THE CONVERGENCY OF IFRS IN INDONESIA ACCOUNTING STANDARD: DO VOCATIONAL SCHOOLS NEED TO CHANGE THEIR CURRICULUM?

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ABSTRACT

Convergence of International Financial Reporting Standards (IFRS) to local Financial Accounting Standards is the headlines for each accounting educators as they relate to the educational curriculum. Vocational School (SMK) has a curriculum based on the Basic Competence that has been set by the Directorate of Vocational High School. However, the Competency Standards drawn protests from teachers through various statements because it has not been updated with current needs. The purpose of this study was to evaluate the needs of accounting curriculum changes in response to IFRS Convergence. The method being used in this research is descriptive qualitative. We conclude that the current accounting curriculum and books used in vocational schools is still not aligned with the changing on financial standards in Indonesia which is now mainly based on IFRS and SAK ETAP. Knowledge of vocational accounting teachers of the new standards is still not sufficient. Hence, training and textbook improvement are necessary for teachers. We recommend providing training and socialization of new standards for teachers, especially accounting teachers in vocational schools.

Keywords: IFRS, Vocational Schools, Accounting, Curriculum

INTRODUCTION

For accounting major in university, the changes in Indonesia financial reporting standard to converge with International Financial Reporting Standard (IFRS) have become common discussion since three years ago. Academicians in university adapt quickly, together with industries to develop and adjust accounting curriculum for the new standard. For vocational schools, however, the issue of the transition is unfamiliar topic: they are still do clerical and routine accounting teaching activities. Accounting teachers in vocational schools deliver accounting material based on Competency Standards which are set by Directorate of Vocational High School. Those competency standards drawn protests from teachers through various statements because they did not updated with current needs. Information about IFRS convergency does not uniformly disperse throughout accounting teachers, resulting in lagging knowledge for vocational accounting teachers and students. Based on those reasons, we are interested in conducting research “The Convergency of IFRS in Indonesia Accounting Standard: Do Vocational Schools Need to change their curriculum?”

Problem statements related to our research topic are as follows: (1) Do accounting teachers have sufficient knowledge about IFRS convergency and Small Medium Enterprise Accounting Standards? (2) Is the curriculum and books used by vocational accounting school in conformity with IFRS Convergency and SME Accounting Standard? (3) What preparation vocational accounting school needs in response to change in new standard?

Main purposes to be achieved in this research are as follows:
1. To evaluate the IFRS convergency and SME accounting standards of vocational accounting teachers based on education needs.
2. To evaluate vocational school’s curriculum and books needed in response of IFRS Convergencey and SME accounting Standard.
3. To evaluate preparation vocational schools needed for changing in learning accounting due to IFRS Convergency and SME accounting standards.
4. Recommendation for accounting teachers.Sumbang saran kepada tenaga pendidik akuntansi

This research will be divided into five sections, section 2 briefly describes the related literature study, section 3 contains the coverage data and research methodology, sections 4 states the result and discussion. Final section portrays several conclusions.

LITERATURE STUDY

Curriculum Definition

Curriculum is an organized plan that is developed to launch a process of teaching under schools or course institution responsibilities. Curriculum has three dimensions: senses, namely:
1. Curriculum as a course.
2. Curriculum as a learning experience.
3. Curriculum as a learning program plan.

Curriculum as a course is about how many courses have to be completed by students. In this concept, curriculum is related to effort to gain formal certificate. If the student has been succeed to get certificate, he or she has the mastery of all courses in specified curriculum. Thus, this concept focuses in contents or courses material. Curriculum as a course is a traditional concept, although it is still used by some education institutions until now.

Curriculum as a learning experience was developed as a result of public demand. The community need school not only giving students knowledge, but also developing student’s interest and .... , characters, values, even various skills needed in working environment. The term curriculum as learning experience can be implemented in the extra or intra curricular, and not only limited to those two, but including what students do with teacher supervision. According to Caswell and Campbell (Caswell and Campbell: 1935): “… all of experiences children have under the guidance of teacher”, and also “and the school in any way utilizes or attempts to influence”. The curriculum changing concept from as course become as a learning experience is also affected by new finding in learning psychology that learning is not only gaining knowledge, but also is a student’s changing behaviour process.

Curriculum as a learning program or plan is a concept that supported by some education experts. According to Print (Print: 1993): “Curriculum is defined as all the planned learning opportunities offered to learner by the educational institution and the experiences learners encounter when the curriculum is implemented”. While Taba (Taba:1962) stated that: “A curriculum is a plan for learning; therefore, what is known about the learning process and the development of the individual has bearing on the shaping of a curriculum”. This concept is inline with curriculum definition in Act No. 20 year 2003 about the system of National Education, which is "a set of plan and pengaturan about course contents and material and methods that will be used as a guidance for learning activities in the purpose of achieving education’s goal". The scope of the curriculum according to the Act No. 20 of 2003 consists of two aspects of understanding. First, the curriculum is a guideline of the implementation of the learning process by teachers. Second, the curriculum is a content and method setting of learning plans implementation.

International Financial Reporting Standard (IFRS)

One of the agreement among countries in 20 forum, which is the Government of Indonesia is one of its member, is "strengthening Financial Supervision and Regulation" which will be implemented with “...achieve
a single set of high-quality global accounting standards." 20 is an open and constructive discussion between industrial countries with the development of Emerging Countries (EM.Cs) in fostering global economic stability. Besides, 20 also strengthen the international financial architecture to support global growth and to the establishment of the international agenda in the areas that have not reached a consensus and also make efforts in crisis prevention and management.

Standard Setting Body of Indonesian Institution of Accountant (SAK IAI) is in the progress of converging Indonesian Accounting Standard to IFRS. It targeted to complete the convergency in 2012. During 2009, SAK IAI sedang melakukan konverjensi IFRS dengan target tahun penyelesaian 2012. During 2009, SAK-IAI has enacted 10 new PSAK (Indonesian Financial Reporting Standard), 5 ISAK (Interpretation of Indonesian Financial Reporting Standard), repeal 9 PSAK-industries based and repeal 1 ISAK.

From the data above, the need for Indonesia to participate on convergency program seems to become a necessity. Thus, the accounting standard-setting developments in Indonesia by SAK can not be separated from the development of international accounting standard setting by the International Accounting Standards Board (IASB). National accounting standards are currently in the process of gradually convergency towards fully convergence with IFRS issued by IASB.

Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP)

The Financial Accounting Standards for Entities without Public Accountability (SAK ETAP) is intended to used entities without public accountability. Entities without public accountability is an entity that:
(a). does not have a significant public accountability, and
(b). publish general purpose financial statements (general-purpose financial statement) for external users.

Examples of external users are the owners who are not directly involved in business management, creditors, and credit rating agencies.

An entity has a significant public accountability if:
(a). the entity has filed a registration statement, or in the process of filing a registration statement, to the stock market authorities or other regulators for the purpose of issuing securities in the capital markets;
(b). The entity controls the assets in a fiduciary capacity for a large group of people, such as bank, insurance entity, securities broker or dealer, pension funds, mutual funds and investment banks.

Entities that have significant public accountability can use the SAK ETAP if the competent authorities which make regulations permitting the use of SAK ETAP.

DATA AND RESEARCH METHODOLOGY

The research is a qualitative research. Object of research is SMK in area of West, Central and East Jakarta. The object selected by sampling to 7 schools: SMK Al Irysad, SMK YPI, SMKN 2, SMKN 9, and SMKN 13. Meanwhile for other two schools (SMK 3, and SMK Swasta Wiyayah Jakarta Timur), only interviews has been conducted without any participation in filling out the questionnaire. The study period is April 2010 until January 2012. The data used are primary data (the survey result) and secondary data (curriculum for Vocational School). This research use random sampling as the sample method and data is collecting by direct observation, interviews, questionnaires and focus group discussion.

RESULT AND DISCUSSION

This research conducts the interview with four private vocational school and state vocational school. The result describes that there are two out of eight teachers in the private vocational school do not know about IFRS convergence. The result also shows that the competence standard from Directorate of Vocational High School is still rigid and learning topics is not sorted neatly. Consequently, based on the interview, it concludes that the curriculum of Directorate of Vocational High School still need to be revised and improved. There are some conflicts in the competence standard and also it is not aligned with the learning needs.

Here is some basic competency vocational school, which is obtained from Directorate of Vocational High School.
Competency: Business and Management  
Study Program: Finance  
Skill competency: 1. Accounting

<table>
<thead>
<tr>
<th>Table 1. Vocational Competence</th>
</tr>
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<tbody>
<tr>
<td><strong>Standard Competence</strong></td>
</tr>
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</table>
| 1. Managing the transaction documents (Semester 1) | 1.1 Identify the transaction documents  
1.2 Verify the transaction documents  
1.3 Processing the transaction documents  
1.4 Filing the transaction documents |
| 2. Processing documents of petty cash fund | 2.1 Describe the recording of petty cash funds  
2.2 Calculate the mutation of petty cash funds  
2.3 Calculate the difference in the petty cash funds  
2.4 Replenish the petty cash funds  
2.5 Record mutation and difference in petty cash funds |
| 3. Processing documents cash fund at bank | 3.1 Describe the recording cash in the bank  
3.2 Calculate mutation of cash in the bank  
3.3 Record the mutation of cash in bank  
3.4 Prepare bank reconciliation report  
3.5 Record the adjustment cash in the bank |

The first activity in accounting is the recording the transaction. Transaction is business economic event that affects the financial position. Each transaction must be made in a written statement as a proof of transaction called invoice. In accounting, all transaction is measured by units of currency. Therefore, the transactions that include in the accounting records only transaction data that can be converted in money terms.

The second and third topic has been criticized by some teachers, because the topics are not aligned with the accounting curriculum in general.

The vocational school policy is based on Directorate of Vocational High School, but they can modify the policy based on the needs.

On 7th May 2011 a survey had been conducted and it involved 11 teachers from 5 private and state vocational school. The topic of the event is Introduction IFRS to Vocational School Teachers held at Bina Nusantara University. Data of the survey can be seen in the preliminary survey results as below:

There are 11 respondents in total from five state and private vocational school consist of 3 respondents male and 8 female respondents. From the survey result, it is stated that almost all respondents have teaching experience of more than 5 years (10 people) and only one person has 1-5 years experience, with average age of 42 years old.

<table>
<thead>
<tr>
<th>Table 2. Preliminary Survey</th>
</tr>
</thead>
</table>
| 1 Curriculum has been predicted to be changed due to IFRS Convergence | 5  
30%  
40%  
40% |
| 2 Teacher training is necessary for understanding the IFRS convergence | 7  
Strongly Agree  
Agree | 4  
2 |
| 3 Should The IFRS convergence be adjusted to the school curriculum? | 7  
Strongly Agree  
Agree | 4 |
| 4 There is a language barrier that influences the implementation of IFRS in school | 3  
Strongly Agree  
Agree |
| 5 Social environmental influences the adoption of IFRS | 1  
Strongly agree  
Agree |
Development of infrastructure and resources to support the IFRS in the school is needed

Strongly agree 6
Agree 5

Disagree 2

6

IFRS different interpretation could lead to the difference judgement

Strongly agree 3
Agree

7

IFRS convergence will lead to reformation in accounting world

Strongly agree 2
Agree

8

IFRS must be adopted entirely

Agree 7
Disagree 2

9

IFRS adoption will be costly for school

Strongly disagree 2
Agree 6
Disagree 3

10

IFRS adoption will bring benefits at the international level

Strongly agree 4
Agree 7

11

IFRS assists Indonesia to enter the global market

Strongly agree 6
Disagree

12

IFRS make the financial statements to be more easily understood, compared and provide a valid information for the assets, liabilities, equity, revenues and expenses

Strongly agree 4
Agree 7

13

All respondents predict there will be changes in the curriculum as a result of IFRS convergence (question 1), 30% was chosen by five respondents, 40% by 4 respondents and more than 40% by 2 respondents. Four respondents agree and seven strongly agree that IFRS training required for teachers (question 2), necessary adjustments between IFRS and the school curriculum (question 3), language barrier that can hinder the implementation of IFRS in school (question 4).

All respondents also agree and strongly agree that a different interpretation could lead to a different judgement (question 7), IFRS convergence brings reformation in accounting (question 8), IFRS assists Indonesia to enter the global market (question 12), IFRS make the financial statements more easily understood and compared (question 13), and IFRS adoption benefits at the international level (question 11).

Although it is considered that the development of infrastructure and resources in the application of IFRS in the school is necessary (question 6, 5 strongly agree and 6 agree), there is a split opinion among respondents in deciding whether the IFRS adoption is costly for school (question 10, 2 strongly agree, 6 agree, and 3 disagree). Opinions also vary in determining whether school environmental influences the implementation of IFRS (question 5, 1 strongly agree, 2 agree, and 2 disagree), and whether IFRS should be adopted as a whole (question 9, 7 agree, 2 disagree and 2 strongly disagree)

CONCLUSION

Based on survey, it can be concluded that those problems faced by the vocational school teachers are:

1. The current Accounting curriculum and text book is not aligned with the changes of Indonesia Accounting Standard which is currently based on IFRS.
2. Teachers have lack of knowledge regarding the changes of standard so training and text book is necessary for teachers as well as students.
3. Graduate of vocational school is perceived to be struggle in competing with graduate from high school when they went on to college, especially in analytical thinking. Therefore the new approach is required in
teaching especially for the principle-based IFRS that require the ability to apply a good professional judgement.

It is suggested that dissemination information of IFRS to schools is necessary, as well as IFRS training to vocational school teachers. Accounting modules that have been combined with the IFRS that can be used in vocational school and addition of IFRS subject is highly recommended. However, the one very important to be addressed that there should be cooperation for improving the curriculum between the Directorate of Vocational High School with the teachers.

REFERENCE


A RESEARCH OF EMPLOYEE RETENTION WITH SPSS AND LISREL APPROACH

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ABSTRACT

This study aims to determine the effect of the demographic factor on job satisfaction and its impact to employee retention. This research uses simple random sampling and the determination of the number of samples was calculated using the Slovin’s formula. Data is collected by questionnaire that gives to 61 employees of the companies selected as a sample and then the data were analyzed using correlation analysis and path analysis approach based on SPSS and LISREL. The results showed that the demographic factor, job satisfaction, and employee retention are positively and significantly related to each other. The demographic factor gives a significant positive effect to job satisfaction and employee retention. From this research, it is known that the results of the analysis based on SPSS and LISREL approach is the same.

Keywords: Demographic factor, job satisfaction, employee retention, SPSS, LISREL

INTRODUCTION

To be a winner in the business competition, companies must be able to achieve goals effectively and efficiently. One factor that determines the achievement of corporate goal is human resources. Without them, how hard the company achieves its goals. Compared with other factors, the human factor is the unique and specific because human have feelings and behavior, have a mind, and have certain expectations. The employees in the company have a different demographic such as age, tenure, and level of education. The happier people are within their job, the more satisfied they are said to be. Job satisfaction will lead to positive behaviors such as the emergence of employee morale in the work, the high commitment to the organization, increased productivity and increased discipline in work. Job satisfaction is an issue of considerable interest because it proved beneficial for employers and employees. As many studies suggest, employers benefit from satisfied employees as they are more likely to profit from lower staff turnover and higher productivity if their employees experience a high level of job satisfaction. However, employees should also ‘be happy in their work, given the amount of time they have to devote to it throughout their working lives’ (Nguyen, Taylor and Bradley, 2003).

Given the large number of employees of the interventions made to regulate the retention of employees in the company’s employee turnover and improve employee retention. Intervention is an attempt to maintain their own employees to permanent employees working for the company. Employee retention intervention is expected to create expectations that the employee in accordance with which most likely can be provided by the company, this condition will provide a very positive impact for the company. The high level of employee retention can be evidenced by the number of employees who have a very long period of work which is about 65.76% of employees have been working in the company over ten years (The data employees of the company in 2010), it makes the writer wishes to examine more deeply about how an employee where can maintain in the company. This research uses path analysis model (Path Analysis) by SPSS and LISREL approach that will be able to produce accurate results and the known differences in the results of both approaches to making the right decision.

Purpose Of The Study

The purpose of the study is to determine the effect of the demographic factor on job satisfaction and its impact to employee retention.

THEORY AND HYPOTHESES
Demographic Factor
Different demographic backgrounds usually resulted in different types of employees and how to manage them (e.g., Linow & Teagarden, 1992). Demographic factors such as age (Mathieu & Hulin, 1993; Okpara, Squillace, & Erondu, 2005), educational level (Okpara, 2004; Bjork et al., 2007) and organizational tenure (James & Jones, 1980; Sarker, Crossman, & Chimneteepituck, 2003) have been found to be related to job satisfaction. Demographic factors that have been found to have stable relationships with turnover intention in past research include age, tenure, level of education, level of income, and job category (managerial and non-managerial) (Khatri, Budhwar, Fern). Several studies have reported negative relationship among turnover intention and three demographic factors, age, tenure, and income level (e.g., Arnold & Feldman, 1992; Cotton & Tuttle, 1986; Wai & Robinson, 1995, and others). Amount of education, on the other hand, is found to be positively associated with turnover suggesting that the more educated employees quit more often (Berg, 1991; Cotton & Tuttle, 1986). In our study, we include three factors of demographic — age, tenure, and level of education — that we consider relevant in the company context.

Job Satisfaction
Brayfield and Rothe (1951) stated job satisfaction as an individual’s attitude towards their work. Smith, Kendal, and Hulin (1969) defined job satisfaction as “feelings or affective responses to facets of situations” (p. 6). Hoppock (1935) defined job satisfaction as “any combination of psychological, physiological, and environmental circumstances that cause a person truly to say, “I am satisfied with my job” (p. 47). Robbins and Judge (2007) define job satisfaction as a positive feeling about one’s job resulting from an evaluation of its characteristics. In addition, Robbins and Coulter (2009) define job satisfaction as an employee’s general attitude toward his or her job.

Based on the above it can be concluded that employee with job satisfaction will feel pleased and happy to do the job and not try to evaluate alternatives for another job. Instead of employees who are not satisfied in their work tends to have a mind to come out, evaluate alternative other work, and eager to get out in the hope of finding a more satisfying job.

Employees Retention
The effort to retain employees has become a major issue in many organizations for various reasons. Easily, with lower turnover, every individual who maintained a mean less people should be recruited, selected, and trained. In addition, organizational and individual performance enhanced by the continuity of the employee who knows the job, coworkers, service, and their organizational products, as well as customers of the company. According to Mathis and Jackson (2006, pp12: -135), there are several factors determining the retention of employees:

1. Organizational Components
   Several organizational components affecting employees in deciding whether to stay or leave their company. Organizations that have a positive culture and values and different experience lowers employee turnover.

2. Organizational Career Opportunities
   Survey of employees in all types of work remains to show that organizational career development efforts can affect employee retention rate significantly.

3. Award and retention of employees
   Awards received by employees since the real work came as salaries, incentives and allowances. According to many surveys and the experience of the things that are important to the retention of employees is to have a competitive compensation practices.

4. The design of Tasks and Jobs
   Fundamental factors that affect employee retention is the nature of the tasks and work performed. Some organizations have found that high employee turnover rate within several months of work is often associated with selection filtering efforts inadequate. Further analysis found that many employees who were hired did not have the PKK, the PKK, which is suitable for the job, the employee is finally out. Once an individual is placed into the work, several factors affect job retention of employees.

5. Employee Relations
   The pattern of relationships that have employees in the organization became known factors that can affect employee retention.

Path Analys
Path analysis first developed in the 1920's by a geneticist Sewall Wright. Path analysis model used to analyze the pattern of relationships among variables to determine the effect of directly or indirectly, a set of independent variables (exogenous) on the dependent variable (endogenous) (Riduwan and Kuncoro, 2008, p1).

According Riduwan and Kuncoro (2008, p115), path analysis technique will be used to test the number of donations (contributions) are showed by the path coefficient on each path diagram of causal relationships among variables X1, X2 on Y.

Path analysis is an extension of the regression model used to test the alignment of the correlation matrix with two or more causal models are compared by David Garson (2003) in Sarwono (2007, PP1-2). From that definition, it can be concluded that the actual path analysis is an extension of multiple regression analysis (Sarwono, 2007, PP1-2).

Based in Sugiarto Mueller (2006, p93), Path Analysis was developed as a method to study the direct effect and indirect effect from the independent variable on the dependent variables. This analysis is the number of variables in the model. This analysis is an excellent method to explain if there is a large set of data for analysis and the search for causal relationships.

According Sugiarto (2006, p93), path analysis is used to examine the relationship among causal model that was formulated by theoretical considerations researchers and certain knowledge. Causal relationship but is based on the data, also based on the knowledge, the formulation of hypotheses and logical analysis, so that it can be said path analysis test a set of causal hypotheses and interpret the relationship.

**SPSS**

According Priyatno (2008, p13), or a software program SPSS was used for statistical data though. From a variety of other statistical data processing program, SPSS is the most widely used. SPSS is used to advance though the statistics in the social sciences so as it stands is the SPSS Statistical Package for the Social Sciences, but over time its use SPSS to experience growth and increasingly complex for various sciences such as social sciences, economics, psychology, agriculture, technology, industry , and others that represent the SPSS Statistical Product and Service Solutions. SPSS was created by Norman Nie, a graduate of the Faculty of Political Science from Stanford University.

**LISREL (Linear Structural Relationship)**

According Sugiarto (2006, p3), LISREL is one computer program that can simplifies the analysis to solve problems that cannot be solved by conventional analytical tools. LISREL introduced by Karl Joreskog in 1970 and has so far been developed and used in various social science disciplines. In a more advanced version, the use of LISREL become more interactive, easier, many new statistical features associated with the handling of missing data, imputation data and multilevel data analysis on the issue of social science and behavioral science we can find a wide and very useful as a reference for decision making in an increasingly complex conditions. (Sugiarto, 2006, PP3-4).

According Sugiarto (2006, p4), generally in the LISREL analysis can be divided into two parts: the first related to the measurement model and the second related to the structural model (Structural Equation Model). By using LISREL, we can analyze the covariance structure of the complex, latent variable, variable interdependence, and reciprocal causation that can be handled easily by using structured equation model and measurements.

**Hypothesis**

**Hypothesis 1**

H0 : Demographic Factors do not significantly explain the variance in Job Satisfaction

H1 : Demographic Factors do significantly explain the variance in Job Satisfaction

**Hypothesis 2**

H0 : Job Satisfaction do not significantly explain the variance in Employee Retention

H1 : Job Satisfaction do significantly explain the variance in Employee Retention

**Hypothesis 3**

H0 : Demographic Factors do not significantly explain the variance in Job Satisfaction and Employee Retention for direct effect and indirect effect

H1 : Demographic Factors do significantly explain the variance in Job Satisfaction and Employee Retention for direct effect and indirect effect
METHODOLOGY

Sampling and Data Collection
The population in these employees are all employees of the company amounted to 155 people. The size of the sample to be made an object of study is determined by the formula approach slovin with a tolerable sampling error percentage of 10%. So, based on the calculation, the number of samples to be taken are as many as 61 people (rounded). In our study, data were collected using a questionnaire contained 13 questions.

Mechanical Measurement of Variables
According Riduwan and Kuncoro (2008, p20), Likert Scale used to measure attitudes, opinions and perceptions of a person or group of events or social phenomena. Forms of assessment questionnaire using weighting with four ordinal scale. Weights and measurements of the response categories of respondents:

<table>
<thead>
<tr>
<th>EXPLANATION</th>
<th>RATING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Agree</td>
<td>4</td>
</tr>
<tr>
<td>Agree</td>
<td>3</td>
</tr>
<tr>
<td>Disagree</td>
<td>2</td>
</tr>
<tr>
<td>Very Disagree</td>
<td>1</td>
</tr>
</tbody>
</table>

Method of Data Analysis
Path Analysis with SPSS 17.0 and LISREL 8.80 was used to test the hypothesized model in this study.

RESULTS

<table>
<thead>
<tr>
<th>Component</th>
<th>SPSS Approach</th>
<th>LISREL Approach</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Correlation X to Y</td>
<td>0.777</td>
<td>0.777</td>
<td>strong, direct and significant</td>
</tr>
<tr>
<td>Correlation X to Z</td>
<td>0.624</td>
<td>0.624</td>
<td>strong, direct and significant</td>
</tr>
<tr>
<td>Correlation Y to Z</td>
<td>0.613</td>
<td>0.613</td>
<td>strong, direct and significant</td>
</tr>
<tr>
<td>Path coefficient X for Y</td>
<td>0.777</td>
<td>0.777</td>
<td>direct and significant</td>
</tr>
<tr>
<td>Indirect path coefficients X for Z</td>
<td>0.373</td>
<td>0.373</td>
<td>direct and significant</td>
</tr>
<tr>
<td>Path coefficient X to Z is not directly</td>
<td>0.251</td>
<td>0.251</td>
<td>direct and significant</td>
</tr>
<tr>
<td>Path coefficient Y to Z</td>
<td>0.322</td>
<td>0.322</td>
<td>direct and significant</td>
</tr>
<tr>
<td>Path coefficient X to Z through Y</td>
<td>0.624</td>
<td>0.624</td>
<td>direct and significant</td>
</tr>
</tbody>
</table>

Based on the table, apparently the results of the analysis by SPSS and LISREL approach showed similar results. This suggests that the research was accurate when tested in the study of two different approaches and the results were the same. In one study, the effectiveness also becomes important, therefore, this study uses SPSS and LISREL approach, to determine which approach is most effective to use and from this study can be concluded that the LISREL approach is more effective to use because it only takes one step to obtain results of the analysis of the relationship and the influence of the variables studied, both the direct effects, indirect effects, as well as the total effect.

Based on the overall results of the causal effect of variable conditions of employees (X) of job satisfaction (Y) and its impact on employee retention (Z) is as follow:

- Application of state employees (X) on Job Satisfaction (Y) for Employees (0777)², or 60.37%. The Remaining 39.63% the value of job satisfaction is influenced by other variables outside of the study.
- The application conditions of employees (X) directly affects the retention of employees (Z) of (0373)², or account for 13.91% and 6.09% for the remaining value of the variable retention of employees is influenced by other variables outside of the study.
- Implementation of Employee Condition (X) against the retention of employees (Z) is through Job satisfaction (Y) is equal to (0624)² to account for 38.94%.
• Implementation of Job Satisfaction (Y) affect the retention of employees (Z) of \((0.322)^2\), or account for 10.37% and 9.63% for the remaining value of employee retention is influenced by other variables outside of the study.

**DISCUSSION**

1. **Based on the comparison of SPSS and LISREL approach, Employee Condition (X) is positive and significant effect on Job Satisfaction (Y)**

The results showed that the condition that the employee has a positive and significant effect on the level of employee satisfaction. This means that the level of job satisfaction is explained by the conditions in which the state employee workers described in this study regarding age, tenure and level of education. The amount of direct influence of state employee job satisfaction is at 60.37%. Therefore, to optimize job satisfaction, companies need to consider the condition of employees in the process of recruitment, selection, placement, and design tasks according to age, tenure and level of education gave the employees a positive effect on job satisfaction, so the condition of the employee will be the main consideration for the Company in determining the policies for the creation of an optimal job satisfaction.

This finding is reinforced by the statements expressed by Seniati (2006) which states that job satisfaction is influenced by one's age and length of employment where the higher a person's age and the longer a person works then that person will love his job so that job satisfaction will increase. Research conducted by Spector (1997) also support this finding, which Spector states that the longer a person works in an organization the higher the satisfaction of a job. The results Okpara (2004) also support these findings, which Okpara found that older employees with longer tenure have higher job satisfaction than younger employees who have a short tenure.

This finding is reinforced by research conducted by Bjork et al. (2007), entitled “Job satisfaction in a Norwegian population of nurses: A questionnaire Survey” showed that the level of education, tenure and age have a positive influence on job satisfaction which results Bjork et al states that nurses with higher levels of education (master degree), older age and longer working lives, are much more satisfied with their jobs than nurses with education level is not too high, the young age and a short working period in which survey was conducted on 2095 nurses in four different hospitals in Norway.

2. **Based on the comparison of SPSS and LISREL approach, Job Satisfaction (Y) is positive and significant effect on Employee Retention (Z)**

The results showed that job satisfaction has a positive and significant influence on the retention of employees. That is, high and low retention of employee job satisfaction is explained by the influence which the magnitude of job satisfaction is directly against the retention of employees amounted to \((0.322)^2 = 10.37\)%. Therefore, to optimize the retention of employees, companies need to optimize your job satisfaction.

This finding is in accordance with the statement put forward by the Pohan (2010, p15), which states that two main factors that cause employee retention, namely job satisfaction (Job Satisfaction) and choice of work (Job Alternatives). Employees who are satisfied with their jobs tend to live and stay in the same company for years, and vice versa. Siagian (2002, p297) also support these findings, which Siagian said that one of the causative factor is the desire to change job dissatisfaction on the job now.

This finding is supported by the results of research conducted by Castle, Engberg, Anderson and Men (2007) with the title “Job Satisfaction of Nurse Aides in Nursing Homes: Intent to Leave and Turnover” in which the Castle, Engberg, Anderson and Men conducted the study by taking sample of 72 clinics that provide nurses from five states (Colorado, Florida, Michigan, New York and Oregon) and results of questionnaires collected a number of 1779. This study uses a questionnaire item job satisfaction and the desire to move and shift employees where the indicators used to measure job satisfaction include colleagues, support from the workplace, the work itself, work schedules, training, awards, and the quality of attention given consisting of 21 item statements. Meanwhile, to measure the desire to move the seven items used statements made by Mobley, Horner, and Hollingsworth (1978), with the indicator thinking of moving, thinking to find a job and find a new job using 5-level Likert scale. The study states that a high job satisfaction is closely related to low desire to move, the desire to find a job, find a job, and changed jobs.
Research and Conklin (2007) with the title “Job Turnover Intentions Among Pharmacy Faculty” also supports this finding where the study conducted by Conklin and Dessele aims to determine the main reasons for the Faculty of Pharmacy employees to survive and the desire to quit his job at the moment. Research carried out by distributing questionnaires via e-mail. The population in this study were all employees who are members of The American Association of Colleges of Pharmacy Roster of Faculty and Professional Staff, which amounts to 4228. The analyzed data obtained from samples of 848 people selected for the study. The results of this study showed that only 1 in 5 respondents who have a desire to change job. Other than that obtained from the results show that turnover intention directly influenced by the factor of support from leadership and organizational commitment, with the involvement of organizational support and job satisfaction as a moderating variable.

3. **Based on SPSS and LISREL approach, simultaneously, the condition of employees (X) and job satisfaction (Y) is positive and significant effect on employee retention (Z)**

Simultaneous conditions of employees and job satisfaction significantly influence employee retention by 43%. The rest is equal to 57% of the influence of other factors such as organizational trust and organizational commitment. To optimize the retention of employees, the Company must consider the condition of the employee, by placing employees in positions appropriate to the age, educational level, and years of service, because the exact placement will make the employee enjoys his work, to creating job satisfaction, job satisfaction which optimum will be followed by the retention of good employees. This finding is supported by research conducted by Boroff and Lewin (1997) with the title “Loyalty, voice, and intent to exit a union firm: A conceptual and empirical analysis” where one of the implications of the research Boroff and Lewin were employees who are loyal to the company will remain silent even though they face injustice in their work environment. In his analysis, Boroff and Lewin study showed that the ability to issue an opinion, loyalty, employee gender, education level of employees, along with job satisfaction, negative effect on the willingness of employees to come out and have a positive influence on the desire of employees to stay (retention).

**IMPLICATIONS OF RESEARCH**

Based on this research, the following will put forward some implications that are considered relevant to the research:

1. **Processing and data analysis based on comparison of SPSS and LISREL approach showed similar results, that the state employees have a significant influence on job satisfaction of 60.37%. This influence is enough large, the findings of this study required the efforts to improve job satisfaction in the following way:**
   a. Conduct a review of the system to create a more competitive salary.
   b. Provide guidance to employees regarding personal financial regulatory issues that employees are able to manage their income properly so that their needs can be met or not met for a person’s life needs, not solely depend on the amount of salary received, but also influenced by how the employee manages his income properly.
   c. To evaluate the design of work and adjustment of the tasks given to employees to continue.

2. **Processing and data analysis based on comparison of SPSS and LISREL approach showed similar results, that job satisfaction had a significant influence on the retention of employees of 10.37%. These results indicate that job satisfaction of employees making a positive impact on the high retention rate of the questionnaire which can be seen that most employees enjoy jobs that provided by the company, it is known from the results of a questionnaire on the claim of “fun job” has a mean score The highest average. In addition, employees have a very close relationship with his colleagues and support each other, and therefore necessary efforts to maintain the retention of employees in the following way:**
   a. Provide special incentives and rewards to employees who are capable of reaching targets in the works.
   b. Companies need to involve employees in decision-making and organizational decision-making.
   c. Provide confidence and responsibility to employees to complete their job duties.
   d. Maintain a dynamic work environment that is always working to create a conducive atmosphere so that the level of job satisfaction can be gained to the fullest.
3. Processing and data analysis based on comparison of SPSS and LISREL approach showed similar results, that the conditions of employees in a positive effect on job satisfaction and impact on employee retention. It is therefore necessary efforts to maintain the retention of employees in the following way:
   a. In conducting the recruitment and selection of employees, must be tailored to the needs of companies and are placed according to age and educational level.
   b. Companies need to provide skills training on a regular basis and continue the job evaluation plan.

CONCLUSION

This study aims to answer the formulation of research problems that have been proposed, while the conclusion can be drawn based on analysis of data in this study are as follows:

1. The results of processing and data analysis based on comparison of SPSS and LISREL approach shows that the condition significantly influence employee job satisfaction of employees by 60.37%.

2. The results of processing and data analysis approach based on comparison of SPSS and LISREL showed that job satisfaction significantly influence the retention of employees of 10.37%.

3. The results of processing and data analysis based on comparison of SPSS and LISREL approach shows that the condition of employees have a significant effect directly on the retention of employees by 13.91% and indirectly (through job satisfaction) of 6.3% and the influence of a total of 38.94%.

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MARKET SHARE ANALYSIS FOR POWER CABLE BUILDING WIRE NYM 3x2.5mm² USING MARKOV CHAIN APPROACH: THE BATTLE OF ‘DAVID’ AND ‘GOLIATH’ BRANDS

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ABSTRACT

This research is conducted to provide an overview about Building Wire Cables Market Share, specifically Building Wire NYM 3x2.5mm² between current period and next period which influence respondent’s movement to choose one from five top brands in the market available to choose. Survey Method is used in this research and is done through interview and questionnaire to the respondents of 100 store owners located in PasarKenari Mas, Jakarta Pusat which is the biggest electrical products (including Building Wire) wholesalers and retailers in Jakarta City. For Analysis, this research is using Markov Chain Theory which invented by Andrei Andreyevich Markov, Russian renowned Mathematician in 1907. Result for the next period research the market share of building wire “Eterna” Brand 57%, building wire “Supreme” Brand 29%, building wire “Extrana” Brand 9%, building wire “Kabelindo” Brand 3%, and building wire “Kabelmetall” Brand 2%.

**Keyword:** Markov Chain, Market Share, Power Cable, Building Wire, Period, Movements

INTRODUCTION

Competition in in today’s business world is getting more and more challenging. Each company did their best to take more portions on the market and to retain more customers. This situation can be seen from many alternatives from similar products that can be obtain by customers in the market and more innovative products launched each day that drives each company to do their best to innovate or do something or having risk of left behind by aggressive competitors.

Similar situation happens in competition of power cable’s business world in Indonesia, based on the National Demand of Electricity that keep increasing each year, that can be summarized in table 1-1:

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>2001</th>
<th>2003</th>
<th>2005</th>
<th>2007</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer of Electricity (in Millions)</td>
<td>29.85</td>
<td>32.15</td>
<td>34.56</td>
<td>37.33</td>
<td>40.12</td>
<td>42.44</td>
</tr>
<tr>
<td>a. Household Group</td>
<td>27.90</td>
<td>30.00</td>
<td>32.20</td>
<td>34.70</td>
<td>37.10</td>
<td>39.33</td>
</tr>
<tr>
<td>b. Business Group</td>
<td>1.1</td>
<td>1.31</td>
<td>1.45</td>
<td>1.61</td>
<td>1.78</td>
<td>1.91</td>
</tr>
<tr>
<td>c. Industrial Group</td>
<td>0.046</td>
<td>0.0465</td>
<td>0.046</td>
<td>0.0479</td>
<td>0.059</td>
<td>0.05</td>
</tr>
<tr>
<td>d. Others</td>
<td>0.7963</td>
<td>0.221</td>
<td>0.991</td>
<td>1.0905</td>
<td>1.04</td>
<td></td>
</tr>
</tbody>
</table>

Source: Self - Processing, 2012 (From Statistic Centre Body (BPS))

The development of National Customer of Electricity described in table 1-1 in Year 2010 there are 42.44 millions customers, where 39.33 millions is in household group category. This means a huge market for power cable installed on this household group of customers which encourage us to conduct a research of marketshare analysis from top five power cable brands available in the market, specifically Building Wire NYM 3x5mm², limited to PasarKenari Mas, Jakarta.

Problem Indentifications

Here with the Problems Indentifications that we try to solve, as follows:

1. How is the marketshare from top five power cable brands available NOW? (T-1)
THEORETICAL BACKGROUND

Markov Chain Author's History
Andrei Andreyevich Markov (Андрей Андреевич Марков) (1856 – 1922) was a famous mathematician from Russia. He was born in Ryazan, and studying in St. Petersburg University in 1874 under Chebyshev's supervision. In 1886, Markov became the member of St. Petersburg Academy of Science. Markov is well known because of the theory that invented by himself describing about Stochastic Process that is well known as Markov Chain.

Definition of Markov Chain
A Markov chain, named after Andrey Markov, is a mathematical system that undergoes transitions from one state to another, between a finite or countable number of possible states. It is a random process characterized as memoryless: the next state depends only on the current state and not on the sequence of events that preceded it. This specific kind of memorylessness is called the Markov property. Markov chains have many applications as statistical models of real-world processes.

A Markov chain process is a simple type of stochastic process with many social science applications. Markov Chain analysis is a method which studying the characteristics of certain variable in the present time based on its characteristics in the past time in order to forecast it characteristics in the future time. The result expected from Markov Chain Analysis is probabilistic information that can be used for making strategic decisions. Therefore Markov Chain Analysis is not about Optimization Technique, but is about Descriptive Technique. Markov Chain Analysis is often used in decision making processes, such as brand switching, issues of Account Receivable and Account Payable, issues of Operation Machines, Controlling Analysis, etc.

Definition of Market Share
The percentage of an industry or market's total sales that is earned by a particular company over a specified time period. Market share is calculated by taking the company's sales over the period and dividing it by the total sales of the industry over the same period. This metric is used to give a general idea of the size of a company to its market and its competitors.

Investors look at market share increases and decreases carefully because they can be a sign of the relative competitiveness of the company's products or services. As the total market for a product or service grows, a company that is maintaining its market share is growing revenues at the same rate as the total market. A company that is growing its market share will be growing its revenues faster than its competitors.

Market share increases can allow a company to achieve greater scale in its operations and improve profitability. Companies are always looking to expand their share of the market, in addition to trying to grow the size of the total market by appealing to larger demographics, lowering prices, or through advertising. This calculation is sometimes done over specific countries such as Canada market share or US market share.

Investors can obtain market share data from various independent sources (such as trade groups and regulatory bodies), and often from the company itself, although some industries are harder to measure with accuracy than others.

Definition of Electricity
A type of energy fueled by the transfer of electrons from positive and negative points within a conductor. Electricity is widely used for providing power to buildings, electric devices, and even some automobiles. A number of individuals are responsible for the development of electricity, but the most notable one is...
Benjamin Franklin and his flying kite experiment. Franklin was able to determine that lightning was a form of electrical discharge. (http://www.businessdictionary.com/definition/electricity.html)

**Definition of Power Cable**
A power cable is an assembly of two or more electrical conductors, usually held together with an overall sheath. The assembly is used for transmission of electrical power. Power cables may be installed as permanent wiring within buildings, buried in the ground, run overhead, or exposed.

**Definition Building Wire**
Building wire and cable is used in the construction of almost every commercial, industrial, and residential property in the world. Most commonly known as branch circuit wiring in homes and businesses, these products carry electrical current to all external uses of power in a building or dwelling. (http://www.nema.org/prod/wire.build/)

**Definition of NYM 3x2.5mm²**
NYM 3x2.5mm² is multicore PVC installation power cables which are are designed according to VDE 0250 T.204 standard for home and industrial wiring purposes. They have solid or stranded plain copper conductors, PVC (polyvinylchloride) and a grey PVC (polyvinyl chloride) sheath as standard. The cable is suitable or installation in dry, damp and wet rooms above and under plaster but not suitable for imbedding in solidified or compressed concrete. Outdoor use is only possible as long as the cable is protected against direct sunlight. (http://www.centralcables.co.uk/ProductsandSpecifications/PVC/Cables/NYMmulticoreinstallationcable.aspx)

**RESEARCH METHODOLOGY**

- **Research Object**
  This research is using individual product approach between 5 brand of power cable products, such as Supreme Brand, Kabel Metal Brand, Eterna Brand, Kabelindo Brand, and Extrana Brand. Respondent for this research is the 100 owners of electrical products stores located in Pasar Kenari Mas, Jakarta Pusat which is the biggest retails and wholesales centre for elecctrical products that also purchase power cable products from these five brands.

- **Research Methods**
  Methods applied on this research is Survey Technique by collecting data and studying market share between five brands of power cables available in the market. Survey Methods is using Interviews, and distributing questionnaire to the 100 respondents.

- **Research Design**

<table>
<thead>
<tr>
<th>Research Targets</th>
<th>Kind of Research</th>
<th>Research Methods</th>
<th>Unit Analisis</th>
<th>Horizon Waktu</th>
</tr>
</thead>
<tbody>
<tr>
<td>(T-1)</td>
<td>Descriptive</td>
<td>Questionaire</td>
<td>Individual → store owner in Pasar Kenari Mas, Jakarta</td>
<td>Cross Sectional</td>
</tr>
<tr>
<td>(T-2)</td>
<td>Descriptive</td>
<td>Questionaire</td>
<td>Individual → store owner in Pasar Kenari Mas, Jakarta</td>
<td>Cross Sectional</td>
</tr>
</tbody>
</table>

**RESEARCH RESULT**
The result of First Period of Questionaire to 100 owners of electrical products stores located in Pasar Kenari Mas, Jakarta Pusat which is the biggest retails and wholesales centre for electical products that also purchase power cable products from these five brands, as follows:

- 29 stores choose Supreme Brand, labelled as state 1
- 02 stores choose Kabel Metal Brand, labelled as state 2
- 57 stores choose Eterna Brand, labelled as state 3
- 03 stores Kabelindo Brand, labelled as state 4
- 09 stores choose Extrana Brand, labelled as state 5

Probablility of 1 person chooose each brand, is as follows:
If that probability is place in probability state vector, therefore the figure will be:

\[ \mathbf{n}(1) = (0.29, 0.02, 0.57, 0.03, 0.09) \]

where:

- \( n_1 = 0.29 \) is Probability of 1 person choose Supreme Brand, state 1
- \( n_2 = 0.02 \) is Probability of 1 person choose Kabel Metal Brand, state 2
- \( n_3 = 0.57 \) is Probability of 1 person choose Supreme Brand, state 3
- \( n_4 = 0.03 \) is Probability of 1 person choose Supreme Brand, state 4
- \( n_5 = 0.09 \) is Probability of 1 person choose Supreme Brand, state 5

Research in Period II, shows that there is brand switching from one brand to another brand, as follows:

**Brand Switching of Eterna**
- 79.31% (23 stores) still choose Eterna
- 3.45% (1 store) from Eterna switch to Supreme
- 6.9% (2 stores) from Eterna switch to Kabelmetal
- 10.34% (3 stores) from Eterna switch to Kabelindo
- 0% (0 store) from Eterna switch to Extrana

**Brand Switching of Supreme**
- 79.31% (23 stores) still choose Supreme
- 3.45% (1 store) from Supreme switch to Kabelmetal
- 6.9% (2 stores) from Supreme switch to Eterna
- 10.34% (3 stores) from Supreme switch to Kabelindo
- 0% (0 store) from Supreme switch to Extrana

**Brand Switching of Kabelmetal**
- 100% (2 stores) still choose Kabelmetal
- 0% (0 store) from Kabelmetal switch to Supreme
- 0% (0 store) from Kabelmetal switch to Eterna
- 0% (0 store) from Kabelmetal switch to Kabelindo
- 0% (0 store) from Kabelmetal switch to Extrana

**Brand Switching of Kabelindo**
- 33.33% (1 store) still choose Kabelindo
- 33.33% (1 store) from Kabelindo switch to Supreme
- 33.33% (1 store) from Kabelindo switch to Eterna
- 0% (0 store) from Kabelindo switch to Kabelmetal
- 0% (0 store) from Kabelindo switch to Extrana

**Brand Switching of Extrana**
- 70% (7 stores) still choose Extrana
- 10% (1 store) from Extrana switch to Supreme
- 20% (2 store) from Extrana switch to Eterna
- 0% (0 store) from Extrana switch to Kabelmetal
- 0% (0 store) from Extrana switch to Kabelindo
Based on data described earlier, the previous Probability Transition Matrix will become as follows:

\[
P = \begin{pmatrix}
0.79 & 0.04 & 0.07 & 0.10 & 0.00 \\
1.00 & 0.00 & 0.00 & 0.00 & 0.00 \\
0.79 & 0.00 & 0.04 & 0.05 & 0.04 \\
0.33 & 0.33 & 0.33 & 0.00 & 0.00 \\
0.70 & 0.10 & 0.20 & 0.00 & 0.00 \\
\end{pmatrix}
\]

Supreme represent state 1, Kabelmetal state 2, Eterna state 3, Kabelindo state 4, Extrana state 5. This Probability Transition Matrix can be described as follows:

Row 1
- 0.79 \( P_{11} \) = probability of Supreme’s Market Share who originally choose Supreme before
- 0.04 \( P_{12} \) = probability of Kabelmetal’s Market Share who originally choose Supreme before
- 0.07 \( P_{13} \) = probability of Eterna’s Market Share who originally choose Supreme before
- 0.10 \( P_{14} \) = probability of Kabelindo’s Market Share who originally choose Supreme before
- 0.00 \( P_{15} \) = probability of Extrana’s Market Share who originally choose Supreme before

Row 2
- 0.00 \( P_{21} \) = probability of Supreme’s Market Share who originally choose Kabelmetal before
- 0.00 \( P_{22} \) = probability of Kabelmetal’s Market Share who originally choose Kabelmetal before
- 0.00 \( P_{23} \) = probability of Eterna’s Market Share who originally choose Kabelmetal before
- 0.00 \( P_{24} \) = probability of Kabelindo’s Market Share who originally choose Kabelmetal before
- 0.00 \( P_{25} \) = probability of Extrana’s Market Share who originally choose Kabelmetal before

Row 3
- 0.79 \( P_{31} \) = probability of Supreme’s Market Share who originally choose Eterna before
- 0.00 \( P_{32} \) = probability of Kabelmetal’s Market Share who originally choose Eterna before
- 0.04 \( P_{33} \) = probability of Eterna’s Market Share who originally choose Eterna before
- 0.05 \( P_{34} \) = probability of Kabelindo’s Market Share who originally choose Eterna before
- 0.04 \( P_{35} \) = probability of Extrana’s Market Share who originally choose Eterna before

Row 4
- 0.33 \( P_{41} \) = probability of Supreme’s Market Share who originally choose Kabelindo before
- 0.33 \( P_{42} \) = probability of Kabelmetal’s Market Share who originally choose Kabelindo before
- 0.33 \( P_{43} \) = probability of Eterna’s Market Share who originally choose Kabelindo before
- 0.00 \( P_{44} \) = probability of Kabelindo’s Market Share who originally choose Kabelindo before
- 0.00 \( P_{45} \) = probability of Kabelmetal’s Market Share who originally choose Kabelindo before

Row 5
- 0.70 \( P_{51} \) = probability of Supreme’s Market Share who originally choose Extrana before
- 0.10 \( P_{52} \) = probability of Kabelmetal’s Market Share who originally choose Extrana before
- 0.20 \( P_{53} \) = probability of Eterna’s Market Share who originally choose Extrana before
- 0.00 \( P_{54} \) = probability of Kabelindo’s who originally choose Extrana before
- 0.00 \( P_{55} \) = probability of Extrana’s Market Share who originally choose Extrana before

According to gathered and processed data, therefore the Market Share Forecast for 5 brands of Power Cable NYM 3x2.5mm² for the next period can be counted as follow:

<table>
<thead>
<tr>
<th>Market Share</th>
<th>ProbabilityTransition Matrix</th>
<th>Market Share Forecast for the Next Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>(0.29, 0.02, 0.57, 0.03, 0.09)</td>
<td>(0.79, 0.04, 0.07, 0.10, 0.00)</td>
<td>(0.77, 0.08, 0.07, 0.06, 0.02)</td>
</tr>
</tbody>
</table>
SUMMARY OF RESULT

Based on Analysis Result and Research conducted to 100 owners of electrical products stores located in Pasar Kenari Mas, Jakarta Pusat which is the biggest reatils and wholesales centre for electric products that also purchase power cable products from these five brands, as follows:

1. Market Share of First Period, is dominated by Eterna Brand of 57%, followed by Supreme Brand of 29%, then followed by Extrana Brand of 09%, followed by Kabelindo Brand of 03% and finally Kabelmetal Brand of 02%.

2. Market Share for the Next Period, the unexpected forecast changes drastically, where Supreme Brand take first position of 77%, followed by Kabelindo by 08%, Eterna dropped significantly to 07%, where Kabelindo Brand is in next position of 06%, and in last position is Extrana Brand of 02% market share.

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A META ANALYSIS OF THEORIES AND MODELS USED TO PREDICT PURCHASE INTENTION

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ABSTRACT

Purpose: This study used meta-analysis to identify factors affecting behavioral and/or purchase intention and the theoretical models used to predict intention.

Methodology: Data were collected from a total of 88 papers, dissertation and conference proceedings from various websites hosting them. A number of them were eliminated to suit the objective of the study. The total number of papers examined is 62. A descriptive of findings is presented.

Theoretical Framework: This study is based on theories within consumer behavior, marketing, advertising and communication. The theoretical framework is fundamental to give the reader a better understanding for the topic.

Findings: It is found that there a number of factors, determinants or antecedents toward behavioral intention. Six most frequent factors are attitude (9 occurrences), perceived values (6 occurrences), subjective norms (6 occurrences), prior experience (4 occurrences), trust (4 occurrences) and convenience (3 occurrences). The results show that these factors are more often measured and found correlated significantly to behavioral intentions. A great variety of other factors are also found predicting behavioral intentions in different contexts of studies.

Practical Implications: The immediate implications are for researchers who wish to examine behavioral intentions. Based on the findings it would more practical to consider what factors to examine and what theoretical models to use for their research.

Limitations: Some of the limitations are number of papers examined, lack of a statistical conclusion as to what factors are most influencing from the papers examined.

Keywords: Behavioral Intention, Purchase Intention, TRA, TAM, TPB, UTAUT

INTRODUCTION

Many researchers have examined the determinants of individuals' behavioral intention and/or purchase intention, for example Grazer and Keesling (1995) investigated the effect of print advertisement (Grazer & Keesling, 1995), Soyeon Shim et.al. (2001), Hans van der Heijden et.al. (2004), and Jayawardhena et.al. (2007), Denissa et.al. (2010), Pappas examined the online purchase intention (Shim, Eastlick, Lotz, & Warrington, 2001a) (Heijden, Herhagen, & Creemers, 2003) (Denissa, Jayawardhena, & Papamatthaiou, 2010) (Pappas, Iannakos, Pateli, & Chrissikopoulos, 2011). Ramayah et.al. (2006) investigated the Intention to Use an Online Library in Malaysia (Ramayah, 2006) and intention to use stock trading in Malaysia. (Ramayah, Rouibah, Hopi, & Rangel, 2009).

Various theoretical models and constructs were used to analyze the determinants of intention, among them are The Technology Acceptance Model (TAM) was first developed by Davis (Fred D. Davis, 1986). TAM version 2 (Venkatesh & Davis, 2000), Unified Theory of Acceptance, and Use of Technology (Venkatesh, Morris, Davis, & Davis, 2003). Theory of Reasoned Action - TRA (Fishbein & Ajzen, 1975). A decomposed Theory of Reasoned Action (Taylor & Todd, 1995) and Theory of Planned Behavior (TPB) (Icek Ajzen, 1991).

Bratman argues that what one intends is, loosely speaking, a subset of what one chooses. (Bratman, 1984). Specifically, the formalism provides analyses for Bratman’s three characteristic functional roles played by intentions, and shows how agents can avoid intending all the foreseen side-effects of what they actually intend.(Cohen & Levesque, 1990).
Many researchers have proven that intention to use is a close antecedent of willful behavior, and there is high correlation between willful behavior and intention (Ajzen, 1985). Intention to use is the perception of individuals that a particular behavior will be performed (Fishbein & Ajzen, 1975). Based on a database of 62 empirical studies, this study aims to seek an understanding of factors affecting behavioral and/or purchase intention and theories used to predict purchase intention. Various theoretical models have been used in these studies to predict behavioral purchase intention.

**LITERATURE REVIEW**

**Behavioral intention**

Researchers have proved that intention to use is a close antecedent of willful behavior, and there is high correlation between willful behavior and intention (Ajzen, 1985). Although, it is not always the case that there is an association between intention and planned behavior (Taghian & Souza, 2007), most existing theories of adoption use intention as an antecedent of behavior. This is the case of TRA model, TPB (Theory of Planned Behavior, decomposition of TPB, integrated TPB, and TAM. (Ramayah et al., 2009).

Rivis and Sheeran (2003), found that the average correlation between descriptive norms and intentions across all studies was almost identical to that obtained in our analysis of the TPB studies only, and the correlation between descriptive norms and subjective norms was modest (.38) and the proportion of the variance in intentions explained by TPB variables was identical to that reported in Armitage and Conner's (2001) extensive review of the TPB. This suggests that the studies included in this review are representative. In sum, there are good reasons to believe that the findings obtained here are valid. (Rivis & Sheeran, 2003)

Studies about intention were conducted by many researches in various fields of studies using different theoretical models. Leonard et al. (2009) proposed an IT ethical behavioral model that includes attitude, perceived importance, subjective norms, situational factors, and individual characteristics. The proposed model integrates elements from the Theory of Planned Behavior (TPB) and Theory of Reasoned Action (TRA) as well as ethical decision-making models. (Leonard, Cronan, & Kreie, 2004). Ganguly (2009) examined the influence of website characteristics. (Ganguly, 2009). Ada et al. has proved that the TRA is a valid model in the prediction of the intention to choose halal products. (Ada, Tanakinjal, & Amin, 2009). Using Ajzen's TRA and TPB as a backdrop, Prendergast and Tsang (2008) found that attitude toward sample seeking, self-concept congruity, and their interaction positively predicted a consumer's intention to actively seek samples. (Prendergast, Tsang, & Lo, 2008). Pappas et al. found that high levels of the above factors are shown to have highly significant impact on customers' intention to purchase. On the other hand, lower levels of these factors do not have an impact on customer's intention. The paper contributes by highlighting the level where the impact of the factors is getting more significant. (Pappas et al., 2011)

Purchasing via the Internet is one of the most rapidly growing forms of shopping, with sales growth rates that outpace buying through traditional retailing (Levy & Weitz, 2001). Online consumers make frequent use of the Internet to search for product information. (Shim, Eastlick, Dotz, & Warrington, 2001b). Brown et al. found that consumers’ fundamental shopping orientations have no significant impact on their proclivity to purchase online. Factors that are more likely to influence purchase include product type, prior purchase, and, to lesser extent, gender. (Brown, Pope, & Goges, 2003). Online purchase intention is also affected by celebrity endorsement. (Rodriguez, 2003;). Another factor that may influence online purchase intention is site web design which signal the component of trusting beliefs that is most strongly related to online purchase intentions: ability. (Schlosser, White, & Loyd, 2006). Yin et al (2010) found that Chinese consumers’ intent to purchase organic food is strongly affected by factors such as income, degree of trust in organic food, degree of acceptance of organic food price, and consumers’ concern on self-health. (Yin, Wu, Chen, & Chen, 2010). Everard & Galletta (2006) found perceived quality of the online store's Web site would be directly related to users' trust in the store and, ultimately, to users' intentions to purchase from the store, the relationship between the factors and perceived quality was mediated by the perception of the flaws. (Everard & Galletta, 2006).

**Theory of Reasoned Action (TRA)**
Theory of Reasoned Action (TRA) was developed by Fishbein and Ajzen in 1975, and is a widely studied model from social psychology which is concerned with the determinants of consciously intended behaviors (Ajzen & Fishbein, 1975). According to Fishbein and Ajzen a behavioral intention measure will predict the performance of any voluntary act, unless changes prior to performance or unless the intention measure does not correspond to the behavioral criterion in terms of action, target, context, time-frame and or specificity. TRA is to investigate and understand attitude and behavior. According to TRA, a person’s performance of a specified behavior is determined by his or her behavioral intention (BI) to perform the behavior, and BI is jointly determined by the person’s attitude (A) and subjective norm (SN) concerning the behavior in question (Figure 1), with relative weights typically estimated by regression. (Fred D., Davis, Bagozzi, & Warshaw, 1992; Sheppard, Hartwick, & Warshaw, 1988). TRA is not designed specifically for technology adoption (Cha, 2011). TRA has been used to predict intention in many studies.

![Figure 1. Factors Determining a Person’s Behavior](image1)

Source: Ajzen and Fishbein (1980)

![Figure 2. Components of TRA](image2)

Technology Acceptance Model (TAM)

Davis (1986) proposed a model of TAM: The Technology Acceptance Model (TAM) was first developed by Davis to predict adoption of information system in organizational settings. TAM is an adaptation of TRA specifically tailored for modeling user acceptance of information systems. TAM was developed to meet two major objectives, namely to improve our understanding of user acceptance processes, providing new theoretical insights into the successful design and implementation of information systems and to provide the theoretical basis for a practical “user acceptance testing” methodology that would enable system designers and implementers to evaluate proposed new systems prior to their implementation. (Fred D., Davis, 1986).
Figure 3. Technology Acceptance Model

Derived from the theory of reasoned action, the technology acceptance model (TAM) focuses on two specific salient beliefs—ease of use and usefulness. It has been applied in the study of user adoption of different technologies, and has emerged as a reliable and robust model. The model proposed that ease of use (EOU) and perceived usefulness (PU) of the technology plays important roles in the probability of IS adoption. EOU will also influence PU and both will influence attitude toward using the system. Attitude was defined as user’s evaluation of the desirability of using the system, and attitude will predict intention to use where in turn, the intention to use will predict actual use of the system. (Fred D. Davis et al., 1999)

Technology Acceptance Model 2 (TAM 2)

From TAM, numerous developmental theories including TAM version 2 (Venkatesh & Davis, 2000), Unified Theory of Acceptance, and Use of Technology (Venkatesh, Morris, & Davis, 2003), and TAM 3. TAM3 (Venkatesh and Bala, 2008) is an integrated model of technology acceptance that combines TAM2 and the model of the determinants of perceived ease of use (Venkatesh, 2000). Venkatesh and Davis (2000) proposed an extension of TAM—TAM2—by identifying and theorizing about the general determinants of perceived usefulness—that is, subjective norm, image, job relevance, output quality, result demonstrability, and perceived ease of use—and two moderators—that is, experience and voluntariness. TAM3 emphasizes the unique role and processes related to perceived usefulness and perceived ease of use and theorizes that the determinants of perceived usefulness will not influence perceived ease of use and vice versa (Venkatesh and Bala, 2008).

Figure 4. Proposed TAM2 – Extension of the Technology Acceptance Model
Legris et al. conducted a meta analysis on TAM and TAM 2 and concluded that overall the two explain about 40% of system’s use. Analysis of empirical research using TAM shows that results are not totally consistent or clear. This suggests that significant factors are not included in the models. We conclude that TAM is a useful model, but has to be integrated into a broader one which would include variables related to both human and social change processes, and to the adoption of the innovation model. (Legris et al., 2003). Another statistical meta-analysis of the technology acceptance model (TAM) was conducted by King et al. (2006). The results show TAM to be a valid and robust model that has been widely used, but which potentially has wider applicability. A moderator analysis involving user types and usage types was performed to investigate conditions under which TAM may have different effects. The study confirmed the value of using students as surrogates for professionals in some TAM studies, and perhaps more generally. It also revealed the power of meta-analysis as a rigorous alternative to qualitative and narrative literature review methods. (King & He, 2006).

TAM has been used for explaining consumer intention to use on-line shopping. Besides ease of use and usefulness, compatibility, privacy, security, normative beliefs, and self-efficacy are included in an augmented TAM. A test of this model, with data collected from 271 consumers, show support for seven of nine research hypotheses. Specifically, compatibility, usefulness, ease of use, and security were found to be significant predictors of attitude towards on-line shopping, but privacy was not. Further, intention to use on-line shopping was strongly influenced by attitude toward on-line shopping, normative beliefs, and self-efficacy. (Vijayasarathy, 2004)

Technology Acceptance Model 3 (TAM 3)

Technology Acceptance Model (TAM) is one of most widely used models to explain users’ behavioral intention to use a technological innovation. By treating social networking as a technology system and the consumer using the social networking websites as a computer user, we can apply TAM and test how well it predicts user intention to use the technology, i.e., the social networking sites. TAM, adapted from the Theory of Reasoned Action (TRA) (Fishbein and Ajzen,1975) and originally proposed by Davis (1986), assumes that an individual’s information systems acceptance is determined by two major variables: (1) Perceived Usefulness (PU) and (2) Perceived Ease of Use (PEOU). TAM3 (Venkatesh and Bala,200.) is an integrated model of technology acceptance that combines TAM2 (Venkatesh and Davis,2000) and the model of the determinants of perceived ease of use (Venkatesh,2000). Venkatesh and Davis (2000) proposed an extension of TAM – TAM2– by identifying and theorizing about the general determinants of perceived usefulness—that is, subjective norm, image, job relevance, output quality, result demonstrability, and perceived ease of use—and two moderators—that is, experience and voluntariness. TAM3 emphasizes the unique role and processes related to perceived usefulness and perceived ease of use and theorizes that the determinants of perceived usefulness will not influence perceived ease of use and vice versa (Venkatesh and Bala, 200.).

Theory of Planned Behavior (TPB)

An extension of TRA and grounded in psychology, TPB is proposed to predict intention to perform a given behavior over which individuals have incomplete volitional control. Intentions were assumed to capture the motivational factors that influence certain behavior and they also act as indicators on how hard people are willing to try or how much effort people planning to exert in order to perform the behavior (Ajzen, 1991). According to TPB, people’s actions are determined by their intentions, which are influenced by their perceived behavioral control, besides attitude, and subjective norm. Perceived behavioral control refers to the perception of internal and external resource constraints on performing the behavior. (Icek Ajzen, 1991).

In general, Ajzen argued that the stronger the intention to engage in a behavior, the more likely should be its performance. TPB proposed a model:
Figure 5. The Theory of Planned Behavior

TPB has provided us with new perspective in predicting human behavior, where attitude toward behavior, subjective norms and perceived behavioral control were strong predictors to intention. Intention combined with perceived behavioral control is strong predictors of behavior.

This study used meta-analysis: (a) to quantify the relationship between descriptive norms and intentions, and (b) to determine the increment in variance attributable to descriptive norms after variables from the theory of planned behaviour (TPB; Ajzen, 1991) had been controlled. Literature searches revealed twenty-one hypotheses based on a total sample of N = 8097 that could be included in the review. Overall, there was a medium to strong sample-weighted average correlation between descriptive norms and intentions (r = .44). Regression analysis showed that descriptive norms increased the variance explained in intention by 5 percent after attitude, subjective norm, and perceived behavioural control had been taken into account. Moderator analyses indicated that younger samples and health risk behaviours were both associated with stronger correlations between descriptive norms and intentions. Implications of the findings for the conceptualization of social influences in the TPB are discussed. (Rivis & Sheeran, 2003)

Combined TAM – TPB

The objectives of TPB were to explain the variance in intentions and its influence toward behavior while the TAM was more in explaining or predicting technology adoption, Taylor and Todd (1995a) combined the two models in their research on the influence of past experiences to IT usage. (Taylor & Todd, 1995)

Albarracín, Johnson, Fishbein and Muellerleile (2001), investigated the TRA and TPB to predict condom use and found that consistent with TRA (a) condom use was related to intentions, (b) intentions were based on attitude, subjective norms, and (c) attitudes were associated with behavioral beliefs and norms were associated with normative beliefs. Consistent with the TPB behavior’s predictions, perceived behavioral control was related to condom use intentions and condom use, but in contrast to the theory, it did not contribute significantly to condom use. The strength of these associations, however, was influenced by the consideration of past behavior. (Albarracín, Johnson, Fishbein, & Muellerleile, 2001)

The Utaut

The UTAUT model was first proposed by Venkatesh et al in 2003, the objective was to develop a model that could explain the process of technology adoption. Studies on how consumers adopt certain technology were
spurred by the rapid advancement of technology. The basic theory on consumer adoption could be drawn back to 1971 with the introduction of Theory of Reasoned Action (Ajzen and Fishbein). Since then numerous studies were done in the effort of understanding the consumer decision making process in adopting a technology, most stemmed from the studies in psychology. (Venkatesh et al., 2003)

Presently, the use of UTAUT has been widely accepted. UTAUT advances on the basis of integrating the dominant constructs of eight prior prevailing models that range from human behavior, to computer science. These models, most of which have incongruous constructs and mediators, encompass Theory of Reasoned Action (TRA), Technology Acceptance Model (TAM) and TAM2, Motivational model (MM), Theory of Planned behavior (TPB), Model Of PC Utilization (MPCU), Innovation Diffusion Theory (IDT), and Social Cognitive Theory (SCT). (SHI & CHENG, 2008)

METHODOLOGY

The papers and dissertations included in the analysis were identified using “intention” as a keyword. The initial search produced 88 papers. The elimination of irrelevant papers (such as those which did not predict intentions, either behavioral intentions in general or purchase intentions) produced a total of 66 papers. This search was supplemented various websites which host scientific journals. Then 10 were eliminated because they did not specify the purpose of predicting intentions or proposing a new models to predict intentions.

Table 1. shows the distribution of the 62 papers in various journals.

<table>
<thead>
<tr>
<th>No.</th>
<th>Study</th>
<th>Year</th>
<th>Journal</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>William F. Grazer, et.al.</td>
<td>1995</td>
<td>Journal of Applied Business Research</td>
</tr>
<tr>
<td>2</td>
<td>Jong-Kuk Shin, et. al.</td>
<td>2001</td>
<td>The 11th International CSI and the 16th APSSI Joint Meeting</td>
</tr>
<tr>
<td>3</td>
<td>Harrison McKnight, et.al.</td>
<td>2002</td>
<td>Journal of Strategic Information Systems</td>
</tr>
<tr>
<td>4</td>
<td>Mark Brown, et.al.</td>
<td>2003</td>
<td>European Journal of Marketing</td>
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<tr>
<td>5</td>
<td>W. Bock, et.al.</td>
<td>2005</td>
<td>MIS Quarterly</td>
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<tr>
<td>6</td>
<td>Jiang, Pingjun, et.al.</td>
<td>2005</td>
<td>European Journal of Marketing</td>
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<td>7</td>
<td>Ann E. Schlosser, et.al.</td>
<td>2006</td>
<td>Journal of Marketing Information ERARER,</td>
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<td>8</td>
<td>Andrea Everard, et.al.</td>
<td>2006</td>
<td>Journal of Management Information</td>
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<td>9</td>
<td>Ramayah, T.</td>
<td>2006</td>
<td>Information Development</td>
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<td>10</td>
<td>Bichua Wu</td>
<td>2007</td>
<td>Journal of Interactive Advertising</td>
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<tr>
<td>11</td>
<td>Chanaka Jayawardena, et.al.</td>
<td>2007</td>
<td>International Journal of Retail and Distribution Management</td>
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<tr>
<td>12</td>
<td>Ching-Wen Chu, et.al.</td>
<td>2007</td>
<td>Internet Research</td>
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<tr>
<td>13</td>
<td>Joonghwa Lee, et.al.</td>
<td>2007</td>
<td>CYBERPSYCHOLOGY, BEHAVIOR, AND SOCIAL NETWORKING</td>
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<tr>
<td>14</td>
<td>Chen, Ching-Fu, et. al.</td>
<td>2007</td>
<td>Tourism Management</td>
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<tr>
<td>15</td>
<td>Michael Bosnjak, et.al.</td>
<td>2007</td>
<td>Journal of Business Research</td>
</tr>
<tr>
<td>16</td>
<td>Hsiu-Fen Lin</td>
<td>2007</td>
<td>Electronic Commerce Research and Applications</td>
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<tr>
<td>17</td>
<td>Gerard Prendergast et.al.</td>
<td>2007</td>
<td>European Journal of Marketing</td>
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<tr>
<td>18</td>
<td>Karina P. Rodriguez</td>
<td>2009</td>
<td>Phillpine Management Review</td>
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<td>20</td>
<td>Mohsen Manzari</td>
<td>2009</td>
<td>Thesis</td>
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<tr>
<td>21</td>
<td>Ramin Rateenparast, et.al.</td>
<td>2009</td>
<td>The 9th International Conference on Electronic Business</td>
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<tr>
<td>22</td>
<td>Shijiu Yin, et.al.</td>
<td>2009</td>
<td>Journal of the Science of Food and Agriculture</td>
</tr>
<tr>
<td>23</td>
<td>Ramayah, T., et.al.</td>
<td>2009</td>
<td>A Dissertation</td>
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<td>24</td>
<td>Ramayah, T., et.al.</td>
<td>2009</td>
<td>Computers in Human Behavior</td>
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<td>25</td>
<td>Angela Hausman, et.al.</td>
<td>2009</td>
<td>Journal of Business Research</td>
</tr>
<tr>
<td>26</td>
<td>Ji Xiaofen, et.al.</td>
<td>2009</td>
<td>Int. Symposium on Web Information Systems &amp; Applications (WISA’09)</td>
</tr>
</tbody>
</table>
Various approaches and theoretical models are used to predict behavioral and/or purchase intention. The following table lists studies using TAM by itself or with other theoretical models:

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Year</th>
<th>Journal/Conference</th>
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<tbody>
<tr>
<td>Dong-Mo Koo</td>
<td>2009</td>
<td>Computers in Human Behavior</td>
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<td>2</td>
<td>WHEE ER</td>
<td>2009</td>
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<tr>
<td>Chiao-Chen Chang, et.al.</td>
<td>2009</td>
<td>Information &amp; Management</td>
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<tr>
<td>Suddin Nada, et.al.</td>
<td>2009</td>
<td>Int. Journal of Islamic and Middle Eastern Finance and Management</td>
</tr>
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<td>Sudiyanti Sudiyanti</td>
<td>2009</td>
<td>Thesis</td>
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<tr>
<td>Ying-Feng Kuo, et.al.</td>
<td>2009</td>
<td>Computers in Human Behavior</td>
</tr>
<tr>
<td>Carla Ruiz Mafé</td>
<td>2009</td>
<td>Analysis</td>
</tr>
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<td>Charles D'ennisa, et.al.</td>
<td>2010</td>
<td>The International Review of Retail, Distribution and Consumer Research</td>
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<tr>
<td>Purwanegara, et.al.</td>
<td>2010</td>
<td>Journal of Internet Banking and Commerce</td>
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<tr>
<td>Sanjukta Pookulangara, et.al.</td>
<td>2011</td>
<td>Journal of Retailing and Consumer Services</td>
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<tr>
<td>Alex Wang, et.al.</td>
<td>2011</td>
<td>Management Research Review</td>
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<td>Jiyoung Cha, Ching-Fu, et.al.</td>
<td>2011</td>
<td>Journal of Electronic Commerce Research</td>
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<tr>
<td>Krittipat Pitchayadejanant</td>
<td>2011</td>
<td>INTERNATIONAL CONFERENCE ON MANAGEMENT (ICM 2011)</td>
</tr>
<tr>
<td>Hee-Woong Kim, et.al.</td>
<td>2011</td>
<td>Information &amp; Management</td>
</tr>
<tr>
<td>Norazah Mohd Suki</td>
<td>2011</td>
<td>Middle-East Journal of Scientific Research</td>
</tr>
<tr>
<td>Yuan-Hui Tsai, et.al.</td>
<td>2011</td>
<td>E-Business and E-government</td>
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<tr>
<td>Soyeon Shim, et.al.</td>
<td>2011</td>
<td>Journal of Retailing</td>
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<td>lias Pappas, et.al.</td>
<td>2011</td>
<td>IAIS</td>
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<td>Yuanfeng Cai, et.al.</td>
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<td>Australasian Marketing Journal</td>
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<td>Petya Eckler, et.al.</td>
<td>2011</td>
<td>Journal of Interactive Advertising</td>
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<td>Hwang, Johye, et.al.</td>
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<td>International Journal of Hospitality Management</td>
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<td>Sona Mardikyan, et.al.</td>
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<td>Syed H. Akhter</td>
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<tr>
<td>Hong, Taeho, et.al.</td>
<td>Expert Systems with Applications</td>
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</table>

**DISCUSSION**

Various approaches and theoretical models are used to predict behavioral and/or purchase intention. The following table lists studies using TAM by itself or with other theoretical models:
Table 2. Various approaches and theoretical models

<table>
<thead>
<tr>
<th>No.</th>
<th>Study</th>
<th>Year</th>
<th>Theory</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sona Mardikyan, et al.</td>
<td>2012</td>
<td>TAM (Davis, 1986)</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>UTAUT (Venkatesh et al., 2003)</td>
</tr>
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<td>2</td>
<td>Ramin Vatanparast, et al.</td>
<td>2009</td>
<td>An extension model of Technology Acceptance Model (TAM)</td>
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<tr>
<td>3</td>
<td>Sanjukta Pookulangara, et al.</td>
<td>2011</td>
<td>TAM 3 (Technology Acceptance Model)</td>
</tr>
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<td>4</td>
<td>Angela Hausman, et al.</td>
<td>2009</td>
<td>gratifications theory, TAM (Davis, 1986), the concept of flow</td>
</tr>
<tr>
<td>5</td>
<td>Jiyoungh Cha</td>
<td>2011</td>
<td>TRA (Ajzen and Fishbein 19:0)</td>
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<td>6</td>
<td>Ching-Wen Chu, et al.</td>
<td>2007</td>
<td>TAM (Davis, 1986)</td>
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<td></td>
<td>Yuan-Hui Tsai, et al.</td>
<td>2011</td>
<td>TAM (Davis, 1986)</td>
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<tr>
<td>8</td>
<td>Hsiu-Fen Lin</td>
<td>2007</td>
<td>TRA (Ajzen and Fishbein 19:0)</td>
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<td></td>
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<td>TPB (Ajzen, 1991), and Decomposed TPB</td>
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<td>9</td>
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<td>Decomposed TRA</td>
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<tr>
<td>10</td>
<td>Leo R. Vijayasarathy</td>
<td></td>
<td>TAM (Davis, 1986)</td>
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</tbody>
</table>

The following studies used TRA, Decomposed TRA with or without employing other theoretical models:

Table 3. Decomposed TRA with or without employing other theoretical models

<table>
<thead>
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<td>2010</td>
<td>TRA (Ajzen and Fishbein 19:0)</td>
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<td>2003</td>
<td>TRA (Ajzen and Fishbein, 19:0)</td>
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<td>W. Bock, et al.</td>
<td>2005</td>
<td>TRA (Ajzen and Fishbein 19:0)</td>
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<tr>
<td>4</td>
<td>endis Tunjungsubsri, et al.</td>
<td>2010</td>
<td>TRA (Ajzen and Fishbein 19:0)</td>
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<td>TRA (Ajzen and Fishbein 19:0)</td>
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<td>Jiyoungh Cha</td>
<td>2011</td>
<td>TRA (Ajzen and Fishbein 19:0)</td>
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<td>2009</td>
<td>TRA (Ajzen and Fishbein 19:0)</td>
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<td>11</td>
<td>Sudiyanti Sudiyanti</td>
<td>2009</td>
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<td></td>
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<td>TPB (Ajzen, 1991)</td>
</tr>
</tbody>
</table>
The following studies used TPB, Decomposed TPB with or without employing other theoretical models:

Table 4. Decomposed TPB with or without employing other theoretical models

<table>
<thead>
<tr>
<th>No.</th>
<th>Study</th>
<th>Year</th>
<th>Theory</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Hsiu-Fen Chen</td>
<td>2007</td>
<td>TAM (Davis, 1986)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>TPB (Ajzen, 1991), Decomposed TPB</td>
</tr>
<tr>
<td>5</td>
<td>Chiao-Chen Chang, et. al.</td>
<td>2009</td>
<td>TRA (Ajzen and Fishbein, 19:0)</td>
</tr>
<tr>
<td>6</td>
<td>Sudiyanti Sudiyanti</td>
<td>2009</td>
<td>TRA (Ajzen and Fishbein, 19:0)</td>
</tr>
</tbody>
</table>

Table 5. Studies used UTAUT, with or without employing other theoretical models:

<table>
<thead>
<tr>
<th>No.</th>
<th>Study</th>
<th>Year</th>
<th>Theory</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sona Mardikyan, et. al.</td>
<td>2012</td>
<td>TAM (Davis, 1986)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>UTAUT (Venkatesh et. al., 2003)</td>
</tr>
<tr>
<td>2</td>
<td>Hsi-Peng, et. al.</td>
<td>2010</td>
<td>UTAUT (Venkatesh et. al., 2003)</td>
</tr>
<tr>
<td>3</td>
<td>Héctor San Martín et. al.</td>
<td>2012</td>
<td>UTAUT (Venkatesh et. al., 2003)</td>
</tr>
<tr>
<td>4</td>
<td>Krittipat Pitchayadejanant</td>
<td>2011</td>
<td>UTAUT (Venkatesh et. al., 2003)</td>
</tr>
<tr>
<td>5</td>
<td>Yuan-Hui Tsai, et. al.</td>
<td>2011</td>
<td>TAM (Davis, 19:6)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>UTAUT (Venkatesh et. al., 2003)</td>
</tr>
<tr>
<td>6</td>
<td>lias Pappas, et. al.</td>
<td>2011</td>
<td>UTAUT (Venkatesh et al, 2003), Social Cognitive</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Theory (SCT) (Bandura, 19:6)</td>
</tr>
</tbody>
</table>

The following table lists factors found to be affecting behavioral intentions, starting from the most number of occurrences:

Table 6. Lists factors found to be affecting behavioral intentions

<table>
<thead>
<tr>
<th>Factors Influencing Intention</th>
<th>Occurrences</th>
</tr>
</thead>
<tbody>
<tr>
<td>attitude</td>
<td>9</td>
</tr>
<tr>
<td>perceived value</td>
<td>6</td>
</tr>
<tr>
<td>subjective norms</td>
<td>6</td>
</tr>
<tr>
<td>prior experience</td>
<td>4</td>
</tr>
<tr>
<td>trust</td>
<td>4</td>
</tr>
<tr>
<td>convenience</td>
<td>3</td>
</tr>
<tr>
<td>effort expectancy</td>
<td>3</td>
</tr>
<tr>
<td>perceived usefulness</td>
<td>3</td>
</tr>
<tr>
<td>Performance Expectancy (PR)</td>
<td>3</td>
</tr>
<tr>
<td>celebrity</td>
<td>2</td>
</tr>
<tr>
<td>perceived behavioral control</td>
<td>2</td>
</tr>
<tr>
<td>perceived ease of use</td>
<td>2</td>
</tr>
<tr>
<td>price</td>
<td>2</td>
</tr>
<tr>
<td>security</td>
<td>2</td>
</tr>
<tr>
<td>service quality</td>
<td>2</td>
</tr>
</tbody>
</table>

Other factor affecting behavioral intentions are: acceptance, beyond customer perception, attitude toward brand, brand orientation, psychological factors, cognitive factors, cognitive involvement, compatibility, decompose TPB, ease of use, Effort Expectancy (EE), efforts, emotional tone, enjoyment Extroverts, gender, health concern, high involvement, high levels of Self-Efficacy (SEF), impulse purchase intention, innovativeness, interface characteristics, leader’s comment, perceived benefits, perceived difficulty, perceived enjoyment, perceived playfulness, perceived quality, perceived safety perceived support, perceived vendor’s reputation, perceived web site quality, perception, prior experience, professional influence, quality orientation, risk, self-congruity, social influences, social norms, source credibility, substitutability, system quality, transaction cost saving, usefulness, value, word-of-mouth, age.

CONCLUSION

The studies examined were conducted in a wide range of fields, on different subjects and using various approaches and theoretical. It is found that there a number of factors, determinants or antecedents toward behavioral intention. Six most frequent factors are attitude (9 occurrences), perceived values (6 occurrences), subjective norms (6 occurrences), prior experience (4 occurrences), trust (4 occurrences) and convenience (3 occurrences).

The results show that these factors are more often measured and found correlated significantly to behavioral intentions. A great variety of other factors are also found predicting behavioral intentions in different contexts of studies.

IMPLICATIONS

The immediate implications are for researchers who wish to examine behavioral intentions. They will be able to consider what factors to examine and what theoretical models to use for their research.

LIMITATIONS

This study bears a number of limitations. Number of papers examined is one of them. It would be more accurate to increase the number of paper examined. The other limitation is the ability to draw a statistical conclusion as to what factors are most influencing from the papers examined. This is due to a great variety of research topics, methods and theoretical models used.

REFERENCES


ABSTRACT
Since the late twentieth century, tourism has been a rapid growing industry. More people take a piece of their time for at least once a year leaving the fatigue of work just for leisure, the situation also supported where people have continued to value the importance of holiday and travelling as a part of their life, and it is still continuously growing as well. Tourism is now considered to be the world’s largest industry with annual revenue of more than US: 500 billion. Tourism industry is growing faster with the rising of airline arrivals from 9 million in 1945 to 344 million in 1994, thus 1.6 billion in 1999. It is expected to double again by 2010, as the airline technology is constantly developed and the “No Frills” (budget) airline is also steadily expanding. Accurate and up-to-date measurement of the economy is crucial in providing an objective government policies, country regulations, employment laws, and tax rules. However, to measure the relative contributions from different kind of factors for the economic grow and to measure the income by which is the most suitable technology and appropriate for various industries especially the tourism industry is by using the simplest estimate of the impact of changes in the economy and compute the contribution of high-tech goods and services to real GDP growth with the inflation as measured by the increasing importance of consumer demand in most countries. Although there are notable exceptions, consumer spending was an important boost for estimating the economy especially in East Asia and Southeast Asia, in particular PRC, Indonesia, Malaysia, Philippines, and Thailand. To sum up, the increasing importance of consumer demand in GDP growth has been supported in most countries by expansionary fiscal policies, and a low interest rate environment associated with accommodative monetary policies. An expanding urban middle class and the relatively young age structure of populations are fundamentally changing consumption behaviour throughout Asia and Europe. Overall, confidence is high in the economic outlook for both regions. In addition, intraregional trade and strong consumer demand will continue to define the outlook in 2004-2005 which show that the economic fundamentals of both regions are strong. Another important point is that the brighter economic outlook for 2004-2005 will present a timely opportunity to strengthen policies aimed at resolving macroeconomic imbalances, addressing the fragility of banking and financial systems, and implementing structural policy reforms to progressively improve the investment climate.

Keywords: Asia, Economy, Tourism, Travel, Airline

INTRODUCTION

Background

Travelling is one of the greatest values in tourism and always happen to be one of the main parts of tourism because the experience of travelling itself is varied depends on the purpose and activity that the traveller intend to achieved. It is supported by Jennings, G. (2001) which mentioned that “Tourism comprises the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purpose not related to the exercise of an activity remunerated from within the place visited”. Tourism Industry is one of the sectors that always turn out to be the major source in increasing the economic movement throughout the world for many years. Yet, tourism has the dominant economic activity in various countries which created employment either in large size or small size society. Nevertheless, the impact of tourism to the economy is not generally comprehended even when tourism is growing rapidly and should be one of the greatest interest or concern. However, different groups are often concerned about different tourism impacts.
To generalise, where one group embraces the economic impacts of tourism, other groups experience social and cultural impacts, while yet another is affected by tourism’s environmental impacts. In theory, the interests of each group could be completely separate. Furthermore, most people would think of tourism in terms of economic impacts (social, environmental, employment, income and taxes). Therefore, the range of impacts from tourism is broad and often influences areas beyond those commonly associated with tourism. Moreover, government, as well as society, who understand the potential impacts of tourism, should integrate this industry into their community in a positive way, so that local people can benefit in terms of more employment as career opportunities.

**Aim**

With this essay, the authors would like to contribute to our knowledge by performing the evaluation and analysis of tourism and the economy in Asia compared with Europe. First of all the authors will begin with an introduction which gives the reader our short point of view of recent tourism and economic issues. Furthermore, the evaluation of tourism growth in the Asian and European countries will be undertake by looking at the latest statistic and review it from the economic point of view which will be in relation to the national income, supply, demand, wages, salaries, living costs and the benefits for the people and the economy itself. To sum up, the results from each thesis will be drawn together along with a few solutions which hopefully broaden the reader point of view of tourism and the economy will be presented as conclusion. Yet, this essay could provide sufficient information for further analysis and discussions.

**Thesis Statement**

The above aim will be achieved by developing the following objectives:

1. To discuss the data of the tourism growth in Asian and the European continents, with this information the authors would like to find out which is the most popular tourist destination between Asia and Europe. In addition, the reason(s) why they grow faster than other destinations will be indicated as well.
2. To evaluate the economic impacts between Asia and the European continents towards the Tourism Industry. In this point, the events that happened recently which affects the growth of the tourism economy between these two continents will be discussed and analysed.
3. As the result of the first and second objective, the authors would like to outline the alteration in national income, supply and demand of the Tourism Industry between Asia and European continents in 2004, as an indicator for 2006 and beyond.
4. In relation with the third thesis, the economic impact of Tourism in connection with the living standards which includes wages, salaries, benefits and living costs will be discussed and analysed as well.
5. Finally, we would like to give arguments about the effect of globalisation towards the economic growth of the Tourism Industry in the Asian and European continents.

**Methodology Research**

The research will be undertaken using several methodology instruments, which are:

1. Literature Review
   This methodology will be performed by collecting data from journals, books and the internet.
2. Interview
   This methodology will be performed by meeting with one expert who is from a European background and one expert who is from an Asian background. The interview has been undertaken on 16th August 2005 at the M: S International College building 9 Verulam Place classroom v1.
LITERATURE REVIEW
Tourism Growth

Since the late twentieth century, tourism has been a rapid growing industry because more people take a piece of their time for at least once a year leaving the fatigue of work just for leisure, the situation also supported where people have continued to value the importance of holiday and travelling as a part of their life, and it is still continuously growing as well. Tourism is now considered to be the world's largest industry with annual revenue of more than US$500 billion. Tourism industry is growing faster with the rising of airline arrivals from 9 million in 1945 to □ million in 1972, and 344 million in 1994, thus 1.6 billion in 1999 (www.hospitalitynet.org/file/152001182). Moreover, it is expected to double again by 2010, as the airline technology is constantly developed and the "No Frills" (budget) airline is also steadily expanding.

Figure 1: Growth in International Tourist Arrivals by Region, 2003 and 2004

<table>
<thead>
<tr>
<th>Region</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>10.0</td>
<td>29.0</td>
</tr>
<tr>
<td>Europe</td>
<td>0.4</td>
<td>-9.0</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>-3.1</td>
<td>3.4</td>
</tr>
<tr>
<td>Americas</td>
<td>10.0</td>
<td>20.0</td>
</tr>
<tr>
<td>Middle East</td>
<td>3.1</td>
<td>7.0</td>
</tr>
<tr>
<td>Africa</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


The figure above shows that there was a remarkable increase of tourist arrivals all over region in 2004, despite of the global economic fall down all the way across Southeast Asia in particular, along with the SARS and bird flu epidemic in most of the Asia Pacific countries together with the massive bombs and terrorists attack which mainly occur in parts of Indonesia and due to the large amount of political disorder emerge in parts of the Middle East countries.

Furthermore, in correlation with the first thesis, by observing from the figure that the number of tourist arrivals in Asia Pacific has grown rapidly compares to Europe. The Europe barely increases 3.6% accounted from 0.4% in the previous year into 4.0% in the following year. In the other hand, the Asia proves 20% increase which accounted from -9.0% in 2003 and soar into 29.0% in 2004. The authors assume that this growth distinguished from the increase of tourist’s interest in visiting the amazing oriental culture and the historical site of natural scene in most of Asian countries. However, from the economic point of view, the authors notice that Asia has a remarkable increase because they were able to maintain their currencies at the lower exchange rate and their travelling expenses are mostly inexpensive compared with the European travelling expenses, which include airfare tickets and hotel rates, and mainly the high exchange rates. Although economic growth in the Asia and the Pacific is projected to settle to more sustainable rates in 2004-2005, intraregional trade will remain a major driver of growth in developing Asia over the next 2 years. Progressively, the whole of the region will benefit from the dynamism in intraregional trade.
Economic Growth

Tourism as a global industry with its current growth at this point is unrivalled. Trade in services and hospitality are the largest and fastest growing sectors in the global economy and those sectors are the crucial part of tourism. According to the World Tourism Organisation (www.world-tourism.org), since the early 90’s, there has been a steadily increase of GDP from 7.3% to 15% per annum. Assuming from the statement above that the increase arises from the condition which most of the people have become economically mature enough to afford the expenses in travelling to destinations around the world. In addition, the condition is also supported by the massive innovation in transportation (especially airlines) technologies.

Moreover, in 2004, the international tourism as a whole (domestic and international), currently generates approximately $622 billion and the fact shows that the European tourism industry is the major contributor at the moment which accounted 52% from the total tourism receipts. For the moment, the Asia Pacific merely contributes 20% of the total tourism receipts. However, the authors observe that there has been a rapid increase since the last 4 years if we compared with the WTO reports in the year 2000, there are 69.1 million of international tourists accounted which generates $476 million per annum to GDP. Meanwhile, in relation with the above fact, the authors notice that the amount of domestic tourists in each country is even higher and this group is one of the main activators for the national economy. For example in Indonesia, there are 134 million domestic tourists in year 2003 which generates 7.7 trillion Rupiah as expenditure for the year. Furthermore, among the top largest economy, People’s Republic of China (PRC) is currently generates US$25.7 billion in 2004 and happen to be the Asia strongest GDP recipient, further down there was India, then followed by Thailand, and also Vietnam which turn out in particularly strong performance region. The average inflation in Asia Pacific is remaining low accounted at 2.3%, compared with 1.5% in 2002. Yet, the cumulative current account of the region posted a sizable surplus of 4.2% of GDP. Finally, foreign exchange reserves of developing Asia rose to $1.3 trillion at the end of 2003. (http://kolom.pacific.net.id/ind/setyanto_p._santosa/artikel_setyanto_p._santosa/pengembangan_pariwisata_indonesia.html).

The authors observe that the economy of developing Asia and the Pacific generally showed significant increase in 2003. Despite the political instability in most of the middle east region mainly with the conflict in Iraq, along with the soar of oil prices and the outbreak of the Severe Acute Respiratory Syndrome (SARS) epidemic, and a slow recovery in major industrial countries during the first half of the year, gross domestic product (GDP) growth for the Asia Pacific has reached 6.3% in 2003 (Tourism Highlight 2003, www.world-tourism.org), making the Asia Pacific the most tough region worldwide. However, the authors believe that the third world countries are optimistic to develop their tourist sector under a condition of fulfilling the need for high foreign currency turnover. The reality is rather different. The holiday mostly run by a foreign tour company, foreigners build, own and manage the tourist destinations, food and capital equipment is mainly imported. In fact they were paying the local people marginally higher than the local wage just to ensuring the destruction of the local industry. This wages is not equal for the local people as they did not realize the cost for the destruction of their own environment and culture.

The statistic from International Labour Organization show that in 1995, 11% of the global workforce, equally more than 200 million people, were directly or indirectly employed in tourism industry and it has predictable risen up to 340 million by 2005 (Jennings, R. 2001). Domestic demand has been picking up in some of the East Asian and Southeast Asian economies where it was weak in 2003, notably Hong Kong, China; Korea; Singapore and China Taipei. In addition, the strengthening of the recovery in major industrial countries is already showing up in the external sector performance of many regional economies. The stronger outlook in industrial countries for 2004-2005 will provide a cushion against some possible slowing of the surging export growth to the PRC. It will also mitigate the impact of fiscal consolidation measures that need to be taken in some of developing Asia’s economies. Although demand recovered very well during 2004, receipts grew at a
marginally slower speed than supply. In particular country within Europe and the Asia Pacific, receipts growth delay fairly behind the increase in arrivals. This reflects the relatively general trend towards a higher frequency of trips, but shorter stays. It is a long-term process, driven by pressure on time and enabled by the development of a well-ramified and varied transport infrastructure with several good-price transport selections. In the past few years, the boom of “No Frills” low-cost (budget) airlines have been influential and have a big contribution in this process, by opening up new routes and offering not only lower prices, but also offer much more less restrictions with value to longer stays or a simple weekend stay over. Moreover, average receipts per journey may also have been strongly pushed down by the fact that domestic and regional tourism, with generally lower spending level has recovered even faster than the long-haul journey, along with some price cutting strategies to stimulate recovery.

Globalisation
The authors believe that globalisation and tourism have become a lethal combination for the society. The reason is that tourism brought severe impact for their way of life and on the control and access to their main resources and environment has become more attached with the globalisation of the world economy. But what does globalisation and tourism mean for the society? It is already established from the fact that tourism had brought destructive and long-term damaging effects socially and environmentally for the society even long before the society reach to globalisation, along with the present economic condition which make further damage and accelerate these impacts. For example is the air transport, as one of the instrument of the globalisation, has been growing at a rate of about 10% per annum. Emissions from aircraft account for about 3% of global emissions, but because these emissions take place at high altitudes their significance and impact on climate change is considerably higher than the figure would suggest (aircraft have more than half of the global warming potential rather than the road traffic). Aircraft emissions are currently exempt from the Kyoto protocol under the climate convention. The aviation industry enjoys many tax concessions, including duty free fuel. Within the EU alone, the externalised costs are estimated at 4.6% of EU GDP, 16.4 billion euros/year (Tourism Highlight 2003, www.world-tourism.org).

European is also taken their disgrace on the local society. These include the production, distribution and use of prohibited drugs such as marijuana. Furthermore, the term “taboos” have been continuously broken by the foreign tourists. As for example, they mostly do sun-bathing or swimming in nudity at the beaches and natural scenes around the tourism destination, which bring an embarrassment in front of the local society. Local societies are paying a high price for bringing the foreign into the local tourism. However, within their desire to earn a chunk of cash from the billion-dollar profits industry. The governments, especially in the third world country which mostly emerge in the Asia Pacific, have ignored the interests of the local society. Therefore, the effects have been overwhelming. Local society has been expelled from their traditional lands, their control and access to their natural resources is limited. They have suffered social poverty brought by foreign influences and the commercialisation of their culture. Even their prosperous natural resources also suffered from the pollution and the environmental damage as it unable to support the growing number of tourist arrivals which is caused by the globalisation.

CONCLUSION and RECOMMENDATION

Conclusion
Accurate and up-to-date measurement of the economy is crucial in providing an objective government policies, country regulations, employment laws, and tax rules. However, to measure the relative contributions from different kind of factors for the economic grow and to measure the income by which is the most suitable technology and appropriate for various industries especially the tourism industry is by using the simplest estimate of the impact of changes in the economy and compute the contribution of high-tech goods and services to real GDP growth with the inflation as measured by the increasing importance of consumer demand in most countries. Although there are notable exceptions, consumer spending was an
An important boost for estimating the economy especially in East Asia and Southeast Asia, in particular PRC, Indonesia, Malaysia, Philippines, and Thailand.

To sum up, the increasing importance of consumer demand in GDP growth has been supported in most countries by expansionary fiscal policies, and a low interest rate environment associated with accommodative monetary policies. An expanding urban middle class and the relatively young age structure of populations are fundamentally changing consumption behavior throughout Asia and Europe. Overall, confidence is high in the economic outlook for both regions. In addition, intraregional trade and strong consumer demand will continue to define the outlook in 2004-2005 which show that the economic fundamentals of both regions are strong. Another important point is that the brighter economic outlook for 2004-2005 will present a timely opportunity to strengthen policies aimed at resolving macroeconomic imbalances, addressing the fragility of banking and financial systems, and implementing structural policy reforms to progressively improve the investment climate.

**Recommendation**  
Hopefully this essay broadens the reader point of view of tourism and the economy. Yet, this essay could provide sufficient information for further analysis and discussions.

**REFERENCES**

**Journals**

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Hotel and Hospitality Community, [www.hospitalitynet.org](http://www.hospitalitynet.org)  
Indonesian Intelligence Column, [http://kolom.pacific.net.id](http://kolom.pacific.net.id)

**Search Engine**
[www.google.co.uk](http://www.google.co.uk)

**Interview**
Mr. Jordan, Thomas. Director of Business at M.S International College  
APPENDIX

Interview Session

1. In current situation, what do you think about the growth of tourism industry between Asia and European?
   I think for European people to travel on holiday to Asia are very expensive, but they want to go to Asia for luxury holidays. For example, I went to Langkawi for holiday, the accommodation is 5 star class, wonderful setting, very romantic and relaxing, just totally brain new and completely culture change. Langkawi is still being developed, so the tourism is bringing money into the area. As the result of that, travelling on holiday to Asia is being expensive. It might be cheaper, but it is a long distance from Europe to Asia. It is probably for the retired people, who got time to go to Asia, because it might be difficult for the people who are still working only can take 2 or 3 weeks holiday to travel to Asia. If they want to go to Asia, they need 4 or 5 weeks holiday to make a worth mile, so that would be a problem. However for Asian people, they prefer to take a package tour to travel to Europe, because it is affordable. The interesting thing is that European people like staying in one place for a long-time holiday, but Asian people like travelling to different countries for a short-time package tour.

2. What’s your opinion about the perspective of the tourism economic in Asia and Europe?
   The economic of tourism is growing in Asia, because there are lots of values, and destinations are not being developed yet. So the tourism industry is growing and there are lots of rooms for the growth. Compare with Europe, the tourism destinations are already being developed and perhaps there is a same growth in Europe. But there are lots of opportunities for the tourism growth in Asia. However, it causes the problem is the price of fuel is going up, the cost of flight is going up, that could be a down turn on European people go to Asia. So the economy is growing, but it still has lots of expansion.

3. In relation with the growth of tourism, do you think there are some benefits from tourism?
   Because of the growth of tourism industry, we are now eating global food. When we travel to different countries, we want to see the culture and taste the local food. For the European people, they tend to stay in one place rather than travel around different countries. But now they’d like to travel around Asia, because they want to experience the different culture. However, they tend to go to beach location rather than city centre location, because they just want to relax. So the beach and relaxation always come first.

4. Because of the increase of the tourism and the increase of economic, will they bring the higher living standard?
   The tourism industry has got much more competitive. It needs to invest much more in the tourism attraction. Perhaps, It will have an impact in social standing, because the money comes in, we use the money for economic. So long as the government uses the money to raise the living standard. Some of the countries in Asia, the government takes the money to lay the packets of the top people, but the normal people didn’t get money. Therefore, the rich people even richer and the poor people even poorer. We hope the tourism industry improves, so the standard of living will improve, then people are benefiting.

5. Because of globalisation, do you think the growth of tourism industry in Asia and Europe is increase or decrease?
   Because a part of globalisation is the internet, we can get the information though it. And the Asian websites of tourism are multilingual they turn the market all over the internet. Compare with European website, Asians’ are much better and easier to get the information about their countries. Besides, the planes are getting faster and bigger, and the flight tickets are getting cheaper now. Therefore, that makes people want to travel to Asia. As the result of that, the growth of tourism industry in Asia is increase. However, for the product life cycle in Europe, most destinations are matured now, they are still getting good sales, not going to go decline. But they are searching new areas now.
AN ANALYSIS ON THE INFLUENCE OF COMPENSATION AND EMPLOYEES TRAINING SERVICE PERFORMANCE VIS-A-VIE THE EMPLOYEES IN GRAND HOTEL PREANGER BANDUNG

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ABSTRACT

The Research was conducted to determine the influence of compensation and training employee against employee performance of the grand hotels preanger, where in the grand hotels preanger often occurs employees rotation so that employees training are needed more vigorous and granting adequate compensation to any employees in order to motivate employees increasing their performance and service. The design research used is associative technique of multiple regression analysis and data collection via an interview and a questionnaire. Research results shows that compensation and employees' training has an impact on the performance service employee in grand hotel preanger of 0,424 (r² = 42.4% ). While the relation between compensation and training employee with service performance employees is strong and inline with the relations of 0.651 (rₓ₁x₂ᵧ = 0.651 ). However, this can be misinterpreted that compensation and employees' training play important roles in granting service performance or in other words when compensation and employees' training goes up and service performance employees will definitely increase.

Key words: compensation, employee training, service performance

INTRODUCTION

Human Resources Development is a very valuable asset for the company, although there are still many other supporting factors. Therefore, the company should pay attention to training as well as the compensation granted in order to provide qualified employees as well as having the skills and expertise to complete his work. According to Noe & Hollenbeck & Rehart & Wright (2010) training is planned to ease the effort of learning employees about the knowledge, skills, and behaviors that are critical to providing good service performance whereas compensation is a powerful tool for advancing the strategic goals of the company for compensation have a huge impact on the attitudes and behaviors that influence the granting of performance of service.

The Rand Hotels Preanger also can not be separated from the conditions above especially in the field of training and compensation especially by the number of employees who encomprising 226 employees. With frequent occurrence of rotation of employees can make employee so less accurate due to the number of work and various task to be done. In addition, Rand Hotel Preanger have given good compensation but if it’s improved then it will be better because it could motivate employees to give a better service performance and that will create loyal employee. Based on the description above and this research is called “An analysis: the Influence of compensation and employees training service performance vis-a-vie the employees in Rand Hotel Preanger Bandung”.

Problem Identification

From the Background it is presented above, Compensation is an important factor that will motivate employees to produce the good service performance in th company. In addition, the appropriate training
which suits to employee placement are also very helpful for the employees to carry out their daily activities. Based on the background of the problem, then the problem formulation are arranged as follows:

1) whether there is a relationship between compensation performance of service employees at Grand Preanger Hotel?
2) is there a relationship between the training of employees with the performance of Ministry employees at Grand Preanger Hotel?
3) whether there is a relationship between compensation and training employees on performance of service employees at Grand Preanger Hotel as well as how the influence of compensation and training employees on performance of service employees at Grand Preanger Hotel?

STUDY LITERATURE

Human Resource Management.

Prior discussing about the understanding of human resource management (HRM), we needs to understand about the management itself. The word Management was adopted from the word management. As for the origin of the word management is a development of the original Latin word manus meaning hand and then having a development management, which means the art of implementing and organizing. Human resources management is the HRM worked in a company primarily for creating the utilization of HUMAN RESOURCES productively as businesses achieve goals organization/company can achieved well (Noe et al., 2010).

Compensation:
Compensation is all forms of payment or gifts received by every employee as a replacement for the services they have provided for the purpose and the progress of the company (Dessler, 2007). From the statement it is understand that there are two parties that assume has the obligations but different responsibilities, that could influence each other and which is mutually determine. Compensation consists of a variety of types corresponding to the respective uses. According to the Mondy (2000) compensation consists of several components, including:

(1) Direct Financial Compensation
Direct financial Compensation is paid in the form of a person receives wages, salaries, commissions, and bonuses.

(2) Indirect Financial Compensation (Benefits)
Indirect Financial financial Compensation - the whole financial reward is not included in the direct financial compensation. These allowances are divided into three parts namely mandatory allowances, alimony is not mandatory and program benefit.

(3) Nonfinancial Compensation Compensation include the satisfaction received someone from the work itself or from the psychological as well as physical environment where the person works.

In compensation, equity theory must be created because it is important for humans. Organizations/companies should pay attention to the justice given to its employees because the compensation is an important factor to motivate employees to continuously learn and improve themselves in order to provide good service performance. A theory of Justice (equity theory) is a theory of motivation which people assess their performance and attitude by comparing their contributions on the job and the profit they earn from there with the contribution and benefit from other people's worth of their choosing and in fact can resemble or it could not resemble them (Mondy, 2000).

Employee Training
Employee Training is a process to improve employees knowledge and skills in the implementation of its work so that it can be done more effectively and efficiently (Noe et al., 2010). Therefore, the required steps in the training process itself is shown in Figure 1 below:
In the process of training the employees there are several methods used to the company. According to Gary Dessler (2006), there are a variety of methods including:

1. **On-the-job-training (OJT).** On-the-job training means to train someone to learn the job while or by directly working on it.
2. **Internship.** Intern means a structured process where workers are trained to be skilled through a combination of class lessons and training directly at the job.
3. **Job Instruction Training (JIT).** Job instruction training means to register the order of assignment every job by giving training measures gradually to employees.
4. **Hard-wired Instruction.** The lesson is hard-wired to teach systematic methods of job skills by giving the question or the fact that allows that person to give a response and give the people who learn that the reciprocal of accurate answers.
5. **Training with simulation.** Simulation training means to train employees with actual equipment or simulation specifically to be used in the work, but in fact they are trained outside of work.

**Service performance of employees**

Performance of a word that is cut down from Kinetic work energy commonly called performance in the English language. Where the word performance of itself is defined as a product produced or produced by or functions of leading indicators a work or a profession in the last time (wirawan 2009). Employees service performance is not only from the level of customer satisfaction, but also can be measured from service performance of employees. (eihmalh et al., 1996) say that in evaluate performance of service services, there are five dimensions the quality of services and used in developing the method of measurement of the quality of services called servqual method or dimensions servqual. The dimension consists of:

1. **Tangible (intangible)** which covers the physical appearance of the facilities, equipment, personnel and communication tools.
2. **Reliability (reliability),** i.e. the ability to implement services that have consistently promised and reliable (accurate).
3. **The Responsiveness (quick response)** which is a willingness to help customers (consumers) and provide services:service that is fast and precise.
4. **Assurance (certainty)** that includes knowledge and unparalleled levels of employees and their ability to cause trust and confidence, modesty and trustworthy properties owned by the staff, free from danger, risk or doubt.
5. **To empathize (empathy)** which includes understanding caring gift to customers on an individual basis, ease in doing good communication, and understanding the customer’s needs.

According to Fahmi (2010) in the framework of observing, the evaluator collects the valuable performance data and accurate documentation based on conducting assessments which methods include:

(a) The methods of Objective (Objective Methods). Method objective is concerned with the extent to which a person can work and show evidence of its ability to work according to ability he has.
(b) The method of Consideration (Judgmental Methods). The method is a method of valuation based on consideration of the value of the ranking which is owned by an employee, if the employee has a high rank value then it means that employees have a good quality of service performance, and vice versa.

Previous Research Studies.
(a) Alfianto, Eko Agus (2004). The results of this research proves that the compensation effect on performance because the greater the employee compensation an employee receives, it will motivate employees to work better and increase their performance. In addition, the study also proved that employee training to employee performance due to the existence of training of employees will increase the ability of employees who have an impact on increasing the performance of employees.
(b) Gobel, Husein (2005). The result of this research proves that simultaneously motivation give a significant impact on the performance of employees. Motivation is composed of the physical, the need for safety, the social, and self actualization. Where the need for physical, safety, and social are necessary to be obtained by giving the compensation to the employees. While self actualization is building skills and ability, which you can get through employee training.

RESEARCH METHODOLOGY
The research design used in this study is a research method using associative. Research associate is aimed at research to know the relationship between the two or more variables, which serve to explain, predict and control the symptoms/phenomenon. The Unit was researched analysis of Grand Preanger Hotel employees with information that is collected one time at any given time is referred to as cross cross-sectional. Where the data will be collected through field research and library research. As well as sampling techniques on this research will use probability sampling with formula Taro Yamane. And analysis techniques used is test validity, reliability, normality, heteroscedastisity, correlation, and regression.

Operationalization of Variable.
Operationalization of variable used in this research is the independent variable, i.e. compensation (\(X_1\)) and training of employees (\(X_2\)) as well as the dependent variable, namely the performance of the service employees (\(Y\)) is shown in the following

<table>
<thead>
<tr>
<th>Variabel</th>
<th>Sub Variabel</th>
<th>Prime Indicator</th>
<th>Measurement</th>
<th>Testing Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation</td>
<td>Direct Financial Compensation</td>
<td>Wage</td>
<td>Interval</td>
<td>Likert Scale</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bonus</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Indirect Financial Compensation</td>
<td>Social Security Benefit</td>
<td>Interval</td>
<td>Likert Scale</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Family Leave</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Health Insurance</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Pension Plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kompensasi Non</td>
<td>Working Environment</td>
<td></td>
<td>Interval</td>
<td>Likert scale</td>
</tr>
<tr>
<td>Finansial</td>
<td></td>
<td>Flexibility</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pelatihan Karyawan</td>
<td>Proses Pelatihan</td>
<td>Analisis of Needs</td>
<td>Interval</td>
<td>Likert Scale</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Specific Objective</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Delivery Method</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Sampling Techniques.
This research use sampling techniques of probability of sampling namely using sampling that has an equal chance to any member of the population. The selection of a random sampling is by using simple random sampling, taking the sample at random from member of Population without noticing strata (levels) in the members of the population (Riduwan and Engkos Achmad Kuncoro, 2011). For consideration in the sample we use Taro Yamane formula such as follows:

\[ n = \frac{N}{N.d^2 + 1} \]

\[ n = \frac{226}{(226)(0.05^2) + 1} = 144.4089 = 145 \text{ orang} \]

So, total samples are 145 respondent.
Remarks:  
\( n \) total sample 
\( N \) Total All Population 
\( d \) Precision level

Analysis Technic
Correlation Analysis

Based on Riduwan and Achmad Engkos Kuncoro (2011), the Pearson Product Moment correlation (hereafter abbreviated as PPM) is used to determine the degree of relationship between free variables (independent) with bound variable (the dependent). The formula used correlation PPM (simple) are

\[ r_{xy} = \frac{n \cdot (\Sigma XY) - (\Sigma X) \cdot (\Sigma Y)}{\sqrt{[n \cdot \Sigma X^2 - (\Sigma X)^2] \cdot [n \cdot \Sigma Y^2 - (\Sigma Y)^2]}} \]

Correlation of PPM is represented by \( r \) with the provisions of the \( r \) value of no more than price \(-1 \leq r \leq +1\). If the value of \( r > 1 \), the meaning of the negative korelasinya perfect \( r = 0 \), meaning that there is no correlation \( r = 1 \), that has a very strong colleration. While the meaning of \( r \) will be consulted with the price table value interpretations of \( r \) as follows:
### Tabel 2: Interpretation of Value r Coefficient Correlation

<table>
<thead>
<tr>
<th>Internal Coefficient</th>
<th>Correlation Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.80 - 1.000</td>
<td>Very Strong</td>
</tr>
<tr>
<td>0.60 - 0.799</td>
<td>Strong</td>
</tr>
<tr>
<td>0.40 - 0.599</td>
<td>Rather Strong</td>
</tr>
<tr>
<td>0.20 - 0.399</td>
<td>Low</td>
</tr>
<tr>
<td>0.00 - 0.199</td>
<td>Very Rendah</td>
</tr>
</tbody>
</table>

Source: Riduwan dan Kuncoro (2011)

The major contributions of the variable  to variable Y is determined by the coefficients of a determinant formula such as follows:

\[ KP = r^2 \times 100\% \]

Remarks:  
- KP: the value of the coefficient determinant  
- \( r \): The value of coefficient correlation

Based on the opinions of Riduwan and Achmad Engkos Kuncoro (2011), significant testing will function if the research is conducted in order to find the meaning of a generalization of the relationship of the variable  to variable Y, then the correlation results were tested with the test of PPM is significant as follows:

**Hypothesis:**  
- **Ho**: there is no significant relationship between variables  and Y variables  
- **Ha**: there is a significant relationship between variables  and Y variables

**Basic Decision Making:**  
- (a) If the value of probability \( 0.05 \leq \text{Sig} \), then Ho is accepted and Ha rejected, meaning not significant  
- (b) If the value of probability \( 0.05 \geq \text{Sig} \), then Ho is rejected and Ha accepted, meaning it’s significant

**Multiple Regression Analysis**  
Multiple regression analysis is used to measure the influence of two or more variables free independent with one bounded variable dependent. Model equation can be described as follows:

\[ Y = \alpha + \beta_1X_1 + \beta_2X_2 + e \]

**Information:**  
- Y: the dependent variable (y)  
- \( \alpha \): intercept or point cut  
- \( \beta_1 \): the regression coefficient for variables \( x_1 \)  
- \( \beta_2 \): the regression coefficient for variables \( x_2 \)  
- \( e \): standard error

**Hypotheses Design Testing**  
Based on the assumptions of research as described above, then it can be a research hypothesis formulated in Figure 2 as follows:
Figure 2  Hypotesis Design Testing

Remarks : 

<table>
<thead>
<tr>
<th></th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1</td>
<td>compensation</td>
</tr>
<tr>
<td>X2</td>
<td>Employee Training</td>
</tr>
<tr>
<td>Y</td>
<td>Employee Service Performance</td>
</tr>
</tbody>
</table>

Hypotesis 1:  

Ho: no significant relationship between Compensation (X1) with Employee Service Performance (Y)  
Ha: there is a significant relationship between Compensation (X1) with Employee Service Performance (Y)

Hypotesis 2:  

Ho: no significant relationship between Employee training (X2) with Employee Service Performance (Y)  
Ha: there is a significant relationship between Employee training (X2) with Employee Service Performance (Y)

Hypotesis 3:  

Ho: No significant relationship between compensation (X1) and employee training (X2) with Employee Service Performance (Y)  
Ha: there is a significant relationship between Compensation (X1) and employee training (X2) with Employee Service Performance (Y)

Ho: No impact between compensation (X1) and employee training (X2) with employee service Performance (Y)  
Ha: there is an impact between compensation (X1) and employee training (X2) with employee service performance (Y)

DISCUSSION

Correlation Analysis.  
The calculation of the correlation analysis is used to find out whether the independent variable (X) have a significant relationship or not significantly to the dependent variable (Y). These correlation tests shown in table 3 below:
Relationship Analysis X1 and Y

Based on the table 4.19 it seems that the correlation shows the extent of the compensation (x1 relation) with the employee performance (y) that is calculated by the correlation coefficient is 0.651 (rxy = 0.651). It’s a strong correlation show the relation between variables compensation (x1) with a variable performance of employees (y). The contribution of compensation (x1) service performance by employees (y) is of such KP = r² x 100% = 0.651² x 100% = 42.3%. It means a contribution 42.3% variable performance pelayanan employees (y) is described as variable compensation and the rest 57.62% determined by the other variables are not articulated in this research.

A test of the SIG. (1-tailed) = 0.000 showed a significant relationship because 0.000 < 0.05 to mean Ho denied and Ha are received. 1-tailed shows direct relationship i.e of variable compensation (x1) to a variable performance of service employees (Y). The conclusion is there is a significant relationship between compensation (x1) with performance of service employees (Y). This was confirmed by the opinion of Noe et al (2010) stating the compensation has influence or impact on attitudes and behaviors that affect the performance of the employee’s service.

Relationship Analysis of X2 and Y

Based on the table seen in 4.19 the results indicate the great correlation the relation of training an employee (x2) with the performance of pelayanan an employee (y) that is calculated by the correlation coefficient is 0.59 (rx2y = 0.59). This indicated quite strong correlation relations between variables trainees an employee (x2) with a variable performance pelayanan employees (y). The contribution of training an employee (x2) service performance by employees (y) is of such CC = r² x 100% = 0.59² x 100% = 34.69%. It means a contribution of 34.69% variable performance pelayanan employees (y) is described by variable trainees an employee (x2) and the rest 65.31% determined by the other variables are not articulated in this research.

From the sig. (1-tailed) = 0.000 showed a significant relation because 0.000 < 44.70 which means, ha ho were rejected and accepted. 1-tailed show you the relationship is of (the training workers which is variable variable x2) to the employees y (service). The bottom line is that there was a significant relation between trainees employees (x2 service performance by employees (y)). This is reinforced with opinion noe et al (2010) that said that the training is an effort to ease learning to the employees of knowability, the skills, and behavior that is very important to give the influence of the performance of good service.

Test of multiple regression

After test correlation between compensation (x1) with service performance employees (y) and training an employee (x2) with service performance employees (y) done, then the next thing is test of multiple regression...
regression with criteria test as follows: hypothesis: $H_0$ variable compensation ($x_1$) and variable training an employee ($x_2$) no effect simultaneously and significantly to variable service performance employees ($y$) $H_a$ variable compensation ($x_1$) and variable training an employee ($x_2$) influential simultaneously and significantly to variable service performance employees ($y$).

The basis of decision making:
1. If the value of the probability $0.05 \leq \text{sig}$, then $H_0$ received and $H_a$ rejected, it means no significant.
2. If the value of the probability $0.05 \geq \text{sig}$, then $H_0$ rejected and $H_a$ accepted, it means it is significant.

Anova Analysis was made to find out the influence of overall between compensation ($x_1$) and training an employee ($x_2$) service performance by employees ($y$). The result of reckoning by the use of program spss indicated on a table 4 as follows:

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>2</td>
<td>11.06</td>
<td>52.270</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>142</td>
<td>.226</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>55.685</td>
<td>144</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), $x_2$, $x_1$

b. Dependent variable: $y$

Result of Data Processing, 2012

Based on the above table, $\text{Sig.} = 0.000$ showed a significant relationship because $0.000 < 0.05$ this mean $H_0$ is rejected and $H_a$ is accepted. The conclusion is there is a significant relationship between compensation and training of employees with the employee service performance. Regression equations can be seen in the following table: 4.21

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(Constant)</td>
<td></td>
<td>5.022</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>$x_1$</td>
<td>.756</td>
<td>.641</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>$x_2$</td>
<td>.013</td>
<td>.07</td>
<td>.93</td>
</tr>
</tbody>
</table>

a. Dependent variable: $y$

Result of Data Processing, 2012

Based on the above table it can be seen regression equation, i.e.: $Y = 1.395 + 0.756x_1 + 0.013x_2$.

Where is the constant of 1.395 stated that if there is no increase in the value of the variable compensation (1) and training of employees (2), the value of the variable performance of service employees ($Y$) is 1.395.

The regression coefficient of variable compensation ($x_1$) $0.756$ States that any additions (because sign +) one value in a variable compensation ($1$) will give an increase in score of 0.756.

The regression coefficient of variables ($x_2$) training employees of 0.013 States that any additions (because sign +) one value on employee training variables ($2$) will give an increase in scores of 0.013.
Results of correlation processing compensation ($X_1$) and training of employees ($X_2$) with performance of service employees ($Y$), shown in table 6 below:

<table>
<thead>
<tr>
<th>Model</th>
<th>$R$</th>
<th>$R$ Square</th>
<th>Adjusted $R$ Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.651$^a$</td>
<td>.424</td>
<td>.416</td>
<td>.475255</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), $x_2$, $x_1$

Based on the above table shows that the magnitude of the relationship, compensation ($X_1$) and training of employees ($X_2$) with performance of service employees ($Y$) are calculated with a coefficient of correlation is 0.570. This indicates a strong correlation relationship between variable compensation ($X_1$) and training of employees ($X_2$) with variable performance of service employees ($Y$). The correlation coefficient is marked with a positive (+), meaning the relationship of employee compensation and training services with the performance of unidirectional, so if the employees compensation ($X_1$) and training of employees ($x_2$) improved the performance of Ministry employees will also get increased.

R Square on the chart above shows the magnitude of the influence of variable compensation ($X_1$) and training of employees ($x_2$) on performance of service employees ($Y$) is equal to 0.424 or 42.4%. That is, the magnitude of the influence of variable compensation ($X_1$) and employee training variables ($X_2$) with variable performance of service employees ($Y$) is equal to 42.4% and the size of the other variables that affect the performance of the service employee variable ($Y$) is of 57.6%. This was confirmed by the opinion of r. Wayne Mondy (2008) that the relationship between compensation and employee training to employee services performance viewed from the theory of Justice, which States that a person will be motivated to learn more enterprising in the implementation of training in order to produce good service performance giving rise to the profit for the company and himself in the form of compensation.

CONCLUSIONS AND RECOMMENDATIONS

After doing some test analysis on influence compensation and employees training service performance against employees in grand hotel preanger, then conclusions may be drawn as follows:

1) the relation between compensation service performance by employees in grand hotel preanger strong and line with the relations of 0.651 ($r_{x_1y} = 0.651$). It can be misinterpreted that currently compensation in grand hotel preanger has important or in other words to provide service to consumers employees grand hotel preanger relies on compensation

2) relationship between training with performance of service employees at Grand Preanger Hotel is strong enough and with the magnitude of the relationship of 0.579 ($r_{x_2y} = 0.579$). This may imply that the current training of employees at Grand Preanger Hotel provides an appreciable role in performance of the service employee or in other words the given service employees Grand Preanger Hotel to the consumer requires some special training.

3) compensation and employee Relationship training with performance of service employees at Grand Preanger Hotel is strong and with the magnitude of the relationship of 0.570 ($r_{x_1x_2y} = 0.570$). This can mean that if compensation and training of employees is increasing then the performance of Ministry employees will also increase. Whereas, the magnitude of influence compensation and training of employees with the performance of the employee's service is 0.424 or 42.4%. As well as, compensation and training employees simultaneously there is significant influence (probability sig. $\leq 0.000 \leq 0.05$) on performance of service employees at Grand Preanger Hotel. This can be taken to mean that the provision of compensation and employee training, it will give you a pretty big influence on performance of service employees Grand Preanger Hotel.
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Noe, r. a. & amp; Hollenbeck, j. r. & amp; Gerhart, b. & amp; Wright, p. m. interpreters by Prayitho, d. (2011). Human resource management: achieve competitive excellence Vol 2 (6). Jakarta: Publisher Salemba Four.


REVITALIZATION OF CUSTOMER VALUE: EFFECT OF HYPERREAL ROOM EXPERIENCE IN RETAIL CONTEXT

ABSTRACT

Science and marketing knowledge is continuously growth. It shows the dynamic nature of marketing itself and also the multidisciplinary character that is closely related to other social science disciplines. Many new concepts proposed by marketing scholars that works well by marketing practitioners. The main target of the marketing activity is how to create and manage relationships with customers and then will create an ideal mechanism for the exchange and transactions that give customers more value. Here is one of the way by developing a Hyperreal room service in retail context to create the experience for consumer so as to encourage the creation of customer value that ultimately influence customer buying Intensions. This study aims to know how impact of hyperreal room experience (HRE) of the creation of customer value (CV) in retail context and their impact on customer purchase intentions (CPI). Researcher using an associative design to measure the contribution of each variable comprising room experience, value customer and purchase intentions. Results showed a significant effect between HRE and CV, $r = 0.782$, HRE and the CPI, $r = 0.326$ and the CV of the CPI, $r = 0.397$.

Key words: Hyperreal Room Experience, Customer Value, Purchase intention

INTRODUCTION
EFFECT OF ENDORSER AND ADVERTISEMENT TOWARDS CONSUMER RESPONSE

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ABSTRACT

Promotion as one of marketing media is still considered as an effective tool to reach its customers in Indonesia. The right selected endorser with the aid of an effective advertisement can become a stimulus to its customers that will result in positive feedback related to their perceptions toward brand association of a certain product.

The objective of this research is to measure the influence simultaneously between the effectivity of an advertisement and the endorser image towards brand associations that can result in a positive response towards its customers. The method used in this research analysis is Path Analysis. The findings to this research show that the effectivity of an advertisement together with the endorser image are able to influence toward brand associations which then give an impact to a positive response from its customers. Decision on endorser selection gives a direct impact to the creation of brand associations and through it the positive response by customers are formed. Whereas advertisements directly influence to a positive response, however advertisements have not yet successfully influenced toward the creation of brand associations partially, which causes the effectivity of advertisements these days are said that they are still unable to encourage the creation of an integrated brand association.

Key words: endorser, Advertisement, Brand, Consumer Response

INTRODUCTION

Background of Study

Hovland and Weist (1951) which states that the success of an advertising message depends on the credibility of the sources that advertise the product. McGuire (19.5) argues that a credible source just is not enough to create an advertisement to be effective, but should also be appealing to consumers. McCracken (19:5) advertising is the process of moving the meaning from the endorser to the product, which is then
captured by the consumer. Brand associations can be footing in purchasing decisions and brand loyalty. (David A. Aaeker, 2005).

In America, 20% of all television advertising are using famous figures, and nearly 10% of the money circulating in the television advertising are used to pay celebrities as endorsers (Agrawal and Kamakura, 19:9). The impact of advertising on sales is generally more difficult to measure than the impact of advertising on its communications. Sales are influenced by many factors, such as product features, pricing, availability or supply, and also competitors’ actions. The less or more other factors are controlled, the easier measurements in direct marketing situation and the most difficult to measure for advertising is branding or corporate image formation. Share of advertising expenditure of the company’s produces several share of voice, which is the percentage of corporate advertising on products that earn advertising revenue in the form of sharing of minds and consumers affection and finally, the market share.

The above background brings to the question of this study.

**Research Question**

The research question of this study are

1. Does Endorser and advertisement influence simultaneous toward brand association?
2. Does brand association mediate the relationship of Endorser to Consumer response?
3. Does brand association mediate the relationship of advertisement to Consumer response?

In order to find the answer of this research questions, the review of related literature will be elaborated as follows.

**LITERATURE REVIEW**

Celebrity endorser is defined as any person that is popular or well known to people and use his/her popularity for the sake of a product for a consumer good with the appearance in the advertisement (McCracken 19:9). Aaker (1997), the characters which are relevant to the endorser includes: simple, honest, cheerful, brave, passionate, imaginative, trendy, smart, successful, powerful, impressive.

Hawkin, Best and Conney (19:9), suggests there are at least three advantages in using celebrities as endorsersto attract attention, trust, imitated by customers, and transfer of celebrity character to a product personality. (Freida, 2006) Endorser characteristics are directly related to the advertising perceptions, so that changes in the endorser characteristics will lead to a change in the effectiveness of an advertisement which would causes to a change of brand personality. (Kotler and Keller, 2007) Advertising is a way to build brand preference. (Aaker, 1996; Rahardjo, 2006) states that the attributes of brand association is a perceived value, a brand personality, and an organization association. Belen del Rio (2001), Hutton (1997), Yoo et al. (2000) Stated Brand associations have a positive influence on consumer choice, preferences and intention of purchase. They are willing to pay a price premium for the brand, accept brand extensions, and recommend the brand to others. (Schiffman and Kanuk, 2004). If at this stage of cognitive response, consumers have the knowledge and positive perception of a particular product brand, so at this stage of affective response, customers will constitute a positive attitude as well. (A. Bellen del Rio, 2001; Stephany, 2001). Customer Response can be measured with the Willingness to pay a premium price for the brand, willingness to accept brand extensions, willingness to recommend the brand others.

The Literature Review then strengthens the idea to a research framework.
Research Framework

![Research Framework Diagram]

**Figure 1: Research Framework**

**METHODOLOGY RESEARCH**

The method used in this study were (1) this study is associative research (2) the method used is survey research, (3) units of analysis are individuals consumer Vitalong C, (4) the dimensions of the research is cross sectional, (5) sampling method is simple random sampling (6) the analytical techniques of path analysis (Path Analysis) and Pearson Correlation.

**FINDINGS**

A. The simultaneous testing between Endorser Characteristics and Advertisement Associations

<table>
<thead>
<tr>
<th>Table 1: ANOVA⁰</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Model</strong></td>
</tr>
<tr>
<td>Regression</td>
</tr>
<tr>
<td>Residual</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), x2, x1
b. **Dependent Variable:** y

From the Anova table, F values are obtained at 169.452 with a probability value (sig) = 0.000. Because the value of sig < 0.05, then the decision is Ho refused and Ha accepted meaning that endorsers and advertising simultaneously affect brand associations.

<table>
<thead>
<tr>
<th>Table 2: Model Summary⁰</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Model</strong></td>
</tr>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), x2, x1
b. **Dependent Variable:** y

The magnitude of the coefficient R determinant y1x1x2 square or R = 0.777 = 77.7% and the magnitude of the influence of other variables, such as: \( \rho_{y1E} = 1 - 0.777 = 0.223 = 22.3\% \).
B. Measured brand association mediates the relationship between the endorser and advertisement for consumer response

Table 3: ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>12.955</td>
<td>3</td>
<td>4.318</td>
<td>51.577</td>
<td>.000*</td>
</tr>
<tr>
<td>Residual</td>
<td>8.037</td>
<td>96</td>
<td>.084</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>20.992</td>
<td>99</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), y, x2, x1
b. Dependent variable: z

From the ANOVA table, F values are obtained for at 51.577 with a probability value (sig) = 0.000. Because the value of sig < 0.05, then the decision is Ho refused and Ha accepted which means Endorser, Advertisement, and Brand Association together influence consumer response.

Table 4: Summary Coefficient of The Path

<table>
<thead>
<tr>
<th>Variable Influence</th>
<th>Channel Coefficient</th>
<th>Influences</th>
<th></th>
<th>Through</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Direct</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>X1 terhadap Y</td>
<td>0,473</td>
<td>0,473</td>
<td>-</td>
<td>0,473</td>
<td></td>
</tr>
<tr>
<td>X1 terhadap Z</td>
<td>0,630</td>
<td>0,630</td>
<td>0,473</td>
<td>0,417</td>
<td>1,047</td>
</tr>
<tr>
<td>X2 terhadap Z</td>
<td>0,510</td>
<td>0,510</td>
<td>-</td>
<td>0,510</td>
<td></td>
</tr>
<tr>
<td>Y terhadap Z</td>
<td>0,473</td>
<td>0,473</td>
<td>-</td>
<td>0,473</td>
<td></td>
</tr>
<tr>
<td>ε1</td>
<td>0,4732</td>
<td>(0,4732)^*</td>
<td>-</td>
<td>0,224</td>
<td></td>
</tr>
<tr>
<td>ε2</td>
<td>0,6199</td>
<td>(0,6199)^*</td>
<td>-</td>
<td>0,333</td>
<td></td>
</tr>
</tbody>
</table>

Figure 2: Empirical Causal Relationship Variables X1, X2, and Y Toward Z
The following is the explanation:

a. Endorser (X1) is positively and significantly contributes to the Brand association (Y). Company Selection of the proper and appropriate endorser for its customers becomes a value added product that will be remembered by consumers. An endorser represents the brand personality of a product.

b. Advertisement (X2) does not significantly affect the Brand Association (Y). McGuire (19:5) argues that just a credible source is not enough to create an advertisement to be effective, but should also appeal to consumers. A less attractive advertising will not produce the brand personality.

c. Endorser (X1) positively and significantly contributes an impact on Consumer Response (Z). Endorser success in providing a positive imaging was well received by consumers.

d. Advertisement (X2) positively and significantly contributes an impact on Consumer Response (Z). Consumers react to marketing efforts that the company carried out, including the advertisement.

e. Brand Association (Y) contribute positively and significantly to consumer response (Z). Positive response shown by the willingness to pay a premium price, receive the results of brand extension product and recommend products to others.

CONCLUSION

1. Endorser (X1) and Advertisement (X2) has a significant and simultaneous contribution to the brand association (Y).
2. Endorser (X1) affect significantly and indirectly to the Consumer Response (Z) through the Brand Association (Y).
3. Advertisement (X2) has direct and significant influence on consumer response (Y), but advertisement does not affect Brand Association (Y).

REFERENCES


STRATEGIC BUSINESS, INNOVATION AND INDUSTRIAL ENGINEERING: PERSPECTIVE ON SUSTAINABLE FUTURE BUSINESS AND DIGITAL INNOVATION

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ABSTRACT

Strategic Business and Innovation are deemed indispensable to further consider the Sustainable Future Business and Digital Innovation in Digitally Free Trade Era. This paper relates the mentioned discussion on Strategic Business and Innovation in Manufacturing Industry within Industrial Engineering. The elaboration of this paper refers to the Strategy Process toward the Strategic Business that includes the Resource Based View. From this point, the Strategy is needed to provide the Innovation that specifically refers to the Digital Innovation. Precisely, the consideration of Information Systems and its activities are as antecedents on Process Innovation using Resource-based View. This Process Innovation are viewed in holistic approach in term of Organizational Life Cycle, Technology Drive Enterprise and Venn diagram in term of Innovation Strategy Integration and Business Configuration. This Paper emphasizes the importance of Strategic Business and Innovation into the consideration of Market Orientation and Innovation Uncertainty when it relates to Future Business and Digital Technology.

Keywords: Strategy Process, Strategic Business, Resource-based View, Innovation, Digital Innovation, Manufacturing Industry

INTRODUCTION


Manufacturing Industry within Industrial Engineering has been playing significant role to contribute toward Country’s GDP. In order to maintain this significant role of contribution, Strategy Process and Resource Based View of Manufacturing are needed. In term of Strategy Process, there are several researches in that area. The most recent researches are conducted by Towill (2011), Bingham (2011) and Andersen (2004). Respectively, those three researches are referring to the Industrial Engineering Priorities for improved demand chain performance, Rational Heuristics and Integrating the Strategy Formation Process. Furthermore, in term of Resource Based View, there is important research as conducted by Kunc (2010), pertaining the Managerial Decision Making and Firm Performance Under a Resource-Based Paradigm. Both Researches in Strategy Process and Resource Based View, are further completed by the more detail discussion by Schroeder (2002) that discuss “A Resource Based View of Manufacturing Strategy and The Relationship to Manufacturing Performance”.

Manufacturing Industry
Industrial Engineering in term of Manufacturing Strategy and Manufacturing Performance are both important to be discussed. Schroeder (2002) has mentioned in the discussion of Manufacturing Strategy in the context of Resource Based View of the Firm (Barney, 1991; Rumelt, 19:4; Teece, 19:7) as manufacturing plants develop capabilities and resources in pursuit of better performance and competitive advantage. Schroeder (2002) develop three constructs (internal learning, external learning and proprietary processes and equipment) for measuring manufacturing capabilities and test the hypothesis that lead to higher manufacturing performance in a cross sectional sample of 164 plants.

As the part of cutting edge in the Manufacturing Industry, the terminology of “Intelligent Manufacturing Industry” according to Almeida (2011) is deemed as the proof that the innovation is on highly consideration. Precisely, it can be categorized as the innovation and strategy to be utilized as vehicle for sustainable business in Digitaly Free Era in almost any manufacturing process. From Practical Implications, The reason behind this situation of application in any manufacturing process, due to the fact originally this Intelligent Manufacturing Industry was demonstrated and applied in the automotive and aeronautics industries.

LITERATURE REVIEW

Strategy Process and Strategic Business

As Conceptual Foundation, the Strategy Process toward the Strategic Business includes the Resource Based View. From this point, the Strategy is needed to provide the Innovation that specifically refers to the Digital Innovation. Precisely, the consideration of Information Systems and its activities are as antecedents on Process Innovation using Resource-based View. Huntzschmreuter (2006) has indicated the Strategy-Process Research, in term of integrative framework that encompasses key antecedents, process and key outcomes, and the interrelationship among them. Moschieri (2011) has further elaborated the implementation and structuring of divestures in unit’s perspective. Thus, it can be assessed by Strategy Process for Innovation Purpose and Sustainable Future Business.

Resource-based View

Resource Based View is needed in Manufacturing Strategy and its Performance, with the consideration of complexity. Schroeder (2002) has emphasized the potential model that can create a performance advantage and has provided evidence in the extant manufacturing strategy literature that manufacturing performance will, in turn, enable the plant to be competitive in product market area (Cleveland et al, 19:0; Hickery et al, 1993, 1997). Schroeder (2002) indicates measurement model for Manufacturing Industry, in term of Identification, Reliability, Convergent. The mentioned problem formulation has relevance for Value Chain Management, in term of Modeling Value.

Innovation

An innovation is an idea, practice or object that is perceived as new by the entity adopting it, according to Roger (2003). The concept of innovation implies the idea that something is added to something else that already exists, or that something that exists is given up. The argument is that adding and/or taking away are ways to improve a state of affairs. As indicated by Jalonen (2012), despite positive connotations associated with the concept of ‘innovation’, it should be noted that the potential value integral to innovation may or may not be realised in the future.

Tipu (2011) has further classified the Innovation Management, as entity that consider the i. Process of Innovation, ii. Factors Affecting Innovation, Protection of Innovation, iii. Measures of Innovation, and iv. Types of Innovation. Unlike Tipu, Muscio (2010) has segregated the Innovation according to three big categories, which are: i. Business Innovation Needs, according to Product or Process Innovation, ii. Technology, according to Pure Technology, or Other Technology (New Materials, Machinery, ICT or Environmental). Fernandes (2012) has further elaborated the value construct that deals with two wide variables: value form and value materialization. The value form varies from tangible to intangible. The value
materialization is concerned with the simplicity or complexity of the process utilized to create value. Mehbarani (2012) has further enhanced the mentioned Value Constructs in term of Knowledge Management and Innovation Capacity.

**Digital Innovation**

Schumpeter (1934) has defined innovation as “a new combination of production factors”. This mentioned definition is further elaborated with the definition of digital innovation as (1) A new combination of production factors that introduce discontinuity to product, technology, organizing principle, market, or set of behaviors and (2) made possibly by digital technologies. A necessary but insufficient condition for such innovation is digitization, i.e. the encoding of analog information into digital formats, according to Youngjin (2010). In comprehensive perspective, Karlsson (2011), has indicated in the concept of Innovation, Technology and Knowledge, the further elaboration of global knowledge economy. Thus, this type of economy is related to the further innovation and social CRM. Similarly, in the Karlsson’s Working Paper, the discussion relate to the ICT Diffusion, Innovation Systems, Globalization, Regional Economy Dynamics: Theory and Empirical Evidence.

The mentioned concepts on Innovation as we relate Strategic Business and Innovation are deemed indispensable to further consider the Sustainable Future Business and Digital Innovation in Digitally Free Trade Era. Gidumal (2011) has emphasized the mentioned Sustainable Future Business and Digital Innovation, through the discussion on Maximizing the Positive Influence of IT for Improving Organizational performance. Figure 1 has indicated the details Know How, in term of Focus Firm, Competitive Environment and Macro Environment.

**Figure 1 : IT and Organizational Performance from 3 Layers Perspectives**
Innovation Strategy

Posterior to the discussion in Session 4 on Innovation, the innovation strategy emphasizes Sustainable Future Business and Digital Innovation in Digitally Free Trade Era. The consideration of Information Systems and its activities are as antecedents on Process Innovation using Resource-based View. Rodrigues (2012) in Figure 2 and Figure 3, mentioned Technoleverage of Hruby (1999) that Process Innovations are viewed in holistic approach in term of Organizational Life Cycle, Technology Drive Enterprise and Venn diagram in term of Innovation Strategy Integration and Business Configuration.

Figure 2. Innovation Focus in Organizational Life Cycle

![Innovation Focus in Organizational Life Cycle](image1)

Figure 3. Innovation Process in a Technology-Driven Enterprise

![Innovation Process in a Technology-Driven Enterprise](image2)
This Paper emphasizes the importance of Strategic Business and Innovation into the consideration of Market Orientation and Innovation Uncertainty when it relates to Future Business and Digital Technology. With the same consideration and spirit, then the Concept of Global Comparative Strategy is elaborated by Nachum (2012). Precisely, the mentioned concept elaborated and mentioned that comparisons are at the heart of business strategy. Competitive and comparative advantages are only meaningful in comparative terms. Market shares are another comparative concept, capturing a firm’s performance in comparison to the combined performance of its competitors in a given market. A comparative approach is particularly appealing in relation to international strategy. Furthermore, Øyen (1990) indicated that Comparisons of the strategic behavior of firms in different countries establish benchmarks and enable certain factors to be held constant for the sake of closely observing others.

In addition to Figure 2 and 3, then in Figure 4, Rodrigues (2012) mentioned and Emphasized on corporate capacities (technical capabilities, corporate competences, technology domain, and the like) will reshape the business model and the market interface approach of the enterprise. There are also depiction of large traces, the implications of the effort on product technology innovation. During this phase, organizational and competitive strategies are basically neglected, because product features and novelty should win out the market. The business conforms to the needs (capacities) within the enterprise to provide the attributes considered essential to market acceptance. The main area for product technology innovation is the interface between corporate and competitive strategies.

**Figure 4. Innovation, Strategy Integration and Business Configuration for Sustainable Future Business**
CONCLUSION

Strategic Business and Innovation are deemed indispensable to further consider the Sustainable Future Business and Digital Innovation in Digitally Free Trade Era. This paper relates the mentioned discussion on Strategic Business and Innovation in Manufacturing Industry within Industrial Engineering. Industrial Engineering in term of Manufacturing Strategy and Manufacturing Performance are both important to be discussed. Schroeder (2002) has mentioned in the discussion of Manufacturing Strategy in the context of Resource Based View of the Firm (Barney, 1991; Rumelt, 19.4; Teece, 19.7) as manufacturing plants develop capabilities and resources in pursuit of better performance and competitive advantage. Schroeder (2002) develop three constructs (internal learning, external learning and proprietary processes and equipment) for measuring manufacturing capabilities and test the hypothesis that lead to higher manufacturing.

The elaboration of this paper refers to the Strategy Process toward the Strategic Business that includes the Resource Based View. From this point, the Strategy is needed to provide the Innovation that specifically refers to the Digital Innovation. Precisely, the consideration of Information Systems and its activities are as antecedents on Process Innovation using Resource-based View. Huntzschereuter (2006) has indicated the Strategy-Process Research, in term of integrative framework that encompasses key antecedents, process and key outcomes, and the interrelationship among them. Moschieri (2011) has further elaborated the implementation and structuring of divestures in unit’s perspective. Thus, it can be assessed by Strategy Process for Innovation Purpose and Sustainable Future Business.

An innovation is an idea, practice or object that is perceived as new by the entity adopting it, according to Roger (2003). The concept of innovation implies the idea that something is added to something else that already exists, or that something that exists is given up. The argument is that adding and/or taking away are ways to improve a state of affairs. As indicated by Jalonen (2012), despite positive connotations associated with the concept of ‘innovation’, it should be noted that the potential value integral to innovation may or may not be realised in the future.

This Process Innovation are viewed in holistic approach in term of Organizational Life Cycle, Technology Drive Enterprise and Venn diagram in term of Innovation Strategy Integration and Business Configuration. This Paper emphasizes the importance of Strategic Business and Innovation into the consideration of Market Orientation and Innovation Uncertainty when it relates to Future Business and Digital Technology. In term of Market Orientation and Innovation Uncertainty, there is the need for Global Comparative Strategy. Competitive and comparative advantages are only meaningful in comparative terms. Market shares are another comparative concept, capturing a firm’s performance in comparison to the combined performance of its competitors in a given market. A comparative approach is particularly appealing in relation to international strategy. Furthermore, Øyen (1990) indicated that Comparisons of the strategic behavior of firms in different countries establish benchmarks and enable certain factors to be held constant for the sake of closely observing others.

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THE IMPACT OF POWER, BENEFIT, RISK REDUCTION IN SUPPLY CHAIN LINKAGES ON COMPETITIVE ADVANTAGE AND FINANCIAL PERFORMANCE

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Binus University, Jl. KH. Syahdan No. 9, Kemanggisan, Palmerah,
West Jakarta 11490 - Indonesia

ABSTRACT

The research objective of this research is to analyze and find weakness in information system production process on the ASM Corporate, then the proposed information system is a new production process, in order to assist management in making decisions. The research methodology used in the writing of this research is a biography covers research methodology, research methodology of observational and interviews, analysis methodology, and system design methodologies. The result obtained are expected to provide facilities for companies in calculating production cost and the cost of production. The conclusion that can be taken is to help ASM to produce data processing in report required by management.

Key words: Analysis, Design, Production Process Information Systems

INTRODUCTION

Background

According to Gunasekaran et al., (2004), Supply Chain Management (SCM) has been a major component of competitive strategy to enhance organizational productivity and profitability. The growth and development of SCM is not driven only by internal motives, but by a number of external factors such as increasing globalization, reduced barriers to international trade, improvements in information availability, and environmental concerns.

The term of supply chain comes from a picture of how organizations are linked together as viewed from a particular company. Many companies have enjoyed significant success due to unique ways in which they have organized their supply chains (Chase et al., 2004). According to Zelbst et al. (2009) the key to effective supply chain management is the ability to establish long-term, strategic relationships with supply chain partners. Therefore, practitioners should work to fully develop power, benefits, and risk reduction linkages with partners within their specific supply chains in order to maximize value to the ultimate customers of the supply chain.

Research Problems/Gap

There are many research and studies on Supply Chain Management (SCM), however research on the impact of supply chain linkages in terms of power, benefit and risk reduction on competitive advantage and financial performance are still limited (see Table 1.1).

<table>
<thead>
<tr>
<th>Research</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bichescu and Fry (2009)</td>
<td>Supply Chain Performance (SCP) in relation to decision making in terms of <strong>power</strong>.</td>
</tr>
<tr>
<td>Wang et al. (2009)</td>
<td>SCP in relation to product development strategy focusing on efficiency but not necessarily the potential <strong>benefits</strong> sought by supply chain members.</td>
</tr>
<tr>
<td>au et al. (200?)</td>
<td>Real-time supply chain control in relation to <strong>risk reduction</strong>.</td>
</tr>
<tr>
<td><strong>This research</strong></td>
<td>The Impact of Power, Benefit and Risk Reduction in</td>
</tr>
</tbody>
</table>
As can be seen in Table 1, Bichescu and Fry (2009) examine questions related to when split decisions result in the loss of Supply Chain Performance (SCP) and the effect of power on performance loss. This research uses decision making structure as a proxy for the relative division of channel power to determine the effect on SCP. This research takes a more direct approach and examines power as influence over other supply chain members in relation to SCP. Wang et al. (2009) developed an evaluation approach to measure SCP focusing on efficiency of various product strategies made through group decisions. This research focuses on the effectiveness aspect in relation to the benefits sought in acquiring resources from supply chain members and the standardization of procedures for supply chain members. Lau et al. (2008) studied supply chain control in relation to adjustable autonomy which is the ability to reduce risk through reacting to changes and having dynamic collaboration. These authors identify that the weakness of their approach is the need to have experts in the area provide accurate information. This research examines risk reduction in terms of supply chain members. Moreover, the newest research on supply chain linkages by Zelbst et al. (2009) is limited on the relationship between supply chain linkage in terms of power, benefit and reduction and supply chain performance (SCP). Therefore, it is still need to extend the research by investigating its impact on competitive advantage and financial performance. This research is proposed to fill the gap by extending the research of supply chain linkage in terms of power, benefit and reduction and its impact on competitive advantage and financial performance.

Research Questions

Based on the background of this study the following are research questions:
1) What is the impact of power in supply chain linkages on supply chain performance?
2) What is the impact of benefit in supply chain linkages on supply chain performance?
3) What is the impact of risk reduction in supply chain linkages on supply chain performance?
4) What is the impact of supply chain performance on competitive advantage?
5) What is the impact of supply chain performance on financial performance?
6) What is the relationship between competitive advantage and financial performance?

Research Objectives

Based on the research questions the following are research objectives:
1) To examine the impact of power, benefit and risk reduction in supply chain linkages on supply chain performance in Indonesian Manufacturing Industry.
2) To examine the impact of supply chain performance on competitive advantage in Indonesian Manufacturing Company.
3) To examine the impact of supply chain performance on financial performance in Indonesian Manufacturing company.
4) To examine the relationship between competitive advantage and financial performance.

Research Contribution

By understanding the supply chain linkage in terms of power, benefit and reduction and its impact on competitive advantage and financial performance, the result of this research will encourage managers to improve their supply chain linkages in order to maximize value to the ultimate customers of the supply chain.

LITERATURE REVIEW

According to Paulraj (2002), the development of supply chain management (SCM) was initially along the lines of physical distribution and transport, using the techniques of industrial dynamics, derived from the work Forrester (1961). The term of SCM was originally introduced by consultants in the early 19:0s (Oliver & Webber, 1992) and has subsequently gained tremendous attention (La Londe, 1998).
The term of SCM has not been been used only with regard to the logistics activities and the planning and control of materials and information flows internally within a company or externally between companies (Christopher, 1992; Cooper, Lambert et al., 1997). According to Lambert, Cooper and Pagh (1998): SCM is the integration of key business processes from end user through original suppliers that provides products, services, and information that add value for customers and other stakeholders. The boundary of SCM definition is dependent on the goal of the investigator as can be seen in Table 2.1.

The term of supply chain comes from a picture of how organizations are linked together as viewed from a particular company. Many companies have enjoyed significant success due to unique ways in which they have organized their supply chains (Chase et al., 2004). SCM has been a major component of competitive strategy to enhance organizational productivity and profitability. The growth and development of SCM is not driven only by internal motives, but by a number of external factors such as increasing globalization, reduced barriers to international trade, improvements in information availability, and environmental concerns (Gunasekaran et al., 2004).

### Table 2.1. Definition of Supply Chain Management

<table>
<thead>
<tr>
<th>Definition by</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elram and Cooper</td>
<td>SCM is an integrative philosophy to manage the total flow of distribution channel from supplier to ultimate user.</td>
</tr>
<tr>
<td>and Turner (1990)</td>
<td>SCM is the process of effectively managing the flow of materials and finished goods from vendors to customers using manufacturing facilities and warehouses as intermediate stops.</td>
</tr>
<tr>
<td>Sen Gupta and Turnbull (1996)</td>
<td>SCM is the integration of these activities (activities associated with flow and transformation of goods from materials stage, through to the end user as well as associated information flows) through improved supply chain relationships to achieve sustainable competitive advantage.</td>
</tr>
<tr>
<td>Hanfield and Nichols (1999)</td>
<td>SCM is the process of optimizing a company’s internal practices and improving the interactions with its suppliers and customers.</td>
</tr>
<tr>
<td>:cheng et al., (2000)</td>
<td>SCM involves seamlessly moving raw material through production and into the hands of the end user.</td>
</tr>
<tr>
<td>Logan and Harold (2001)</td>
<td>SCM is the practice of co-ordinating the flow of goods, services, information, and finances as they move from raw material two parta suppliers to manufacturer to the wholesaler to retailer to consumer.</td>
</tr>
<tr>
<td>Russel (2001)</td>
<td>SCM is more than a simple tool to evaluate and optimize a supply chain; it is a complex, structured business relationship model. It takes into consideration all aspects of the events required to produce your company's product in the most efficient andcost effective manner possible.</td>
</tr>
<tr>
<td>Quiett (2002)</td>
<td>SCM as a new business paradigm was motivated by interest in integrating procurement, manufacturing, and distribution activities-integration made possible by advances in IT.</td>
</tr>
<tr>
<td>Mohanty and Deshmukh (2005)</td>
<td>SCM is a loop. It starts with customer and ends with customers. Through the loop flow all material, finished, goods, information, transaction. It requires looking at business as one continues, seamless process. This process absorbs distinct functions such as forecasting purchasing, manufacturing, distribution, sales, and marketing into a continues business transaction.</td>
</tr>
</tbody>
</table>

Source: Adapted from Varma et al., 2006

In order to analyze the supply chain linkages and its impact on company performance, this research will use the Social Exchange Theory by considering the research of supply chain linkages and its effect on supply chain performance by Zelbst et al. (2009).

Social exchange theory has been utilized in supply chain research to examine: stability and alliance performance (Yang et al., 2001), coordination of supply chains (Holweg and Pil, 2003), competitive and cooperative positioning in supply chain logistics relationships (Klein et al., 2007). The supply chain linkages will be examined in terms of power (Cook and Emerson, 1978; Emerson et al., 1978; awler, 1992; Maloni and Benton, 2000; Cox, 2001), risk (Cook and Whitmeyer, 1992; Johanniss, 1978; Cannon et al., 2003) and benefits (Cook and Emerson, 1978; Burke, 1997; Willer, 1999; Cannon et al., 2003). Polo-Redondo and Cambra-Fierro, 2003; Im and Rai, 2003). Exchange theory is the conceptualization of interaction, structure, and order (Cook and Whitmeyer, 1992). Markovsky et al. (1993, p. 197) state that, “exchange theory was developed to predict negotiated distribution of resources in a class of networks consisting of interrelated individual(s) or corporate actors”. As such, exchange theory should be relevant to supply chain management (SCM) since a supply chain is by definition an interrelated network of suppliers and customers.

**Research Model**
Based on the literature review of this research, the conceptual model and hypotheses of the research can be seen in Figure 2.1. There are three indicator variables of the supply chain linkages: (1) power, (2) benefits and (3) risk reduction. These latent variables are identified as antecedents of this construct model and have an impact on the supply chain performance. Finally it also will affect the competitive advantage and the financial performance as a whole.

**Figure 2.1. Research Model and Hypotheses**

### Hypotheses Development

Based on the conceptual model and literature review, there are six hypotheses to be tested in this research. Therefore in the following paragraphs will be presented the theoretical based and hypotheses development of this research.

Freeman (1977) identified that the exchange relationship could be measured on the basis of the linkages. Research and studies (Cook and Emerson, 1978; Emerson et al., 1972; Lawler, 1992) identified power as a measure of these linkages. Amaeshi et al. (2008), Maloni and Benton (2000), and Cox (2001) further state that power is a critical factor in supply chain relationships and its performance. Therefore,

**H1: Power positively impacts supply chain performance.**

Im and Rai (2006) explain the potential benefits to inter-organizational relationships of exploration and exploitation in order to sustain long-term performance, which could then extend to successful supply chain relationships. For example, knowledge gains, learning, and innovation are some of the benefits of these relationships. These types of relationships can lead to benefits that result in win-win situations for all supply chain members. Therefore:

**H2: Benefit positively impacts supply chain performance.**

According to Cook and Whitmeyer (1992), exchange theory focuses on the ties between members of these groups or networks. These linkages are created by the need to fulfill a requirement for some resource. These resources can be material, informational or symbolic. These tie groups or networks are often used to gain access to resources that might otherwise be difficult to obtain (Johannisson, 1973). These types of resources are difficult or costly to obtain and thus create a need. This need, created because of the scarcity of resources, is motivation for organizations to coordinate with each other (Johannisson, 1973). Extrapolating from these findings, the scarcity of resources creates a risk. Organizations may become members of a supply chain to reduce risk. Cannon et al. (2000) further posit one of the linkages that impacts SCP is the desire to reduce risk. Therefore:

**H3: Risk reduction positively impacts supply chain performance.**

According to (Toyi et al., 2004), the link between logistics (Supply Chain) performance and financial performance has received some scholarly attention (Schramm-Klein and Morschett, 2006; Shang and Marlow, 2005) and a positive connection between these two aspects of performance is generally assumed in case of large enterprises. Therefore:

**H4: Supply chain performance positively impacts financial performance.**

According to (Li, Nathanb, and Rao, 2004), effective supply chain management (SCM) has become a potentially valuable way of securing competitive advantage and improving organizational performance since competition is no longer between organizations, but among supply chains. However, it should be noted that the SCM practices may be influenced by contextual factors, such as the type of industry, firm size, a firm’s position in the supply chain, supply chain length, and the type of a supply chain. SCM has been a
A major component of competitive strategy to enhance organizational productivity and profitability (Gunasekaran et al., 2004). Therefore:

**H5:** Supply chain performance positively impacts competitive advantage

**H6:** Competitive advantage has a positive impact on the financial performance.

Based on the previous empirical studies, Table 2.2, Table 2.3, and Table 2.4 show the summary of indicator variables of the latent variables that are used in the conceptual model and hypotheses of this research.

As can be seen in table 2.2, the indicator variables of power, benefit and risk reduction of supply chain linkages and supply chain performance in Table 2.3, are adopted from Green and Whitten (2008) and Zelbst et al (2009). In Table 2.4, the competitive advantage indicator variables are adopted from Li et al. (2004), and financial performance indicator variables are adopted from Paulraj (2002).

### Table 2.2. The Indicator Variables of Power, Benefit and Risk Reduction

<table>
<thead>
<tr>
<th>Latent Variable</th>
<th>Indicator/Observed Variable</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power</td>
<td>1. a great amount of influence over the suppliers of resources for company</td>
<td>Green and Whitten (2008); Zelbst et al. (2009)</td>
</tr>
<tr>
<td></td>
<td>2. a great amount of influence over the buyers of products received from suppliers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. a great amount of influence over the cost of resources received from suppliers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. a great amount of influence over the competitors</td>
<td></td>
</tr>
<tr>
<td>Benefit</td>
<td>1. benefits other than resources from relationships with suppliers</td>
<td>Green and Whitten (2008); Zelbst et al. (2009)</td>
</tr>
<tr>
<td></td>
<td>2. benefits other than purchases from relationships with buyers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. benefits from standardization of procedures with suppliers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. benefits from the standardization of procedures with buyers</td>
<td></td>
</tr>
<tr>
<td>Risk Reduction</td>
<td>1. company’s suppliers reduce the uncertainty</td>
<td>Green and Whitten (2008); Zelbst et al. (2009)</td>
</tr>
<tr>
<td></td>
<td>2. company’s buyers reduce the uncertainty</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. company’s suppliers reduce the risk</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. company’s buyers reduce the risk</td>
<td></td>
</tr>
</tbody>
</table>

### Table 2.3. The Indicator Variables of Supply Chain Performance

<table>
<thead>
<tr>
<th>Latent Variable</th>
<th>Indicator/Observed Variable</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply Chain Performance</td>
<td>1. the ability to deliver zero-defect products to final customers</td>
<td>Green and Whitten (2008); Zelbst et al. (2009)</td>
</tr>
<tr>
<td></td>
<td>2. the ability to eliminate late, damaged and incomplete orders to final customers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. the ability to quickly respond to and solve problems of the final customers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. the ability to deliver products precisely on-time to final customers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5. the ability to deliver precise quantities to final customers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6. the ability to deliver shipments of variable size on a frequent basis to final customers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>7. the ability to deliver small lot sizes and shipping case sizes to final customers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>8. the ability to minimize total product cost to final customers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>9. the ability to minimize all types of waste throughout the supply chain</td>
<td></td>
</tr>
<tr>
<td></td>
<td>10. the ability to minimize channel safety stock throughout the supply chain</td>
<td></td>
</tr>
</tbody>
</table>

### Table 2.4. The Indicator Variables of Competitive Advantage and Financial Performance

<table>
<thead>
<tr>
<th>Latent Variable</th>
<th>Indicator/Observed variable</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive Advantage</td>
<td>1. Competitive Pricing</td>
<td>Suhong Li, Bhamu Ragu-Nathanb, T.S. Stubba Rao, 2004</td>
</tr>
<tr>
<td></td>
<td>2. Premium Pricing</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Value-to-customer Quality</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. Dependable Delivery</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5. Production Innovation</td>
<td></td>
</tr>
<tr>
<td>Financial Performance</td>
<td>1. Return on investment</td>
<td>Pulraj, 2002</td>
</tr>
<tr>
<td></td>
<td>2. Profits as a percent of sales</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Firms net income before tax</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. Present value of the firm</td>
<td></td>
</tr>
</tbody>
</table>
RESEARCH METHODOLOGY

Data Collection
In order to gain the data and information for this research, survey will conducted during the research. A survey will be using structured questionnaires through interview or via electronic mail and first-class mail to respondents. The following is the sampling design of the survey:

(1) Population
The population in this research is the manufacturing companies operated in Indonesia. These companies play very strategic roles in the large scale manufacturing industry and economic development in Indonesia. According to BEI (Bursa Effect Indonesia), there are more than 200 manufacturing companies in Indonesia.

(2) Unit of Analysis
The unit analysis of this research is the large scale manufacturing company operated in Indonesia.

(3) Sample Selection and Size
Based on the characteristics of the population, the selection of sample of this research will be conducted by using the stratified random sampling. The stratification will be based on: the location of (by province), type of the owner of company (Government or Private) and the number (percentage) of company in each province. The sample size will be based on the SEM analysis rule of thumb. It is predicted 150-200 samples (manufacture companies).

(4) Respondent
The person who is represented as the respondent of this research must be matched at least the following criteria: (1) the current position in the company at least as a senior manager (such as production or processing manager, distribution manager, supply chain manager and division manager); (2) the time length of working experience in manufacturing industry is 10 years or more; and (3) the time length to work in the current company is 5 years or more. By qualifying based on this criteria, it is assumed that the respondents will have adequate knowledge about Indonesian manufacturing industry and its supply chain management.

Measurement Instruments
In any instrument development study, it is imperative that the new instrument is creditable as well as usable by future researches in developing the body of knowledge. Therefore, its is an important to conduct a thorough measurement analysis on the instrument (Flynn et al., 1994) in order to reduce measurement errors (Churcill, 1979). A thorough analysis encompasses the assessment of reliability, validity and unidimensionality.

(1) Reliability
Reliability concerns the accuracy and precision of a measurement procedure and the estimates of the degree to which measurement is free of random or unstable error. Reliability is prerequisite to validity, but not sufficient (Schwab, 19:0). There are a number of methods for measuring various aspects of reliability. The three most commonly used perspectives on reliability are: stability, equivalence and internal consistency. Stability measures the extent to which the questionnare, summated scale or item that is repeatedly administered to the same people will yield the same results. Testretest methodology can be used to the stability of an instrument. Equivalence considers how much error is introduced by constructing two equivalent forms of the same instrument and administering them to a common set of subjects over time. Internal consistency assesses the homogenity of the instruement and is important when there is only form of a measure available. There should be a high degree of inter-correlation among the items that comprise the measure or summated scale.

(2) Validity
The validity of a measure is the degree to which it measures what is intendeed to measure. There are usually three different types of validity measures: content validity, construct validity and criterion-related validity. Content validity of an instrument is the extent to which it provides adequate coverage for the construct domain or essence of the domain being measured (Churcill, 1979). Construc validity is the extent to which the items in the scale measure the abstract or theoritical construct (Carmines & &eller, 1979; Churcill, 19:7). Criterion (predictive or external) validity is a measure of how well the scales representing various constructs (predictor) measure an objective outcome “criterion” (Saraph et al., 1989). Testing of this validity reflects the success of the measures towards empirical estimation purpose. It can be tested either using simple correlation or canonical corelation depending on the number of outcome measures (Hair, Anderson, & Black, 1995: Nunnaly, 1977).
DATA ANALYSIS

Based on the development of research model and hypotheses of this research, the data will be analyzed by using Structural Equation Model (SEM). SEM is also referred to as latent-variable analysis or linear structural relationships (uncan, 1975), it is a comprehensive statistical approach for testing hypotheses about relationships among observed and latent variables. In this study, the statistical program of **LISREL** version 8.8 will be employed. According to Hair et al. (2010), although SEM models can be tested in different ways, all structural equation models are distinguished by three characteristics: (1) estimation of multiple and interrelated dependence relationship; (2) an ability to represent unobserved concepts in these relationships and account for measurement error in the estimation process; and (3) defining a model to explain the entire set of relationship.

The major advantages of SEM (Cooper and Schindler, 2008) are: (1) that multiple and interrelated dependence relationships can be estimated simultaneously and (2) that it can represent unobserved concepts, or latent variables, in these relationships and account for measurement error in the estimation process. These are the five basic steps that must be followed in using SEM: (1) model specification; (2) estimation of the free parameters from the observed data; (3) evaluation of fit (the goodness-of-fit criteria); (4) respecification of the model, usually follows the estimation of a model with indications of poor fit; and (5) interpretation and communication by using path diagrams.

REFERENCES


ANALYSIS OF SUSTAINABLE COMPETITIVE ADVANTAGE ON HOSPITAL

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Tjia Fie Tjoe
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Kharisma Larasati
Bina Nusantara University, Jakarta – Indonesia

ABSTRACT

Healthcare consumer demand that is increasingly varied and expects the best value in service leads to changes in hospital services. The high level of trust of Indonesian healthcare consumers these days is in favor of overseas hospitals. Meanwhile, both private and state-owned hospitals that have been equipped with medical equipments and human resources who are ready to serve still largely depend on the level of trust and commitment of nation’s healthcare consumers. This research aims to examine the mediation of patient’s level of trust and commitment towards medical personnel so that it is expected to lead to the findings of sustainable competitive advantage (SCA) determining factors. Things that are tested in this research are the doctor-patient communication, trust, commitment and SCA. This research is analyzed using Path Analysis method and the result shows that communication of patient’s doctor, trust and commitment become the determining factors in the SCA. A good level of communication quality can create the level of trust that encourages commitment and eventually is able to establish a sustainable competitive advantage.

Keywords: Doctor-patient communication, trust, commitment, (SCA)

INTRODUCTION

Hospital itself functions as a department that provides medical services, medical and health counseling. These hospital functions are related to classes and types of hospitals in Indonesia. Type of Indonesian hospitals consist of public hospitals and private hospitals, class a,b, c, d. If reviewed based on the hospital’s capability, hospitals in Indonesia are divided into five types, namely Hospital Type A, Hospital Type B, Hospital Type C, Hospital Type D and Hospital Type E.

Hospital Type A is a hospital that is capable of giving specialists medical services and broad subspecialist which is defined by government as the highest referral (Top Referral Hospital) or also called as central hospital. Hospital Type B is a hospital that is able to give medical specialist medical services and limited subspecialists. This hospital is built in every provincial capital and accommodates referral services in regency hospitals. Hospital Type C is a hospital that is able to give limited specialist medical services. This hospital is built in every regency capital (Regency Hospital) that is able to accommodate referral services from clinics. Hospital Type D is a hospital that is transitional with the ability to give only general practitioner and dental services. This hospital accommodates referral from clinics. And Type E hospital is a special hospital that organizes only one type of medical health service only. Currently many of this class of hospital are found, for example leprosy hospitals, lung, heart, cancer, mother and child.

Whichever type the hospital is, it is the responsibility of each service to be able to establish SCA to add service’s competitive value. This competitive value becomes a differentiation expected to create improvement in company performance itself. Hospital Professionalism can be measured with patients’ trust and commitment towards offered services. A doctor is expected to establish and to care about empathic
sentiments and to show to patients that he/she cares. Communication skills and empathy are a strong basis for the execution of medical ethics. Doctors are expected to give moral support such that doubts diminish or even are gone so patients may believe. Patients' big trust towards doctor's action makes patients committed towards hospital services. Morgan and Hunt (1994) said that if partner can give high benefit then he/she would be able to push other partner's commitment to build, to develop and to maintain relational relationship, so it can strengthen the relationship. Commitment gained from the patients in a long term becomes a service's competitive advantage so that hospitals may survive and stand out in the competition of medical service.

The above background brings to the question of this study.

**Research Question**
The research questions of this study are:
1. How is the contribution of doctor-patient communication to trust to create commitment?
2. How is the contribution of trust to create SCA?
3. How is the contribution of doctor-patient communication to SCA?

In order to find the answer of this research questions, the review of related literature will be elaborated.

**LITERATURE REVIEW**
Skills needed by a doctor consist of thinking, communicating and practical action skill scopes (Satrianegara and Siti Saleha, 2009). Doctors would be able to open communication channels with patient by listening actively and having empathy. However, patients would be able to open communication channel with doctors if the patient has a motivation to recover and also (trust) the doctor. (Dietz and Hartog, 2006). Trust is the decision to actually trust the other party. (Doney dan Canon, 1997; Bruhn, 2003). Trust is based on other party's intention and intensity. (Morgan and Hunt, 1994) Trust significantly influences commitment of a relationship. (Shabazz, Abu An-Nagary, 2000) Benefits of building trust is to attain continuous success. (Achrol, 1997) If trust is present, then firm performance is enhanced. (Bowen and Shoemaker, 2003; Hoffman, 2002; Gunawan, 2003) To build trust, continuous relationship marketing is needed. (Zeffane, 2011) The relationships between communication, trust and commitment has yielded mixed results. (Pritchard, Havitz dan Howard, 1999) Commitment is usually considered in purely cognitive terms that measure consumer attitudes of attachment to a brand. The trust is at the centre of this triadic relationship, while commitment is the end product of such relationship. (Robbins, 2002) Competitive advantage is what sets an organization apart, that is, its distinct edge. (Barney, 1991) A company is deemed to be having sustainable competitive advantage when it applies value creation strategies. The Literature Review then strengthens the idea to a research framework.

**Research Framework**

```
<table>
<thead>
<tr>
<th>Communication between doctor-patient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust</td>
</tr>
<tr>
<td>Commitment</td>
</tr>
<tr>
<td>Sustainable Competitive Advantage</td>
</tr>
</tbody>
</table>
```
RESEARCH METHODOLOGY

The method used in this study were (1) the this study is associative research (2) the method used is survey research, (3) units of analysis are individuals patient of hospital , (4) the dimensions of the research is a cross sectional, (5) sampling method is simple random sampling (6) the analytical techniques of path analysis (Path Analysis) and Pearson Correlation.

FINDINGS

Substructure Test 2A Analysis

Table 1. Doctor-Patient Communication, Patients’ Trust and Commitment Model Summary

<table>
<thead>
<tr>
<th>Model Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), kepercayaan pasien , komunikasi dokter-pasien

Table 2. Doctor-Patient Communication, Patients’ Trust and Commitment Anova

<table>
<thead>
<tr>
<th>ANOVA^b</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>1 Regression</td>
</tr>
<tr>
<td>Residual</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), kepercayaan pasien , komunikasi dokter-pasien
b. Independent Variable: komitmen

Table 3. Doctor-Patient Communication, Patients’ Trust and Commitment Coefficients

<table>
<thead>
<tr>
<th>Coefficients^a</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>(Constant)</td>
</tr>
<tr>
<td>komunikasi</td>
</tr>
<tr>
<td>dokter-pasien</td>
</tr>
<tr>
<td>kepercayaan pasien</td>
</tr>
</tbody>
</table>

a. Independent Variable: komitmen

---

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After all paths are analyzed, the influence between independent, intervening, and dependent variables whether it is direct or indirect, also total influence of each certain variables can be summarized. The result is summarized in the table below:

Table 4. Path Analysis Summary

<table>
<thead>
<tr>
<th>Variable Influence</th>
<th>Causal Influence</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Direct</td>
</tr>
<tr>
<td></td>
<td>Through Variable Y1</td>
</tr>
<tr>
<td>X to Y1</td>
<td>0.472</td>
</tr>
<tr>
<td>X to Y2</td>
<td>0.470</td>
</tr>
<tr>
<td>Y1 to Y2</td>
<td>0.286</td>
</tr>
<tr>
<td>ε₁</td>
<td>0.881</td>
</tr>
<tr>
<td>ε₂</td>
<td>0.755</td>
</tr>
</tbody>
</table>

Based on the whole Analysis Path above, the calculation of doctor-Patient Communication (X) and Patient’s Trust (Y1) to Commitment (Y2) variables structural Path Analysis is as follow: There is a significant contribution directly and indirectly (towards) commitment through trust.

Sub-structure 2a Test Analysis

Simultaneous (whole) Testing of Patients Trust (Y1) and Commitment (Y2) variables to SCA (Z).

Table 5: Patients Trust, Commitment and SCA Model Summary

<table>
<thead>
<tr>
<th>Model Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), komitmen, kepercayaan pasien
Table 6. Patients Trust, Commitment and SCA Anova

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>13,185</td>
<td>2</td>
<td>6,592</td>
<td>1,214</td>
<td>0,000^a</td>
</tr>
<tr>
<td>Residual</td>
<td>35,109</td>
<td>97</td>
<td>0,362</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>48,294</td>
<td>99</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

^a. Predictors: (Constant), komitmen, kepercayaan pasien

Table 7. Patients Trust, Commitment and SCA Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.994</td>
<td>.456</td>
<td>2,179</td>
</tr>
<tr>
<td></td>
<td>kepercayaan pasien</td>
<td>.389</td>
<td>.130</td>
<td>2.992</td>
</tr>
<tr>
<td></td>
<td>komitmen</td>
<td>.417</td>
<td>.142</td>
<td>2.939</td>
</tr>
</tbody>
</table>

^a. Dependent variable: SCA

Figure 2. Sub-Structure 2b with Path Coefficient

Path Analysis Result

$Y_2 \quad \rho_{y_2 y_1} Y_1 \rho_{y_2 \epsilon_3}$

$\rho_{y_2 y_1} = 0.508$
$\rho_{y_2 \epsilon_3} = 0.861$
$\epsilon_2 = 0.853$
$\rho_{y_2 y_1} = 0.297$
$\epsilon_1 = 0.861$
$\rho_{y_2 y_1} = 0.302$

After all paths are analyzed, the influence between independent, intervening, dan dependent variables directly and indirectly as well as total influence from each certain variable can be summarized. The result is summarized in the table below:
Table 8. Path Analysis Summary

<table>
<thead>
<tr>
<th>Variable Influence</th>
<th>Causal Influence</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Directly</td>
</tr>
<tr>
<td>Y1 to Y2</td>
<td>0.50</td>
</tr>
<tr>
<td>Y1 to Z</td>
<td>0.302</td>
</tr>
<tr>
<td>Y2 to Z</td>
<td>0.297</td>
</tr>
<tr>
<td>𝜀₁</td>
<td>0.11</td>
</tr>
<tr>
<td>𝜀₂</td>
<td>0.755</td>
</tr>
</tbody>
</table>

Based on the whole Analysis Path Result above, the calculation of Patient’s Trust (Y1) and Commitment (Y2) to SCA (Z) structural variable Path Analysis:
There is a direct and indirect contribution of trust to SCA through commitment.

Sub-structure 2c Test Analysis

Simultaneous (whole) testing of Doctor-patient Communication (X) and Patients’ Trust (Y1) to SCA (Z).

Table 10. Doctor-Patient Communication, Patient’s Trust and SCA Model Summary

<table>
<thead>
<tr>
<th>Model Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

\(^a\) Predictors: (Constant), kepercayaan pasien, komunikasi dokter-pasien

Table 11. Doctor-Patient Communication, Patient’s Trust and SCA Anova

\[ \text{ANOVA}^{b} \]

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>13,62 (^a)</td>
<td>2</td>
<td>6.14</td>
<td>19.067</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>34,665</td>
<td>97</td>
<td>.357</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>48,294</td>
<td>99</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^a\) Predictors: (Constant), kepercayaan pasien, komunikasi dokter-pasien

\(^b\) Dependent variable: SCA
Table 12. Doctor-Patient Communication, Patient’s Trust and SCA Coefficients

<table>
<thead>
<tr>
<th>Coefficientsa</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>1 (Constant)</td>
</tr>
<tr>
<td>komunikasi dokter-pasien</td>
</tr>
<tr>
<td>kepercayaan pasien</td>
</tr>
</tbody>
</table>

a. Dependent variable: SCA

Simultaneous Analysis

Figure 3, Communication, Trust and SCA Substructure with Path Coefficient

Path Analysis Result

Y1 = \rho_{y1x}X + \rho_{y1e1}

\begin{align*}
\rho_{y1x} &= 0.472 \\
\rho_{y1e1} &= 0.318
\end{align*}

After all paths are analyzed, the influence between independent, intervening, dan dependent variables directly and indirectly, as well as the total influence of each variable can be summarized. The result is summarized in the table below:

Table 13. Path Analysis Summary

<table>
<thead>
<tr>
<th>Variable Influence</th>
<th>Causal Influence</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Direct</td>
</tr>
<tr>
<td>terhadap Y1</td>
<td>0.472</td>
</tr>
<tr>
<td>terhadap ( Y_1 )</td>
<td>0.305</td>
</tr>
<tr>
<td>Y1 terhadap ( Y_1 )</td>
<td>0.31</td>
</tr>
<tr>
<td>( \epsilon_5 )</td>
<td>0.471</td>
</tr>
</tbody>
</table>
Based on the whole analysis path above: the calculation of Doctor-Patient Communication (X) and Patient’s trust (Y1) to SCA(Z) structural variable Path Analysis there is a direct and indirect contribution of communication to SCA through Trust.

CONCLUSION

Conclusion:
1. There is a significant contribution of doctor-patient communication to trust to create commitment. Research result shows that doctor-patient communication is influential towards the trust to create commitment. The size of doctor-patients direct influence to commitment is 0.604. So in this case patients’ commitment tends to be formed from doctor-patient communication that has created trust, instead of doctor-patient communication to commitment, rather than directly doctor-patient communication to commitment.
2. There is a significant contribution of trust to commitment to create SCA. Research result shows that patients’ trust affects commitment to create SCA. The size of trust to SCA direct influence is 0.302 and the size of the indirect influence is 0.392. So in this case SCA tend to be formed from patients’ trust that influence commitment, rather than directly trust to SCA. There is a significant contribution of doctor-patient communication to trust to create SCA.
3. Research result shows that doctor-patient communication is influential to trust to create SCA. The size of doctor-patient communication direct influence to SCA is 0.304 and the size of indirect influence is 0.402. So in this case SCA tend to be formed from doctor-patient communication that influences patient’s trust, rather than directly doctor-patient communication to SCA.
REFERENCES


Lee, Joohyun. Commitment as a mediator of the relationship between involvement and loyalty. Journal Psychological


RELATIONAL MARKETING EFFECT ON CUSTOMER SATISFACTION AND LOYALTY AT THE BRI BEKASI BRANCH OFFICE

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ABSTRACT

The banking sector is currently experiencing rapid growth in Indonesia, both state banks, foreign, and private. Problems in this study is the reduced number of customers at Bank BRI Bekasi branch office, and to maintain and improve the BRI customers need to look for opportunities to exploit and enhance the advantages possessed by the company. The purpose of this study was to analyze the effect of relationship marketing on customer satisfaction and customer loyalty simultaneously and partial. The data collection techniques with questionnaires to 100 customers of BRI Bekasi branch office as a sample while data analysis techniques using path analysis. And the results of path analyzes showed no significant influence of positive and simultaneous delivery of relationship marketing on customer satisfaction and no significant influence and the relationship marketing and customer satisfaction to customer loyalty.

 Keywords: Relationship Marketing, Fulfillment, Customer Loyalty

INTRODUCTION

Service company at this time more emphasis on marketing concepts to approach their customers, the company noted that customer satisfaction is very important for the survival of the company. Companies pay attention to elements of customer satisfaction as a basis to build consumer loyalty to a product or service is created (Infobank, January 2008).

The banking sector is very important to the economy of Indonesia, so it was thought that the bank is illustrated as a the wheel to move a country’s economy (Kasmir, 2001), but the wheel: banks can not run properly if it is not supported by the customer. Therefore, the banking industry is required to maintain a good relationship with the customer.

Indonesia’s banking is currently experiencing rapid growth, both state banks, foreign, and private. Based on data obtained from Bank Indonesia www.bi.go.id.web.id/Perbankan/Ikhtisar+Banking+. Banking Institutions in 2011 noted that the number of banks in Indonesia has increased. This fact can not be denied again, so that each bank is required to use various methods and strategies in attracting customers, increasing the number of customers, and retain its customers.

Bank Rakyat Indonesia (BRI) as one of the businesses in the banking industry can not be separated from the phenomena arising from changes in the intensity of competition for attracting the hearts of their customers. Data from Table 1, can be seen that the BRI bank was in the second rank with a market share of 11.65% in 2011. This data also shows that the BRI had a decline in market share in the previous year. The decline in market share of BRI, also experienced by the BRI branch offices in Bekasi with the number of customers decreased by % when compared with previous years where the number of customers was reach 6,000 customers.

<table>
<thead>
<tr>
<th>Ratings</th>
<th>Bank Name</th>
<th>Asset (Trillion) Feb. 2010</th>
<th>Market Share (%)</th>
<th>Asset (Trillion) Feb. 2011</th>
<th>Market Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>PT. Bank Mandiri Tbk</td>
<td>Rp.363,739 trillion</td>
<td>14.45</td>
<td>401,531 trillion</td>
<td>13.65</td>
</tr>
<tr>
<td>2.</td>
<td>PT Bank Rakyat Indonesia Tbk</td>
<td>Rp.307,921 trillion</td>
<td>12.23</td>
<td>Rp.341,26 trillion</td>
<td>11.65</td>
</tr>
<tr>
<td>3.</td>
<td>PT Bank Central Asia Tbk</td>
<td>Rp.27,396 trillion</td>
<td>11.24</td>
<td>Rp.327,371 trillion</td>
<td>10.94</td>
</tr>
</tbody>
</table>
To maintain and enhance customers Bank BRI need to look for opportunities to exploit and enhance the advantages possessed by the company. One approach that is appropriate to the maintenance of clients is Relationship Marketing, the marketing principles that emphasize and try to attract and maintain good relationships with consumers in the long run (Berry, 1995 in S Wibowo, 2006). Relationship marketing is more of a long term approach to acquiring and retaining customers. Relationship Marketing is to foster a closer relationship by creating two-way communication with the managing of a mutually beneficial relationship between the customer and the company (Chan S, 2003). Implementation of Relationship Marketing at BRI to do that is by joining in community gatherings, special price discount, direct gifts, customer service, sms banking, and so forth.

Customer is difficult to be invited loyal. Based on research conducted in Jakarta showed that BRI customers are less loyal than competitor banks (Ermina, 2001). Both practitioners and the experts know that customer satisfaction and loyalty have a relationship that can not be separated. Customer loyalty and customer satisfaction has a positive relationship. High satisfaction will increase customer loyalty, and vice versa the lower the satisfaction of the customer loyalty is also lower (Khadafi).

**Problem Formulation**

At BRI Bekasi branch office still found a difference (gap) between the concerning satisfaction expected by customer and the reality of the performance of the services provided by the company. This is evidenced by a decrease in market share over the previous year, which raises the question:

1. Is relationship marketing done affects the customer satisfaction at BRI Bekasi branch office?
2. Is satisfaction affects customer loyalty BRI Bekasi branch Bekasi?
3. Is relationship marketing done also affects customer loyalty?

Based on the above problems, the purpose of this study was:

1. Determine the effect of relationship marketing on customer satisfaction at BRI Bekasi branch office.
2. Determine the effect of satisfaction on customer loyalty BRI Bekasi branch office.
3. Determine the effect of relationship marketing on customer loyalty at BRI Bekasi branch office.

**DISCUSSION**

Service is the act or performance offered by one party to another. Although the process may be related to the physical product, its performance is essentially intangible and does not usually result in the ownership of factors of production (Lovelock, 2005). Furthermore (Lovelock, 2005) states that Services are economic activities that create and deliver benefits to the customer at a specific time and place as a result of actions to realize the desired changes in service or on behalf of the recipient.

Understanding of customer satisfaction as the beginning of relationship marketing management, must start from the basic philosophy that affect the management of relational marketing. Every company should understand the most basic line of thought before they can realize the relational marketing management as to
what they expect (Rust and Verhoef 2005). Understanding of relationship marketing is an important factor in implementing product marketing strategy of a bank, because the role of customers who could make the existence of a bank to continue to survive (Nan and Heo 2007).

Based on the opinion of Chan (2003: p6), Relationship Marketing is the understanding to each customer closer by creating a two-way communication with the managing of a mutually beneficial relationship between customer and company. Relationship marketing is a philosophy of how we do business, strategic orientation that focuses on how we maintain and enhance relationships with existing customers than to recruit new customers than we do (Robinette and Brand, 2005).

Robbinette (2005), states that in order to establish and develop relationship marketing, the company should pay attention to the following:

1. **Mutual benefit**
   The point is that both companies and customers have benefited equally, wherever possible, grow a win-win situation in which the perceived benefits of the people, other people must feel the benefits. Customers were satisfied with the product or service provided by the company while the company obtain profit by the transaction. This includes about convenience in the transaction as well as other benefits such as discount or rebate amount is given as well as gift giving. So that the existence of the above factors the more people who are interested in coming and corporate profits are also increasing rapidly.

2. **Commitment (loyalty or certainty)**
   A promise that expressed either explicitly or implicitly from the continuity of the exchange relationship with its partners. In this case a commitment to continuity of good relations with corporate customers, maintain the quality of service and quality of products, so the greater the company’s commitment to do that then it will be higher customer loyalty.

3. **Communication (communication or relationship)**
   Communication is a relationship between two or more persons, either orally or in writing. Here both parties should be able to express their mutual desire and feel that they can hear and understand each other. Communication between the company and not only just by face to face, but also by mail, greeting cards, in the form of telephone sales calls and e-mail.

4. **Authenity (truth)**
   Companies must understand the grievances or complaints from customers seriously. In relationships with customers should be based on truth, honesty, so it will accelerate the development of relations between companies and customers, so after that there will be loyalty to the company.

Mowen and Minor (2001), defines the overall customer satisfaction as the attitude shown by customers for goods or services that have been acquired and used while Kotler (2011) defines customer satisfaction as the degree of one’s feelings after comparing the performance (or outcome) that he felt compared with expectations. According to Oliver (1997) dimensions or attributes of customer satisfaction can be viewed in three dimensions, namely:

1. **Customer confidence**.
2. **Sense of customer intimacy**
3. **Sense of customer satisfaction on service guarantees**.

Loyalty is the attitude of the customers in determining the choice to continue using the product or service from a company. Attitude is also a choice to make a commitment and make repeat purchases at the company (Foster and Cadogan, 2000). For Foster and Cadogan, (2000) customer loyalty will bear behavior and actions of customers such as (1). Customer behavior is a recommendation to invite other people to purchase or use these products. (2). Customer will conduct activities of transaction or uses any form of services offered by the banks. (3). Customer will make banking as the first choice in the use of financial services. (4). Word of mouth is the behavior of customers to talk about the good things of the product from the bank to others. According to Griffin (2002), quoted by Hurriyati (2005, p129), loyalty is defined as non-random purchased expressed over time by some decision making unit. Based on these definitions, explained that loyalty more refers to a form of behavioral decision-making units to purchase continuously against the goods or services from selected companies.
Hypothesis

Fred Wirsma (Sentana, 2006), there is a basic principle of the creation of familiarity with the customer, such as enhance and enrich the proximity of a personal relationship with customers, build trust openness for mutually beneficial business goals of both parties, and a commitment to make products according to agreed qualifications. Based on this study the relationship marketing has a positive and significant impact on customer satisfaction.

Therefore, the hypothesis is proposed:

H1: relational marketing has positive and significant impact on customer satisfaction

Research conducted by Blanc and Nguyen (2018) proved the existence of a positive and significant influence of customer satisfaction to customer loyalty. According to the study above, satisfaction does have a positive influence on loyalty. Therefore, the hypothesis is:

H2: customer satisfaction has a positive influence on customer loyalty

Research in the 15 banks in Malaysia showed a significant and positive influence of relational marketing factors (trust, commitment, communication, conflict handling), either simultaneously or partially on customer loyalty (Nelson Oly Ndubisi 2007). Therefore, the hypothesis is:

H3: Relational Marketing has positive effect and significant effect on customer loyalty

RESEARCH METHODOLOGY

This research is using descriptive and associative. Descriptive research is research conducted to determine the value of independent variable, either one or more variables (independent) without making comparisons, or connect with other variables. While research associative relationship is a study that aims to determine the relationship between two or more variables (Sugiono, 2007). The unit of analysis in this study is individual, the customers as service users of BRI. In this study we use cross-sectional time horizon because the information in this study were collected only at certain times. The method used is the survey because the survey will obtain information from respondents who expressed in answering these questions through a questionnaire.

The number of customers at BRI Bekasi branch office are 5,500 customers, and based on sampling formula Slovin, then the respondent is taken for a minimum of 100 respondents. Tests conducted with the validity and reliability, normality test. Data analysis techniques using path analysis. Based on Wicaksono (2006, p152), path analysis is an analytical tool used to track the influence (either directly or indirectly) the independent variables of the dependent variable. Tests conducted in this study is the validity and reliability, normality test, and data analysis techniques using path analysis.

FINDINGS

The results showed that relational marketing \( (\text{RM}) \) has a positive and significant contribution to customer satisfaction \( (Y) \). The contribution of relational marketing to customer satisfaction was 27.9%. With structural equation: \( Y = \rho_{xx} + \rho_{yy}^{0.52} \pm 0.4 \). This can be seen from the relationship of relational marketing variables that are strong enough to BRI customer satisfaction, which means that the successful implementation of relationship marketing done by BRI will further enhance customers’ satisfaction. The study findings suggest that relationship marketing has contributed in a positive and significant impact on the level of customer loyalty.
So the structural equation for substructure 2:
\[ Z = \rho_{zx}X + \rho_{zy}Y + \epsilon_2 = 0.47X + 0.955Y + 0.19 \]
\[ R^2 = 0.96 \]

Relationship marketing (X), and customer satisfaction (Y) simultaneously affect customer loyalty for 0.962 or 96.2% and the rest of 0.3% or 3% for other variables affected beyond this study. And the effect of relationship marketing on customer loyalty directly at 0.47, while the influence of customer satisfaction on customer loyalty directly is 0.955. By this means the analysis of substructure 1 and substructure 2 has been completed, then the relationship can be described as a complete structure.

CONCLUSION AND RECOMMENDATIONS

Conclusion
Conclusion of the discussion are:
1. Relationship Marketing has positive and significant effect on customers satisfaction.
2. Relationship marketing and customer satisfaction has positive and significant effect, simultaneous and partial on customer loyalty.

Suggestions
PT. BRI should actively monitor whether the program provided by BRI to customers has been good and the delivery of the program to the customer is not excessive so as to make customers more comfortable and give information about programs or other promotions. In addition to the need for more attention to customers with a way to do things with BRI customers so will always create a good relationship between the company and customers.
REFERENCES


IMPULSIVE BUYING BEHAVIOUR AS A MARKETING STRATEGY

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ABSTRACT
Recently, most of consumers deciding to buy a product based on their heart really tell them to buy that product, it makes them not really care anymore about how less the information that they may have about that product, that is called as Impulsive Buying Behaviour. However, Impulsive Buying Behaviour isn’t happened without any factor, there’s some of factor who create it, such as more mall has built, more interesting event, advertisements, tester sharing, unique packaging, perfect display and outlet lay out, “shopping friends”, queue, and social media.

Keyword: Impulsive Buying Behaviour

INTRODUCTION
Many creative, innovative, unique and interesting products and services start to membanjiri this world. Start from daily products such as foods, drinks and beverages that made from many kind of ingredients and materials that must be very delicious, cloths with unique cutting and pattern, housing with luxurious design but environmentally friendly until a very magnificent and adorable sport cars that full of customize facilities that is built especially for the owner.

All of that products and services are made, to spoil consumers that have more unique and not common requirements and demands day by day, including in Indonesia, almost consumers want a product and service that is made rarely, or we can say not all people use or have it.

In the beginning of 2000, Indonesia’s economic situation start to getting better and better, after a very massive bad crisis on 1997. A lot of investors start coming to see the business opportunity in Indonesia, and then decided to open the business here, many kind of business that they choose such as mining, perkebunan, manufacturing and business that touching the consumers end directly like business retail and foods. The economic increasing could be seen in real by a lot of big mall that start to be built in the big cities in Indonesia, especially in Jakarta, those kind of malls have been built to make consumers easier to get everything that they need and everything that they want, which is now not only all about the basic needs but also the needs of entertainment and pleasures.

Many kind of products and services from all over the world, are displayed to be sold and bought in those malls, from the foods, drinks and beverages, retail stores with many brands domestic and international including the accessories, housing developer that sell many units of houses and apartements, and other services like playground for children, movie theatre, saloon and even fish reflexiology for everyone who has tired after walking around in the mall.

In a process to buy something, consumers recently not only buy to fulfill their needs, but they also first mempertimbangkan a lots of things, such as trend at this moment, social status, and informations surround them.

More malls day by day, trend, environments, social status and informations these are the things that being used by the marketer and producers to make more attentions from the customers to buy their products or services, many efforts that they create such as memasang a big baleho that display an international model who wear the new collection from one international brand complete with the accessories in front of the mall’s
gate, make some of interesting events that is attended by some of famous international dan domestic celebrities and singers that will make that events more interesting, redesign and keep updating their store and the display to follow the trend recently, so they always have a store with a very attractive and up date display all the time, never be an out of date.

They do all of that efforts for a reason, that is to make the mall visitors that used to not interested to coming and entering their store before, deciding to coming and entering their store at least just to see and check out the new collections, and then they interested to try that new collections because they think they “might” will buy that on the “next visit”, but after see their appearance looked so good in that new collections, they finally decide to buy, even not only the new collections but also some of accessories that is displayed in the shelf close to the cashier.

That is what we known as a Impulsive Buying behavior, people more often talking about this behavior, because it has successfully influence most of consumers in the big cities in Indonesia, especially in Jakarta. Of course, it is a big advantage for the marketers, Impulsive Buying behavior gives a very good affect for their selling number, bagaimana tidak ? we can see a story from a customer who come to a mall, just to buy some fruits and vegetables, walking through the elevator to the supermarket, and then she looking at an advert that tell her favourite brand have a special discount program for today that is buy one get one free for all products, she looks as well some of people passing her with bringing some of paper bag from that brand, in that second she will turn back to the up stair and walking to her favorite brand, and definitely will buy some kind of stuffs from there, when she remember her first goal to coming to that mall, she will come back to the supermarket buy the fruits and vegetables and when walking to the cashier she is again stopped by a sales promotion girl that offer her another promotion from her favourite chocolate brand with buy 3 get 4 with the new taste, and of course that spg doing her good job to fulfill that customer’s basket that is already full with fruits, vegetables, the “unneeded” kitchen and home decorations that actually not she needs at all but she buys it because the packaging is so beautiful, with another 4 chocolates.

That is why, mostly marketers now start to think how to make consumers or mostly mall’s visitors become an Impulsive Buyer, because they know it could be one of the potential marketing strategy.

LITERATURE REVIEW

Impulsive Buying Behaviour

There’s a lot of study that talking about consumers behavior, from those studies there’s a special consumer behavior that is interesting and important to be studied deeper, one of them is Impulsive Buying behavior. There’s some of description from the expert about Impulsive Buying behaviour’s definition, one is from Schiffman&Kanuk(2004), they said that Impulsive Buying behavior or they say that as well as “an effort to follow what is heart saying”, is a model to make a decision using emotional feeling, it is often being related with the deep feeling or expolition of other emotional feeling such as happiness, worries, love feeling, expectation, sexuality, fantasy or even a few magical side while a consumer wants to buy something. Still follow with what Schiffman&Kanuk said, while a consumer in a buying process, they often very impulsive, instead of looking, thinking of and scoring much varieties of alternatives deeply, however they buy those products and services just because their heart say they “should buy that thing”, or that’s only because of the sudden demand, or simply because they are just pushed emotionally to buy those kind of things. When a consumer doing a purchase because they are pushed emotionally, so that they only look for a very few information and alternative about that product and service it self, when their heart says they “have to” buy that product or service, it will be so easy for them just to buy it, without notice or think for anything else. Those kind of things that make lots of marketers and producers trying to see the opportunity to use that Impulsive Buying behavior to get lots of advantages, they fastly consider if they can manage that behavior very well, so it is possible to make it as a quiet potential Marketing Strategy.
Consumer Buying Decision Process

There is a relation between Impulsive Buying Behaviour with how does a consumer make a decision in buying process, where in buying process, consumer will be in these process below:

- **Need recognition**: The part where a consumer feeling some needs or they have a willingness to have some products or services
- **Information Search**: After they know that they need or want something, they start to look for some informations and alternatives about that product or service.
- **Evaluation of Alternatives**: While they have get lots of informations and alternatives about the product or service, they will try to separate which is the best alternatives to be choosen.
- **Buying behavior**: In this process they finally decide to buy the product or service that they think, that is the best choice for them, also in this process, consumer will be in trial process to use that product or service, at the end they will decide whether they will like that product or service or not.
- **Evaluation after Buying**: Consumer will do the evaluating as well, if they satisfied with the product or service they will be back to buy that product or service again, if they aren’t, they will just leave it and find another product or service that suit them the best.

From the description of buying process above, Impulsive Buying behaviour will cut almost all that buying process, If a consumer in a normal buying process, they feel they need or want to buy a product or service then they should follow those kind of process, but Impulsive Buying behaviour will put consumers directly into Buying Behaviour, without passing the Information Search and Evaluation of Alternatives process.

**Impulsive Buying Behaviour as a Marketing Strategy**

Without being in Information Search and Evaluation of Alternatives process, consumers will get a very less informations about the competitors, that might have more advantages and so much better qualities. Impulsive Buying behaviour will make consumers losing lots of opportunities to choose the best alternatives for them, if their heart said that they should buy that product, they will not take any longer time to just buy that product.

Once again, Impulsive Buying behaviour will make consumers not have to think twice to buy a product, they buy it just because their heart tell them to buy it.

However, although relate with the emotional part, Impulsive Buying behaviour doesn’t happened without a reason, there some factors behind that behaviour. These factor that is tried to be explored by lot of marketers, even lots of them trying more and more to make this behaviour as a marketing strategic that pretty potential, to increase their sales number.

There are some factors that (memicu) Impulsive Buying behaviour:

- **More malls in big cities**, there is no doubt anymore now, if malls has been known as a place to enjoy many things, especially for some entertainments, the place to put a bit stressfull out after almost a whole day working, with the beautiful, interact design and of course very comfort, with full of air conditioning and also very clean, make every visitor feeling so good inside the mall, and often forget with the time, they sometimes come to.

- **More events in the mall**, To attract more people come to visit their mall, the developer with one or some tenants who have opened their shop there often create an interesting event with unique theme, such as grand launching their new product, fashion show their new collection, exhibition, talk show and of course lots of fun competition. Most of visitors who come to that mall just for sightseeing and don’t have any willingness to buy something, then they see that event with the product that they offer they often suddenly decide to buy that products.

- **Adverts and more promotions**, The adverts that is referred here is the adverts which is showed in the main road to the mall, or a baleho which is intentionally be put on the mall main gate, the material on that advert contain an international supermodel who is wearing the new collection from a brand,
completed with other accessories, plus other informations such as some discounts of the month, or some gift if buying the new arrival, etc. People who are passing that road and see those adverts, sometimes decide to pass by the mall just to see everything that is offered in that advert, and often going home with lots of stuffs from that shop.

- **Display and retail outlet lay-out**, As what Hawkins,Motherbaugh&Best (2007) said, there are some factors that will influenced a consumer to buy something, and that often be a factor that make Impulsive Buying behavior happened, one of them is display and retail outlet layout, because as showed in the chart below:

![Image of chart showing factors influencing behavior](image)

One of the marketing strategy is including setting up the display and the retail outlet’s lay out, to make it more beautiful, more unique and more comfort, they will be fine to spend huge of money to pay interior designers and product display designers as long as they can manage the products and put them all perfectly in the shelf and make them looked wonderful and teasing all people to buy, they have to be able to mix a lots of elements and detail like shelf and table to put the products, shop windows, cashier table, flowers, colourful textiles, mannequin that is match and suitable with the products and posters to be one lovely harmony, with a purpose to tempting visitors to come in, see around and ended up out the store with some paper bag in their hand.

- **Sample (tester) and packaging**, Sample or tester always be something that interest consumers, its always been a human nature that they always like something for free, why marketers often share their products for free especially when they have special promotion or new products? Because they want consumers trying their product, they willing that after the consumers trying the products for free, and they like it, then they will buy it. By giving samples, marketers want to tell everyone that their products is exist, for example, one of coffee producen has launched their new flavor, the sales promotion girls share the coffee in a small cup to everyone who pass them, they also inform the customers the promotion, if they buy 3 boxes of that new flavor coffee, they will get 1 box for free with the flavor that
they can choose by themselves, that will be package with the cute packaging complete with a mug and hug as other complements, the result as we already know, that consumer will home with those kind of stuffs, its not because they don’t have mug or hat at home, or they might not really like that new flavor, but its more because their heart said that they should buy that thing.

- **“Friend” while shopping**, When a consumer go to a mall with other parties, such as their friends, their workmate or their families, that is what known as a “friend while shopping”, and then that “friend” while shopping pass by to a shop inside that mall, that will be a big possibility the Impulsive Buying behavior would be happened, because when they do shopping they often ask other or seller’s advice about the products that they want to buy, the other “friend” who doesn’t want to buy anything in the beginning seeing their friend trying that products and looked so good on them, and also the seller keep telling them how suit are the products on them, in that time the “friend” who isn’t interested at all to buy anything in the beginning will buy that thing as well.

- **Long Queue**, One of the unique common human nature is curiosity, the curiosity will be bigger if they see there’s a lots of people in queue trying to get that product. If there’s a queue in a mall, mostly people will come closer and see what has make lots of people want to be in that long queue, in the visitor’s mind, if there lots of people want to spend their time waiting in the line to get a product, it means that product is so worth enough to be bought, even to get it they should spend lots of hours, that queue will make visitors who don’t want to buy anything in the beginning will stop in a while close to the queue see what is going on, and finally decide to be in that line to buy that product as well.

- **Social media berupa twitter,facebook,linked,etc**, Social media also could be a factor that make Impulsive Buying behavior happened, for example, there’s a consumer who is having her lunch in a mall’s foodcourt, while having her lunch she also sometimes checking her timeline on twitter, her twitter telling her that her favourite brand has a special promotion, which is discount until 70% off only on that day from 11.00 until 14.00 that’s why it is called as a “lunch discount”, the next story is she finishing her lunch as fast as possible and goes to her favourite shop fastly, because she is afraid that everything will be sold out.

**CONCLUSION**

From the study above would be described that Impulsive Buying behavior that infecting mostly consumers in big cities especially in Jakarta, isn’t a common behavior anymore because it is happened by “heart saying”, but from the fact could be seen, “heart saying” could win everything, even the rasionality when a consumer wants to buy something.

It is more common, consumers more listen to their heart when they see a product that impress them, when their heart they should have it, so they will not think twice or think anything anymore to buy it, they even not really care about the very less informations that they know about that product, they just follow their heart.

This is what the marketers looked for, they keep learning and studying about the consumers “heart saying” more over they want to know how far their consumers will act when they see a product that is really impress them.

The marketers keep looking for what are the factors that trigger Impulsive Buying behavior, because this behavior as could be seen in the fact offer lots of advantages to the company, this behavior will give smaller space to the competitors. That is why, most of marketers recently think that, Impulsive Buying behavior could be used as a marketing strategy that is really potential, by managing these factors below properly:

- Make the mall more beautiful and comfort, also more extra service for the visitors, so they will spend more time there.
- Organize more events with different and very unique theme, so the visitors will more interested to see.
- Adverts and promotions should be made more attractive, and should be matched with the recent trend.
- More attractive displays and lay outs should keep be changed and make it fit with the recent theme and trend, without forgetting the consumers pleasure while inside the shop.
- Samples and free testers should be shared and set up perfectly, so consumers will interest and happy
to try it, the packaging should be able to support the product too, most consumer would be more appreciate with a product who has a go green and environmentally friendly packaging.

- Salesgirl should be well prepared to give the proper and complete information to everyone who ask it, and the promotion could be offered to another group such as: “arisan ibu-ibu”, “pengajian ibu-ibu”, cheerleader team, or other communities.
- Managing the queue.
- Maximizing the social media.

But still, there always some questions during a study or strategy. Some people even not really agree if marketers using Impulsive Buying behaviour as a marketing strategy, because in their mind, this behaviour will bring the consumers into the negative behaviour such as consumerism and materialism, so the next question is, “Is it ethic or not to drive consumers to become an Impulsive Buying behaviour? Even it might become a potential marketing strategy?"

REFERENCES