there will be a lot more of choices for the consumer. Therefore, to adjust with this kind of situation, Suzuki which is one of the automobile manufacturer that show their interest in develop car for student as their target market, consider it necessary to know about what kind of product that can satisfy the needs of the target market so the result can be an input for Suzuki to develop the new cars. This research used Cochran Q Test and Conjoint Analysis method, which aims to find the consumers preference about car product. The result of this research shows that there are 5 attributes which student considered before buying the product. They are type, design, prices, engine capacity, and color. And the analysis result of consumer preferences on car products are sporty silver car with hatch back type, with 1000 - 1500 cc engine capacity, and most prefered price was under 100 million rupiah's.

Key words: Product attributes, Low cost car, Cochran Q test, Conjoin analysis.

INTRODUCTION
Now days, the government is finalizing the regulation about Low Cost Car and Green Car which are currently making it’s trend in the world, and the government is going to give the most supporting regulation in automotives industrial. The program can be ensured that the amount choices of the products that the automotive manufacturers offers will be growing a lot more. And to deal with that kind of situation, Suzuki as one of the automotive manufacturers has to know the information about the attributes, and product combinations that can satisfy their market target’s needs.

Suzuki is one of the biggest and well known automotive companies in Indonesia. Focusing on retail business, service, and after sale. Today, PT. Restu Mahkota Karya is the one of authorized distributor Suzuki vehicles is growing due to consumers’ demands about the Suzuki cars, which are why it's important for the company to do the research. This research used Cochran Q Test and Conjoin Analysis, which aim to know the buyer’s preferences of buying a car, with hope that this can help the company to develop the product according to the consumer’s wishes.

The principles of the marketing said that to achieve the goal of one organization is depends on how the organization understand the wants and needs of their consumers, and how to fulfill it with more efficiently and effectively compared to their competitors (Simamora, 2002, p25).
RESEARCH METHODOLOGY

Data Collection Techniques required in this study come from primary data and supported by secondary data. The data collection method used consists of literature and the questionnaire.

The sampling techniques used by the author in this study is non probability sampling. According to Sugiyono (2006, p77) “Non probability sampling is the sampling technique that does not give an equally opportunity for each element or member to be elected as the sample population.” The sampling method used by the author in this study is convenience sampling, as the name of the method, the sample of members selected or drawn by the convenience of getting the data by the researchers.

There are several methods of analysis used in this study, there were descriptive statistics, Cochran Q Test Analysis, and Conjoint Analysis. The analysis begins with Cochran Q Test Analysis for validity analysis on the attributes that considered by the consumer in choosing a car product, and Conjoint Analysis used to determined consumer preferences for car products.

LITERATURE REVIEW

Product is a set of attributes of both tangible and intangible, including the issue of color, the good name of the company, as well as retail services, received by the buyer in order to satisfy his/her desire (Stanton, in Alma, 2007, p139).

Product attributes include dimensions of the product, it’s also related to what is considered in the decision to buy, watch pay attention to a product, such as price, product availability, brand, etc (Haryadi A. 2007, p29).

Consumers have a different attitude in looking each attributes, they will give the greatest attention to the attributes that provide the benefit that they sought (Lehmann, in Haryadi A., 2007, p22).

Preference is an attitude more liking on some object rather than other objects. Preference assessment is a research with presenting two or more stimulus to be selected subject can be measured by the test of verbal or non verbal (Chaplin. 2002).

Conjoint analysis is a multivariate technique developed specifically to understand how respondents develop preferences for any type of object (products, services, or ideas). It is based on the simple premise that consumers evaluate the value of an object (real or hypothetical) by combining the separate amounts of value provided by each attribute (Hair et al. 2005, p410)

RESULTS AND DISCUSSION

Cochran Q Test Analysis

<table>
<thead>
<tr>
<th>No.</th>
<th>Attribute</th>
<th>Yes Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Type</td>
<td>20</td>
</tr>
<tr>
<td>2</td>
<td>Design</td>
<td>18</td>
</tr>
<tr>
<td>3</td>
<td>Price</td>
<td>16</td>
</tr>
</tbody>
</table>
With \( \alpha = 0,05 \), \( df = 5 - 1 = 4 \), \( Q_{\text{table}}(0,05;4) = 9,49 \) dan \( Q_{\text{hitung}} = 6,16 \).

Result of 5'th Test : Accepted \( H_0 \) because \( Q_{\text{hitung}} < Q_{\text{table}} \).

Means : The five attributes can be considered valid as an attribute of a car.

### Conjoint Analysis Test In Aggregate

#### Tabel 2 Attribute Utility and Importance Value in Aggregate

<table>
<thead>
<tr>
<th>No.</th>
<th>Attribute</th>
<th>Attribute Level</th>
<th>Importance Value (%)</th>
<th>Utility</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Color</td>
<td>Black</td>
<td>23,44%</td>
<td>-0,046</td>
</tr>
<tr>
<td></td>
<td></td>
<td>White</td>
<td></td>
<td>-0,071</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Silver</td>
<td></td>
<td>0,117</td>
</tr>
<tr>
<td>2</td>
<td>Engine Capacity</td>
<td>&lt; 1000 cc</td>
<td>23,28%</td>
<td>-0,469</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1000 cc - 1500 cc</td>
<td></td>
<td>-0,241</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt; 1500 cc</td>
<td></td>
<td>0,228</td>
</tr>
<tr>
<td>3</td>
<td>Type</td>
<td>City Car</td>
<td>18,41%</td>
<td>0,014</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cross Over</td>
<td></td>
<td>-0,091</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hatch Back</td>
<td></td>
<td>0,077</td>
</tr>
<tr>
<td>4</td>
<td>Design</td>
<td>Modern</td>
<td>18,08%</td>
<td>-0,021</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Classic</td>
<td></td>
<td>-0,062</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sporty</td>
<td></td>
<td>0,083</td>
</tr>
<tr>
<td>5</td>
<td>Price</td>
<td>&lt; 100 million</td>
<td>16,79%</td>
<td>0,039</td>
</tr>
<tr>
<td></td>
<td></td>
<td>100 - 150 million</td>
<td></td>
<td>0,02</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt; 150 million</td>
<td></td>
<td>-0,06</td>
</tr>
</tbody>
</table>

Based on the analysis in general of all car product attributes in table above, the result are :

- **Color.** For color attribute in general the respondents prefer car with silver color (value 0,117) if compared to car with black or white color.
- **Engine Capacity.** For engine capacity attribute in general the respondents prefer car with 1000 cc – 1500 cc engine capacity (value 0,241) if compared to car with < 1000 cc atau > 1500cc engine capacity.
- **Type.** For type attribute in general the respondents prefer car with Hatch Back type (value 0,077) if compared to car with City Car atau Cross Over type.
- **Design.** For design attribute in general the respondents prefer car with Sporty design (value 0,083) if compared to car with Modern atau Classic design.
- **Price.** For price attribute in general the respondents prefer car with price < Rp 100 million (value 0,039) if compared to car with price Rp 100 million – Rp 150 million, or > Rp 150 million.
- **Importance Values.** In general, respondents assume color was the most important attribute in choosing car product (23,436%), and then engine capacity attribute (23,284%), type attribute (18,407%), design attribute (18,080%), and the most unimportant attribute was price attribute (16,794%).
Predictive Accuracy Measurement In Aggregate

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson’s R</td>
<td>.992</td>
<td>.000</td>
</tr>
<tr>
<td>Kendall’s tau</td>
<td>.835</td>
<td>.000</td>
</tr>
<tr>
<td>Kendall’s tau for Holdouts</td>
<td>1.000</td>
<td>.021</td>
</tr>
</tbody>
</table>

a. Correlations between observed and estimated preferences

Predictive accuracy measurement in this study was conducted with procedure “sig < 0.05 then Ho is rejected” (Santoso, 2010, p300), and the results are:

- Pearson’s R Sig = 0.000 < 0.05 then Ho is rejected
- Kendall’s tau for Holdouts Sig = 0.021 < 0.05 then Ho is rejected

From significance test below shows there is significant correlation between estimates preferences with actual preferences, and the relationship is strong because of the correlation values are greater than 0.5 for Pearson’s R and 1 for Kendall’s Tau for Holdouts.

CONCLUSION

The analysis result of consumer preferences on car product are:

- The result of Cochran Q Test analysis shows there are five attributes that affect consumer considerations in choosing a car product, there are type, design, price, engine capacity, and color.
- The result of conjoint analysis in aggregate shows the importance value of the five attributes for consumers in choosing a car product:
  - a. Weight value for Type Attribute : 18,407%
  - b. Weight value for Design Attribute : 18,080%
  - c. Weight value for Price Attribute : 16,794%
  - d. Weight value for Engine Capacity Attribute : 23,284%
  - e. Weight value for Color Attribute : 23,436%
- The analysis result of consumer preferences on car products are sporty silver car with hatch back type, with 1000 cc – 1500 cc engine capacity, and most prefered price was under 100 million rupiah’s

REFERENCE


WORKING WOMEN AND INVESTMENT BEHAVIOUR

Evi Steelyana
Accounting Department, Bina Nusantara University
Jl. K H. Syahdan No. 9, Kemanggisan – Palmerah. Jakarta Barat 11480, Indonesia
evi.wiyarto@gmail.com

Abstract

Development of working women for the past ten years in Indonesia has increased very significantly. The working women is one of the motor of the economy of a country, their income will affected to Gross Domestic Product. With their personal income, working women can participate in financial decisions in their family. Or at least working women can make a personal financial planning and financial goal with their own decision. Working Women will usually do the allocation of funds for private investment. In the world of banking and investment, there is a wide range of products that can be accessed by investors. In accordance with the behavior of women in investment, they have a tendency to invest for family welfare and for long-term purposes. This paper will discuss about banking products and capital market, that can be used as a reference for the working women who interested to do investment. As the investment world idiom "do not put your egg in one basket", portfolio diversification could be taken as consideration. Several banking products and mutual fund products could be manage as their portfolio. As well as risk profile of each investor, investment portfolio will help working women work for achieving their personal financial goal and investment objectives. This paper will give some illustration of working women’s investment behavior according to their risk profile and to achieve their financial goal. Through managing their portfolio by accessing some investment products in the banking and capital markets which are suitable for working women.

Keyword: investment behavior, banking product, capital markets products, risk profile, portfolio management

Introduction

Working women in Indonesia is one of the new economic power that can strengthen a country's economy. Income that they received will be contributed to Gross Domestic Product and it had significantly increased during the past 10 years. McKinsey study gives a broader perspective in "How Women Helps Business" (McKinsey Quarterly, January 2010) that income from working women will affected to 1.6% increase of Gross Domestic Product of a country. Apparently working women will allocate their income to some investment that ultimately aims for family welfare such as education fund, healthcare fund or pension fund. In terms of gender, women's participation in the labor Indonesia increased significantly. During February 2006-February 2007, the number of female workers increased 2.12 million people, the largest in the agriculture and trade.

One of the world program in enhancing the role of the middle class in many countries is through the Millennium Development Goals endorsed by the United Nations. In this program the world's leaders agreed to sign a Eight Mutual Purposes.

Millenium Development Goals are:

1. End poverty and Hunger
2. Universal Education
3. Gender Equality
4. Child Health
5. Maternal Health
6. Combat HIV/ AIDS
7. Enviromental Sustainability
8. Global Partnership

(Source: United Nation, Millenium Development Goals)

In goal no. 3 Gender Equality it also has a meaning for women empowerment. To empower women meaning to support working women wheter in their field work and also their career development and income. The more working women will affected to make middle class stronger. There is a close link between economic development a country
with a middle-class. William Easterly (World Bank, July 2001) shows the scientific study of the relationship type is
middle class with economic development"The Middle Class and Economics Development Consensus": A higher share
of income for the middle class and lower ethnic divisions are empirically associated with higher income and higher
growth. These associations are robust to a number of alternative controls. A middle class consensus is also
associated with more education, better health, better infrastructure, better economic policies, less political instability,
less civil war and ethnic Minorities at risk, more social "modernization" and more democracy.

The higher women's work in Indonesia will greatly assist the development and growth of the middle class to
become the nation's economic strength. Which in the end, the allocation of investments made by working women will
also affect the economic power of the middle class in Indonesia. Middle class is an empowered community. Groups
that can strengthen the surrounding areas. The stronger the middle class then this class can contribute to the
economic strength of this nation.

Working women have their own income and they can make the investment activities more freely. Due to
financial and investment decisions can be made more independent. The ultimate goal of financial planing is financial
freedom. There are several types of investments products that can be selected by the investor of women, both in the
real sector and financial sector, especially in banking products and capital markets. In this paper will be explained in
simple banking product such as: Saving Deposit, Insurance and Time Deposit. Capital Market product will be
focusing on Mutual Fund or Reksadana (product of capital markets that can be bought easily and affordable).
Participation of working women in the investment in the stock market makes IDX target - to increase the number of
women investors- can be achieved. Portfolio management and risk diversification will help investor to reach their
financial goals. This paper will give a brief explanation for working women who willing to put their investment in
banking product and capital markets to reach their financial goals along the way with their risk profile and their
investment behavior.

Working Women and Investment Behaviour
Investment activity is an activity undertaken by the investors to get return. Deals or transactions involving sale or
purchase of equipment, plants, properties, securities, or other assets generally not held for immediate resale (Kimmel,
Investment behavior depends on the investor's risk profile. Most women think for long term periode of investment,
they have a tendency to invest for family welfare and for long-term purposes. Women are observed to be on average
more risk averse than men but according to the studies summarized in Eckel and Grossman (2002). But then in
reality most of the time women are also take risk higher than man. In Addition to the Kasai tribe of Indians studied by
Gneezy, Leonard and List (2008) in the which it is untrue that the average female avoids risky behavior more than the
average male. On average girls from single-sex schools are found in our experiment to be as likely as boys to choose
the risky behavior. Based on these studies in conducting investment, working women's financial decision and
investment behavior is not only based on the gender factor, but rather on the factors such as : insight into the
financial, experiences in investing activities, financial goals and risk profile of each individual.

Gender factor is not entirely an effect in investment decision but there are also some other factors influencing
investment behavior. Insight into the financial, knowledge of investment products, experiences in investing activities
and financial goals that are become some major factors that influencing investor behavior. Then investment
behavior could be very unique to each individual and will be very customised, depend on their personal financial
goals.
The number of working women will also affected to increase the number of middle class in Indonesia. If the
middle class Indonesia could be stronger, it is able to make stronger economy for those around them (Ligwina
Hananto, 2011). In fact, in Indonesia there are so many people intergroup differences. We therefore need to balance
this diversity with a strong class of the Middle Class. Working women could participate in the investment activities to
create stronger middle class community.

Who is the middle class in Indonesia? According to data from the World Bank and IMF, there are several factors in
middle class in Indonesia. It can be seen from the table as follows:
### Table 1
Population and GDP per Capita Indonesia Indonesia 
Accoring Prices 
(Bersadarkan Data IMF)

<table>
<thead>
<tr>
<th>Year</th>
<th>PDB per Capita (US$)</th>
<th>Population (Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>1.915,57</td>
<td>225,64</td>
</tr>
<tr>
<td>2008</td>
<td>2.237,72</td>
<td>228,58</td>
</tr>
<tr>
<td>2009</td>
<td>2.329,45</td>
<td>231,55</td>
</tr>
<tr>
<td>2010</td>
<td>2.963,28</td>
<td>234,56</td>
</tr>
<tr>
<td>2011</td>
<td>3.270,01</td>
<td>237,61</td>
</tr>
<tr>
<td>2012</td>
<td>3.532,00</td>
<td>240,70</td>
</tr>
</tbody>
</table>

Source: International Monetary Fund (IMF), World Economic Outlook Database, Oct 2010

### Table 2
Population and GDP per Capita Indonesia Indonesia 
Accoring Prices 
(Based on Statistic Indonesia)

<table>
<thead>
<tr>
<th>Year</th>
<th>PDB per Capita (US$)</th>
<th>Population (Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>1.921,70</td>
<td>225,64</td>
</tr>
<tr>
<td>2008</td>
<td>2.244,60</td>
<td>228,52</td>
</tr>
<tr>
<td>2009</td>
<td>2.349,80</td>
<td>231,37</td>
</tr>
<tr>
<td>2010</td>
<td>3.010,10</td>
<td>237,64*</td>
</tr>
<tr>
<td>2011</td>
<td>3.542,90</td>
<td>236,95</td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td>239,69</td>
</tr>
</tbody>
</table>

Source: Biro Pusat Statistik (BPS) 
Description: *Indonesia population on 2010 is based on Census Population

### Table 3
Indonesia Consumen Population

<table>
<thead>
<tr>
<th>Consument Segmen</th>
<th>Daily Consumption / US$</th>
<th>2010 Population (%)</th>
<th>2010 Total (%)</th>
<th>2010 Cumulative (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower Class</td>
<td>&lt; 1.25</td>
<td>14,00</td>
<td>43,30</td>
<td>43,30</td>
</tr>
<tr>
<td></td>
<td>1.25 - 2</td>
<td>29,30</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Middle Class</td>
<td>2 – 4</td>
<td>38,50</td>
<td>56,50</td>
<td>99,80</td>
</tr>
<tr>
<td></td>
<td>4 – 6</td>
<td>11,70</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>6 – 10</td>
<td>5,00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Purchasing Power Parity (PPP) 2005

Financial Goal and Risk Profile

The ultimate goal of financial plan is financial freedom. There are two stages in financial planning (Ligwina Hananto, 2011). First to fulfill our financial need on a specific financial goals that one day be used until exhausted. It is vital to achieve financial goals by using liquid products and measurable growth such as mutual funds (Reksadana).

The next stage is the continued financial plan. At this stage we need to balance the financial plan with the achievement of an active asset. Active asset can be a business, property or securities. Each active asset that we have will provide passive income. The results of passive income should be reinvested in order to accelerate the achievement of financial goals.

Table 4 Financial Freedom

<table>
<thead>
<tr>
<th>Passive Income &gt; Routine Expenditure</th>
<th>Achieve all your financial goals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pasive Income:</td>
</tr>
<tr>
<td></td>
<td>Business, Property, Securities</td>
</tr>
</tbody>
</table>

To achieve all your financial goals

<table>
<thead>
<tr>
<th>Financial Planning</th>
<th>Emergency Fund, Pension Fund, Education Fund, Travelling Fund Others</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on financial goals and risk profile, we can map out new investment for every investor behavior, especially in working women. Most working women think about the long-term financial goals and consider, in particular the welfare of the family. Financial goals for working women, could be divided into several categories as shown in the table below:

Table 5

Financial Goals + Risk + Investment Result

<table>
<thead>
<tr>
<th>Year</th>
<th>Short Term</th>
<th>Middle Term</th>
<th>Long Term</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&lt; 5 years</td>
<td>5-10 years</td>
<td>10-15 years</td>
</tr>
<tr>
<td>Financial Goals</td>
<td>Family Travelling</td>
<td>Elementary School fund</td>
<td>New House</td>
</tr>
<tr>
<td>Investment Risk</td>
<td>Low Risk</td>
<td>Medium Risk</td>
<td>Medium Risk</td>
</tr>
</tbody>
</table>

Source: World Bank - Description: Daily consumption is already adjusted with Purchasing Power Parity (PPP) 2005
Sumber: QM Planning Division

Some of the risk profile of investors that may be chosen by the working women are as follows: Conservative, Moderate, High Risk. In this below table will show us investor with risk profile: moderate.

Table 6

Products and Portfolio with assumption Risk Profile: Moderate

<table>
<thead>
<tr>
<th>Time periode (year)</th>
<th>Return on Investment Average / year</th>
<th>Financial Planning</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 3</td>
<td>0%</td>
<td>Saving/ Deposit, ORI, Protected Mutual Fund</td>
</tr>
<tr>
<td>&lt; 5</td>
<td>7%</td>
<td>Money Market Mutual Fund</td>
</tr>
<tr>
<td>5-10</td>
<td>10%</td>
<td>Protected Mutual Fund Fixed Income</td>
</tr>
<tr>
<td>10-15</td>
<td>15%</td>
<td>Mutual Fund Mixed (Moderate /Aggressive)</td>
</tr>
<tr>
<td>&gt;15</td>
<td>25%</td>
<td>Mutual Fund Stock</td>
</tr>
</tbody>
</table>

Sources: QM Research Committee

Notes: This table is only an illustration and doesn’t represent the actual product performance.

Banking Products and Capital Market Product (Mutual Fund)

In Indonesia there are three products that often being used in financial planning activities: Saving Account-Time Deposit, Insurance and Mutual Fund (Reksadana) and from those three basic products we can create portfolio according to their risk profile.

Savings account and time deposit are banking products, which can help us to achieve financial goals in short term. It is quite safe, low risk, but can not beat inflation rate.

Insurance Insurance has a protective function and protection. in case of unwanted things, insurance benefits can greatly assist us in implementing our financial plan. There are four types of protection: protection of life, health protection, crash protection and critical illness protection.

Mutual funds are investment products. It is a container that allows the community to collectively invest. Deposited into our account the mutual fund will be managed by the Investment Manager. there are several types of mutual funds, money market mutual funds, stock mutual funds, mutual funds and protected funds mixture. each mutual fund has different risks, we need to adjust the risk involved in mutual funds with our financial goals.

Why we should invest our fund in capital market?

To answer the above questions then we need to re-examine our financial goals. In the long-term goals goals then we need to get a high return. in the meantime to minimize the risk of loss, we also need to diversity our portfolio. For the medium term (over five years) and long term (over ten years) then it is reasonable if we take higher investment risks. By taking a bigger risk then we get a higher return as well. For some reason mentioned above, the investment in the capital market is one of choice. Mutual funds are one product that is easy and affordable to access investment in the capital market. Mutual Funds would provide for your own benefit. Advantages of Investing in Mutual Funds are:

1. Managed by the Expert

Mutual funds managed by investment managers who are experienced in world capital markets. Investment manager has the ability to maximize your investment through in-depth analysis of the state of the economy and markets, the selection of investment strategies, and selection of appropriate assets.
2. Flexible and Practical investment

By investing in mutual fund, you can simply deposit the funds and let the fund managers that make up your investment. You simply monitor your investment through NAB / units issued each day. In addition, the diversity of the existing mutual fund products, you can memilih products according to your wishes. You can also change the products that are better suited to your choice.

3. Affordable Investment

Mutual Fund, it is possible for anyone to invest. Enough with initial funding of IDR You can already feel the 1 million investment in the stock market. In fact, the future investment program of DIM, you can invest ranging from Rp. 200 000 every month.

4. Minimising Risk

With the amount of funds available in the Fund, then access to the greater diversification of investments. By diversifying investments, the risks will be smaller.

5. Maintaining Your Liquidity

You can withdraw your investment back every day, ie the working day has been set according to the Indonesia Stock Exchange calendar. This convenience gives you the flexibility to manage your investments according to your financial needs.

6. Transparency in Investing

The entire mutual fund information is always transparent. You can find out your mutual fund assets invested in anything. In addition, the investment manager must inform you about the risks and the costs that imposed on you.

**Conclusion**

1. The raising number of working women could become indicator for stronger middle class in Indonesia, it will lead to better economic condition for the country. Working women would be very independent to manage their own income. It will lead them to do investment activities. Banking product and capital market are some of the investment product that could be taken as consideration.

2. Gender is not the only factor influencing investor in their investment behavior. Education background, investment background experience, product knowledge and also risk profile plus financial goal will determine investment behavior in managing their portfolio. Women sometimes take higher risk than man in certain circumstances.

3. The ultimate goal of financial plan is financial freedom. Every investor has their own financial goals and it will be very unique for each individual to decide their own financial goals. Risk profile could be taken as consideration for deciding investment style. There are some categorize for investment profiles: conservative, moderate and high risk. Mostly financial goals will achieve some points as follow: Emergency Fund, Pension Fund, Education Fund, Travelling Fund and Others. And Financial freedom will be achieved after passive income is higher than active income, it can be achieved by investing activities by having business, own property and invest in securitie (capital market). Mutual fund is one of alternative for investor to access capital market.

4. Mutual fund is one of the alternative product to reach investor’s financial goal. For the medium term (over five years) and long term (over ten years) then it is reasonable if we take higher investment risks. By taking a bigger risk then we get a higher return as well. For some reason mentioned above, investing in capital market is one of the option. Mutual funds is a product that is easy and affordable to access investment in capital market.
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IDENTIFYING THE PUSH AND PULL FACTORS FOR EXPATRIATE REPATRIATION: A CASE STUDY IN MALAYSIA.

Venkateswaran A/L Ramachandran
Open University Malaysia
Malaysia

Siti Rohaida Mohamed Zainal
Senior Lecturer
School of Management
Universiti Sains Malaysia
Pulau Pinang
siti_rohaida@usm.my (Corresponding author)

ABSTRACT

With the advent of globalization, movement of working professionals across borders has become the norm worldwide. This has resulted in transfer of technologies, skill sets and even entire organizations across countries that are far apart, even as far as in different continents. The movement of people, in particular has seen an exponential increase in the expatriate population in most developing and developed countries which attracts them. While this movement inwards seems to be ongoing, there is also a movement in the reverse direction. This involves the expatriates returning or being repatriated to their home countries. This phenomenon has seen a substantial increase in recent years. This has resulted in loss for Malaysia because leaves a vacuum in the local resource pool. Thus, this study aims to cover some of the key factors that drive this movement of people and why it is required in the larger scheme of things in a fast moving global economy. By using the qualitative methodology, series of interviews were conducted from a variety of expatriates comprising several different nationalities residing and working in Malaysia. Later, thematic data analysis was used to extract the factors. Result indicated that there are several pull and push factors for expatriate to repatriate.

Keyword (s): Push Factors; Pull Factors; Expatriate; Repatriation.

INTRODUCTION

Today's business environment is in the state of flux. This has resulted to a highly competitive market and it is important that management to stay competitive. Globalization has made the market even more competitive. In order to stay visible, regardless of the industry, management must improvise their workforce and leveraging on the human capital to strive for their own competitive advantage. Unfortunately, with the advent of globalization, movement of working professionals across borders has become the norm worldwide (Carr, Inkson and Thorn 2005). This has resulted in transfer of technologies, skill sets and even entire organizations across countries that are far apart, even as far as in different continents. The movement of people, in particular has seen an exponential increase in the expatriate population in most developing and developed countries which attracts them. Various factors govern this attraction. While this movement inwards seems to be ongoing, there is also a movement in the reverse direction. This involves the expatriates returning or being repatriated to their home countries. Expatriate repatriation refers to the process of employees who work in a country other than their own returning to their home country after a certain period of time (Caulfield, 2010). This phenomenon has seen a substantial increase in recent years (Harrison et al., 2004:208). In view of the general trend towards job related migrations, relocations and frequent travelling, movement of working professionals towards countries with better career and lifestyle opportunities is a reality and has a profound effect on the demographic balance in the host as well as home countries (Hugo Brady, 2008).

The extent of these factors may vary for different countries, but the factors themselves are similar and relevant for most countries across the globe (Black, Gregersen & Mendenhall, 1992; Lazarova & Cerdin 2007). The general tendency when they expatriate is for people to move from developing countries to more developed countries where they would be able to enjoy benefits such as higher salaries and employment benefits, better and safer living conditions, a host of modern amenities and easy access to public services such as education, travel and housing (Organization for Economic Cooperation and Development [OECD], 2008a). However, when they return home after a stint in the host country, assimilation into routine life in the well known and familiar environment assumes a proportion of much greater significance than is generally given credit for. A process which at best should be easy, straightforward and without the cumbersome hassles that typifies expatriation turns out to be not only hard, but also a time consuming and tedious experience. Most often, the repatriates feel like foreigners in their own country, in spite of the familiarity with home conditions and the relative comfort and solace from their near and dear (Barrett & O'Connell, 2001).
Against this backdrop of socio-economic demographic movement, a study into the various factors would help in assessing the extent of the success or failure of the repatriation process and its cause and effect in addressing the population imbalance in the host and home countries. This study would expect to identify the key pull and push factors that cause the repatriation (Toren, 1976). Identification of these factors may help to look at possible solutions to address the problems of manpower shortage in the country, using expatriate repatriation as a means of reclaiming home grown talent to boost the local knowledge bank (P. Gunasegaram, StarBiz, 30 April 2011).

**Problem Statement**

Malaysia is a fast developing country and is fast heading towards the 21st century. In order to keep pace with the rest of the world, the Government is doing its best to retain the best talents so that its manpower requirements may be fulfilled. The rapidly changing needs of the environment are making it increasingly difficult to attract and retain the right people given that the demand for such resources has gone global in the last decade (Jagdev Singh, Starbiz, 26 May 2011).

Thus, Talent Corporation was set as part of the 10th Malaysia Plan (10MP, Bernama, 27 May 2011) with its key objectives being the identification of shortages of human capital in key sectors in the economy and taking appropriate steps to attract and retain the necessary skilled capital. In another words, the formation of Talent Corporation is a key Malaysian Government initiative to attract and retain the best local or foreign talent to our shores to make up for the depleted resources currently available.

It is because, in the absence of native resources to fill available positions, it has had to fill them with appropriately qualified expatriates who had to relocate to Malaysia to work. The main drawback of this is the return of the expatriates upon completion of their work or project to their respective home countries, leaving a vacuum in the local resource pool (Brubaker, 2008). The worst part of this situation is the inability of the expatriates to complete the knowledge transfer and exchange during their stint, which was the original aim of hiring the expatriates to work here in the first place (MSC Client Charter, Mdec, 1996). Many of the expatriates left the country after working for a period of time with some even being here for an extended period of time. Yet the planned knowledge transfer did not materialize, nor did it extend to desired levels of self sufficiency (P. Gunasegaram, StarBiz, 30 April 2011). This has consequently left big gaps in key knowledge areas where critical work needs to be done. This also leaves a lot of incomplete work which is reflected in the form of half-done projects, poor quality work or even worse, project cancellations. This can cause tremendous loss from an economic and financial standpoint and is quite damaging to the economy of the country, not to mention its reputation (Khan, 2009). However the impact of such losses may not be realized or if realized, rarely attributed to lack of top quality resources, especially people (Khan, 2009).

Thus, this study attempts to document the main factors that contribute to such gaps by looking into the pull and push factors that drive expatriate repatriation (Caulfield, 2010). In the context of Malaysia, the existing problems with shortage of suitably qualified manpower to address critical function needs would continue to exist if these gaps were not sufficiently addressed.

**METHODOLOGY**

This study adopts a case study approach. This case study is driven by the research question mainly focusing on what are factors leads to expatriate repatriate. A single case study was conducted. It is explanatory in the nature. Case studies are most appropriate for exploratory and explanatory research, since they are able to capture a greater depth and breadth of detail on the subject’s activities (Khalfan, 2003). The case study is argued to enable the researchers to investigate a phenomenon in depth, getting close to the phenomenon, providing rich primary data and revealing its deep structure within the organisational context (Cavaye, 1996). The interpretative case study method can be used to access and understand research situations through the meanings people assign to them (Klein & Myers, 1999). The unit analysis is the individual and the sources of information are the identified expatriate work in Malaysia.

**The Case study protocol**

On the basis of the case study protocol proposed by Yin (2009), the specific information has been collected prior to the site visits such as a survey instruments, role of people to be interviewed, the events to be observed, and other documents to be reviewed when on site. Apart from that, the main source of data available is through in-depth interviews while communication was arranged by telephone, fax and email. The case study had been conducted for about two weeks. In order to initiate the definition of expatriate and repatriation, the step began with a thorough literature search related to the definitions. For this study, definitions of the key terms are as below:

**Expatriate** – refers to a person who chooses to live and work in another country, other than his own. Expatriates do not reside permanently in another country. They are usually domiciled there for the duration of their work and usually return to their native countries after a period of time when their work contracts expire or the work is completed (especially in the case of projects) (Richardson & McKenna, 2002).
**Expatriate Repatriation** – refers to the process of expatriates returning to their home country from their place of work, which is usually in a different country (Linehan & Scullion, 2002).

**Pull factor** – refers to the factor(s) which pulls the expatriates towards their home country (Caulfield, 2010).

**Push factor** – refers to the factor(s) which pushes them out of the host country where they are currently based (Caulfield, 2010).

**Data collection**

In order to achieve the objective of the research, qualitative is the most appropriate research methods to obtain information about the expatriate and repatriation. The interviewer had convinced the interviewee that their names will be kept confidential. Besides, the interviewer also explained that the purpose of the study was purely academic and the findings would assist the company for an alternative solution to overcome the brain drain and other management related problem as well as contributing to the local literature.

The list of respondent in the involved in this study:

<table>
<thead>
<tr>
<th>Code</th>
<th>Subject</th>
<th>Background</th>
</tr>
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| R01  | Expatriate 1 | Position: Academician, Head of Department of Communications  
Duration in Malaysia: Approximately 10 years  
Duration on the job: Approximately 10 years |
| R02  | Expatriate 2 | Position: Senior Design Engineer  
Duration in Malaysia: Approximately 5 years  
Duration on the job: Approximately 5 years |
| R03  | Expatriate 3 | Employer: Fairview International School Penang  
Position: Teacher  
Duration in Malaysia: Approximately 1 year  
Duration on the job: Approximately 3 years |
| R04  | Expatriate 4 | Position: Associate Professor  
Duration in Malaysia: Approximately 3 years  
Duration on the job in Malaysia: Approximately 3 years |
| R05  | Expatriate 5 | Position: Senior Manager, Enterprise Risk Management  
Duration in Malaysia: Approximately 11 years  
Duration on the current job: Approximately 7 years |
| R05  | Expatriate 6 | Position: Business owner  
Duration in Malaysia: Approximately 11 years  
Duration on the current job: Approximately 3 years |

**FINDINGS AND DISCUSSION**

The interviews with the various expatriate professionals highlighted various issues and factors which served as the basis for the repatriation. These factors can be classified as push factors and pull factors (Tharenou & Caulfield, 2010). This study does not differentiate between self initiated expatriates or organizational initiated expatriates. Interestingly, all of them except one have been self initiated. This would make a case for applying the factors as described by Tharenou and Caulfield except for the case where it was initiated through an organization. However, the list of factors which have been outlined in the summary in a later part of this chapter would hold true universally irrespective of the type of expatriate and the repatriation process they undergo. Due to the general nature of the expatriate’s profiles, the type of industry or profession in which they are employed does not significantly affect the repatriation process or the conclusions derived from this study. A critical analysis of the factors can be found in the section below.

**Analysis of Factors**

An eclectic mix of the respondent's profiles has helped to gather a varied repertoire of responses from the participants. Since it was a free flowing discussion on the subject matter, the interviews managed to generate a sufficient level of detail to enable the researcher to draw suitable conclusions from the information gathered. It has also helped to narrow down the main factors that are instrumental in getting them to repatriate to their home countries. Some similarities may be evident in the responses of a few interviewees, but this is largely due to the respondents coming from a similar ethnic or cultural background. Any other similarities that may be found besides the above mentioned would be purely coincidental and can be seen from the transcripts.

Interviews revealed that five out of six respondents mentioned that their family related factors are paramount importance lead them to go back to their country. For example, is the inability to practice their cultural and religious tenets which included certain rituals and needed special expertise in the form of qualified priests to conduct it. Add to this the unavailability of suitably qualified priests locally, the absence of close relatives, family members and friends at close quarters and the problem seems a bit larger than originally envisaged. This necessitates periodic travel to their respective home countries to fulfill their religious and cultural obligations and obviously this would be prohibitive from a financial as well as operational perspective. Nevertheless most of the
respondents currently do so as there is no other alternative. Being in the safe confines of home among relatives, friends and family members would obviate the need for such travel and consequently, the expense, not to mention the availability of suitable priests and other personnel to conduct such functions. This comes out strongly in the interviews and is often a stumbling block to continue their local residence on a long term basis. Being with and tending to aged or sick parents was mentioned by almost 70% of the respondents and all of them agreed that they would definitely repatriate for good if something were to happen to their elders or parent's health as they need to stay with them and take care of them (Inkson et al., 2005). All of the respondents have elderly parents in their home countries who are resident in their family home with some of them not exactly in the pink of health. This could also be part of the unintended shocks (Holton et al., 2005) or expatriate failure (Tung, 1981; Mendenhall & Oddou, 1985) the latter being defined as either "premature end to an international assignment" or "premature end caused by a reason".

In addition to the first factors, dissatisfaction with the host country's job or career prospects has enticed almost 70% of the respondents back to their home countries who feel that a prolonged career with the prospect of promotions or career development was quite unlikely in the near future and in all probability would likely never happen. Tracing the background of the respondents, the general outlook for the industries in which they are currently employed is not too exciting at this moment. Tempered by the Government's acknowledged aim to develop and promote Bumiputera talent (Ridu, 2007), foreign talent especially at the middle management and executive levels do not stand much chance of enhancing their career prospects once the knowledge transfer is complete or their contract period is exhausted. It is another matter that there is a dearth of experienced talent for the very positions that would fall vacant upon these expatriates return to their home countries (P. Gunasegaram, Starbiz, 30 April 2011). Thus their repatriation is necessitated by the fact that there is no pertinent future in terms of career or occupational potential in the domestic market.

At least two of the interviewees expressed their intention and keenness to explore job opportunities in their home country. This also shows that they had an intention to search for a job in their own country and this aspect indirectly shows an inclination to repatriate, especially when the host country conditions are not favorable. They are also acutely aware of the job market potential and possibilities in terms of career orientation in their home countries which puts them at the forefront of possible repatriation in the not too distant future. Only one of the respondents showed a strong patriotic fervor and nationalistic tendencies by wanting to contribute to the home country using the knowledge and experience gained overseas (O’ Sullivan, 2002). The rest of the respondents did not consider this strongly even though they held strong views in terms of emotional attachment towards their home countries (Di Cieri et al., 2009). This is also not reflected in their current state or possible future actions upon repatriation. The other factor that all of the respondents felt strongly about were the inability of any of them to get permanent residency in Malaysia, notwithstanding the various schemes and methods the Government uses to attract talent. This also supports the oft held view by foreign professionals that the process to gain permanent residency was nontransparent and impossible to achieve (Yahya & Kaur, 2010). In the absence of any such possibilities, expatriate professionals cannot look forward to a meaningful future even if the country is attractive in all other aspects. They have to eventually repatriate after working and living here for a certain period of time.

One of the respondents had a “prior plan” – to startup and venture into business in the home country. None of the others had any such plans, so this would not generally figure high on the list of factors for repatriation, even though it is a significant factor for the individual. These are mostly personal plans by the expatriate working here and they would do whatever is necessary for them when they reach a particular stage in their professional or personal lives irrespective of where they are based.

In summary, study revealed that there are many push and pull factors which influence their decision to repatriate. All the factors that have been discussed above have been summarized into a Figure 1 and Figure 2.
CONCLUSIONS, RECOMMENDATIONS AND LIMITATIONS

In conclusion, similar to other studies conducted outside Malaysia, there are factors that lead to expatriate to repatriate. Considering the above key factors seriously, the Government could do more to attract talent into this country. Among the key recommendations would be removal of entry barriers for professionals, since it is seems to be clear that there is a shortage of manpower in this country (Chai, 2011). Some of this has been already made possible through the MSC status companies which manage to bring in qualified knowledge workers and other business professionals for short durations usually on a contract basis. However, even they are unable to retain such talent for extended periods of time due to the restrictions on immigration by foreign professionals. The Government would do well to look at some of its ASEAN neighbours who have been extremely successful in attracting and retaining talent permanently on its shores (Cheong, 2009).

In addition, steps taken to improve internal system such as the education system, especially in terms of the English language, allowing the provision of support services such as priests, cooks, maids and other related matters to enable the expatriate to better assimilate into the local society and design more friendly support systems can also help to retain the expatriate from repatriate.
Similar to any other study, this study is also subjected to some limitations. Since this study is guided by a qualitative method, and more specifically using the interviews, the finding might more be more personal. In another words, the interviewee might answer the questions based on the own experience in Malaysia. In order to improve, future study is recommended to combine the methodology with quantitative method.

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TRANSFORMING MALAYSIA TOWARDS AN INNOVATION-LED ECONOMY BY LEVERAGING ON INNOVATIVE HUMAN CAPITAL

Hasliza Abdul Halim  
School of Management, Universiti Sains Malaysia  
11800 Penang, Malaysia  
Tel. +60 4 653 5162, Fax. +60 4 653 3130  
email: haslizahalim@usm.my

Noor Hazlina Ahmad  
School of Management, Universiti Sains Malaysia  
11800 Penang, Malaysia  
Tel. +60 4 653 3355, Fax. +60 4 653 3130  
email: hazlina@usm.my

Abstract

Fostering “pioneering minds” is extremely important especially in the effort to shift Malaysia towards an innovation-led economy. The Malaysian government is confident of achieving this transformation agenda provided that the human capital is leveraged in ensuring innovation at the highest level. The primary aim of this research is to investigate the predictors that could nurture the “pioneering minds” by exploring the innovative performance of human capital from the perspective of social embeddedness and pro-innovativeness organisational architecture which could subsequently lead to excellent organisational performance. This research contributes to the existing literature on human capital and innovation by having better understanding on the specific factors that nurture the “pioneering minds” which are crucial for innovative performance.

Keywords: Innovative human capital, pioneering minds, innovation-led economy, Malaysia

INTRODUCTION

Malaysia needs a paradigm shift from a knowledge-based economy to innovation-centred in order to stand in the same row with advanced nations as propagated in the New Economic Model Agenda. According to Prime Minister Datuk Seri Najib Tun Razak, moving towards this economy is crucial especially in efforts to integrate the economy with the global economic network. Malaysia needs to continue to bring changes to the economy in order to move towards innovation-led economy. The three main features are creativity, innovation value and high skills. To achieve such noble endeavour, Malaysia has no option but to nurture “pioneering minds” – to simply put, Malaysia is in dire needs of human capital that are innovative, creative and proactive.

Against this backdrop, the National Economic Advisory 2010 has outlined several strategic plans to transform Malaysia’s economy by focusing on strengthening and intensifying human capital development. Human capital needs to be equipped with necessary competencies and entrepreneurial activities to ensure that the private sector is the vanguard of economic development. In nurturing “pioneering minds”, the human capital approach could be leveraged by certain dimensions that could create new knowledge. Although human capital may be the origin of all knowledge, learning requires that individuals exchange and share insights and knowledge, which represent social embeddedness. Additionally, organisational architecture that is pro-innovativeness should be designed in promoting the development of human capital. The dimensions such as management support, work discretion, rewards, time availability and risk taking could foster human capital to induce innovativeness. Therefore, this research aims at investigating predictors that could nurture the “pioneering minds” by exploring the innovative performance of human capital by leveraging the social embeddedness and pro-innovativeness organisational architecture which lead to excellent organisational performance. This research contributes to the existing literature on human capital and innovation by having better understanding on the specific factors that nurture the “pioneering minds” which are crucial for innovative performance.

As the above discussion suggests, there is still much more that needs to be unearthed about nurturing “pioneering minds” that could assist in reaching innovation performance at the highest level. The scope for the development of this promising field of research should examine the following issues which are translated into the objectives of this research, as such, this study embarks on the following objectives:

1) To assess the direct relationship between social embeddedness (i.e. relational and structural) and innovative human capital.
To foster “pioneering minds” is extremely important especially in the effort to shift Malaysia towards innovation-centred economy. The Malaysian government is confident of achieving the target provided that the human capital is leveraged in ensuring innovation at the highest level. Human capital, conceptualized as the knowledge and knowing capability of an organisation represents one of the most relevant antecedents of innovation, which has become the fundamental for achieving competitive advantage (Martinez-Ros and Salas-Fumás, 2004; Zhou, 2006). The importance of human capital for innovation has attracted researchers interested in examining its factors by which it enhances the innovative capabilities and performance of the organisations. In fact, the changes that are taken place in today’s business landscape have exerted pressure for organisations to compete towards organisational sustainability by providing high quality and innovative products and services. In order to achieve this, organisations need to emphasise on boosting and enhancing intrapreneurial spirit among employees to sustain in longer run. In line with this, it is accepted that organisation’s innovation capabilities are more closely linked to their intellectual capital to their fixed assets (Subramaniam and Younndt, 2005). Some evidence suggest that an organisation’s human capital is positively associated with its innovative capability (Alegre, Lapiedra and Chiva, 2006; McKelvie and Davidsson, 2006) and many studies have attempted to determine the direct effect of human capital on innovation. However, despite the role that human capital is assumed to have on innovation, few studies have considered human capital as a variable that mediates the effects of other variables on innovation. Therefore, this research is hoped to have a better understanding of how human capital i.e. highly knowledgeable and skilled employees will be leveraged by different variables such as social embeddedness and pro-innovativeness organisational architecture in order to achieve innovative performance as well as the organisational performance.

In Malaysia, the study of innovation is becoming prevalent and the Malaysian government has taken various measures to face the stiff competition and one of the approaches is via invigorating intrapreneurial spirit among the employees to enhance productivity, innovativeness and job performance. As reported in the Economic Transformation Programme Report, Malaysia’s strategic plan to transform its economy focuses on strengthening and escalating human capital development (National Economic Advisory 2010). As clearly highlighted by the Prime Minister of Malaysia, Dato Seri Najib Tun Razak, Malaysia aspires to reach the highest standards with regard to the skills, knowledge and abilities of its human capital as well as to foster entrepreneurial spirit especially in the innovation-centred economy. Nevertheless, as for Malaysia, the declining trend in the ranking of Global Competitiveness Index, from 21st place in year 2009 to 26th in year 2011 (World Economic Forum, 2010), is a worrying phenomenon. A mechanism to rectify this situation is to nurture “pioneering minds” in fostering innovativeness and entrepreneurship spirit among Malaysia workforce to enhance productivity and performance.

Malaysia government has started to set the foundation for the knowledge-based economy in the mid-1990s, among others, with the launching of the National IT Agenda and the Multimedia Super Corridor (MSC). The knowledge-based economy will provide the platform to sustain a rapid rate of economic growth and enhance international competitiveness so as to achieve the objectives of Vision 2020. Nevertheless with the current situation that are uncertain and dynamic, Malaysia needs to encourage “pioneering minds” among the human resources to be innovative, creative and proactive in order to move towards innovation-centred economy. Malaysia has to strengthen its capability to innovate, adapt and create indigenous technology, design, develop and market new products. Furthermore, the government also has granted the “Strategic Knowledge-based Status” to organisations that have potential to generate knowledge content, high value-added operations, usage of high technology, and a large number of knowledge workers and posses a corporate knowledge-based master plan. In brief, Malaysia government has put an effort and continuous investment in its human capital to enhance technical skills, proactiveness, creativity and innovativeness to drive the knowledge-based and innovation-centred economy. Malaysia now has moved towards a sustainable economy, and has shifted the agricultural based production based economy to k-based economy to innovation-centred economy where knowledge, “know-how” and innovativeness become the main drivers for economic growth (MOSTI, 2010).

It is without doubt that the efforts to boost organisations’ competitiveness and success would have significant impact on the overall economy of the nation. In line with the Malaysian government aspiration to transform its economy by fostering innovative performance via innovative human capital, the study on innovation and human
capital warrants significant attention. Previous studies have investigated the relationship between innovation and human capital (Alegre, Lapiędra and Chive, 2006; McKelvie and Davidsson, 2006), however, despite the role that human capital is assumed to have on innovation, very limited studies have considered the factors that could nurture the “pioneering minds” that is to capture on innovative human capital that are able to drive innovative performance. Besides, the role of human capital as a variable that mediates the effects of other variables on innovation also need to be examined. Taking this into consideration is crucial because it would help the researchers to better understand the factors associated with innovative human capital which in turn could improve innovative capability and organisational performance. In this sense, the “pioneering minds” could be achieved by leveraging the innovation of human capital through social embeddedness and pro-innovativeness organisational structure.

Given that innovation is essentially an exercise in collaboration, social embeddedness plays a key role both directly improving human capital and stressing its effects on innovation. Hence, improving individual knowledge and creating the conditions for sharing it are issues that deserve attention. On top of that, the organisational architecture that support innovativeness via intrapreneurial activities, as an internal climate factor, could help to foster innovative human capital (Alpkan, Bulut, Gunday, Ulusoy and Kilic; 2010). For instance, organisational architecture that pro-innovativeness which refers to a suitable organisational setting in which intrapreneurs may easily access to necessarily organisational resources and conditions to develop and implement innovative ideas and projects may encourage the overall organisational innovativeness (Raisch and Birkinshaw, 2008). Based on this, it is worth to investigate their combine effect on innovative human capital and innovative performance.

LITERATURE REVIEW

Innovative human capital and Innovation

Previous research has identified human resources (HR) as important sources of innovation and competitiveness – but not all employees have strategic value. Only HR that are valuable, rare, unique and organised can provide a competitive advantage. Other employees who perform secondary, repetitive tasks are not generating value (Barney and Wright, 1998). In other words, human capital is defined as the set of knowledge, skills and abilities possesses by employed workers (Subramaniam and Youndt, 2005). This perspective has crucial implications for research in HRM and is compatible with both the resource based view of the organisation and the knowledge-based view. According to Boxall (1996), organisations could generate human capital by recruiting and retaining outstanding people and the HR must be scarce and inimitable and their knowledge, skills must also generate value for the customer (Barney, 1991; Collis and Montgomery). Considering the human capital approach, the value, uniqueness, creativity, innovativeness and proactiveness are the most relevant features for innovation (De Jong & wennekers, 2008). Since the knowledge possesses by an organisation’s personnel is closely connected to its products and services, it is clear that an organisation’s ability to produce new products and otherwise extend its organisational capabilities is linked to its human capital (McKelvie and Davidsson, 2006). In this case, the most distinctive and inimitable resource available to organisations is embodied knowledge, that enables organisations to manipulate and transform organisational resources effectively (Foss, 2007) and play an essential role in the organisations’ ability to innovate (Galunic and Rodan, 1998). Innovation can be applied in three different ways (Kimberly and Evanisko, 1981). First, innovation can be seen as a discrete element that includes the development of products or services. Second, innovation can be considered as a process itself. Finally, there is a notion of innovation an organisational capability (innovativeness and/or innovative capability).

These assumptions raise issues on which characteristics of knowledge enable innovation. This is because creative people must deal with novel, fresh and ambiguous problems, they tend to display strong, valuable and irreplaceable knowledge and skills (Mumford, 2000). These conditions can only be produced by innovative human capital, which is positively associated with innovations. Employees with abilities are willing to experiment and apply new knowledge (Taggar, 2002). Moreover, previous research on innovative activity has identified the importance of individual expertise and knowledge, which allows employees to generate novel ideas and produce innovation (Anand, Gardner and Morris, 2007). Nevertheless, while valuable knowledge is a perquisite for innovation, knowledge itself cannot develop new products. R&D departments not only exploit the human capital but also require creativity, unique knowledge, social embeddedness and organisational support to foster innovations.
Social Embeddedness and Innovative Human Capital

Social embeddedness has been conceptualised as the sum of the actual and potential resources embedded within, available through and derived from networks of relationships possessed by an individual or social unit (Cabello-Medina et al, 2011). Spender (1996) uses the term ‘collective knowledge’ which is tacit and situated in a social dimension and is the most difficult aspect to manage and measure. According to Nahapiet and Goshal (1998) there are two types of social embeddedness. First is the structural embeddedness which includes the pattern of relationships among actors and the existence of network ties and configuration in terms of density, connectivity and hierarchy, besides other aspects. Second, is the relational embeddedness which relates to the type of relationships that people develop among themselves over the time. This includes aspects of relationships that influence people’s behaviour, such as friendship, trust and respect. Social embeddedness affects innovation through its effect on human capital. The idea is supported by the research on innovation, which suggests that the development of new products and services results not only from individual effort but also from the creative cooperation at the social level (Leonard and Sensiper, 1998). As a result, social embeddedness and innovative human capital are not independent variables, rather they interact to improve innovative performance.

According to Adler and Kwon (2002), high levels of social embeddedness can enhance skills and capabilities of individuals. Social embeddedness facilitates access to broader sources of information and improves information’s quality, relevance and timeliness. These situations allow individuals to enhance their knowledge through everyday interaction with colleagues. In this manner, the inimitable value of human capital can be enhanced by social relations. In summary, the individuals’ human capital can be more innovative, valuable and unique by ways of interaction and networking with other people (Reed et al. 2006).

Pro-Innovativeness Organisational Architecture and Innovative Human Capital

The necessity of creating an inner environment that is conducive to internal entrepreneurship and individual commitment to sustainable corporate innovativeness has already been mentioned in the previous literature (e.g. Rothwell, 1975). An organisation-wide entrepreneurial spirit to cope with and benefit from rapidly changing market place conditions would be possible if a suitable internal support climate is established, where intrapreneurs engage in opportunity-seeking entrepreneurial behaviours (Jeong et al., 2006). Intrapreneurship or entrepreneurship within existing organisations refers to employee initiatives in an organisation to start undertake something new although he or she is not being asked to do so. A suitable organisational milieu for intrapreneurial activities to flourish innovative human capital requires behavioural patterns for pioneering innovative ideas in their products, operational and managerial processes, structures and markets (Alpkan et al., 2010). According to De Jong & Wennekers, 2008), there are several important elements on how to establish a suitable environment and organisational architecture that focus on innovation for intrapreneurship. These elements include management support for promoting and encouraging innovative human capital in generating new business ideas, allocation of free time, convenience organisational structure to promote innovative human capital, appropriate use of incentives and rewards and tolerance for risk taking.

It has been stressed that organisation should capitalize on their employees’ ability to innovate in order to transform the organisation to be more competitive (De Jong & Hartog, 2007). Therefore, in an organisation, the workforce could play a vital role in the innovation process by demonstrating the idea-generation behaviour via efforts such as persuading or selling ideas to others and devoting to developing testing and commercialising the ideas.

PROPOSED CONCEPTUAL FRAMEWORK

It is noted that all innovation is premised on a single condition: organisations must possess innovative human capital that are valuable, unique, proactive, creative and innovative. By combining these requirements associated to social embeddedness and pro-innovativeness organisational architecture in the intrapreneurial activities, the framework which is based on the development of a type of human capital necessary for innovation will be promoted.
Based on the conceptual framework advanced for this research, the hypotheses conjectured for further empirical testing are as follow:

H1: Social embeddedness (structural and relational) will have a positive impact on innovative human capital (unique, valuable, proactive, innovative and creative).

H2: Pro-Innovativeness Organisational Architecture (management support, free time, work, rewards and risk taking) will have a positive impact on innovative human capital (unique, valuable, proactive, innovative and creative).

DISCUSSION AND CONCLUSION

It is certain that good research in the area of innovative human capital and innovation will contribute to the existing literature on strategic HRM, knowledge management and business innovation. Empirical research is required in understanding the concept of “pioneering minds” that is to provide a better description of the influence exerted by social embeddedness and pro-innovativeness organisational architecture on innovative human capital. In this sense, the understanding of the direct and combined effects on innovative performance will add to the body of knowledge in strategic HRM literature. In other words, to nurture “pioneering minds” is simply to understand that the innovative human capital should capture the elements of valuable, uniqueness, proactiveness, creativity and innovativeness and this can only be achieved by leveraging and enhancing through social embeddedness and pro-innovativeness organisational architecture for intrapreneurial activities.

This is even more important in the context of Malaysia as the Government has envisaged transforming Malaysia from a knowledge-based economy to innovation-centred economy by leveraging on the productivity, innovativeness and participation of all in the economic activity. Insights obtained from this research will assist organisations to achieve competitiveness and sustain in the dynamic business environment by investing in innovative human capital. If the innovative performance in an organisation is low, then the quality of human resources should be increased. By embracing the element of social embeddedness and establish an environment that pro-innovation, the innovative human capital could be enhanced and lead to a major jump in innovative performance.

Policy makers will be able to better understand the issues of innovative human capital and innovation and to provide support for organisations in their effort to stimulate innovative capability via innovative human resources. In realising the transformation of Malaysia’s economy, the private sectors should foster intrapreneurial behaviours among the workforce to boost creativity and innovativeness and subsequently achieve organisational performance and competitiveness.
REFERENCES


ANALYSIS AND DESIGN OF DIGITAL DYNAMIC SYSTEM MODEL MANAGEMENT
DASHBOARD ON THE MINISTRY OF COOPERATIVES AND UKM

Yuli Eni
Binus University, Jakarta, DKI Jakarta, Indonesia

ABSTRACT

Development of cooperatives in Indonesia based on the results of research and analysis systems that are running, then there are problems being experienced by the Ministry of cooperatives and UKM including the length of time in the decision by the Government to establish a policy that should be taken for local cooperatives across the province of Indonesia. In addition to that the decision-making process is still analyzed manually, so that sometimes the decisions taken are also less appropriate, effective and efficient. The second problem is the lack of monitoring data cooperative process per province that is too much, making it difficult for the analysis of dynamic information to be useful. Therefore the author want to fix the system that runs by using digital dashboard management system supported by the modeling of dynamic systems. In addition, the author also did the design of a system that can support the system. Design of this system is aimed to ease the experts, head, and the government to decide (DSS - Decision Support System) accurately effectively and efficiently, because in the system are raised alternatif in a description of the decision to be taken and the result from the decision. The system is expected to be designed this can ease and expedite the decision making. System design of digital dashboard management conducted by method OOAD (Objects Oriented Analysis And Design) with UML notation that includes: use case diagram, class diagram, sequence diagram, and component architecture. And design database, navigation diagram, and user interface. 

Password: analysis, design, a dynamical system, digital dashboard management, DSS-Decision Support System.

1. INTRODUCTION

The ministry of cooperatives and UKM is one institution consisting of cooperatives and UKM (koperasi &amp; UKM). In realizing and enhance efficiency and effectiveness of the entrepreneurs of Indonesia which is independent and developing world, required different mediums advocates for syarifuddin that will be useful as a tool to align syarifuddin with the industry the others. In this case, utilization of information technology (information technology it) can be used completely in the world of business as stated in the form of a website on the internet in order to promote the ministry of cooperatives and UKM in scope of the head. To meet need a means of promotion, information and communication, the ministry of cooperatives and UKM the republic of Indonesia has establishing and developing specifically for the website to KUKM stipulated at www.smecda.com.

Smecda.com is an intranets information system that existed in the state ministry of cooperatives and UKM built by the deputy for cooperation and tissues asdep perkaderan deputy for the development of UKM affairs research resources ukmk. Intranets information system is developed because of problems like to limited human resources (sdm) and weakness structure capital or limited resources, as a result of this limitation automatic will obstruct access productive resources as a power source of raw materials, the market, capital, technology, information, and management. Hopefully with information system is expected to intranets the state ministry of cooperatives and UKM can develop and objectify potensi-potensi individual from each division as well as could help to provide information in &amp;amp; data required by the deputy head in the field of research resources UKMK.

Focusing on needs government institution in this is the ministry of cooperatives and UKM for cooperation and tissues asdep affairs development perkaderan UKM deputy for assessment resources UKMK, especially pimpinan and administrative management in the ministry of cooperatives and UKM for cooperation and tissues asdep affairs development perkaderan UKM deputy for assessment resources UKMK. This adult head (head of cooperation and tissues asdep affairs development perkaderan UKM deputy for assessment resources UKMK) often get in trouble in doing granting information and data quickly for the head in deputy about jakarta. Consequently, kabid-kabid often took the data with manual way come straight to the server uses flashdisk and others. Therefore, head need a system that has regularly arranged, structured well and accessible and understood, So that a head will give information and data via system to be constructed. Hence, by this the problems, needed a software (software) used as a appropriate solutions to help head in taking a making prompt. One of the solution is to do an analysis and design model dynamic system digital dashboard management ministry cooperatives and UKM.
Digital dashboard management will give a pages containing information key which needed by head to monitored, so head can find problem quickly, and give the action or proposes decision-making in order help improve performance of ministry of cooperatives and UKM. Dashboard it also will help create decision the swift exactly, and of course better, and eventually could help improve the performance in ministry of cooperatives and develop and to support mission being executed by ministry of cooperatives and UKM namely provides information with regard to businesses devoted KUKM to boost the rise Indonesian economy.

2. METHODOLOGY

Research methodology used in the writing of this thesis are:

A. Data Collection Methodology
The methodology used in the collection of this data is:
1. The study of literature, namely by do data and references from various studies literature as from books, journals or media that was available online and of course all the reference deals with topic digital dashboard management to be discussed more deeply to get information useful for the head in Jakarta.
2. Observation, that is the research and analysis internal-done in the ministry of cooperatives and UKM dept. to collect the data and determine factors determine the success in of cooperatives and UKM throughout Indonesia.
3. Interviews, that is prepared a variety of questions that deals with the cooperatives and UKM throughout Indonesia to get information to design a system of digital dashboard management that will be done by the writer.

B. The Internal Dynamics Of Cooperative Analysis Methodology
A method of analysis internal- the dynamics of the company to be used in skripsi this is a method of permodelan dynamical system (dynamic system unified). A dynamical system it will be made in 3 stages, namely:
1. Conceptualizing the system is the basic data are obtained from the cooperative created a concept for next will be a modeling which aim to get a holistic picture about the model that will be created. Conceptualizing the system searchable an important factors that needs to be in the Ministry of cooperatives and UKM, can then be described as causal diagram is closed loop at the following.

Closed loop at Causal (representations of causal relations)
Depiction of a system by using the method of dynamic system i.e. causal representations of closed loop at. This is a closed loop at causal disclosure about the incident about the causal relationships in the field of study resources Ministry Deputy, cooperatives and UKM specifically are in the areas of partnership and networking, which can be described as follows picture (1).

Picture 1. Closed loop at Causal

Closed loop at causal explanations
The number of cooperatives in Indonesia is influenced by the number of cooperatives active and koperasi inactive. The more cooperative active then the number of cooperatives will
increase. The opposite is also the more the number of cooperatives inactive then will add
the cooperative in indonesia. Cooperative active having members, employees and manager.
The more the number of cooperatives active then will increase the number of members,
employees and manager required in cooperative active. Employees and manager also is a
member of cooperatives, the more the number of employees and manager will add the
members’ in some cooperative dikumululasikan per province. Next with the cooperatives
active having members, members will provide some money for capital cooperative
established. So the more number of members existing in cooperative per province it will
menambah amount capital existing in cooperative per the province. Besides their own capital
obtained from members, cooperative active also get funds from investors who form of
capital outside. Capital outer this will also be affecting the amount of capital cumulative are
at a cooperative per province.
Cumulative capital that consists of a number of private equity and foreign capital will be the
volume of business which will be processed for the cooperative efforts of its own. So the
more the amount of capital available in a cooperative per province will be the greater
number of the volume of business that will be processed. Business volume can produce SHU (Sisa Hasil Usaha) that will be distributed to all
cooperative members. So the more business volume mixed to venture cooperative, the more
one many SHU the number obtained by a carpel - carpel a cooperative members per
province. Any koperasi active will hold RAT (Rapat Anggota Tahunan) every year. So the
more cooperative active then will increase the number of RAT held by cooperatives per
province.

2. Formulations model is actually formulization meaning of any relation that exists in a great
conceptual model done by means of quantitative insert data into a diagram model.
Formulations this model can be described in the form of a diagram alir as described here.

Flow diagram
Flow diagram is disclosure about the incident about the relationship of causality in ministry
deputy for assessment resources, cooperatives and UKM that specifically being in areas of
cooperation and tissue, that can be described as picture following (2).

Diagram alir above a continuation of simpal causal; but inside diagram alir is described
more specific by symbols a distinctive symbol of the appointed
3. Evaluation model consisting of two types, i.e. verification model (carried to know whether model that will be made consistent or not) and validation model (carried testing structure directly without running model). Evaluation model is conducted by using formulas down here, to verify whether model used in accordance or not, and adjusted with needs in the Ministry of Cooperatives and UKM.

**An Equation In Powersim General At The Ministry Of Cooperatives And UKM:**

<table>
<thead>
<tr>
<th>SYMBOL</th>
<th>DEFINITION</th>
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<tbody>
<tr>
<td>Level</td>
<td>Variable dalam memori yang mengakumulasi jumlah masuk dan keluaran dalam sistem.</td>
</tr>
<tr>
<td>Auxiliary</td>
<td>Memori yang menghitung dan kemudian menyampaikan tentu isi informasi mengenai perubahan variable pada setiap step waktu.</td>
</tr>
<tr>
<td>Constraint</td>
<td>Nilai tepi yang tidak berubah sepanjang waktu.</td>
</tr>
<tr>
<td>Rate</td>
<td>Variable yang menghitung perubahan arah aliran dan yang masuk dan aliran datang yang keluar.</td>
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**Init**

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<tr>
<th>SYMBOL</th>
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<tbody>
<tr>
<td>Jumlah_koperasi</td>
<td>x</td>
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**flow**

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<tr>
<th>SYMBOL</th>
<th>DEFINITION</th>
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<tbody>
<tr>
<td>Jumlah_koperasi</td>
<td>+dt<em>koperasi_aktif-dt</em>koperasi_tidak_aktif</td>
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<tr>
<th>SYMBOL</th>
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<tbody>
<tr>
<td>Jumlah_koperasi</td>
<td>Jumlah koperasi pada tahun (2000-2010)</td>
</tr>
<tr>
<td>Unit</td>
<td>Jumlah_koperasi = unit</td>
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**init**

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<tr>
<th>SYMBOL</th>
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<tr>
<td>Volume_Usaha</td>
<td>y</td>
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<tr>
<th>SYMBOL</th>
<th>DEFINITION</th>
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<tbody>
<tr>
<td>Volume_Usaha</td>
<td>+dt*laju_modal_kumulatif</td>
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<tr>
<th>SYMBOL</th>
<th>DEFINITION</th>
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<tr>
<td>Unit</td>
<td>Volume_Usaha = Rupiah</td>
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**aux**

<table>
<thead>
<tr>
<th>SYMBOL</th>
<th>DEFINITION</th>
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<tbody>
<tr>
<td>Laju_koperasi_tidak_aktif</td>
<td>koperasi_tidak_aktif</td>
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<th>SYMBOL</th>
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<tr>
<td>Unit</td>
<td>Laju_koperasi_tidak_aktif = Unit</td>
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<td>Laju_koperasi_aktif</td>
<td>koperasi_aktif</td>
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<tr>
<td>Unit</td>
<td>Laju_koperasi_aktif = Unit</td>
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<tr>
<th>SYMBOL</th>
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<tbody>
<tr>
<td>RAT</td>
<td>35% * koperasi_aktif</td>
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<th>SYMBOL</th>
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<tbody>
<tr>
<td>RAT</td>
<td>Banyaknya RAT yang diadakan pada tahun (2000 – 2010)</td>
</tr>
<tr>
<td>Unit</td>
<td>RAT = Unit</td>
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<tr>
<td>Anggota_kumulatif</td>
<td>300 * koperasi_aktif</td>
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<th>SYMBOL</th>
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<tbody>
<tr>
<td>Anggota_kumulatif</td>
<td>Banyaknya jumlah semua anggota yang ada pada tahun (2000 – 2010)</td>
</tr>
<tr>
<td>Unit</td>
<td>Anggota_kumulatif = orang</td>
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<th>SYMBOL</th>
<th>DEFINITION</th>
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<tbody>
<tr>
<td>Anggota</td>
<td>0,989 * anggota_kumulatif</td>
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</table>
Of formularization above, supported also formularization by the use of regression to each cooperative per province.

C. Methodology of Analysis and Design
a. Methodology of Analysis

Analysis method to be used in a thesis this is analysis needs system done by means of acknowledges information - information so required by pembina cooperatives and UKM throughout Indonesia, which in this relates to internal of data center in the cooperative and UKM DKI Jakarta.

Analysis conducted by ways of business process identify the present and conditions proposed. Following this is a depiction of business process existing in the Ministry of cooperatives and UKM.

Analysis of Proposed Systems Condition

Based on the systems analysis that runs then can made a system that were proposed in the rich picture to help the head in overcoming existing problems, as follows (Picture 3.2)
Rich Picture Conditions Proposed

Here is explanation on rich picture on a system that would be proposed.
Cooperative spread in 33 provinces in Indonesia. Of each province having the number of cooperatives of mythology. The kinds of cooperative divided into two namely koperasi active and koperasi inactive.

1. a. Said to be active, cooperative when in such cooperative operational funds and have had reports of RAT (Rapat Anggota Tahunan) are reported each year.
   b. While koperasi inactive is cooperative operational, there are no funds made no rat, and all units of performance has been no longer active.
2. If people want to be cooperative members in hence, the person have to fill up a letter_membership which subsequently submitted to cooperative gophers.
3. As a condition of a cooperative members, and members should turn money for deposits basic mistress obligatory, and mistress freely to cooperative active.
4. Active Cooperative has members, employees and managers as an organizational structure in each cooperative. Next active cooperative provides Surat_Tugas_Manager to each manager at cooperative.
5. Active Cooperative provides a Surat_Keanggotaan_Karyawan for each employee in the cooperative.
6. Investors can give some money to the cooperative in the form Simpanan_Modal_Luar_Koperasi, where this money is used to help cooperatives in their respective penyjejhteraan cooperative.
7. a Member who has income more or referred wealthy members can give you some money for cooperatives in the form Dana_Sukarela, where this money is used to help cooperatives in their respective penyjejhteraan cooperative.
8. Governments can also provide an amount of money for a cooperative in the form Dana_bergulir, where this money is used to help cooperatives in their respective penyjejhteraan cooperative.
9. Further results from funds and savings generated Modal_Sendiri and Modal_Luar which are directly given to karyawan_bagian_finance.
10. Karyawan_bagian_finance will give Uang_Volume_Usaha to employees to be processed in the transaction of buying and selling goods in the cooperative.
11. Karyawan_bagian_finance will give Uang_Volume_Usaha to the Member to be processed in the transaction of buying and selling goods between fellow members or close relatives of members.
12. Karyawan_bagian_finance will give Uang_Volume_Usaha to Pengusaha_koperasi_lainnya to be processed in the transaction of buying and selling goods outside the cooperative.
13. A result of the volume of such business recorded by employee cooperative then reported in the form of Laporan_Jumlah_Transaksi_Perputaran_Uang and Laporan_Jumlah_SHU to the Manager of the cooperative.
14. Money Sisa_Hasil_Usaha and Laporan_Jumlah_SHU were also given to Karyawan_bagian_finance for further proceedings.
15. Karyawan_bagian_finance will give you the money the rest of business results (SHU) to members evenly.
16. Manager then make a recap Data_Laporan_RAT
   (Rapat_Anggota_Tahunan),
   Data_Jumlah_Anggota,
   _karyawan._manager._Data_Jumlah_Modal Sendiri, _Manager._Data_Jumlah_Modal_Luar,
   _Data_Volume_Usaha._dan_Data_SHU, to give to
   the Kabid_koperasi_provinsi/district/city.
17. Semua_data_dari_seluruh_koperasi_daerah_di Indonesia akan langsung diberikan kepada
   Kepala_Bagian_Data_KUKM
18. Kepala_Bagian_Data_KUKM will give Rekap_Semua_data_dari_seluruh_koperasi_daerah_di Indonesia to
   Kabid_Asdep_Bidang_Kerjasama_dan_Jaringan & amp; KUKM.
19. Kabid_Asdep_Bidang_Kerjasama_dan_Jaringan & amp; KUKM give Rekap_Semua_data_dari_seluruh_provinsi to
   Kabid_Asdep_Bidang_Kerjasama_dan_Jaringan & amp; KUKM the handling of digital map system, &
   amp;SIDD_KUKM_terpilih.
20. Kabid_Asdep_Bidang_Kerjasama_dan_Jaringan & amp; KUKM give Rekap_Semua_data_dari_seluruh_provinsi to
   Kabid_Asdep_Bidang_Kerjasama_dan_Jaringan & amp; KUKM part handling systems, intranet & amp; web
21. Kabid_Asdep_Bidang_Kerjasama_dan_Jaringan & amp; KUKM the handling of digital map system, &
   amp;SIDD_KUKM_terpilih will process and analyze the data into a database system to be
   incorporated into the system smecda digital map smeccda, and then smeccda the digital map system continued into an infrastructure of information technology smeccda technology which is supported by a local area network (LAN) by involving 3 servers to serve 50 client/node.
22. Kabid_Asdep_Bidang_Kerjasama_dan_Jaringan & amp; KUKM the handling of digital map system, &
   amp;SIDD_KUKM_terpilih will process and analyze the data into a database system to be
   incorporated into the smeccda System Information Data base of middle-small business
   Cooperatives (SIDD KUKM T), then the system resumes into an infrastructure of information technology smeccda technology which is supported by a local area network (LAN) by involving 3 servers to serve 50 client/node.
23. Kasubid_Asdep_Bidang_Kerjasama_dan_Jaringan & amp; KUKM part handling systems, intranet & amp; web
   www.smeccda.com will process and analyze the data into a database system to be incorporated into
   the system of the smeccda intranet smeccda, next the smeccda intranet systems also continued into an infrastructure of information technology smeccda technology which is supported by a local area network (LAN) by involving 3 servers to serve 50 client/node.
24. Kasubid_Asdep_Bidang_Kerjasama_dan_Jaringan & amp; KUKM part handling systems, intranet & amp; web
   www.smeccda.com will process and analyze the data into a database system to be incorporated into
   the system smeccda web www.smeccda.com, and then the system capacity on this website on
   the server in cyber cloud computing.
25. Smeccda information technology Infrastructure supported by technology local area network
   (LAN) by involving 3 servers to serve 50 client/node it will hold all the database
   obtained from the SIM Smeccda, then selected important data from Sistem_Database_Koperasi_Smecda and then processed into Data processing cooperatives that exist in the information system smeccda, which will be analyzed by the system dynamic and AHP methods that would later display alternative policies based on calculations from the previous year, now, and forecasting for years to come.
26. The processing and calculation would result in Rekomendasi_Altrenatif_Kebijakan_DSS_Ko
   perasi. Next alternative is forwarded for display are interesting by using digital
   dashboard system, where in this system will be displayed in the form of graphics from all
   the important data cooperative.
27. Sistem_Digital_Dashboard will result in DSS_koperasi which will be negotiated
   between the meeting of experts, kabid, and the
   Government in a more convenient, efficient
   and effective.
28. After the decisions have been approved jointly based on the results of the meeting, then the
   decision can be directly delivered and implemented in cooperation u2013 areas each% throughout the province of Indonesia in a fast, effective and efficient. The results of these meetings will be on Kebijakan_keputusan_koperasi produces realisasikan into cooperatives in each province.
29. Cooperative active can also get information from the web-system www.smeccda.com to
   know the policies of the Government and a variety of other needed information to
   advancement of each cooperative.
<table>
<thead>
<tr>
<th>No.</th>
<th>Factor analysis</th>
<th>Demand</th>
<th>Fitur</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The difficulty the government and the head in taking a decision quickly, effective and efficient in do control in any transaction distribution assistance and venture capital to all koperasi around indonesia (aspect ➔ time)</td>
<td>The Government and the Kabid can see the data extensively</td>
<td>View the graph described in the system can see the cooperative transactions per year and per province in outline. b. the existence of alternative decisions in the present in the form of graph interpretation.</td>
</tr>
<tr>
<td>2</td>
<td>The difficulty to make search and tracing data cooperative to produce an information against koperasi-koperasi consistent from year to year. (aspect ➔ accuracy of information)</td>
<td>Cooperative Data consistently arranged and structured</td>
<td>Search information up at the provincial level. Recapitulation report province per year</td>
</tr>
<tr>
<td>3</td>
<td>The Government and the Kabid difficult to decide policy for each individual province cooperatives. (aspect ➔ policy decisions)</td>
<td>The Government and the Kabid requires presentation of complete data and neatly.</td>
<td>Presentation of data in the form of graphs as well as alternative policy dashboard decisions in view of calculating charts on the future</td>
</tr>
</tbody>
</table>

b. Method of design, using object-oriented approach (OOAD) pictured with the notation Unified Modelling Language (UML) such as: Use Case diagrams, Class diagrams, Sequence Diagrams, and Component diagrams. This method of design is also based on the theory of OOAD book written by Mathiassen et al. especially in sequence diagrams using Bennett et al. Additionally also done database design diagram, navigation, and user interface is needed in designing digital dashboard system management.
1. Use Case Diagram
menghitung_jumlah_modal()
mencatat()
mengubah()
+menambah()
+menghapus()
-ID_modal
-ID_pengguna
-ID_provinsi
-Modal
-ID_modal
-ID_pengguna
-ID_provinsi
-Tahun_koperasi
-Modal_luar
-Tahun_koperasi
-menghitungjumlah_modal()
mencatat()
mengubah()
+menambah()
-menghapus()

SDM
-ID_SDM
-ID_pengguna
-ID_provinsi
-Tahun_koperasi
-jumlah_anggota
-jumlah_karyawan
-jumlah_manager
-Tanggal
-mencatat_jumlah_SDM()
mengubah()
menghapus()

Provisi
-ID_provinsi
-Nama_provinsi
-Tanggal
-mencatat()
mengubah()
menghapus()

RAT(Rapat_Anggota_Tahunan)
-ID_RAT
-ID_pengguna
-ID_provinsi
-Tahun_koperasi
-jumlah_RAT
-Tanggal
-melaporkan()
mencatat_RAT()
mengubah_data()
mencatat()
menghapus()

Laporan_Provinsi
-ID_laporan_provinsi
-ID_provinsi
-Tanggal
-ID_pengguna
-melaporkan()
mencatat()
mengubah()
menghapus()

Laporan
-ID_laporan
-ID_provinsi
-Tanggal
-ID_pengguna
-melaporkan()
mencatat()
mengubah()
menghapus()

Modal
-ID_modal
-ID_pengguna
-ID_provinsi
-Tahun_koperasi
-Modal_luar
-menghitungjumlah_modal()
mencatat()
mengubah()
mencatat()
menghapus()

Status
-ID_status
-ID_pengguna
-ID_provinsi
-jumlah_koperasi_aktif
-jumlah_koperasi_tidak_aktif
-Tahun_koperasi
-Tanggal
-mencatat_status_koperasi()
mencatat()
mengubah()
menghapus()

Transaksi
-ID_transaksi
-ID_pengguna
-ID_Provinsi
-Volume_usaha
-SHU
-Tahun_koperasi
-Tanggal
-menghitung()
mencatat_transaksi()
mengubah_data()
mencatat()
menghapus()

Pengguna
-ID_pengguna
-Nama_pengguna
-Password
-Peran
-Tanggal
-mengakses()
mengubah()

picture 4.2 Class Diagram
2. Component Architecture

Component diagrams in digital dashboard system uses a centralized architecture, data type because the client only has the user interface & function, and the server has only the model, so it can be described as follows:

Picture 4.3 Component Architecture

Data required by the client are stored on a single server. It aims to make data accessible to each client are the same data and do not repeat. In addition the election Data Centralised architecture aimed at the provision of real-time data for the entire client, where all the client will access and update the data in the same place that data stored on the server.

3. CONCLUSION

Based on the analysis and design digital system management dashboard drawing conclusions to be drawn is:

1. From the results of the formulation of the strategy with the three stages of the framework on the Ministry field of cooperation and development perkaderan network asdep Affairs Deputy UKM resource assessment areas, cooperatives, and UKM (stage, stage design, analysis and phase matching) generate simulated scenarios which can be used to view the current cooperative conditions and forecasting conditions for each province. Simulation of these systems can assist in monitoring the development of cooperatives per province. It is also a solution of the problems faced by the Ministry field of cooperation and development perkaderan network asdep Affairs Deputy UKM resource assessment areas, cooperatives, and UKM in terms of viewing data thoroughly cooperative.

2. Model of information system proposed for support of the existing management information systems in the Ministry field of cooperation and development perkaderan network asdep Affairs Deputy UKM resource assessment areas, cooperatives, and UKM, namely the model of information system based on desktop application.

3. From the results of an analysis system that runs it is known that there are some problems faced by the Ministry field of cooperation and development perkaderan network asdep Affairs Deputy UKM resource assessment areas, cooperatives, and UKM related to do with monitoring data cooperative, providing data and information to the entire Kabid, Asdep, and Kasubbid related that needs data cooperative. The problems associated with the cooperative data for example are (a) the difficulty of Asdep and Kabid in conducting monitoring cooperative transaction per province all
over Indonesia; (b) the difficulty of searching and information retrieval of cooperatives per province all over Indonesia.

4. Designing a digital system management dashboard is the result of a decrease in strategy and analysis of the issues that have been discussed in Chapter 3. Digital dashboard system management system designed to provide facilities that make it easy for Government, Asdep, and Kabid in taking decisions and find the needed information is certainly related data% u2013 cooperative data per province all over Indonesia.

5. Designing a digital dashboard system management can provide information and DSS (Decision Support System) about cooperative per province all over Indonesia which was presented in the form of a Digital Dashboard.
REFERENCES


IMPLEMENTATION OF CORPORATE ZAKAH CALCULATION AT AMIL ZAKAH INSTITUTION IN INDONESIA

Muhammad Yusuf  
Bambang Pratama  
Bina Nusantara University

Abstract
Enactment of the Law No. 38 in 1999 about zakah management, for the first time government requires Muslim’s people an obligation. This law also regulates the relationship between the individual zakah and entities owned by followers of the religion of Islam with the income tax paid to the state which is the right of the state. Paid zakah to the government-approved amil zakah agency can be deducted from remaining taxable income of the taxpayers.

This problem has not been regulated in the Income Tax Law No. 7/1983, but in the law No. 17/2000, has determined that the zakah is paid to the institution Amil zakah is not part of the tax object, this has been answered and prevail in 2001. This law has great significance enhancing the role of domestic funds that can be used as a source to develop funds, or at least helping to alleviate poverty and improve the role of religious institutions. However, this Law imposed the task to Islamic Intellectuals. Because there is no common view about how to calculate zakah, particularly in companies.

Even the method of its calculation difficult to adapt with conventional accounting system that has become a standard preparation of financial statements that are based on Financial Accounting Standard issued by the IAI (Indonesian Accountants Association) which is do not explain in detail about corporate zakah. Corporate zakah calculation used now consist of several version delivered by Muslim Intellectual, such as; T.E. Gambling, dan R.A.A. Karim, Yusuf Qardawi, Sayed Sabiq, Abu Ubaid, Hafidudin, Safaruddin, Nihayatul Fauziah, Bazis DKI, Syarikat Takaful Malaysia, and AAOIFI.

This paper will give an example the formula from Muslim Intellectual formula and calculated with data from the Trading Company. Then the results are compared with other formulas in the same object. This study did not produce a formula which is true conclusions, but simply explained that the formula to calculate zakah has several methods. Unfortunatly until now, the scientists have no agreement in form of financial statements that the company can directly calculate zakah so employers find difficulties calculating zakah in their company.

Keywords: Zakah, corporate zakah, zakah method.
I. Introduction

Economic development financed by sources of Indonesia's foreign debt in the form of debt. This policy intended to accelerate economic growth. But the psychology of this attitude may have led to neglect of our nation, it is not optimally able to dig own domestic funding sources. In the collects taxes for example, we are lagging far behind other countries. From 210 million people in Indonesia registered taxpayer only 1.3 million. Tax Coverage Ratio in Indonesia only reached about 11% whereas in other Asian countries are the lowest 16%. In terms of collecting Zakah community efforts to enhance the role of zakah is ongoing, for example through the establishment of amil zakah institutions who could be trusted official who supervised by government. In 1999 Indonesia took another step forward with the promulgation the law of Zakah (Undang-Undang No. 38 Tahun 1999 tentang Zakat).

This law has great significance enhancing the role of domestic funds that can be used as a source of development funds. At least helping to alleviate poverty and improve the role of religious institutions. However, this law leaves the task carried especially by Islamic intellectuals because there is no common view on how the calculation of zakah, particularly in companies. Even the difficult calculation method was adapted to the conventional accounting system that has become a standard preparation of financial statements of the company that is based on Accounting Standards issued by the IAI (Ikatan Akuntan Indonesia).

With the release of regulation of income taxes in Indonesia in 2001 tax issues have to be overcome. Through this law zakah has a place in the new Income Tax Act. Zakat is not considered a tax for the recipient objects and zakah on income paid by the taxpayer can be deducted from taxable income. This stipulated Income Tax Law No. 17/2000 Article 4 paragraph 3 letter a number 1, which reads:

‘Yang tidak termasuk sebagai objek pajak diantaranya adalah: bantuan sumbangan, termasuk zakat yang diterima oleh badan amil zakat yang dibentuk atau disahkan oleh pemerintah dan para penerima zakat yang berhak’.

That does not include the object taxes are: aid donations, including zakah received by the amil zakah established or authorized by the government and the recipient is entitled to zakah.

Another issue is still jammed in the increased role of zakah is the method of calculation of corporate zakah. Until now there has been no agreement among experts or scholars both of the formula calculation. Each scholar gave the formula to be true under the conditions found in the past that can not be equated with the modern situation today. Standardization of zakah calculation problem is solved as crucial to improving the role and volume of this zakah. Zakah calculation methods are not uniform would be difficult for compulsory zakah and tax officials in controlling the payment of zakat.

A. Problems

This back up some business organizations that claim to be Islamic institutions and these institutions will automatically try every effort to implement the provisions of sharia are consistent, especially in the obligation to pay zakat. But in the fiqh literature zakah calculation method is still not uniform even we get confused because the format of the calculations are not "match" with the financial statement format the existing business. In this regard, this study seeks to know about: How does the company implement a method for the calculation of corporate zakah, and kindness and limitations of each method of calculating the zakah.

B. Research Method

The method used is descriptive analysis of the research is based on the ability of the data and analysis obtained during the research that will ultimately result in a conclusion. In addition this research to create a description or picture of a systematic, factual and accurate as to facts based on theories of corporate zakah. Object of research is the financial statements of the Trading Company X, which is illustrated if calculated by several method of calculation of corporate zakah.

Type of data obtained from data Primary author is in the form of financial statements for Company X in 2010, sources of primary data obtained from the Company's direct writer is concerned, while the secondary data from the collection of journals and books related to corporate zakah, zakah laws in Indonesia, as well as SFAS 109, the source of primary data obtained from the library and the Internet.
C. Research Limitations

Researchers limitation focused to the company for zakah calculation with 10 calculation methods and types of zakah zakah paid by the agency Amil Zakat. Then this study is limited to corporate zakah calculation is applied to the trading company's financial statements "X".

D. Purposes and Usability of Research

More religious feeling of a person also higher consciousness to fulfill their religious obligations including the obligation to pay zakat. To make this payment then one of the most important things is the guideline in calculating zakat. Because if these guidelines are not clear then each person each agency will calculate its own way so it would appear that zakah calculation systems differ from each other and could ultimately reduce the respect and confidence in the reliability of the zakah's calculation which in turn could reduce public confidence about the validity the payment of zakah. With the enactment of legislation on the management of zakah in the law of income tax is the standard method of calculation is necessary corporate zakah. Because of its implications for corporate tax liability exists. Zakat is paid it can reduce taxable income, thereby determining the amount of zakah is very important.

II. Theoretical Framework

A. Terms of Zakah

Zakah word came from word of ‘zaka’ which is ‘thrive’ another meaning in Al Qur’an is pure from sin. According to Daud Ali (1988:39) : ‘Zakat is a compulsory part of the property granted by any Muslim who meets certain requirements, namely requirements nisab, Haul and levels’. Other zakah functions are cleaning the property and one's soul, zakah also works for the welfare of society and can increase and grow wealth ang thrive zakah payers. Zakat is an obligation of Muslims and its purpose can be viewed in Al Qur’an, Attaubah 103, which means: Take alms from their wealth, the zakah that you cleanse and purify them. And pray for them. Surely prayer that you (a) peace for their souls. And Allah hears and knows. Zakah is a religious duty, in a secular state is a form of zakah tax is a method of raising funds to finance the implementation of state governance.

B. Type of Zakah

By type of zakah consists of two kinds:

1) Zakat Fitrah: is a private zakah must animate every Muslim who spent the month of Ramadan until the eve of Eid before the prayer ied.
2) Zakat Maa or zakah property, is zakah must be spent every Muslim Ummah against properties owned, which has been qualified haul, nisab and levels.

According Daud Ali, (1988: 42), Zakah Maaal or zakah property can be divide to: zakah of gold and silver, zakah cattle, zakah from nature produce, and zakah of commerce which includes trade and services.

C. Imposition of the basic provisions of Zakat

In explaining the basic provisions of the imposition of zakah, according Mukherji (1990) there is couple stipulation of zakah basic as follow:

1) Every zakah is imposed must be proportionate
2) Zakat is basically the zakah on wealth above the threshold
3) Zakat imposed on the growing wealth
4) There is no zakah is imposed on the means of production
5) There is no zakah on income that is used for personal consumption
6) Zakat levied on income.

Under provision of Mukherji (1990) determine several type of zakah, which is:

a) Zakat of salaries
b) Zakat revenues that are not consumed  
c) The wealth that Zakat is not used in the production  
d) Increase in asset values caused by the activities of investment and production  

In this study the authors limit the problem only to explain the company's zakah which is the derivation of zakah or zakah mal wealth according to the topics discussed above.

D. Corporate Zakah

In Muamalat zakah jurisprudence of this company in particular does not exist, that there is zakah maal. But many Islamic scholars make the analogy to the zakah of trade or commerce. The experts give some opinions about this company zakah. In terms of corporate zakah, zakah haul restriction, according to Muhammad Daud Ali (1988: 45) explains that: every cap imposed Zakat book, after a year-long run of trade, money is there and all the things that were calculated price. Of a 2.5% zakat was issued, together with gold prices nisab 96 grams.

T.E. Gambling and RA. Karim (1974), explained that the concerns of trade, zakat levied on the net value of property that is capital + Reserves - Fixed Assets and Net Profit of 2.5% or above working capital and net income. Here including the Islamic bank (corporate services), trade companies, industrial companies but only subject to 10% in net income. This opinion clearly indicates, that Islam requires a proper accounting system to provide a firm basis of the imposition of zakah to be paid.

According Yusuf Qardhawi (Harahap, 2001), corporate zakah in the book is equated with zakah for trade or commercial property. The definition of trade in goods is something that is bought or sold for profit. Someone who has a wealth of trade that has been aged one year and meet nisab at end of year (period) then it must issue a zakat of 2.5% calculated from the capital and profits (from the base subject to Zakat and growth) not only from profits only.

Sabiq Sayed (1997) did not give an opinion on the company zakah. He only alludes to zakah commerce. According to him zakah trade is calculated by 2.5% of the value of traded goods prices to record up to nisab and assessed at the end of the year. Then he did not see from one corner of the institution but on the type of activities such as gold and silver zakah, zakah receivable, bank draft and bank notes, jewelry zakah, zakah house rental, zakah crops and fruits. If we analyze this argument it can be concluded that the company imposed zakah is smooth without any assets minus any debt. With the notes to the applicable lease cash receipts basis. Implication of this situation is:

1. zakah calculation using the fiqh is very difficult compared with the calculation of the tax is calculated only from the income, such as (Income Tax) or Sales transactions (Sales Tax or Value Added Tax).
2. If we want is easy, we must formulate an accounting system that is directed to calculate zakah with the desired basic fiqh.
3. Or we propose to the jurists to establish zakah calculation method which is easier in a contemporary context, and this requires a deep study of philosophy and substance of the zakah itself not only in technical calculations. And it requires legitimacy and justification of sharia is somewhat difficult to do in the short term and in the Muslim world today contexts.

Abu Ubaid (Widodo, 2002) answered zakah calculation:

If the time has come to pay zakah, consider what you have both the money (cash) or the prepared goods traded (stock / Inventory), and then assess the value of money. Similarly receivables. Then compute the debt-debt and subtract the debts are for what you have.

Ubaid opinion’s different with Sayid Sabiq because debt is deductible. Hafiduddin (2001) states that the zakah is based on the company's financial statements (balance sheet) by subtracting current liabilities over current activity, the calculation method is usually referred to syariyah method. That need to be considered in the calculation of corporate zakah is important to correct the value of current assets and liabilities which are then adjusted to the provisions of Sharia, as the correction of illicit income and interest income and other income subahat. Fixed assets according Hafiduddin excluding those considered in the calculation of zakah, because the asset is not for sale. Zakat is calculated:
Corporate zakah = 2.5% x (Current Assets - Current Liabilities)

Safaruddin(2000) explained, corporate zakah calculated based on net profit after tax, 2.5%.

This formula is taken from the object under study in the form of Syariah BPR, so based on the formula used by the Bank zakah Muamalat. With the use of zakah calculation methods such as the multiplication Muamalat Indonesia's net profit after tax at the rate of 2.5%, then the implications for the rights didahulukannya the form of taxes than the state religion and human rights in the form of charity, but zakah is very small in number compared to the tax. It had to be taken by the management because there are no operational guidelines governing the implementation of Law No.38 of 1999 zakah as a tax credit (rebate system), this research note was made in 2000, while the Law No. 17 of 2000, which allows the zakah as the object of a new tax introduced in 2001.

Nihayatul Faizah (1999) explained:

Formulation of corporate zakah, can be explained as follows:

a. Net capital is: difference between assets and debts. In this case the net capital can be defined as property owners.

b. Net income gains derived by an enterprise describes the company's operations and result in a change in the value of corporate assets.

c. Company's net worth exceeds the obligatory zakah if it has been a certain amount nisab and has more than one year, the company nisab wealth in this case is equal to the amount of money nisab 96 gram gold price at the rate of 2.5 percent (Qaradawi, 1977: 156). This means that the calculation of zakah is the company's net worth after nisab then calculated by tariff 2.5%.

E. Bazis DKI

BAZIS DKI is a government agency collecting zakah of the oldest and most successful value so much zakah calculation method that was followed as a guide. According to the company's zakah Bazis current assets calculated according to the annual balance sheet, the money in cash and bank, securities and stock minus liabilities - liabilities that must be paid, with nisab 94 grams of pure gold and the rate of 2.5%. zakah calculation formula companies, according to Bazis:

current assets - current liabilities x 2.5%

Syariah Takaful Malaysia Sendirian Berhard, opinion that Zakat is calculated based on profit before zakah and tax of 2.5% multiplied. It is applied as in Malaysia, zakah can be used as an object which means the Customs if we have the firm pay Zakat calculation of the customs value will be reduced this signifies that the Malaysian government has acknowledged the payment of zakah on the company.

F. Accounting and Auditing Organization for Islamic Financial Institution (AAOIFI)

According to the AAOIFI As a basis for determining the imposition of zakah is 2.5% if the period within a year (haul) and 2.5775% when using Syamsiah year (circle of the sun), the calculation of zakah paid by both methods will yield the same value at position financial statements, There are 2 (Two) method in calculating zakah:

1. Net Asset Methods
Zakat companies = asset that becomes subject to tax - (Obligations to be paid by the end of the financial statements are free of use + Investment + Equity + minority interests held by government grants + equity + equity + equity of social entities owned non-profit organizations - the equity held by individuals).

2. Net Invested funds Method
Zakat company = Paid up capital + reserves + provisions taken from retained earnings + assets + liabilities + net income that is not paid at the end of the financial reporting period _ (Fixed assets + net investment + accumulated not for trading losses).

III. ANALYSIS AND DISCUSSION

A. Calculation of Zakat and Accounting

The formula to calculate zakah with the enterprise until there is currently no clear guidelines, so that the entrepreneurs who want to pay zakah company still has not given an official zakah calculation guidelines. According to Yusuf, (1997: 42) in determining the company's zakah, until now there is no attitude in determining which method is best. There are ten companies that zakah calculation methods are summarized from the literature. Example of calculation of corporate zakah. From all of this opinion we will try to calculate the amount of zakah paid by the Company financial statements are examples of Category X, as follows:

Table 1
Financial Statements
Year 20XX
“Company X”
For the Year Ended December 31 20XX

<table>
<thead>
<tr>
<th>Assets</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>8,021,700</td>
<td></td>
</tr>
<tr>
<td>Bank</td>
<td>57,954,399</td>
<td></td>
</tr>
<tr>
<td>Employee receivables</td>
<td>10,269,600</td>
<td></td>
</tr>
<tr>
<td>Supply of goods</td>
<td>319,739,403</td>
<td></td>
</tr>
<tr>
<td>Net fixed assets</td>
<td>706,504,805</td>
<td></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>1,102,480,913</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities and capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities</td>
</tr>
<tr>
<td>Payables</td>
</tr>
<tr>
<td>Tax payable</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital</td>
</tr>
<tr>
<td>Current year net income</td>
</tr>
<tr>
<td><strong>Total liabilities and capital</strong></td>
</tr>
</tbody>
</table>

Sources: Corporate X data
Table 2
Financial Statement
Profit and loss Tahun 20XX
“Company X”
For the Year Ended December 31 20XX

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale</td>
<td>1,413,937,486</td>
</tr>
<tr>
<td>HPP</td>
<td>1,254,535,764</td>
</tr>
<tr>
<td>Gross profit</td>
<td>159,401,722</td>
</tr>
<tr>
<td>Operating expenses:</td>
<td></td>
</tr>
<tr>
<td>Damage goods</td>
<td>406,758</td>
</tr>
<tr>
<td>Salary</td>
<td>55,705,000</td>
</tr>
<tr>
<td>Electricity</td>
<td>22,805,770</td>
</tr>
<tr>
<td>Telephone</td>
<td>3,650,770</td>
</tr>
<tr>
<td>Operating expenses</td>
<td></td>
</tr>
<tr>
<td>Plastic</td>
<td>7,672,600</td>
</tr>
<tr>
<td>Transport</td>
<td>1,650,200</td>
</tr>
<tr>
<td>Water</td>
<td>569,300</td>
</tr>
<tr>
<td>Trash</td>
<td>420,500</td>
</tr>
<tr>
<td>Office equipment</td>
<td>1,677,400</td>
</tr>
<tr>
<td>Donation</td>
<td>465,000</td>
</tr>
<tr>
<td>Holiday allowance</td>
<td>360,000</td>
</tr>
<tr>
<td>Rice</td>
<td>948,500</td>
</tr>
<tr>
<td>Receipt paper and ink</td>
<td>2,557,500</td>
</tr>
<tr>
<td>Gasoline</td>
<td>62,000</td>
</tr>
<tr>
<td>Taxes year 20XX</td>
<td>100,000</td>
</tr>
<tr>
<td>Computer maintenance and cable</td>
<td>574,000</td>
</tr>
<tr>
<td>Service AC</td>
<td>430,800</td>
</tr>
<tr>
<td>Renovation</td>
<td>1,176,100</td>
</tr>
<tr>
<td>Renovasi roof top</td>
<td>2,190,100</td>
</tr>
<tr>
<td>Electricity breakdown</td>
<td>106,500</td>
</tr>
<tr>
<td>Clown and food</td>
<td>817,900</td>
</tr>
<tr>
<td>Total expenditure</td>
<td>104,346,183</td>
</tr>
<tr>
<td>Profit loss</td>
<td>55,055,539</td>
</tr>
<tr>
<td>Tax</td>
<td>21,835,931</td>
</tr>
<tr>
<td>After-tax income</td>
<td>53,283,838</td>
</tr>
</tbody>
</table>

Sources: Corporate X data
<table>
<thead>
<tr>
<th>Metode</th>
<th>Perhitungan</th>
<th>Besaran Zakat (Rp)</th>
</tr>
</thead>
<tbody>
<tr>
<td>TE Gambling &amp; Karim</td>
<td>(Capital + Reserves – Net Fixed + net income) x 2.5 % = ((922,329,473 – 706,504,805) + 53,283,838 ) X 2.5 %</td>
<td>Rp. 6,727,712.65-</td>
</tr>
<tr>
<td>Yusuf Qardhawi</td>
<td>a. (Capital + Net Income) X 2.5 % = (215,824.668 + 32,219.638) X 2.5 % = Rp. 6,201,107.65-</td>
<td>Total zakah Rp. 6,201,107.65.- + Rp. 2,106,419.8 = Rp.8,307,527.45</td>
</tr>
<tr>
<td></td>
<td>b. Fixed Assets X 10 % = 21,064,198 X 10 % = 2,106,419.8</td>
<td></td>
</tr>
<tr>
<td>Sayed Sabiq</td>
<td>Total current assets x 2.5% = (1,102,480,913 - 706,504,805) x 2.5%</td>
<td>Rp. 9,899,402.70</td>
</tr>
<tr>
<td>Abu Ubaid</td>
<td>Current assets – Current liabilities x 2.5% = (395,976,108 -104,031,671) x 2.5%</td>
<td>Rp. 7,298,610.92</td>
</tr>
<tr>
<td>Haffiduddin</td>
<td>(Total current assets + net income) X 2.5% = (395,976,108 + 53,283,838) X 2.5%</td>
<td>Rp. 11,231,498.5</td>
</tr>
<tr>
<td>Safaruddin</td>
<td>Profit after tax x 2.5% = Rp. 53,283,838 X 2.5%</td>
<td>Rp. 1,332,095.95</td>
</tr>
<tr>
<td>Nihayatul Faizah</td>
<td>{ (Net capital + Net income ) – fixed assets} x 2.5% = (992,329,473 + 53,283,838) - 706,504,805) x 2.5%</td>
<td>Rp. 8,477,712.65</td>
</tr>
<tr>
<td>Bazis DKI</td>
<td>(Current asset – Current liabilities) X 2.5% = (395,976,108 - 126,867,602) X 2.5%</td>
<td>Rp. 6,727,712.50</td>
</tr>
<tr>
<td>Syarikat Tafakul Malaysia Sdn Berhad</td>
<td>Profit before tax X 2.5% = (76,119,769. - X 2.5 % )</td>
<td>Rp. 1,902,994.23-</td>
</tr>
<tr>
<td>AAOIFI</td>
<td>a. Net Assets = (Assets subject zakah – Current liabilities) x 2,5775 % = (395,976.102 - 126,867.602) X 2,5775 %</td>
<td>Rp.6,936,271,5-</td>
</tr>
<tr>
<td></td>
<td>b. Net Equity = (Capital + Net income – Fixed assets = ((922,329,473.+ 53,283,838)– 706,504,805 ))x 2,5775 %</td>
<td>Rp. 6,936,271.74-</td>
</tr>
</tbody>
</table>

Sources: Data “Trading Company X”
Based on the analysis of several methods above, it can be good and limitations of each method of calculation of corporate zakah, can be seen in the following table:

### Tabel 6.4
**Advantage and Disadvantages Calculation Method Corporate Zakah**

<table>
<thead>
<tr>
<th>No</th>
<th>Method</th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>TE.Gambling and R.A.Karim</td>
<td>This formula can classified into two types of companies, trading companies and service first, the two industrial companies, so it is easy to use formula is based on the type of company that we manage.</td>
<td>The formula does not mention the debt to be paid by the company, while in determining mandatory zakah to pay zakah or not is to compare the wealth owned by the debt</td>
</tr>
</tbody>
</table>
| 2  | Yusuf Qardhawi                              | This formula illustrates that the company's assets are not fully paid their zakat every year, because the Land and Building zakat is calculated separately, Zakat on land and buildings are only the first year after the company goes, after fulfilling nisab, haul and levels.                                                                                                                                                     | 1. The company must conduct two zakah calculations at once, in the first year in the fall nisab and haul, it is extremely difficult for the company over time in the company's efficiency.  
2. If the value of total assets - the value of property, plant and soil are reported, less than the total value of debt, then to the calculation of zakat tapat not happen, because the imposition of zakah base value minus or less than zero, so the bias of the zakat is calculated. |
| 3  | Sayid Sabiq                                | This method will give the number of objects the greater the tax due Total current assets no longer reduced by other components, so as the object value of the tax will be greater                                                                                                                                                                                                                   | In this method we have to calculate in detail how much the value of any existing estimates in the current assets while varying maturities, so we have difficulty in counting such as estimates of receivables or notes receivable.                                                                 |
| 4  | Abu Ubaid                                  | This method suggests that any estimate of the current asset value of the object will have a zakah, so akitiva is very possible to facilitate the mengitungnya, we directly calculated from the value of total current assets as a whole and total current liabilities as a whole.                                                                                                                                                      | This method is very vulnerable once the onset of the object minus the value of zakah, as current assets minus current liabilities are bigger companies usually current debts so that the negative value of the object and the zakah will not automatically subject to zakah, if any, will be relatively few in number. Since the company's asset value is generally smooth less than the debt. |
| 5  | Hafiduddin                                 | This formula is very simple and easy in its calculation, because only the comparison between total current assets to current debt.                                                                                                                                                                                                                                                                         | 1. The difficulty of identifying how the value of total assets for which we have calculated the net current assets.  
2. If the reported value of assets is less than the value of total debt, then the calculation of zakat can not happen, because the basis of the imposition of zakat will be worth minus or less than zero, so the big zakat can not be calculated |
<p>| 6  | Safaruddin                                  | This formula provides an opportunity for taxpayers who have not admitted zakat as a tax deduction so it is not at risk of                                                                                                                                                                                                                                                                                  | If the final value of the income statement results in a minus value means that the company suffered a loss, this does not allow the company is obliged to pay                                                                                     |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>liability to tax. And this formula gives the ease that the estimate is in the balance sheet is ignored so that we can directly focus on the end of the income statement. zakat, even though many companies are experiencing losses in the current year saaat. While judging the overall financial statement such as the company still has a balance of fixed assets, means not subject to zakah if use these methods.</td>
</tr>
<tr>
<td>7</td>
<td>Nihayatul Faizah</td>
</tr>
<tr>
<td></td>
<td>This formula gives a picture that any property owned enterprises subject to zakah, both at the beginning of the company stood for instance in the form of capital and by the time the company had operating profit of the company. So it is very possible that the company would hit their zakah. This formula is very possible to not pay the zakat, the year when the company has no earnings, and reduced again to the fixed assets so that the value of zakah which are fewer.</td>
</tr>
<tr>
<td>8</td>
<td>Bazis DKI</td>
</tr>
<tr>
<td></td>
<td>This formula is very simple, especially in calculating the amount of zakah which is determined by the amount of current assets and current liabilities included on the balance sheet. The difficulty of identifying some of the total value of assets that we have because of the calculated net current assets. If the reported value of assets is less than the value of total debt, then the calculation of zakat can not happen, because the basis of the imposition of zakat will be worth minus or less than zero, so there is no zakah.</td>
</tr>
<tr>
<td>9</td>
<td>Syarikat Takaful Malaysia Sendiri Berhad.</td>
</tr>
<tr>
<td></td>
<td>In this formula, we can directly transfer the amenity of 2.5 percent of profit before zakat and tax, no we have to recalculate every estimate contained in the balance sheet. Can not be identified any type of property owned by the company affected zakat. Because the imposition of zakat is only seen from the total value of corporate profits unnoticed details of its use. In the event of a situation, where the company does not earn a profit (break even point) or loss resulting in the imposition of zakat base value minus or less than zero, then zakat can not be calculated. Thus, in these circumstances, it can be concluded that the ownership is not perfect. This is possible because most of the liabilities in the form of debt or obligation.</td>
</tr>
<tr>
<td>10</td>
<td>AAOIFI</td>
</tr>
<tr>
<td></td>
<td>This formula can calculate zakat detailed company so as to provide a more enabling in accordance with Islamic Shari'a. According to the AAOIFI is divided into two methods in calculating zakat: 1. Net Asset Methods 2. Net Invested Funds Method This method is very difficult to apply if the company does not already exist in the specification or estimate and the second classification method is not reflected when the company's legal form of enterprise services such as banking where there are many that are very difficult to estimate it identifies.</td>
</tr>
</tbody>
</table>

Sources: Data is processed

From this description began to appear in calculating the company's charity we have to classify the type of company. Such as; trade companies, service companies and industrial companies. Zakah is different from industrial companies have the benefit of industry and the property value is greater than the trade and services company, which sells only products that already exist, so the industry companies zakah tariffs is 10 percent of net income. In calculating corporate zakah, the Muzakki, (zakah payers) are given freedom to choose their own method to count and calculation. Because until now there is no definitive guidance in
calculating zakah corporate neither from of Indonesia Asociation of Accountants and the tax or another relevant agencies.

IV. Conclusion and Recommendation

A. Conclusion

There are many opinions calculating zakah, which is difficult to calculate zakah in the current conventional accounting format. Fiqh law either by the Al Qur’an or hadits does not provide a clear definition of corporate zakah or zakah zakah institutions formulate. It only for the transaction or the goods or services rather than on the human. So, to calculate the company's zakah we can not do the leveling of assets or services supplied or produced company. Conventional accounting terms such as assets, current assets, corporate profits already became generic term and can not be known to lay the object zakah. The calculation of zakah can not be indirectly but the company must go through the separation transaction by transaction or an item described.

Zakah on Cash, Gold and Silver, Inventory (Merchandise), Securities, Receivables, Revenue rent and so on. Up to this time the Government of Indonesia gave freedom to the Muslim’s community in calculating and creating format for corporate zakah. Because until now the Asociation of Accountants Indonesia has not determined the form of zakah calculation reports the company. Zakat is received by the Agency Amil Zakah established or approved by the government but do not include tax object.

B. Recommendation and Advance Research

1. Because the concept of financial statements for the calculation of corporate zakah is still in the process of development, there should be a widespread problem in society at least in the accountants profession. This work is done by holding a seminar discussions, lectures or other means.

2. For the effectiveness of the development of the concept of financial statements for the calculation of corporate zakah need cooperation between the Council of Ulama Indonesia, Indonesian Institute of Accountants and Bank Indonesia.

3. The purpose zakah is the welfare of mankind, especially Muslims. this is reflected in the concept of fairness, equity and Islamic ukhuwah in Muslim societies.

4. For science development especially concerning corporate zakah, the researcher intends to investigate about Accountability and effectivity, Distribution and Reporting on the zakah that has been collected, where the object of study will focus to Zakah Management Agency in Jakarta or Jakarta BAZIS.
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