TOURIST PREFERENCE FOR TOURISM DESTINATIONS INFORMATION SOURCES
(Tourist's Preference on Ratings Information Sources affected by Tourists' shared Characteristic to Jakarta's Tourism Destinations)

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ABSTRACT

Consumer's search for specific information related to a product or a service is critical step in their purchase decision making process, and the available information sources can stimuli and potentially affect the information search of tourist purchase decision to a tourism destination. Meanwhile the characteristics of guest's influence the manner in which they search for, rate, and use information about tourism destination related product or services. The purpose of this research is to determine information source importance ratings considering the influence of tourist characteristic to Jakarta tourism destinations.

Keywords: Tourism destinations, Information Sources,

INTRODUCTION

Understanding tourist decision to purchase specific destination products or services is becoming increasingly important to destination marketing management, and the consumer decision making has the following stages: need recognition, search for information, pre purchase alternative evaluation, purchase, consumption, post purchase alternative evaluation, and divestment (Blackweel. 2005). One of the major factors influencing consumer decisions to purchase a product of service is information sources. Information search or information seeking is the process of consulting various sources before making a purchasing decision, consumer recognize the need for more knowledge, which activates the decision to search for information about alternatives. Awareness of a particular product or service and resulting purchase decisions largely depend on the information consumer are able to gather and the credibility of such information. The search process may be spontaneous and lived of occur over a longer period of time and involve intense exploration of the product or service. Information may be sought internally from an individual's memory, and searches may also be conducted externally, which involves an active process in that information must be sought out. Additionally several information sources may be used.

Jakarta as the Indonesia capital is a metropolitan and in the 480th years old has been the gate of Indonesia and the centre of distribution to other tourist destination. The Jakarta tourism destinations develop according to the increase of tourism activity. The tourism destinations in this city have dominated to provide scenic area, leisure, coastal, marine, mountain, shopping and historical attraction. Jakarta get more large tourists than the other city's tourism destinations in Indonesia.

RELATED STUDIES & THEORIES

Past studies have found that consumers differ in their like hood to seek out product knowledge, ranging from intensive seekers to those that engage in very limited searches. Consumers also differ in the number of sources consulted for product or service information and the importance placed on the sources; frequently consumers seek information from several sources prior to making a purchase decision. Numerous factors may influence a consumer's information seeking behavior. Past information seeking research based on information search theory has found several general relationships between consumer characteristics and search behavior. In past studies define Information search is one of the first steps of the vacation decision-making process. It is necessary for choosing a destination and for on-site decisions such as selecting accommodations, transportation, activities, and tours (Dogan and Umbreit. 2004). Information search performance (i.e., locating relevant information to resolve issues) and variables affecting search performance are important because information located during the search process can affect decision quality for better or worse of destinations (Barrick and Spilker. 2003). The one importance of information search study is a good understanding of tourists' perceived importance of destination presumably enables destination marketers to entice potential customers (Chen. 2001). In tourism consumer behaviour discipline, information search can be either internal or external. Internal search is based on the retrieval of knowledge from memory, while the other consists of collecting information from the marketplace (Dogan and McCleary. 2003).

Internal Search

Searching for services information come from memory. Internal search is a critical aspect of the judgment and decision making process, almost all decision making involves some from memory processing. Each consumer has stored in memory a variety of information, feelings, and past experiences that can be recalled in making a decision. Consumer researchers have been very interested in determining (1) the extent of the search, (2) the nature of the search, and (3) the process by which information, feelings, and experiences arc recalled to enter into the choice process. Internal search is knowledge stored in long term memory. Whether consumers rely solely on internal search will heavily depend on the adequacy or quality of their existing knowledge. First time buyers may need to undertake external search. Experienced buyers may find their knowledge to be inadequate for product categories characterized by large inter purchase times (the amount of time between purchase occasions) during which there are significant product changes in term of prices, features, and new brands and stores. Even if product changes have been minimal, internal search is hindered by large inter purchase times due to problems of forgetting. Nor may existing knowledge be sufficient when the present. Consumption problem is perceived to be different from those in the past. Internal search consisted of :

Experiences and Previous Visits: Previous visitation or experience to a destination is one of the most commonly examined factors likely to influence tourists' prior knowledge of the destination and thus their information search behavior and decision making process. There are four main sources of information stored in memory; prior purchase experiences, previous low involvement learning, previous learning about the environment (latent learning) and the degree to which one uses internal (one's own memory) as opposed to external (packages or lists) memory, all of this stored information can of course be used by consumers to generate new information by deduction or inference.

Familiarity: Consumers' familiarity with a product category is measured as a continuous variable that reflects their direct and indirect knowledge of a product category (Dogan and McCleary. 2003)

Expertise: Some individuals within the family may have more influence on decision making regardless of family type or gender role preference (Tinson et.al. 2008).

*Image Analysis***:** Each brand within the awareness set is Rely to have a set of associations between itself and other bits and pieces of information that are stored in memory. The first step, on an image analysis is to identify the particular associations that define a brand's image, the second step is to assess the strength of a brands associations, Companies may find it useful to probe for a deeper understanding of what a brands associations represent in the consumer's psyche as part of an image analysis. Generally tourits choose a destination considerate on four basics criteria: (1) facilities offered, (2) attraction, (3) price, (4) quality of amenities.

From destination marketers' perspective, the destination image plays a pivotal role in establishing destination marketing strategy. Image, as one of the most influential factors affecting tourist perception and consequent behaviors, is a concoction of various feelings about, attitudes toward, and ground for an overall evaluation of an object (Gyehee and Choong. 2009)

Involvement: Generally, there is strong support for the relationship between involvement and search behavior. literature suggests that, when making decisions, highly involved individuals will go through an extended problem solving process: recognizing the problem, actively searching for information, evaluating the alternatives, and making the purchase decision.

Learning: Learning can be defined as the process by which experience leads to changes in knowledge, attitudes, and/or behaviour. Learning has been examined under two major approaches: cognitive and behaviorist.

Expertise: Destination expertise can be defined as exposure to related advertisement, information search, interactions with travel agents and other consultants, selection and decision-making, and previous experiences. (Dogan and McCleary. 2003).

Product and Location: an example of how information about the strength of association between a brand and specific attributes could be collected and used for simplicity, example will focus on four specific attributes, they are: product/service, location, price and friendship of personnel.

Price knowledge: Aspect of product knowledge that deserves to be singled out is that involving product prices. An examination of what consumers know about an absolute price and a relative price, can provide important information for guiding marketing actions. Marketing executives' pricing decisions may depend on their perceptions of how well informed consumers are about prices.

Consumer satisfaction: The degree of satisfaction with prior purchase "I also determine the consumer's reliance on internal search. If the consumers has been satisfied with the result of previous buying action, internal search may suffice. In assessing the key dimensions of quality for a hotel, *the servqual* determinants are a useful starting point: reliability, communication, credibility, security, competence, courtesy, understanding, access.

External search

Searching for information from the environment. Sometimes a consumer's decision can be based entirely on information recalled from memory. Other times, Tourism is an information intensive industry whose organizations rely on the communication with tourists through various channels to market their products and build customer relationships (Bing and Fesenmaier. 2006), information is missing or there is uncertainty surrounding the recalled information when this occurs, consumers can acquire additional information from outside sources through an external search. Outside sources include dealers, trusted friends or relatives, published sources (magazines, pamphlets, or books), advertisements, or package itself. Consumers can collect information on what brands are available as well as information on the attributes and benefits associated with those that are in the consideration set (Hoyer and MacInnis. 2007). Basically, external in nature, sources of information which previously have been organized into four basic categories: (1) personal (e.g., word-of-mouth advice from friends and relatives), (2) marketer-dominated (e.g., advertisements in print and electronic media), (3) neutral (e.g., third-party sources such as travel agents and travel guides), and (4) experiential sources—direct contacts with retailer (money and Crotts. 2003). In this study we considered two types of information sources: non-media (institutional and commercial brochures, travel agents and internet) and mass media information sources (advertising and reports in broadcast media). (Claudia. 2007). External search consisted of :

Word-of-Mouth: Marketers are especially interested in a form of influence called word-of-mouth (WOM). WOM is the process whereby consumers who have experienced a product or service pass on their views, both positive and negative, about the product or service to other people (Swarbooke and Horner. 2007). WOM refers to information about products or services communicated verbally. Consider the number of consumer behavior that are likely to be affected by WOM. WOM pervasive with another person; it is also more pervasive than written information.

Advertising and Media: We can define advertising as any paid from of non personal presentation and promotion of ideas, goods or services by an identified sponsor. Advertising is mass, paid communication which is used to used transmit information, develop attitudes and induce some from of response by providing information to potential customers, by trying to modify their desires and supplying reasons why they should pref6r that particular company's services.

Billboard/Highway sign: This is useful for reminder copy and can support other media activities the effect of an advertisement on television can be prolonged if recipients are exposed to a reminder poster on their way to work the following day, if strategically placed, the posters can appeal to segmented audiences.

Radio: radio advertising has often been seen as the poor relation of television advertising, appealing only to the sense of sound. The threshold cost of advertising is much lower than for television, reflecting much more local segmentation of radio audiences and the lower production costs of radio adverts.

Television: This is an expensive but very powerful medium. Although it tends to be used mainly for the long term task of creating brand awareness, it can also create a rapid sales response the very fact that a message has been seen on television can give credibility to the message source, and many smaller service companies add the phrase as seen on TV to give additional credibility to their other media communications. The power of the television medium is enhanced by its ability to appeal to both the senses of sight and sound and to use movement and color to develop a sales message.

Newspapers: Daily newspapers tend to have a high degree of reader loyalty reflecting the fact that each national title is targeted to specific segments of the population. This loyalty can lead to the printed message being perceived as having a high level of credibility on the part of the reader. Therefore, daily papers may be useful for prestige and reminder advertising. They can be used for creating general awareness of a product of a brand as well as providing detailed product information.

Magazines: Advertising in magazines may at first seem relatively expensive compared to newspapers, they represent good value to advertisers in terms of the large number of readers per copy and highly segmented nature of their audience.

Brochure/Folders and Guidebooks/Catalogues: Direct marketing normally involves direct response to media such as advertisements, catalogues, and direct mail (brochures). Direct marketing offers the possibility of selecting specific target markets through the use of specialized mailing lists, data bases, or media. This permits customized appeals and creative strategy based on the lifestyles and needs of the target market segments. Direct marketers are also heavy users of predictive modeling, mailing list enhancement, life time value analysis, and advanced forms of cross-selling or up selling. They arc heavy users of controlled testing and experimentation. Various product rating agencies have risen to the forefront in recent years. The most widely known being consumers' union, which publishes consumer report. Several manufactures have found, frequently to their dismay, that rating by such agencies have a potent effect, especially the if rating are negative.

The Moderating Tourist Characteristics

In term of tourist's shared characteristics, past research looked at how individual tourists make their purchasing decisions. It is now time to look at ways in which academic and marketers have sought to group tourists together on the basis of shared characteristics. This has resulted in typologies of tourists and methods of segmentation.

The typologies of tourist:

Explorers are small group who almost as anthropologists

Elite tourists are experienced frequent travelers who like expansive tailor-made tours

Off-beat tourist aims to get away from other tourists

Unusual tourist make side trips from organized tours to experience local culture

Incipient mass tourist travel to established destinations where tourism is not yet totally dominant

Mass tourists expect the same things they are used to at home

Charter tourist have little or no interest in the destination itself providing that the holiday gives them the entertainment and standards of food and accommodations they expect.

Segmentation: There are five classics ways of segmenting markets, in other words, the consumers population can be subdivided on the basis of four different criteria, into groups which share similar characteristics as buyers.

Demographic, e.g. age, sex, race, stage in the family life cycle

Geographical, e.g. where the tourist lives

Psychographical, e.g. th personality and lifestyle of the tourist

Behaviouristic, that is, the relationship of the tourist to the product, e.g. the benefits they expect to receive form the purchase and whether or not they are fist-time or regular purchasers of the products. (Swarbooke and Horner. 2007)

Tourist Demographic Characteristic: Individual demographic characteristics may influence information seeking behavior research in consumer behavior has generally found that people of higher income and education search more for product/service information. Age tends to be inversely related to amount of search, while the relationship between search behavior and other demographic characteristics, such as social class and occupation, tends to depend on the product/service being investigated. Certain demographic characteristics of travelers have been linked to information search behavior. Studies have found that college educated individuals were more likely to use destination specific literature, and people of higher socio-economic class frequently used travel agents as information sources. The older people were more likely to use a travel agent than younger people. Older people have also been reported to heavily rely on information from friends and family..

Social Psychological Factors: Perceived benefits of information search will influence search behavior. Consumers have had knowledge of the product will usually engage in limited search activity perceiving that the benefits of additional information search are minimal. Studies of the relationship between experience and information search have had mixed results, however likely the relationship is mitigated by many factors, such as product/service satisfaction. Generally, however, it seems that consumers with more knowledge of a product or service engage in different types of information search than those with limited knowledge, and frequently less information seeking behavior will occur. Such individuals will rely more heavily on internal information search. Two tourism studies related to this idea found that: (1) information seeking for visit to a hotel was related to previous visitation, with professional sources used more by first-time visitors; and (2) information seeking was greater with unknown destination. Finally, motives for visitation can influence information seeking, Motivation is a state of need that "pushes" a person toward actions that may bring to the need for optimal arousal and I largely effected by social factors.

STUDY PURPOSE AND HYPOTHESES

Marketing managers of a tourism destination must have knowledge of the importance guests place on various information sources because of its influence on purchase on purchase decisions. The effectiveness of information varies with the nature of the product/service and the characteristics of the people interested in consuming the product/service. The purpose of this paper is to explore the relative importance tourists to tourism destinations placed on various information sources. Additionally, this study will determine the relation sources. Additionally, this study will determine the relationship between guest characteristic and information source importance ratings. It is hypothesized that:

1. Word-of-mouth will be rated as the most important external information source influencing guests' decision to visit an hotel.
2. Courtesy will be rated as the most important internal information source influencing guests' decision to visit an hotel.

3. Differences in importance ratings of information sources "ill be related to tourist demographic and guest motives to visitation
4. If memory scan reveals sufficient information to provide. A satisfactory course of action, external search is unnecessary. When internal search proves inadequate, the consumer may decide to collect additional information from environment.

METHODS

Procedures and Sample

Data were collected from tourist to Jakarta tourism destination who visit to that destination more than one time. From June 2009 through March 2010. The Jakarta's tourism destination sample are :

- Kepulauan Seribu : Coastal and Marine Tourism Attraction
- TN Gunung Gede Pangrango : Mountain Tourism
- Taman Impian Jaya Ancol : Leisure Area
- Kawasan Kota Tua : Historical Tourism

On the days of data collection, research assistants approach every tourist and asked his or her cooperation in the study. The sampling interval was pre-determined based on a three years history of visit rates. If the tourist agreed to participate in the study, the research assistant asked a set of questions, The tourist then completed a set of self administered questions. The "interview" technique was utilized to establish rapport and therefore increase response rate for the entire study, we can predict 600 people agreed to participate. Of those 600 people, 500 respondents will valid and become study data.

Variables

To determine the importance of various information sources. Respondents were asked to respond to the query "how important were the following sources of information influence you to visit the Jakarta tourism destinations?" using a five point scale, where I=not important/influence and 5 = extremely important/influence (Zikmund. 2002). Thirteen sources of internal information were listed: past experience/familiarity, facilities offered: price, attraction, reliability, responsiveness, communication, credibility, security, competence, courtesy, understanding, and access. And eight sources of external information were listed: word-of-mouth, billboard or highway sign, radio or program, TV commercial or appearance, newspaper ad or article, magazine ad or story, brochure or folder, guidebook or catalogue. These twenty one source of information were used as independent variables in later analyses.

DATA ANALYSIS

The first type of data analysis employee was multivariate analysis of variance (One Way ANOVA) and factor Analysis. MANOVA is used when there are multiple dependent variables that are interval or ratio-scaled variables. There may be one or more nominally scaled independent variables. The MANOVA technique was originally developed to analyze the effects of experimental treatments on a set of two or more dependent variables, but can also be used in non experimental studies which employ random selection. MANOVA is analogous to the more commonly used ANOVA in univariate analysis. However, in situations when dependent variables is being investigated, and the dependent variables are conceptualized as measuring aspects of a single underlying variable, the multivariate test is more appropriate. Using univariate statistics to measure multivariate data increases the chance of finding significant results where none exit (type 1 error). Additionally, the like hood of making a type 1 error increase as the number of dependent variables increases.

The one way analysis of variance (One-Way ANOVA) is the appropriate statistical tool. This bivariate statistical technique is referred to as "one-way" because there is only one independent variable (even though there may be several levels of that variable). The F-test is procedure for comparing one sample variance to another sample variance. In the analysis of variance situation, the basic consideration for the F test is to identify the total variance. There will be two forms of variation: (1) variation of scores due to random error or within group variation due to individual differences, and (2) systematic variation of scores between the groups due to the manipulation of an independent variable. Thus we can partition total variance into within group variance and between group variance. The larger the ration of variance between groups to variance within group, the greater the value of F. If the F value is large, it is likely that the results are statistically significant.

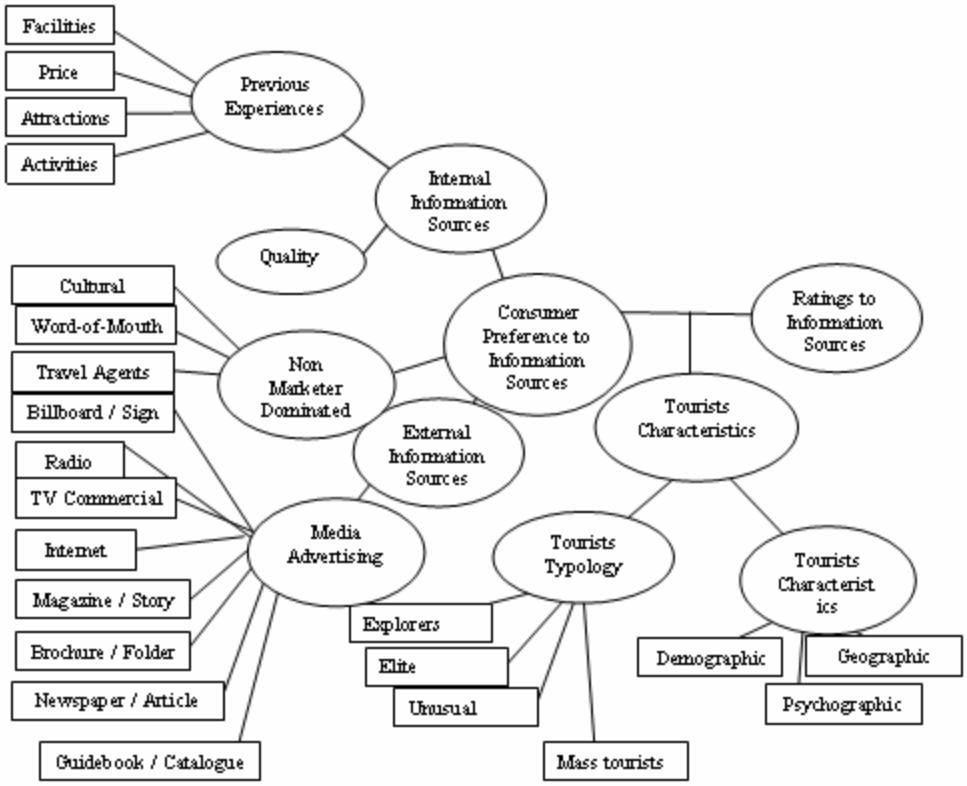
The Factor Analysis is procedure that takes a large number of variables or objects and searches to see whether they have a small number of factors in common which account for their inter correlation. The factor Analysis has a number of possible applications in marketing research. These include data reduction, structure identification, scaling and data transformation. There are essential three steps in a factor Analysis solution. The first is to develop a set of correlations between all combinations of the variables of interest. Since we are using correlations, we must then be second step is to extract a set of initial factors from the

correlation matrix developed in the first step. The third step is to "rotate" the initial factors to find a final solution.

Second type of data analysis is SEM (structural equation modeling), it has become an established component of the methodological repertoire of marketing and consumer behavior researchers. There are at least two features that make SEM an attractive candidate for purposes of data analysis. First, SEM allows the researcher to take into account explicitly the inherent fallibility of behavioural science data and to assess and correct for measure unreliability provided multiple indicators of each construct are available. Second, SEM makes it possible to investigate in a straightforward fashion comprehensive theoretical frameworks in which the effects of constructs are propagated across multiple layers of variables via direct, indirect, or bi-directional paths of influence. These advantages, coupled with the development of ever more sophisticated, yet surprisingly user-friendly computer programs to estimate and test such models, make it rather likely that SEM will enjoy widespread use in future research. (Baumgartner and Homburg. 1996). Apart from its use in measurement analysis, SEM is usually employed in studies investigating linear structural relations between constructs based on cross-sectional data. Ideally, each construct is measured by multiple indicators so that measurement error can be taken into account. However, in cases where only a single indicator of a construct is available, SEM still provides several benefits. For example, if the researcher has some idea about the extent of measurement error in an observed variable based on earlier work or other studies, this information can be incorporated into the model by fixing the error variance to a non-zero value. If no information about measurement error is available, the researcher can still conduct sensitivity analyses to assess the robustness of parameter estimates to measure unreliability. (Steenkamp and Baumgartner. 2000). As on Causal Modeling is generally credited with bringing the technique to the attention of a wide audience of marketing and consumer behavior researchers, and articles in which structural equation modeling is used for data analysis now appear routinely in most leading marketing and consumer behavior journals. The popularity of the methodology is apparent from the recent introduction of the version of LISREL.

TEORETICAL FRAMEWORK

The ratings to information sources (internal and external information sources) for tourism destination product or services potentially affect the tourists information search and purchase decision, and the tourists characteristics will influence this ratings of information search.



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MUSIC IN A THEME RESTAURANT
A CROTICAL FUNTION !

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ABSTRACT

Music is regarded as company for human activity from cradle to grave, including lullabies, games, dancing, work, healing, rites and ceremonies, and it has been known for centuries to have a powerful effect on human responses. Music has been used by advertiser, psychologists, marketing experts, and food service providers, in an attempt to influence people. The appropriate use and affects of music in restaurants has been established but it is not clear whether this is applicable to theme restaurants.
A semi-structured and in-depth interview was undertaken to people in the age range of 20 to 44 from various backgrounds that represent the customers group of theme restaurants to establish the significant effects of music. The result shows that music in major mode (i.e. tone) with a moderate tempo and volume is what customers felt comfortable with the most and they would have a considerably better dining experience if the atmosphere and the theme are well balanced and in harmony, and music is considered as an enhancement to an existing architecture and/or substitute the lack of architecture. Moreover, music is substantiated to have a significant role in reducing boredom, leading to the consumption of more food and beverages and a longer stay than anticipated.
Keyword : Theme restaurant, dining experience, music

1 Introduction

*"**Music is the universal language of mankind"***
Henry Wadsworth Longfellow (1807-82), "Outre-Mer"
Cited in Matthews & Thompson (2006), p. 10.

Music in the environment contributes a great deal of subconscious effect on people?s moods, actions, and state of emotional being. It has been known for centuries to have a powerful effect on human responses; however, different kind of music brings different meaning as well as different effects to the people who listen to it. Music has been used by the advertiser, psychologist, marketing experts, food service provider, considering the direct effect to people. Medical experts recently used what is so called "music therapy" to treat patients with cancer as Hargreaves and North (1997) stated that, the National Association for Music Therapy in the USA played a significant role in a development of a scientific, research-oriented approach, relating systematic data collection and hypothesis testing. As for marketing experts, the music theme in the background of a shopping centre or in advertisement has been regarded as having the potential to influence consumer behaviour.
However, Bruner (1990) cited in Hargreaves and North (1997) noted that, musical qualities induce different moods, for instance, excitement is produced by music in the major mode, fast, dissonant harmony and loud volume, while tranquillity is produced by music in the major mode, slow tempo, consonant harmony, flowing rhythm and soft volume. Happiness is induced by fast tempo, major mode, high pitch, consonant harmony and medium volume, and sadness is created by the minor mode, low pitch, slow tempo, and dissonant harmony. According to Scott (1990, cited in Sullivan, 2002), music has the capability to evoke the emotions by providing a link to prior experiences, reduce boredom, could be viewed the best as message enhancer, Kellaris and Mantel (1996, cited in Sullivan, 2002)
Restaurants are likely to be designed to induce the appetite using the aspects like colour, lighting, temperature, design, and music to create the atmosphere. Restaurant is a major part of hospitality industry, and the definition of restaurant is an establishment where meals or refreshments maybe obtained; this comprises a broad variety of building from commercial establishments operated for profit to social and welfare services (Lawson, 1994).
Considering the tangible and intangible aspects, food service provider has to offer more than just a good food but also good service and atmosphere to create a good meal experience as the people?s expectation on having a good meal experience is growing from time to time. As Troxel (1999) explained that, when customers eat out, they wish to be entertained that involves all of the five senses, for instance, the sight of nice décor, the smell and taste of delicious food. Nevertheless, the hearing sense is often overlooked regardless the fact that music (background music) surrounds the customers from the moment they walk in up to the moment they walk

out. In addition, Sullivan (2002) stated that, even though music plays a big part in creating the desired ambience, it is still considered as an area that is still lack of comprehensive body of research.
The whole meal experience is greatly affected by the atmosphere; therefore it should represent the friendliness and comfort as well as being attractively different from other. However, some people expect different emotional response from the restaurant atmosphere; consequently, food service provider should be familiar with characteristic of the consumer in order to get right atmosphere. As Huiskamp (2001) mentioned that, in order to succeed, a restaurant should have a concept where food, service and design are inspiring, at the same time to be different as much as possible with the existing competitors. Due to the fact that, most of the great restaurants which are well-known in Europe are consisting of certain „theme? that is being offered.
The appropriate music is known to have significant impact on the atmosphere (Hansen *et al,* 2005) and (Hargreaves and North, 1997), furthermore, atmosphere is found that it is closely related to the dining experience (Graham, 1967), (Knowles, 1998) and (Sullivan, 2002), but the questions remain how significant the impact could be? What do customers really expect from a theme of a restaurant? Furthermore, in what way does music affect the dining experience in theme restaurants?

2 Music and Theme Restaurants

"Musicke is said to be the rejoicing of the heart:
Musicke comforteth the mynde and feareth the enemie"
JOHN FLORIO (1553-1625), "First Frutes"
Cited in Matthews & Thompson (2006) p. 42.

Music has come to exist ever since pre-historic time; the form and role of music in society have been developed gradually along with the development of civilization. People are more exposed to music from time to time and nowadays people hear music everywhere and anytime, for instance, the radio, TV, in stores, in restaurants, etc. However, the definition of music is highly arguable since the meaning of music could be different to everybody; therefore it is advisable to understand what music is starting from the very bottom.

2.1 Sounds of Music

First of all, it is necessary to understand the physics of music and the nature of sound begin with an understanding of how sounds behave, what kind of sounds can be classified as music, and how does musical sound affect the human brain. According to Anon (2006 a) sound is the vibrations transmitted through solid, liquid of gas and capable of being heard by human ear with a frequency range approximately from 20 to 20.000 hertz. While Webster?s New World Dictionary (1996) refers to sound as that which is heard as a result of stimulation of the auditory nerve by vibrations (sound waves) in the air. The term sound is commonly associated with a definite and specific sensation which involve the stimulation of the mechanism of human ear, and with the external cause of the sensation.
How do ears hear the sound? How can sound can create sensations and affect the brain?

The structure of the ear is divided into three parts:
The Outer Ear includes „pinna? the visible external part of the ear; also regarded as a collector of sound-energy. This is the first step where the sound waves are picked up by the ear and go through the passage called the auditory meatus and close at the end with the fine membrane known the eardrum or „tympanum?. Due to the reception of sound waves that cause vibration of the drum skin, its vibration is being executed with the frequency of the pressure changes and therefore with the frequency of the waves. Then, it continues forward to the second part of the ear.
The Middle Ear, consist of the „malleus?, „incus?, and „stapes? or hammer, anvil, and stirrup. The middle ear is considered as a cavity completely enclosed, apart from a connection with the back of the throat through the „eustachian tube? which only opens during swallowing. The tube serves the purpose as a drainage tube and a pressure equalizer, for instance, if the pressure of the air on the outer ear suddenly changes but the pressure in the middle ear remain the same (e.g. in a rapid aeroplane descent), it would be relieved by the act of swallowing. As for the vibrations, they are received by the „malleus?, and transmitted from the air to the fluid as it passes to „incus? and „stapes?.
The Inner Ear, the main part is the „cochlea? shaped like a snail shell filled with liquid and surrounded by rigid bony walls. At the apex of the cochlea lies the hair cells (Figure 2.1) which are connected directly to the auditory nerve and the basilar membrane. It is the movement of the hair cells and membrane, as a result of the disturbance of the fluid that stimulates the nerve and is responsible for the hearing phenomenon (Bowsher, 1975).

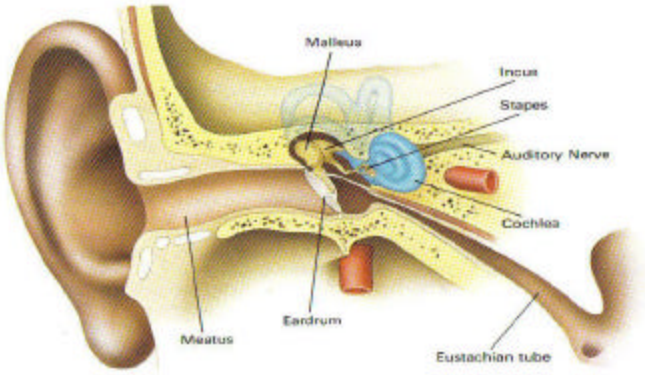

Figure 1 . Human ear.

Human ears have the ability to manage the sound pattern and model it on another pattern, and go all the way up to a movement of a symphony. Successive tones are related to form melodic fragments, and then the whole melodies, and then phrases to passages. Simultaneous tones are assimilated into intervals, to chords and to harmonic progression. Rhythms are charted as patterns of accentuation. Shifts in intensity integrated into crescendos and decrescendos. As the brain encodes these relations, the sensation of sound would arise (Jourdain, 1997).

According to Rossignol and Melvill (1976 cited in Thaut, 2005), the spinal motor neurons, mediated by auditory-motor connections at the brain stem and spinal cord levels, can be aroused and excited by music.

Therefore, Thaut (2005, p.79) noted that,

"This priming effect sets the brain in a state of readiness, facilitating the execution of movements. However, rhythmic sounds also entrain the timing of the muscle activity, thereby providing a physiological template for cuing the timing of movements."

What is sound? What is music?

Furthermore, not all sounds can be classified as music as Bowsher (1975) explained that sound can be musical which are pleasant, smooth, regular, and of a defined pitch or unmusical where the sounds are unpleasant, rough, irregular, and of no defined pitch.

Additionally, McLaughlin (1970) stated that music is different from mere noise, it consist of a combination of vibrations in the air which remain constant long enough for the human ear to be able to differentiate them as units or entities and notes. Nonetheless, noise may as well contain the same vibration but only sustain for a short time that the human ear does not have the chance to characterize them as notes. The variation in the notes used is also important to distinguish music from noise, a monotone or repeating of the same note over and over again is not music. Whereas Hargreaves and North (1997) explained that, it is the way in which people collectively

imbue sounds with musical meaning, and a vital part of this process is the social and cultural context in which sound exists.

Nonetheless, McLaughlin (1970) argued that, to be regarded as music, sound should include the basic element which characterizes it as music. The elements of music are: Pitch Tensions.

The tension between two notes, distance of rise and fall in pitch. Tonal Tensions.

Occur from the fact that the combination of some notes in the scale appear to be pleasant for the ear, whereas other combination are not. Time Tensions.

The tensions in the dimension of time that can be created in music considering the human being is born with a sense of tempo and a sense of dividing up time into regular divisions of even duration. Volume Tensions.

The natural language of musical gesture, with analogies to speech, is the dynamic pattern, which depends on the general level of volume. Dynamic tension can be created by making some part of passages louder or building a crescendo. Timbre and Texture

The performance of timbre and texture on a more penetrating or individual-toned instrument can be obtained by playing a passage or note louder.

However, the widely accepted definition of music is the arrangement of sounds in time to produce a unified, continuous, evocative composition through melody, rhythm, timbre and harmony (Anon, 2006b).

"The pattern of music, translated, analysed, shorn of detail, are able to stimulate the pattern of emotion on many levels simultaneously, thus bringing various hierarchical states of consciousness and unconsciousness into harmony with one another during the existence of the music for us, whether this is in a performance or purely in the memory" (McLaughlin 1970, p.104).

Furthermore, the temporal character of music is the most important characteristic of music which differ it from any other form of art. The physical basis of music is based on the time pattern of physical vibrations transmitted in the human hearing apparatus into electrochemical information that passes through the neural relays of the auditory system to reach the brain (Thaut, 2005).
Two core dimensions emerge within this temporal basis, the sequentiality and simultaneity. It is the music?s particular nature to permit it to be expressed both at once and regarded as the unique feature compared with other art forms. While, language is sequential but monophonic, and visual art, even though the observer and creator experience the work in time and has analogies of time dimensions expressed in its works within the physical essence of the spatial dimensions. The language of music is created by the rhythm and polyphony which contain the two dimensions that organise sounds sequentially and simultaneously into meaningful patterns and structures (Thaut, 2005).

History of Music

The word music is adopted from the Greek *mousike* (*tekhne*); the word *musike* was used to represent any type of arts or sciences governed by the Muses in ancient Greece. According to ethnographic studies of ritual among primitive societies and supported by other evidence, shows that music making is a basic and universal instinct. (Matthew & Thompson, 2006)
Music has existed since pre-historic times (about A.D. 200). The Sumerians, an ancient society living in a fertile crescent of Mesopotamia, had assembled a variety of musical instrument, such as lyres, harps, and reed pipes. It is possible that they have been played as an ensemble in a religious ceremony. In addition, Miller (1972) explained that music was mainly used for religious purpose, for example, chanting in performing a ritual ceremony. Furthermore, Burney (1957) added that, music played a role in ancient times. Firstly, music was used to softening the manners, promoting civilisations, and humanizing men, naturally savage and barbarous, secondly, the effects in exciting, or repressing the passions, and thirdly, the medicinal power in curing diseases. However, the knowledge of music in ancient civilization is limited
due to the source that it is mainly from literally material, pictorial material, extant instruments and ethnomusicology.
Music in the middle Ages was mostly the preserve of the church; the sources were mainly produced, kept in a monastery, and considered sacred. The first time composers indicate tempo (e.g. adagio, allegro) and dynamics (e.g. forte, piano). The birth of opera thus became a favourite entertainment at the many princely courts which dotted Europe. Opera was mainly based on plots drawn from ancient mythology, legend or history; therefore, instrumental music became as important as vocal music both in quality and quantity. While, music in the late 18th century, which was considered as a period of great social upheaval, ceased to be the exclusive preserve of pampered aristocrats or prelates. It is characterized with the rise and culmination of classicism in music and the diverse concept of musical style and form. Four major composers: Haydn, Gluck, Mozart and Beethoven. Classical music holds a prominent place in today?s repertory, relatively few opera, and Church compositions, among the prodigious quantity composed, are heard today (Miller, 1972).
The Romantic Era is spirited with music that could be use to illustrate humanity?s relationship with nature, and characterized by individualism and nationalism. As well as the rise of musicology (the desire to know more about the past stimulated the rise of a scholarly discipline known as musicology, which involves research in music history and transcription of manuscripts into modern notation) the aspect of romanticism continue well into the 20th century.(Miller, 1972).

Genre of Music

It has been found that the term musical „genre? is used by people in order to make a general classification of music, for instance, jazz, pop, classic, hip-hop, metal, blues, country, etc. Moreover, the major categories could be subdivided into many other subcategories. There is sub-genre in every genre mentioned above, for example, in the metal genre there are heavy metal, nu-metal, death metal, 80?s metal, thrash metal, etc. It is popularly assumed that sub-genre is the enhancement of the typical genre that involves some characters and styles from anther genre, such as pop rock, that has root

in pop music (included pop licks) but adding and mixing with some light distortion (which associated with rock or metal).

Furthermore, the categorization of genre has become a debatable issue especially in recent years, with the proliferation of music types and hybrids and the breakdown of boundaries between traditional categories (Dallin, 1977; Gridley, 1985 cited in Hargreaves & North, 1997). Nevertheless, according to Billboard Corporation (Anon, 2006c) musical genre can be classified as:

1 R&B/Hip-Hop
2 Country
3 Latin
4 Dance/Electronic
5 Christian/Gospel
6 Classical/Jazz
7 Top 40/Adult Contemporary
8 Rock
9 International

Meanings and Effects of Music

Making music is one of the fundamental activities of mankind, as characteristically human as drawing and painting; proved by the findings of Palaeolithic cave-paintings which depict people dancing that bear witness to the antiquity of this form of art (Storr, 1992). Whereas for listening to music, could be considered as a psychosomatic experience, at the same time promoting harmony and peace, and holds a power for inner reassurance and satisfaction which stems from deep within the human spirit. The power of music is diverse and people respond in many different ways. For instance, it could be exciting sound to which they dance or move the body, while for some, it is only the message they listen or take an intellectual approach to its form and construction, appreciating its formal pattern or originality (Matthew & Thompson, 2006).

Music could be regarded as company for human activity from cradle to the grave, including lullabies, games, dancing, work, healing, rites and ceremonies (e.g. wedding
and funeral). It also serves many different functions in human life, most are essentially social, it also has been used to communicate with one another. Music enables people from widely differing cultured backgrounds to establish contact through music even though the language they speak may be quite incomprehensible to one another. While from a physicist?s point of view, music is considered as a set of sounds with particular frequencies, amplitudes, and timbres that are organised by the composer and/or performer into highly organised and predictable pattern (Hargreaves and North, 2003).

In addition, Plato (428-347 B.C.) cited in Thaut (2005) emphasised the educational value of music and acknowledge the power of music to stir emotions. Furthermore, Matthew & Thompson (2006) added that, music covers the whole gamut of emotions; for example, make people happy or sad, energetic or nostalgic. It is also capable of overtaking the mind until it is oblivious to all else. Music works on the subconscious, creating or enhancing mood and unlocking deep memories. Furthermore, Jourdain (1997) referred to music as a medium for transferring information, commonly believed that music is a universal language, while some cognitive scientists argue over whether music is a language at all.

While Campbell (1997) takes music to a broader and deeper meaning by stating that, music has an ability to dance and sing the blues away, it conjures up memories of lost lovers or deceased friends, it lets the children in us play, the monks in us pray, the cowgirls in us dance; the heroes in us surmount all the obstacle. It helps stroke patients find language and expression. Moreover, music is a holy place that can be heard in a cathedral or church; it helps plants to grow, lulls children to sleep, marches man to battle, drums out evil spirits, sings the praise of the Virgin Mary, resurrects and transforms.

Due to the trends of modernization, people are more exposed to music from time to time. About a quarter of American ten years old citizens listen to music for at least four hours daily, and another third listens to up to three hours daily, the listening times increase considerably for teenagers. A quarter of male teenagers listen to music for at least four hours daily and the other half listen for up to three hours. While for female teenagers, almost half of them listen to music for at least four hours and another half

listen for up to three hours daily (Hargreaves & North, 1997). Based on these findings, it may be assumed that it is the reason why music has been used as a tool by marketers, restaurateurs, medical experts and other experts to achieve their goals.

Music and Emotion

Music has a tremendous ability to affect and manipulate emotions and the brain, it is undeniable and yet largely inexplicable. Only a few researchers had gone into the mechanism behind music?s ability to physically influence the brain until relatively recently. Even today, very little is known about the neurological effects of music (Vaidya, 2004). Based on Blood & Zatorre (2001) findings (cited in Vaidya, 2004), brain activity can be

measured while listening to the music; it created feelings of intense pleasure. The brain activity can be seen in the reward/motivation, emotion, and arousal areas of the brain.
Michael (2000 cited in Vaidya, 2004) explained that, another quantifiable aspect of emotional responses to music is its effect on hormone levels in the body. The findings proved that, music can lower the level of cortisol in the body which is associated with arousal and stress, and raises the level of melatonin which can induce sleep. Thus, it can be summarized that, music has an ability to relax, to calm, and to give peace; therefore music is often used in the background in hospitals to relax patients, and in mental hospitals to calm potentially belligerent patients. It also helps to relive pain by making the body to release endorphins.
In addition, music has an ability to induce mood which can be categorised by the most common references as, Exhilarating, exciting, brilliant Tranquil, peaceful, serene Solemn, serious, sacred, dignified Happy, joyful Sad, mournful
(Bruner, 1990 cited in Hargreaves & North, 1997)

Role of Music to Consumers
Music has been known for centuries to have significant effects on human responses. Music is well-known for its effectiveness in triggering moods, shown the effect on consumer behaviours and the emotional response. Music is important to be used to differentiate the store from competitors and to maximize the store image rather than serving as a distraction to consumers (Reda, 1998. cited in Sweeney & Wyber, 2002). It has been shown to be particularly important in creating the image of the store (Marketing news, 1996 cited in Sweeney & Wyber, 2002). As Kotler (1973, cited in Sweeney & Wyber, 2002) mentioned that, music has an atmospheric effect and means the effort to design buying environments to produce specific emotional effects that enhance the chance of purchase.

Music in Retail
The effect of music in a store environment has been studied by Milliman (1982 cited in Sweeney & Wyber, 2002) concerning the effect of tempo of background music in a supermarket. The findings showed that, in-store traffic was significantly slower and sales were significantly higher with slow music than with fast music. While Sullivan (2002) mentioned that, music can affect the perceptions of time in a store environment for both active and more passive activities such as, shopping and waiting respectively.
Sweeney & Weber (2002) concluded that, music in a retail store has significant effects towards customer?s emotional states (pleasure and arousal) and cognitive processing (service quality and merchandise quality) and consequently, the intended in-store behaviors. Supported by Kellaris & Rice (1993 cited in Sweeney & Wyber, 2002) findings explained that music could produce or encourage the thoughts and feelings responsible for desirable outcomes. It also found that music has a considerable effect on arousal, suggesting that pop music is more arousing than classical music. Nevertheless, further research by Kellaris & Kent (1994 cited in Sweeny & Wyber, 2002) proposes that classical music is more pleasant than pop music. Moreover, for certain females, loud music leads to longer time estimates than soft music (Kellaris & Altsech, 1992 cited in Hargreaves & North, 1997), and disliked music leads to shorter time estimations than liked music being played (Kellaris & Mantel, 1994 cited in Hargreaves & North, 1997).
It has been found that customers use environmental cues, for example music, in cognitive processing, when predicting or evaluating the value of an offering by both service retailers and goods. In other words, based on Baker *et al* (1994 cited in Sweeney & Wyber, 2002) findings, music in combination with other store factors developed to generate prestige image and discount image stores, and also showed that music influences the perceptions of both merchandise and service quality. Furthermore, Bitner (1992 cited in Sweeney & Wyber, 2002) suggests that both employees and customers in a store environment respond cognitively, emotionally and physiologically to the environment, and these factors in turn affect behaviour. Therefore, the effects of environmental cues such as music need to be extended to consider both emotional and cognitive responses simultaneously.
Figure 2.2 illustrates how music in a retail store affects the emotional states and cognitive processing which leads to the intended approach-avoidance behaviours.

Figure 2 Model of the relationship between music, cognitive processing, emotional states and approach-avoidance behaviors.

Music
Intended Approach-Avoidance Behaviours Enjoyment of shopping in store Time spent browsing and exploring store Willingness to affiliate with people in store Tendency to spend more than anticipated Likelihood of returning to the store Willingness to buy Likelihood of recommending the store
Cognitive Processing Service quality perceptions Merchandise quality perceptions

Sweeney & Wyber (2002) findings, illustrate that there are significant interactions between genre and tempo on pleasure and on service quality. It also shows that music not only has a considerable effect on customer?s emotional responses, through pleasure, furthermore, on cognitive responses through service quality. In a broader conceptualization, merchandise quality, service quality and pleasure all affected the desired intended approach behaviors, such as, browsing more, likelihood of buying, spending more than anticipated, and recommending the store, and that in a pleasant environment increased approach behaviors.

Music in Eating Out

As well as in a retail store, music also has a significant effect on consumers? behaviors. As Kim (1993 cited in North *et al*, 2003) proved that, classical music leads to more expensive wine being bought with the difference on customers spending a mean of $7.43 compared with $2.18 when top-40 music was played. Further research by North & Hargreaves (1998 cited in North *et al*, 2003), illustrates that classical music leads to a greater perception of the student cafeteria (where the research was conducted) as being up-market. It led to purchase intentions that were 20.5% higher than no music, 18.8% higher than easy listening music, and 3.7% higher than pop music. Moreover, North *et al* (2003) proposed that, classical music promotes an up-market atmosphere and this prime contextually appropriate, congruent behavior, for instance, increase purchase intentions.

However, it is arguable that not all people have the same perceptions of classical music. For instance, for certain communities, classical music is considered as a not pleasant (boring) music to be played in restaurant that could lead to avoidance behavior.

The environmental stimuli (images, sounds, smells etc.) are perceived by consumers and processed in a uniquely individual way. The development of an emotional state or modification of an existing one is considered as the first level of the response to the stimuli. Moreover, the consumer?s emotional state can be described by two variables, pleasure and arousal. Pleasure regarded as the extent where to which consumers feel

good in the store, while arousal is the extent to which consumers feel excited or stimulated (Sullivan, 2002).

Further research by Milliman (1986 cited in Sweeney & Wyber, 2002) intimated that slower tempo music resulted in customers staying significantly longer in a restaurant and spending more on alcoholic beverage. In addition, North & Hargreaves (1996 cited in Sullivan 2002) proposed that, the response of individuals to music was influenced more by the style of the piece than the piece itself.

Additionally, Roballey *et al* (1985 cited in Hargreaves & North, 1997) suggested that in a university staff cafeteria, fast music led to more bites per minute than slow music (means = 4.40 and 3.83 respectively). Whereas McElra & Standing (1992 cited in Hargreaves & North, 1997) proposed that, fast music played in a bar led to faster drinking than slow music. Sullivan (2002) found that, at the most basic level patrons spent significantly longer in the restaurant when music of any type was played compared with an absence of music. Furthermore, soft music conditions produced a considerably longer mean duration than loud music conditions, and for popular music, showed a great difference suggesting that respondents stayed for almost 36 minutes longer than unpopular music conditions.

Sullivan (2002) suggested that, if a restaurant owner wished to increase the level of expenditure on both food and beverage, he/she should consider playing music at relatively low volume regardless the degree of popularity and tempo. While, Milliman 1986 cited in Klara, 2004) found that, piped music could increase sales up to 40% in a bar area, and supported by Klara (2004) mentioned that, under the certain circumstances , slow and relaxing music could raise sales by as much as 38%. In addition, in one cafeteria where the research was conducted, moderate complexity music led to the liking for the cafeteria and the willingness to return to it and also the extent to which diners were willing to affiliate with others. While, low and high complexity music led to negative responses (Hargreaves & North, 1997). The term moderate complexity refers to liking for the music and low and high complexity refers to the disliked music.

Theme restaurant

The term „theme restaurant? became popular in the 60?s; where it was pioneered by the Hard Rock Café with a unique combination of hamburgers and Rock and Roll memorabilia as the predominant theme. The success of Hard Rock Café inspired others to „theme? the establishment, such as Planet Hollywood that utilized the movie memorabilia, Harley Davidson Café which focused on the pride of Made in America, Rainforest Café with their „jungle environment?, etc. Furthermore, due to the great range of variety of theme restaurants resulting in competition, that demanded each improve not only the ingenious theme ideas but also, the basic quality of the menu (Tao *et al*, 1999).

In addition, the entertainment restaurants are considered as a convenient way to break from the mundane busy lifestyle (Tao *et al*, 1999). Due to the trends of postmodernism in social behaviour, in relation with

restaurant business, restaurants are considered as more than just a place for eating but there is much more important than the food. For example, The Four Season in New York is well-known for its décor, its famous art works, marble fish pond, heavy silver service, gigantic chandeliers and lastly for the menu that changes seasonally (Sloan, 2004).

The „concept restaurant? or „theme restaurant? should not be confused with a restaurant concept. A restaurant concept is the combination of all the details in a restaurant in order to create certain image with its customers, while the concept of a „thematic restaurant? is based on a particular idea which plays a dominant role in the décor, service, menu, etc (Huiskamp, 2001).

Based on the findings and theories by experts, it can be concluded that all the elements in creating the atmosphere must be in harmony with the particular theme of the restaurant in order to create the special desired ambience.

3 Restaurant's Atmosphere and Restaurant's Dining Experience

Customer?s expectations are based on their perceived ideas about the places and events. If customers received service that is higher than their expectation, it will lead to what is so-called „positive service performance gap?. As a result, the new standard is set for their next visit (Hutchings, 2003).

The meaning of restaurants has gone from being a place to eat to a place of experiences; therefore the whole restaurant concept should stimulate the senses. The trends which people experiences all around them in the field of music, fashion and domestic design are influencing yet sharpening the level of expectations (Huiskamp, 2001). Additionally, Cohen & Emery (1950) considered dining out as a social phenomenon and as a result from the common assumption by the experts that, people eat out today not just for the food but for the entertainment and for the experience of celebration.

Therefore a restaurant should provide the ambience, the mood, and the atmosphere in order to be a successful restaurant. Furthermore, Troxel (1999) stated that, the entertainment with an array of elements that engage all five senses is desired when Americans eat out. For example, to be dazzled by the sight of colorful décor, to feel the comfortable seating, to smell and taste of the delicious cuisine is expected; thus, these elements fuse together to present a common theme. While the fifth sense, hearing, regarded as an integral piece of the dining puzzle although a restaurant?s sound is more likely to be overlooked.

A restaurant?s desired ambience can be achieved by carefully choosing the music as the final touch. Music surrounds the customers the entire time they dine in a restaurant, just like the air they breathe, unlike visual elements, significant only at the exact moments they are seen. For instance, the most important presentation tool for a restaurant chain is the menu; nevertheless, the customer must actively read it to experience it. While Music, on the other hand, constantly surrounds the guests from the moment they walk in, ordering while interacting with friends, eating, up to the moment they walk up to the hostesses stand and pay the check and it affects them constantly (Troxel, 1999).

Restaurant's Atmosphere

There are certain elements which are variable or invariable in an eating out situation. The choice of food, the position of tabling and seating and even the waiter and waitress may remain unaltered over certain of period, while the customer alters on each occasion. The combination of choosing food, experiencing service, and experiencing atmosphere would create a unique experience for each customer depending on the position where he/she is sitting (Smith, 1967).

Riley (1994) defined atmosphere as the tone or mood conveyed by the place, aspects which are influential as they interact with and influences the diners that consequently contribute to the atmosphere itself. In addition, Smith (1967) mentioned that, atmosphere in a restaurant is a result from the integration of many things and produces a live effect; therefore the elements that contribute to this effect can be summarized as: The size and shape of the room. The number of views from different seats. The type of seating: Counter booth, open-table, etc. The nationality of the establishment: Chinese, Indian, American, etc. The appearance, dress and age of the staff. The class, sex, age and dress of the customers. The temperature. The colour scheme of the décor The level of comfort. The cleanliness. The noise level.

How the food taste and how the diners feel are evenly important, as a result, the physical and emotional responses are emerged which consist of everything that makes an impression on people. An adequate atmosphere could make food and service seem better and will be remembered even after the meal is finished (Sloan, 2004).

Furthermore, atmosphere can be identified as an important influencing factor for the restaurant experience, moreover, the restaurant atmosphere regarded as the individual emotional total experience throughout the entire meal, including comfort, social experience and intimacy. The experiences are perceived by the all five senses; therefore, if the music is not in harmony with the restaurant?s style, it could disturb the atmosphere rather than added to the whole experience (Matilla, 2001 cited in Hansen *et al* 2005).

When music in a restaurant is used properly, it complements overall concept, target specific consumer demographics, creates brand differentiation and provides a soundtrack for the complete dining experience. It also gives a diner confirmation of their dining destination and provides a feeling of comfort and satisfaction (Troxel, 1999). Furthermore, Hansen *et al* (2005) suggest that, two main categories emerged in creating the atmosphere: „senses? and „environment?. „Senses? are regarded as the customers? perception through the five senses involving the restaurant environment contained both tangible and intangible factors. The restaurant atmosphere is perceived by customers using all the senses; therefore all the senses must be in harmony to accept that it was a good meal experience. While the environment is regarded as the outer frame of the restaurant atmosphere and consisted of the interactions in the restaurants with other customers, restaurant staff, and for instance, the sounds from the kitchen that together created the sensation of the restaurant.
Music plays an important part in building the atmosphere, as Areni (2003 cited in Hansen *et al* 2005) explained that, good background music could potentially increases the level of enjoyment in a restaurant as well as heighten the meal experience; however, the same music should not be repeated too often. Different types of music have various effects on the restaurant?s atmosphere.

Dining experience

Smith (1967) explained that, customers are embarking on the enjoyment of the meal experience from the first moment they walk into the restaurant. Furthermore, the meal experience should consist of the item chosen from the menu, the service and presentation of these, and lastly, the particular aspect of the atmosphere chosen from the seating plan and the use made of additional facilities. Begin with the discovery of the customer?s needs, and then create and arrange these discoveries to produce the meal experience for the customer in a particular way in order to maximize the satisfaction, hence the value in relation to their needs.
A main concern of the dining experience which is with food and drink has been taken for granted; in addition, the meal experience concerns the kind of service given, such as, the waiter or waitress service, the counter service, or the style of the service.
Elements within the meal experience according to Knowles (1998) are: The menu, that represent the choice of food and drinks and how it is being offered, the quality of the products, portion sizes, range of texture, tastes, colors. The price, which should be related according to value for money and the customer?s expectations. The Interior design is the most important of physical aspects of restaurant business considering the customer?s first to have a contact with. The atmosphere or mood of a restaurant which is regarded as an intangible *feel* inside a restaurant, from the harmony of the products and services to the overall environment is important. The location plays an important role, related to the fact that if the establishment is not appropriately located, it may not perform successfully. The accessibility, since the level of expectation is getting higher from time to time, for instance, customers who drive a vehicle will expect adequate car parking facilities. The staff should complement the meal experience of the costumers.
The meal experience consists of four aspects: Access, delivery, enjoyment, and modes of provision. Access regarded as how easily for the customers to reach the establishments, delivery of service is the first moment when customers interact with the staff, enjoyment represent that eating out has a great potential of being enjoyable, whereas modes of provision are the types of restaurants people are dining out (Warde and Martens, 2004 cited in Hansen *et al,* 2005).

The popular assumption that people?s taste is expressed through the clothes they wear, music they listen to, and the restaurants they dine have brought the importance and meaning of restaurant to another level. The restaurant has been related with changes in sensibilities and pleasures (Sloan, 2004). Many marketers have been described and conceptualized the restaurants as a product package, resulting in the food and beverage as only one potential element (Sloan, 2004). As Wood (1996, cited in Sloan 2004) noted that the importance of food and beverage in experience has been reduced since the marketers emphasized dining out as theatre, consequently, greater opportunity to influence consumer restaurant and hence taste.
Nevertheless, Graham (1967) argued that, the main concern of meal experience laid on the food and beverage sector, emphasized on the service quality. As Gustaffson (2004 cited in Hansen *et al* 2005) emphasized that, the appearance of the dish regarded as the „moment of truth? and sign of whether a restaurant will succeed or not. While, Sloan (2004) mention that, certain elements in the architectural style of the restaurant convey information about what is being offered, for instance, the style of the furniture, lighting, floor covering, napery, dress code, etc.
Based on discussion on meaning and effect of music which has been lifted up previously, and as Kotler et al (1999) explained, consumers expect to purchase the bundle of benefits with a wide range of abilities to satisfy their needs. It was found that, in order to create the whole meal experience, the sense of hearing should be put into considerations as well as other senses.

Research Methodology

"Research is a process of trying to gain a better understanding of the complexities of human interactions. Through systematic means, the researcher gathers information about actions and interactions, reflects on their meaning, arrives at and evaluates conclusions, and eventually puts forward an interpretation."
(Marshall & Rossman, 1995. p.15)

Qualitative research method was chosen in order to gather the data (primary research) with the epistemological approach using semi-structured in-depth interviews. Accordingly, a purposive or judgmental sampling was selected as the sampling technique with reference on the demographic of the theme restaurant customers along with pilot interview to obtain the truth and honest answers from the interviewee.
Prior on the decision of what research methodology should be taken to produce the optimize result; a consideration was discussed as follow.

Method Adopted and Process of Primary Research
In order to get a deep understanding regarding the aim of this research, qualitative research was used as it tends to collect a great deal of „rich? information about relatively few cases rather than the more limited information about each of a large number of cases. It is also based on the belief that the people personally involved in a particular situation are best placed to describe and explain their experiences or feelings. In their own words, they should be allowed to speak without the intermediary of the researcher and without being overly constrained by the framework imposed by the researcher (Veal, 2006).
An interview protocol was developed prior to the primary research, considered a useful tool in order to guide the whole process of the interview. The protocol consists of the formulation of issues related to the aim and objectives as well as topic question concerning the data/information that needed to be found in order to contribute to the aim and objectives.

Pilot interview
Saunders *et al* (2003) explained that, pilot studies are regarded as a simple way of testing if the articulation of the method selected for the primary research is adequate to meet the research objectives or not. It could be used to clarify the effectiveness and relevance of questions in both questionnaire and the interview based research. Furthermore, preliminary analysis using the pilot test data would enable the researchers to ensure that the data collected would help answering the research questions.
The respondent for the pilot study was the manager of a restaurant located in one of the hotels Bournemouth, 28 years old male British who has been in restaurant business for almost five years. However, the interview was not recorded due to the circumstances which made it not possible. The interviewee was asked to describe about the relating topic according to the interview guidance, which proved to be useful to keep the conversation in the right topic.
Furthermore, the need to expand the guidance in order to obtain the truth and honest answers from the interviewee was recognized, thus the „key? to obtain it was identified. It was found that the in-depth interview required more than just good, relevant, effective, appropriate guidance but a relaxing atmosphere is also important. Based on the pilot interview, the very up-tight formal situation would lead to the „rigid? formal statements which tend to be biased, or not revealing every detail aspects.

The Sample
According to Mintel (2003), the American concept restaurant is the most visited type of themed restaurant, taking 25% of all from the theme restaurant customers in UK. And it is followed by the music themed restaurants, which attract consumers for the simple reason that specific music genres can be heard in the background or viewed on screens through music videos, while, the film studio theme only takes 4% of the restaurant users. The American concepts as the most popular have the consumers age groups ranging from 15 to 54, whilst, music themed restaurants targeted the age groups from 15 to 34. In addition, the age groups from 20 to 44 hold the majority of the theme restaurants customers with approximately 35%.
Based on these facts, a sample was chosen with the age range from 20 to 44 using the purposive or judgmental sampling method as a customer of a theme restaurant. In addition to the age range, the sample chosen also consisted of males and females, Asian and European with different backgrounds and occupations. Primary research took on selected thirteen people. They are five British females and one British male, one European male and one European female, one American male and lastly two Asian male and two Asian female. The backgrounds of these respondents varied from student to restaurateurs (manager or owner) and to professional musician. They were chosen for the reason that they are fit the profile of a theme restaurant customer and have a habit of eating out at least once in two week.

The Interviews

The interviews took place in different locations; four were interviewed in their office and five in the residential place and four in an ethnic theme restaurant. Seven of the interviews were recorded and the remaining six were not recorded due to the circumstances that was not possible to be recorded, therefore the note-taking were conducted instead.

The interview procedures were similar, and started with the topic about personal information regarding the background and occupation, and then the eating out habit including the reason for eating out. Then, the interviews moved towards the theme restaurants topic in relation with their own perception, definition and expectation, then continued to atmosphere issues in a theme restaurant, with emphasize on music as one of the elements of the atmosphere relating to their dining experience.

Additionally, the respondents were asked regarding their own experience in a theme restaurant, what they remembered most (as the parameter in determining the most significant part of the atmosphere in a theme restaurant in relation with their dining experience as well as evaluate how music affects their dining experience).

In order to keep the information as complete as possible, notes were taken at six interviews and transcript directly after each interview; the remaining interviews were recorded. Both the notes and recordings were evaluated in order to identify the emerging key words and themes.

Results

It shows the result of the interviews; reveals and discusses them with the literature as well as the analysis. The findings are presented systematically according to the topic and sub-topic that emerged due to different responses. The parameters to indicate that music affects the dining experience were identified and the outcomes will be used to justify as well as emphasize the result.

Why People Choose Theme Restaurant

The first question brought to the interviewee?s attention concerned the basic motives of respondents? behavioural habits in eating out. One respondent answered that her busy daily activities do not leave her with many options but to eat out, while the other twelve respondents claimed that the reason could vary depending on the circumstances that they were in. However, “cannot be bothered to cook” came out as the first reason; followed by, “liking the food in some restaurants”; then the desire to try different cuisines; as well as socialising with friends and relatives; lastly, they are looking for a different atmosphere. Then, certain issues concerning the theme restaurant were raised, relating to the reason why respondents go to theme restaurants. Ten respondents said that atmosphere is the main concern while the remaining three believed that the reason is just simply food. Furthermore, one respondent said that:

“ If I decided to go to a theme restaurant, I would like to experience not just the atmosphere but the „culture? as well, everything has to be in tune with the theme they offer, including the language, manner, service, décor, even the temperature and the smell…”

An insight towards the respondent?s perception on „culture? indicates a referral to the expectation from going to an ethnic themed restaurant. Whereby such theme restaurants should represents the culture of its country of origin, rather than relying solely on the food quality. A heightened importance level of both the tangible and intangible aspects, consequently applies in ethnic themed restaurants.

Presented with a circumstantial assumption whereby, the same ethnical background food is readily available elsewhere, respondent showed their willingness to spend more in a theme restaurant as long as the ambiance being offered is worth it. Nonetheless, the nine respondents which stated atmosphere as being a primary concern do not necessarily overlook the equal considerations of the food quality. A combination of these elements creates its value for money in a theme restaurant and also indicated that the food issue is not the only factor that could motivate people to dine out.

An Expectations

When the topic regarding expectations in theme restaurant was raised, surprisingly similar responses were mentioned. Eight respondents answered „experience? being the main expectation, three respondents said that „to be entertained? is the main reason, and two respondents said that „to relax? is what they mostly expected from a theme restaurant. The similar natures of respondents are cited as follows:

“Going to a theme restaurant is considered as the evening of entertainment, I would like to have a proper entertainment”

While another respondent commented that:

“A theme restaurant has to be fun, the reason why people go to a theme restaurant is to have fun rather than just the food…theme restaurant is all about the entertainment”

Out of these vaguely differentiated opinions, further questioning was therefore performed, on the subject of experience meant, whether or not it was predominantly induced by the entertainment. Eight respondents

answered that experience is not necessarily entertaining; nonetheless, a good experience is always associated with entertainment. An interesting comment by a respondent stated that,

"To know something I did not know. For instance, when I went to an ethnic restaurant and I did not know how it was going to be like, and then I experience the food, the manners and hospitality, the music, the atmosphere, etc. There was no proper entertainment but I can say I had a good dining experience there."

Henceforth the term experience used here by the respondents can be perceived as an adventure, it could either be entertaining or a knowledgeable, an insightful exposure of other cultures.

The facts confirm that experience; atmosphere as well as food, play an equally important elements in customer?s expectations from a theme restaurants.

A Dining Experience

Respondents were questioned regarding the dining experience, focusing on how they would describe it along with their own perceptions of what makes a dining experience a good one. They were required to point out the most important factor in having a good dining experience. Three respondents answered the food comes at first and then the service and lastly the atmosphere. One respondent said that food comes first and then the atmosphere. Finally, nine respondents said that they could not decide which one comes first, since each element plays their own role of importance and they all contributes to one another.

These conclude to further exploration, that a good dining experience is strongly related to the good atmosphere that therefore, they were required to define if not describe as closely as possible on the term „good dining experience?. An insightful opinion came from a respondent that says:

"I would have a considerably good dining experience in a theme restaurant if the food, the atmosphere, the type of service, the temperature, the smell, and every other detail aspect is matched with the theme they offer".

Considering the background of the particular respondent, being an Italian who also owned a restaurant back in his hometown, therefore the level of expectation and awareness is reasonably high. When asked to elaborate his opinion, the particular respondent says:

"I am a regular customer of one of the Italian theme restaurant in Bournemouth, and every time I dine in there I always have a good dining experience. It start as you walk in to the restaurant, the staff will greet you with the Italian manners and then the decoration is really reflecting the typical Italian décor, and the smell of the fragrances with a little bit of the smell of the Italian cooking, really reflecting the smell of typical Italian kitchen. Not just that, they always play Italian music in the background, and occasionally they have an Italian singer to perform, not to mention that they have good food. So, every time I dine in there I always feel like back home".

However, pricing seemingly an element overlooked by this respondent. Knowles (1998) noted that price, in relation with value for money is considered as one of the elements within the meal experience. In order to obtain unbiased results, it is important to put this statement in comparison with another statement that came from the typical theme restaurant customer who does not have a hospitality background.

"A good dining experience is when I have a good food and atmosphere and they all are in-tuned with the theme and more importantly, at a reasonable price. I do not mind paying a little bit more as long as it is worth it."

Twelve respondents mentioned price as one of the factors that influences their dining experience. In addition, similar responses came from the respondents with a musical background, whereas one respondent noted that,

"The good dining experience is when you are having a good food, good service and the supporting atmosphere"

The term „supporting atmosphere? is described as the subtle atmosphere where the music is not too loud, the lighting is not too dark, comfortable seating, etc.

Judging by the findings and the supporting theories, it could be summarized that the dining experience is strongly related to the restaurant?s atmosphere, regardless of the fact that the main concern of the dining experience could be different for each individual.

An Atmosphere

Starting off with the question on what is the most important factor in a theme restaurant; nine respondents said that both food and atmosphere are equally important; while the remaining four respondents said that food is most important factor in any restaurants including theme restaurants.

In relation to music, every individual holds a different meaning and perception. All respondents were asked about issues relating to music in a theme restaurant. It starts with the atmosphere issues in theme restaurant, all respondents answered that the restaurant atmosphere is created by everything they could perceive by all the five senses. Moreover, one respondent said that:

"Based on my experience, I could say that experiencing the atmosphere starts from the warm or friendly greeting from the staff as you walk in, and then the interior (how they decorate the room) and the music in the background. All those elements create the whole atmosphere."

This finding led to further investigation, where they were required to rank the variable elements of the atmosphere, according to their most significance effect on the atmosphere. Surprisingly, none of the respondent could answer the question; all respondents said that all of the elements are equally important because every element is closely related to every other element. As respondent mentioned that:
"I believe that the décor (both interior and exterior) is the first thing you notice, but once you sit down and actually having your meal, there is no telling in which element of atmosphere that create the whole atmosphere"

Harmonization as Elements of the Atmosphere
The topic about harmonization of all of the elements of the atmosphere was raised. Once again, all respondents said that every factor has to be in harmony, well-balanced, in other words, in a theme restaurant every aspect has to be parallel with the theme itself. In addition, nine respondents agreed that a good atmosphere -where everything is well-balanced, synergized- is part of their expectation as well as a main motivational role as to why they do go to a theme restaurant.
These outcomes, strengthens both previous findings regarding the reason why people go to a theme restaurant as well as the customer expectation in theme restaurant. It can be concluded that customers would have a considerably good dining experience in a theme restaurant if the atmosphere and the theme are matched and well-balanced. The good atmosphere in a theme restaurant is what the customers seek and expect.

Mismatched of Music Environment
Since 100% of the respondent said that every aspect of the atmosphere has to be matched with the theme, all of the respondents were requested to imagine themselves in a theme restaurant yet the music is not matched with the theme. Instead, the music being played is the music that the respondents really like the most. Four respondents said that it is considered acceptable as long as the song the music is within their favourable range and under condition that they do not play the same song over and over again.
The remaining nine respondents said that they expect to hear music that matches the theme. One respondent with a professional musical background stated that:
"If I go to an ethnic themed restaurant I would like to hear the music of their origin country."
In contrast with respondent without a musical background noted that:
"The music has to be matched with the theme; therefore I could let myself get carried away with the theme and that is how I enjoy it. For example, if I go to Indian themed restaurant, just the food and the décor would not get me carried away, it is the music that makes me feel like I am dining in India."
While the restaurateur?s background respondent said:
"You cannot create the desired atmosphere and ambience without the matching background music"
The negative responses to the mismatched music environment generated another question, how about the classical music instead?
Eight out of nine who showed negative response declared that classical music cannot be used as a substitute, in other words, it would not change respondent?s opinion and perceptions. Whereas one respondent stated that classical music would be acceptable since the respondent believed that classical music is considered as „neutral?, which means a high level of adaptability to fit into an environment on any circumstances. Therefore, it is assumed that classical music would not lead to an increased intention
to consume in a theme restaurant. It is also illustrate that regardless of the variable background professions, thus as a theme restaurant customer, 69% of respondent showed the same expectation. However, similar answers from nine respondents pressed forward to another investigation, on the significant impact of music incoherence in a theme restaurant. Three out of nine answered that they would not feel very comfortable; in addition, two of them said that they would not recommend that restaurant. One respondent came up with the strong statement that said:
"I would be confused, and it would ruin the whole thing, the atmosphere, the level of comfort, the mood…"
While six out of nine said that, they would be just fine as long as the food quality is good. In other words, a great deal of care in food quality therefore is a must when music and/or atmospheric enhancement are not present to secure a good dining experience in the consumer?s mind.
Nonetheless, the fact that 69%, given nine out of thirteen respondents, claimed that matching music and theme plays an important role to a dining experience. This reflects a consistency with Matilla (2004 cited in Hansen *et al,* 2005) which stated that, experiences are perceived by all the five senses. Herewith, if the music is not in harmony with the restaurant?s style, it could disturb the atmosphere rather than add to the whole experience.
In conclusion, it can be stated that a mismatch of musical environment in a theme restaurant could lead to a negative impact, proven by 69% of respondents reflected a negative responses towards it.

An Absence of Music

Additionally, in order to get a deeper understanding of the impact of music in a dining experience, the issue concerning the absence of music was then raised. Respondents were requested to imagine being in a theme restaurant where every factor of the atmosphere is in perfect harmony -both tangible and intangible aspects- with the exceptional of music being played. One respondent said that it will be fine as long as the food and service is good, while twelve respondents claimed that music in theme restaurant is part of their expectation, therefore uneasiness may occur when there is none played. As one respondent said that:

"I think that the restaurant is not ready for business yet."

And a stronger statement came up, which says:

"I would have felt cheated; I would just walk out from there"

The significant impact level of music was then further explored, which later will be used as the parameter for evaluating how music affects the dining experience. Four respondents said that they will not be going back to that restaurant, and three said they will not recommend that place. One respondent said that the situation will make her want to leave early, another respondent said that she would feel lonely in that place, while the remaining four respondents said that they would not feel very comfortable yet would still bear some level of tolerance, given the excellence in food quality to compensate for their demand of senses stimuli.

Despite the fact that 30% of respondents said that no music environment is considered acceptable with certain conditions, it can be summarized that none of the respondents showed the positive response to the absence of music in theme restaurant, considering the 70% of respondents showed negative response. Referring to the theory by Areni (2003 cited in Hansen *et al* 2005), good background music could potentially increase the level of enjoyment in a restaurant as well as heighten the meal experience.

Relating to these facts, 100% of respondent claimed that every aspect (both tangible and intangible) should be in harmony with the theme as well as any other aspect. Therefore, it can be concluded that music plays a great deal of significance which influences a dining experience in a theme restaurant.

Significance of Music

Furthermore, the topic concerning the role of music in a theme restaurant was questioned. The respondents were required to describe how music affects their dining experience. One respondent with the musical background said that:

"Music relaxes me, makes me feel more comfortable in that place, I could even tell what is the food going to taste like by the music they play (in an ethnic themed restaurant)."

While from the respondent with the hospitality background says:

"Music gives you confirmation that you have come to the right place, it is the music that tells you that you are in an ethnic themed restaurant, or in a jungle themed restaurants, or in a 60?s themed restaurant and so on and so forth."

And from the typical theme restaurant customer, one respondent said:

"I remember I went to Italian restaurant, and they had an Italian singer to perform. He sang nice and quietly,…he was singing the Italian song that everybody knows and you find yourself tapping your feet along…and I can say that I had a good dining experience in that restaurant, and I more likely to go back to that place."

The last statement clearly showed that the respondent enjoyed dining with music as the background, in this case a live performing music. Moreover, the respondent added that:

"In a theme restaurant, music includes the illusion and makes the illusion greater that therefore makes a greater experience."

The term „illusion? used by the respondent refers to the visual sense the customer perceives in a theme restaurant atmosphere. The similar responses collected, regardless of the background of the respondents, illustrate that music could enhance the enjoyment level as well as the dining experience. As Areni (2003 cited in Hansen *et al* 2005) noted that, good background music could potentially increase the level of enjoyment and heighten the meal experience. And different types of music have various effects on the atmosphere.

In addition, respondents were asked what they would consider good music in a theme restaurant. Surprisingly, all respondents answered that, music that matches the theme is considered as good music. Nine said that it is part of their expectations; three respondents said that, it is their personal preferences that everything has to feel like it fits into places, and one said that, it is the common rule that every aspect has to be matched and synchronized to be accepted as „good?. These findings are closely related to the previous findings regarding the harmonization of all aspect in a theme restaurant. It shows that a synchronized synergy of all elements, unexceptionally musical setting, is essential in a theme restaurant. All respondents supported this statement by claiming that, good music is music that matches the theme.

Subsequently, deeper questioning was then carried out on the subject of tempo and loudness. Once again, 100% of respondent answered that it has to be in an appropriate tempo and loudness, which means, not too

fast or slow but moderate and not too loud or soft either. On the topic of significance impact level, six respondents said that good music makes them relax, three said that good music makes them stay longer than anticipated, three said that they would feel like order more food or beverages, and one respondent said that:
"I often go to this particular restaurant, and I remember they did not use to play music, but when they did, it feels more intimate"
In addition, three respondents added that music helps them to reduce boredom when you are waiting for your food. Three respondents also stated that music gives them the confirmation of the theme, as one respondent said:
"I went to an ethnic theme restaurant in Bournemouth recently; the interior was not representing the culture, in fact it was more like modern interior design to me, but they played the traditional music of their culture (country), and that was how I confirmed that I came to the ethnic themed restaurant I planned to."
As a side overview, this statement is not necessarily opposing Sloan (2004) which proposed that the architecture of the restaurant conveys information about what is being offered. Yet this case shows that music can play a role as an enhancement to an existing architecture and/or substitute the lack of architecture.
So far, these facts are found to be in favour of Sullivan?s (2002) theory based on research conducted in a store environment which stated that, music can affect the perception of time in a store environment, in this case reduce boredom. Additionally, it shows that this theory is applicable in a theme restaurant environment as well. Furthermore, it was also found that it supports Troxel?s (1999) theory that says music gives a diner confirmation of their dining destination.

Moreover, one respondent stated that, the „sound? from a themed restaurant captured the ears way before she entered it, judging from that, she knew that she was going to have an exciting dining experience which she obviously did. Therefore, she suggests that:
"Having the „sounds? is more effective than just the visual, because „visually? you have to be in „there?, in that place to experience it. But the sounds can travel outside and capture your ears, therefore the „sounds? starts your dining experience earlier."
Additionally, one respondent declared that music sets the scene, while other respondent said:
"The nice music set up the mood, relaxing, which I think it is conducive to enjoying your meal. It would make me stay longer in that place and not realizing that the food is already gone, and I would order more, for example order more wine just to buy more time."
These findings shows the consistency with Hargreaves & North (1998) findings that states, music lead to purchase intention (up to 20.5% more than no music), and Milliman?s (1986) findings that notes, music resulted in customers staying significantly longer and spending more on alcoholic beverage. And also Sullivan?s (2002) findings, which proposed that music, could potentially increase the level of expenditure on both food and beverage. Additionally, it was found to support Michael?s (2000 cited in Vaidya, 2004) theory that says, music has an ability to relax, to calm and give peace.
The facts collected from most of the respondents, exemplify to be in favour with the relating theories as discussed in chapter two. Therefore it can be concluded that music carries a noteworthy consequence to a dining experience in a theme restaurant.

An Indicator
Even so, in order to obtain a deeper understanding, all respondent were asked on the subject of their last experience in a theme restaurant. It was assumed that if the respondents remember whether there was musical ambiance present, it indicates the relativity importance level of music in enhancement to a dining experience. These findings were needed in order to substantiate all of previous findings. Therefore, the
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question involves what they remembered and enjoyed the most was asked. Twelve respondents said that they remembered there was music being played and only one respondent said that:
"I do not remember if there was any music, because the situation was so „alive?, so many people, and it was seventy of us from the office who came there. What I remembered the most is their service was superb. All seventy of us ordered the different food but they served us happily and so friendly."
Due to the circumstances the respondent could not remember if there was any music being played, however, this response is still classified as a negative response. On the other hand, one respondent said that:
"I remember the music they played, as a matter of fact I remember one particular song that if I heard this song somewhere else, it always reminding me of the ethnic restaurant I have been to."
Moreover, another respondent said that:
"I went to an ethnic themed restaurant in Bournemouth; everything was fine, the food, the service, the price, the music, etc. And out of nowhere the dancers came out, they danced the traditional dancing along with the music. I was amused, it was quite an experience."

The absolution of the positive responses is sufficient to draw a conclusion, that music has a significant influence on one?s dining experience. Then the investigation subsequently follows onto the topic of what the respondent remembered as well as enjoyed the most on their last visit. Seven said that the entertainment (in this case the dancers, music background and live music), while four said the food quality and lastly, two respondents claimed that the „service? is what they remembered the most. As one respondent said that:
"The thing I remember the most is the „sounds?. When I think about it, it is the „sounds? of that restaurants comes to mind first."
Proven by these findings and supported by the theories, it can be summarised that in a theme restaurant, music as a form of entertainment -being either live music or simply as a background music- is indeed crucial. Relating to the previous findings, the fact
that music is remembered long after the meal gives a clear indication that music has significant magnitude in enhancing a dining experience in a theme restaurant.

Conclusions
A clear descriptions and analysis had been done according to the relevant topic and sub-topics explored. Derived from the findings, customers? expectations of a theme restaurant and how music plays an important role in a meal experience was able to be identified. Furthermore, the importance of music in a theme restaurant has been revealed, despite the fact that there are minor contradictive findings towards literature study.

Customer's expectations of a theme restaurant
Customers decide to go to theme restaurants for various reasons and expectations; mostly they are attracted by the atmosphere that theme restaurants have to offer, consequently, the food is not considered as the only factor that could motivate people to dine out. In customers? perception, theme restaurants are believed to be a place to experience new things as well as entertaining and relaxing, proven with the findings that 61% of respondents claimed that „experience? is the main expectation.

How music in theme restaurant affects the meal experience
Derived from the statement that the „sound? can travel outside the establishment enabling customers to start the dining experience earlier, it can be concluded that the hearing stimuli can influence the meal experience therefore, resulting in a greater dining experience. Despite the facts that the main concern of a dining experience could be different for each individual, the restaurant?s atmosphere significantly influences the quality of the dining experience. Verified by the inability of the respondents (69%) to point out the most important factor in having the good dining experience, whether the food or the atmosphere. Consequently, the customer would have a considerably good dining experience in a theme restaurant if the atmosphere and the theme are well-balanced and synergized. In relation to music as the element of the atmosphere, 69% of respondents showed negative responses towards the mismatch of the music environment. Moreover, 70% demonstrated similar negative responses to the absence of music environment. Therefore, it is concluded that music plays a great deal of significance which influences a dining experience in a theme restaurant.

Importance of music in theme restaurants
Relating to the theme restaurant, the meaning of music has become slightly different. Good music for the theme restaurant was identified as the music that matches the theme with moderate tempo and appropriate loudness. Strengthen by 69% of respondents who claimed that matching music is part of their expectations. In addition, music is substantiated to have a significant role in reducing boredom, leading to the consumption of more food and beverage and a longer stay than anticipated, giving the confirmation of the destination and lastly, as an enhancement to an existing architecture and/or substitute for the lack of architecture. Moreover, since good music for a theme restaurant has been able to identify, the risk of having a mismatched environment which could lead to negative impacts can be avoided. Matching music with a market segment should be considered and music that is harmoniously parallel with the atmosphere is highly recommended instead of playing music randomly.
The failure in creating a good atmosphere could result in negative impacts. Therefore, this study research is putting several necessary points to be highly considered as follow.
Restaurateurs should consider the role of music in a dining experience which has a strong relation with the restaurant?s atmosphere.
Due to the fact that restaurants are considered as places to acquire new/or favourite experiences rather than just a dining venue, it is recommended that they provide some sort of theatrical ambience, for instance music and sounds.
The atmosphere is significantly affected by a music background consequently choosing the appropriate music is crucial; therefore restaurateurs should select the music carefully.

Moderate tempo and appropriate loudness is recommended, preferably with emphasizes on the major mode (e.g. tone).
Repeating music background should be avoided.
Music should be matched and be in harmony, parallel with the atmosphere.
A „no music environment? is considered inappropriate in achieving a good dining experience.

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Appendices
Sample of interviews transcript
Respondent Name:
Barbara Montagna

My name is Barbara montagna, I work at the International office at Bournemouth University. And I work in support team, supporting international students with the welfare, social and immigration.

Three or four times a month eating out, the reason is, sometimes it is extra money, special occasions, and can?t be bother to cook.

If it?s a theme restaurant, it means that it is something that I would expect. I would imagine that it?s something that would come with the theme restaurant.

As long as I knew, before I went that there was going to be music there, and it is a part of my experience and it would add to my experience.
Based on the theme restaurants that I have been to, the ambience in the theme restaurant is created by music, because the decorating and setting and the menu is one thing but the music. Sensory .The music takes you to that place, the music makes you fell part of that situation, and it sets the scene.
I have been to rainforest restaurant, and I really liked it with the jungle sounds in the background. I have been to Portuguese restaurant and they did not have music. Apart from the food, I think I did not get the same feeling because I know what Portuguese traditional music is like and I would have had a better experience if the they ha d mus ic playing.
If the music is not in harmony with the theme or place, I would not feel very comfortable, for me I like the thing to feel like fit into places. For me, if the music did not match the theme I would know, and psychologically I would not go back to that
place again, to me it is very important. In a theme restaurant music includes the illusion and makes the illusion greater that therefore makes a greater experience.
Last experience in the theme restaurants, the thing I remember the most is the „sounds?. When I think about it the „sounds? of that restaurant comes to my mind first.
I went to Disney in France, and went to the rainforest restaurant, the sound was really exciting and I was exciting that we were going to that place. Before anything, when you walk through the shops before you actually get to that place you hear an exciting sound and make you feel exciting because you are going there. So, having the sounds is more effective than just the visual, because visually you have to be in there, in that place to experience it but the sound can travel outside and capture your ear. The sound starts your experience earlier.
Expectation, I expect the type of service is matched the theme, for example the relaxing theme has to match with the relaxing manners, the dress. About the live music, I do not think I like it, because you have to stop eating and watching them playing and I do not want that to happen. But I have been to Italian restaurant and they have the Italian singer, and he was in the corner or behind the pillar so nobody could really see him. He plays with his keyboard or guitar and he sings nice and quietly not overpowering, not like a performance but he has made the effort to be there. He is singing the Italian songs that everybody knows, and you find yourself tapping your feet along, while you are waiting your food is the talking point, to me that is what I like and I can say that I had a good dining experience in that restaurant, and I more likely to go back to that place. But if you go to place where they play the same music over and over again and that makes you feel want to leave early. So, live music is good as long as it is settled and it is an addition to it not the main feature, I prefer live music.
Music definitely has close relation with the dining experience, it creates the atmosphere. If the music is not matched the atmosphere I would not feel as relax in that place, it would not be an experience it would be just I went out for meal, because when you go to a theme restaurant, I considered as the evening of entertainment, I would like to have a proper entertainment, you more likely to go away and tell people
about it. If you going to pay more money which probably you would in a theme restaurant, you want to feel that you have a good exp erience.

Respondent Name:
Eva
Restaurant manager in London
I have been in the restaurant business for 3 years.
I eat out a lot since I?m very busy. And I like to try variety of food for instance Italian, Chinese, Thai, Indian.
For a theme restaurant, I expect to have a nice atmosphere. And restaurant atmosphere is created by the senses, like hearing, viewing, smelling, etc. For example, if I decided to go to an Indian restaurant, I expect to hear Indian music, Indian décor, and I will be shocked if I hear iron maiden playing in Indian theme restaurant.
In my restaurant we sell Italian food even though it is owned by British. But we play jazz music since the company has a jazz club. But in certain places (my company is a chain restaurant and has 300 restaurants spread all over UK) the restaurant have their own style of music depending on the location. The music should shoot the customers.
I don?t like if the play the same music especially on weekends but for myself, I would like to hear fast tempo on weekends .
I think the music is the most significant thing in creating the atmosphere. And everybody expect music to be played in a restaurant. If the restaurant doesn?t have music, you will feel empty; the emptiness will fill the atmosphere. You will feel you miss something. Not just that, the level of volume is also important, it has to be loud enough to be heard and quiet enough to make a conversation.
My last experience is to Greek restaurant, they play Greek music, and they have more to offer. I went there and everything was fine, the food, the service, the price, the music, etc. And out of nowhere the dancers came

out, they danced the traditional dancing along with the music. I was amused, it was quite an experience. They have special entertainments for guests, and that is the extra point for that place.
In my opinion, in a theme restaurant the harmonisation of everything is essential. If the theme restaurants don?t play the match music I would feel uncomfortable. And I would not go back to that place again. And I would not recommend that place to anyone. For me, fast music makes me eat fast and more. Music brings all groups/ people together, and it makes you happy.

Respondent Name:
Matthew
I am a student of Bournemouth University, master level (MSc computer animation)
I practically use to eat out everyday every lunch when I was working, now it only do it 3 times a week.
My last experience to theme restaurant is I went to Johny Rokets with the 50s theme. They sell milkshakes, burgers, and stuffs like that. They play 50s music in the background and every once in a while they put they music out loud and everybody starts to jump on the counter and dance. And they dance in unison as if they had a choreographer and make you feel that you are in a movie.
I expected to be, it has to be fun. In my opinion, the reason why people go to theme restaurant is to have fun rather than just the food. Because if you looking for a real nice food you would go to a fancy restaurant. Theme restaurant is about entertainment.
And a theme restaurant should have a theme tune to go with the restaurant itself. I would?ve felt cheated if they don?t play music in a theme restaurant. I would just walk out from there, unless there are something else there entertaining you in some other way. I would feel that there is missing something if they don?t play music. Generally music in a restaurant is quite important. Because music really does, it gets in the people psychy, it gets the people into mood. It is just as much as the lighting, table setting, the painting, and everything else. If the restaurants don?t play music, I think it lacks of energy. And sort of togetherness of the people that they are there. Music makes you feel more relax in that place. If the music does not match the theme, I would be confused, and it would ruin the whole thing, the atmosphere, the level of comfort, the mood, it will just mess everything up. I would probably come back if the food was real nice. Since the main reason I eat out is to seek good food. But if they have good music even though the food is not at the top my nice food list (average), I still would come back to that place.
The nice music can set up the mood, relaxing, which I think it is conducive to enjoying you meal. It would make my stay longer in that place, not realizing that the food is gone and time to go. And I would order more, for example order more wine, just to stick around.

Respondent Name
Mohamed
My name is Mohamed, I happened to own a restaurant in Florence, Italy. Me and my colleagues run that restaurant, but I am having a break now since I want to pursue my study in Hospitality field. I am after PhD title now.
If I decided to go to a theme restaurant, I would like to experience not just the atmosphere but the „culture? as well, everything has to be in tune with the theme they offer, including the language, manner, service, décor, even the temperature and the smell. Every detail has to be in harmony.
What I meant by the word culture here is, some sort of my own expectation, like I said earlier, I expect to be greeted by the Italian manners and language for example. Smell the Italian kitchen, Italian gesture (when you say hi and tap the shoulder of your guests or friends, I believe that kind of gesture does not exist in British or American custom).
I would have a considerably good dining experience in a theme restaurant if the food, the atmosphere, the type of service, the temperature, the smell, and as I said before, every other detail aspect is matched with the theme they offer.
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I am a regular customer of one of the Italian theme restaurant in Bournemouth, and every time I dine in there I always have a good dining experience. It start as you walk in to the restaurant, the staff will greet you with the Italian manners and then the decoration is really reflecting the typical Italian décor, and the smell of the fragrances with a little bit of the smell of the Italian cooking, really reflecting the smell of typical Italian kitchen. Not just that, they always play Italian music in the background, and occasionally they have an Italian singer to perform, not to mention that they have good food. So, every time I dine in there I always feel like back home. You cannot create the desired atmosphere and ambience without the matching background music. Music is essential as others, that is the reason why music has to be in harmony with other elements.
Music gives you confirmation that you have come to the right place, it is the music that tells you that you are in an ethnic themed restaurant, or in a jungle themed restaurants, or in a 60?s themed restaurant and so on and so forth. How can you tell you are in a Chinese themed restaurant if they play heavy metal music?

REGIONAL DEVELOPMENT STRATEGY FOR DISTRICT REVENUE SOURCE LEBAK, BANTEN PROVINCE, INDONESIA

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ABSTRACT

The main objective of the study is to formulate strategic plan for the utilization of local government income from LebakDistrict, of which Lebak, sjnce 1925 based on the decree of Dutch Colonial Governor on August 14, 1925, has become own independent district. The methodology used for analysis is SWOT and statistical descriptive . The result of the study is to develop the new strategy , by combining the strategies of intensification, extension and diversification for local government income generation . The second strategy is to develop the new investment strategy by integrating the strategies of innovation backward, forward, and other linkages with high local potential.

Keywords : *Local Government Income, SWOT, Feasibility Study*

Background

Paradigm of the new state administration in the era of globalization make the Government organization should be able to walk towards realizing the maximum value of humanity carried out by the development of decentralized systems, democratic organization that is responsive and inviting participation, and may provide equitable services that all citizen need. In order to achieve good governance and referred to the public welfare, the Local Government must be able to provide for Social Development Community, in order to verify the production, trade expansion, and infrastructure development that can support the development of prosperity, poverty alleviation and improvement of environmental conditions and improve the quality of life that can implement in accordance with the aims and ideals of regional autonomy. The main obstacle in the provision of Social Development is the limited ability to develop the Capital Region Income from region.

Financial limitations of the original regional income, as seen after the decentralization policy is realized as defined in the legislation No. 22 Year 1999 on Regional Government, which has been replaced by the legislation No. 32 Year 2004 on Regional Government. The funding of Local Government District is still dependence on the decentralization of the General Allocation Fund (DAU). To overcome the problem, the central government has provided opportunities and challenges for Local Government, as stipulated in the legislation No. 32 Year 2004 on Regional Government, in explanation of Chapter VIII Regional Financial Sector that given the right to obtain financial resources which include:

1. The Certainty of availability for funding from the Government in accordance with administrative matters submitted,
2. Collect and utilize the Tax Authority, Retribution and the right to obtain Sharing of National Resources in the area and other balance,
3. The right to manage the wealth of the area and obtain other legitimate income and Financing Sources.

In order to overcome the main obstacles in the field of financing of regional autonomy, Lebak local government seems not optimally exploit these opportunities, especially related to the para 2 and 3 above although Lebak District Government has sought to improve the the source of the original regional real income. This indicated an increase every year in the target region income, among others, the number of plan year 2007 budget revenues amounted to USD. 676 432 107 636. while the number of Total Local Receipts is a sum of Rp. 688.483.026.76, -, or 101.78% of Revenue Target Plan

As a material contribution to the comparison of the results of the PAD which Regional Tax and Retribution in the district / city in the Province of Indonesia (Prof. of research results. DR. Dolly Siregar in Function Entrepreuneurship Regents and Mayors in managing the Area), that "the PAD, which stand out are

the revenues from taxes Regional and Levy, each region - each accounted for 74.3% budget and 15.53%. " Budgets of the composition of the above, it appears that the local government of Lebak District which currently still has the original income (PAD) with a contribution of 7.26% against the budget of Rp. 676 432,-billions more, in fulfillment of Social Development or Capital Community Development Fund, will depend on the general allocation funds from the central government, while the other hand, the pressure of development and community service needs will continue to increase along with population growth rate of National and Regional Economy, thus gap / gap will be higher. These disparities can cause problems that will be increasingly difficult if not immediately identified the problem through the solution anticipated.

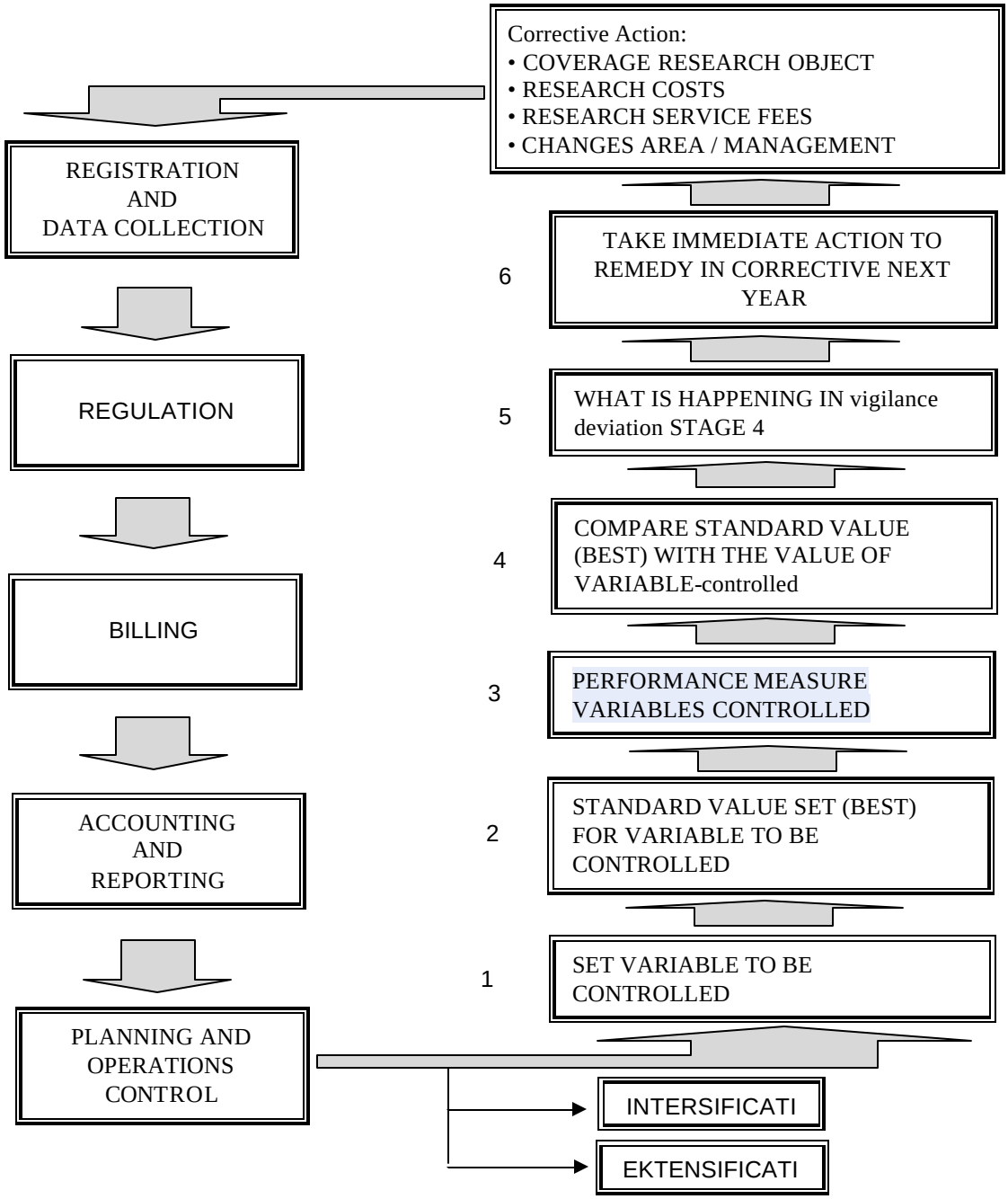
From the background mentioned above, can be identified problem is as follows: 1) Low contribution of PAD of 7.26% against the budget, 2) intensification of quarrying is not optimum sources of tax revenue ratio or the ratio of tax to GDP Average - the average 0, 12%, 3) the dependence of the Budget General Allocation Fund (DAU) in fulfilling its public Development Financing Needs pressure is high enough.

In this study the principal problems are the result of the study Feasibility Study will not be effective if not sharpened with the preparation of the strategy.

Research Objective

The purpose of the activity is to develop the Strategy Plan for Resources Utilization of original income (PAD) based on the Feasibility Study, with the following stages: 1) Identification the source of revenue, 2) Assessment and analysis of potential sources of revenue, 3) Corrective action efforts in the Cycle of Management Systems and Procedures (SISDUR) for regional income, 4) Completion of Strategic Plan of PAD through Revenue Improvement Action Plan for the District, 5) Providing equal opportunities in terms of gender (for women and men) in the development of PAD.Hovewer, in the report only the strategy plan will be described in detailed

Framework of Study Approach



Picture 1. Revenue Source Development Strategy for Improved Revenue Cycle Action Plan Area (RETIKAT – PATDA PAD)

RETIKAT - PATDA should be a planned program, between SKPD integrated, efficient and effective sustainable development in harmony with local economic growth. Benefits RETIKAT - PATDA for Local Government is one). achieving revenue consistent with the target area and regional real income potential, 2). Management control by identifying the deviation Corrective actions that occur in each phase of Original Regional Revenue Cycle SISDUR or called Intensification of Regional Income, 3). identify actions - actions that must be formulated and implemented efficiently and effectively in order to anticipate changes in the elements - the element region income along with growth of the economy.

RESEARCH METHODOLOGY

In accordance with the Terms of Reference (ACCs) Revenue Source Development Strategy, the methodologies in the implementation of activities undertaken are:

1. Bibliographical studies, used to study theoretically about the various disciplines that can be used as reference material to identify and solve problems in preparing the Regional Development Strategy for Real Income. From the results of previous studies in SCBD Lebak, can contribute input to the handling of gender issues (especially from the study of Ir. Sriyati) and input to the problem of PAD (the results of the study Dr. Sofian about customer satisfaction),
2. Study documentation which is used to view documents that are legal and technical guidance documents that are related to the real income of the Regional Development Strategy and in preparation of the manuscript Lebak Regent Rule on Development Strategy for Regional Natural Resources Revenue,
3. Interview method, is used to obtain concrete data and information from competent sources of legislation, Regulations on Management of Regional and Local Original Income SISDUR,
4. Field Survey, conducted through direct observation and using questionnaires to officials and officials of Echelon II, III and IV, the managing officer of PAD in 17 (seventeen) of the regional Task Force.
   Analysis method used, ie:
   a). SWOT analysis method (*Strenght, Weakness, Opportunity, Treath*).
   b). Descriptive statistics methods, Deductive used to analyze the data describe in general how to make inferences that apply specifically in research (Sugiyono, Administrative Research Methods)

Data Analysis Techniques

Phase analysis is used to process the results of research on the plan at the local government of Lebak PAD strategy is SWOT analysis. Engineering input into strategy formulation PAD results of SWOT matrix, IE, SPACE, and Grand Strategy and then continued into the late QSPM for the formulation of the suggested strategies for local government.

Table 1. Three Phase Strategy Plan

Stage I : Input			
External Factor Matrix Evaluation (EFE)	Matriks profil Persaingan & Kemitraan (CPM)	Matriks Evaluasi Faktor Internal (EFI)	
Stage II : Phase Match			
Matrix TOWS Threat- Opportunities Weakness – Strengths	Matrix SPACE Strategic Position and Action Evaluation	Matrix IE Internal – External	Matrix GS Grand Strategy
Stage III : Decision Phase			
Quantitative Strategy Planning Matrixs (QSPM)			

RESEARCH RESULTS AND DISCUSSION

1. Phase Matching and Data Analysis

TOWS /SWOT Matrix

TOWS matrix is a matching device to help Local Governments to develop a strategy.

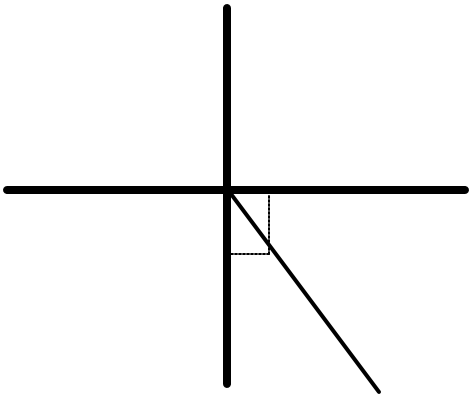
Table 2. TOWS MATRIX

	Strength (S) 1. Regulation and management of PAD is clear and transparent 2. There are no negotiations and has a heavy sanction. 3. Levy system to accelerate the field of PAD. 4. Simplicity and transparency of the system integrated investment business services. 5. ABPD & APBD integration.	**Weakness (W)** 1. Lack of skilled human resources, travel expenses and facilities. 2. There is no system of incentives in generating income revenues. 3. Still the existence of bureaucracy and corruption. 4. The existence of strong religious nuances, to Entertainment, etc. undeveloped. 5. Lack of adequate training for PAD staff and employers.
Oprortunities (O) 1. Potential sources of finance. 2. There is potential for water resources, energy, etc.. 3. There are quite a lot of training. 4. Potential major commodity sectors. 5. Improved facilities, infrastructure, facilities and environment.	**SO Strategy** 1. Intensifying efforts to improve local revenue collection system improvements in the field, training, and support infrastructure and good environmental 2. Improving business by extending the use of integrated investment services and financial support sufficient to 3. Increase the potential for commodities from the sectors with the support of the provision of data, information, regulation that is transparent, no negotiations and there is a severe sanction 4. The combination of intensification and extensification with ABPD integration and development budget with the potential of water resources, energy, independently	**WO Strategy** 1. Increasing the combination of energy and water resources with potential for superior commodity business development and control of corruption, bureaucracy, and providing support PAD. 2. Improving PAD by PAD staff training for businesses and entrepreneurs in a participatory and improvement of facilities, infrastructure and environment, and facilities for expert PAD. 3. Increased financial resources and increased training and performance improvement of PAD, the PAD would improve results.
Threat (T) 1. Infrastructure and lack of infrastructure facilities, damaged and flooded. 2. The existence of fairly severe environmental problems 3. Payer payer contacted PAD difficult and less cooperative. 4. Factors and traditional security systems. 5. The existence of illegal levies and service learning-disruptive.	**Strategi ST** 1. Budgets & ABPD integration in dealing with infrastructure, facilities, facility, and a damaged environment, will facilitate the entrepreneurs to manage and maximize revenues. 2. Improvement of management systems, regulations, fees, and the discipline of PAD, and menghilangi corruption, illegal charges, and traditional security systems, will generate increased revenue from PAD.	**Strategi WT** 1. The first challenge in the prospect of the PAD, PAD include lack of expertise, management, service learning, discipline, PAD, PAD and the absence of incentives. 2. The second challenge is the physical state and local revenue payer's business environment where damaged. 3. To answer these challenges, is the existence of strong leadership, supported by regulatory systems, planning and implementation, and management by participants.

2. Matriks Strategic Position & Action Evaluation (SPACE)

With the SPACE matrix of several variables, adjusted SWOT aggressive business strategy, conservative, defensive and competitive will be matched to obtain the relevant strategy / match.

SPACE matrix determined at this point X and Y coordinates match the above results
The coordinates of the point X= CA + IS = -2,5 + 3,33 = 0,83
The coordinates of the point Y= ES + FS = -2,67 + 1,67 = -1,0



Picture 2. SPACE Matrix

From the results obtained from the above in mind the position of local government PAD business located at Lebak quadran competitive. In this quadran shows the most appropriate strategy for implementation is :

a. Diversification strategy forward, backward, and horizontal,,
b. Offensive / penetration to the entrepreneur,
c. Business / market development
d. Product development.
e. Joint venture / cooperation / partnership between the private enterprises or local government with the private sector in business development / product special location in accordance with the location of resources.

3. Matriks Internal – Eksternal (Matriks IE)

From the result of this matrix we will get a strategy that refers to the total score from internal factors (IFE) and external (EFE). From the results of previous calculations Obtained value EFI 2, 29 and EFE values 2.41.

Total Value EFE

Total Value EFI	strengh (3-4)	average (2-2,99)	weak (1-1,99)
high (3-4)	I	II	III
medium (2 – 2,99)	IV	V	VI
low (1 -1,99)	VII	VIII	IX

Table 3. Matrik IE

Based on the results of matrix analysis, the business revenue on local government of Lebak lies in the cell V. At this V cells, the most matching strategies are:

a. Strategy nurture, grow, develop. With the income position of PAD, which is always above the target, on time, the management of PAD should be more focused to maintain facilities and infrastructure should remain good, and the environment is not damaged. Was the focus for growth and development, developing strategies with the potential for superior commodity resources development

of water resources and local energy, with a system of cooperation / partnership between the Government and private enterprises

b. Intensive strategy / intensification, with focus on market penetration / entrepreneurs and businessmen potesi / old institution that can be developed in an innovative and more varied. Especially the development of such business must be supported by good revenue management strategy, transparent, clean from corruption, free of illegal levies, provision of incentives and facilities as well as travel money that stimulates to include a growing acceptance of PAD

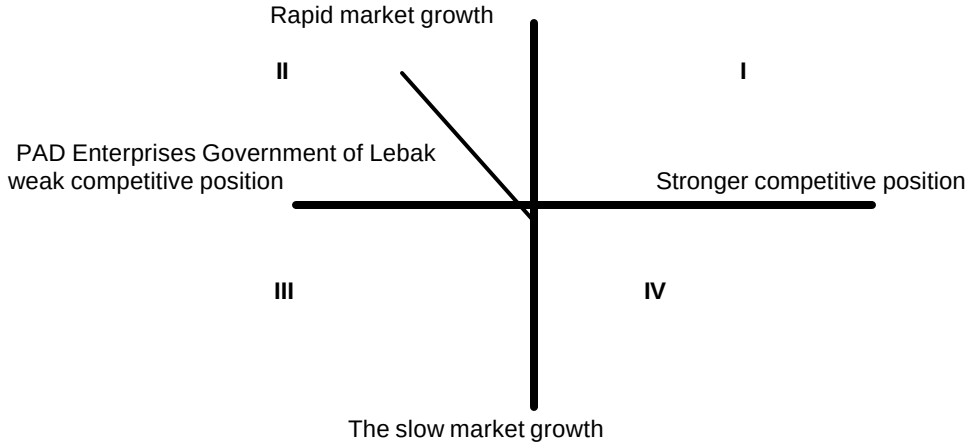
2. Matriks Grand Strategy

Grand strategy matrix mapping were generated from EFI and EFE matrices are included in the graph. Axis where competing value -0.57 (SW) and growth value is worth 0.53 (O - T), so the business strategies of local government PAD in Lebak enter quadran II (perumbuhan positions quickly with the weak competitive position), with alternatives strategy following business:

1. Market development strategy (of intensification and diversification),
2. Market penetration strategy (intensification),
3. Product Development Strategy (business extensification),
4. Horizontal diversification strategy,
5. Integration strategy and liquidation.

Looking at the current position of the PAD, it will be better when the combination strategy is used in combination with the intensification strategy and diversification efforts extensification, on the condition that:

1. repair facilities, infrastructure and environmental damage,
2. try to develop business with ABPD budget that encourages the intensification and extension of PAD,
3. tackle the problem of bureaucracy and corruption, illegal levies,
4. added facilities, travel expenses, develop a culture of innovative, disciplined and honest,
5. develop training on the management of PAD, PAD MIS skills and asset management, and grow the system of incentives and sanctions,
6. maintain and develop an integrated system in the handling of business investment,
7. develop new infrastructure and competitive commodities from the natural resource potential that exists with the business partnerships between government, private enterprises and BUMD.



Picture 3. Matrix Grand Strategy

ORIGINAL DIRECTION OF REVENUE MANAGEMENT POLICY

Generaly

With the pattern of appropriate policies to enhance regional financial capability, particularly increased revenue, Lebak area will gradually be able to get out of the various problems that have been encountered. Formulation of policy in supporting the management of revenue budgets will be more focused on management strategies and programs for the management applications of PAD. Policy direction of revenue management strategies in the future focused on the following steps :

1. First, according to the SWOT analysis, strategy chosen was a combination of intensification, extensification and diversification.
2. Second, is to develop the device, supporting, and facilitator, as well as container from the first strategy (intensification, extensification and diversification).
3. Third, according to the gender gap in the structural and functional positions, the gap of education and functional and technical training, in Lebak regency government organization, then through the intensification and improvement and rehabilitation of follower's extensification with inclusion of gender in the PAD, should continue to be conducted. Improved technical training to the Gender and improvement of PAD and its supporting device for Gender must continue consistently improved.
   So was the case with gender role needs to be increased level of private entrepreneurs. Not only increase business for employee technical training also improved wages and welfare systems should also be enhanced.

Exclusively

a. Intensification of efforts among other jobs **:**
   1. calculating potential revenue,
   2. improve outreach,
   3. increased surveillance,
   4. improve services .

b. Extensification business consists of activities such as **:**
   1. Results,
   2. Justice,
   3. Economic efficiency.

c. Business diversification is a new development of superior long commodities, both vertically, horizontally, forward and backward, with criteria such as extending business**.**

d. Gender equality in the efforts to increase local revenue increased revenue**.**

PROGRAM MANAGEMENT

Intensification Program

Programs and activities should aim at intensifying efforts for:

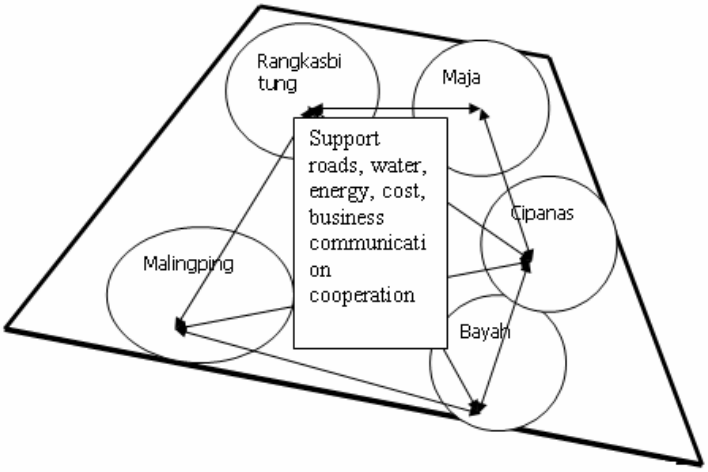
a. Increase revenue / profits to tax sector,
b. Provide improved public satisfaction and revenue for the sector levies and local enterprises / cooperatives,
c. Impact efficiency and increased productivity for other revenue sectors,
d. Increasing the role of Gender,
e. Increasing Local Revenue.

Extencivication Program

Programs and activities should be aimed at business extencivication:

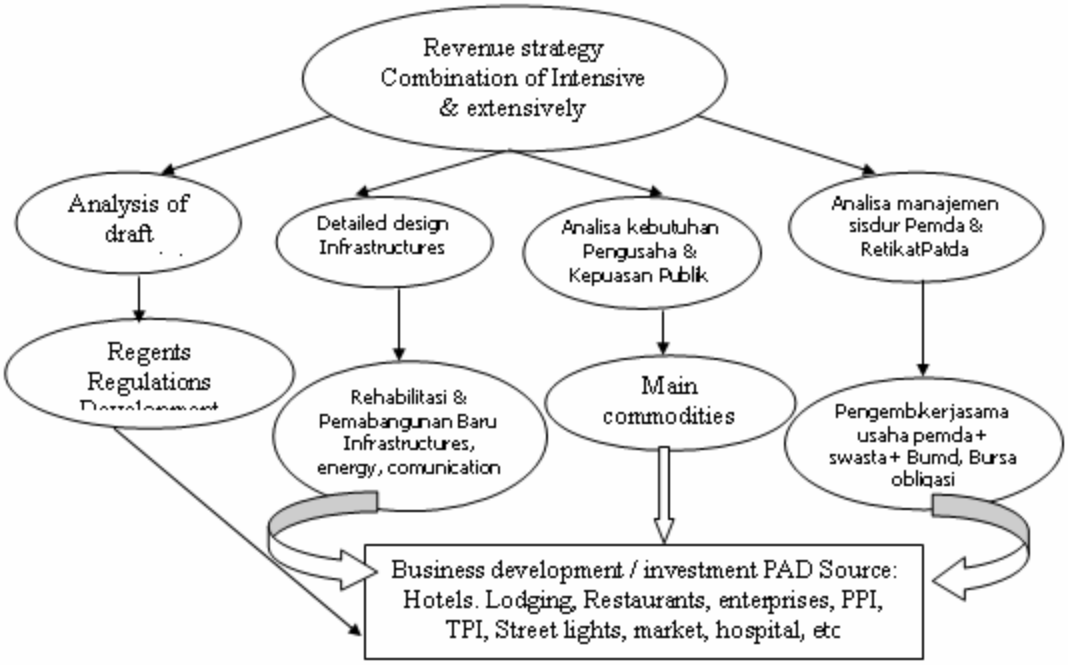
a. Increase revenue / profits to tax sector,
b. Provide improved public satisfaction and revenue for the sector levies and local enterprises /cooperatives / public,
c. Impact efficiency and increased productivity for other revenue sectors,
d. Impact multiplier effect in increasing employment, incomes, increasing the role of gender and response to environmental problems and poverty,
e. Increasing the number and quality of women in policy making operational business management,
f. Increase revenue.

IMPLEMENTATION PLAN



Picture 4. Regional mapping LEBAK District Commodity Business

Implementation plan development program revenue management strategies can be described as follows :



Picture 5. Strategy Development Program Implementation Plan revenue LEBAK

CLOSSING

Resume

1. Results of the SWOT analysis showed that the main plan of the most promising strategy is to carry out an intensive strategy of the business combination with the intensification and extensification and diversification. The second strategic plan is a strategy of backward integration, laterally and forward. That is a strategy to make innovation forward, evaluate, refine and develop
2. Planning and implementation strategies will be implemented jointly by the Government of Lebak, employers (private), and the public. Strategic plan should include input from
   a) Local goverment began
      - From the publisher and the development of PAD sisdur better, and legal products,
      - rehabilitation, development and construction of facilities and infrastructure (such as: roads, water, energy, communications) and facilities (such as PPI, TPI, etc.), until
      - handling of gender and environmental issues).

   b) Entrepreneurs / private, and public ranging from
      - The rehabilitation, development, and new construction investment commodities, to,
      - Rehabilitation, development, and supporting the development of new investment (such as: hotels, restaurants, etc).
2. Preparation of draft regulations by the Regents of the development strategy as a source of local revenue Lebak product technical study results.

Suggestion

Results of the SWOT factors formulation, these suggestions are as follows advice:

1. It needs a system of targeted training for staff handling staff at the agency PAD Lebak government agencies and also for employers.
2. Immediately performed a system of incentives and sanctions in the implementation of PAD
3. Improvement and development of management sisdur PAD is more toward the increased acceptance of PAD, is needed.
4. Reducing the threat in the SWOT factors, such as security, illegal levies, roads were destroyed, damaged the environment, etc.
5. To add to the financial district / local government of Lebak in financing investment in facilities, infrastructure and facilities and an investment commodity, it is required by the government to sell bonds and the collaborative efforts between local government / local enterprise with the private sector
6. There is a need assessment and feasibility of partnerships / cooperation between private enterprises with government / business enterprises in dealing with commodity investments or investment in facilities and infrastructure.
7. Programs and activities of activities to improve equality and gender justice in Lebak District Government in an effort to encourage greater inclusion of PAD have realized.
8. It is highly recommended for detailed feasibility studies conducted in order to initiate strategies that determined strategy and summarizes all activities which will be implemented in developing PAD increased future.

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THE LEVEL OF CUSTOMER SATISFACTION TOWARD SERVICE QUALITY, FOOD AND PRICES AT TAMAN INDIE RIVER VIEW RESTO MALANG OF EAST JAVA

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ABSTRACT

Food is one of basic human needs. Therefore, the food business is a business that is growing rapidly and promises to the owner. Many factors must be considered so that this business can survive, compete, and even continues to grow, for example is customer satisfaction. The higher level of customer satisfaction is obtained, the more benefit you will get. Customer satisfaction is influenced by many factors, such as service quality, food quality, price, atmosphere, facilities, menus, etc.
This research was conducted to determine the influence of service quality, food quality, and price to the level of customer satisfaction in the Taman Indie River View Resto Malang. In addition, this research also conducted to determine the factor that gives the dominant influence to the level of customer satisfaction in Taman Indie River View Resto Malang. The analysis technique use descriptive analysis and multiple linear regression analysis, which is partial t-test and simultaneous F-test with the computer program SPSS version 15. The results show that service quality, food quality, and price influence the level of customer satisfaction simultaneously that is equal to 63,1%. The rest 36,9% indicates that the level of customer satisfaction in Taman Indie River View Resto Malang influenced by the other factors, such as store atmosphere, location, facilities, etc. Service and food quality did not affect significantly, whereas the price affect significantly to the level of customer satisfaction in the Taman Indie River View Resto Malang. The most influential factor to the level of customer satisfaction in the Taman Indie River View Resto Malang is the price.

Keyword: customer satisfaction, service quality, food quality, and price

1. INTRODUCTION.

In first quarter 2010, some economic sector will be estimated will show increasing along with the recovery of external request and domestic request. The mentioned are estimated can push sector growth - economics principal sector; among others processing industrial sector with commercial sector, hotel restaurant as quoted by (Ari, 2010).
According to (Wade,2006), that nowadays, the food business has grown rapidly, which can be seen from many newly opened restaurants or cafe. This is caused by the continually growing of human population thus has an impact to the increasing human needs of food. In the food business competition, many factors must be considered to ensure this business survival, competitiveness, and growth. One of the factors is customer satisfaction. According to Wilkie, as quoted by (Tjiptono, 2006) customer satisfaction is the emotional response to the evaluation of consumption experience of a product or service .The higher level of customer satisfaction is obtained, the more benefit you will get. Customer satisfaction is influenced by many factors, such as service quality, food quality, price, atmosphere, facilities, menus, etc. as quoted by (Araya Golf, 2008)
According to (Hindarto, 2008) that Taman Indie River View Resto is a traditional restaurant with natural atmosphere in Malang. Like other rest, this restaurant is concerned about customer satisfaction by providing good atmosphere, food quality, and service quality. In fact, the level of customer satisfaction will be different from one customer to another, Therefore the authors will examine the level of customer satisfaction based on service quality, food, and prices in Taman Indie River View Resto Malang.
The term customer satisfaction according to Kotler (2000) refers to a person's feeling of pleasure or disappointment resulting from comparing "a product's received performance (or outcome) in relation to the person's expectation. Satisfaction is just like a step of comparing the experience and the result of evaluation that may bring about a feeling of spiritual pleasure, not a pleasure because of imaging or expecting. However according to Liljander and Stabdvick (Storbacka, Standvick and Gronross, 1994) satisfaction is the result of customer's individual experience during the service process, the result of which has been evaluated in the form of what the customer get. Basically the concept of customer satisfaction involves the difference between the

level of interest and perceived performance or result Engel (1990) and Prawira (1993) state that the concept can be applied in evaluating satisfaction or dissatisfaction in relation to a company, because both are closely related to the concept of customer satisfaction.

1.1. Research Objective.

1. To determine the level of customer satisfaction based on the survive quality that given in Taman Indie River View Resto Malang.
2. To determine the level of customer satisfaction based on the food quality that served in Taman Indie River View Resto Malang.
3. To determine the level of customer satisfaction based on the prices that offered in Taman Indie River View Resto Malang.
4. To determine the most influence of customer satisfaction based on (service quality, food, and prices) to level of customer satisfaction in Taman Indie River View Resto Malang.

1.2. Research Benefits.

1. To add knowledge and understanding about factors that influences the level of customer satisfaction in Taman Indie River View Malang
2. Giving input for Taman Indie River View Resto Malang about factors that influences the level of customer satisfaction
3. Giving The reference for the upcoming research.

2. THEORITICAL BACKGROUND

2.1. Customer Satisfaction

According to Kotler, as quoted by (Tjiptono, 2006), customer satisfaction is the level of someone's feeling after comparing the results of which he left with hopes. Based on to (Tjiptono, 2008), there are four methods that can be used to measure customer satisfaction: (1) complaint and suggestion system; (2) customer satisfaction surveys; (3) ghost shopping; and (4) Lost customer analysis.

Based on (Rangkuti, 2006) defines customers satisfaction as the customer's response to the inconsistency between prior interest level and actual performance after using the product One of the determining factors of customer satisfaction is the customer's perception of quality of service focusing on five dimensions of service. Customer satisfaction is determined not only by the perception of quality service, but also by the product quality, price and individual and momentary factors.

According to (Husein Umar, 2001) customer satisfaction refers to the level of customer's feeling after comparing what he receives with what he expects. If a customers feels satisfied with the value of a product, or service, it is very potential he will be the loyal customer for quite a long time. Factors that may influence customer satisfaction include quality of product and service – selling activity after sale service, and the company's valves. Satisfaction may consist of two types first functional satisfaction and second psychological satisfaction. Functional satisfaction refers to satisfaction that is obtained from the function of a product, whereas psychological satisfaction means the satisfaction is obtained from the product non real attribute. Customers may also be grouped into external and internal customers.

According to (Dutka, 1994) that customer Satisfaction and based on attributes related to the product, covering:

(a) value – price relationship, constitutes the central factor in defining customer satisfaction, if the value obtained by the customer is more than he pays, a substantial base for customer satisfaction is attained.

(b) product quality, refers to assessment of the quality of product.

(c) product benefit, refers to the benefit obtained by the customer while using the product of a company, and then can be the basis of positioning that may differentiate the company with other companies.

(d) product features, refers to the special characteristics of a product that makes it different compared to the product of its competitor.

(e) product design, refers to the process of planning interesting style and beneficial function of the product.

(f) product reliability and consistency, refers to the accurate and reliable products of a company for a certain period that indicates product delivery on special performance level.

(g) range of product or service, refers to variety of products/services offered by the company

2.2. Relation between the Level of Customer Satisfaction and the Factors.

According to Lipiyoadi, as quoted by (Ida, 2008), five factors that must be considered in determining the level of customer satisfaction are product quality, service quality, emotional, price, and cost. From five factors, there

is only service quality, product or food quality, and prices used in this research. Customers will be satisfied if the service and food quality appropriate with what they expected and also appropriate with the price.

2.3. Service Quality.

Definition of service quality is focused on fulfilling customer needs and wants, and accuracy of delivery as customer expectations (Tjiptono, 2006). According to Rangkuti (2006), there are five factors that can be used to evaluate the service quality:

1. Responsiveness
2. Reliability
3. Assurance
4. Empathy
5. Tangible.

2.4. Food Quality.

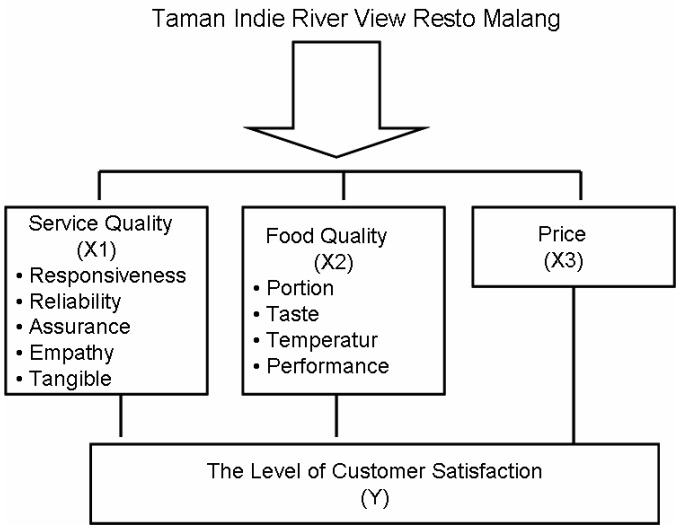
According to (Bartono, 2005), the factors that affect the food quality are:

1. The portion appropriate with standard portion size
2. Delicious taste because of the appropriate standard recipe
3. Performance
4. Cleanliness and hygiene.

2.5. Price.

According to G. Chandra, as quoted by (Tjiptono, 2006), price is a statement of value. Values are comparisons between the perceptions of benefits with cost that incurred to obtain the product. The costs are including monetary cost, cost of time, cost of energy, and psychic costs.

2.6. Research Design



Source: New Model by Writer

3. RESEARCH METHODOLOGY.

3.1. Population and Sample

The population of the study refers to all components who ever made a purchase, eating, and drinking in Taman Indie River View Resto. To make this study be a real picture of the population, the sample taken should be representative, meaning it should represent all characteristics available in the population, which includes 997 persons for average a month. The sample in this research ware 100 people guests aged 17 years or above 17 years, who ever made a purchase, eating and drinking in the Taman Indie River View Resto. According to (Arikunto, 2009), such a number is quite representative or all characteristics in the population can be represented.

This study adopts a statistic method of SPPS program version 15.0 (Singgih, 2007), to find out the effect of free variable to dependant variable. The variable equation gained from the regression calculation should be statistically tested. The regression finding can be used to predict the dependant variable.

3.2 Data Analysis

The study uses primary data, that is collected through distributing questionnaires with closed questions, and scale measurement of Likert scale (1) representing for very disagree and (5) for strongly agree. Validity constitutes a degree that indicates quality of being valid (Arikunto 2009). A valid instrument will have a high validity, whereas less valid instrument means having lower validity. An instrument is called valid if it is able to measure what is required. The low or high validity of an instrument will indicate how far the collected data deviates from the illustrated variables.

3.3. Validity Test.

Validity constitutes a degree that indicates quality of being valid (Arikunto, 2009). A valid instrument is called valid if it is able to measure what is required. The low or high validity of an instrument will indicate how far the collected data deviates from the illustrated variables and for validity analysis questionnaire test to 100 samples used.

3.4. Reliability Test

Reliability refers to a concept that an instrument is quite trustworthy to be used for data collection Arikunto, 2009). A good instrument shall not be tendentious or directing the respondents to choose certain answers. If the data really represents the fact, regardless how many times it is taken, it will give the same result. To measure a reliability rate of an instrument, a consistent internal method is adopted, namely coefficient alpha or known as Cronbach's Alpha that is counted to estimate the reliability of each scale (variable or observed indicator). The following table shows the result of reliability test using Conbrach's Alpha coefficient of each item and instrument construction. The reliability is tested with SPSS version 15.0 (Singgih, 2007). An instrument is said reliable if the coefficient value > 0.60 (Malhotra, 2005).

4. RESULT AND DISCUSSION

4.1. Multiple Linear Regression Analysis

From the analysis with SPSS program, the writers got the result as follows:

$$Y = -3.07 + 0.186\,X1 + 0.186\,X2 + 0.691\,X3 + e$$

1. If service quality increases, with the assumption that food quality and price is constant, then the level of customer satisfaction will also increase.

2. If food quality increases, with the assumption that service quality and price is constant, then the level of customer satisfaction will also increase.

3. If price increases, with the assumption that service quality and food quality is constant, then the level of customer satisfaction will also increase

Test Simultaneously (F Test)

In the F test or simultaneous hypothesis test as indicated in the following table: F count is 57.513 with level of significance 0.000, whereas the probability (0.000) is far smaller than 0.05 then the regression model can be adopted to predict customer satisfaction or in other service quality (X1), food quality (X2) and price (X3) jointly influence the level of customer satisfaction (Y).

Table 1. F Test Analysis
Results ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	39.223	3	13.074	57.513	.000
	Residual	21.824	96	.227		
	Total	61.047	99			

Source: Processed Result from SPSS Version 15.0

Test Partial (t Test)

Table 2. t Test Analysis Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	-.307	.403		-.760	.449		
X1	.186	.125	.117	1.490	.140	.601	1.665
X2	.186	.115	.137	1.612	.110	.518	1.930
X3	.691	.093	.629	7.455	.000	.523	1.913

Source: Processed Result from SPSS Version 15.0

From the Table 2, it is figured out that:

1. Between service quality (X1) and customer satisfaction (Y). indicates t value = 1.490 on significance of 0.140 or p = 0.140 > 0.05. It means that service quality (X1) can not be used for the basis to customer satisfaction (Y).
2. From the analysis it is indicated that there is no significant effect between food quality (X2) and customer satisfaction (Y). It is proven from t = 1.612 on significance of 0.110 or p = 0.110 > 0.05. It means that food quality (X2) can not be used for the basis to customer satisfaction (Y)
3. From the analysis it is indicated that there is no significant effect between price (X3) and customer satisfaction (Y). It is proven from t = 7.455 on significance of 0.000 or p = 0.000 < 0.05. It means that price (X3) can be used for the basis to customer satisfaction (Y)

R Square

Table 3. R Square
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.802	0.643	0.631	0.47679	1.997

Source: Processed Result from SPSS Version 15.0

From the Table 3, it is indicated that the determination coefficient R^2 = 63.1%, meaning that the customer satisfaction capability in describing the service quality dimension of customer satisfaction of the model is 63.1% and other unobserved factors that may influence by other variables is 36.9%.

5. CONCLUSION AND RECOMMENDATIONS

5.1. Conclusion

Based on the analysis, can be concluded that:

1. There is no partial significant influence from service quality and food quality to the level of customer satisfaction in Taman Indie River View Resto.
2. Price has dominant influence to the level of customer satisfaction in Taman Indie River View Resto.
3. There is simultaneously significant influence from service quality, food, and price to the level of customer satisfaction in Taman Indie River View Resto.

5.2. Recommendations

From the conclusion above, the writer give some recommendations as below:

1. Maintain and enhance the service quality provided to customers, such as increased speed and accuracy of service.
2. Maintain and enhance the food quality served to customers, such as increased the taste of food
3. Give the priority on price, especially the quality and quantity of the product must be good and suitable with the price.

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MANAGING CUSTOMER EXPERIENCE IN EDUCATION: A CASE STUDY BINUS UNIVERSITY

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ABSTRACT

The tight business competition today has awaken company's awareness that managing and serving customers at maximum is the most profitable strategic to pursue. Educational service company is the unique one compared to those service companies in general because of its particular customers, students, have a high dependencies toward their institution, should they as customers feel a certain disapointment or dissatisfaction, what happens is they cannot easily switch their position to other competitors, instead they usually withold and accumulate their complaints only for themselves. In effects, the customers mentioned would not recommend to their close companions to continue their study at their current institution. This, actually is far from profitable due to the fact that the most effective promotion is through "the word of mouth". One way to serve customers is by managing their experience when they are related to the company (touchpoint). Customer Experience Management (CEM) has framework that consists of 5 (five) steps. The right and proper application of CEM will certainly increase the customers' loyalty.

Keywords: Customer Experience, Customer Experience Management (CEM), CEM's Framework, Education

Antecedent

During today's creative economy era, business competition among companies are definitely tight. All companies are totally aware that those who can serve its own customers well who can survive. This tight competition is not applied for service company only, but also for the education provider institution. Although included as service company, the educational provider institution (such as schools, university, etc.), they cannot be equally positioned like the other kinds. It becomes the fact considering the customers involved are bound to a significantly long period of time and a high cost to spend, and they cannot easily move to other similar competitors. It is indeed different if we compare such one with companies like hotel or hospital, where should dissatisfaction arise in part of their customers, they (the customers) can quickly swith themselves to other hotels or hospitals if they get dissatisfaction. Such attachment among customers and institutions (should dissatisfaction arise during their study period and finally accumulated) can drive them to develop a certain "animosity" which later can withold them to recommend their relatives or colleagues to enter such institution. We fully acknowledge that the most powerful promotion for education institution is thorugh "the word of mouth", therefore serving and improving customers' loyalty is the most important thing for educational institution. The purpose of this case study writing is to examine what really happens in the field using the available academic theory and finally to share experiences in managing customers especially in the educational field.

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Experience Economy

The trend that exists for this kind of service sector varied from (1) Improving the global competition (2) Improving productivity and competitiveness (3) Improving Technology utilization and automatisation, where more than 80% of technology investment is used for service industry, (4) Quality emphasis on a wider service, and (5) Moving to Experience Economy. There are also distinctions for each business that changes from year to year (Shaw & Ivens, 2002), and such change can be seen on Figure 1 below.

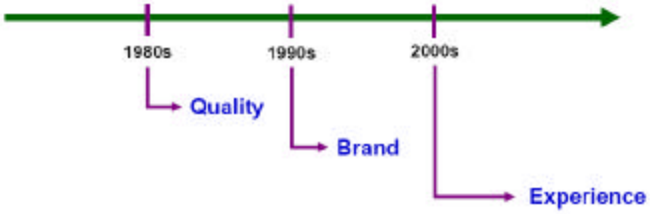

Figure 1 Business Differentiator [5]

In the eighties (80's), business were deeply focused on "quality" measurement, then in the nineties (90's), the focus was moved to "brand" measurement. And at the beginning of 2000, the business focus becomes the "experience" one. With change in focus, we can see clearly that companies are very aware with customers' "experience' with their service. The following table explains the characteristics of the new "Experience Economy".

Table 1 New Experience Economy[3]

Economic Offering	*Commodities*	*Goods*	*Services*	*Experiences*
Economy	Agrarian	Industrial	Service	Experience
Economic function	Extract	Make	Deliver	Stage
Nature of offering	Fungible	Tangible	Intangible	Memorable
Key attribute	Natural	Standardized	Customized	Personal
Method of supply	Stored in bulk	Inventoried after production	Delivered on demand	Revealed over time
Seller	Trader	Manufacturer	Provider	Stager
Buyer	Market	User	Client	Guest
Factors of demand	Characteristics	Features	Benefits	Sensation

At their book, Pine & Gilmore, describe about *service as theater*, Why? Because at the theater, "experience" will determine the customers' satisfaction toward the service itself. At such context, we can see "experience" is a process, and customers' satisfaction is a "result". It is clearly seen in the progression of "economic value", as described in the following figure.

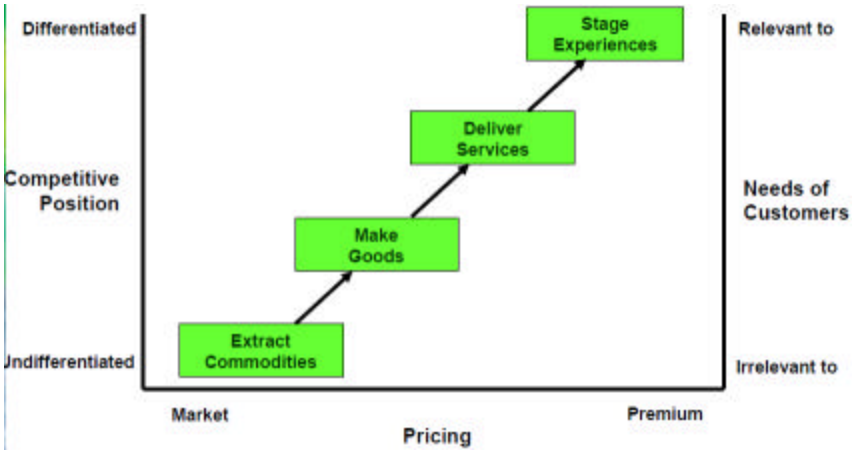

Figure 2 Progression of Economic Value [6]

We can learn from what Starbucks Coffee has done to win their business thorough their customer experience management, yes, it is indeed an extraordinary strategic. We can notice on how a cheaply price of coffee beans can multiply to a six-hundred times price at the hand of Starbucks such as shown at the following figure.

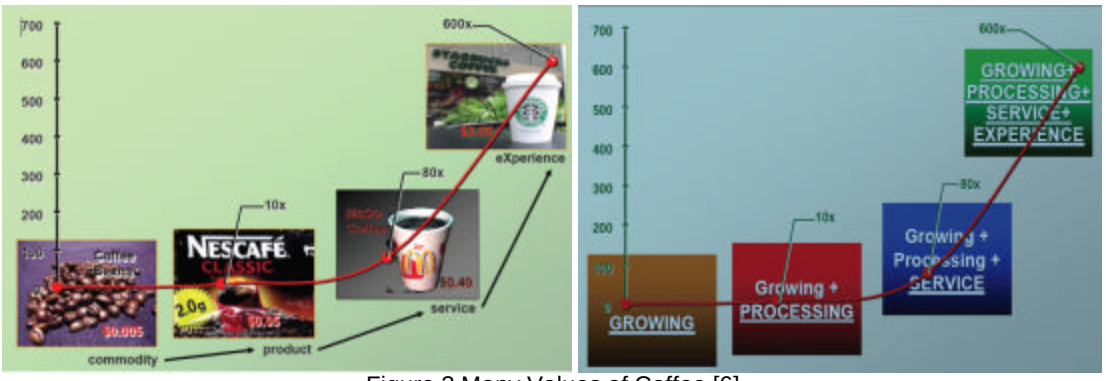

Figure 3 Many Values of Coffee [6]

The value example of Starbucks Coffee is their specialization on great beans & great roasting, great ambience, convenient location, and wonderful services.

Customer Experience Management

Experience is a bridge to customer loyalty. Loyalty cannot be possessed instantly but have to be gained through a systematic way. Loyalty must be designed and created. According to Griffin, a useful ladder of customer relationships are from suspect to advocate (Smith & Wheeler, 2002). Such statement is explained by the following figure.

Figure 4 A Ladder of Customer Relationships [6]

Customer Experience is a blend of a company's physical performance and the emotions evoked, intuitively measured against customer expectation across all moments of contact (Shaw & Ivens, 2002). Example for physical and emotional expectations for the case of restaurant is shown at Table 2.

Table 2 Physical and Emotional Expectations for Restaurant [5]

Stage	Physical Expectations	Emotional Expectations
Call restaurant for reservation	The phone is answered quickly and politely and also expressed willingness to help	You hope that you will be respected and they call you by name , so that you feel as important person. They are able to provide the appropriate table for you.
The way go to restaurant	Easy to find/search	Pleasant experience throughout the trip
Parking	Easy parking, available and not far from the restaurant	You feel safe both for you and your car
Entrance to the restaurant	Get welcome greet , appropriate/accurate and efficient ordering process	The staff were smile when they welcoming you, call you by name, warm, courteous and friendly
Sitting at the table as ordered	Not in front of the entrance point, the waiter offered assistance responsively	Deliver comfortable, attractive and fun environment

Given list of menu	List of menu is interesting and complete includes the price, also offering special menu	The waiter can explain the favorite menu and able to answer your question relates the menu properly
When food is offered	The food is suitable with what we order, and arouse appetite	The waiter bring the food with smiley face and please us to eat
Eating Food	Offered food in appropriate temperature level, and its presentation is suitable with the image on the menu	The taste is delicious and deliver specific sensation
Request for the bill and do payment	The process is not too long, the Restaurant can accept flexible payment both in cash or credit	The waiter keep to smile and immediately give the bill. You feel that the amount that you paid has the fair value with what you have enjoyed for the food
Leave Restaurant and back to parking area	They say thank you for your coming, the car still the same condition as you leave	You feel they are very sincere and glad you have come. You feel safe.

In his book, Schmitt describes about *three misguided approaches* in handling customers, they are: (1) Marketing Concept, (2) Customer Satisfaction, and (3) Customer Relationship Management (CRM). In the nineties (90's), Philip Kotler popularized what so called as Marketing Concept, which mainly drive companies to focus on Customer Oriented and Market Driven. In reality, this marketing concept did not fully serve the Customer Oriented part. It instead was more focused on feautures and benefits of their products, customers were viewd as the rational decision maker, unclear diferentiation concept, marketing implementation through 4P (Product, Price, Promotion, Place) while eliminating the "C" Element, which stands for "Customer. The marketing concept offers a concept and method which was focused on product itself, therefore if we fully stick to this concept, we would encounter dificulties to understand customers entirely. Customer Satisfaction (CS) is a performance comparison VS. Product terminology. CS framework doesn't consider experience dimension that is important for customers. Paradigm formed in CS was explained as satisfaction is equal to loyalty. Satisfaction is a concept that is oriented to results, while Experience is more oriented to process. If experience is well managed, then the concept says that satisfaction will come up automatically. Customer Relationship Management (CRM) is more focused on transaction rather than building relationship itself. CRM is focused more on gathering information needed to recognize customers' buying behaviour, and touched very little on analyzing relationship emotionally with the customers. Building relations needs integration from each touch-point with customers, while it doen't appear in CRM generally. Therefore, new approach is needed in handling customers, that is Customer Experience Management (CEM). CEM is the process of strategically managing a customer's entire experience with a product or a company.

Figure 5 Customer Experience Management [1]

Why CEM? CEM is focused on everything that gives added value to customers while they are making decisions, buying / doing transaction and using a certain products, CEM will help companies to create products (goods / service) which consistently give delights toward customers and finally profits for companies, CEM gives a thorough view on how a company and its products stay relevant with the customers' living, CEM is related to customers in every touch point to integrate various elements of customers' experience, CEM gives added value to customers to generate a "WOW" experience for them, and CEM also does internal approach to the employees besides external approach to customers. Eventually, we can conclude that CEM is an approach that is focused on customers (instead of marketing concept), also CEM is a process-oriented, instead of outcome-oriented, in farther, CEM outpaces CERM in term of building a deep relationship with customers.

CEM Framework comprises several steps, such as: (Step 1.) Analyzing the experiential world of the customer, (Step 2.) Building the Experiential Platform, (Step 3.) Designing the Brand Experience, (Step 4.) Structuring the Customer Interface, and (Step 5.) Engaging in Continuous Innovation. Application area for CEM can be seen on the figure below

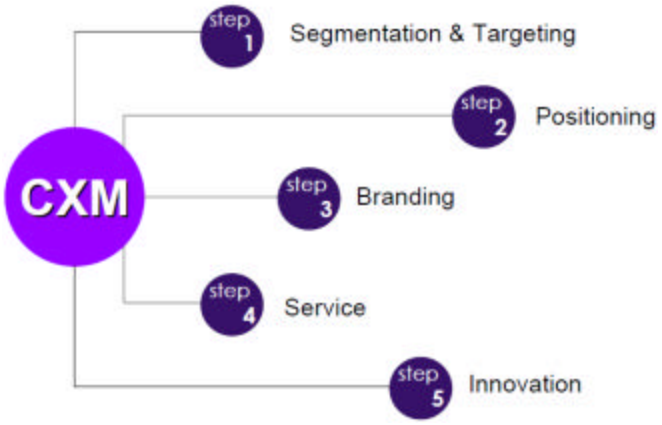

Figure 6 CEM Application Area [4]

Step 1 Analyzing the experiential world of the customer

This step consists of 4 steps: (1) Identify the target customer, (2) Divide the experential world into four layers (experience of the product or brand, product category experience, usage or consumption situation, sociocultural context (for B2C) or the business context (for B2B)), (3) Track the experience along touchpoints, and (4) Survey the competitive landscape. Phases for the third step is shown at the following figure.

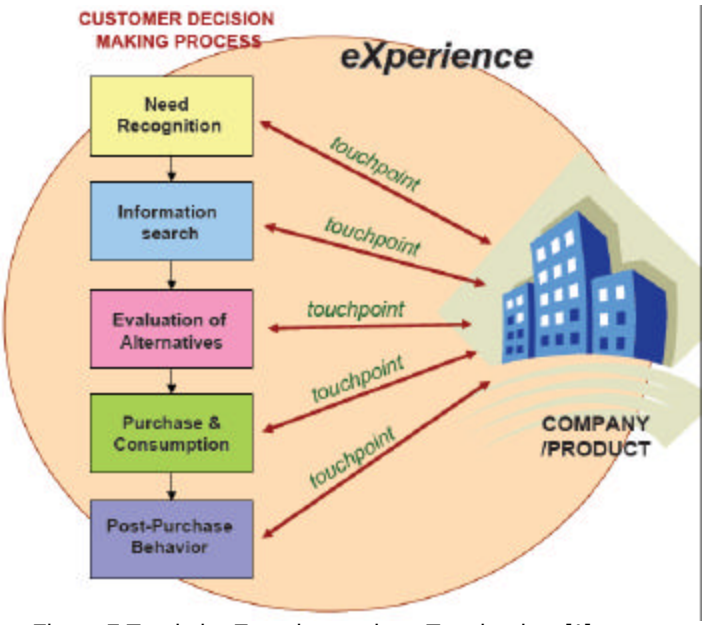

Figure 7 Track the Experience along Touchpoints [1]

Today, competition is not only about a fix price, but also experience. We need to understand what experiences offered by competitors to customers, therefore we need to do experiential benchmarking toward direct competitors, new entrants, and players outside you industry

Step 2 Building the Experiential Platform

Figure 8 Building The Experienrial Platform [1]

There are 3 steps to follow: (1) Choose experiential positioning (WHAT), (2) Specify experiential value promise/XVP (WHY), and (3) Create overall implementation theme (HOW). A brand or product is not positioned based on its features or benefits only, but also based on experience which is imagined or estimated for what to get from customers from using a certain brand or products, which is usually formed as pictures or reflections come from customers' mind. Experiential positioning must be formed enough to enable company recognize immediately what to do in further. In the other hand, experiential positioning must be able to arouse interest, to make company do an innovative implementation. Companies must renew their experiential positioning based on changes in the world of customers. Experiential positioning must be integrated to the who;e company and communicated to the customers, and this step can be started by giving statement to the public in general that [our] company is committed to offer a special experience to the customers in every touchpoint. XVP identifies a certain value in specific about what is promised by company to the customers through brands / products, when the customers touch / interact with the brand or products, rationally / physically (e.g to perform & protect), as well as irrationally / emotionally (e.g lifestyle & fashion), in order to answer a number of customers' expectation. In determining XPV, it is very helpful if we think within the terminology of experience types, which comprise:

1. Sensory experiences (SENSE) : Customer Value is created through sight, sound, touch, taste and smell
2. Affective experiences (FEEL) : hner feeling dan em otion, customer value created from positive moods linked to a brand to strong emotions of joy and pride
3. Cognitive experiences (THINK) : Create value for customer by engaging them creatively
4. Physical experiences (ACT) : Creating value for customers by showing them alternative lifestyle or alternative ways of doing business
5. Social-identity experiences (RELATE) : Creating value for the customer by providing a social identity and sense of belonging

Overall Implementation Theme concludes the entire platform which later will be used by company in doing CEM implementation steps, such as: Brand Experience, Customer Interface, dan Continuous Innovation

Step 3 Designing the brand experience

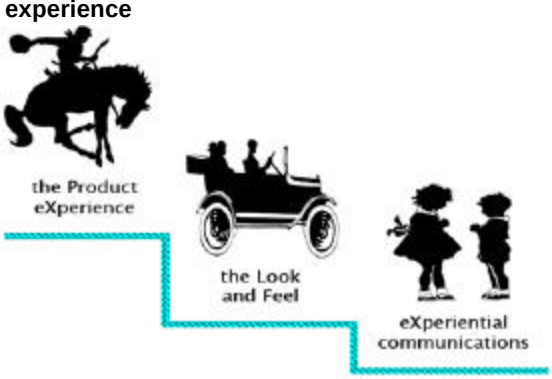

Figure 9 Designing The Brand Experience [1]

Brand experience is formed based on platform experience which has been created previously. Brand experience covers static element which is found by customers, such as: its own product, logo and symbols, brochures, packaging and advertistment / commercial. Brand experience is not dynamic in nature, and is not formed during interaction with customers (customer interface). In certain situation, for example, when a customer visit a store, they will be encountered with brand experience (interior design, decoration, brochure, etc.) as well as dynamic element which is part of customer interface (e.g. interaction with sales officer / staff). Brand experience will be encountered by customers when they have direct interaction with their own products, how it "looks" and how it "feels" (e.g. ni the botol can, boxes, container, or other packagings) as well as from commercial communication (e.g. brochures, TV ads and newspaper / magazine, Websites, etc) The 3 (three) aspects of brand experience is Product Experience, Look and Feel, Experiential Communications.

Step 4 Structuring the customer interface

Customer interface is generally classified into 3 (three) groups; Face-to-face (salesman, account officer, service center, etc), Personal-but-Distance (phone, fax, letter, etc), and Electronic (website, email, sms, ATM, etc). Good interface design consists of 3 things; Essence & flexibility, Style & substance, and Time. The well-suited interface is a combination of essence and flexibility. To make Customer Interface Structure need to determine essence (e.g. standard procedure, interaction, exchange, etc.) How should a customer be greeted? What should happen during interaction? In the other hand, Flexibility is also important. Flexibility will make customers consider staff or officer humanly instead like a robot. And flexibility is needed to make interface stay fresh and keep up-to-date. The good interface is a blend of style dan substance. Style within this context is pointing to attitude and behaviour which is reflected at the essence dan flexibility inside the interface itself. Substance refers to tangible / seen things that accompany it. Time / the using of time is an important aspect at the customer interface. How can company make interaction with customers as an enjoyable moment? How long should interaction with customer happen? When should we contact our customers? How long have some people been our customers? The blending of these 3 (three) considerations can be well suited toward the sucess of customer interface management. The other things that can support the goal is a proper employees' placement & training and technology usage. Structuring the Customer Interface will be applied into service standard which is based on customer experience, complaints handling procedure / standard, service training & guidance, authority & empowerment, customer's database and application software, communication channels, call center/contact center, infrastructure.

Step 5 Engaging in continuous innovation

Innovation can be categorized to be breakthrough product (new products which can give thorough impact to the customer's experience, such as: microwave, vacuum cleaner, AC, elevator, escalator, air plane, computer, etc.), small innovations (repair and improvement toward products and customer interface that give effects toward customers' experience improvement, such as: new taste, product development, new brand, new service, etc.) and marketing innovation (company's creativity in launching new product, special events, advertisment, and promotion as well as other activities for customers). There are 2 (two) kinds of innovations, they are: radical innovations and incremental innovations. Things that included as radical innovations are: major innovation (new service for undefined market, generally influenced by IT, e.g. online auction (e-Bay), e-banking, etc), start up business (new service at the market which has been started by various internet service, such as: travel planning, catalogue shopping, e.g. Argos, etc.), new service for the market presently served (the offer of such new service, though the similar ones have been likely offered by the other companies, e.g. Bank branches, and other types of retail). IN the meanwhile, things that included into incremental innovations are: service line extensions (adding /extending from existing service line, such as: new menu at McDonalds, nw route at Garuda Indonesia Airlines, service improvements (additional of new features of presently running service, such as: self service ticket, self-service queue ticket, e-ticket (e.g. Virgin), etc.), style changes (the changing of service interface which is visibly giving impact toward perception, emotion, and customers' behaviour by not changing the basic service itself, otherwise give new make-up to its interface, such as Pertamina & Ancol. How can innovation give contribution toward customer experience? Innovation improves the relationship value between customers' business and companies, Innovation enhances the customers' life and business by giving new solution and experience, Innovation will stay relevant with customers (up-to-date), and Innovation will stay becoming differentiation and competitive strength among competitors. The relation between Customer Experience and Innovation Strategy should make innnovation stay connected and refer to the experiential platform, Innovation should not be narrow in its coverage because it could limit company infinding new opportunities, Innovation should always refer to the internal decision (company's management) as well as external (customers), and types of innovation is determined by major breakthrough, small innovation or even marketing innovation. Innovation should be based on the Customers' and Exmployees' voice and

certainly the business process. The figure of a more detailed relations of CEM Framework is shown at the following figure.

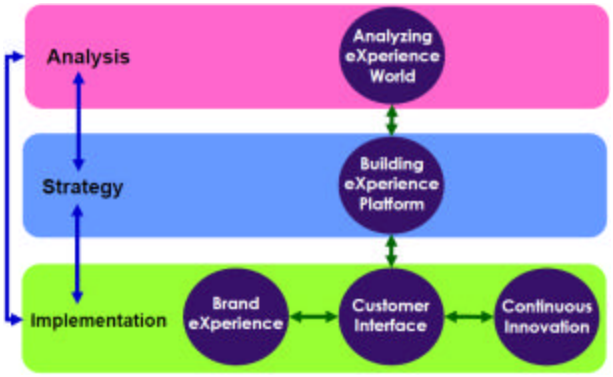

Figure 10 Relations between CEM Framework [4]

10 Best Practices to Make The Successful CEM [2]

1. Successful deployment requires the active and continuing involvement of leadership
2. Ensuring cross-functional ownership is vital
3. Focusing on the most strategically important customers
4. Finding out what these customers truly value
5. Being clear about what we stand for
6. Delivering the promise at every touch point
7. Providing branded training to ensure that employees understand the brand story
8. Designing CEM before installing CRM systems
9. Measuring the customer experience
10. Aligning the organization with the customer experience

Result Solution

BINUS University is a private university which has 5 faculties with 21 study programs for level Undergraduate (S1) and Graduate (S2). BINUS University is known as the pioneer in the Information Technology field. Besides university, BINUS has an international school (from level of Kindergarten to High School) as well as Training Center (non-formal education) which is spread in various cities around Indonesia. The CEM application Framework in BINUS University can be described as the following:

Step 1 Analyzing the experiential world of the customer

Things that influence customers in education is determining which major, tuition fee, students handling, lecturers ability, facility and infrastructure, alumni job market facility, and university reputation. The pre-analitical is the comfortable campus building (including parking spaces and admition room), ease of access to find information and its accuracy, ease of getting the financing solution. Meanwhile, for the analitical itself is the comfortable classroom, lecturer or docents who can give lecturing or lesson appropriately, the course or teaching contents which are available completely at the various media. Types of course material that can be implemented with the real need of the job field (case study, movie watching, PBL, etc.), a quick and proper problem solving by students, the Exam score which is released with fast and accurate term, easy registration for every new semester, up-to-date and complete facility (hardware, internet and laboratory). And finally for the post-analitical is the students graduation on-time, all graduates get job in the first year of their graduation (including becoming entrepreneurs), and the graduates high ability in the job field (ready-to-use).

Step 2 Building the experiential platform

Experiential positioning of BINUS University is “Be What You Want To Be With BINUS University” and its experiential value promise is “World Class University” (graduating on-time, having match skill with the industrial world / ready-to-use, smart and good BINUSIAN, we apply international standards in our processes). While its implementation theme is “Your Global Career Begins Here”.

Step 3 Designing the brand experience

Product experience which BINUS does is doing a Multi Channel Learning (face-to-face, e-Learning, and self-study), including Mobile Learning, course material of Character Building and Entrepreneurship, enriching the

learning material with real case study, in-field study, problem-based learning, doing teaching with fun ways for students (such as movie watching for certain courses, which is concluded with analysing from the teaching staff), students can do counseling academic advisor and psychologist as well as giving softskill training and entrepreneurship freely to the students.

The Look and feel which is offered, varied from comfortable building with mall facilities (lift, escalator, all air-conditioned rooms, information kiosks, bank, stores, resturants and cafe, WiFi facility, ATM), complete and sophisticated classrooms (with AC, LCD, high-end computer facilities, and internet access), comfortable counseling room (with AC, sofa, full music, equipped with audio & video equipments, up-to-date test tools), laboratory lab, and sophisticated, up-to-date and modern studio, comfortable students' service center (with AC, having queue system, and ready-to-serve officers or staff), comfortable lecturers or docents rooms (with AC, sophisticated computer facilities, and internet access and ready-to-serve officers or staff), comfortable students' organization room (with AC, meeting & discussion rooms, complete computer facilities with internet access), modern Library room which is comfortable & fully equipped, comfortable dormitory buildings, secure and modern, equipped with developmnent programs for its tenants.

Experiental communication is built through students testimonial in the website and company profile, giving talk show in the radio and television, posting advertisment on the external signage, newspaper, magazines, delivering presentation to the high schools, holding Open House, participating in the exhibitions, becoming participants at sponsorship and seminar speaker or at national or international level workshop, holding national or interbational level competition, initiating cooperation with several major companies.

Step 4 Structuring the customer interface

Customer interface activity is focused into the face-to-face and electronic. The most prioritized electronic interface is in form of websites, E-mail and SMS. Website which is created must be user friendly, easy and fast to access, having good navigation (oriented to the stakeholder), having complete and up-to-date information, functions as e-learning media, and can bridge the customers (students) to the industrial field as the media of job market.

Step 5 Engaging in continuous innovation

Innovation which is done is more focused on service improvements, such as direct service improvement toward stakeholders (prospective students, existing students, alumni, lecturers / docents, assistants, parents, employees, industrial and government parties), completing features at BINUS Maya, changing the new student orientation week as well as the lecturing or study system.

Conclusion

The above examination is made based on observation and experience, and the results show that the application of appropriate Customer Experience Management will give profits to the companies in order to generate loyal customers. And the application of CEM in the educational week will defintely help university to win the competition. The existing framework can be passed on to the future by digging the more detailed information. This case study should be continued with the more extensive research for each of its framework outline.

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THE EFFECT OF QUALITY OF EDUCATION PROCESS ON IMAGE OF PRIVATE UNIVERSITY IN JAKARTA

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ABSTRACT

Empirical research on students' perception of The Effect of Quality of Educational Process on Private University's Image conducted at four popular private Universities in Jakarta Indonesia. The purposes of this research are to identify the effect of students' perception of quality of educational process (quality of teaching learning, quality of academic services, and quality of non academic services) on internal image of internal study program from resource based view approach. This research involved 626 students as respondent in fifth semester and/or above from accounting and management programs of the popular private University in Jakarta, Indonesia. The method of research is field survey with convenience sampling. The data analyzed by Structural Equation Modeling (SEM).

The findings of research are a) the quality of teaching learning process do not effect positively and significantly on internal image of program; b) the quality of academic and non academic services positively and significantly effects to internal image of study program. However, the constraints of this research are a) characterized by cross sectional and perceptual analyzes; b) the location all of the popular of private universities involved is in Jakarta. The managerial implication of this research is that they need to improve and coordinate their quality of tangibles assets, services of non academic and academic aspect more that process of academic aspects more than process of academic side where the immobile resources involved (faculty members and staff of programs) to improve/stimuli of positive students' perceptions (image) of study programs. Even the image of services can be easily imitated by competitors but effective as a competitive advantage at this time, and had positive impact to study programs in popular private university. It is mean that quality of process teaching learning as a basic products in business education, completeness academic and non facilities/services as supporting facilities at study program have primary roles for creating sustainable image of the study program of popular private university in Jakarta.

The theory implications of this research are supporting some of the existing theories. The quality of educational process at study program in private university as one of the strategy to create competitive advantage (positive image). Image is intangible assets and fragile, as a part of resource based concepts (RBV) have positive implications to existence of study programs in private university. Quality of facilities and services within study program is one of important factors in marketing concepts that can be use as tools to improve the image. Management approach to emphasize on students' orientation is effective as one of strategies to create positive image of study program private university in Indonesia in this time being.

Keywords: Resourced-based view; immobile resources, educational process, image and private university.

INTRODUCTION

Resource Based View (RBV) concepts believes that competitive advantages from any organization is achieved due to its high quality organization resources that are immobile and heterogenic; non tradable and non substitutable (Barney, 2002). Many researches had proven the validity of the RBV concept with respect to the sustainable competitive advantage of any organization (Barney, 1991a; Mahoney and Pandian, 1992). The concept of superior resources that create competitive advantage is also applicable to education institution. Some concepts and researches on the role of resources in creating competitive advantage such as Gupta (1993) and Sahney, Bahwet and Karunes (2004) states that to produce high quality of graduates, educational institution need adequate of human resources, financial resources and physical resources. Mazarol (1999) proposes creating image advantage, resources, coalition, and integration in creating superior competitive advantage. However, Marazol concept has not been empirically tested, particularly that the concept of image needs to be empirically researched, because according to Kotler and Fox (1995), brand image has hypnotic power to prospective student and become sources of sustainable advantage for any institutions.

So far, popularity and image of the study program in educational institution has been conducted among others by Times University System, Asiaweeks, Business Weeks. And evaluated image or rank of study program based on institutions' market quality from the management perspective or based on data (reports) that had been collected from the institution (supply driven) as well as from external parties

(employers). Research that involve of students as unit analysis is quite rare even they are in the demand and supply sides at the same time.

This research aims to identify the tangible and intangible institution resources (RBV) that have significant role in the increase/creating in positive image perception in the students' mind. Beside to answer the research questions i.e. to evaluate students' perception on education process quality, it also evaluates its impact to the internal image of study program private universities in Jakarta, with emphasize on process based and demand driven from the resource based perspective.

THEORITICAL FRAMEWORK AND HYPOTHESIS

To answer the research question, we use the resource-based view (RBV) as the foundation. The main premise is: internal factors within the organization create positional advantage (image) that ultimately created superior competitive advantage.

Resource Based View (RBV). In the development of RBV theory, states the resources that affect the competitive advantage of the organization are with heterogeneity (scarcity and non-substitutable) and immobility characteristics (Barney, 1991[a]; 2002). The logic of RBV is believed to be applicable in all kinds of resources, including in the education institution such as university. Gupta (1993); Sahney, et al (2004) categorized the university resources into three groups: 1) human resources (faculties, students, and staffs), 2) physical resources (building, library, parking structure), 3) financial resources (fund to cover the operational expenditures). Refer to RBV concepts, human resources are intangible, physical and financial resources are tangible that are all immobile (Barney, 2002). Current believe is that all resources are important to the competitive advantage of university, and university performs knowledge transfer, knowledge creation, and trains students to apply the knowledge and researches.

In order to survive and grow, university has to own resources that can continuously adapt in various situation, such as curriculum, methods, core services, competency, quality and service orientation to continuously creates competitive advantage (Kanji and Tambi, 1999; Mazzarol and Soutar, 1999). Likewise, people based management are important to be emphazised (Kanji, Tambi and Wallace, 1999). In this context, study program (SP) of any university can be viewed as analogy to the strategic business units (SBU) in a corporation. Each SBU has resources and strategy to meet its objectives. The ability to reach its objectives reflec the success of SBU as independent entity. Therefore the success/failure, lies on the strategy and resource allocation in the SP level, where all of the activities of education takes place. Therefore, resources management, strategy formulation, operationalization, evaluation of performance must be seen from the performance of SP as the business unit (McAleer and McHugh, 1994).

In Indonesia, SP considered as high quality when receive "A" valuation score from the National Acreditation Body (BAN). The result of the valuation score in general becomes de facto reference with respects to the quality and performance of the SP in any university. The question is then: does this criteria accurately represents the actual quality of any SP, considering that the good and bad definition belongs to be consumer, which in this case are students.

Students as Consumers. Students is one of the important actor to meet the success of the education process (Kanji et al, 1999; Sirvanci, 1996). In this context, students are consumers that are at the same time being the resources for the success of the education process in which also key to the organization performance. And students, like any other consumers, has need and expectation for optimal satisfaction (Eagle and Brennan, 2007; Sahney et al, 2004), and therefore, has right to receive quality education and best services (Kanji et al, 1999; Owlia and Aspinwal, 1996). Students are main consumers of university (Hill, 1995), received benefits from the institution at the same time actively participate in the value creation within the SP (Kanji et al, 1999; Sirvanci, 1996; 2004), as well as the source of fund (Sirvanci, 1996). Many other researchers, however, sceptical that students are the consumers. Students has much more complex role than any other consumers (Sirvanci, 1996), because students must follow rules and policy within the SP and university, and there will be sanction for any violation.

Education Process in the Higher Education Institution. Gupta (1993) defines process-production within the education institution as series of activities to spread the knowledge, through teaching, research, and services to the public. Sirvanci (1996) uses analogy of production process in manufacturing industry for the university. Referring to the above literatures, education process within the SP in the private universities is defined as series of actions, training or guidance that are academically and non academically in nature within the SP that are being supported by adequate resources to create value added to students, by way of involving them into the said education process.

Based on the literature studies and inputs from experts in the education institution in Indonesia, education process within SP of private university in relation to the transformation process of knowledge, can be

differentiated into three groups: 1) Teaching learning process quality within the SP (TLPQ); 2) Academic services quality within the SP (ASQ2), and 3) Non-academic service quality within the SP (NASQ).

1. Teaching Learning Process Quality within the SP (TLPQ). A teaching learning process are said to have high quality when the process can transform the students to become more knowledgeable, marketable, independent and dependable (Kwo, et al 2004; Owlia and Aspinwall, 1996; Sirvanci, 2004, Yazichi, 2004). Support of quality resources is essentials (Barney, 2002; Gupta, 1993) but not sufficient. Commitment and collaboration from parties involved are required, particularly students and teachers (faculties) in such that awareness of each party's role are important to support each other as well as to find the right method to increase the quality of the interaction in the teaching learning process (Kwo, et al, 2004; Owlia and Aspinwal, 1996; Sirvanci, 1996).

Based on the theory and focus group discussion (FGD) with some practitioners and experts of education in Indonesia, activities in the teaching learning process in the university can be grouped into four dimensions. First, the teacher's quality of interaction (TQI); second, the student's respond during the teaching activities (SQI); third, teacher's professionalism during the teaching process (TP); fourth, dimension is the supporting facility of the teaching learning process (SF).

First and second dimension are interrelated. In transfer knowledge process there are interaction quality can't be separated with the teachers' and students' achievement. This is also true for the teaching method and the students' involvements. It can be said that teachers and students with high achievement tends to interact to each other, by way of teacher to motivate students to read the materials and communicate with them; on the other hand, active students tends to state opinion, ask questions, and propose solution.

Third dimension from TLPQ in this research is the teachers' professionalism (LP) as lecturer. Conceptually, teacher is said to be professional when she masters the material in her field, competence, able to inspire, motivate, and help to develop the student's knowledge, has effective communication and can become models. In such, teachers required to have certain kind of training, courses, and advanced study and research to increase its ability, point of views, skills, and professionalism. Professional teachers can help student to fulfill four aspects of learning: (a) learn scientifically, (b) learn to apply knowledge to solve problem in the class in any situation and conditions, and (c) learn to learn, independent, self directed to further increase her skills and knowledge (Johnson, et al., 2001). Teacher must also able to motivate students to enrich her on knowledge from other knowledge sources (Owlia and Aspinwal, 1998). The last dimension from TLPQ in this research is the supporting facility for learning (FL), among others are the classroom equipment, syllabus to guide the material for each semester.

TLPQ of popular private university as indicator is showing the level of quality teaching learning process in study program of private university implemented (Lombardi, et al, 2002, 2004; Sirvanci, 2004). The quality of TLPQ can be created by interactive learning method (two way communication) (Kwo et al., 2004; Yazichi, 2004). By implementation this method effectively will increase the quality of outcome (graduates) to be more knowledgable, dependable, independent, marketable, dan adjustable (Johnson, et al 1991; Kwo et al. 2004; Yazichi, 2004). The interactive learning method also impresses the students; and their positive impression tends to positive perception and positive image to the study program of private university (Johnson et al, 2001; Kreitner and Kinicki, 2007; Nguyen and LeBlanc, 2001). The quality of teaching learning process depends on how far students and lectures involve in the process, profesionalism of lectures and supporting facilities in class. Based on above argument, can purposed the hipótesis as below:

H1: Teaching learning process quality within the SP (TLPQ) have positive correlation to internal image of study program of private university.

2. Services quality of Study Program (SP) in Private University. Service is vital to any business. It requires facility, knowledge, and understanding on consumers' character, need, and desire. Construct of the service quality are the difference between the expected services and the perception of services (Kotler and Fox, 1995). Quality service occur when there is close agreement between the required and expectation of consumers. According to Kotler (2003) state that quality service has five characteristics: tangibles, reliable, responsive, assurance, and empathy. Key to the quality service is the awareness of the service provider to be consistent in fulfilling the need and expectation of consumers (Kotler and Fox, 1995). And service quality is harder for consumer to evaluate than the product as there is no physical mean (Kotler, 2003).

Based on the literature study and inputs during the FGD, facility/services in the SP of private university, can be differentiated into two group. First is the facility and services involved in the academic; secondly in the non-academic activities (Sirvanci, 2004). This is investigated to understand the contribution on increases of the performance through the formation of the internal image. The two group will explained as follows:

a. Academic Service Quality within the SP (ASQ2). Academic service is one of the factors to support the effectiveness and efficiency of the education process within the SP. Those include positive attitude, good communication, time for consulting, and provide feedback for the student achievements (Abdullah, 2006). However, ASQ2, in this research is more emphasize on the physical facility (tangibles) to support the academic mastery and development of the students.

The dimension of ASQ2 includes: library (PT), laboratory (LB), internship facility (PM), academic source (SA), international standard operation (ISO), academic environment facility (LA), and networking (NW) within the industry and other institution. Our belief the more complete, modern, and quality the resources facilities are, the higher the image advantage that increase the sustainable of the performance for the SP of the private university.

ASQ2 of popular private university tend to provide facilities or resources beyond the class room but inside the campus which help students to learn and acquire knowledge of their interested. The real academic services involve the completeness of collection in library (PT), laboratorium (LB), internship (PM), academic sources access (SA), International standard operacional (ISO), academic environment (LA), local or international net working (NW).

Good ASQ2 will positive impresion to students, which will grow the positive image to study program of private higher education. Some early research show that the physical facilities (Bitner, 1990) and services to consumers (Fombrun, 1996; Zeithmal, 1988) influence the perception and create positive image of organization (Kreitner & Kinicki, 2007; Nguyen and LeBlanc, 2001). Hence, we can propose the second hypotesis which correlates quality of academic services of study program with the internal image of program as follow:

H2: Academic services quality within study program (ASQ2) have positive correlation to internal image of private university.

b. Non Academic Service Quality within the SP (NASQ). NASQ includes important dimension to help students to fulfill its responsibility with respect to the non academic' tasks and responsibilities (Sirvanci, 1996). This facility is provided to balance and compliment of non academic development of the students, as well as to increase the enjoyment and security of students during the learning process.

NASQ is supporting facilities that are not directly related to the main activities of the academic process. From the strategic management point of view, NASQ can be tangible and intangible, because it includes the service facility for the development of hard and soft skills of students. The dimension of the NASQ in this study includes the service facility for 1) extracurricular activities (EK), 2) general facility (FU), 3) applicable locations (LO), 4) alumni facility (PA), and guidance facility (FP).

Non academic facility may become a supporting facility but can become attraction to students and support the development of SP. In such that, the more complete, modern, and quality the facility is, the higher the positive image can be developed in the SP within the private university.

NASQ is supporting facility services in study program to help students in developing and exploring of their non academic talents (*soft* dan *hard skills*) as completeness academic activities of study program in popular private higher education. The intended services such as extra culiculair activities (EK), public services (FU), location (LO), alumnae management (PA), academic advicer (FP).

Level of quality NASQ are as indicator of non academic quality services in study program of popular universities. The completeness of NASQ will support students to study, develop their talents and interest, also make them comfort and develop their networking to build future career. Shortly, NASQ are supporting the students to reach successness. According to Kreitner and Kinichi concept (2007), this facilities strongly impress the students and success build positive image on their perception about study program of private university. Same with ASQ2, empirically, relatedness NASQ and internal image of study program of popular university supported early research by Zeithaml (1988), Fombrun (1996). Hence, base on literatur and explanation above can propose the hypotesis as below:

H3: Non-academic service quality within the study program (NASQ) have a positive correlation to internal image of study program of private university.

Image as Intangible Resources.

Image can be differentiated into two, namely, image toward a person within the organization and organization image (Kotler, 2003). According to Kotler and Fox, (1995) image is defined as belief, ideas, and impression formed by a person toward an object and/or events or experience. Within the context of strategic management, image is intangible resources that can become competitive advantage that will impact the organization performance (Frombrun and Shanley, 1990; Teece, Pisano and Shuen, 1997). From the marketing strategy, image can become equity or source of advantage that can create positive impact to the organization's performance and image can influence the perceptions and behavior of consumer (Aaker, 1991; Kotler and Fox, 1995). This concept should also be applicable to the SP within the private university.

Internal Image of the SP in the Famous Private Universities.
Literature study finds that institution image completely describes the impression in the public mind with regards to the attributes of the education institution (Nguyen & LeBlanc, 2001; Kotler and Fox, 1995). From the resources based perspectives, these institution attributes are resources that can be tangible (building, products/services, service facility) and intangible (name, logo, action or behavior of people, tradition, ideology, and communication quality to every people that interacts with that institution).

Kotler and Fox (1995) says that image of university may not represents its actual quality, but more of the prestige of perception, because image perception represents perfection and specialty but the height of SP performance also provide positive value to society. Aside from that, image also increase the performance of SP and attract attention of prospective students to enroll (Kotler and Fox, 1995; Paramewaran and Glowacka, 1995), and increase its competitive position in the market (Bunzel, 2007). Therefore image of SP in the leading private university must be built, increase, and suggested that the creation of image not only based on marketing approach, but also based on the quality of the education as the main activity of the education (Bunzel, 2007).

Based on the concepts above, internal image of any SP (CISP) is defined as overall impression in the student's mind with regards to the attributes within the SP of the leading private university. For the further need, internal image of study program (IISP) will be measured in five dimensions: performance (PF), social image (SI), value (VL), trust (TS) and attachment (AT) of the consumers within the SP of the leading private university. This measurement is adopted from the research from Lassar Mithal and Sharma (2003) that uses image as the organization equity. Referring to Lassar, PF is defined as students judgment on the overall operational process and activity of the education in the study program; CS is defined as consumers' perception on the society's reward when become part of the institution (Kotler and Fox, 1995). Kotler (2003), says that VL is the comparison of the benefit to use the product and the cost for obtaining the product. Based on that ground, in this study, VL is defined as the function of students' perception to the quality of the SP in the leading private university and cost perception to obtain it that will be simultaneously evaluated on the quality of the benefit and the cost to obtain. Refer to Lassar et al. (2003), TS is defined as the commitment, organization promise, including the priority given to the consumers for the products and services, and AT is defined as behavior perception, that is the power of students' positive feeling with respect to the existence of the organization and its commitments.

RESEARCH METHOD

Data Collection. In collecting we data use survey method. Four popular private higher university in Jakarta Indonesia as the sample. Survey in this research by questionnaire instrument which was compiled based on literature and focus group discussion that was done before. And some of the questionnaires were adopted from earlier research but modify to adjust the topic and current situation.

Respondent of this research are all management and accounting students, still active in 5 semesters or above. Respondent were and/or determined based on percentage of students active in study program, sex, credit semester they taken, economy status, dan originality. Respondent which fulfill the questionnaire determined by convenience sampling method and directly in front of the researcher and gave it back after complete in the same time to the researcher. Total questionnaire distributed proportionally to four universities was 800 copies. Complete questionnaire collected were 785 copies (98,12%) but after sorting/select only 626 copies (78,25%) ready to analyze. Respondents used linkert scale with range 1-6 to assess the questions. Number 1 is representing very un- proper answer, and 6 is very proper statement. This research used Structural Equation Modeling (SEM) program LISREL 8.7 to analyze the data collected.

ANALYSIS AND DISCUSSION

Results analysis by SEM program Lisrel 8.7 shows that Reliability Construct (RC) score is 0.7 and above and Variance Extracted (VE) score is 0.5 and above. It means that the reliability of the structural variable model as a whole meet the statistical requirement.

Results analyses of goodness of fit (GOF) index supports the hypotheses test as proposed, showed that all index of GOF show the level of Good of fit, the *absolute fit measure* show that RMSEA score is 0,045, and GFI as 0,92. It indicates the level of good appropriateness model, the other side of *incremental fit measure,* except AGFI as 0,89, all index state score = 0,90, this meant there are level of good of fit between model and the data. Furthermore, generally for the whole model have a good level of fit. Summary of research and hypotheses test is presented in Table 3.

Table 3. Summary of Analyses Hypotheses Results

Hypothesis	Structural Path	Standarized Coeficient	t-value	Description	Conclusion
H1	TLPQ → IISP	0.12	1.89	Not Significant	Uncorrelated
H2	ASQ2 → IISP	0.22	2.16	Significant	Correlated
H3	NASQ → IISP	0.50	5.95	Significant	Correlated

Arguments of Hypothesis 1. Test analysis of H1 (Table 5) show that quality process of teaching learning (TLPQ) do not have positive and significant correlation to the internal image of study program private university (IISP). It means that H1 is rejected. The possibility arguments behind it are 1) the interactive learning method (interactive lecturer & students) do not match with their expectation of learning process, students feels hard to read the material and ready before course, express their arguments/opinion, question answer with lecturer also; 2) lecturer do not have enough time to guide, advice, suggest, bounded knowledge, inspire-less and unable to motivate them; 3) in process teaching learning only involve both lecturer and students; hence positive or negative perception emerge is not internal image of program but could be individual image of lecturer; 4) lecturer as intangible assets in private university even as dominant element of TLPQ variable, but they are mobile (teaches more than one university); 5) students think that professionalism of lecturer is very important (reflected on their answer of questionnaire with mean 4.45 of 6).

Arguments of Hypothesis 2 – 3. Result of the test show that (Table 5) H2 and H3 accepted. It meant that quality of facilities and services have positive correlation to internal image of study program. This finding support the concepts the quality of services provided (Zeithaml, 1988); physical environment (Bitner, 1990) and personal contact (Crosby, et al, 1990) have positive impact to customer perception in creating the image. We can conclude that ASQ2 and NASQ as resources in study program is able to influence in creating internal image of program which is having positive impact to market performance study program of private university. In other words, tangible and intangible and immobile resources at study program have positive impact to internal image of program. Other findings show that relationship strength of NASQ to internal image of program (0.50) bigger than ASQ2 (0.22).

The research analysis shows that students perception of quality teaching learning processes as variable of educational process is very important and more important than other variable (academic and non academic facilities and services variable) (highest average answer is 4.45 of 6). But the relationship strength to image, teaching learning process is very weak. Furthermore non academic facilities and service variable have the strongest relationship to internal image. It means that managerial of study program need to pay more attention to non academic facilities and services variable as a prime variable to improve the internal image.

CONCLUSION

Finding of this research show that variable TLPQ do not have positive and significant correlation to IISP. Lecturer as intangible and mobile (usually in private university) resources is moving from one university to other university, even though effectively contribute to teaching learning process of study program. Theoretically this contribution through image creation, and we suspect that the image built by professionalism of lecturer is different with image of the study program of private university. It means that the image of individual (lecturer) is deferent with organizational image. Another perception of students is that the professionalism of lecturer is very important, it is reflecting on their mean of answer that variable of TLPQ got the highest level. Furthermore, management of private university have to formulate the strategy and tactic to get and retain the best of lecturer, need to attract potential students to join with the study program of private university. For example, increases the compensation or appreciation financial or non financial, create good working environment to fulfill the emotional needs. And not only to recruit the potential students (financial and non financial) but attractiveness, ethical and broad minded.

ASQ2 and NASQ have positive and significantly are correlating to IISP. It means that the improvement of service quality and facilities can increase the image of study program of private university. The analyses find specifically, academic aspect state that academic environment give the dominant impact, and non academic aspect show the public facilities have dominant impact in build the internal image of institution. The academic services and facilities even though non academic are tangible, static (immobile) and exclusive, such that closed correlated to image creation of study program of private university. Furthermore, management of study program of private university needs to improve the program to improve the quality of both facility and services but emphazising on non academic facilities and services. Do improve quality of lectures, academic and non academic services will give higher benefits to students and finally will increase the value of study program of private university and students.

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SERVICE QUALITY AND ITS IMPACT ON THE VALUE OF CUSTOMER LOYALTY OF TELKOM FLEXI USERS (CASE STUDY: Plasa TELKOM Bintaro)

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ABSTRACT

The purpose of this study is to analyze the influence of *Relationship Marketing* and Service Quality on Customer Value and Its Impact on Customer Loyalty. The method used in this research is descriptive while the Associative analysis technique used is the *Path Analysis.* From the results of data analysis, it is found that the *Relationship Marketing* and Service Quality effective in providing a positive influence for Customer Value and Customer Loyalty Service Quality but less influential in the formation of loyalty customers, TELKOM FLEXI should further increase the longer range of programs or activities associated with Quality of Service to the customer, for the creation of great influence for Customer Loyalty.

Keywords: relationship marketing, service quality, customer value, customer loyalty.

INTRODUCTION

Background

Technological developments in telecommunications today is progressing quite rapidly, especially in big cities especially in Jakarta. This is in line with the changing needs of society will increasing the complecity within the telecommunications services. These changes are influenced by changes in the level of income, lifestyle, behavior and ways of thinking, as well as culture shift that has increased much rapidly in the society. Therefore, we would say that the demand for quality telecommunications services are highly increased, which caused the competition to be very strict and narrow. Companies are no longer only thinking of profits but they have to start paying attention to other potential sectors that can sustain, increase or generate other revenue so that the interests of customers will be taken care of as the primary concern by means of Customer Care Satisfaction.

As based on data obtained from the Ministry of Communications and Informatics (DG Postel) from 2006 to 2009, it is stated that the growth of users of telecommunication services has increased, this increase can be seen through the table below:

Table 1. Customer Data Telecommunications in Indonesia until March 2009 (first quarter 2009)

Service Type	2006	2007	2008	2009
PSTN	8.806.072	8.717.872	8.674.228	8.701.445
FWA	6.014.031	10.811.635	21.703.843	22.523.540
Cellular	63.803.015	93.386.811	149.578.243	146.897.112
TOTAL	**78.623.784**	**112.916.388**	**170.956.314**	**178.112.097**

Sources : Ministry of Comunication and Information, Directoral General of Post and Telecomunication

We noted from the above table that there was an increase of 4.2% in 2009 in the market share within the Telecommunications Industry in Indonesia. In addition, according to data from the same source, it showed that in 2006 up to March 2009, the total number of Operator PT. TELKOM TELKOM FLEXI especially those used by the customers was ranked first compared to its competitors.

Table 2. Total Number Who Used Each Type of Service Operator FWA Up By March 2009

Total Numbers	2006	2007	2009	2009
PT. TELKOM (FLEXI)				
Pre-pay	3.381.462	5.535.000	12.568.620	12.715.000
Post-Paid	794.427	828.000	736.561	684.000
PT. INDOSAT (MATRIX)				
Pre-pay	338.435	594.203	681.362	681.362
Post-paid	20.545	33.731	80.227	80.227
PT. Bakrie Telecom (ESIA)				
Pre-pay	1.414.920	3.695.817	7.196.518	7.931.221
Post-paid	64.278	124.884	108.025	98.900
PT. Mobile-8 (HEPI)				
Pre-pay	-	-	332.530	332.530
Post-Paid	-	-	-	-

Sources: Minsitry of Comunication and Information, Directoral General Post and Telecomunication

It is shown from the above data that, since the emergence of many things related to *customer satisfaction* occur in Telkom Flexi service in the community and need to know that as many as 14% displacement occurred due to failure of corporate customers to handle complaints according to sources from Telkom (2009). Then, approach of the service quality of products / services have an important essence for the company's strategy to strengthen the *barrier to entry* (Telkom's efforts to strengthen the basis for improving quality of service TelkomFlexi) and achieve success in the face of competition in the free market according to sources from Telkom. Increasing number of users of telecommunication services in Indonesia, particularly in the city of Jakarta, we found that the more a type of telecommunications service providers in emerging and directly or indirectly is a threat to the PT. TELKOM. Not to mention coupled with competition with similar companies that have been there before, therefore the company must be alert to every newcomer that appears.

To retain customers in becoming a loyal customer, the company PT Telekomunikasi Indonesia, Tbk. must consider not only the quality of their services but also must know what things are considered important by the customer. This practice should be performed so that the relationship between customers and companies can be well maintained in producing the best possible performance with the hope to maintain customer value and loyalty of TELKOM FLEXI-user customer. Based on the above background, the identified problems are presented as follows: 1) What is the response of respondents on *Relationship Marketing* and the quality of services carried out by TELKOM FLEXI? 2) What is the *Relationship Marketing* ($X_{1)}$ and quality of service ($X_{2)}$ jointly have a significant influence on customer value (Y) on TELKOM FLEXI?, 3) How large and significant influence with the *Relationship Marketing* (X_1), quality of service ($X_{2)}$ and customer value (Y) that impact on customer loyalty (Z) on TELKOM FLEXI?

BASIS THEORY and FRAMEWORK FOR THINKING

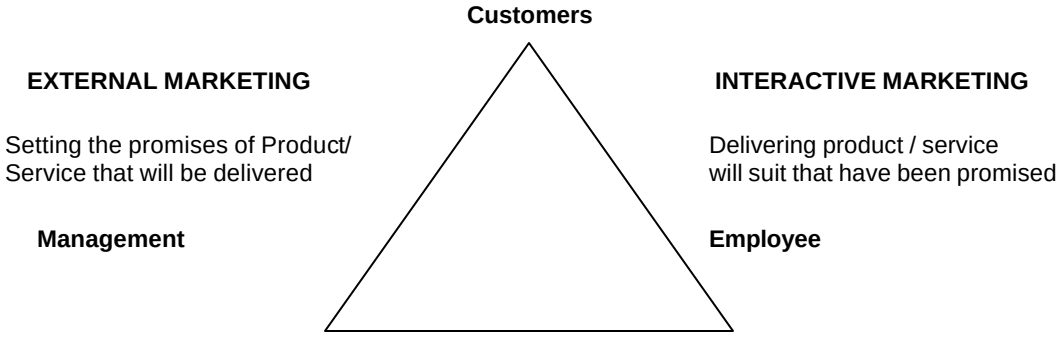
Definition of Marketing Services

Marketing is a social and managerial process, the process that individuals and groups obtain what they need and want by creating, offering, and freely exchanging products and services of value with others (Kotler, 2005, p10). According to the Rambat (2001), the service itself has various meanings of personal services *(personal service)* and product services.

Definition of Services

Kotler *and* Keller (2006: p.372) suggests the definition of service as follows: *"A service is any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product* "(Service is any act or performance offered by one party to another party which in principle are not tangible and does not cause the

transfer of ownership. Production of services can be bound or not bound in a product physical). According to Zeithaml and Bitner in Hurriyati (2005: p.28) "Service is basically the entire economic activity with output than products in the physical sense, consumed and produced at the same time, provide value-added and in principle no tangible *(intangible)* for first buyers . "



INTERNAL MARKETING
Make the product /service
Sumbitted in accordance with the promised.
Sources: Rangkuti, Freddy, *Measuring Customer Satisfaction* (2003,p27)

Picture 1. Triangle Chart of Service Marketing

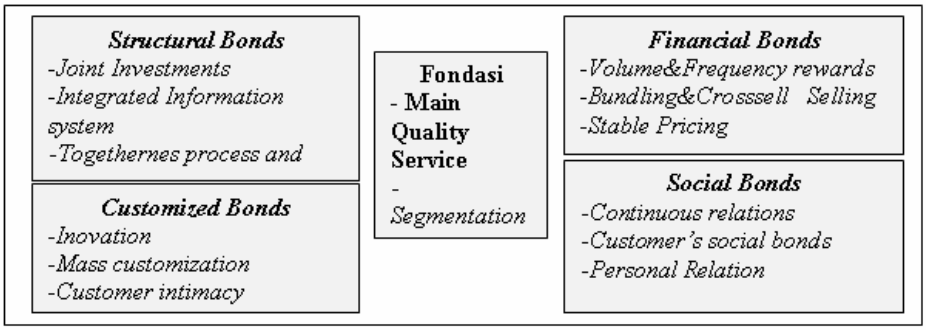
Relationship Marketing

"Relationship Marketing recognize the value of current customers and the need to provide continuing services to existing customers so that they will remain loyal "(Lovelock, 1996; p.84). Through the understanding of relationship marketing explains that recognize the value of existing customers and their needs for business a business entitiy to provide continuous service to retain customers so they can remain loyal.

According to Kotler and Amstrong (2001, p228) Relationship Marketing is : "Creating Process, Maintaining and enhacing strong relationship based on value with customers and share holders".

Key Factors in Successful Implementation of *Relationship Marketing*

According to Zeithaml & Bitner (2003) in the book Tjiptono (2007: p.420), there are three key factors that successful implementation of *Relationship Marketing:* 1) The quality of core services, 2) segmentation and target market selection carefully, 3) continuous monitoring of the relationship fostered.



Sources : Zithaml & Bitner (2003)

Picture 2 – Relationship Strategy Level

Level in Relationship Marketing

There is 5(Five) levels in Relationship Marketing that help a companies to find out how much they have to fostering good relationships with customers so that they remain loyal.

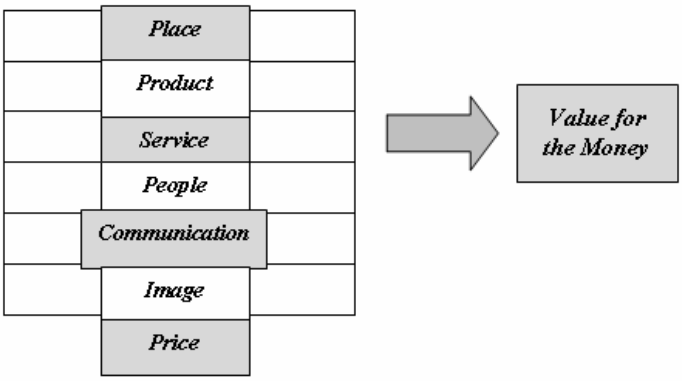
Table 1. Levels in Relation Marketing

	High Margin	*Medium Margin*	*Low Margin*
Many customer / distributor	*Accountable*	*Reactive*	*Basic or Reactive*
Medium Number of customer/ distributor	*Proactive*	*Accountable*	*Reactive*
Fow Customer / distributor	*Partnership*	*Proactive*	*Accountable*

Sources **:** Kotler, (2005, p87)

The Concept of Customers Value

Value Chain Marketing is an approach that links the marketing process with shareholder value, customer value and employee value. Shareholder value is more scalable, more easily understood by investors and used as a measure of *financial.* The contribution of employees to form labor, services, expertise, ideas and innovation, and corporate culture. Naumann (1995) made seven indicators that will form the customer value of a product, which are *place, product, service, people, communication, image* and *price.*

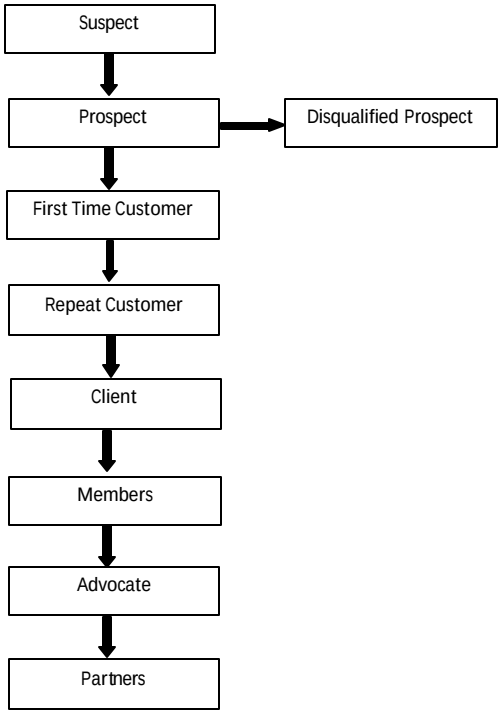


Sources : Earl Nauman (1995)

Picture 3. Customers value models

Customer Loyalty Definition and Perspective

There are several definitions of loyalty expressed by some marketing experts, such as Stuart Pearson (1996:147) defines customer loyalty: *"Customer loyalty means the propensity of customers to behave in the face of competition and choices so as to maximize life time value"* . While Jill Griffin in his book *Customer Loyalty; how to earn it, how to keep it* (1995:15) says that consumer loyalty is a behavior that is based on regular purchases are influenced by several decisions. According to Oliver (1997: 392): *"Customer loyalty is deeply held commitment to re-buy or repatronize a preffered product or service consistently in the future, despite the situational influences and marketing Efforts having the potential to cause switching behavior."*



Sources:"Kotler 2006

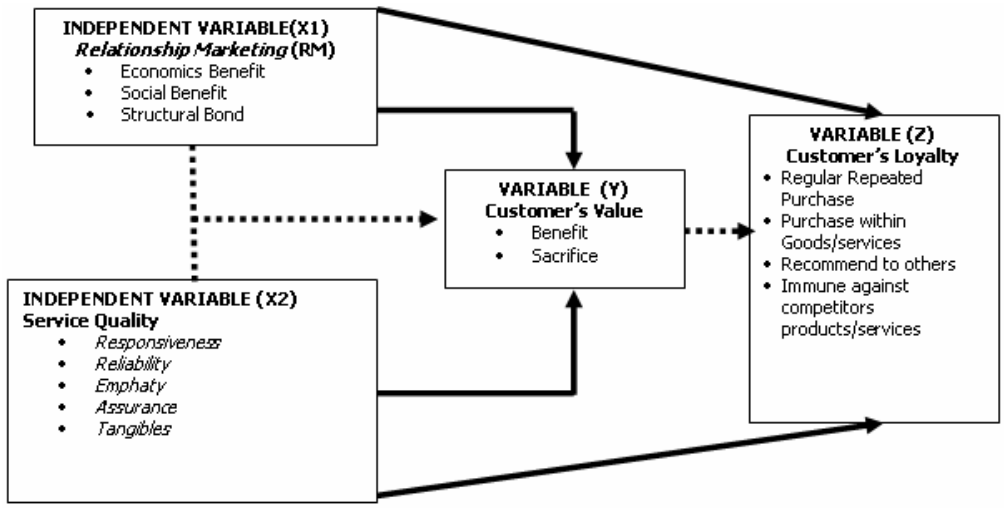
Picture 4. Loyalty Stages

Previous research

Below are some previous studies related to the research variables which are among others:

1. **Nelson Oly Ndubisi (2007)** conducted research entitled *"To examine the impact of relationship marketing strategy on customer loyalty".* Design / methodology / approach - A questionnaire by 220 bank customers in Malaysia. Multiple regression analysis assessed the impact on customer loyalty from the four key building relationship marketing (trust, commitment, communication and handling conflict). Implications of the results is, that customer loyalty can be created, strengthened and maintained by a marketing plan that aims to build trust, demonstrate a commitment to service, communicating with customers in a timely, reliable and proactive and efficient handling of conflict in the service industry.
2. **Hong-Sheng Chang (2008)** conducted research entitled *"Hotel Enhance Customer Value Through Service Quality Cues in Taiwan".* The purpose of this paper is to explain how the functional value is influenced by cues that are reliable and accurate quality of service, while the conditional value is influenced by the quality of responsive service.
3. **Özlem Atalik and Melike Arslan (2009)** Research conducted berjudu **l** influence customer value to customer loyalty in the airline *"A Study to Determine the Effects of Customer Value on Customer Loyalty in the Airline Operating Companies: The Case of Turkish Air Travellers".*This study is based on descriptive research model. Multiple regression analysis is used in the study so that the extent of passenger satisfaction levels of each service offered by airlines affecting airline passenger loyalty level can be determined.

Thinking Framework



- : *Standardized Coefficients Beta* : *Standardized coefficients Beta*
- : *Path Analysis* : *Path Analysis*

Picture 5 – Thinking Framework

RESEARCH METHOD

Research Design

This research is using descriptive and associative. While the survey method used is because the survey will obtain information from respondents who expressed in answering the questions through a questionnaire.

Table 2. Research Design

Research Objectives	Research Design		
	Types of Research	**Analysis Unit**	***Time Horizon***
T-1	Descriptive	Individual ? TELKOM FLEXI Customers	*Cross-Sectional*
T-2	Associative	Individual ? TELKOM FLEXI Customers	*Cross-Sectional Cross-Sectional*
T-3	Associative	Individual ? TELKOM FLEXI Customers	*Cross-Sectional*

Variable Operational Research

The operational definition of variables intended to explain the meaning of the variables under investigation. The operational definition also allows an abstract concept used as an operational making it easier for researchers in conducting measurements (Sarwono, 2006, p27).

Table 3. Operational Research Variables

Variable	Dimension	Indicator	Instruments Size	Measurement Scale
Relationship Marketing **(X1)**	1. Economic Benefits *(Financial benefits)*	• Giving discounts • Provision of service • The existence of promotional programs	Questionnaire	Ordinal transformed into the interval (Likert)
	2. Social benefits *(social benefits)*	• Treat your employees more • Social ties	questionnaire	Ordinal transformed into interval (Likert)
	3. Institute of Structural *(structural ties)*	• Professional Employees • Notice of promotional programs • Provision of services	questionnaire	Ordinal transformed into the interval (Likert)
Quality Service ***(X2)***	1. Tangible *(Tangibles)*	• Building Appearance • Parking facilities • Hygiene facilities • Communication Facilities	questionnaire	Ordinal transformed into interval (Likert)
	2. Reliability *(Reliability)*	• Quality of service • Strategic Location	questionnaire	Ordinal transformed into interval (Likert)
	3. Responsiveness *(Responsivenes)*	• The ability of staff to provide services • The ability of staff to quickly respond.	Questionnaire	Ordinal transformed into interval (Likert)
	4. Empathy *(Emphaty)*	• Ability to understand needs. • Ability to understand desire • Ease to be contacted.	Questionnaire	Ordinal (Likert) transformed into interval (Likert)
	5. . Confidence *(Assurance)*	• Staff Knowledge • Courteous Staff • Competency of employees • Comfortable and safety Place.	Questionnaire	Ordinal transformed into interval (Likert)
Customer Value **(Y)**	1. Benefits Provided	• Product Benefits. • Benefits Service. • Employee Benefits. • Benefits of corporate image.	Questionnaire	Ordinal transformed into interval (Likert)
	2. Sacrifice	• Monetary sacrifice. • Sacrifice Time. • Sacrifice Energy. • Psychological Sacrifice.	Questionnaire	Ordinal transformed into interval (Likert)
Customer	1. Conduct regularly Recurring Purchase	• Consciousness.	Questionnaire	Ordinal transformed into the interval

Loyalty (Z)		• Curiosity. • Frequency of use • Using Back		(Likert)
	2. To Purchase Within the Line Products / Services	• Using Other Facilities. • Buying Product Line	Questionnaire	Ordinal transformed into interval (Likert)
	3.Recommend To Others	• Giving Suggestions • Recommending To Others	Questionnaire	Ordinal transformed into interval (Likert)
	4. Immune against competitor's Products / Services	• Pesaing It will not move on a product / Service Competitors • The desire to always use products	Questionnaire	Ordinal transformed into interval (Likert)

Place and Time Research

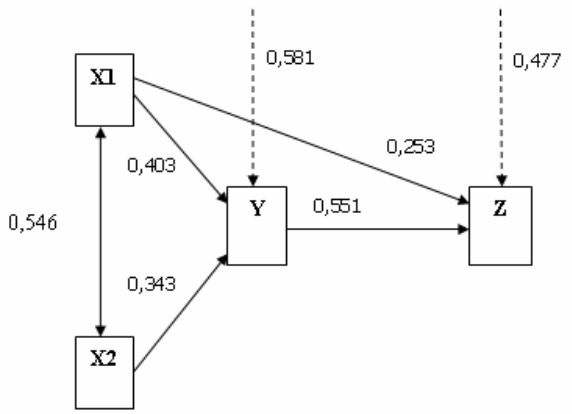
The Research was taken place in Bintaro Plasa Telkom office for Kav MN/52 Sentra Menteng Sector 7, and the object of this research is Bintaro Plasa Telkom subscribers. This study was conducted in March 2010.

Path Analysis

Path analysis known as *path analysis* first developed in the 1920s by a geneticist that Sewall Wright (Joreskog & Sorbom, 196; Johnson & Wichern, 1992). *Path Analysis* is defined by Bhornstedt (1974 in Kusnendi, 2005:1) quoted by Riduwan and Engkos Ahmad Kuncoro (2007, p1) that *" a technique for estimating the effect's a set of independent variables han on a dependent caribale from a set of observed correlations, given a set of hypothesized causal asymmetric relation among the varibales."* While The main purpose *of path analysis* is "*a method of measuring the direct influence EACH along separate paths in Such a system, and thus of finding the degree to the which variation of a given effect is determined by EACH particular cause. The method depend on the combination of knowledge og the degree of correlation among the variables in a system with such knowledge as may possessed of the causal relations"* (Maruyama, 1998:16). *The methods depend on the combination of knowledge of the degree of Correlation Among the variables in a system with Such knowledge as May Possessed of the causal relations* (Maruyama, 1998:16) Thus, *path analysis* model used to analyze the pattern of relationships between variables in order to determine the effect, directly or indirectly, a set of independent variables (exogenous) to the bound variable (endogenous).

RESEARCH RESULTS

So the overall effect of causal variables *Relationship Marketing* (X1) and Quality of Service ($X_{2)}$ of the Customer Value (Y) and their impact on Customer Loyalty (Z) can be described in a complete structure model as follows:



Source : Data Processing (2010)

Table 4. Summary of Path Coefficients Effect of X_1, X_2, Y to Z

Effect of variable	Causal Effect		
	Jump	Indirect hrough Y	Total
X_1 to Y	0,403	-	0,403
X_1 to Z	0,253	0.403 x 0.551 = 0.222	0,475
X_2 on Y	0,343	-	0,343
X_2 to Z	-	0.343 x 0.551 = 0.189	0,189
Y to Z	0,551	-	0,551

Source: Data Processing, 2010

DISCUSSION

After doing the research, obtained results of the discussion of the influence between variables as follows:

a. ***Relationship Marketing* (X1) has positive and significant impact on Customer Value (Y);**
The findings of the research results show that *Relationship Marketing* (X1) has a positive and significant influence on the high and low values obtained by the customer. This can be seen from the relationship *Relationship Marketing* variables strongly to the formation of customer value in TELKOM FLEXI, which means that successful implementation of *Relationship Marketing* will increasingly add value to ***customers.*** Therefore, to optimize the value derived by the Customer, the Company needs to maintain an existing program while improving the program for a better life.

b. **Quality of Service ($X_{2)}$ has positive and significant impact on Customer Value (Y);**
The findings of the research results indicate that Quality of Service (X2) has a positive and significant influence on the high and low values obtained by the customer. This can be seen from the relationship a strong service quality variables to the formation of Customer Value, which means that the higher quality of

service given the more it will add value to the customer. Therefore, to optimize the value gained by customers, companies need to better maintain existing service quality while improving the quality of these services for a better life. This needs to be a concern for companies can be improved by extending the waiting room adequate for the customers better in order to make customers feel more comfortable when in Bintaro Plasa Telkom.

c. ***Relationship Marketing* (X_1) has positive and significant impact on Customer Loyalty (Z);**
The findings showed that the *Relationship Marketing* has a positive and significant influence on the level of loyalty shown by the customer. This demonstrates the successful implementation of *Relationship Marketing* to increase Customer Loyalty, so it can be concluded that *Relationship Marketing* is good because in addition to increased customer loyalty is also influential in the formation of a superior customer value. Therefore, the above statement can be drawn a conclusion that the *Relationship Marketing* relating to the creation of customer value and increase customer loyalty.

d. **Quality of Service (X_2) has positive and not significant to the Customer Loyalty (Z);**
The findings showed that service quality has a positive effect but not significant to Customer Loyalty. This means the higher the quality of services rendered, it will produce a loyalty to the customer. Although Quality of Service does not significantly affect the Customer Loyalty but both relationship variables still have a pretty strong relationship. Quality of Service level of influence on customer loyalty is at 0.075. From this value still allows Quality of Service has a positive and significant impact on Customer Loyalty. For Quality of Service to create a loyalty to customers, it is necessary to make efforts to increase and improve service quality.

e. **Customer value (Y) has a positive and significant impact on Customer Loyalty (Z)**
The findings showed that customers value having a positive and significant influence on the level of Customer Loyalty on TELKOM FLEXI. Customer value is a comparison between benefits obtained by customers at a cost or sacrifice incurred by the customer. Can be seen in the following equation:

The results show that the sub-variable benefit has a score higher than the sub-variable Sacrifice, this indicates that the benefits gained by customers is higher than the sacrifice incurred by the customer, this means that TELKOM FLEXI has succeeded in creating a positive customer value. So from the value of this customer could have an impact on increasing customer loyalty, because the customer is at the core of a relationship where the value creation process has become a major component of the company in establishing its relationship with customers so that customer will generate positive value even if possible to produce superior customer value because the key to creating Customer Loyalty. The desired relationship is a long term relationship, because the effort and cost incurred by the company are believed to be much larger if necessary to attract new customers or customers who have left the company, rather than defend it. Companies can enhance customer value by meeting customer expectations. Customer value can be improved by extending or improving the benefits of your products or services received.

Implications of Research Findings

After doing the research results are obtained as follows:

1. **(T-1)** Implications of the results of this study is after all data has been collected and the analysis is done first of all it was found that customer response of *Relationship Marketing* is normal or good enough, look at the *mean* of variable X_1 *(Relationship Marketing)* of 3.03 found in the range of 2.52 to 3.27, meaning that normally, but has a different answer, it shows that application of *Relationship Marketing* is done quite successfully, while Customer feedback on the Quality of Service is agreed or both, is seen in the *mean* of variable X_2 (Quality of Service) contained 3.41 to 3.28 to 4.03 range, that is, agreed, or both, it can be concluded that the responses of respondents on the variable X_2 (Quality of Service) can be assessed Agreed, with the answers of respondents who tend uniform. This proves that the services provided by the Company as a whole successful.
2. **(T-2)** Customer Value (Y) is affected by the *Relationship Marketing* (X_1) and Quality of Service (X_2) are collectively amounted to 41.9% and the remaining 58.1% are influenced by variables other than research.
   a. Any increase in the value of *Relationship Marketing* (X_1) for one unit, then the Customer Value (Y) will also be increased by 0.403. Vice versa, any decrease in *Relationship Marketing* (X_1) for one unit, then the Customer Value (Y) will also be decreased by 0.403.

b. Any increase in the value of Quality of Service ($X_{2)}$ for one unit, then the Customer Value (Y) will also be increased by 0.343. Vice versa, any decrease in Quality of Service ($X_{2)}$ for one unit of the Customer Value (Y) will also be decreased by 0.343.

3. **(T-3)** customer loyalty (Z) is influenced by the *Relationship Marketing* ($X_{1)}$ and the Customer Value (Y) together amounted to 52.3% and the rest equal to 47,7% influenced by other variables outside of this research.
   a. Any increase in the value of *Relationship Marketing* ($X_{1)}$ for one unit, then the customer loyalty (Z) will also be increased by 0.253. Vice versa, any decrease in *Relationship Marketing* ($X_{1)}$ for one unit, then the customer loyalty (Z) will also be decreased by 0.253.
   b. Any increase Customer Value (Y) equal to one unit, then the customer loyalty (Z) will also be increased by 0.551. Vice versa, any reduction in Customer Value (Y) equal to one unit of the customer loyalty (Z) will also be decreased by 0.551.

CONCLUSION

Based on research results from the previous discussion, it can be concluded as follows:

1. Based on the results of the overall consumer response about the application of *Relationship Marketing* and Service Quality, it can be concluded that the responses of respondents regarding the application of variable *Relationship Marketing,* valued Regular Only are fairly good, while the overall consumer response about the quality of services provided, assessed Agree or OK.
2. *Relationship Marketing* and Service Quality jointly provide a positive and significant impact on Customer Value. For every increase of one unit of *Relationship Marketing,* the customer value will also increase while every decrease in one unit of *Relationship Marketing,* the customer value will decrease as well. Quality of Service also provides a positive and significant effect. For each increase of one unit in service quality will then increase the Value of Customers, and every decrease in one unit of service quality, then the Value of Customers will also decrease.
3. *Relationship Marketing,* Service Quality and Customer Value jointly provide a positive and significant impact on Customer Loyalty. For every increase of one unit of *Relationship Marketing,* Customer Loyalty is also going up and every one unit decrease of *Relationship Marketing,* Customer Loyalty is also the will go down. Quality of Service does not provide a positive and significant influence on customer loyalty. Customer value also provides a positive and significant influence, where every increase of one unit of Customer Value, then the customer loyalty will also rise and every one unit decrease from the value of a customer, Customer Loyalty is also going down.

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MARKETING PERFORMANCE ANALYSIS OF BUILDING PLANNER CONSULTANT

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ABSTRACT

Marketing Performance Analysis of Building Planner Consultants. (case study in Java). Competition in the industry is becoming very keen,. to win this competition company needs implementative and adaptive marketing program and strategy to deliver the product or service, so that the customer accepts it better than the competitors (superior). The service marketing mix program which have been selected from the market informations, coordinated and colaboration with all of function in the company will give result better. This research aims : To analyze of marketing performance of building planner consultants in Java. The service marketing mix program as marketing planning, segmenting, targeting, positioning, product/services, pricing, promotion, channel distribution, physical evidence, people and price. This research is used the Strategic Marketing Management Approach. The characters of this research is descriptive, while research method is survey explanatory, by using the sampling technique of simple random sampling to 140 of Building Planner Consultants. Results of this research indicate that about the marketing planning activities more of firm (about 90%) never do it, only 15.0% they doing the segmentation and 71.42% sometimes they do.

Key Words *: Service Marketing Mix Program, Firms Performance.*

I. INTRODUCTION.

1.1. Background Research.

In Indonesia, the service industry continues to evolve. From the growth side, this industry has increased by 40% in 1983, became 42.1% in 1994, whereas in the same period of primary industry decreased by 44% or only 27%. (Central Bureau of Statistics, 2000), The contribution of service industries to Gross Domestic Product (GDP), although the increment is not too high but in 1983 already accounted for 32% and in 1994 had reached 35% of total GDP. Service industry absorbs 14% of the total workforce in 1990. Service sector growth has resulted in marketing of services will become an important discipline in marketing and research services will be more profound than those of goods (Srivastava, Mukesh and Smith Jr., 2002: 1). According to the National Socioeconomic Survey (SUSENAS, 2002), the service sector provides the largest contribution to Gross Domestic Product (GDP), which is between 27.37% - 47.80%, and the service sector to absorb labor is greatest between 41.8% - 68.96%. Business Section is expected to increase if the seen from the trend growth of primary and secondary sectors in Indonesia is a Consultant Services in the fields of agriculture, animal husbandry, forestry and fisheries, electricity, gas and water supply, industrial production, transportation and telecommunications, trade, hotels and restaurants , mining and quarrying. (Atantya, 2000: 33). Construction consulting services, which are companies in construction consulting services, including consultancy services building planners today are nearly equal to the amount of consulting services firm non-construction areas, due to a paradigm shifting in Indonesia development. (Warsoadhi, 2003). Field of business consulting services have a tendency prospectively in Indonesia in connection with the enactment of Law No. 22 / 1999 on Regional Autonomy and Law No. 25 / 1999 on Fiscal Balance between Central and Local Government, in association with the above conditions, then the market for service planning consultants that the building will change once more rely on the market from the central government, since 1970 (since the commencement of Repelita) will now be competing in these areas because of development funds will be allocated to these areas.

1.2. Problem Formulation.

a. How the marketing performance of building planners consultant
b. Which the service marketing elements that affect on marketing performance of building planners consultant.

1.3. Objective.

1. To find out how marketing performance of building planners consultant,
2. To knows the service marketing elements that affect on marketing performance of building planners consultant.

II. LITERATURE REVIEW.

"Consulting is a consulted for professional or technical advice in a special case, acting in an advisory capacity." Building Planners Consultants, are: a cosulted aspect for professional (architect, civil engineering, mechanical & electrical, building maintenance cost estimate and instructional), from the planning, construction and maintenance. (Webster & Mc Kechnie, 1999: 393). Building and all aspects consulting field this can be done by individuals (personnel consultant) or by the company (consultant firm). In this research, which mean planning consultants is a company whose offering the service to plan the design of building, more specifically in Indonesia the building services company planning consultants who are members of the National Association of Indonesian Consultants (INKINDO) with large classes, that are technically and qualifications can work on building projects whose value is above the one billion rupiah (DPN INKINDO: 2002). According Sarvary, (1999:1), stating that basically is a consulting services company providing resources that intelligent (smart) to help solve the problem (problem solver) faced by the customer (client), "originally, the consulting firm's proposition was to provider a resource smart people to solve the client's problems. "Hargadon and Sutton in Sarvary (1999:3), stating that there are 6 (six) the concept of a consultant in order to assist industry consultants function as an intermediary in the transfer of technologies (a technology brooker) as a consultant tasks associated with other industries vary. The sixth concept can be operationalized through the concept of analogical relationships (analogy connection) which consists of problem identification (identifies a problem), identify similarities / analogies problems with other classes of problems (to benefit the analogy of the problems with a class of other problems) and adapt completion of an ongoing problem (the solution of indigenous those problems to the current one) apart from that there are consultants who generally know the completion strategy of the problems faced by the customer (the generalist strategy consultant) and there is a functional consultant or specialist consultant who can show and help clearly resolve customer problems (the functional or specialist consultant) and no less important is the implementation of the knowledge possessed by the consultants (implementation of knowledge) the right of the problems faced by customers and has been found and identified by the consultants. In conjunction with marketing management consultants, Muchayat, (2002: vi), states that the consultant worked under the condition of in-elastic supply - demand, meaning that if demand is available in a given period is related to construction work, so then all of a sudden turned into a job that deals with the management and social development, then the consultant is not easy to transform its resources (especially human resources) in accordance with a demand that appears. This condition has been experienced by consultants in Indonesia when the crisis occurs, all activities associated with construction projects to be pursued. From the description above, the strategy consulting business strategy must be correlative with the development of a country. If the construction and future development geared towards fulfilling the primary sector, matching the upstream-downstream industry and regional autonomy, the market is available it should be absorbed with the company strategy to provide resources and marketing strategy consulting firm (the ratio of demand - supply).

III. RESEARCH METHOD.

Observations were done on a number of companies planners consultants services building at 5 (five) provinces in Java. In this study the sample size was determined by iterative. The calculation of minimum sample size in this study were 140 firms or 31.32% of the population. This study uses a combination of data collection techniques: interviews, questionnaires and observation.

IV. RESULTS AND DISCUSSION.

A company marketing performance can be seen from how detailed the marketing plan situation analysis conducted from marketing, segmentation, targeting, positioning (compare with competitors through competitive analysis), product planning, pricing, marketing communications, channel distribution, products or services and services performed. Marketing plan is an activity that must be undertaken by company which customer oriented strategy. In the marketing services that put more emphasis on relationship marketing, the focus is on keeping customers rather than sales oriented to benefit in the long term with high commitment and contacts with customers in a more intensive and uphold the quality of service (service quality). In the case of the interaction elements of service marketing and personnel at the companies involvement with the customer service is higher than in the marketing of goods or produk. Service marketing plan through the human element is more dominant compared to the other marketing elements. Only about 5% of the companies do the marketing plan, during the period 1995 to 2003. Implementation of marketing plan do not become activities that should be done. The majority (40.71%) companies has never done marketing planning. This is probably due to the experience so far that work or project which is obtained is still a majority (68.57%) came from government (local government and state-owned enterprises). Markets are semi-captive market; means a job or project that is obtained as it was already available so that marketing planning is not necessary. according to survey results from the Head of National Association of Indonesian Consultants (DPP.INKINDO) at 1995, only

about 5% companies that perform marketing planning. This shows only 7 (seven) or 5 (five) companies who always do the marketing plan. The remaining 20.71% of companies sometimes make the marketing plan and about 10.71% never do and about 22.85% occasionally do it. According Rambat Lupiyoadi (2001: 22) marketing plan that starts from the mission statement will also determine the profitability of the company, that profits earned by the consulting firm consecutive decline in the year 1994 amounted to 9:05%., The year 1995 is 9:01% and in 1996 only amounted to 8:02%. (DPP.INKINDO, 1997). Different market segments will use different strategies and implementation. Before the change ot the regulation, most of the target market or the segment for this company is the government (state-owned enterprises, ministries and non-departmental government agencies, etc.). Since the introduction of Pelita since 1971, the government has strong authority in procuring building primarily as a state building infrastructure. Along with the development time of other economic actors (private) starts to grow given the opportunity to contribute to national economic growth. Thus began growing market segment, however, the market segment of the government sector still represents the largest segment (68.57%). Private parties in order to invest his efforts have not provided a significant opportunity as a segment for companies planning consultants services building, only 15:00% of private primary target market or the segment made by this company. In determining the target market, some companies (71.42%) occasionally perform segmentation, targeting and positioning and 15:00% always do, only 2:14% 6:42% never do and sometimes do it as well as 5.00% have never done at all. Variations in the intensity of the implementation of segmentation, targeting and positioning is related to the limitations of the company in conducting market research. National Association of Indonesian Consultants (INKINDO) is a consulting services company associations that exist in Indonesia. This association appears to contribute both in terms of cooperation among existing consulting services company in Indonesia, so that among the companies in this industry there is almost no competition in order to get a job or project, but between the number of establishments and number of work / projects which can be currently within last year much different. This will impact on the activities of competitor analysis in strategic marketing process is one part in analyzing marketing situations to make its marketing decisions. So that the results obtained that most of these companies (75.00%) never do a competitor analysis. Only 8:57% and 7:14%, which is sometimes, and never conducted an analysis of competitors. Another impact of this situation have never done this analysis is not have the benefecial of competitive advantage for the companies services both nationally and internationally. 6:42% only occasionally do a competitor analysis and only 2.85% always conduct the competitor analysis, the possibility of this is done by the company to anticipate the global market. As can be seen from the comparison of materials research Subramanian & Ishak, (1998: 17), which showed that 79% of companies in America are always doing competitor analysis on a regular basis (regularly-continously) and only 21% who do periodic monthly or quarterly. From the seven elements of the marketing mix that superior service by most companies (70.00%) is an element of the product or services. A total of 90.71% companies stating that the product or services offered in accordance with the characteristics of the target market. Only 2.14% said somewhat suitable and 5.00% moderate fit between the product mix of services with the characteristics of the target market, while the 2.14% said very appropriate. Pricing / tariff / fee of the company have been defined under the rules of copyright of the director general of public work decision. Thus the determination of tariffs for a work based on cost alone. But if there is agreement between both parties is the determination of tariffs can also be based on demand, while tariffs on the basis of competition almost never used as the basis for the determination of tariffs. Therefore, the results showed that 49.28% of companies in setting tariffs for a work is wholly based on a set fee, currently 31.42% based on cost and demand and 16:42%, on request only. Most companies conduct his campaign by using face to face / personal sales (personal selling), it can be predicted that the budget used for this activity will be relatively large. In terms of advertising budget almost every company (84.28%) consider it, even a 12:14% strongly consider this advertising budget. Timeliness of product delivery services is a decisive aspect in the process of service delivery. Other factors such as quality, quantity and price will not be much impact to customers if the product is not delivered services on time in accordance with contract agreements. Therefore, considering the timeliness of the company is. Even the companies 7.85% is considered, this suggests that the consistency and commitment to customers is very strong on the transfer of its products services. Although the majority 70.71% of companies have been consistent with the timeliness of product delivery services, but there are less than 5.00% companies consider the delivery timeliness, this means that service providers / companies paying less attention to activities of customers in the process of operation and delivery of services. In terms of provision of facilities to support the delivery of services, from the results of this study revealed that most companies (70.00%), quite capable, even capable of 12:14% and 7.85% is capable of providing the physical facilities to support operational processes and delivery of services. There are 87 (eighty seven) companies or 63.57% of companies who have used modern equipment, there are still 3.57% companies that have not been using modern equipment. The ability to provide competent workforce, there are most of the companies (70.71%) are quite capable of 12.85% and 7.85% of companies capable of even highly capable to provide the appropriate workforce with the services offered, this is in fact based on the conditions in Indonesia that under graduates colleges that still do not possess the real work can fill the opportunities that exist in this consulting

service company, this agrees with the opinion of Warsoadhi, (2003) that the college under graduates have employment opportunities in the field of consultancy services by using the science that was received in college. Nevertheless there are still companies (4.28%) are less able to provide the appropriate workforce with the services it offers. The process of delivery the services is planned, systematic, and integrated, so that every company has to understand exactly what to do to the hopes and desires can be satisfied customers, therefore most of these companies (90.00%) firms perform in accordance with regulations applicable, (5%) companies doing occasional deviation, 2.85% and 2.14% had sometimes, but no firm (0.00%) that deviate from the rules. Almost all companies (90.58%), informs that its net profit between 10-50% of the earned portion of overall costs that are available for the procurement of a building, there were only 3.62% of net profit above 10 % and 5.07% net profit within the past one year, less than 5%. This indicates that net profit in the range of 10-50% obtained represents the value obtained by the public and almost all companies. From the company profitability in order to comply with environmental changes must set aside a budget for such investments in modern equipment, training and development of human resources, training and education to increase knowledge and insight etc. all of which require more cost.

V. CONCLUSIONS AND RECOMMENDATIONS.

5.1. Conclusions.

1. Marketing performance of building planner consultants firm in Indonesia, associated with services marketing programs include marketing planning, segmentation, targeting, positioning and product mix as pricing, marketing communications, distribution, and services (including provision of advice/infrastructure, human resources and processes). In delivering services are in accordance with the target market. Pricing mix program was done by calculating the price/tariff of a work, set prices based on costs fully, consider the elements of prices such as association, consider less discounts, simply consider the specific requirements, simply consider the terms of delivery enough considering the price reduction. Promotion mix program of company to get the project done, consider promotional activity promotion budget, the promotion is done by personal selling. Chanel distribution program is rarely done, however the company considers the elements of channels distribution such as timeliness of delivery, of course mix of physical evidence that companies are using modern equipment in the completion of its service products, the company is able to provide modern equipment to support the service.
2. The others elements that most influence the performance of the company's marketing mix is human resources, companies using a competent workforce with the type of work, of course mix process, the company made in ways according to the rules in completing the work. This will significantly affect the company's performance, especially in terms of company's profitability.

5.2. Recomendations.

1. Do a more detailed analysis about the target market or customer.
2. Marketing Plan in order conducted to support companies performance.
3. Marketing plan with the any marketing mix need to be more detailed, systematic and integrated, so as to implement better targeted.

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The Effect of Patriotism and Consumer Ethnocentrism on Consumer Attitudes

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ABSTRACT

The growth of international trade and business has contributed to the availability of various ranges of products from different national origins throughout the world. This has resulted in greater interest in examining consumer attitudes towards products of different countries. The attitude of consumers in a country surely will have an impact on the purchase intention of products from foreign countries. However, most research have been conducted in large industrialized countries such as the United States of America (US), France, Germany and Japan that have large internal markets and a wide range of domestic alternatives or brands in most product categories and little attention had been given on developing and less-developed countries. Therefore, this study attempted to identify whether the negative attitudes towards foreign made products by consumers in developing country, namely Malaysia, will have an impact on their purchase willingness and actual purchase behaviour.

1.0 Introduction

Negative attitudes towards foreign products can arise from a number of sources. For examples, Han (1988) argues that patriotism affects consumers' attitudes towards foreign made products. Equally, consumers may have strong feelings of patriotism and pride in domestic products and consider it wrong, almost immoral to buy foreign products (Shimp and Sharma, 1987). In the study conducted by Shimp and Sharma, they called the negative attitudes towards purchasing foreign made products as consumer ethnocentrism construct.

Shimp and Sharma (1987) had developed the measurement that can measure consumers' ethnocentric tendencies called CETSCALE (Consumer Ethnocentric Tendencies Scale). It consists of seventeen items which measure the tendency of consumers to act consistently towards foreign and domestic products. Such tendencies may precede attitudes, but they are not the equivalent of attitudes, which tend to be object specific. Purchasing imported products is held to be wrong in that it potentially harms the domestic economy, causes loss of jobs, and is unpatriotic. In addition, to the extent that domestic products are viewed as superior, products from other countries (i.e. from outgroups) are objects of contempt to highly ethnocentric consumers.

The studies in examining the attitudes of consumers towards foreign products had demonstrated statistically and theoretically significant results. For example, in consumer ethnocentrism study, it was found that it have negative influenced on the attitudes of consumers towards foreign made products (for example, Kaynak and Kara, 2002; Hamin and Elliot, 2006; Russell and Russell, 2006; and Nakos and Hajidimitriou, 2007). Researcher also found that the patriotism of consumers plays a significant role in making choice between local and foreign products (for examples, Vida and Dmitrovic, 2001; Wang and Chen, 2004; and Javalgi, Khare, Gross and Scherer, 2005).

Therefore, it is very interesting to investigate either the patriotism and consumer ethnocentrism among Malaysian Muslim consumers will negatively influence their attitudes towards the US made products. Based on previous research, the literature review on the related constructs will be discussed and the relationship among them will be presented as well as the development of the hypotheses will be performed. Thus, the effects of patriotism and ethnocentrism on the product judgment and the purchase willingness among Malaysian Muslim consumers will be answered by this research.

2.0 Literature Review

In an effort to examine attitudes of local consumers towards foreign made products, a thorough examination of the relevant literature is required. The topic of consumer ethnocentrism is well established. However, for

patriotism, little focus has been given by the researchers. Even though it is not relatively new, more empirical studies needed to relate patriotism and the consumers' attitudes towards foreign made products.

2.1 Consumer Ethnocentrism

The general concept of ethnocentrism has been used to describe the sociological concept of an individual versus the out-group identification since the term was introduced into the social science language by Sumner (1906). He defines ethnocentrism as when one's own group is seen as the centre and a reference for all others. Sumner (1906) suggests a two dimensional structure of ethnocentrism: an unfavourable attitude towards the out-group as well as a favourable attitude towards the in-group.

For Shimp and Sharma (1987), the concept of consumer ethnocentrism represents the beliefs held by the US consumers about the appropriateness of purchasing foreign made products. Highly ethnocentric consumers tend to perceive that purchasing foreign made products is wrong because it will hurt the domestic economy, it will promote unemployment, and unpatriotic action. On the other hand, for non-ethnocentric or low-ethnocentric consumers, products from other countries are evaluated on their own merits without consideration for where they are made. Therefore, for this group, the country of origin of the products is not an important consideration to be made (Shimp and Sharma, 1987).

Since the introduction of the CETSCALE, researchers all over the world are using this construct measurement in order to understand the effect of consumer ethnocentrism on the attitudes of consumers towards local versus foreign made products. Researchers from developed countries (e.g. Balabanis and Diamantopoulos, 2004; and Klein, 2002) to developing countries (e.g. Abdul Razak, Safiek and Md Nor, 2002; and Kaynak and Kara, 2002) to the less developed countries (e.g. Agbonifoh and Elimimian, 1999; and Hamin and Elliott, 2006) are adopting the study to measure the ethnocentric tendency of consumers in a particular country and whether it will influence the attitudes of consumers on foreign made products.

The consumer ethnocentrism areas and scopes studied by the previous authors have been quite diverse. For example, there has been one cluster looking at the effects of ethnocentrism on foreign direct investment (Zhao and Zhu, 2000). Then there was a cluster of research successfully trying to link ethnocentrism and lifestyles (Kaynak, Kucukemiroglu and Hyder, 2000). Regionally, specific studies in consumer ethnocentrism study have been conducted in developed countries, developing countries, the less developed countries, the transition economic countries, and across Europe, America, Asia as well as Africa (for examples, Balabanis and Diamantopoulos, 2004; Ettenson and Klein, 2005; Hamin and Elliott, 2006; and Kinra, 2006).

Furthermore, some of the studies reveal that consumer ethnocentrism is more obvious for consumers in developed countries compared to consumers in developing countries due to the availability and the quality perception of locally made products (e.g. Wang and Chen, 2004). In the countries where the measurement of consumer ethnocentrism has been found to be reliable and the mean scores were basically high, for example, the US, France, Germany and Japan, were typically highly developed countries, with low levels of foreign imports, and a large internal market (Balabanis et al., 2001).

Besides, the effects of consumer ethnocentrism from the cross-cultural perspective were also examined by the researchers. For example, Balabanis, Diamantopoulos, Mueller, and Melewar (2001) examined consumer ethnocentrism in a cross-cultural context by comparing Turkish and Czech consumers. Vida and Fairhurst (1999) reported significant differences in consumer ethnocentrism across the four countries investigated. The main objective of Vida and Fairhurst study is to investigate consumer ethnocentricity in four Central Europe countries, i.e., Czech Republic, Hungary, Poland and Estonia.

The ethnocentrism construct was also found to be heavily linked with the national identity construct (Phau and Chan, 2003; and Zarkada-Fraser and Fraser, 2002). National identity refers to how societies relate to their own unique characteristics (Thelen and Honeycutt Jr., 2004). For example, Phau and Chan (2003) have used consumer ethnocentrism as one of the dimension to measure national identity construct. They use four East Asian countries, i.e., South Korea, Taiwan, Thailand and Singapore. The result shows that higher level of consumer ethnocentrism indicates higher level of national identity among consumers.

Generally, the result of the consumer ethnocentrism studies suggests that highly ethnocentric consumers tend to reject foreign made products and favour locally made products (e.g. Balabanis and Diamantopoulos, 2004; Ettenson and Klein, 2005; and Hamin and Elliott, 2006).

2.2 Patriotism

According to Kosterman and Feshbach (1989), patriotism is a strong feeling of attachment and loyalty to one's own country without the corresponding hostility towards other nations. Genuine patriots love their own country, its culture, and its traditions, but do not reject other countries; they feel other cultures and traditions are equally legitimate to their own (Barnes and Curlette, 1985).

The patriotic campaigns have continued and were given even more weight since the economic crisis that hit several Asian countries in 1997. Campaigns such as "Thai Buy Thai" encouraged the purchase of locally made products to help the severely-hit Thai economy (Ang et al., 2004). The campaign tries to use the patriotic appeal to help local manufacturers to encounter economic recession and hoping that consumers will become more patriotic and buy locally made products.

A number of researchers have examined how patriotism can influence the preference and evaluation of consumers of foreign products compared to the local products. Some researchers have shown that patriotic sentiments can affect the evaluation and selection of imported products (Han, 1988; Okechuku, 1994). Researchers also argue that the level and effect of patriotism on consumer behaviour differs between countries (Balabanis et al., 2001). Patriotic emotions affect attitudes about products and purchase intentions. Consumers from a wide range of countries have been found to evaluate their own domestic products more favourably than they do foreign ones (for examples, Han, 1988; Nielsen and Spence, 1997; Kucukemiroglu, 1999; Vida and Dmitrovic, 2001; Javalgi et al., 2005).

Wang and Chen (2004) conducted a study to examine the effect of patriotism on consumer behaviour in the Republic of China. Their study focused on the preference for branded goods made in developed countries. They found that consumers expressed their patriotism through consumerism. Wang and Chen considered patriotism in China as "real and strong' but the moderating factors such as conspicuous consumption are also strong. Chinese consumers are no less patriotic than US consumers but they face a dilemma in that they "know" that foreign brands are "better" and this moderates their patriotic sentiment by choosing to place personal status ahead of "national pride".

However, Hooley, Shipley and Krieger (1988) found that British cars were purchased by their consumers primarily due to the patriotic sentiment and cheap price and not on other motives such as reliability, quality, stylish, sporty and value for money. They suggested that British manufacturers should use the patriotism element in their marketing programme in order to defend against import penetration. It shows that patriotism does have an effect on the attitudes of consumers in purchasing foreign made products. Therefore, it is very interesting to see whether the patriotic element of Malaysian Muslim consumers can influence their attitudes.

2.3 Product Judgment

Consumers nowadays are inundated with imported products from developed countries such as Japan, the US and the UK, as well as from developing countries such as China, India and Thailand due to the trade liberalization and globalization. Due to the variety of foreign made products in local market, it has increased the interest of researchers to study the attitude of local consumers towards foreign made products. Previous studies covered various ranges issues such as judgment or evaluations of foreign products coming from developed and developing countries, sentiment towards domestic products, effects of foreign products towards domestic economy and local manufacturers as well as other issues (for examples, Schaefer, 1997; Hsieh, 2004; and Ettenson and Klien, 2005).

Specifically, in examining the literature on foreign product judgment, several important viewpoints of research can be identified. It is widely examined by researchers in their study related to international marketing and consumer behaviour, especially in the construct of country of origin studies (for examples, Hsieh, 2004; Schaefer, 1997; and Cai, Cude and Swagler, 2004).

However, little attention has been given to developing countries, where, in some product markets, no domestic brands or alternatives are available (Nijssen and Douglas, 2004). The kind of research normally conducted in developed countries such as in the US and European countries. Therefore, it is important to understand how consumers in developing countries like Malaysia judge imported products. The results might not concur with studies conducted in developed countries. It is suspected that factors such as religion, social cultural, standard of living and economic condition have a lot of impact on the attitudes of consumers.

2.4 Purchase Willingness

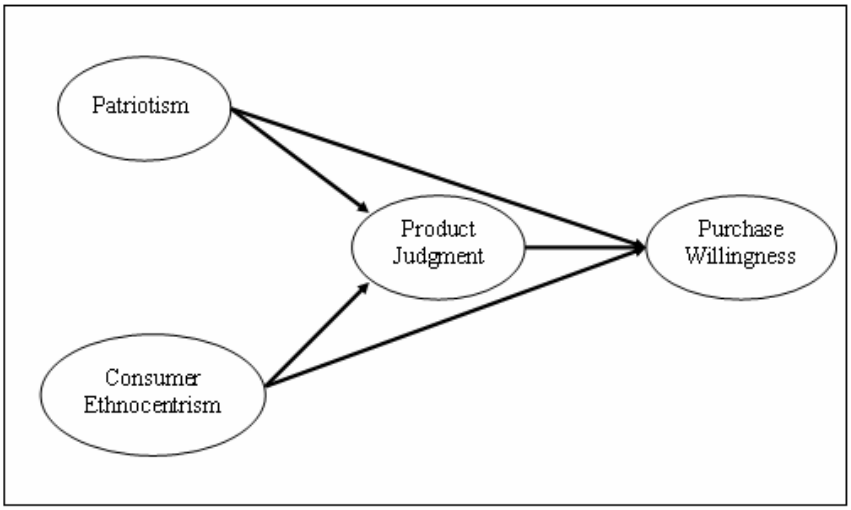
Nowadays, consumers have a range of options while purchasing products. Therefore, some factors might influence their decision to purchase or not to purchase the products. From the country of origin studies, consumers who receive product information for the purpose of making a purchase decision are likely to interpret the attribute information in terms of pre-existing concepts that have positive or negative implications for the product quality (Hong and Kang, 2006). Consequently, the general assessment and evaluation of the products will lead to the willingness or intention to purchase such products. Positive judgment and evaluation will positively influence the willingness and vice versa.

The construct of purchase willingness of foreign made products is receiving attention from researchers in the country of origin effect, consumer animosity, consumer ethnocentrism and patriotism research. Purchase willingness will normally consider the consequence effects of foreign product judgment (Klein, Ettenson, and Morris, 1998). For example, Javalgi et al. (2005) study the effect of consumer ethnocentrism and purchase willingness. In another study, Nakos and Hajidimitriou (2007) emphasized that the positive assessment of foreign made products will positively influence their willingness to purchase them. Therefore, the current study also used purchase willingness as the consequence effect of patriotism, consumer ethnocentrism and product judgment.

3.0 Theoretical Framework

Based on the review of literature the framework of this study is as presented in Figure 1.

Figure 1
Research Framework



4.0 Hypothesis

The research is generally to examine the effect of patriotism and consumer ethnocentrism on product judgment and purchase willingness among Malaysian Muslim consumers towards the U.S. made products. In addition, the effect of product judgment on purchase willingness also included. Based on previous literatures discussed earlier, the following hypotheses are derived:

H1: Patriotism will have negative effect on US product judgment.
H2: Consumer ethnocentrism will have negative effect on US product judgment.
H3: Patriotism will negatively relate to purchase willingness of the U.S made products.
H4: Consumer ethnocentrism will negatively relate to purchase willingness of the U.S. made products.
H5: Positive relationship between the U.S. product judgment and consumer purchase willingness of the U.S made products.

5.0 Research Methodology

The present study was conducted using the survey approach with a multiple choice questionnaire requiring respondents to give fixed responses to the statements or questions asked. As a result, it will accomplish the objectives of the research and answer the issues raised and problem statements put forward through careful analysis. The survey design will also help the researcher to achieve the objectives of the research and testing all the hypotheses.
Questionnaire was used to solicit information from respondents. It would be a self-administered and drop-off method of survey where short interview also involved. This is to make sure that the respondents fulfilled all the requirements or required criteria. The respondents gave time allowance for a careful answering. Respondents were assured anonymity and all the response will be kept strictly confidential.

In the current study, the samples throughout Peninsular Malaysia were gathered with the use of the quota sampling procedure discussed above in order to ensure that the country samples were reasonably representative of their respective populations. Three criteria were selected as the basis of the quota, i.e., gender, income and geographical location/area. A four clustered area, i.e., Northern, Central, Southern and East Coast were identified and in each cluster, two cities selected.

The cities selected were Kota Bahru in Kelantan, Kuala Terengganu in Terenganu, Kangar in Perlis, Alor Setar in Kedah, Kuala Lumpur, Petaling Jaya in Selangor, Bandar Melaka in Melaka and Johor Bahru in Johor. This is due to the assumption that the consumers from urban areas have a basic knowledge of foreign products (for example, where are the products made). With that knowledge, they will have a clearer direction of how to evaluate the products and to answer the questionnaire. Previous research (e.g., Wang and Chen, 2004) also used consumers living in the countries' major cities for the reason that they were expected to be more familiar with foreign products.

Out of the 1,000 questionnaires distributed, 710 were received back within the period of twelve weeks, making it about 71 percent response rate. Only 663 of the respondents completed the entire questionnaire. For the incomplete questionnaires, most of the incomplete sections come from the questions about the religiosity and the demographic profile. After deducting the unusable questionnaires, only 663 questionnaires were coded and could be used for further data analysis. As such, the usable rate for the questionnaire was 66.3 percent.

All the constructs in this study, which were from established scales were measured using 7-point, Likert scale type items anchored by 1 = strongly disagree and 7 = strongly agree. The measurement items of patriotism were adapted from a study conducted by Kosterman and Feshbach (1989). For consumer ethnocentrism construct, the items were adapted and modified from CETSCALE, developed by Shimp and Sharma (1987).For the product judgment and purchase willingness, the questions were adapted from the study conducted by Darling and Arnold (1988). All the items then modified to fit the current research background.

6.0 Results and Analysis

The data collected were analyzed using two stages; first, using SPSS version 12 on analyzing the ethnocentric tendencies among Malaysian Muslim consumers in comparison to respondents from other countries. Secondly, AMOS version 6 was used in testing the hypotheses in the current study.

6.1 Consumers' Ethnocentric Tendencies

In order to make comparisons, between Malaysian Muslims consumers' ethnocentric tendencies with consumers from other countries, the mean score of CETSCALE were used. The total possible CETSCALE score varies between 17 and 119, due to the use of the seven-point scale. The mean scale value of CETSCALE is taken as the indicator of the intensity of consumer ethnocentrism; a higher mean scale value indicates higher ethnocentric tendencies (Hamin and Elliot, 2006).

Table 1
Comparison Results of CETSCALE Mean by Country

Authors	Country	Respondents	Mean
Shimp and Sharma (1987)	US Detroit Carolinas Denver Los Angeles	Students General population General population General population General population	51.92 68.58 61.28 57.84 56.62
Durvasula et al., (1997)	US Russia	Students Students	50.24 32.02
Watson and Wright (1999)	New Zealand	General population	62.21
Good and Huddlestone (1995)	Poland Russia	General population General population	69.19 51.68
Sharma et al., (1995)	Korea	General population	85.07
Caruana (1996)	Malta	General population	56.80
Hult et al., (1999)	USA Japan Sweden	Students General population General population	61.50 40.10 38.40
Steenkamp and Baumgartner (1998)	Belgium Great Britain Greece	General population General population General population	28.70 30.29 37.84
Brodowsky (1998)	US	General population	61.68

Table 1 (Continue)

Acharya (1998)	Australia	Students	56.40
Hamin and Elliot (2006)	Indonesia	General population	74.50
Current Study	Malaysia	Muslim Consumers	79.64

Source: Hamin and Elliot (2006).

From Table 1, the total mean value for Malaysian Muslim consumers was 79.64. The result was then compares with others results conducted by other researchers from several countries. The mean value scores of previous literature were range from 32.02 (Russian) as the lowest mean score 85.07 (Korean) as the highest score. Obviously, from the results, Malaysian Muslims were among the highest in terms of their ethnocentric tendencies. The nearest mean value score by other country was Indonesia, where the mean score was 74.50, which was slightly lower than current study.

6.2 Hypotheses Testing

As recommended by Hoyle and Panter (1995) and Anderson and Gerbing (1988), SEM must have two-step analytic procedure, measurement and structural model. In the measurement model, the fit of the indicators to the construct was assessed. This is important to ensure the unidimensionality of the constructs. Each construct in the model was analyzed separately. All the items use as indicators must have significant path from the construct and the residuals must be low. The entire fit index must indicate a good level of model fit.

Table 2
Results of Measurement Model

Construct	c^2	***df***	**p-level**	**RMSEA**	**GFI**	**AGFI**	**CFI**	**TLI**
Patriotism	49.332	20	0.000	0.047	0.982	0.967	0.949	0.928
Consumer Ethnocentrism	197.991	65	0.000	0.056	0.956	0.939	0.934	0.920
Product Judgment	50.513	20	0.000	0.048	0.981	0.966	0.951	0.931
Purchase Willingness	8.732	5	0.120	0.034	0.995	0.984	0.997	0.994

Results presented in Table 2 shows that all the constructs indicated high level of model fit as all the criteria yield the desired results. As the results show that the value of GFI, AGFI, CFI, and TLI are all well above 0.90 and RMSEA is below 0.08, it could be concluded that unidimensionality exists for the constructs of this study. Therefore, it proceeded to examine the model paths or structural model.

The structural model was formed to test the hypotheses of this study. The hypotheses were between the independent variables and the dependent variables.The results of structural model shows that the model achieved a good level of fit (χ^2 / *df* = 1.970; p-level = 0.000; RMSEA = 0.038; GFI = 0.916; AGFI = 0.904; CFI = 0.908; and TLI = 0.900). Basically, all the values indicate that the model demonstrates a reasonable fit. Therefore, the results from this structural model can be used for subsequent analysis. Results of the hypotheses are displayed in Table 3.

Table 3
Results of Hypotheses Testing using Structural Model

	Hypotheses	**Std Reg. Weight**	**Sig.**
H1	Patriotism ? Product Judgment	0.033	0.549
H2	Consumer Ethnocentrism ? Product Judgment	-0.366	0.000
H3	Patriotism ? Purchase Willingness	0.059	0.127
H4	Consumer Ethnocentrism ? Purchase Willingness	-0.694	0.000
H5	Product Judgment ? Purchase Willingness	0.216	0.000

From the table above, 3 hypotheses are supported and significant at 0.05 level and 2 hypotheses are not supported. For Hypothesis 1 (Patriotism ? Product Judgment) the results show that patriotism does not negatively influence the consumers' judgment on products since p > 0.05. This hypothesis was rejected. As such it can be concluded that patriotism among Malaysian Muslim consumers does not affect their judgment of

US made products. Possibly, highly patriotic consumers might love their country very much, but at the same time they do not reject products from foreign countries.

For Hypothesis 2, it is significant at the 0.001 level. It shows that the level of consumer ethnocentric tendencies among Malaysian Muslim consumers will have a negative relationship with the judgment of US made products. Generally, it can be said that the higher the consumer ethnocentrism, the lower the judgment on attributes of the U.S. made products.

In terms of the relationship between patriotism and purchase willingness (Hypothesis 3), the results indicated that no significant relation between them since $P > 0.05$. Therefore, the hypothesis that argued the negative relationship between patriotism and purchase willingness is rejected. Patriotic consumers do not reject foreign made products and do not affect their willingness to purchase foreign made products.

In Hypothesis 4, it was hypothesized that consumer ethnocentrism will have a negative effect on purchase willingness of Malaysian consumers towards the purchase of U.S. made products. The hypothesis is accepted since the p-value < 0.05, and it was significant at 0.001 level. As expected, the results show that consumer ethnocentrism not only affected the judgment of U.S. made products but also the consumers' willingness to purchase such products.

Finally, Hypothesis 5 was developed primarily to see the effects of the judgment on US made products by respondents towards the purchase willingness of such products. Practically, if consumers judge or evaluate one product positively, their willingness to purchase will also be high. The result shows that a significant positive relationship was found between US products judgment and the willingness to purchase products made in the US from the perspective of Malaysian Muslim consumers. It was significant at the 0.001 level. As such, Hypothesis 5 was accepted. As expected, the result suggests that consumers who have high expectations of the products from the US will also have a higher willingness to purchase such products.

7.0 Discussion and Conclusion

As we can see the results of Table 1, Malaysian Muslims scores quite high in the CETSCALE. It shows that they have high ethnocentric tendencies. In fact, they are ranked second after Korean population. However, this result could not be generalized as ethnocentric tendencies of Malaysian Population since the study only concentrated on Muslim consumers as the population. The overall population of Malaysia generally consists of 3 major ethnic groups, i.e., Malay (60%), Chinese (30%) and Indian (10%). Malays are normally Muslim, Chinese are normally Buddhist and Indians are normally Hindu. Therefore, the current study cannot generalize the result as the current study population does not cover the whole population of Malaysia.

For the patriotism among consumers, the results in Hypotheses 1 and 3 indicated that the patriotic emotion among Muslim consumers in Malaysia does not influenced their attitudes towards foreign made products, particularly the U.S. made products in the current study. This argument can be supported by the studies conducted by Lim and Darley (1997), and Wang and Chen (2004), where they argued that consumers might love their country but it will not negatively influence their attitude towards foreign made products.

For consumer ethnocentrism, it was found that the ethnocentric tendencies among consumers can negatively influence their attitudes towards foreign made product. Both hypotheses, i.e., Hypothesis 2 and Hypothesis 4 were significant at 0.001 level. Highly ethnocentric consumers tend to reject foreign made products. For example, studies conducted by several researchers in the developed and developing countries, i.e., Shimp and Sharma (1987) in the US; Javalgi et al. (2005) in France; Balabanis and Diamantopoulos (2004) in the UK; Hamin and Elliott (2006) in Indonesia; and Abdul Razak et al. (2002) in Malaysia have illustrated that consumers with ethnocentric tendencies tend to have negative attitudes towards foreign made products. They found that the more ethnocentric a consumer is, the more they will have less favourable on foreign made products. Consistent with previous literature, the current study also found that highly ethnocentric Muslim consumers in Malaysia will negatively affect their judgment of US made products as well as their willingness to purchase U.S made or foreign made products.

Finally, in the relationship between products judgment and purchase willingness, the current study found a significant positive correlation between them. Positive judgment towards foreign made products indicated positive purchase willingness of foreign made products. For comparison, previous studies, for example, Javalgi et al. (2005); Klein et al. (1998); Nijssen and Douglas (2004); and Nakos and Hajidimitriou (2007) found that

product judgment is a strong indicator of purchase willingness. Positive judgment of foreign made products will directly influence their willingness to purchase foreign made products. Therefore, the current study result is consistent with previous studies. In Malaysia, if consumers positively judge the products, their purchase willingness will also be high.

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IS STRATEGIC COMPETENCY A REQUISITE FOR SME SUCCESS? A CROSS-CULTURAL PERSPECTIVE

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ABSTRACT

The present study attempts to understand the prevalence of strategic competency among entrepreneurs in small and medium sized enterprises (SMEs) in Australia and Malaysia. A sample of 20 SME entrepreneurs from Australia and Malaysia participated in this study. A series of interviews were conducted to probe into the behaviours that delineate strategic competency among these entrepreneurs. The results showed that SME entrepreneurs in both countries highlighted the importance of strategic competency in managing and running their ventures despite some minor variations in terms of the practices across country. This study provides entrepreneurs with knowledge about the way they should operate their business and encourages them to be conscious of the importance of strategic competency in managing their business and increasing the odds of success. The study also shows that entrepreneurs are capable of minimising the negative impact of business environment if they are willing to equip themselves with strategic competency.

Keywords Strategic competency, SME entrepreneurs, Malaysia, Australia

INTRODUCTION

The era of globalisation has forced SME entrepreneurs to face massive changes regarding how they operate their businesses. It has also marked the end of the usual way of doing business, mandating new approaches into the forms of strategies entrepreneurs need to adopt in order to ensure business success. The challenges posed by globalisation have also impelled entrepreneurs to craft and execute strategies relevant to the new episode of intense competition. It is also noted that one of the most important problems face by managers in this turbulent business environment is to strategise in identifying and pursuing promising business opportunities which requires a careful selection of appropriate strategies (Shane & Venkataraman, 2000). Even though the study on strategies has often been directed towards large organisation, it has now received an increasing scrutiny in the context of SMEs.

According to Fuerer and Chaharbaghi (1995), strategy can be defined in the three ways; (1) skills in managing and planning a venture; (2) primary means of reaching the focal objectives, and (3) direction and scope of organisation over a long term. The present study endeavours to look at strategy in the form of competency and skills in managing and planning for the success of a venture. This follows Miller, Wilson, and Hickson's (2004) view that what managers do (which is the reflection of the strategy that they adopt) and the kind of the organizations they lead matters in achieving the organisation objectives.

Drawing upon Sparrow and Hodgkinson (2006) contention that strategic competency is central to the longer-term survival and well being of the organization, the present study attempts to explore its relevance in the context of SMEs, with a justification that in this kind of industry, the actions and inactions of the entrepreneurs would have significant bearing on the success of their ventures. Therefore, in support of the activity-based view of strategy which argues that, since managers manage strategic actions, it is necessary to go inside the organisations to understand what they are doing and the way these actions may relate to

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performance (Miller et al., 2004), the present study utilises a qualitative approach in the effort to delve into the current practices of SME entrepreneurs in managing their ventures that delineate strategic competency. This study sets a platform for a cross-cultural approach in understanding the notion of strategic competency which compares two countries in Asia Pacific Region namely Australia and Malaysia.

LITERATURE REVIEW

SMEs in Australia and Malaysia

The socio-economic significance of SMEs, especially in the Asia Pacific region, has not been appreciated until recently. This is reflected in the relative neglect of the problems faced by SMEs by policymakers and academics prior to the 1980s. Indicative of the rising interest in SMEs is the inclusion of the SME's "development agenda" within the Asia Pacific Economic Cooperation (APEC) forum. In 1995, the SME working group was established as an ad hoc policy group and, in 2000, this policy group was upgraded to the SME Working Group and granted permanent status (APEC, 2003), demonstrating the growing appreciation of the contribution of SMEs to the social and economic development of a country.

In Australia, in particular, the government's attention to SMEs was marginal prior to the 1970's. No SME statistics were collected, very few universities offered entrepreneurship courses, and there were no Ministers of Small Business at either the Federal or State levels (APEC, 2003). The first small business association, the Australian Association of Independent Businesses, was launched in 1977 and, in the same year, the federal Department of Trade and Industry established a Small Business Registrar (APEC, 2003). By 2000, all State and Federal Governments had Ministers of Small Business, SME statistics were produced by the Australian Bureau of Statistics (ABS), and the government had established consultative mechanisms linked to SMEs. In 2001, 97% of all businesses in Australia were SMEs (Australian Bureau of Statistics (ABS), 2002). According to the ABS (2002), SMEs in Australia are best represented in the services sector, specifically: retail and wholesale trade (21.2%); construction (19.4%); property and business services (19.3%); transportation and storage (5.9%); accommodation, cafes, and restaurants (2.8%); and other personal services (7.1%). Today, SMEs are considered to be a major driver of the Australian economy.

Similarly, in Malaysia, little attention was given to SMEs prior to the 1980's. However recently, more attention has been given to assisting SMEs. To ensure a more coordinated approach to SME development, the Malaysian government has established the High-Level National SME Development Council chaired by the Prime Minister (Asia-Pacific Economic Cooperation, 2004). Currently, at least 12 ministries and 40 government agencies are involved in the development of SMEs in Malaysia (SMIDEC, 2004). It has been reported that the contribution of SMEs to the GDP in the year 2002 increased by 2.5% and the productivity of SMEs rose by 2.7% (Business Times, Sept 13, 2003). In 2005, 96% of all manufacturing and service businesses were SMEs and the majority of SMEs (87.5%) were in the services sector (Kamini, 2005). The contribution of SMEs to employment rose to 7.7 % in the same year (Wahari & Raban, 2005). In 2006, The Central Bank of Malaysia reported that SMEs accounted for 99% of all businesses and contributed 38% of total output. In terms of employment, SMEs accounted for 55% of the total workforce (Central Bank of Malaysia, 2005). To further galvanise SMEs in Malaysia, the government has established an SME bank to assist entrepreneurs financially as well as the development of various training programmes, particularly in the areas of entrepreneurship development, marketing and promotion, product development and technology enhancement (Central Bank of Malaysia, 2007). Today, the future of SMEs in Malaysia is seen as optimistic, with considerable potential for further growth over the next few years and beyond.

Strategic Competency

Strategic competency is "a competency related to setting, evaluating, and implementing the strategies for the firm" (Man, Lau, & Chan, 2002, p. 132). Specifically, the Man (2001) operationalised strategic competency in terms of the following behaviours: (i) being aware of the projected directions and how changes might affect the firm, (ii) prioritising work in alignment with business goals, (iii) redesigning the firm to better meet the firm's objectives, (iv) aligning current actions with strategic goals, (v) monitoring progress toward strategic goals, (vi) evaluating results against strategic goals, and (vii) determining strategic actions by weighing costs and benefits (Man, 2001, p. 304). Additionally, Thompson (1996) proposes that managing change is a part of strategic competence that could be linked to competitive success, particularly for firms that operate in a dynamic and competitive environment such as SMEs.

According to Man and Lau (2000), strategic competency reflects the ability of the owners to develop future-focused vision and goals, devise strategies to match the goals, and diagnose the effectiveness of the strategies through. This involves strategic thinking which reflects the ability of the organisation's leader to

develop future vision and take strategic action which requires them to think beyond day-to-day operations (Stonehouse & Pemberton, 2002). Evidence suggests that the future of smaller firms depends heavily on the entrepreneur's vision (Yu, 2001). Having this vision allows entrepreneurs to focus their actions and decisions more strategically and when achieved, will give their firms significant advantages over the competitors. Therefore, it is crucial for entrepreneurs to develop a description of the desired future goals that are clear, measurable, and challenging since it will give them an overall picture of where they are going, what they want to achieve, and how they are going to compete.

By having a set of clear goals and an overall picture of where and how the firm is going to compete, entrepreneurs are able to formulate appropriate strategies and implement them to achieve the preset goals. It also allows entrepreneurs to set their priorities to ensure that the activities undertaken are aligned with the business goals (Man & Lau, 2000). These strategies serve as a bridge that links firms' resources and their capabilities to gain competitive advantage (Porter, 1991) and to overcome organisational uncertainty (Parnell, Lester, & Menefee, 2000). Once strategies have been developed, entrepreneurs must be able to diagnose the effectiveness of these strategies and correct the weaknesses along with the process of formulation and implementation (Davies, 1993). In a sense, strategic competencies also involve entrepreneur's ability to develop vision, devise appropriate strategies, diagnose their effectiveness, and improve these strategies when needed.

Entrepreneurs are also strategic leaders who are responsible for making choices and actions that could influence their business success (Lado, Boyd, & Wright, 1992). Some further added that this competency area involves the ability to view things from different angle as well as the ability to analyse the possible pros and cons of a specific issue (Man & Lau, 2001). In the attempt to relate strategic change and competent organisation, Thompson (1996) proposed that strategic change is a part of strategic competence that could be linked to competitive success particularly for firms that operate in a dynamic and competitive environment. Operating in a dynamic environment often results in misfit between firms' strategies and external demand, which in turn, impel organisations to strategically change their operations and restructure their business when necessary. Several important elements required by entrepreneurs in doing so is the ability to be proactive and responsive to the changes in the environment and always be ready to respond to the changes in market condition and the environment (Man & Lau, 2000). As such, the ability to make strategic change also allows entrepreneurs to adapt and adjust the business operations to match the current demand in the industry. Based on the preceding discussion, there is a range of behaviours demonstrated by organisation's leader that could reflect strategic competency. The contention of this study is that strategic competency of SME entrepreneurs could be understood if an in-depth interview is conducted to unearth the strategic behaviours displayed by these entrepreneurs.

METHOD

The present study is undertaken to delve into the behaviours of Australian and Malaysian SME entrepreneurs that delineate strategic competency. Altogether, 20 entrepreneurs volunteered to participate in the study, in which the entrepreneurs were identified through snowball sampling method. Semi-structured interviews were conducted on an individual, face-to face basis. In the interviews, respondents were asked to comment on various aspects of their approach to managing their businesses that they perceived to be important to the success of a business. The study was presented to the participants as being about practices for small business owners in managing their business. The characteristics of the respondents are exhibited in Tables 1 and 2.

INSERT TABLES 1 AND 2 ABOUT HERE

RESULTS AND FINDINGS

Based on the qualitative data gathered, participants in general perceived Strategic Competency to be important in handling their business. Altogether, six clusters of strategic behaviours were derived including devise strategies, develop vision and business goals, conduct research, create competitive edge for firm to compete effectively, make strategic adjustment, and weigh costs and benefits. The clusters and 26 examples of behaviours reflecting Strategic Competency are summarised in Table 3.

INSERT TABLE 3 ABOUT HERE

All 20 participants from Australia and Malaysia recognised the importance of strategic behaviours in managing their business. Devising strategies to achieve business goals appeared to be the best represented cluster of Strategic Competency. As reported, strategies were formulated for a variety of goals: to achieve the overall business goal; to boost sales and increase turnover; to attract customers; to improve production; and to survive/succeed in a competitive environment. Besides developing strategies to achieve the business goals, Entrepreneur C (the owner of software development and computer related service company, Australia) highlighted the need to develop back-up strategies if the initial strategies did not work as planned. He stated:

> *I had also started to think about what happens if this doesn't actually succeed, like we would expect, and so I've been developing some thoughts on, essentially a fall back position of ensuring that if it doesn't succeed, then I'll ensure that the business does keep maintaining itself.*

It was also the case that 17 participants (9 Australians and 8 Malaysians) perceived having a long-term vision and plans for business as being crucial. A remark illustrating the importance of this cluster was made by entrepreneur C (the owner of software development and computer related service company, Australia):

> *In terms of the actual business success, I think a lot of that comes down to having your direction and mapping your ways to get there, that would be a major, major contributor to a business not succeeding.*

The other behaviour reflecting Strategic Competency pointed out by 15 participants (7 Australians and 8 Malaysians) was conducting research. The focus of research, however, varied across countries. Australians focused their research on the products and services available in the market, and the analysis of the business environment to forecast trends and customers' preferences. As stated by entrepreneur A (the owner of a handbag designing and manufacturing company, Australia):

> *You have to really do your research in terms of not only starting your own business and what is required from you but really research what product or service you can offer…*

By contrast, Malaysians participants expressed concern about researching their major competitors and a strategic business location issues not highlighted by Australian participants. The focus on the importance of location is consistent with suggestions made by Chawla, Pullig, and Alexander (1997) who argued that location was critical for business success, especially in retail firms. Nonetheless, a number of other topics of research were consistently mentioned by entrepreneurs from both countries: potential customers, the state of business environment, and current trends. Entrepreneurs also indicated that small business owners could not afford to allocate time and financial resources to formal research, and, consequently, most research was done informally. According to entrepreneur M (the owner of a steel trading company, Malaysia):

> *I think everybody did SWOT and PEST either formally or informally… but here, we do it informally. We do research on price, location, capacity, and our strength in marketing. We even sent our staff to survey potential customers…but not formally because we don't have to present it to the boss (as in large firms) (translation).*

Entrepreneur Q (the owner of catering service and restaurant, Malaysia) stated that:

> *For me, I see conducting market research as the backbone of knowing what products or services that the customers want; how and where to sell those products or services. So it is very important to do a bit of research about the industry, customers, as well as your competitors…(translation).*

According to this participant, conducting market research, especially on competitors, would help entrepreneurs understand their firm's position and gaps in the industry, thereby enabling them to identify a market niche. Similarly, Entrepreneur M (the owner of a steel trading company, Malaysia) mentioned:

> *We monitor and scan the environment. Now there are 2 big steel manufacturers and since they are big, their advantages are they have big name and they produce big volume. Normally they target big customers. Our aim is to approach small customers who have problem purchasing from big company (translation).*

He commented further that market research was extremely important in the start-up stage, but that the process should not stop there; it should be continued through all stages of the business life cycle. This corresponds to Choo's (2001) argument that environmental scanning allows the identification of opportunities and threats posed by the environment.

Surprisingly, four of 10 participants from Australia indicated that they did not pay much attention to what their competitors did because they picked up new customers based on referral by existing customers who were satisfied with their products or services. Clearly, these entrepreneurs believed in having a strong base of loyal and satisfied customers. As mentioned by Entrepreneur E (the owner of an air conditioner service company, Australia):

> *We are a very funny little company especially in terms of how we operate… we do virtually no advertising. 90% of the work we do is referrals from existing clients.*

Six of 10 Malaysians mentioned it was important to be aware of the competitors' actions and devise appropriate responses. Entrepreneur S (the owner of a printing service company, Malaysia) said:

> *In these days, business faces very intense competition. Even though the market is big, I need to develop effective strategies to compete (translation).*

The strong focus on competition and competitors' practices in Malaysia may reflect the availability of numerous choices of products and services in the Malaysian market. Evidence has shown that competition is one major cause of switching behaviours among customers to a new provider because of the "attraction" posed by them (Keaveney, 1995). The fear of losing customers to competitors may put business owners in Malaysia under considerable pressure to formulate strategies that mitigate this risk.

Entrepreneurs from both countries also highlighted the significance of making strategic adjustments over time. Six participants from Australia and five from Malaysia reported that it was vital to make strategic adjustments to overcome difficulties that arose during low demand periods, or in saturated markets, by being flexible or developing contingency plans. According to Entrepreneur A (the owner of a handbag designing and manufacturing company, Australia):

> *Flexibility is very important in running a business because things change, particularly in my sort of industry, and when things change, you have to be able to adapt to it as well…so, I have to be able to have a contingency plan.*

Correspondingly, the ability to adjust to market crises, such as a sudden downturn in demand, has been associated with successful performance in small firms (Smallbone, Leig, & North, 1995).

The importance of creating a competitive edge was emphasised by 13 entrepreneurs (6 Australians and 7 Malaysians). However, different methods of doing this were highlighted by participants from both countries. Participants from Australia reported outsourcing non-core activities; specialising in one business portfolio; and creating a good business image and reputation. Three examples are worth highlighting:

> *These days most people running a small business are actually outsourcing skills to get tasks done that they cannot do themselves or they are not equipped to do or they do not have time to do…(Entrepreneur E, the owner of air an conditioner service company, Australia).*

> *There's no point diversifying and doing a bit of everything and trying to get people in when all you're doing is making them upset because you do not know anything, you know, you're stretching yourself too thinly (Entrepreneur D, the owner of computer and related service company, Australia).*

> *If something bad happens, it's better if we keep it within the business because you don't want to tarnish the company's reputation... For us, creating and having a good reputation is important (Entrepreneur H, the owner of a website development company, Australia).*

By contrast, Malaysians focused more on investing in technology especially communication technology and utilising up-to-date technology. This was seen as a means whereby to remedy the common constraint on growth of SMEs in Malaysia, namely, the use of outdated technology (Osman & Hashim, 2003). Another method for building competitive advantage in Malaysia was diversifying the business portfolio. As mentioned by Entrepreneur N (the owner of a motor trading company, Malaysia):

> *It is important for me to diversify my business portfolio so that I do not rely on only one source of income (translation).*

It has also been noted that several interviewees (3 Australians and 6 Malaysians) actively weighed the costs and benefits of undertaking strategic actions. This was especially significant if the actions required a significant financial commitment on the part of the entrepreneurs because more often than not, the owners utilised their own personal savings for business investment (Bennett & Dann, 2000; Tucker & Lean, 2003).

The results of the analysis of Strategic Competency, and the clusters of behaviour that define it, are summarised in Figure 1.

INSERT FIGURE 1 ABOUT HERE

DISCUSSION AND CONCLUSION

In general, the examination of the nature of the strategic behaviours identified by participants from both countries highlighted four key elements. First, the need to devise strategies that would enable their business to succeed was clearly articulated. Second, Australians and Malaysians exhibited a common understanding of the importance of having a clear vision and direction for their business. These findings are consistent with the literature that has reported that formulating strategies and developing clear business goals and a vision are significantly related to entrepreneurial behaviour in smaller firms (Sadler-Smith et al., 2003). Third, entrepreneurs from both countries agreed on the importance of creating a competitive edge in business; however, different means for achieving this goal were articulated. Australians highlighted the significance of outsourcing non-core business activities such as advertising, payroll, and marketing. Among Malaysian entrepreneurs, there was no discussion of outsourcing business activities; these entrepreneurs emphasised investing and utilising up-to-date technology as means whereby to develop the firm's competitive advantage. Fourth, a marked contrast was noted with respect to the importance of diversification or specialisation to gain competitive advantage. Australians stressed specialisation whereas Malaysians emphasised diversification. This variation may reflect the differences in the industries in which the entrepreneurs were operating, differences in their firm's maturity, and differences in the degree of competition.

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Table 1. Characteristics of the Australian Participants

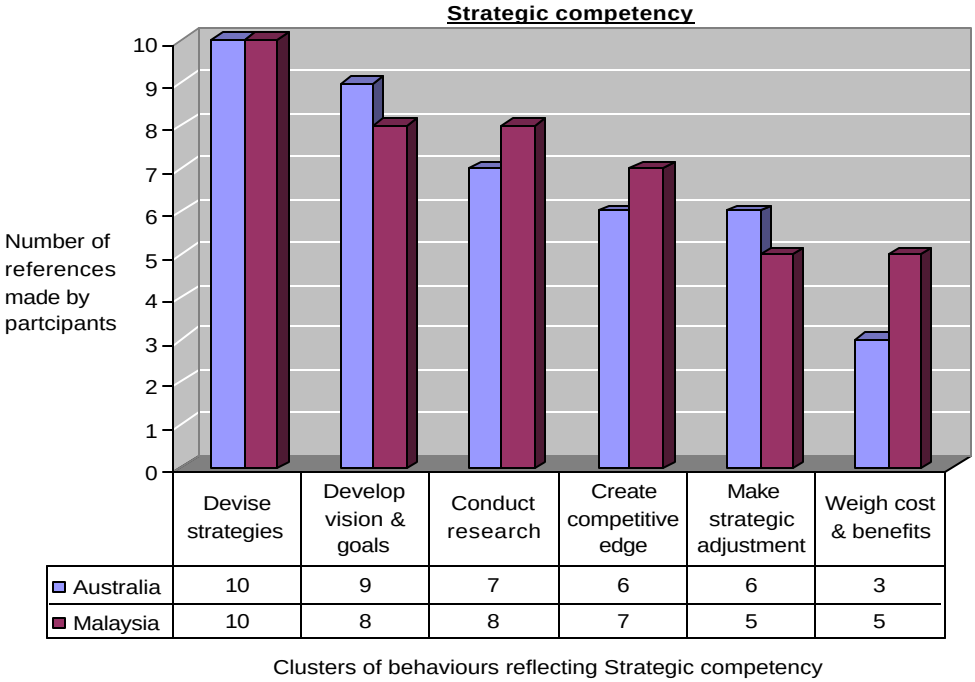
Participants	Gender	Current Age	Education Level	Start up Age	Previous occupation	Management / technical training prior to start up (Formal/ informal)
A	Female	28	Bachelor degree	25	Solicitor	Management (Formal)
B	Male	63	Certificate	26	Involved in other business	Management (Informal)
C	Male	37	Certificate	25	Involved in other business	Technical (Informal)
D	Male	40	Halfway through university	32	Electronic Technician	Technical (Informal)
E	Male	42	High School	27	Electrician	Technical (Informal)
F	Female	45	Masters degree	42	Company Director	Management and technical (Formal)
G	Male	56	High school	36	Store Manager	Management and Technical (Informal)
H	Female	23	Masters degree	21	Human Resource Advisor	Management (Formal)
I	Female	32	Certificate	30	Retail	Technical (Formal)
J	Female	24	Bachelor degree	22	Working with government	Technical (Formal)
M		39		28.6		
SD		13.19		6.54		

Table 2. Characteristics of the Malaysian Participants

Participants	Gender	Race	Current Age	Education Level	Start up Age	Previous occupation	Management/ Technical training prior to start up (Formal/ Informal)
K	Female	Malay	45	High school	40	Involved in other business	Management (Formal)
L	Female	Malay	40	Diploma	38	Bank officer	Management (Formal)
M	Male	Malay	44	Masters degree	39	General Manager in a public listed company	Management and Technical (Formal and informal)
N	Male	Malay	50	High school	20	NIL	Technical (Formal)
O	Male	Indian	43	High school	27	Factory worker	NIL
P	Male	Chinese	42	High school	25	Involved in other business	Technical (Informal)
Q	Male	Malay	41	High school	38	Factory worker & doing part time business	Technical (Informal)
R	Male	Chinese	35	Bachelor degree	26	Employed in a private company	Technical (Formal)
S	Male	Chinese	36	High school	29	Employed in a private company	Technical (Informal)
T	Male	Chinese	45	High school	30	Salesperson	Technical (Informal)
M			42.1		31.2		
SD			4.43		7.04		

Table 3. Strategic Competency Domain: Clusters and Examples of Strategic Behaviours

Cluster	Examples of behaviours
Devise strategies	• Devise strategy to overcome crisis • Devise strategy to match current business trend • Devise strategy to compete with others • Devise strategy to attract customers • Devise strategy to boost sale • Devise strategy for business production • Map ways to reach business goals
Develop vision and business goals	• Think about the future and develop long run goal • Have clear direction • Move ahead towards goals systematically • Prioritise activities with alignment to business goals
Conduct research	• Conduct research before proceeding with investment, e.g. setting up new branch; before introducing products/services introducing new products • Conduct research on business premise • Conduct research on potential customers • Conduct research on the quality of a product • Analyse changes in business environment
Create competitive edge	• Utilise firm's capabilities to improve performance • Diversify business portfolio or specialised in one portfolio • Create good business image and reputation • Outsource non-core business activities such as marketing and advertising
Make strategic adjustment or change (adaptability)	• Plan to overcome difficulties during low periods • Prepare and plan for the worst scenario • Be flexible in developing plans/contingency plans
Weigh costs and benefits	• Consider the benefits of investing in technology and R&D • Analyse pros and cons to determine strategic action • Evaluate business activities



	Devise strategies	Develop vision & goals	Conduct research	Create competitive edge	Make strategic adjustment	Weigh cost & benefits
Australia	10	9	7	6	6	3
Malaysia	10	8	8	7	5	5

Figure 1. Clusters of Behaviours that define Strategic Competency in Australia and Malaysia.

CHARACTERISTICS AND KEY SUCCESS FACTORS IN CHINESE FAMILY - OWNED BUSINESS: THE CASE OF CHINESE DESCENT BUSINESS IN DKI JAKARTA AREA

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ABSTRACT

The family owned business is usual in Chinese family. From time to time Chinese family-owned business becomes one of organization business that successfully to rule the world of business. The importance of the Chinese family-owned business has been paid much attention by scholars and researchers in this field. This research is intended to examine the success factors of the Chinese family-owned business in DKI Jakarta area. The respondents were selected from professionals [not the owners] who work for the company listed in Indonesia Stock Exchange and established or managed by Chinese family-owned business. From the valid questionnaires, it was found that motivation and education are the top two success factors. The research also showed that there was a significant relationship between number of employees, family member working in the company and level of revenue growth.

***Keywords*:** Chinese family-owned business, DKI Jakarta, Chinese Descent, Chinese Business, Success, Network, Culture, Motivation, Education

Introduction

The family owned business is usual in Chinese family. From time to time Chinese family-owned business becomes one of organization business that successfully to rule the world of business. From tiny ants they grow up to be the giant of the dragon. Only 4% of the Indonesian population is Chinese but Chinese descent controls a significant proportion of Indonesian business. This research is an examination of Chinese family-owned business that focuses in Chinese descent in DKI Jakarta area.
The growth of China is significant in this century and also Chinese Business, especially The Overseas Chinese [? ?] or "huaqiao" or Chinese descent. That term is commonly used for Chinese in Southeast Asia. In a broad sense, "Overseas Chinese" that has been sharply criticized in Southeast Asia for its implications that Chinese born abroad with status as a citizen in another nation are still Chinese in essence. The Chinese descent has played a significant role business not only in Asian but in this world. The importance of the Chinese family-owned business has been paid much attention by scholars and researchers in this field.

Research Questions

- Is there significant relationship between types of business with level of revenue growth?
- Is there significant relationship between types of ownership with level of revenue growth?
- Is there significant relationship between company ages with level of revenue growth?
- Is there significant relationship between numbers of employees with level of revenue growth?
- Is there significant relationship between family members working in the company with level of revenue growth?
- Is there significant relationship between family members in top level management with level of revenue growth?
- Are there impact between network, culture, motivation and education towards success of Chinese family-owned business?

Literature Review

For the Chinese, business has always been connected to family. In this regard a unique business structure was developed by the Chinese descent business people, known as Chinese Family-Owned Businesses (CFOBs). The CFOBs are operated by three interrelated systems. Literally there are “Chinese”,

"Family-owned" and "Business". "Chinese" implies the Chinese cultural environment or context; "Family-owned" means this system is subjected to family domination or ownership, while "Business" assumes that the operation follows economic and business principles (Yu, 2004).

Four features of Chinese family-owned business (Chen, 2001):

? Family-directed operation

The typical Chinese business family is headed by a patriarchal or matriarchal figure, often who is the founder of the business. The other family members have key positions. The extended family may have its own companies that are linked together to form a complex network. Cross-holdings are common but are not always apparent since knowledge of such holdings often is kept private.

Even when a Chinese business is a publicly held corporation, it often is family controlled. The family members generally take a hands-on approach in the affairs of the business. Decision-making is informal and often occur at events such as family dinners.

? Dominant family head

Chinese business families usually are controlled by a dominant family head that has the final word on important decisions. This person may have advisors who are family members or close friends. Such relationships are more important that what the organizational chart may imply.

? Enduring roles and family obligations

The heads of Chinese family businesses usually are succeeded by family members who carry the business tradition to the next generation. Even if nobody in the family has the skill to run the business, family members are preferred over outside professional manages.

? Family-financed, family-accountable corporation

The formal accounting in a Chinese business family tends to be tax purposes, with the real books kept in the heads of family members. People are evaluated informally and personal reputation is more important than achievements. Decisions are made quickly, often based on personal recommendations (Chen, 2001).

Network

Chinese business culture is relationship-based. The successful Chinese business person would be described as well-connected. The conventional translation of the word *guanxi* [? ?] is "connections", but there is more meaning to the word than that translation conveys. A more complete translation is connections with mutual obligation, goodwill, and personal affection with emphasis on family and shared experiences
(Chen, 2001).

Guanxi can be a key for successful business. With *guanxi*, efficiency and advantage of business in the market can be expected to increase as a result of information sharing, trust, continuity transactions with business partners, and relationship with government offices and financial institution.

To enhancement business capabilities, information sharing is important to seek a new business and also make cooperation with other business firm. Trusting in environment business promotes reciprocity within a network and encourages business partners to engage more information sharing.

Trust, this can be indicating greater openness to the potential for value creation through exchange and combination. Therefore, trustworthiness increased the efficiency of resource exchange utilized between the firms and business partners, which in turn increased efficiency and competitiveness in the marketplace.

Continuities business interactions between a firm and its business partners enable both parties to establish an effective work routine that provides an incubator for the exchange of business information and knowledge, particularly understood know-how. It also reduces the chance of opportunistic behavior, by building up institutional arrangements to minimize the sources of transaction cost occurrence. In other words, business partners are willing to commit themselves to investing in relationship-specific routines because of reduced opportunistic behavior.

A good relationship with financial institutions can provide firms with a competitive advantage in obtaining benefits such as low interest rate loans. At the same time a strong connection with government offices can also help firms obtain access to valuable information, such as government

policy on future economic development, taxation and import and export regulations. Access to valuable information can put firms in a better position to operate more efficiently with their business partners, and increase their competitiveness in the marketplace (Sahakijpicharn, 2007).

Motivation

According to Maslow, there are five basic categories that influence or motivate individual. First physiological needs (food, air, water and the like). Next are safety needs, the need for a secure and stable environment and the absence of pain, threat, or illness. Belongingness includes the need for love, affection and interaction with other people. Esteem includes self esteem through personal achievement as well as social esteem through recognition and respect from others. And at the top of the hierarchy is self actualization, which represents the need for self fulfillment, a sense that a person's potential has been realized (McShane, Von Glinow, 2008). The theory can be summarized as: Human beings have wants and desires which influence their behavior; only unsatisfied needs can influence behavior, satisfied needs cannot. Since needs are many, they are arranged in order of importance, from the basic to the complex. The person advances to the next level of needs only after the lower level need is at least minimally satisfied. The further the progress up the hierarchy, the more individuality, humanness and psychological health a person will show (Wikipedia).

Risk taking is one of the most distinctive features of entrepreneurial behavior, since entrepreneurs typically organize, own, manage, and assume the risk of businesses (Kreiser et al, 2002). Creating new ventures is by definition a risky business. (McClelland, 1961) suggested that entrepreneurs have only a moderate level of risk propensity, (Timmons, 1989) suggested that entrepreneurs take calculated risks. Palich and Bagby (1995) argued that entrepreneurs are generally no more disposed to taking risks than non - entrepreneurs, but simply perceive risky situations more optimistically than others. In other words, they are more willing to undertake entrepreneurial efforts that others see as too risky.

Culture

Culture generally refers to patterns of human activity and the symbolic structures that give such activities significance and importance. Different definitions of "culture" reflect for understanding, or criteria for evaluating, human activity. One of Chinese culture that influences their business is Confucius. Confucianism is a major system of thought in China developed from the teachings of the Chinese philosopher Confucius and his disciples and concerned with the principles of good conduct, practical wisdom, and proper social relationship. The keynote of Confucian ethics is ren [?]. Confucianism has influenced the Chinese attitude toward life, set the patterns of living and standards of social values. This Chinese attitude also impact to Chinese business.

There are several basic values that influence Chinese culture:

? Importance of interpersonal relationships [? ?]

The relation to someone dictates what you can expect from someone and what he can expect from you (Fjell, 2005).

? Family and group orientation

The Chinese firms prefer family ownership to the growth of their firms. Put another way, to maintain their family ownership, they are often unwilling to obtain resources from outside the family or kinship networks. As a result, the traditional Chinese firms are typically small in size and have a simple structure (Li, Khatri, Lam, 1999).

? Respect for age and hierarchy

The Chinese firms are likely to cultivate a strong family-style organizational culture that is characterized by hierarchy and centralized decision making (Li, Khatri, Lam, 1999). In practice, most of the Chinese organizations do not have a formal or explicit organization chart, but it implies that the management position is based on the individual position and seniority in the family hierarchy (Wah, 2001).

? Avoidance of conflicts and the need for harmony

Civility and manners protect harmonious relations. If relations are not harmonious it is important to at least keep up appearances. The unity of the group is more important than individual opinions (Fjell,
2005).

? Concept of face [? ?]

Face is a dynamic which applies to both personal and business relationships in China. In Asian culture, if someone has "good face" (or quite simply has "face"), such "face" means someone has a good reputation in front of one's peers. Interestingly enough, having good face is actually a "bankable" notion in Chinese culture. Having face in front of one's business colleagues or within a community is literally a statement of that person's value. If someone has good enough face, in some cases they can walk into a lending institution (such as smaller, privately operated banks), and take out a loan on their word only. People with good face are generally dependable, reliable, and safe to do business with. In situations where someone of reputation has made a mistake or done wrong, and the error is made attributable to that person in public, then that one person has "lost face" - their reputation in the eyes of their peers has been reduced. Losing face is an experience no-one wishes to have been fall them. So, even if the one losing face is clearly "wrong", some folks will go to great lengths to avoid the appearance of losing face. *Saving face* implies a situation where someone's reputation is under question, or has already been lost, and is undergoing restoration. Saving face is an action whereby one is able to prove that they were not wrong, or show that the degree of their wrongdoing was only very small - not such a big deal. *Lending face*
(sometimes called *giving face*) is another interesting study in the face concept as a bankable commodity. In a case where a person has no face or no recognized reputation within certain circles, this person may be required to seek out and "borrow" a certain measure of face from someone willing to "lend" it to them
(Melendez, 2007).

Education

Education differences are important in explaining why some Asian immigrant groups own successful businesses and other do not. Education differences appear to be much less important in explaining the variation in business ownership. (Fairlie, Zissimopoulos, Krashinsky, 2007).

One of the major factors distinguishing immigrants from different countries is education levels. Immigrants from different countries vary substantially in the levels of education that they bring to the host country because of differences in educational institutions and selection. These differences in education levels have implications for business ownership and performance. Education is found to be a determinant of business ownership in some countries and generally found to be a strong determinant of business earnings around the world (Parker 2004, van der Sluis, van Praag and Vijverberg 2004, and van Praag 2005).

There are several effect of being educated in the west, more open style of management, desire to more equal treatment, more honest interaction with boss, less harassment and more recognition of good work
(Curtis and Lu, 2004)

The growing profile of the new generation of Chinese managers and professionals clearly more individualistic, less collectivistic and less committed to Confucian philosophy than their previous generation counterparts. The values of this new generation appear to be reflecting the influences of the social reform era in which they grew up, a period relative openness and freedom when somewhat greater exposure to western society influences was permitted. The new generation of Chinese managers is more similar to western managers than are the previous generations, especially in respect to individualistic behavior. In other words, Chinese manager and professionals adopt western style and still not leaving their culture and previous generation experience. They may be viewed as cross verging their eastern and western influences, while on the road of modernization (Ralston, Egri, Stewart, Tepstra, Yu, 1999).

IV. Research Methodology

The observed variables of successful variables are Return on Equity and Revenue Growth as can be seen in Table 1. Return on Equity is useful to see how a company generates its profits. Revenue Growth shows the annual growth of company revenue. For independent variables can be seen in Table 2. The detailed of those variables is described in Table 2.

Table 1. Observed Variables for Dependent Variable

Dependent Variable	Observed Variables
Successful	Return on Equity Revenue Growth

Table 2. Observed Variables for Independent Variables

Independent Variable	Observed Variables
Network	Exchange Bussiness Information Trust with Business Partner Continuities Relationship Relationship with Government Relationship with Financial Institution Exchange Business Information

Table 3. Observed Variables for Independent Variables (continued)

Independent Variable	Observed Variables
Culture	Close Relationship in Business Type of Business Ownership Seniority Hierarchy in promoting staff Solidarity in Group Prestige & Reputation
Motivation	Mostly Develop Own Business Never Satisfied & Wanted Grow Up Take Care in Their Group Opportunity, Brave and Not Give Up Diligent & Hard Working
Education	Education Influence of Success Business Influence of Western Management Style Still Adopt Chinese Culture Open Management Education Influence in Business Group

Figure 1. Reseach Model 2

Based on Figure 4.2., level of revenue growth predicted have significant relationship with several variables, like type of business, type of ownership, company ages, family member in management level, family member working in the company, number of employees.

V. Result of Research Analysis

Analysis the 1st Hypothesis

HO : There is insignificant relationship between type of business and level of revenue growth.

H1 : There is significant relationship between type of business and level of revenue growth.

Type of Business * Revenue Growth in 5 Years

Crosstabulation		Revenue Growth in 5 Years				
		10-15%	15-20%	20-30%	>30%	Total
Type of Business	Property, Real Estate and Constructions	0	2	1	0	3
	Retail, Hotel and Restaurant	1	3	1	0	5
	Energy, Mining, and Oil	0	2	1	0	3
	Industry	0	1	2	0	3
	Bank, Finance, Investment and Insurance	0	4	2	1	7
	Food and Beverages	0	5	0	0	5
	Others	0	4	0	0	4
Total		1	21	7	1	30

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	15.143[a]	18	.652
Likelihood Ratio	14.619	18	.688
Linear-by-Linear Association	.604	1	.437
N of Valid Cases	30		

a. 28 cells (100.0%) have expected count less than 5. The minimum expected count is .10.

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	.710	.652
	Contingency Coefficient	.579	.652
N of Valid Cases		30	

Analysis the 2nd Hypothesis

HO : There is insignificant relationship between type of ownership and level of revenue growth. H1 : There is significant relationship between type of ownership and level of revenue growth.

Type of Ownership * Revenue Growth in 5 Years

Crosstabulation		Revenue Growth in 5 Years				
		10-15%	15-20%	20-30%	>30%	Total
Type of Ownership	Sole Proprietor	1	1	1	0	3
	Corporate	0	4	0	0	4
	Private	0	15	6	1	22
	Partner	0	1	0	0	1
Total		1	21	7	1	30

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	12.035[a]	9	.211
Likelihood Ratio	9.104	9	.428
Linear-by-Linear Association	1.184	1	.277
N of Valid Cases	30		

a. 14 cells (87.5%) have expected count less than 5. The minimum expected count is .03.

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	.633	.211
	Contingency Coefficient	.535	.211
N of Valid Cases		30	

Analysis the 3rd Hypothesis

HO : There is insignificant relationship between company ages and level of revenue growth. H1 : There is significant relationship between company ages and level of revenue growth.

Company Age * Revenue Growth in 5 Years

Crosstabulation		Revenue Growth in 5 Years				
		10-15%	15-20%	20-30%	>30%	Total
Company Age	6-10 years old	1	3	0	0	4
	11-15 years old	0	2	2	0	4
	>16 years old	0	16	5	1	22
Total		1	21	7	1	30

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9.286[a]	6	.158
Likelihood Ratio	7.727	6	.259
Linear-by-Linear Association	1.980	1	.159
N of Valid Cases	30		

a. 10 cells (83.3%) have expected count less than 5. The minimum expected count is .13.

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	.556	.158
	Contingency Coefficient	.486	.158
N of Valid Cases		30	

Analysis the 4th Hypothesis

HO : There is insignificant relationship between number of employees and level of revenue growth. H1 : There is significant relationship between number of employees and level of revenue growth.

Number of Employees * Revenue Growth in 5 Years

Crosstabulation		Revenue Growth in 5 Years				
		10-15%	15-20%	20-30%	>30%	Total
Number of Employees	10-50	1	0	0	0	1
	51-100	0	6	0	0	6
	100-500	0	15	5	0	20
	501-1000	0	0	0	1	1
	>1001	0	0	2	0	2
Total		1	21	7	1	30

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	68.571[a]	12	.000
Likelihood Ratio	26.466	12	.009
Linear-by-Linear Association	12.172	1	.000
N of Valid Cases	30		

a. 19 cells (95.0%) have expected count less than 5. The minimum expected count is .03.

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	1.512	.000
	Contingency Coefficient	.834	.000
N of Valid Cases		30	

Analysis the 5th Hypothesis

HO : There is insignificant relationship between family member working in the company and level of revenue growth.

H1 : There is significant relationship between family member working in the company and level of revenue growth.

Family Member Working in The Company * Revenue Growth in 5 Years

Crosstabulation		Revenue Growth in 5 Years				
		10-15%	15-20%	20-30%	>30%	Total
Family Member Working in The Company	1-3	0	20	4	0	24
	3-5	1	1	3	0	5
	7-9	0	0	0	1	1
Total		1	21	7	1	30

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	40.667[a]	6	.000
Likelihood Ratio	17.830	6	.007
Linear-by-Linear Association	8.525	1	.004
N of Valid Cases	30		

a. 10 cells (83.3%) have expected count less than 5. The minimum expected count is .03.

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	1.164	.000
	Contingency Coefficient	.759	.000
N of Valid Cases		30	

Analysis the 6th Hypothesis

HO : There is insignificant relationship between family member working in top level management and level of revenue growth.

H1 : There is significant relationship between family member working in top level management and level of revenue growth.

Family Member in Top Level Management * Revenue Growth in 5 Years

Crosstabulation		Revenue Growth in 5 Years				
		10-15%	15-20%	20-30%	>30%	Total
Family Member in Top Level Management	Yes	1	18	7	1	27
	No	0	3	0	0	3
Total		1	21	7	1	30

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.429[a]	3	.699
Likelihood Ratio	2.280	3	.516
Linear-by-Linear Association	.697	1	.404
N of Valid Cases	30		

a. 6 cells (75.0%) have expected count less than 5. The minimum expected count is .10.

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	.218	.699
	Contingency Coefficient	.213	.699
N of Valid Cases		30	

Analysis the 7th Hypothesis

HO : There are insignificant affect between network, culture, motivation and education towards success of Chinese family-owned business.

H1 : There are significant affect between network, culture, motivation and education towards success of Chinese family-owned business.

Variables Entered/Removed[b]

Model	Variables Entered	Variables Removed	Method
1	Education, Network, Motivation, Culture[a]		. Enter

a. All requested variables entered.

b. Dependent Variable: Success

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.586[a]	.344	.239	.49410

a. Predictors: (Constant), Education, Network, Motivation, Culture

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.197	4	.799	3.273	.027[a]
	Residual	6.103	25	.244		
	Total	9.300	29			

a. Predictors: (Constant), Education, Network, Motivation, Culture

Coefficients

Model		Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	VIF
1	(Constant)		1.243	.225		
	Network	-.013	-.076	.940	.893	1.120
	Culture	.094	.409	.686	.498	2.009
	Motivation	.619	3.017	.006	.623	1.605
	Education	-.465	-2.180	.039	.576	1.735

a. Dependent Variable: Success

Analysis the 7th Hypothesis [re-test]

Variables Entered/Removed[b]

Model	Variables Entered	Variables Removed	Method
1	Education, Motivation[a]	.	Enter

a. All requested variables entered.

b. Dependent Variable: Success

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.582[a]	.339	.290	.47706

a. Predictors: (Constant), Education, Motivation

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.155	2	1.578	6.932	.004[a]
	Residual	6.145	27	.228		
	Total	9.300	29			

a. Predictors: (Constant), Education, Motivation

b. Dependent Variable: Success

VI. Conclusion

1. There is insignificant relationship between type of business and level of revenue growth.
2. There is insignificant relationship between type of ownership and level of revenue growth.
3. There is insignificant relationship between company age and level of revenue growth.
4. There is significant relationship between number of employee and level of revenue growth.
5. There is significant relationship between family member working in the company and level of revenue growth.
6. There is insignificant relationship between family member in top level management and level of revenue growth.
7. Education, network, motivation and culture factors are significant relationship with success and have impact with success about 23.9%.
8. Education and motivation factors are significant relationship with success and have impact with success about 29%.
9. Network, culture, motivation and education are factors that have relationship with their success, especially motivation and education.
10. Network and culture not significant become the important factors.

VII. Questionnaires and their measurement properties

Responses to the following questions ranged from "1 = totally disagree" to "6 = totally agree".

Network [Cronbach's a = 0.78]	Culture [Cronbach's a = 0.797]
• Exchange Business Information Trust with Business • Partner Continuities Relationship Relationship with Government • Relationship with Financial Institution	• Close Relationship in Business • Type of Business Ownership • Seniority Hierarchy in promoting staff • Solidarity in Group • Prestige & Reputation
Motivation [Cronbach's a = 0.734]	**Education [Cronbach's a = 0.822]**
• Mostly Develop Own Business Never Satisfied & Wanted Grow Up Take Care in Their Group • Opportunity, Brave and Not Give Up • Diligent & Hard Working • Education Influence in Business Group	• Education Influence of Success Business • Influence of Western Management Style • Still Adopt Chinese Culture • Open Management

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