

THE 12<sup>TH</sup> MALAYSIA-INDONESIA INTERNATIONAL CONFERENCE ON  
ECONOMICS, MANAGEMENT, AND ACCOUNTING 2011

## MIICEMA

*“Borderless Economy: Opportunities and Challenges for Businesses in  
Southeast Asia”*

13-14 October 2011

VENUE:

Magister Manajemen  
Magister Perencanaan Pembangunan  
Fakultas Ekonomi, Universitas Bengkulu

## PROCEEDINGS

EDITED BY:

Lizar Alfansi  
Paulus Sulluk Kananlua  
Sugeng Susetyo  
Effed Darta Hadi  
Siti Aisyah  
Ferry Tema Atmaja

MAIN ORGANIZER:



Fakultas Ekonomi  
Universitas Bengkulu, Indonesia

JOINT ORGANIZERS:



Universitas Kebangsaan, Malaysia  
Universitas Syiahkuala Banda Aceh, Indonesia  
Universitas Muhammadiyah Surakarta, Indonesia  
Institut Pertanian Bogor, Indonesia  
Universitas Padjajaran Bandung, Indonesia

ISBN 978-979-9431-68-4

*Copyright 2011  
Fakultas Ekonomi, Universitas Bengkulu*

*All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, electronics or mechanical including photocopy, recording or any information storage and retrieval system, without permission in writing from Fakultas Ekonomi, Universitas Bengkulu*

*Published in Bengkulu by  
Fakultas Ekonomi, Universitas Bengkulu  
Jl. WR.Supratman, Kandang Limun Bengkulu 38371 A*

*Printed in Bengkulu By  
Unib Press  
Universitas Bengkulu  
Jl. WR.Supratman, Kandang Limun Bengkulu 38371 A*

*Proceedings of the 12<sup>th</sup> Malaysia-Indonesia International Conference on Economics, Management, and Accounting: Borderless Economy: Opportunities and Challenges for Businesses in Southeast Asia/ Edited By Lizar Alfansi, Paulus Sulluk Kananlua, Sugeng Susetyo, Effed Darta Hadi, Siti Aisyah, Ferry Tema Atmaja*

**ISBN 978-979-9431-68-4**

## TABLE OF CONTENT

The Conference History.....	ix-x
Greeting from the Conference Chair.....	xiii
Conference Program.....	xiv
Concurrent Session Program.....	xv-xxix
Keynote Speaker Papers.....	xxx-lv
List of MIICEMA 2011 Organizing Committee.....	lvi
List of MIICEMA 2011 Reviewers.....	lvii
<b>FULL PAPERS</b>	
<b>ECONOMICS TRACK</b>	
MIICEMA Unib-4 Bilateral Trade Relations Of Malaysia And Saudi Arabia - An Analysis .....	1-14
MIICEMA Unib-7 Keberkesanan Menyeluruh Agihan Zakat: Kes Bantuan Modal Kepada Asnaf Fakir Dan Miskin .....	15-26
MIICEMA Unib-11 How Instant Messaging Improves Real Life Interaction: Case Study Of Blackberry User Group .....	27-38
MIICEMA Unib-17 An Optimal Model Of Monetary And Fiscal Policy Interaction .....	39-55
MIICEMA Unib-23 Analysis Of Life Insurance Demand In Malaysia .....	56-62
MIICEMA Unib-28 Small And Medium-Sized Enterprises Development In The First Malaysia Plan Through The Tenth Malaysia Plan .....	63-72
MIICEMA Unib-41 Investigating the 'Goldilocks Phenomenon' in Branding: What Size and What Place?.....	73-89
MIICEMA Unib-50 Short And Long Run Causality Relationship Between Indonesian Human Resources And Investment Since 1985 Until 2007.....	90-108
MIICEMA Unib-52 Searching For Monetary Policy Indicators In Islamic Financial System.....	109-122
MIICEMA Unib-53 Pengumpulan Modal Manusia Dan Kesannya Terhadap Pertumbuhan Ekonomi.....	123-134
MIICEMA Unib-56 Dampak Ekonomi Sektor Pariwisata Di Provinsi Kepulauan Bangka Belitung.....	135-148
MIICEMA Unib-64 Implication of SBI Interest Rates On Banking Industry in Indonesia.....	149-162
MIICEMA Unib-73 An Empirical Application To Regionalism On ASEAN Trade: A Temporal Cross-Section And Panel Analysis With The Gravity Model.....	163-181
MIICEMA Unib-82 Technical Efficiency And Input Productivity Of Small And Medium Enterprises In The Malaysian Food Processing Industry.....	182-195
MIICEMA Unib-91 Studies On The Performance Of Microfinance: Local Diversity.....	196-202
MIICEMA Unib-95 Household Debt Decision: The Role Of Aspiration, Social Comparisons And Attitude Towards Debt.....	203-223
MIICEMA Unib-105 The Impact Fiscal Deficit And Macroeconomic Variables On Inflation In Indonesia.....	224-238
MIICEMA Unib-108 Empowering Women To Reduce Poverty Through Microfinance.....	239-256
MIICEMA Unib-117 Firm-Level Investment And Monetary Policy In A Small Open Economy: Evidence From Malaysia.....	257-270
MIICEMA Unib-120 Performance Comparison Civil Servants Region Before	271-

	And After Expansion In The Province Riau .....	285
MIICEMA Unib-129	Socioeconomic And Gender Differences In Access To Health Care In Malaysia: A Non-Linear Decomposition Approach.....	286-311
MIICEMA Unib-131	The Implementation Of Export Subsidies Elimination By Developed Countries And It.....	312-325
MIICEMA Unib-132	Fiscal Sustainability, Public Debt, And Economic Growth.	326-340
MIICEMA Unib-135	Trade Flows Of Agricultural Commodities Of Indonesia Between Malaysia And China.....	341-352
NON-4	Gender Role Allocation In Selected Coffee Postharvest Activities In Rejanglebong And Lebong District, Bengkulu Province.....	353-360
NON-15	Determinants Of Foreign Trade: A Comparative Study Between Indonesia And Malaysia.....	361-373
NON-17	Factors Affecting Indonesian Potato Farmers Contracting Decision.....	374-379
NON-18	Political Influence On Economic Decision-Making In Government-Owned Companies: A Qualitative Assessment .....	380-400
NON-22	The Disparity Of Economic Development Among Provinces In The Region Of South Sumatra In The Era Of Regional Autonomy.....	401-425
NON-23	How Indonesian Crude Palm Oil Export Demands Respond To Exchange Rate Volatility?: An Error Correction Model Approach.....	426-438
NON-31	Ifemale Participation In The Labor Market In Bengkulu City.....	439-448
NON-34	Development Of Forest Area Society Participation In Business Activity Based On Environmental Conservation .....	449-456
NON-36	Lokalisasi Pengagihan Zakat Dan Cadangan Khidmat Sosial: Satu Tinjauan Awal.....	457-475
NON-37	Vulnerabiliti Pekerja Malaysia Dalam Persekitaran Kehadiran Pekerja Asing.....	476-490
NON-39	A Conceptualization Of The Cost Of Equity Of Islamic Banks.....	491-499
NON-41	Foreign And Domestic Shocks: Macroeconomic Responses Of Asean-3 Countries.....	500-522
NON-42	Public Spending And Health Service Performance In Indonesia.....	523-539
NON-45	An Integrated Model Proposed For Entrepreneurship Education And Development For Students In Bengkulu University.....	540-557
NON-48	Spatial Concentration Of Manufacturing Industry In Java Island.....	558-568
NON-49	Strategy Behavior In The Economies Of Coffee Farmers Using Protected Forests: Case Study In Protected Forest Bukit Pedinding Hill And Serdang Hill In Sub District Lebong.....	569-580
NON-52	Islamic Bank Practices; Idealism And Reality.....	581-592
NON-53	The Challenges Of Sustainable Transportation: Malaysian Experience.....	593-611
NON-55	Empowering Micro Business: Program Effectiveness Assessment Of KPN In Lhokseumawe.....	612-625

<b>MANAGEMENT TRACK</b>		
MIICEMA Unib-6	Budaya Organisasi Islam moden:kajian kes Bank Islam Malaysia Berhad.....	626-637
MIICEMA Unib-9	Entrepreneurial Motivation: The cases of Indian restaurant owners in Selangor and Kelantan, Malaysia.....	638-647
MIICEMA Unib-12	Consumer Perception towards Online Shopping: Case Study of Online Store in Bandung.....	648-658
MIICEMA Unib-20	Quality Management in PT. Consobiz Ventures.....	659-681
MIICEMA Unib-27	Resilience Of Islamic And Conventional Stock Markets Of Indonesia During The 2007 Global Financial Crisis: A Comparative Empirical Examination.....	682-704
MIICEMA Unib-41	Investigating The 'Goldilocks Phenomenon' In Branding:What Size And What Place?.....	705-720
MIICEMA Unib-42	Modelling The Causal Relationship Of Organizational Justice, Job Satisfaction, And Organizational Citizenship Behavior.....	721-734
MIICEMA Unib-48	The Impact Of Transformational Leadership On Absenteeism: Mediating Role Of Psychological Empowerment.....	735-747
MIICEMA Unib-59	A Study On The Effect Of Iran Mercantile Exchange On Accepted Metals Prices.....	748-755
MIICEMA Unib-67	Effectiveness of Inventory Management of Minute Maid Pulp Orange at Coca Cola Bottling Indonesia West Java Operation.....	756-771
MIICEMA Unib-69	Critical Review on Measuring Financial Constraints: Multicriteria Approach.....	772-787
MIICEMA Unib-75	Exploring The Relationship Between Job Satisfaction And Nurse Performances.....	788-798
MIICEMA Unib-76	Dilemma Of Business Ethics: The Solution.....	799-804
MIICEMA Unib-79	Comovements And Stock Market Integration In Asia: Post Financial Crisis 1997.....	805-818
MIICEMA Unib-87	The Effect Of Consumer Materialism Behavior Toward Consumer Purchase Decision On Private Label Products.....	819-827
MIICEMA Unib-98	How Are China's Fruit Perceived By Indonesian Consumer?.....	828-838
MIICEMA Unib-100	A Cross-Cultural Testing The Applicability Of Status Consumption In Indonesia And Malaysia.....	839-846
MIICEMA Unib-109	Do Human Resource Practices Influence Employees To Engage In Deviant Work Behavior? An Empirical Investigation In Malaysian Companies.....	847-856
MIICEMA Unib-112	Branding Malaysia As 'Halal Hospitality': A Conceptual Paper.....	857-863
MIICEMA Unib-119	Tri Dharma Philosophy Upon Budi Santoso's Leadership In Suara Merdeka Newspaper.....	864-876
MIICEMA Unib-122	Financial Stress, Agility And Multiple Crises: Preliminary Study On Aim.....	877-892
MIICEMA Unib-127	Reviewing Outsourcing Controversy In Indonesia: An Exploratory Study Of Human Resources Outsourcing Controversy In Semarang City.....	893-902
NON-2	A Comprehensive Review Of Trading Strategies: In Search An Excellent Strategy For Traders In The Indonesia Stock Exchange.....	903-913

NON-3	Consumer Ethnocentrism On High Involvement And Low Involvement Products.....	914-925
NON-9	Structure Of Formality As Moderating On Relationship Between Strategy Implementation And Firm Performance In Indonesia.....	926-943
NON-11	Examining The Effects Of Transformational Leadership In Indonesia And Australia.....	944-960
NON-12	The Role Of Leadership In Managing Individuals' Career Anchors: A Theoretical Perspective.....	961-974
NON-19	The Effect Of Good Corporate Governance Practices And Bond Rating On Bond Yield To Maturity.....	975-1005
NON-33	The Role Of Work Motivation As Mediating Variable On The Relationship Between Leadership Styles And Job Satisfaction At Regional Office Bengkulu Province.....	1006-1015
NON-38	Exchange Rate-Interest Differential Relationship: Evidence From Selected East Asian Countries.....	1016-1023
NON-40	Faktor-Faktor Yang Mempengaruhi Pengunjungan Pasar Raya Besar: Suatu Tinjauan Di Sebuah Pasar Raya Besar Di Melaka.....	1024-1052
NON-43	The Impact Of Internal Marketing And Customer Orientation To Service Quality And Their Implication On Customers Satisfaction Of Hospital Service Management .....	1053-1064
NON-44	Consumers's Perception and Brand Image in Creating Brand Loyalty.....	1065-1072
NON-46	Examining Relationships Among Leadership, Innovation Competencies And Operational Effectiveness.....	1073-1088
NON-47	Marketing Study Of Fisheries And Marine Products On Sea Coastal Management Of Bengkulu City.....	1089-1096
NON-50	Identification Of Training Effect On Small Business Performance.....	1097-1115
NON-56	The Influence Of Customer Orientation, Competitive Orientation And Coordination Functions Of Cross Product Innovation (Case Study On Small And Medium Craft Aceh Industries) .....	1116-1123
NON-57	An Analysis Of Prospective Collegians Perception To Develop Marketing Opportunities Of Higher Education In South Sumatra.....	1124-1131
<b>ACCOUNTING TRACK</b>		
MIICEMA Unib-3	Perceptions Of Accountants, Users, Organizers, And Students On Indonesian Education Standard For Professional Accountants.....	1132-1156
MIICEMA Unib-15	Budgetary Participation and Managerial Performance: A Study in Ministry of Home Affairs (MOHA), Malaysia.....	1157-1174
MIICEMA Unib-19	Malaysian Code of Corporate Governance:The Impact on Quality of Reported Earnings of Kuala Lumpur Composite Index (KLCI) Components.....	1175-1196
MIICEMA Unib-22	The Effect Of Capital Structure On Profitability: The Extended Analysis Of Biotechnology Companies Listed On The Bursa Malaysia.....	1197-1206
MIICEMA Unib-29	The Influence Of Capital Structure And Growth Of Company To Firm Value At Company In Indonesian Stock Exchange.....	1207-1216

MIICEMA Unib-30	What Makes People Pay Taxes In Self Assessment System?.....	1217-1232
MIICEMA Unib-39	A Conceptual Framework for Characterizing Strategic Management Accounting and Its implementation.....	1233-1243
MIICEMA Unib-40	Pengaruh Leverage, Pertumbuhan Aktiva, Dan Ukuran Perusahaan Terhadap Risiko Sistematis.....	1244-1254
MIICEMA Unib-45	Earnings Management Practices In Companies Listed In Jakarta Islamic Index-Indonesian Stocks Exchange.....	1255-1271
MIICEMA Unib-46	Earnings Management Practices: The Comparative Studies Between Shariah Index (JII) And Conventional Index (LQ-45) In Indonesian Stock Exchange.....	1272-1282
MIICEMA Unib-61	The Relationship between Religiosity and Tax Morale.....	1283-1296
MIICEMA Unib-68	Identification Of Earnings Management On The Company Listed On The Index LQ 45 In Indonesia Stock Exchange.....	1297-1306
MIICEMA Unib-81	Pecking order theory of capital structure: empirical evidence from panel generalized method of moments.....	1307-1319
MIICEMA Unib-83	Early Warning Model Of Financial Distress.....	1320-1336
MIICEMA Unib-85	Simultaneous Relationship between Managerial Ownership, Institutional Ownership, Debt Policy and Dividend Policy in the Agency Problem Mechanism.....	1337-1353
MIICEMA Unib-88	Factors Associated With Auditor Choice: The Case Of Kingdom Of Saudi Arabia.....	1354-1378
MIICEMA Unib-96	Financial Behavior And Financial Position: A Structural Equation Modelling Approach .....	1379-1392
MIICEMA Unib-97	Board Of Directors, Audit Committee, Audit Characteristics And Timeliness Of Financial Report In Listed Companies In Indonesia.....	1393-1408
MIICEMA Unib-104	Director Diversity And Company Performance: A Review Of Literature.....	1409-1424
MIICEMA Unib-128	Effect Of Changes In World Oil Prices And The Monetary Variables Towards Composite Stock Price Index, Period January 2007 S / D December 2010 Through "Error Correction Model" Approach.....	1425-1437
NON-6	Trends In Management Accounting Research Topics Of Bengkulu University Students.....	1438-1452
NON-7	Perception Of Accounting Community About Creative Accounting.....	1453-1464
NON-8	Managerial Performance And Performance Measurement System.....	1465-1473
NON-13	Antecedents And Consequences Of Comfort Participating In Class Discussion In Management Accounting Course.....	1474-1484
NON-14	The Effect Of Budget Participation To Managerial Performance Using Information Technology Use, Motivation, Job Satisfaction And Stress as Moderating Variables.....	1485-1502
NON-16	Response Asymmetries In The Mena Stock Markets.....	1503-1511
NON-19	The Effect Of Good Corporate Governance Practices And Bond Rating On Bond Yield To Maturity.....	1512-1543

NON-20	The Effect Of Budgetary Participation On Managerial Performance Through The Organizational Commitment And Work Motivation As The Intervening Variables.....	1544-1557
NON-21	Effect On Corporate Governance Audit Qualification.....	1558-1572
NON-24	The Impact Of Cost Management Knowledge On The Relationship Between Partication Budget And Managerial Performance.....	1573-1585
NON-25	Impact Of Risk Evaluation On Auditor-Auditee Negotiation Outcome.....	1586-1598
NON-26	Analysis Of Effect Of Investment Opportunity Set, Free Cash Flow, Corporate Governance And Firm Size On Debt Policy.....	1599-1614
NON-27	The Factors Influencing Of Equity Risk Premium Of Indonesian Public Listed Companies.....	1615-1634
NON-28	The Influence Of Corporate Governance And Risk Factors On Equity Risk Premium Of Indonesian Public Listed Companies.....	1635-1650
NON-29	The Influence Of Understanding Financing Staff And Personnel Preparation Of Financial Statements Based On The Governmental Accounting Standards Of Quality Financial Report (Studies In Satuan Kerja Perangkat Daerah (SKPD) Bengkulu City).....	1651-1660
NON-30	The Effect of Effectiveness Taxes against Increased Revenue Bengkulu City.....	1661-1673
NON-32	The Effect Of Delegation Of Authority Between Budget Participation And Managerial Performance On Private University In Indonesia.....	1674-1684
NON-54	The Influence Of Political Factors And Organizational Culture To Utilization Information Performance.....	1685-1696
NON-1	Female Workers Migration And Mistreatment In Malaysia: A Case Of Housemaids From Central Java ..... ...	1697-1715
MIICEMA Unib-116	Social Capital, Cognition And Risk Perception As Determinants Of Entrepreneurial Opportunity Recognition.....	1716-1730
MIICEMA Unib-32	Impact of Higher IFRS Compliance in Bursa Malaysia.....	1731-1751
NON-35	Seasoned Equity Offerings: Between Agency Theory, Windows Of Opportunity, And Firm Performance.....	1752-1770



## HISTORY OF MIICEMA

After successful the Malaysia-Indonesia International Conference on Economics, Management and Accounting 2010 (MIICEMA 2010) hosting by the Faculty of Economics and Business, Universiti Kebangsaan Malaysia, this year 2011, Universitas Bengkulu will host the same conference for the third time. At 12<sup>th</sup> conference with theme “Borderless Economy: opportunities and challenges for Enterprises in Southeast Asia”, new members, Universitas Padjajaran, Bandung and Universitas Malikussaleh take part on the collaboration.

Here the list of detail history of MIICEMA from 1993 until 2010:

1993	The first conference was co-organized by the Faculty of Economics and Faculty of Business Management (UKM) and Universitas Syiah Kuala Banda Aceh. With a theme “Economics and Business Issues (Isu-isu Ekonomi dan Perniagaan)”, the conference was held on 5 – 6 June 1993 at Universitas Syiah Kuala Banda Aceh.
1994	The second conference was co-organized by the Faculty of Economics and Faculty of Business Management (UKM) and Universitas Syiah Kuala Banda Aceh. The conference theme was “Economics Prospects and Challenges in Industrial Development (Prospek dan Cabaran Ekonomi dalam Pembangunan Industri)”. The conference was held on 19 – 20 July 1994 at Universiti Kebangsaan Malaysia.
1995	The third conference was co-organized by the Faculty of Economics and Faculty of Business Management (UKM) and Universitas Syiah Kuala Banda Aceh. The conference theme was “Strengthening Malaysia and Indonesia Cooperation: To Succeed the 2020 IMT-GT (Memperkuat Kerjasama Malaysia dan Indonesia: Mensukseskan IMT-GT Tahun 2020)”. The conference was held in August 1995 at Universitas Syiah Kuala Banda Aceh.
1996	The fourth conference, which was upgraded to an international level, was again co-organized by the Faculty of Economics and Faculty of Business Management (UKM) and Universitas Syiah Kuala Banda Aceh. The conference theme was “Globalization Issues in Economics and Business (Isu-isu Globalisasi dalam Ekonomi dan Perniagaan)”. The conference was held on 12 – 13 November 1996 at Puri Pujangga, Universiti Kebangsaan Malaysia.
1997	The fifth conference was co-organized by the Faculty of Economics and Faculty of Business Management (UKM), Universitas Syiah Kuala Banda Aceh and a new member university, Universitas Bengkulu. The conference theme was “Managing Growth and Changes”. The conference was held on 23-25 June 1997 at Universitas Bengkulu.
2002	The sixth conference was co-organized by the Faculty of Economics and Faculty of Business Management (UKM), Universitas Syiah Kuala Banda Aceh and Universitas Bengkulu. The conference theme was “The Role and Harmonization of Economics and Business Disciplines in Global Competitiveness”. The conference was held on 14-15 October 2002 at Universitas Syiah Kuala, Banda Aceh.
2003	The seventh conference was co-organized by the Faculty of Economics and Faculty of Business Management (UKM), Universitas Syiah Kuala Banda Aceh and Universitas Bengkulu. The conference theme was “Sustainable Economics and Business Development in an Era of Globalization”. The

	conference which was hosted by the Faculty of Economics and Faculty of Business Management (UKM) was held on 13-14 October 2003 at Equatorial Hotel, Bangi.
2004	The eighth conference witnessed the collaborative effort of the trio universities was further strengthened by the involvement of Brunei Darussalam. The conference theme was "Asian Competitiveness in Economics and Business Sector Towards an Era of Globalization". The conference was held on 2-6 October 2004 at Universitas Bengkulu.
2005	The ninth conference was welcome another new member university, Universitas Muhammadiyah Surakarta, as the co-organizer of the conference. The conference theme was "Empowering Economic and Business in the Free Trade Era". The conference was held on 13-14 December 2005 at Universitas Muhammadiyah Surakarta.
2008	The tenth conference was co-organized by the Faculty of Economics and Business Management (UKM), Universitas Syiah Kuala Banda Aceh, Universitas Bengkulu and Universitas Muhammadiyah Surakarta. The conference theme was "Developing Regional Economy through Networking: Role of Small Medium Enterprises (SMEs)". The conference was held on 27-28 October 2008 at Universitas Syiah Kuala Banda Aceh.
2010	The eleventh conference was co-organized by Faculty of Economics and Business, Universiti Kebangsaan Malaysia, National University of Malaysia, Universitas Syiah Kuala Banda Aceh, Universitas Bengkulu, Universitas Muhammadiyah Surakarta, and Institut Pertanian Bogor. The conference theme was "Regional Development in an Era of Global Innovation Economy". The conference was held on 25-26 October 2010 at Universiti Kebangsaan Malaysia.

## Greeting from the Rector



*Assalamu'alaikum wr.wb. dan salam sejahtera*

Dear participants, guesses and colleagues

First of all, I would like to express my gratitude to each and every one of you for your participation on this 12<sup>th</sup> Malaysian-Indonesian International Conference on Economics, Management and Accounting 2011 here in Bengkulu. I also would like to give my highly appreciation to

the organizing committee, the faculty of Economics, University of Bengkulu, in cooperation with Universiti Kebangsaan Malaysia, Universitas Syiah Kuala Aceh, Universitas Muhammadiyah Surakarta, Institut Pertanian Bogor, and Universitas Padjajaran, Bandung. With their strong will and hard work, this conference can be successfully held.

Since it began in 1993, MIICEMA has been a huge success, providing a great opportunity to develop our knowledge on Economics, Managements and Accounting through networking, studies and researches - not to mention the opportunity to make new friends, meet old acquaintances and discover new places in both countries, Indonesia and Malaysia. And with this year's theme "Borderless Economy: Opportunities and Challenges of Business in Southeast Asia", It is my sincere expectation that there is also borderless collaboration between Indonesia and Malaysia and other countries as well in the future.

I hope that you will find the conference both enjoyable and valuable and also enjoy the cultural and natural beauty of Bengkulu. For all our guesses, national and international, may you have a pleasant stay in Bengkulu.

Wassalamu'alaikum wr.wb.

Sincerely,

Prof. Ir. Zainal Mukhtar, M.Sc.

## Greeting from the Dean

First and foremost, I wish to express my utmost gratitude to God for bestowing upon us His blessing to successfully organize the 12<sup>th</sup> Malaysia-Indonesia International Conference on Economics, Management and Accounting 2011. Welcome or *Selamat Datang* to Bengkulu and welcome to the Land of Rafflesia. Rafflesia is the biggest flower in the world existing in Bengkulu. I would like to express my gratitude to the Universiti Kebangsaan Malaysia, Universitas Syiah Kuala Banda Aceh,



Universitas Muhammadiyah Surakarta, and Universitas Pertanian Bogor for graciously co-organizing this International Conference. In the future, there some other universities will join as co-organizers in this conference.

The main objective to hold this seminar is to exchange ideas and information, and to promote the understanding and cooperation among participants from various countries. Hopefully friendship and understanding can be achieved through this seminar. The theme of this conference is "Borderless Economy: Opportunities, Challenges for Business in Southeast Asia." This theme is highly appropriate to assist regional development to ensure the success of business in the region. The thought share in this conference would benefit policies for the future.

Last but not least, my greatest appreciation goes to all who have contributed to the success of this conference, in particular the presenters, participants, sponsors, the organizer and its committee members. I wish you all have a fruitful discussion. To our special guests from Malaysia, Thailand, UK, Iran, India, and Australia, I hope you have a pleasant stay in Bengkulu the home of Rafflesia Arnoldi.

Warmest regards,

Dr. Ridwan Nurazi, SE., M.Sc., Akt

## Greeting from the Conference Chair



**W**elcome to the 12<sup>th</sup> Malaysia-Indonesia International Conference on Economics, Management, and Accounting 2011 (**MIICEMA**) in the University of Bengkulu, Indonesia. It is the third time the Faculty of Economics of the University of Bengkulu proudly hosts the conference. It is the first time that participants are coming from seven countries around the world such as Malaysia, Thailand, Australia, India, Iran, United Kingdom, and Indonesia. It seems that the conference has attracted researchers around the globe to share their ideas in our conference.

The theme of “Borderless Economy: Opportunities and Challenges for Businesses in Southeast Asia” was chosen to anticipate the impacts of volatility in the recent global economy trends toward South East Asia economy. I believe that the theme is relevant since the world economy is becoming borderless and what happen in other parts of the world to some extent will greatly influence our regional business and economy.

One hundred and twenty three papers from thirty seven universities and seven countries will be presented by academicians and researchers. The researchers will exchange ideas derived from their studies and practices. It is expected that the conference would provides significant contributions to policy makers in the region.

I would like to thank the Director of Center for Central Banking Education and Studies of Bank Indonesia, Mr. Rizal A. Djaafara, and Vice President of RMUTSV Thailand, Prof. Aswin Promsopa for becoming our keynote speakers. My deepest appreciation goes to the deans of the conference co-organizers: Universiti Kebangsaan Malaysia, Universitas Syiah Kuala Banda Aceh, Universitas Muhammadiyah Surakarta, Institut Pertanian Bogor, and Universitas Padjajaran. I would like to express my gratitude to our sponsors: Bank Indonesia, Bank Bengkulu, Telkomsel, Pemda Provinsi Bengkulu, Pemda Kota Bengkulu, Bengkulu Ekspres, and ISEI Cabang Bengkulu who have provided endless support for the conference. Last but not least, I thank all committee members for their effort and commitment to the success of the conference. I hope all participants have sweet memories of visiting our city, Bengkulu. Thank you very much.

Sincerely yours,

Prof. Lizar Alfansi, PhD

## Conference Program

Date	Time	Program	Place
12 October 2011	18.30-23.00	Opening Dinner Party	Governor of Bengkulu Place (Resident)
13 October 2011	08.00-10.00	Keynote Speaker1 Keynote Speaker 2	Rektorat (Main Building)
	10.00-11.00	Coffee Break	Rektorat (Main Building)
	11.00-12.20	Concurrent Session 1	FE-UNIB
	12.21-13.29	Lunch Break	FE-UNIB
	13.30-14.50	Concurrent Session 2	FE-UNIB
	14.51-15.29	Coffee Break	FE-UNIB
	15.30-16.50	Concurrent Session 3	FE-UNIB
	18.30-23.00	Dinner Party	Rektorat (Main Building)
14 October 2011	08.30-09.50	Concurrent Session 4	FE-UNIB
	10.00-13.00	Lunch Break	FE-UNIB
	13.00-18.00	Free Time (City Tour)	
	18.30-23.00	Farewell Dinner Party	City Hall Bengkulu

## Concurrent Program

### Concurrent Session I (Room MM 1)

Day I

Thursday, 13 October 2011

Track : Accounting - Public Sector

Chairman : Reschiwati

Time	Paper Code	Title	Presenter (s)
11.00-11.20	Non_29	The Influence of Understanding Financing Staff and Personnel Preparation of Financial Statements Based on The Governmental Accounting Standards of Quality Financial Report (Studies in Satuan Kerja Perangkat Daerah (SKPD) Bengkulu City)	Fachruzzaman and Leni
11.20-11.40	Non_30	The Effect Of Effectiveness Taxes Against Increased Revenue Bengkulu City	Rini Indriani and Daniel Kristian
11.40-12.00	Miicema Unib-30	What Makes People Pay Taxes in Self Assessmet System?	Mohd Rizal Palil, Ahmad Fariq Mustapha
12.00-12.20	Miicema Unib-61	The Relationship Between Religiosity and Tax Morale	Maryam Eslami and Mohd Rizal Palil

### Concurrent Session II (Room MM 1)

Day I

Thursday, 13 October 2011

Track : Accounting – Education And Management

Chairman : Mohd Rizal Palil

Time	Paper Code	Title	Presenter (s)
13.30-13.50	Non_7	Perception of Accounting Community About Creative Accounting	Lismawati and Desy Nathalia
13.50-14.10	Non_13	Antecedents and Consequences of Comfort Participating in Class Discussion in Management Accounting Course	Paskah Ika Nugroho and Agung Lestari
14.10-14.30	Miicema Unib-3	Perceptions Of Accountants, Users, Organizers, And Students on Indonesian Education Standard For Professional Accountants	Reschiwati
14.30-14.50	Non-54	The Influence Of Pollitical Factors and Organizational Culture to Utilization Information Performance	Robinson

**Concurrent Session III (Room MM 1)****Day I****Thursday, 13 October 2011****Track : Accounting - Management**  
**Chairman : Maryam Eslami**

<b>Time</b>	<b>Paper Code</b>	<b>Title</b>	<b>Presenter (s)</b>
15.30-15.50	Miicema Unib-15	Budgetary Participation and Managerial Performance: A Study in Ministry of Home Affairs (Moha), Malaysia	Ida Haryanti Binti Mohd Noor
15.50-16.10	Miicema Unib-39	A Conceptual Framework for Characterizing Strategic Management Accounting and its Implementation	Denny Iskandar Tjandrawan and Utoyo Widayat
16.10-16.30	Non_6	Trends in Management Accounting Research Topics of Bengkulu University Students	Lisa Martiah Nila Puspita and Herawansyah
16.30-16.50	Non_8	Managerial Performance and Performance Measurement System	Lukluk Fuadah

**Concurrent Session IV (Room MM 1)****Day II****Friday, 14 October 2011****Track : Accounting - Management**  
**Chairman : Fachruzzaman**

<b>Time</b>	<b>Paper Code</b>	<b>Title</b>	<b>Presenter (s)</b>
08.30-08.50	Non_14	The Effect of Budget Participation to Managerial Performance Using Information Technology Use, Motivation, Job Satisfaction and Stress as Moderating Variables	Sriwidharmanelly, Bella Anindita Putri and Madani Hatta
08.50-09.10	Non_20	The Effect of Budgetary Participation on Managerial Performance Through The Organizational Commitment and Work Motivation as The Intervening Variables	Nila Aprila And Siti Aisyah
09.10-09.30	Non_24	The Impact of Cost Management Knowledge on The Relationship Between Participation Budget and Managerial Performance	Halimatusyariah
09.30-09.50	Non_32	The Effect of Delegation of Authority Between Budget Participation and Managerial Performance on Private University in Indonesia	Isma Coryanata



**Concurrent Session I (Room MM 2)**  
**Day I**  
**Thursday, 13 October 2011**

**Track : Accounting - Financial**  
**Chairman : Daw Tin Hla**

Time	Paper Code	Title	Presenter (s)
11.00-11.20	Miicema Unib-45	Earnings Management Practices in Companies Listed In Jakarta Islamic Index-Indonesian Stocks Exchange	Wiyadi and Nanang Prasnowo
11.20-11.40	Miicema Unib-46	Earnings Management Practices: The Comparative Studies Between Shariah Index (Jii) And Conventional Index (Lq-45) In Indonesian Stock Exchange	Rina Trisnawati and Sidiq Permono Nugroho
11.40-12.00	Miicema Unib-81	Pecking Order Theory of Capital Structure: Empirical Evidence From Panel Generalized Method of Moments	Matemilola B.T, Bany Ariffin A.N and Azman-Saini W.N.W
12.00-12.20	Miicema Unib-96	Financial Behavior and Financial Position: A Structural Equation Modeling Approach	Roza Hazli Zakaria, Noor Ismawati Mohd Jaafar and Sabitha Marican

**Concurrent Session II (Room MM 2)**  
**Day I**  
**Thursday, 13 October 2011**

**Track : Accounting - Financial**  
**Chairman : Roza Hazli Zakaria**

Time	Paper Code	Title	Presenter (s)
13.30-13.50	Miicema Unib-83	Early Warning Model of Financial Distress	Triyono
13.50-14.10	Non_16	Response Asymmetries in The Mena Stock Markets	Bakri Abdul Karim, Zulkefly Abdul Karim, and Samsul Ariffin Abdul Karim
14.10-14.30	Miicema Unib-29	The Influence of Capital Structure and Growth of Company to Firm Value at Company in Indonesian Stock Exchange	Sri Hermuningsih and Dewi Kusuma Wardani
14.30-14.50	Miicema Unib-85	Simultaneous Relationship Between Managerial Ownership, Institutional Ownership, Debt Policy and Dividend Policy in The Agency Problem Mechanism	D. Agus Harjito , and Dewi Hadiyanti Ningsih

**Concurrent Session III (Room MM 2)****Day I****Thursday, 13 October 2011****Track : Accounting - Financial****Chairman : Zulkifli Abdul Karim**

<b>Time</b>	<b>Paper Code</b>	<b>Title</b>	<b>Presenter (S)</b>
15.30-15.50	Miicema Unib-32	Impact of Higher IFRS Compliance in Bursa Malaysia	Daw Tin Hla and Abu Hassan Bin Md Isa
15.50-16.10	Miicema Unib-40	Pengaruh Leverage, Pertumbuhan Aktiva, Dan Ukuran Perusahaan Terhadap Risiko Sistematis	Sri Retno Indrastanti and Agus Endro Suwarno
16.10-16.30	Miicema Unib-68	Identification of Earnings Management on The Company Listed on The Index LQ 45 in Indonesia Stock Exchange	Noer Sasongko and Emi Fauziah
16.30-16.50	Miicema Unib-128	Effecting Price Oil and Variable Moneter to Composite Stock Price Index	Darmawan Ahmad

**Concurrent Session IV (Room MM 2)****Day II****Friday, 14 October 2011****Track : Management - Financial****Chairman : Isnuhardi**

<b>Time</b>	<b>Paper Code</b>	<b>Title</b>	<b>Presenter (S)</b>
08.30-08.50	Non_2	A Comprehensive Review of Trading Strategies: In Search an Exellent Strategy For Traders in The Indonesia Stock Exchange	Iskandar Zulkarnain
08.50-09.10	Non_38	Exchange Rate-Interest Differential Relationship: Evidence From Selected East Asian Countries.	Hawati Janor, Mohamed Hisham Yahya, and Abdul Razak Abdul Hadi
09.10-09.30	Miicema Unib-79	Comovements and Stock Market Integration In Asia: Post Financial Crisis 1997	Siti Muliana Samsi and Zarinah Yusof
09.30-09.50	Miicema Unib-122	Financial Stress, Agility And Multiple Crises: Premilinary Study on Aim	Rahana Abdul Rahman, Chamhuri Siwar, Abdul Ghafar Ismail, and Norlida Jaafar

**Concurrent Session I (Room MM 3)**  
**Day I**  
**Thursday, 13 October 2011**

**Track : Management - Human Resources**  
**Chairman : Rosfazila Binti Abd Rahman**

<b>Time</b>	<b>Paper Code</b>	<b>Title</b>	<b>Presenter (S)</b>
11.00-11.20	Miicema Unib-127	Reviewing Outsourcing Controversy in Indonesia: an Exploratory Study of Human Resources Outsourcing Controversy in Semarang City	Akbar Faisal
11.20-11.40	Non_10	Career Anchors and Job Satisfaction: The Mediating Effect of Psychological Empowerment	Meiliani, Samuel Garrett-Jones, and Mario Fernando
11.40-12.00	Non_11	Examining The Effects of Transformational Leadership in Indonesia and Australia	Michael K. Muchiri and Meiliani
12.00-12.20	Non_33	The Role of Work Motivation as Mediating Variable on The Relationship Between Leadership Styles and Job Satisfaction at Regional Office Bengkulu Province	Nova Delastri and Fahrudin Js Pareke

**Concurrent Session II (Room MM 3)**  
**Day I**  
**Thursday, 13 October 2011**

**Track : Management - Human Resources**  
**Chairman : Nigama K**

<b>Time</b>	<b>Paper Code</b>	<b>Title</b>	<b>Presenter (S)</b>
13.30-13.50	Miicema Unib-20	Quality Management in PT. Consobiz Ventures	Dhiya U Syahidah and Gatot Yudoko
13.50-14.10	Miicema Unib-75	Exploring The Relationship Between Job Satisfaction and Nurse Performances	Supratman and Wiyadi
14.10-14.30	Miicema Unib-42	Modelling The Causal Relationship of Organizational Justice, Job Satisfaction, and Organizational Citizenship Behavior	Fahrudin Js Pareke and Sugeng Susetyo
14.30-14.50	Non_12	The Role Of Leadership in Managing Individuals' Career Anchors: A Theoretical Perspective	Michael K. Muchiri and Meiliani

**Concurrent Session III (Room MM 3)****Day I****Thursday, 13 October 2011****Track : Management - Human Resources****Chairman : Fahrudin J.S. Pareke**

<b>Time</b>	<b>Paper Code</b>	<b>Title</b>	<b>Presenter (S)</b>
15.30-15.50	Miicema Unib-9	Entrepreneurial Motivation: The Cases of Indian Restaurant Owners in Selangor and Kelantan, Malaysia	Mohd Rafi Yaacob and Jiviha D/O Ramasamy
15.50-16.10	Miicema Unib-116	The Role Of Cognitive Processes and Social Capital as Determinants of Opportunity Recognition and Evaluation Amongst Entrepreneurs	Nigama K and P David Jawahar
16.10-16.30	Miicema Unib-48	The Impact of Transformational Leadership on Absenteeism: Mediating Role of Psychological Empowerment	Fozi Ali Belhaj, Fais Ahmad and Husna Johari
16.30-16.50	Miicema Unib-119	Tri Dharma Phylosophy Upon Budi Santoso	Hadziq Jauhary and Ahyar Yuniawan

**Concurrent Session IV (Room MM 3)****Day II****Friday, 14 October 2011****Track : Management - Human Resources****Chairman : Fozi Ali Belhaj**

<b>Time</b>	<b>Paper Code</b>	<b>Title</b>	<b>Presenter (S)</b>
08.30-08.50	Miicema Unib-6	Budaya Organisasi Islam Moden:Kajian Kes Bank Islam Malaysia Berhad	Rosfazila Binti Abd Rahman
08.50-09.10	Miicema Unib-109	Do Human Resource Practices Influence Employees to Engage in Deviant Work Behavior? an Empirical Investigation in Malaysian Companies	Faridahwati Mohd, Shamsudin, Chandrakant an Subramania m and Hadziroh Ibrahim
09.10-09.30	Non-46	Examining Relationships Among Leadership, Innovation Competencies And Operational Effectiveness	Michael K. Muchiri
09.30-09.50	Non-50	Identification of Training Effect on Small Business Performance	M. Farid Wajdi

**Concurrent Session I (Room MM 4)**  
**Day I**  
**Thursday, 13 October 2011**

**Track : Management – Finance/Strategic**  
**Chairman : Rahana Abdul Rahman**

Time	Paper Code	Title	Presenter (S)
11.00-11.20	Miicema Unib-59	A Study on The Effect of Iran Mercantile Exchange on Accepted Metals Prices	Abdolreza Rostaminia and Mehdi Boshagh
11.20-11.40	Miicema Unib-69	Critical Review on Measuring Financial Constraints: Multicriteria Approach	Dr. Saeed Fathi, Farnoosh Moghaddas and Kaveh Shahraki
11.40-12.00	Miicema Unib-27	Resilience of Islamic and Conventional Stock Markets of Indonesia During The 2007 Global Financial Crisis: A Comparative Empirical Examination	M. Shabri Abd. Majid
12.00-12.20	Non_9	Structure of Formality as Moderating on Relationship Between Strategy Implementation And Firm Performance in Indonesia	Mahdani

**Concurrent Session II (Room MM 4)**  
**Day I**  
**Thursday, 13 October 2011**

**Track : Accounting - Corporate Governance**  
**Chairman : Zaitul**

Time	Paper Code	Title	Presenter (S)
13.30-13.50	Miicema Unib-19	Malaysian Code of Corporate Governance:The Impact on Quality of Reported Earnings of Kuala Lumpur Composite Index (KLIC) Components	Rizwana Md Yusof
13.50-14.10	Non_19	The Effect of Good Corporate Governance Practices and Bond Rating on Bond Yield to Maturity	Isnuhardi, Dwi Yanti
14.10-14.30	Non_21	Effect on Corporate Governance Audit Qualification	Novita Sari
14.30-14.50	Non_27	The Factors Influencing of Equity Risk Premium of Indonesian Public Listed Companies	Saiful

**Concurrent Session III (Room MM 4)****Day I****Thursday, 13 October 2011****Track : Accounting - Corporate Governance****Chairman : Rizwana Md Yusof**

<b>Time</b>	<b>Paper Code</b>	<b>Title</b>	<b>Presenter (S)</b>
15.30-15.50	Miicema Unib-97	Board of Directors, Audit Committee, Audit Characteristics and Timeliness of Financial Report in Listed Companies in Indonesia	Zaitul and Fuadziah Hanim Hj. Fadzil
15.50-16.10	Miicema Unib-104	Director Diversity and Company Performance: A Review of Literature	Desi Ilona, Shamharir Abidin and Nurwati Ashikkin Ahmad Zaluki
16.10-16.30	Non_28	The Influence of Corporate Governance and Risk Factors on Equity Risk Premium of Indonesian Public Listed Companies	Husaini and Saiful
16.30-16.50	Non_26	Analysis of Effect of Investment Opportunity Set, Free Cash Flow, Corporate Governance and Firm Size on Debt Policy	Saiful, Baihaqi, and Alnita Iriani

**Concurrent Session IV (Room MM 4)****Day II****Friday, 14 October 2011****Track : Accounting - Auditing and Financial****Chairman : Hilwani Hariri**

<b>Time</b>	<b>Paper Code</b>	<b>Title</b>	<b>Presenter (S)</b>
08.30-08.50	Non_25	Impact of Risk Evaluation on Auditor-Auditee Negotiation Outcome	Nurna Aziza, Andi Agus Salim, and Fransiskus Eduardus Daromes
08.50-09.10	Miicema Unib-88	Factors Associated With Auditor Choice: The Case of Kingdom of Saudi Arabia	Khaled Salmen Aljaaidi and Dr. Shamhrir Bin Abidin
09.10-09.30	Non_35	Seasoned Equity Offerings: Between Agency Theory, Windows Of Opportunity, and Firm Performance	Ridwan N, Fitri Santi, and Liana Deswita
09.30-09.50	Miicema Unib-22	The Effect of Capital Structure on Profitability: The Extended Analysis of Biotechnology Companies Listed on The Bursa Malaysia	Zuraidah Sipon And Nur Liyana Mohamed Yousop

**Concurrent Session I (Room MM 5)**  
**Day I**  
**Thursday, 13 October 2011**

**Track : Management - Marketing**  
**Chairman : Nor Shahrul Nizam Binti Muhamad Nor**

Time	Paper Code	Title	Presenter (S)
11.00-11.20	Miicema Unib-87	The Effect of Consumer Materialism Behavior Toward Consumer Purchase Decision on Private Label Products	Oliandes Sondakh, Amelia
11.20-11.40	Miicema Unib-100	A Cross-Cultural Testing The Applicability of Status Consumption In Indonesia and Malaysia	Arief Budiman and Aron O'cass
11.40-12.00	Miicema Unib-41	Investigating The 'Goldilocks Phenomenon' in Branding: What Size and What Place?	Jonathan A. J. Wilson and Jonathan Liu
12.00-12.20	Miicema Unib-12	Consumer Perception Towards Online Shopping: Case Study of Online Store in Bandung	Alia Widyarini Hapsariniaty, R. Aswin Rahadi, Siti Kania Mevianti, Siti Larissa Sarasvati and Tara Putri Paramitha

**Concurrent Session II (Room MM 5)**  
**Day I**  
**Thursday, 13 October 2011**

**Track : Management - Marketing**  
**Chairman : Effed Darta Hadi**

Time	Paper Code	Title	Presenter (S)
13.30-13.50	Miicema Unib-112	Branding Malaysia as 'Halal Hospitality': A Conceptual Paper	Nor Shahrul Nizam Bin Muhamad Nor and Norzaidi Bin Mohd Daud
13.50-14.10	Non_3	Consumer Etnocentrism on High Involvement and Low Involvement Products	Ferry Tema Atmaja, Lizar Alfansi, and Nova Astarina
14.10-14.30	Miicema Unib-76	Dilemma of Business Ethics: The Solution	Mohd Nor Bin Yahaya and Mr Azizul Hakim Bin Mashkuri
14.30-14.50	Non_40	Faktor-Faktor Yang Mempengaruhi Pengunjungan Pasar Raya Besar: Suatu Tinjauan di Sebuah Pasar Raya Besar di Melaka	Maisarah Ahmad, Leylawati Joremi, and Lim Eng Jiau

**Concurrent Session III (Room MM 5)****Day I****Thursday, 13 October 2011****Track : Management - Marketing****Chairman : Arif Budiman**

<b>Time</b>	<b>Paper Code</b>	<b>Title</b>	<b>Presenter (S)</b>
15.30-15.50	Non_43	The Impact of Internal Marketing and Customer Orientation to Service Quality on Hospital Service Management	Effed Darta
15.50-16.10	Non-44	Consumers's Perception and Brand Image in Creating Brand Loyalty	Deni Pratama and Sularsih Anggarawati
16.10-16.30	Non-47	Marketing Study of Fisheries and Marine Products on Sea Coastal Management of Bengkulu City	Seprianti Eka Putri

**Concurrent Session IV (Room MM 5)****Day II****Friday, 14 October 2011****Track : Management - Marketing****Chairman : Jonathan A. J. Wilson**

<b>Time</b>	<b>Paper Code</b>	<b>Title</b>	<b>Presenter (S)</b>
08.30-08.50	Miicema Unib-67	Effectiveness of Inventory Management of Minute Maid Pulpy Orange at Coca Cola Bottling Indonesia West Java Operation	Muhamad Luthfi Adi Prakosa
08.50-09.10	Non_56	The Influence of Customer Orientation Competitive Orientation, and Coordination Function of Cross Product Innovation (Case Study on Small and Medium Craft Aceh Industries.	Refa Ajrina Subhatin and Iskandarsyah Madjid
09.10-09.30	Non_57	An Analysis of Prospective Collegians Perception to Develop Marketing Opportunities of Higher Education in South Sumatera	Dewi Fadila
09.30-09.50	Miicema-98	How are China Fruit Perceived by Indonesia Consumer	Heny K Daryanto and Maryono
09.50-10.10	Miicema Unib-44	Consumer Ethnocentrism and Attitude Toward Domestic Product in Pekanbaru	Julina



**Concurrent Session I (Room SBDCL 1)**  
**Day I**  
**Thursday, 13 October 2011**

**Track : Economics - Agriculture**  
**Chairman : Roza Hazli Zakarya**

Time	Paper Code	Title	Presenter (S)
11.00-11.20	Non_17	Factors Affecting Indonesian Potato Farmers Contracting Decision	Suprehatin
11.20-11.40	Non_23	How Indonesian Crude Palm Oil Export Demands Respond to Exchange Rate Volatility?: An Error Correction Model Approach	Ketut Sukiyono
11.40-12.00	Miicema Unib-82	Technical Efficiency And Input Productivity of Small and Medium Enterprises in The Malaysian Food Processing Industry	Yodfiatfinda, Mad Nasir Shamsudin, Zainalabidin Mohamed, Zulkornain Yusop, Alias Radam and Hanifah N. Lioe
12.00-12.20	Non_34	Development of Forest Area Society Participation In Business Activity Based on Environmental Conservation	Slamet Widodo

**Concurrent Session II (Room SBDCL 1)**  
**Day I**  
**Thursday, 13 October 2011**

**Track : Economics - Social**  
**Chairman : Ketut Sukiyono**

Time	Paper Code	Title	Presenter (S)
13.30-13.50	Miicema Unib-11	How Instant Messaging Improves Real Life Interaction: Case Study of Blackberry User Group	R. Aswin Rahadi, Tara Putri Paramitha, Siti Larissa Sarasvati, Siti Kania Mevianti and Alia Widyarini Hapsariniaty.
13.50-14.10	Miicema Unib-95	Household Debt Decision: The Role of Aspiration, Social Comparisons and Attitude Towards Debt	Roza Hazli Zakaria and Noor Ismawati Mohd Jaafar
14.10-14.30	Non-55	Empowering Macro Business: Program Effectiveness Assessment of KPN in Lhokseumawe	Jasafat and M. Rida
14.30-14.50	Miicema Unib-56	Dampak Ekonomi Sektor Pariwisata di Provinsi Kepulauan Bangka Belitung	Ahmad Yani Hazir, Redzuan Othman, and Aulia Dedy Sayogo

**Concurrent Session III (Room SBDCL 1)**  
**Day I**  
**Thursday, 13 October 2011**

**Track : Economics - Social**  
**Chairman : Siti Mariam Ali**

<b>Time</b>	<b>Paper Code</b>	<b>Title</b>	<b>Presenter (S)</b>
15.30-15.50	Miicema Unib-23	Analysis of Life Insurance Demand in Malaysia	Zuraidah Sipon and Mohammad Izzat Farhan Che Hashim
15.50-16.10	Miicema Unib-28	Small and Medium-Sized Enterprises Development in The First Malaysia Plan Through The Tenth Malaysia Plan	Mohd Khairuddin Hashim and Sa'ari Ahmad
16.10-16.30	Miicema Unib-91	Studies on The Performance of Microfinance: Local Diversity	Retno Agustina Ekaputri
16.30-16.50	Non-53	The Challenges of Sustainable Transportation: Malaysian Experience	Rosliati Ramli

**Concurrent Session IV (Room SBDCL 1)**  
**Day II**  
**Friday, 14 October 2011**

**Track : Economics**  
**Chairman : Zuraidah Sipon**

<b>Time</b>	<b>Paper Code</b>	<b>Title</b>	<b>Presenter (S)</b>
08.30-08.50	Miicema Unib-108	Empowering Women to Reduce Poverty Through Microfinance	Sulaeman Rahman Nidar
08.50-09.10	Non-45	An Integrated Model Proposed for Entrepreneurship Education and Development for Students in Bengkulu University	M Abduh
09.10-09.30	Non-48	Spatial Concentration of Manufacturing Industry in Java Island	M. Wahyuddin
09.30-09.50	Non-49	Strategy Behavior in The Economies of Coffee Farmers Using Protected Forests: Case Study in Protected Forest Bukit Pedinding Hill and Serdang Hill in Sub District Lebong	Praningrum

**Concurrent Session I (Room SBDCL 2)**  
**Day I**  
**Thursday, 13 October 2011**

**Track : Economics - International Trade**  
**Chairman : R. Aswin Rahadi**

Time	Paper Code	Title	Presenter (S)
11.00-11.20	Miicema Unib-131	The Implementation of Export Subsidies Elimination by Developed Countries and It	Haryadi and Syaparuddin
11.20-11.40	Miicema Unib-135	Trade Flows of Agricultural Commodities of Indonesia Between Malaysia and China	Niken Larasati A, Abdhu Rochman Soleh and Qiki Qilang Syachbudy
11.40-12.00	Non_15	Determinants of Foreign Trade: A Comparative Study Between Indonesia and Malaysia	Zulkarnain Ishak
12.00-12.20	Miicema Unib-4	Bilateral Trade Relations of Malaysia and Saudi Arabia - an Analysis	Siti Mariam Ali and Norhalawah Ahmad

**Concurrent Session II (Room SBDCL 2)**  
**Day I**  
**Thursday, 13 October 2011**

**Track : Economics - Moneter**  
**Chairman : Retno Agustina Ekaputri**

Time	Paper Code	Title	Presenter (S)
13.30-13.50	Miicema Unib-105	The Impact Fiscal Deficit and Macroeconomic Variables on Inflation in Indonesia	Marlina Widiyant, Mansor Jusoh, Md Zyadi Md Tahir, and Abdul Ghafar Ismail
13.50-14.10	Miicema Unib-64	Implication of SBI Interest Rates on Banking Industry in Indonesia	Ida Musdafia Ibrahim and Harries Madiistriyatno
14.10-14.30	Miicema Unib-17	An Optimal Model of Monetary and Fiscal Policy Interaction	Haryo Kuncoro and Dianta Sebayang

**Concurrent Session III (Room SBDCL 2)****Day I****Thursday, 13 October 2011****Track : Economics - Moneter****Chairman : Yefriza**

Time	Paper Code	Title	Presenter (S)
15.30-15.50	Miicema Unib-52	Searching for Monetary Policy Indicators in Islamic Financial System	Zuriyati Binti Ahmad and Abdul Ghafar Ismail
15.50-16.10	Miicema Unib-117	Firm-Level Investment and Monetary Policy in a Small Open Economy: Evidence from Malaysia	Zulkefly Abdul Karim
16.10-16.30	Miicema Unib-132	Fiscal Sustainability, Public Debt, and Economic Growth	Haryo Kuncoro
16.30-16.50	Non_41	Foreign and Domestic Shocks: Macroeconomic Responses of Asean-3 Countries	Mohd Azlan Shah Zaidi, and Zulkefly Abdul Karim

**Concurrent Session IV (Room SBDCL 2)****Day II****Friday, 14 October 2011****Track : Economics – Public and Regional****Chairman : Haryo Kuncoro**

Time	Paper Code	Title	Presenter (S)
08.30-08.50	Miicema Unib-73	An Empirical Application to Regionalism on Asean Trade: A Temporal Cross-Section and Panel Analysis With The Gravity Model	Putu Mahardika A. Saputra
08.50-09.10	Non_18	Political Influence On Economic Decision-Making in Government-Owned Companies: A Qualitative Assessment	Mohd Fairuz Md. Salleh
09.10-09.30	Non_42	Public Spending and Health Service Performance in Indonesia	Yefriza
09.30-09.50	Non_22	The Disparity of Economic Development Among Provinces in The Region of South Sumatra in The Era of Regional Autonomy	Bambang Agoes Hermanto, Sri Hartika, and Moch. Ridwan

**Concurrent Session I (Room SBDCL 3 )****Day I****Thursday, 13 October 2011****Track : Management - Islamic Finance****Chairman : Hawati Janor**

Time	Paper Code	Title	Presenter
11.00-11.20	Non_36	Lokalisasi Pengagihan Zakat dan Cadangan Khidmat Sosial: Satu Tinjauan Awal	Hairunnizam Wahid, Sanep Ahmad, and Radiah Abdul Kader
11.20-11.40	Miicema Unib-7	Keberkesanan Menyeluruh Agihan Zakat: Kes Bantuan Modal Kepada Asnaf Fakir dan Miskin	Sanep Ahmad, Rosbi Ab Rahman and Hairunizam Wahid
11.40-12.00	Non-52	Islamic Bank Practices; Idealism and Reality	Imronudin
12.00-12.20	Non_39	A Conceptualization of The Cost of Equity of Islamic Banks	Radziah Abdul Latiff and Noreha Halid

**Concurrent Session II (Room SBDCL 3)**  
**Day I**  
**Thursday, 13 October 2011**

**Track : Economics - Gender**  
**Chairman : Zuriyati Binti Ahmad**

Time	Paper Code	Title	Presenter (S)
13.30-13.50	Miicema Unib-129	Socioeconomic and Gender Differences in Access to Health Care in Malaysia: A Non-Linear Decomposition Approach	Zurina Binti Kefeli
13.50-14.10	Non_1	Female Workers Migration and Mistreatment in Malaysia: A Case of Housemaids from Central Java	Tjipto Subadi
14.10-14.30	Non_4	Gender Role Allocation in Selected Coffee Postharvest Activities in Rejanglebong and Lebong District, Bengkulu Province.	Handoko Hadiyanto
14.30-14.50	Non_31	Female Participation in The Labor Market in Bengkulu City	Roosemarina A. Rambe

**Concurrent Session III (Room SBDCL 3)**  
**Day I**  
**Thursday, 13 October 2011**

**Track : Economics - Human Resources**  
**Chairman : Handoko Hadioanto**

Time	Paper Code	Title	Presenter (S)
15.30-15.50	Non_37	Vulnerabiliti Pekerja Malaysia dalam Persekitaran Kehadiran Pekerja Asing	Zulkifly Osman and Hairunnizam Wahid
15.50-16.10	Miicema Unib-120	Performance Comparison Civil Servants Region Before and After Expansion in The Province Riau	Jumiati Sasmita
16.10-16.30	Miicema Unib-50	Short and Long Run Causality Relationship Between Indonesian Human Resources and Investment Since 1985 until 2007	Agung Riyardi
16.30-16.50	Miicema Unib-53	Pengumpulan Modal Manusia dan Kesannya Terhadap Pertumbuhan Ekonomi	Nik Rayan Bt Nik Mat and Abdul Ghafar Ismail

## Keynote Speech Papers



### Keynote Speech<sup>1</sup>

## **“BORDERLESS ECONOMY: OPPORTUNITIES AND CHALLENGES FOR BUSSINESS IN SOUTHEAST ASIA”**

Bengkulu, October 13th, 2011

---

**1. Rizal A. Djaafara**  
**Director of Center for Central Banking Education and Studies**  
**Bank Indonesia**

*Bismillahirrahmanirrahim,  
Asslamu'alaikum warahmatullahi wabarakatuh,  
Distinguished Guests, Ladies and Gentlemen,*

I am honored to be here today having a very rare opportunity to speak in this very special conference with the theme: *“Borderless Economy: Opportunities and Challenges for Business in Southeast Asia”*.

Borderless economy which is come from globalization was developed after the end of Cold War and accelerated through every country in the world. What was happened in economy of one country is no longer affect the country itself; it could affect another country both in positive and negative aspects.

The globalization term was acquired rapidly in the 1980s, but the concept is an old one that increasing known after World War II. Globalization means an increasingly integrated world economy, due to the systematic reduction of obstacles in worldwide trade as well as rapid advances in technologies and communications. The globalization has not only covered international trade in goods and services, but also in exchanges of currencies, in capital movements, in technology transfer, in people moving through international travel and migration, and in international flows of information and ideas. National economies are rapidly being integrated into the world economy. The process can also take place through regional co-operation such NAFTA, AFTA, EU and ASEAN Economic Community (AEC).

*Distinguished Guests, Ladies and Gentlemen,*

Before I discuss, the oppotunities and challenges fof borderless economy, let me briefly touch the current economy situation. I would like to use the IMF words in describing the world economic situation. It says that the world economy has entered a dangerous new phase, despite all measures taken by advance economies in mitigating the world financial crisis in 2008.

According to September 2011 IMF World Economic Outlook that released revised projection, the projection of world economic growth in 2011 and 2012 have been cut by 0.3 percent and 0.5 percent respectively. This Outlook also revised down the economic growth for advanced in 2011 by 0.6 percent and b 0.7 percent in 2012. The bleak world economy

---

<sup>1</sup> Delivered in The 12<sup>th</sup> Malaysia-indonesia International Conference on Economics, Management, and Accounting, Bengkulu, 13<sup>th</sup> October 2011.

projection also confirmed by Concensus Forecast. It estimates that the probability of stagnancy or double-dip scenario increase to 60 percent in September 2011, compared to 30-40 percent in July 2011. Moreover, the prospects of advanced economies and the world also face downside risks, depending on how euro area resolve the their financial crisis and whether the softening activity of US economy endure further blows, for example, a weak housing market.

With the back drop of current advanced economy situation and intensified of the crisis in US and Euro, prospects of emerging economies have become more uncertain although their growth rates remain considerably strong. The Fund has cut the growth projection of emerging economies in 2011 is slightly revised down by 0.2 percent and by 0.3 percent in 2012. The growth rate of ASEAN is also revised down by 0.1 percent in both years.

The weaker economic growth, for sure, press down the growth of world trade volume. The IMF outlook in September 2011 cut the growth rates of world trade volume by 0.7 percent in 2011 and 0.9 percent in 2012.

### ***Distinguished Guests, Ladies and Gentlemen,***

Globalization has made trade between countries more openness and trade linkage between countries even stronger. This cause the measurement impact of worsening economy in one country not only base on direct trade but also depend on input between countries. As we are aware, EU and US tradings play important role in world trade volume. Therefore, discouraging economic situation in US and Euro zone will put huge challenges to emerging economies, including ASEAN, since demand of US and Euro zone for goods and services from emerging economies will decline. But, this challenging environment have also give opportunity for ASEAN countries to escalate the trade among them. This opportunity is widely opened due to by the fact that share intra trade ASEAN continues to grow from 23 percent in 2005 to 26 percent in 2008.

With these backgrounds, the need of regional cooperation and the most actual issues in ASEAN so called ASEAN Economic Community become more relevant. ASEAN economic integration will bring all of us to a more open economy intra regionally.

There are two broad reasons of the need to integrate ASEAN market. First, the economic links between ASEAN countries are strong and can be stronger through greater market integration. Around 24.5 percent of total ASEAN trade is done between ASEAN members, and 11.2 percent of ASEAN Foreign Direct Investments are intra-ASEAN. We believe that the integration of ASEAN will able to boost the region's GDP and also reduce the operating costs, so it will improve global competitiveness of ASEAN market compare to other regions. In addition, it will also prevent marginalization of individual markets. The second reason, it will induce greater efficiency through increase in economies of scale, and strengthen stability through diversity of players. Moreover, greater market will attract attention of global investors. Thus, local companies can use this advantage to issue more securities to finance their business; it will enhance economic growth. On the other side, local investors will have more choices of investment portfolios. Therefore, the benefits of ASEAN market integration are clear.

### ***Distinguished speakers and chairpersons, Honorable guests, Ladies and Gentlemen***

With the increasingly interlinking world economy, there are almost no boundaries between countries, as results competitiveness increase rapidly and it generates complexities of products especially in financial products. Besides giving benefits, the integration of financial markets also give a challenge for ASEAN countries, especially in the current situation when massive capital flows enter the emerging countries. Normal capital inflow is something that should be welcomed by emerging countries, but there are cases when excessive short-term capital flow could disturb sound economic management. Nowadays, capital inflow has been one of the major concerns of emerging market economies since it

affects both macroeconomic management and financial stability. Many emerging markets are facing difficulties to cope with large capital inflows.

Massive capital inflows give significant pressure to currency appreciation and deteriorate competitiveness of export. For instance, as of September 2011, Thailand Bath appreciated around 0.9 percent (*ytd*), while Malaysian Ringgit 3.2 percent, Singapore Dollar 6.1 percent, Philippine Peso 4 percent, and Indonesian Rupiah 5 percent. Capital inflows also give a considerable impact to the capital market as reflected in the spectacular rally of stock prices index in the last several months. This situation is fuelling fears of speculative bubbles in the capital markets of the region.

In respond to those situations, both the government and central bank of each country are trying to introduce some policies to manage capital inflows and its exchange rate. For example, it delivers by imposing withholding tax, intervening foreign exchange market, and other administrative restrictions. From this point, ASEAN countries need to collaborate in managing excessive capital inflows. Policy coordination among the authorities will minimize the negative impact of capital inflows. Therefore, financial system stability in the ASEAN countries remains manageable and the region's economic recovery will continue.

### **Ladies and Gentlemen,**

How about the banking system? Empirical evidence shows that financial sector development, especially banking sector, has a strong correlation with economic development. From this sense, the ASEAN economic or market integration will promote banking sector development in the region through banking globalization. Until the early 1990s, most banks only have national operational activities, afterwards globalization of the banking industry grows rapidly, including to emerging countries. The globalization of the banking industry can be in the form of cross border ownership, operation, and market shares. Nowadays, we can easily find foreign banks not only from developed countries but also from ASEAN countries in our big cities.

The globalization of the banking industry certainly has several positive impacts on the banking industry in each country. Those can be in the form of long term capital inflow, improve intermediary's capacity, and promote better competitiveness and efficiency of the banking industry through the implementation international best practices, transfer of knowledge and technology. Meanwhile, globalization of banking industry would also pose some challenges that need to be addressed, not only by each individual country but together as a region such as ASEAN Countries. The main challenges will be the need of adequate bank supervision for cross border activities banks to protect each nation and regional economies from the adverse impacts from financial crises.

We realize that under banking globalization, adverse shocks that hit one country will affect other countries, yielding business cycle synchronization on both the real sector and financial system. To address those challenges, we need to focus on strengthening banking supervision function for banks with cross border ownership and business activities, through both internal supervision by owner or parent bank as well as cross border supervision by the host and parent banking supervisory authorities. Thus, we need to strengthen cross border supervision among ASEAN Countries. Moreover, in order to avoid the pro-cyclical nature of financial crises, financial authorities need to adopt correct prudential regulations, encourage larger liquidity and capital buffers.

In order to strengthen and reform the banking and financial sector, Bank Indonesia is in the process of reformulating the policies to lay strong foundation for Indonesia's banking system, with the objectives: (a) Strengthening banking system resilience through improving regulation, enhancing banking supervisory practices, reforming competition, and deepening financial markets, (b) Strengthening banking intermediation role through reformulating regulation and provision of supporting infrastructure, including reserve requirement and credit information, (c) Enhancing the role of shariah banking in the economy and its resilience, including provision to encourage capital raising and measures to address the shortage of skilled human resource, and (d) Enhancing the role of rural credit bank in micro financing and its resilience, including provision to encourage the strengthening of capital and addressing the shortage of skilled human resources.



***Distinguished Guests, Ladies, and Gentlemen,***

I am certain that through commitment, active participation, and strings of coordination among ASEAN countries, we are able to face the various risks and challenges mentioned.

Before closing, allow me to express my appreciation and sincere gratitude to all speakers for their willingness to share their expertise and knowledge. I would also like give my utmost appreciation to Organizing Committee of Malaysia – Indonesia International Conference on Economic, Management, and Accounting to make this conference and meeting possible.

Finally, let me wish you all good health and prosperity, and I hope that you find this conference interesting and beneficial.

**Wassalamu'alaikum Wr. Wb.**

***BANK INDONESIA***

## CURRICULUM VITAE



Full Name : Rizal A. Djaafara  
Sex : Male  
Place, Date of Birth : Gorontalo, 25 February 1958  
Nationality : Indonesia  
Marital Status : Married  
Religion : Moslem  
Address : Pati Unus No.29, Jakarta Selatan  
Mobile : 62 811 988 642  
Phone : 62 21 381 7321  
Fax : 62 21 350 1912  
E-Mail : rizal@bi.go.id

### EDUCATIONAL BACKGROUND

1989 : Master in Development Economics, Williams College University  
1984 : Master in Economics, University of Indonesia

### RECENT WORKING EXPERIENCES

2009 - now : Director, Center for Central Banking Education and Studies  
2007 - 2009 : Chief, Bank Indonesia Office, Makassar  
2006 - 2007 : Chief, International Studies and Relationship Bureau

### RECENT COURSES

2009 : Managing High Performance, Indonesia  
1996 : Central Banking Course, SEANZA  
1994 : Development Economics, Bank of Switzerland

## **TOURISM INDUSTRY IN SOUTHEAST ASIA**

Assoc. Prof. Dr. Aswin Promsopa  
Rajamangala University of Technology Srivijaya, Thailand  
\*\*\*

Excellencies,  
Distinguished participants,  
Honorable guests,  
Ladies and gentlemen,

It is indeed a great honor and pleasure of mine to address this significant international gathering. First of all, I would like to extend my sincerest gratitude to Prof. Lizar Alfansi, chair of organizing committee and University of Bengkulu for inviting me to share my perspective with you regarding to Tourism Industry in Southeast Asia.

Ladies and gentlemen, I would like to start my presentation with a short yet meaningful statement of the third president of United States of America, Thomas Jefferson. He said,

***“Traveling makes a man wiser. . .”***

I strongly agree that to be wise enough we have to get out of our little boxes, and take the chances to explore things around us, and take advantages of the opportunity that we have to widen our knowledge through others' experiences, cultures, living and learning. We could just be able to achieve that through travel and tourism.

According to the history, wealthy people have always traveled to distant parts of the world, to see great buildings, works of arts, learn new languages, experience new cultures, and taste different cuisines. Nowadays, traveling is not just for wealthy people, but anyone could experience it, all of us, and it is one of the most important components of our lives.

Tourism is defined as a composite of activities services, and industries that delivers a travel experience to individuals and groups traveling fifty (50) miles or more from their homes for purpose of pleasure.

### **IMPORTANCE OF TOURISM**

Nowadays, tourism has become a popular global leisure activity. It is vital for many countries such as France, Egypt, Greece, United States, Spain, Italy, and Southeast Asian countries. Recently bringing together all the countries of Southeast Asia and getting them to cooperate in securing the region's peace, stability and development, Association of Southeast Asian Nation (ASEAN) has been founded. It involves 10 countries such as Thailand,

Indonesia, Malaysia, Myanmar, Philippines, Singapore, Vietnam and Laos PDR. With my presentation, I would just inform you that when I mention Southeast Asia and ASEAN, I am pertaining in the same thing, the Southeast Asian countries.

Tourism industry has experienced a rapid growth and gained an importance in the economy. It is a large exchange earner after manufacturing. Travel and tourism plays an important role in economic activity in most countries around the world.

Southeast Asian countries are all blooming; there are lots of beauties and amazing spots to be proud of when it comes to tourism industry, like **Brunei** that almost seventy percent of the country is covered by grand mosques, river journeys and virgin rainforests but becoming amazing spots. We have **Cambodia** as a well-preserved country. It has a rich culture dating back many centuries when the Angkor Civilization was the region's most developed. The Angkorian temples have attracted archaeologist and fascinated tourists. Indonesia also offers the blend of scenic beauty, flora and fun, culture and marine parks. The naturist beauty and hospitable people of **Indonesia**, also captivates people. The mountainous country of **Laos PDR** retains a remarkable serenity and timeless charm. In the heart of Southeast Asia also lies one of the world's most enhancing lands-**Malaysia**. **Myanmar** also has a rich culture and historical heritage with great places to visit. The **Philippines** as a bejeweled archipelago with over 7,107 islands-sun-drenched islands, beautiful beaches, and magnificent landscapes. **Singapore** as a dynamic city, rich in contrast and colour where you'll find a very harmonious culture, cuisine, arts and architecture. The rewarding country of **Thailand** offers lot of opportunities of sightseeing, accommodations, dining and shopping; the travelers will find plenty to appreciate. **Vietnam** attracts travelers with its cool upland, mountains, untouched coastal stretches, thriving cities, and the relaxed capital Hanoi. We already have resources, well-preserved cultures, beautiful and head turner natural resources, and interesting history. I could even say that we already have the main ingredients in increasing our Tourism Industry, but what we need now is "Strategies"

Currently, tourism is the most important sector and major source of foreign exchange earnings in every country. Tourism has played a significant role to economy and also leads to the expansion in some linking industries such as hotels, restaurants, transportation, retails, shops, and souvenirs and so forth. All of these contributions cause the growth of employment, export, investments as well as the government expenditure.

Tourism remains a global industry. In 2008, tourism arrivals totaled 922 million, and it was in year 2009 when the World Tourism Organization projected modest growth. In its first meeting last January 28, 2009 in Madrid the WTO Resilience Committee declared that tourism could play a major role stimulus programs because of "its immense capacity for creating jobs and its recovery potential."

Many developing countries perceive tourism as a fast track to economic growth. They assume that tourism development requires less investment than other industries. Indeed, tourism is very important to our people simply because of the followings.

**First**, it's a major job generator as a labour-intensive industry. It can boost the economy by generating jobs. Today the travel and tourism industry with 1.4 million jobs accounts 4.1 percent of jobs in the economy. This includes employment by hotels, travel agents, airlines and other passenger transportation services; it also includes the activities of restaurants and leisure industries directly supported by tourists. By 2021, Tourism will account for 12.1 million jobs directly, an increase of 3.2 million and its 35.3 percent over the next ten years. (*World Travel and Tourism Council-2011 Key Facts*)

**Table 1. Travel and Tourism's Total Contribution to Employment 2011**  
(*World Travel and Tourism Council League Table Extract*)

1 North East Asia	71,839,000.8
2 South Asia	45,595,000.3
<b>3 Southeast Asia</b>	<b>25,853,000.7</b>
4 North America	22,618,000.9

*Southeast Asia ranked 3 with 25, 853,000.7 contributions to world's employment at present. (2011). Looking at this closely we could say that ranked 1-3 are just within the boundaries of ASIA.*

**Second**, it increases foreign exchange income. Tourism is a major dollar earner and every dollar we earn from tourism is classified as exports in the country's book of accounts. Malaysia was using \$100 million and it's producing \$14 billion and Indonesia was using \$15 million to produce \$5.35 billion. According to the data from UN in 2009, the profit gained from tourism in Asia Pacific region was \$2.6 billion. (*Source: October 28, 2009, Bali News Editor*)

In year 2009 Indonesia received 6.5 million visitors. It's a growth of 0.4 percent compared to 2008, and during the period of January-December of 2010 it reached the total revenue of 7.6 billion dollar. Bali received a total 2.3 million foreign visitors who, together are estimated to have contributed US\$ 2.7 billion in foreign exchange to Bali's economy. (*Source: February 8, 2010, Tourism Indonesia*)

**Table 2. Travel and Tourism's Total Contribution to GDP 2011**  
*(World Travel and Tourism Council League Table Extract)*

1 North America	US \$1,569,000.68
2 European Union	US \$1,248,000.03
3 Northeast Asia	US \$1,071,000.52
4 Latin America	US \$ 329,000.62
5 Other Europe	US \$ 287,000.29
<b>6 Southeast Asia</b>	<b>US \$ 223,000.53</b>

*This data provides ranking highlighting comparisons with competing destinations; Southeast Asia ranked 6 with 223,000.53 US billion dollars in terms of its total contribution to the world's GDP.*

**Third**, tourism benefits all places, specifically Southeast Asian countries once they are integrated by adequate infrastructures into the loop of tourism development. Tourism enables us to become more competitive in this vital global industry. This importance pertains to the improvements of different corners, certain countries in connection to infrastructure improvement, accommodations and tourist spots maintenance and it also benefits other nearby Southeast Asian countries especially when we promote an easy travel from one Southeast Asian country to another, for example, travelers of Indonesia could also visit and travel to Malaysia, and could also visit the nearby country such as Thailand and so forth.

#### **CURRENT TOURISM INDUSTRY IN SOUTHEAST ASIA**

We are all aware that tourism is a long established economy activity in Southeast Asia, dating back to the turn of the nineteenth and twentieth century, though mass tourism is a relatively recent phenomenon that largely began in the 1970's. The industry grew slowly for decades, but by the 1980's East Asia, Southeast Asia and the Pacific were experiencing the most rapid growth in tourism arrivals in the world, averaging 9.2 percent per annum. *(June 2008, Nordic Institute of Asian Studies Press, p.368)*

Southeast Asia is rich in culture, nature, history and tradition. Tourism has become a significant source of revenue for countries throughout Southeast Asia. Millions of travelers from North and South America, Europe, Australia, New Zealand, and other parts of Asia visit the nations of Southeast Asia each year.

**Table 3. Estimated Number of Tourist Annually**  
(Selected information from Southeast Asia countries)

<div>Year</div> <div>Destination</div>	Number of Visitors (Million)			
	2007	2008	2009	2010
Malaysia	21	23.6	23.7	24.5
Thailand	14.5	14.2	14.1	15.9
Singapore	10.2	10.1	9.6	11.6
Indonesia	5.5	6.4	6.5	7.0

Source: From Wikipedia, the free encyclopedia

Malaysia is the top tourist destination in Southeast Asia. About 24.5 million foreign visitors spent \$16 billion in Malaysia in year 2010. Thailand has the second largest tourism industry in Southeast Asia. About 15.5 million foreign visitors spent 19.5 billion dollars in Thailand in the same year. Singapore comes next, followed by Indonesia.

The development of Southeast Asia's tourism is clearly manifested throughout the years, ASEAN tourism performed an outstanding growth in 2010 with the total international arrivals of more than 73 million an increase of 11 percent compared to 2009. Intra-ASEAN travel was the major source market for the region with share of 47 percent in 2010.

Let's take a look in the tourism industry of Malaysia in terms of INTRA-ASEAN Travel. Malaysia received **11.87 million** visitors in 2010; Singapore remains the key source of tourist visitors to Malaysia with 6.29 million visitors followed by Indonesia with 1.25 million, next is Thailand with 712,410 travelers, next to it is Brunei with 578,636 visitors and China including Hong Kong and Macau sent 516,160 tourists and India with 359,461.

**Table 4. Total Number of Visitors Arrived in Malaysia in 2010**

RANK	COUNTRY	Total No. Of visitors
1	SINGAPORE	<b>6.29 M</b>
2	INDONESIA	<b>1.25 M</b>
3	THAILAND	<b>712,410</b>
4	BRUNEI	<b>578,636</b>
5	CHINA (inc. Hong Kong and Macau)	<b>516,160</b>
6	INDIA	<b>359,461</b>

Source: Oct.2010, Malaysia Tourism report Q4 2010, Business Monitor Intl, pp.5

Singapore, Indonesia and Thailand are important sources of visitors for the country of Malaysia. Even in Indonesia, Singapore is well known for its efficiency to send most tourists to country of Indonesia, followed by Japan and Malaysia.

So far in 2010, there is a rapid growth in tourism industry and it is the reflection of the region's blooming and diversified economies. When it comes to tourism industry we have to consider the impression of our main client, the people. We have to consider the big question "What do tourists look for?" When we are deciding about where to go, either a trip overseas or within the country. We consider how impressive the countries are, with regards to environments which includes scenic coastal lines, alpine or heritage, also the climate cultures, type of accommodation, societies and different activities that catch visitors' attention such as walking in a scenic area, hiking in the green and famous mountains, observing art works and also architectures, sports, livelihood experiences such as farming and fishing. When we talk about the interest and impression of the people, somehow we are also pertaining to the kind of tourism that we want to offer to the people.

We have the **Healthcare Tourism** that attracts people to visit our country, especially when there is significant price difference among countries for a given medical procedure. **Creative Tourism** is also a kind of tourism, which is related to the active participation of the culture of the host community, through informal learning or interactive workshops, like farming, fishing, and producing specialty products of a certain place. We could also have the **Educational Tourism**, wherein the focus of the tourists here aside from visiting another country is learning. Learning about the culture such as in Student Exchange Programs and Study Tours, or any work that requires the application of the skills learned inside the classroom in a different and real environment. We should consider also the **Ecotourism**, this kind of tourism is committed in promoting natural and cultural conservation, and it aims to inspire visitors through having interesting activities that are related to ecotourism involving activities such as scuba diving, hiking, cave visitation, mountaineering, cultural and historical site visitation.

Strong economic growth in Asia is attributed to a focus on market reforms. Billions of dollars are being poured into the tourism infrastructures to accommodate the Asian tourism industry.

Technological developments have significantly impacted the travel industry in the Southeast Asia region and will continue to do so over the next decade.

In light of the increasingly competitive situation in the Southeast Asia region, traditional methods of marketing a destination to masses has yielded to more focused marketing segmentation strategies and themed campaigns.



For example, Philippines with its “**WOW Philippines**” campaign, Indonesia with the tag line “**Wonderful Indonesia**” Malaysia with the slogan “**Malaysia is Truly Asia**” and even Thailand started the trend towards international and nationwide events when it launched “Visit Thailand Year 1987” to celebrate the Thai King’s 60<sup>th</sup> birthday. The new marketing slogan which was adopted in mid 2009, “**Amazing Thailand, Amazing Value**” seemed to help the trend for 2009 and the first few months of 2010 up to the present.

## **TOURISM INDUSTRY GROWTH IN THAILAND**

Thailand is very famous of its impressive historical sites, its beautiful beaches, its scenic countryside, with gentle, polite, and genuinely friendly people. That is why sales promotion activities are used at present for tourism marketing; such as, Thai Tourism Festival, Amazing Two Coasts, Amazing Isan Fair, and One Night One Price Campaign. The target for tourism in 2010 was 90 million trips, an increase of 3.38 percent with income of 430,000 million baht, an increase of 5.5 percent. (Source: *Thailand Tourism overview for 2009 and Tourism goals and trends for 2010*, Wednesday, January 27, 2010)

Nowadays, compared to the last decade, Thai tourism accounts for nearly 7 percent of Thailand’s GDP. **Thailand is the 18<sup>th</sup> most visited country in the world with 15 million tourists annually.** How tourism industry in Thailand develops its strategy? If you have this question in mind, I could share Thailand’s experiences in terms of tourism industry. It was in year 2008; Thailand experienced a global crisis and political turmoil that resulted the inbound tourists, with a decrease of 16 percent in the first half of 2009. The greatest decline included visitors from Northeast Asia, followed by Americas and Oceania. In August 2009, tourism in Thailand has been showing clear signs of recovery. The decline of 5 percent in August, has switched to a growth of more than 10 percent in September and October. From the month of September, there were clear signs of recovery and normalization in all adversely affected markets. Here are some factors that support the recovery of Thai tourism; **First** is the stability of Thai political situation. **Second** is the less-than-feared severity of the flu outbreak. **Third** are the economic stimulus measures such as the exemption of visa fees and take-off and landing fees. **Fourth** is the marketing campaigns implemented by Tourism Authority of Thailand (TAT) since July, 2009, this includes the restoration of Thailand’s image, promotions regarding Value-for-Money visits to Thailand, provisions of accurate information about the situation in Thailand, partnerships in terms of travel programs and sales promotional advertisements.

In 2010, TAT promoted tourism in a way what would create the trend for travel and tourism all year-round, and brought revenue to the country from both domestic and overseas

tourist market. The focus to be promoting Thailand as **“a quality tourist destination that offers good varieties, memorable and impressive experiences”** through operations in three key aspects, which were overseas marketing, domestic marketing, and support for the marketing

## **I. OVERSEAS MARKETING**

Overseas tourism promotion in the year 2010 focused on proactive operation by promoting the good value for money of the “7 Wonders of Amazing Thailand” tourism products through the “Amazing Thailand, Amazing Value” campaign, along with the market protection by reviving Thailand’s image and tourists’ confidence, as well as building existing customers’ loyalty using “Customer Relationship Management: CRM”. This also included the penetration of quality markets and efficiency in the use of online media to promote tourism. The main strategies were as follows:

### **1. Strengthening the Thailand Brand**

This was to revive and promote the positive image of the brand “Thailand”, increase the awareness, and emphasize the positioning of the brand “Thailand” through the “Amazing Thailand, Amazing Value” campaign. Highlighted activities/projects were:

- 1.1 Stimulate travel and tourism by publicizing Thailand’s image through popular television, printed and online media.
- 1.2 Support for the hosting of the pre-pageant preparation for the finalists of “Miss Poland 2009” during October 5-17, 2009, and support for “Miss Belgium 2010”, by facilitating the beauty contestants’ seclusion trip and their visits to tourist attractions in Thailand, as well as participation in various tourism activities.
- 1.3 Invited overseas media traveled to Thailand to inspect and experience Thailand’s tourism products and services, and participated in a product seminar focusing on four future selling points, including Health and Wellness, Experience, Community Based, and Luxury.
- 1.4 Publicize Thailand through “Celebrities” by working in partnership to organize the Tennis PTT Thailand Open 2010 during September 25 to October 3, 2010. Participated by Rafael Nadal, the number 1 world-ranking tennis champion. Before the tournament, Rafael Nadal had selected Thailand for his holiday and preparation, which confirmed that Thailand was ready to welcome international tourists, as well as be the best holiday destination.

- 1.5 Produce advertising brochures to promote tourism attractions covering the 76 provinces in Thailand, which included information about tourist attractions, maps of key attractions, accommodations, tourism activities.

## **2. Expanding the Quality Tourist Market**

The objective was to increase the number of high-end tourists by strengthening the awareness of medical tourism, honeymoon attractions and wedding venues, filming locations, souvenir shopping and golf spots, among the target market. The activities and projects were:

- 2.1 The “Director Trip to Thailand” Project, in cooperation with the National Federation of Thai Film Associations, was to create the trend for travel to Thailand and awareness of Thailand’s readiness to be a filming location. Actors, producers, and directors from Korea, India, and Hong Kong were invited to Thailand to spend their holidays and inspect the country’s readiness.
- 2.2 Present Thailand at world-class tourism promotional events, targeting quality tourist and special interest markets. TAT encouraged Thai tourism operators to participate in worldwide events; such as, the Quality Travel Fair 2010 in Copenhagen, Denmark, the World Medical Tourism & Global Health Congress in the USA.
- 2.3 Organizing the “Amazing Thailand Road Show”, targeting the Health and Wellness markets, by inviting Thai tourism operators (sellers) to meet and discuss business with international buyers worldwide to open a new market.

## **3. Protecting the Leisure Tourist Market Base**

The objective was to secure Thailand’s market share in Asia by maintaining the existing customer base (repeater) while expanding into a new market (first-time visitor). The activities and projects were as follows:

- 3.1 The Present Thailand at world-class tourism promotional events encourages Thai tourism operators to meet and discuss business with international buyers, and to publicize Thailand’s positive image.
- 3.2 The “72 Hours in Thailand” Project, which presented Thailand’s selling point as a good value-for-money “Holiday break Destination”.
- 3.3 The “Amazing Thailand Card” Project, which distributed the Amazing Thailand cards to overseas tourists in six markets; namely, the UK, France, Germany, Switzerland, Italy, and the Middle East to offer special privileges for traveling to Thailand, by means of discounts/special bonuses on tourism products and services for the cardholders.

- 3.4 The “Passport to Amazing Thailand” which prepared a book for collecting “Passport” stamps to attract repeat visits from Scandinavian tourists. The books were distributed to sponsors and alliances, and at various promotional events.

#### **4. Increasing Thailand’s Potential and Competitiveness**

The objective was to increase the efficiency of TAT and its alliances to compete in the global market by developing an efficient online system and applying contemporary media.

- 4.1 Increase a Tourism Information Channel Through Call Center 1672, by opening the “1672 Tourist Hotline Video Call Center” online on [www.tourismthailand.org](http://www.tourismthailand.org), in addition to a telephone enquiry. Tourists could directly contact the staff for tourism information online through a “Live Chat” system in both Thai and English.
- 4.2 Support for Public Relations of Flight Inaugurations and Increase in Numbers of Flights to Thailand; such as, the launches of new routes- Incheon – Bangkok by Jin Air, Korea Market; Jakarta – Phuket by Air Asia, Indonesia Market; Singapore – Krabi by Tiger Airways, Singapore Market.
- 4.3 Increase the Tourism Market Potential through the online community on [www.facebook.com/amazingthailand](http://www.facebook.com/amazingthailand) opened since September 2009.
- 4.4 The “TAT Digital Party” Project was set up to promote the tourism industry through the online market by applying the “Digital Marketing” strategy as a concept to introduce an information technology system to the tourism industry.
- 4.5 Create a “Trip Planner” Program on [www.tourismthailand.org](http://www.tourismthailand.org) was set up to help tourists plan their own travel, from selecting tourist attractions, hotels, restaurants, and shopping areas, by printing the plan out to carry with them throughout their journey.

## **II. DOMESTIC MARKETING**

The TAT’s tourism promotion in terms of domestic marketing in the year 2010 focused on work that had benefits on both the economic and social dimensions. Highlighted operations could be summarized as follows:

## **1. Building a Trend for tourism to Become a Part of Life**

To create an attitude among Thai people that tourism was part of their lives and stimulate Thais to travel more for tourism. Important activities were:

- 1.1 Domestic advertisements and public relations under the campaign, “Bustling Thai Tourism, Burgeoning Thai Economy”, through various types of media to the target markets: such as, government officials, state enterprise officials, high-income workers.
- 1.2 Organized media familiarization trips to introduce tourist attractions and services of various provinces in all regions, and promoted activities organized in the areas of responsibility of the TAT domestic offices.
- 1.3 Produced both online and offline provincial tourism maps to be disseminated in brochures and on the TAT website for general tourists.
- 1.4 Supported the private sector at three promotional events, the 17<sup>th</sup> Discovery Thailand Fair, the 18<sup>th</sup> Discovery Thailand Fair, and the Amazing Thailand Fair.

## **2. Promoting Linkage Tourism**

To encourage Thai tourists to travel more inside and outside the regions. Important activities included:

- 2.1 Amazing I-san Fair 2010, which was held during February 18-21, 2010, in Bangkok.
- 2.2 I-san Revisit 2010, was held during January 26-30, 2010, in Khon Kaen Province
- 2.3 The “Charm of the Royal Coast” Project (Mon Sane Thale Wang) to promote linkage tourism of tourist attractions in the provinces of Samut Sakhon, Samut Songkhram, Phetchaburi and Prachuap Khiri Khan.
- 2.4 The East-West Corridor Tourism Route Project to encourage more linkage tourism with the neighboring countries, by promoting through MCOT radio advertisements, and organizing an “East-West Corridor” tourism route caravan tour from Sukhothai to Phitsanulok, Khon Kaen, and Nakhon Phanom Provinces.

### **3. Creating a Perception of the Areas' Uniqueness**

To create a clear image of each area for tourists to see the areas' differences and to be more interested in traveling there. Important activities included:

- 3.1 The Various Styles of Tours in the Central Region: "Nowhere Else is Newer" Project to promote the different travel styles of the central region, by inviting actors, artists, and celebrities to share their experiences and points of view about new tourist attractions in the central region.
- 3.2 The "A Hundred Stories...about the South" Project to present the identity of the arts, culture, religion, and seas of the Southern region, by joining the alliances to organize tour programs for group tours. Tourist from other regions who joined the program were brought to visit the southern part of Thailand.

### **4. Campaigning for Tourism with Awareness in Its Value and Preserving Tourist Attractions**

To raise the awareness of preserving the environment (nature, history, and culture) and encourage Thai people to be good hosts and tourists. Important projects included:

- 4.1 The TAT's 50<sup>th</sup> Anniversary Project to campaign for Thai people to be aware of, and take part in, preserving and sustaining Thailand's tourist attractions.
- 4.2 The Tourism with Awareness in Its Value to Preserve the North Project to raise awareness of sustainable tourism and promote the right approach for travel and tourism.
- 4.3 The "Nature Heal" Project to promote activities that help to preserve the environment and natural resources, and publicize the activities to tourists.

### **5. Promoting Tourism in the Dimension of Learning**

To encourage Thai people to embrace an attitude of traveling to increase their knowledge. Important projects included:

- 5.1 The "Caring for the Southern Youth" Project on National Children's Day, taking 100 underprivileged students from Phuket, Nakhon Si Thammarat, and Songkhla Provinces on an educational trip to tourist attractions in Bangkok.
- 5.2 The "Fish Habitat Cleaning in the Trang Sea" Project – to campaign for tourism with awareness in its value and preserve tourist attractions, and to stimulate a sense of being a good host. Activities included the cleaning of the fish habitat, involving 200

Thai and foreign divers, garbage collection on Pak Meng Beach by 242 local villagers and students.

- 5.3 The “Western Forest Cultural Route” Project – to promote tourism for learning for the family and self-drive groups, featuring a caravan tour along the Western Forest cultural route, or “Return the Orchids to the Forest, Return the Fish to the River”

### **III. SUPPORT FOR THE MARKETING OPERATIONS**

TAT’s support for the marketing operations in the year 2010 focused on supporting and promoting tourism products and services that offered high quality with good value and created added value, as well as supporting the organization of tourism events in all parts of the country to reflect the clear image, identity, or selling points of each area. In addition, priority was given to proactive database development, personnel development, and key organizational management system. In summary, highlighted performances were as follow:

#### **1. Promoting Tourism Products and Services That Support the Thailand Brand**

To explore, select, and promote quality tourism products and services, and give importance to social and environmental tourism that would lead to sustainable tourism.

- 1.1 Produce Tourism Product Guidebooks to reflect an image of the tourism area.
- 1.2 The Project to Produce Guidebooks of 50 Green Destinations in Thailand ready to be presented at the TAT’s 2011 Marketing Action Plan meeting.
- 1.3 Compile and Prepare the Information on Environmentally - friendly Tourism Management according to the 7 Greens Concept. The information was used as a source to produce a manual for distribution to relevant people for further concrete action.
- 1.4 Publicize and Organize Exhibitions/Activities to Promote the “Declaration of the Environmental Protection Program for Sustainable Tourism according to the 7 Greens Concept” to interested tourists and tourism-related business operators.
- 1.5 Promote Thai Traditional Education Products and Services for Tourism by producing a manual of Thai cooking schools and an Education Tourism Thailand 2010 manual for distribution to tour operators in the areas under the six target TAT overseas offices.

#### **2. Promoting and Creating Tourism Activities.** Important operations included:

- 2.1 Organizing 29 Activities to Stimulate Travel for Tourism; such as, Lai Ruea Fai Festival in Nakhon Phanom Province, Bang Fai Phaya Nak (Naga Fireballs) Festival at the end of

the Buddhist Lent in Nong Khai Province, Underwater Wedding Ceremony in Trang Province.

- 2.2 Organizing Activities to Promote the Country's Images; such as, the SWATCH FIVB Beach Volley World Tour in Phuket Province, the Royal Trophy Europe vs Asia Golf Championship in Chon Buri Province, Honda LPGA Thailand 2009 in Chon Buri Province, Thailand Ladies Open 2009 in Samut Prakan Province.

### 3. Developing the Databases

To have in-depth information for developing a strategic tourism plan. Important projects included:

- 3.1 The Project to Survey the Tourism Attitudes and Behavior of Thais Living in Bangkok and the Greater Bangkok to support the preparation of the marketing strategy plan and tourism products.
- 3.2 The Project to Survey the Attitudes and Satisfaction of Foreign Tourists in the Emerging and Major Markets to support TAT's formulation of tourism promotional strategies and plans to maintain the existing customers and expand into new markets.

### 4. Increasing the Organization's Potential

To develop the TAT's staff capability and the organizational management system to be as efficient as an international standard.

Today, Thailand is promoting itself as an international destination and the gateway to other Indochinese countries such as, Vietnam, Myanmar, Cambodia, Malaysia, and Singapore (McNeil, 1997)

## FACTORS INFLUENCING TOURISM INDUSTRY

A number of factors are responsible for the rapid growth and the development of the tourism industry in the Asia Pacific region. These include the **strong economic growth** - so we could provide funds for the improvement of infrastructures, accommodations and other utilities that must be affordable, it could increase the numbers of tourists; **breakdown of political barriers** - politics affects tourism especially when certain country creates barriers from another country that's why we have to build up good relationship and cooperation with each SEA countries; **easing of travel restrictions** as much as possible to welcome more tourists; **liberalization of air transport** for easy travel could also boost increasing in tourism industry including cheaper cause of flights, of course this could attract a lot of visitors and travelers; **focused marketing campaigns** - these could include various



strategies such as product exposition, positive articles and attractive panorama in magazines in any reading materials as well as in any form of advance technology. Television and advertising industry have become powerful tools in expanding materialistic values. There has been a remarkable increase of advertisements related to leisure and tourism activities in both prints and electronic media over recent years. Such powerful symbolic messages spreading through the mass media have certainly contributed to the change of attitudes towards work, leisure and tourism. Internet is also the most preferred medium to gather information by tourists, in 2008 more than 50 percent of the tourists gathered information from internet.

There are also other factors that are considered to have the greatest influence on tourist behaviors. These include weather conditions, economic environment, prices of products and services offered to tourists, and the period of leisure time spending at the visiting places. It is also interesting to note that the health scare such as SARS in 2003 and AH1N1 has much larger impact on tourist arrivals than political events.

For the well-off consumers, shopping has become a major popular leisure activity not only at their own country but also abroad. More than 50 percent of the expenditures are for shopping. The top two destinations for Thai outbound tourists are the regional shopping centers Hong Kong and Singapore, and about half of their expenditure is classified under souvenir purchases.

Mega-shopping centers which are proliferating in Asian cities and greenery and open spaces for outdoor recreation are also spectacular monuments of consumer culture and have become an important part of social life for urban families.

## **FACTORS AND STRATEGIES TO CONSIDER FOR FURTHER DEVELOPMENT OF TOURISM INDUSTRY IN SOUTHEAST ASIAN COUNTRIES**

It is necessary to predict what the future will hold by examining the current trends. By carefully studying what is happening at present and what is planned for the near future, we may be able to forecast something about tourism some distance ahead. According to the World Tourism ranking compiled by the United Nations World Tourism Organization (UNWTO), it was 2010, when Kuala Lumpur with 8.9 million tourists, Singapore with 8.6 million tourists, and Bangkok with 7.2 tourists ranked 5, 6 and 9 respectively in top 10 most visited cities. What does this information suggest to us? Why not we make Kuala Lumpur, Singapore, and Bangkok as a hub of tourism and traveling to Southeast Asia? How much benefit if we work on having direct flight from Western Countries for example USA to Bangkok, or Europe to Kuala Lumpur or Singapore? We could not just help these three cities

to rank higher than that in the year 2010 but we could also help almost every Southeast Asian country with this plan.

One of the best strategies is to promote INTRA-ASEAN TRAVEL; this would require cooperation and participation among Southeast Asian countries. ASEAN Tourism performed an outstanding growth in 2010 with total international arrivals of more than 73 million an increase of 11 percent compared to 2009. INTRA-ASEAN travel was the major source market for the region with share of 47 percent in 2010. (*Source: ASEAN Tourism Ministers Meeting 2010*)

To further improve tourism industry in each country particularly Southeast Asia countries, we also have to work on tourist attractions and activities that should be promoted and introduced through internet, reading materials, and other means of technology.

Organizing international activities and events could also attract visitors and tourists. Some examples of these activities are SEA GAMES in Indonesia, ASEAN Summit in Indonesia, World Expo in South Korea (2012), World Beach Games in Thailand and World Flora in Thailand. We could also include conventions for educational purpose and trips internationally.

Low-cost flights would attract great number of tourists, sometimes people consider first with "HOW MUCH?" rather than "WHAT IS IT?" Even we might experience a decrease with regards to income from international flights; I guess there would be a high increase to total tourist industry income. We could also promote ticket and accommodation reservation online or through internet which could be more convenient to those travelers who want to visit Southeast Asia.

Linkage to other nearby countries could also increase the number of visitors; this linkage could be possible through the improvement of land transportation by having high speed train that could provide a link from China to Vietnam, Laos PDR, Thailand, Malaysia and Singapore. This could attract tourists and make the travel more convenient, because it could have the privilege of travelling not just with a single country but in a big part of ASIA.

Acknowledging the importance of tourism as an economic engine and a tool for development and change, the ASEAN Tourism Strategic Plan (ATSP) 2011-2015 was endorsed by the ASEAN Tourism Ministers at their 14<sup>th</sup> Meeting as the successor of the Roadmap for Integration of Tourism Sector (RITS) which was completed in 2010. This strategic plan will contribute to the overall goals of the ASEAN community by 2015 through promotion of growth, integration and competitiveness of the tourism sector and at the same time deepen social and cultural understanding as well as facilitating travel into and within ASEAN. The ATSP provides actions and activities to realize its great vision that; by 2015, ASEAN will provide an increasing number of visitors to the region with authentic and diverse

products, enhanced connectivity, a safe and secure environment and increased quality of services, while at the same time ensuring an increased quality of life and opportunities for residents through responsible and sustainable tourism development by working effectively with a wide range of stakeholders.

## **CONCLUSION**

Over the last decade, as the tourism industry has developed rapidly in the Southeast Asia, many policies and projects related to tourism have been implemented in order to cope with the increased demand by international tourists. However, further policy development is needed to ensure that future tourism development will be sustainable.

People now live in a world in which tourism and tourist experiences are major components. Such a world is one in which image, advertising, and consumerism as framed by style, taste, travel and leisure.

Economic recovery results in growth in travel and tourism. By 2021, International Tourist Arrivals are forecast to total 103.9 million an increase of 4.2 percent generating expenditure of USD 148.8 billion.

With this statement, almost all the South East Asian countries predicted to be among the world's top ten tourist destinations by 2016. Different tourism sectors are striving to receive millions foreign visitors at present, and also to attract foreign direct investments for the industry's development during this period.

Tourism is vital to our economy and our countries development. We must accelerate now more than ever tourism development all over our archipelago and the world. We just need unity and cooperation to make this dream into reality, and I am quite sure that the major purpose of this convention; it's for us to realize that the success is in our hands only if we just intentionally work on it together.

**Thank you very much for your kind attention**

## Reference

- ASEAN Asia's Perfectto Paradise. **ASEAN Coutries**. Retrieved 27/06/2011 from <http://www.asen-tourism.com/aseancountries/brunei.shtml>.
- \_\_\_\_\_, **ASEAN Coutries**. Retrieved 27/06/2011 from <http://www.asen-tourism.com/aseancountries/cambodia.shtml>.
- \_\_\_\_\_, **ASEaAN Coutries**. Retrieved 27/06/2011 from <http://www.asen-tourism.com/aseancountries/indonesia.shtml>.
- \_\_\_\_\_, **ASEAN Coutries**. Retrieved 27/06/2011 from <http://www.asen-tourism.com/aseancountries/laos.shtml>.
- \_\_\_\_\_, **ASEAN Coutries**. Retrieved 27/06/2011 from <http://www.asen-tourism.com/aseancountries/malaysia.shtml>.
- \_\_\_\_\_, **ASEAN Coutries**. Retrieved 27/06/2011 from <http://www.asen-tourism.com/aseancountries/myanmar.shtml>.
- \_\_\_\_\_, **ASEAN Coutries**. Retrieved 27/06/2011 from <http://www.asen-tourism.com/aseancountries/philippines.shtml>.
- \_\_\_\_\_, **ASEAN Coutries**. Retrieved 27/06/2011 from <http://www.asen-tourism.com/aseancountries/singapore.shtml>.
- \_\_\_\_\_, **ASEAN Coutries**. Retrieved 27/06/2011 from <http://www.asen-tourism.com/aseancountries/thailand.shtml>.
- \_\_\_\_\_, **ASEAN Coutries**. Retrieved 27/06/2011 from <http://www.asen-tourism.com/aseancountries/vietnam.shtml>.
- ASEAN Tourism Ministers Meeting** . 2010. Retrieved 15/07/2011 from <http://www.asean.org/25762.htm>.
- Bali News. 2009. **Indonesian tourism market focus on 15 countries**. Retrieved 15/07/2011 from <http://balinews.asia/2009/10/indonesian-tourism-market-focus-on-15-countries>.
- Business Monitor International. 2010. **Malaysia Tourism Report Q4 2010**: Market Research Report. Retrieved. 15/07/2011 from [http://www.researchandmarkets.com/reportinfo.asp?report\\_id=1441163&tracker=related](http://www.researchandmarkets.com/reportinfo.asp?report_id=1441163&tracker=related).
- Cang, Chia-Lin, Sriboonchita Songsak, Wiboonpongse Aree.2008. **Fact Asia to Thailand under temperal and spatial aggregation**: Modelling and forecasting tourism from. Retrieved 24/06/2011 from [www.elsevier.com/locate/metcom](http://www.elsevier.com/locate/metcom).
- Climate Science for Decision Markers. **What is Tourism?**: Pileus Project. Retrieved 27/06/2011 from [http://www.pileus.msu.edu/tourism/tourism\\_whatistourism.htm](http://www.pileus.msu.edu/tourism/tourism_whatistourism.htm)
- Eusebio, Gerardo, V. 2010. **The Importance of Tourism for The Philippines**: Bongbong Marcos. Retrieved 19/07/2011 from <http://bongbongm.com/2010/01/the-importance-of-tourism-from-the-philippines/>.
- Manuel, Mark, McElroy, Barrie, and Smith, Roger. 1996. **Tourism**. Hong Kong: Cambridge University Press.
- Network Myanmar.2011. **Travel and Tourism**. Retrieved 15/07/2011 from <http://www.networkmyanmar.org/travel-and-tourism>.
- Phnom Penh.2011. **Number of Tourists to Cambodia Increases Despite War at Border**. Retrieved 15/07/2011 from <http://www.akp.gou.kh/?p=2212>.
- Pleumarom Anita. **The rise and fail of South East Asian Torism**: TWN Third World Network. Retrieved 24/06/2011 from <http://www.twinside.org.sg/title/apcn.htm>.
- RNCOS E-Services. 2010. **Malaysian Tourism Industry Forecast to 2012**: Market Research Report. Retrieved. 15/07/2011 from <http://www.researchandmarkets.com>

/reportinfo.asp?report\_id=1055840&tracker=related.

Singh, Amrik. 1997. **Asia pacific Tourism Industry: Current Trends and Future Outlook.**

Retrieved 06/07/2011 from <http://www.hotel-online.com/Trends/>

[AsiaPacificJournal/AsiaPacificTourismOutlook\\_1997.html](http://www.hotel-online.com/Trends/AsiaPacificJournal/AsiaPacificTourismOutlook_1997.html).

**The ASEAN Free Trade Area.** (online). Retrieved 27/06/2011 from <http://www.aseansec.org/19585.htm>.

**The world Tourism Organization.** Retrieved 24/06.2011 from <http://en.wikipedia.org/wiki/Tourism>.

**Tourism.** (online). Retrieved 01/07/2011 from <http://en.wikipedia.org/wiki/Tourism>.

Tourism Authority of Thailand. (2010). **Annual Report.** Bangkok.

\_\_\_\_\_. (2010). **Thailand and Tourism Overview for 2009 and**

**Tourism goals and trends for 2010: Tatnews.** Retrieved 27/06/2011 from [http://www.tatnews.org/tat\\_news/4677.asp](http://www.tatnews.org/tat_news/4677.asp).

**Tourism in Brunei.** Retrieved . 06/07/2011 from [http://en.wikipedia.org/wiki/Tourism\\_in\\_Brunei](http://en.wikipedia.org/wiki/Tourism_in_Brunei).

**Tourism in Burma.** Retrieved . 01/07/2011 from [http://en.wikipedia.org/wiki/Tourism\\_in\\_Burma](http://en.wikipedia.org/wiki/Tourism_in_Burma).

**Tourism in Indonesia.** Retrieved . 01/07/2011 from [http://en.wikipedia.org/wiki/Tourism\\_in\\_Indonesia](http://en.wikipedia.org/wiki/Tourism_in_Indonesia).

**Tourism in Laos.** Retrieved . 01/07/2011 from [http://en.wikipedia.org/wiki/Tourism\\_in\\_Laos](http://en.wikipedia.org/wiki/Tourism_in_Laos).

**Tourism in Malaysia.** Retrieved . 06/07/2011 from [http://en.wikipedia.org/wiki/Tourism\\_in\\_Malaysia](http://en.wikipedia.org/wiki/Tourism_in_Malaysia).

**Tourism in Philippines.** Retrieved . 01/07/2011 from [http://en.wikipedia.org/wiki/Tourism\\_in\\_Phillippines](http://en.wikipedia.org/wiki/Tourism_in_Phillippines).

**Tourism in Singapore.** Retrieved . 01/07/2011 from [http://en.wikipedia.org/wiki/Tourism\\_in\\_Singapore](http://en.wikipedia.org/wiki/Tourism_in_Singapore).

**Tourism in Southeast Asian.** 2008. Nordic Institute of Asian Studies Press. Retrieved 27/06/2011 from [http://www.researchandmarkets.com/research/cd29f3/tourism\\_in\\_southeast\\_asia](http://www.researchandmarkets.com/research/cd29f3/tourism_in_southeast_asia).

**Tourism in South East Asia: Good Case Tourism in South East Asia.** Retrieved 27/06/2011 from [http://www.asia-adventures.com/activities/good\\_case\\_south\\_east\\_asia.php](http://www.asia-adventures.com/activities/good_case_south_east_asia.php).

**Tourism in Thailand.** Retrieved . 01/07/2011 from [http://en.wikipedia.org/wiki/Tourism\\_in\\_Thailand](http://en.wikipedia.org/wiki/Tourism_in_Thailand).

**Tourism in Vietnam.** Retrieved . 01/07/2011 from [http://en.wikipedia.org/wiki/Tourism\\_in\\_Vietnam](http://en.wikipedia.org/wiki/Tourism_in_Vietnam).

Travel and Toursim. 2011. **Travel and Tourism in Malaysia Euromonitor International.**

Retrieved 15/07/2011 from <http://www.euromonitor.com/travel-and-tourism-in-malaysia/report>.

Vietnam Travel. **Vietnam Tourism Statistics.** Retrieved 15/07/2011 from <http://www.vietnamtravel.org/vietnam-tourism-statistics>.

World Travel and Tourism Council. **League Table Extract.** Retrieved 27/06/2011 from [http://www.wttc.org/bin/pdf/original\\_pdf\\_file/europeanunion.pdf](http://www.wttc.org/bin/pdf/original_pdf_file/europeanunion.pdf).

World Travel and Tourism Council (WTTC). **World Travel and Tourism Council – 2011Key Facts.** Retrieved 15/07/2011 from <http://www.nepalawaz.com/2011/08/world-travel-tourism-council-wttc-2011.htm>.

Yingqiu, Feng. 2011. **Myanmar continues efforts in developing tourism:** English.news.cn.

Retrieved 15/07/2011 from [http://news.xinhuanet.com/english2010/world/2011-06/01/c\\_13905950.htm](http://news.xinhuanet.com/english2010/world/2011-06/01/c_13905950.htm).

## Biography

**Name** Assoc Prof. Aswin Promsopa, Ph.D.  
**Birth day** September 8, 1953  
**Workplace** Rajamangala University of technology  
Srivijaya (RMUTSV) Songkhla Province,  
Thailand



### Education

1974 : B.Ed. (Social Science) College of Education Bangsaen  
1976 : M.Ed. (Educational technology) Srinakharinwirote University, Bangkok  
1998 : Ph.D. (Education) Panjab University, India

### Training

1991 : Certificate of Achievement on Educational Institution Management.  
Organized by The Ministry of Education.  
1983 : Cert. of Achievement on Technical Education Program – Oklahoma State  
University, U.S.A.  
1986 : Cert. of Completion on Developing a Curriculum (DACUM) Course – ILO,  
Chiangmai, Thailand.  
1986 : Cert. of Participation on Learning to Learn Workshop – CPSC, Bangkok,  
Thailand.  
1991 : Cert. of Participation on Manpower Planning Development Course – CPSC,  
Bangkok, Thailand.  
1992 : Cert. of Participation on Environmental Education and Management for  
Technical and Vocational Graduates Course – CPSC Manila, Philippines  
1996 : Cert. of Completion on Technical Teacher Education Program – Ohio State  
University, USA.  
1996 : Cert. of Achievement on Technical Teacher Training Project University of  
South Australia, Australia.  
1997 : Cert. of Attendance on Surviving Success and Maintaining Marketing  
Leadership Seminar - Organized by Tourism Authority of Thailand,  
Bangkok, Thailand.  
1998 : Cert. of Participation in Tourism Educating the Educators Seminar -  
Organized by World Tourism Organization, Bangkok, Thailand.  
2004 : Certificate of Achievement on. Internal Quality Assurance Assesses.  
Organized by Office of Commission on Higher Education, Ministry of  
Education.

### Publication

1. 501 Ways Using OHP in Teaching
2. Educational Technology
3. Audio-Visual Equipment : Operation & Application
4. Instructional Materials Development

**Research**

1. Investment Opportunity in Pottery Industry for Souvenir Production in Songkhla Province
2. Status and Expectation of Educational Service Department on perceived by faculty Members of Rajamangala Institute of Technology, Southern Campus.
3. Teaching Performance of faculty Members of Rajamangala Institute of Technology, Southern Campus.
4. Implementation of Staff Development Programme and Its Impact on the working of Rajamangala Institute of Technology, Thailand

**Paper Presented**

1992	The Role of Rajamangala University of Technology: Natural Disaster in Thailand. Presented at Colombo Plan Staff College for Technician Education (CPSC), Manila, Philippines.
2006	Benchmarking and Quality Assurance in Technical Education: Sharing Experience of Rajamangala University of Technology Srivijaya. Presented at City Bayview Hotel, Penang, Malaysia
2010	Enhancing Human and Social Capital through Lifelong Learning: Lifelong Learning Initiatives and Policies in Thailand. Presented at Best Western Premier Seri Pacific Hotel, Kuala Lumpur, Malaysia.

**Work Experience**

1976 : Head of Audio-Visual Education Division, Institute of Technology and Vocational Education (ITVE), Southern Campus  
1985 : Head of Staff Development Centre, Rajamangala Institute of Technology (RIT), Southern Campus

**Work Experience (Cont.)**

1999 : Dean of Faculty of Industrial Education, RIT, Bangkok  
2000 : Deputy Director for Research and Training Affairs, RIT Southern Campus  
2001 : Deputy Director for Academic Affairs, RIT Southern Campus.  
2005 : Vice President for International affairs and Quality Assurance, Rajamangala University of Technology Srivijaya (RMUTSV)  
2009 : Acting Vice President for International Affairs and Quality Assurance (RMUTSV)  
2009 : Acting Vice President for Student Affairs (RMUTSV)  
2010 : Acting President, RMUTSV (February – August)  
2010 : Vice President for International Affairs and Quality Assurance, RMUTSV

## List of MIICEMA 2011 Organizing Committee

### Steering Committee

Dekan Fakultas Ekonomi, Universitas Bengkulu  
Dekan Fakultas Ekonomi, Universiti Kebangsaan Malaysia  
Dekan Fakultas Ekonomi, Universitas Syiah Kuala Banda Aceh  
Dekan Fakultas Ekonomi, Universitas Muhammadiyah Surakarta  
Dekan Fakultas Ekonomi, Institut Pertanian Bogor  
Dekan Fakultas Ekonomi, Universitas Padjajaran, Bandung

### Local Organizing Committee

Chair	:	Lizar Alfansi
Secretary and registration	:	Ferry Tema Atmaja, Fenny Mariezta
Finance	:	Paulus S Kananlua, Bambang A Hermanto
Protocol	:	Husaini
Hospitality and Logistic	:	Purmini, Roose Marina A Rambe
Sponsorship and Accommodation	:	Sugeng Susetyo
Publication	:	Siti Aisyah
Webmaster	:	Fany Farady, Siti Aisyah



## List of MIICEMA 2011 Reviewers

- Prof. Lizar Alfansi Ph.D (Marketing, University of Bengkulu, Indonesia)
- Prof. Dr. Hadri Kusuma (Accounting, Indonesia Islamic University, Indonesia)
- Prof. Daniel D Karneo (economics, Christian University of Satya Wancana, Indonesia)
- Prof. Suryana Sumantri (Organizational Behavior, University of Padjajaran, Indonesia)
- Prof. Dr. Darwin Sitompul (Operation Management, University of Sumatera Utara, Indonesia)
- Prof. Dr. Siti Sulasmi (Human Resource Management, University of Airlangga, Indonesia)
- Dr. Petrus Usmanij (Accounting, La Trobe University, Australia)
- Isnuhardi, Ph.D (Accounting, University of Sriwijaya, Indonesia)
- Dr. Martin Nanere (Marketing, La Trobe University, Australia)
- Claire D' Souza (Marketing, La Trobe University, Australia)
- Dr. Sri Kusreni (Regional Planning, Airlanga University, Indonesia)
- Yunizar, Ph.D (Organizational Theory, University of Padjajaa, Indonesia)
- Dr. Suherman (Financial Mangement, Universitas Nasional Jakarta, Indonesia)
- Nor Asiah Omar (Marketing, University Kebangsaan Malaysia, Malaysia)
- Martinus Sulistio Rusli, Ph.D (Marketing, PPM School of Management)
- Ruzita Abdul Rahim (Finance, University Kebangsaan Malaysia, Malaysia)
- Assoc. Prof. Dr. Rasidah Arshad (Human Resource Management, University Kebangsaan Malaysia, Malaysia)
- Norliza Abdullah (Human Resource Management, University Kebangsaan Malaysia, Malaysia)
- Muhammad Abduh, Ph.D (Economic/Enterpreneurship, La Trobe University, Australia)
- Arief Daryanto, Ph.D (Economics, Bogor Agriculture University, Indonesia)
- Dr. Ketut Sukiyono (Economics, University of Bengkulu, Indonesia)
- Siti Hajar Mohd Idris (University Kebangsaan Malaysia, Malaysia)
- Zaleha Abdul Shukor (University Kebangsaan Malaysia, Malaysia)
- Dr. Ridwan Nurazi (Accounting, University of Bengkulu, Indonesia)
- Dr. M. Ridwan (Economics, University of Bengkulu, Indonesia)
- Dr. Handoko (Economics, University of Bengkulu, Indonesia)
- Dr. Retno Ekaputri (Economics, University of Bengkulu, Indonesia)
- Dr. Mintargo (Economics, University of Bengkulu, Indonesia)
- Dr. Kamaludin (Management, University of Bengkulu, Indonesia)
- Dr. Fachruddin JS Pareke (Management, University of Bengkulu, Indonesia)
- Dr. Syaiful Anwar (Management, University of Bengkulu, Indonesia)
- Dr. Effed Darta (Management, University of Bengkulu, Indonesia)
- Dr. Slamet Widodo (Management, University of Bengkulu, Indonesia)
- Syaiful, Ph.D (Accounting, University of Bengkulu, Indonesia)
- Dr. Fachruzzaman (Accounting, University of Bengkulu, Indonesia)
- Dr. Rini Indriani (Accounting, University of Bengkulu, Indonesia)
- Dr. Husaini (Accounting, University of Bengkulu, Indonesia)
- Dr. Fadli (Accounting, University of Bengkulu, Indonesia)
- Dr. Irwansyah (Accounting, University of Bengkulu, Indonesia)
- Meiliani (Human Resource Management, University of Bengkulu, Indonesia/University of New South Wales, Australia)
- Yefriza (Public Sector Marketing, University of Bengkulu, Indonesia, Indonesia/Monash University, Australia)

# **POLITICAL FACTORS AND ORGANIZATIONAL CULTURE INFLUENCE ON UTILIZATION OF GOVERNMENT PERFORMANCE INFORMATION**

**Robinson**

Fakultas Ekonomi Universitas Bengkulu

## **ABSTRACT**

*This study aimed to identify influence of political factors and organizational culture to utilization of performance information (adoption and implementation) on local government institutions. The political factors consist of: internal and external group variables of group and organizational culture were the resource persons Attitudes Measured by personnel within the institutions. The respondents involved in the study were 203 the resource persons of echelon 2 officials, echelon three officials, echelon four officials at the institution in Bengkulu Town. Multiple linear regressions analysis was used in the study.*

*The result of the study indicates an internal group and Attitudes That had a significant affect to the adoption the utilization of performance information. Furthermore, the external group, and Attitudes of internal group had a significant affect to the implementation of the performance measurement.*

***Keywords: Performance Measure, Adoption and Implementation, Rational Factors, Political Factors and Organizational Culture.***

## 1. INTRODUCTION

Use of performance information is critical to decision making. Clear information about performance measurement can contribute in reducing barriers and problems of performance measurement. Whittaker (1993) in Mahmoodi (2002) also stated that performance measurement is a management tool to improve decision making and accountability. Therefore with the use of performance information will encourage the principles of accountability and *good governance* can be realized.

Use of performance information for internal purposes consists of two stages, namely stage performance measurement adoption and implementation stages of performance information, budget allocation and also important for decision making (Julnes and Holzer, 2001). Adopt performance measures is not an easy problem because of the mismatch between the adoption of performance measures with the factors that affect performance measurement can lead to performance information is not reliable.

At this stage the use of performance information organizations need to consider the rational factors that consist of information, resources, goal orientation, internal conditions, external conditions. Political factors important to note because in an organization is not independent of political interests either from outside or from within the organization. So also with the culture of the organization, performance measurement can be taken with a different perception by any personnel in the organization that affect the process of adoption and implementation of performance measures.

The study was conducted to determine the extent to which the implementation of performance measurement in government agencies, especially government agencies in the city of Bengkulu. This study was conducted to test whether political factors and organizational culture has a significant influence on the utilization of performance information in Bengkulu city local government agencies.

### **Problem formulation**

Based on the above background, then things become a problem in this study can be formulated as follows:

- a. Whether political factors affect the utilization (adoption and implementation) performance information on local government?
- b. Is the organization's culture also affects the utilization (adoption and implementation) of local government performance information?

### **Study Objectives**

The purpose of this study are:

- a. To find out how the influence of political factors on the utilization (adoption and implementation) performance information on local government.
- b. To determine whether the organization's culture also has an influence on the utilization (adoption and implementation) of local government performance information.

## **2. THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT**

### **Political Factors**

Politics is an activity to acquire, develop, use power and other resources to obtain the desired results in situations of uncertainty (Jones, 1995).

According to Nimmo (2000) politics is a collective activity of people who regulate activities in conditions of social conflict. Politics is something that is experienced and seen in life but it is very difficult to measure, nevertheless very important for the organization's politics because politics can affect the behavior of people in the organization. Political disputes are usually characterized by the presence in the organization because there are many people who each have a difference then the difference is what will bring up a conflict that could lead to a politics.

Political factors consist of: internal and external groups

### **Internal Groups**

- a. Individual
- b. Relocation Resources Organization
- c. Change of Leadership
- d. Reorganization

### **External Groups**

External *stakeholders* namely the legislature and citizens play a role in a democracy. Citizens and communities are now becoming more critical, then through their representatives in legislative aspirations to the government to provide maximum services. Even today people are increasingly demanding transparency and accountability from the government regarding the management of public funds.

### **Organizational Culture**

Kreitner and Kinichi (2005) defines organizational culture is a manifestation of the assumption held, implicitly accepted by the group and determine how these groups feel, think and react to diverse environments.

### **Elements of Organizational Culture**

According to P. Selznick in (Robbins, 2003) elements of organizational culture, among others:

- a. Innovation and risk taking
- b. Attention to detail
- c. Orientation towards results
- d. The orientation of the individual
- e. Orientation towards the team
- f. Aggressiveness
- g. Stability

### **Types of Organizational Cultures**

These types of cultures that enhance the organization's financial performance according to kreitner and kinichi (2005):

- a. Strengths perspective
- b. Perspective suitability
- c. Adaptation perspective

### **Levels of Organizational Culture**

Schein (2004) in (Shani and Lau, 2005) divides the three levels of the organization, among others:

- a. *Observable artifacts,*
- b. *Values*
- c. *Basic underlying assumption*

### **Functions Organizational Culture**

Ndraha (1997) describes the functions of culture are as follows:

- a. As the identity and public image.
- b. As a binder of a society.
- c. As a source.
- d. kakuatan activator.
- e. As the ability to add value.
- f. As patterns of behavior.
- g. As a legacy.
- h. In lieu of formality
- i. As a mechanism of adaptation to change.
- j. As a process that makes the nation congruent with the country, forming *the nation-state*.

Strong cultures have a function described by Trice and Beyer (in Rumengan, 2002) namely: reducing collective uncertainty, establish social involvement, establish continuity, creating a collective identity and commitment, illuminating vision of life (encouraging forward movement). The organization will consistently achieve the vision, mission and long-term strategy, if it can socialize culture contained in oeganisasi as well as with the steadfast guard over the five supporting pillars of culture.

### **Use of Performance Information**

Use of performance information for internal party consists of two steps and stages of adoption stage Implementasi (Jurnes and Holzer, 2001). The division process of utilization (*Utilization Process*) performance information into two phases is due to the different users and interests in two stages (the Sihalo, 2005). Problems in performance measurement can be minimized by the second stage.

### **Adoption Stage Performance Measurement**

Stages of adoption are the stages of organizational capacity building in developing performance measures and making decisions about performance measures that will be used (Sihalo, 2005). Performance indicators are quantitative and qualitative measures that describe the level of achievement of goals set (Bastian, 2001).

Performance indicators are very important to know whether the program has been carried out effectively and efficiently. Mahsun, Sulistyowati and Masmudi (2002) says the form of performance indicators: *inputs, processes, outputs, outcomes, benefits and impact*.

Lawrence (2005: 41) reiterated that the indicator approach is very difficult because public sector organizations result in output and outcome that can not be assessed in monetary terms and sometimes the impact is not real. Ulum (2004) describes the role of performance indicators for the government, among others:

- a. Clarifying organizational goals
- b. To evaluate the final target (*final outcome*) generated
- c. Input to determine managerial incentive schemes
- d. Possible for users of government services to make a choice
- e. To determine the performance standards
- f. To demonstrate the cost effectiveness is best to reach target
- g. To demonstrate the territory, part or process that is still potential to do the savings

In government organizations *Value For Money* is at the core of the measurement of economic performance, efficiency, and effectiveness of programs and activities (Mardiasmo, 2002).

### **Implementation Phase**

In the context of the use of performance information can not be separated between the adoption of the implementation. Performance measurement has no benefit if the performance information generated is not implemented (Sihaloho, 2005). After the adoption stage is completed and the organization has adopted a performance measurement, the next stage is to implement performance measures that have been determined. Predetermined performance measures used for strategic planning, performance planning, resource allocation, monitoring, evaluation and reporting to superiors, the public and the media (Julnes and Holzer, 2001).

### **Hypothesis Development**

#### **1. Adoption Stage Performance Measurement**

Political factors are also influential in the adoption process of performance measurement. Adoption of performance measurement in the internal group influential in determining the performance measures are adopted. Whereas the external groups are not influential in the adoption (Julnes and Holzer, 2001). Cultural factors in determining government adoption of performance measures. The attitude of the personnel who agree with the adoption of performance measures will be implemented in an optimal and vice versa.

From the above, it can be concluded that the rational factors: resources, information, goal orientation, internal and external conditions affect the adoption process. Political factors (the internal), organizational culture factors of attitude, affect the process of adoption of performance measures. Research hypothesis was formulated:

H1: The internal and attitudes significantly influence the adoption of performance measures.

### **Implementation Phase**

Julnes and Holzer (2001) says that at this stage of the implementation of performance measures of political factors and the factors influencing organizational culture. The quality of the implementation of performance information, the better if the external and internal groups to agree and support. Organizational culture within government agencies is also very influential, if one feels the implementation of performance information would harm him, then he would not be supportive and vice versa.

In the above explanation can diketahui that political factors, organizational culture has an influence in the implementation of performance measures. Therefore, the research hypotheses can be formulated as follows:

H2: The political factors and organizational culture significantly influence the implementation of performance measures.

### 3. RESEARCH METHOD

#### 3.1. Operational Definitions and Data Collection

##### 3.1.1 Dependent Variables : Utilization of Performance Information

###### 1. Adoption of Performance Measurement

Adoption stage is the stage in developing performance indicators (Julnes and Holzer, 2001). Consists of four questions. These questions to measure *inputs, outputs, outcomes, and* efficient. Each question using a 4 Likert scale: 1 = none to 4 = completely.

###### 2. Implementation

The implementation stage is the stage of implementation of performance indicators (Simbolon, 2003). There are four categories of questions consists of performance planning, budget allocation, program management, monitoring, evaluation, and reporting on the measure with 4 Likert scale. Each was measured with 1 = not at all to 4 = continuous (regular).

##### 3.1.2 Independent Variables: Political Factors and Organizational Culture

###### 1. Internal groups

This variable measures the support of party leaders and employees about performance measurement (Julnes and Holzer, 2001). This variable was measured by 4 questions. List of questions asked include: the level of initiative in the utilization of performance information, the level of management involvement in the development and evaluation, the level of non-management employee involvement in the development and evaluation, the level of conflict that arise in the development and evaluation. The questions were measured with four Likert scale. The lowest scale of 1 = none to the highest scale of 4 = high.

###### 2. External groups

These variables measure party support from outside agencies on performance measurement (Julnes and Holzer, 2001). This variable was measured using five questions. The questions posed consists of: the level of community involvement in promoting accountability and efficiency, user level performance information, the initiative of legislators in the development and implementation of performance measures, as well as the degree of involvement of consultants / staff of expert / BPKP in the development and evaluation. Question 4 was measured by Likert scale. The lowest scale of 1 = strongly disagree and the highest scale 4 = strongly agree.

###### 3. Attitude

Organizational culture is measured by the attitude that describes the perception of management and non management to measure performance (Julnes and Holzer, 2001). To measure attitudes toward change / innovation presented with 7 questions consist of: management wants to implement innovations / changes are good, management's view of performance measures, non-management employees receive the innovation, non-management employees view that performance measurement can improve organizational performance. Question 4 was measured by Likert scale: 1 = strongly disagree to 4 = strongly agree

#### 3.2 Sampling Method

Respondents or the sample in this study were echelon 2, 3 and echelon echelon four who served in local government agencies of Bengkulu city. Sample selection method using *purposive sampling* method that samples are selected based on certain characteristics, so

that all the population meets the specified characteristics will have the same opportunity to be selected as a sample (Indriantoro and Supomo, 2002). The population in this study were echelon 2, 3 and 4. Characteristics of selected samples to inquire about the practice of performance measurement is the second echelon, third echelon, echelon 4 in Bengkulu City local government agencies that have a term of at least 1 year. This is done because of tenure of the respondents can affect their knowledge and perceptions.

This study used respondents from all institutions in the Bengkulu city of 20 agencies (Infocom, 2006). In each instance amounted to a second echelon of people, the average echelon 3 amounted to 5 people, and the average echelon 4 of 15 people.

### 3.3 Data Collection Methods

This study uses primary data. Primary data are data obtained directly (Indriantoro and Supomo, 2002). Researchers will directly deliver the questionnaires to the selected agencies, to be filled by the management at the institution.

### 3.4 Data Analysis Method

The hypothesis of this study will be tested by means of Multiple Regression analysis (*Multiple Regression*). The techniques of analysis in this study:

#### 1. Data Quality Test

- a. Test Validity
- b. Test Reliability

#### 2. Classical Test Assumptions

- a. Data Normality Test
- b. Test Multikolenearitas
- c. Test Homokedastisitas

#### 3. Hypothesis Testing

In this study the hypothesis was tested by using multiple regression analysis (*multiple regression*) with the program *Statistical Product and Service Solutions* (SPSS) version 12. Equation hypothesis:

$$B1X1 \text{ ADPT} = a + e + b2X2 \dots \dots \dots (1)$$

Description:

**Variable Politics and Culture Organization**

X<sub>1</sub> = Internal group

X<sub>2</sub> = Attitude

$$\text{Impl} = a + b_1 X_1 + b_2 X_2 + b_3 X_3 + e \dots \dots \dots (2)$$

Description:

Impl = Implementation Phase

**Varabel Politics and Culture Organization**

X<sub>1</sub> = Group Internal

X<sub>2</sub> = external groups

X<sub>3</sub> = attitude



## 4. Data Analysis

### 4.1 Respondents

Questionnaire return rate of 85.94% which is about 275 questionnaires had been returned to the author of 320 questionnaires were distributed. Of the 275 questionnaires contained 72 questionnaires that are not worthy to be processed due to incomplete filling. A good questionnaire, complete and feasible to be processed as many as 203 copies, so the percentage is 63.43% of all questionnaires that were distributed.

### 4.2 Data Quality Test

#### 4.2.1 Test Reliability and Validity

Based on the results of test reliability and validity, then all variables are reliable and valid (slengkapnya can be seen in table 4.1, appendix page 21)

#### 4.2.2 Classical Test Assumptions

Based on the classic assumption test results, then all variables have to meet the assumptions of normality and no variables affected by multicollinearity (More can be seen in table 4.2, appendix page 22)

### 4.3 Hypothesis Testing

The first hypothesis in this study are a group of internal and attitudes significantly influence the adoption of performance measures. From Table 4.6 can be seen on the second hypothesis the size *adjusted R*<sup>2</sup> 0.228, meaning 22.8% variation of the adoption of performance measures can be explained by internal groups and attitudes. The rest (100% - 22.8% = 7.2%) is explained by causes other than the model. From the above it can be seen that the ability of internal groups and attitude variables in explaining variations in the adoption of performance measures is very limited.

ANOVA test or *F test* derived from the calculated *F* value of 30.846 with a significance level of 0.000 < 0.05. The probability is much smaller than 0.05, then it could be said to be significant. Therefore we can conclude that the internal group and attitude, have a significant effect together against the adoption of performance measures.

T statistical test results, internal groups and attitude variables entered into the regression model shows the parameter coefficients ( $\beta$ ) of 0.506. From these two independent variables, the attitude variables were not significant when seen from the probability of 0.094. But when viewed from the significance of 10% or 0.1 then the variable is significant. Internal group probability of 0.000, based on probability values are much smaller than 0.05, it can be concluded that the internal group of variables significantly influence the adoption of performance measures. (The first parameter hypothesis test results can be seen in table 4.3 in appendix page 22)

The second hypothesis in this study are political factors (the external and internal groups) and attitudes significantly influence the implementation of performance measures. In Table 4.6 looks for the first hypothesis *adjusted R*<sup>2</sup> value of 0.354. This means that for 35.4% variation of the implementation of performance measures can be explained by political factors (the external and internal groups) and organizational culture. While the rest (100% - 35.4% = 64.6%) is explained by other causes outside the model.

ANOVA test (*F test*) shows the value of *F* counted for 37.25 with *sinifikansinya* rate of  $0.000 < 0.05$ . Can be said to be significant because it means a smaller probability of 5%. So the regression model can be used to predict the implementation of performance measures or political factors (the external and internal groups) as well as the attitude is jointly significant effect on the implementation of performance measures.

The results of the test statistic, variable political factors (the external and internal groups) and the attitude to be included in the regression model parameter coefficients ( $\beta$ ) of 0.336. Judging from the value of the probability of the three variables is significant. The value of the probability for an external group of 0.003, for an internal group of 0.000 and attitudes of 0.002. From the results of the regression hypothesis 1a states that political factors (the external and internal groups) as well as attitudes have a significant effect either jointly or partially to the implementation of performance measures. (The parameter results of the first hypothesis test can be seen in table 4.4 in appendix page 22)

## 5. Discussion and Conclusion

Based on the results of testing the first hypothesis can explain that a whole group of internal variables and attitudes significantly influence the adoption of performance measures. Partial variable internal groups have a significant influence on the adoption of performance measures with a significance of less than 5%. While the attitude variables also have significant influence with significance under 10%.

The attitude of management and employees are easy to accept the innovation will improve organizational performance. This is similar to the opinion and Kinichi Kreiner (2005), Siagian (2005), Ivancevich (1999), Sihaloho (2005) which revealed that the internal group and the attitudes that support the adoption of performance measures will expedite the adoption process performance measures in the institutions (official and weight) of Bengkulu city.

Test results on the first hypothesis can explain that the government agencies (departments and agencies) in the city of Bengkulu, the support of party leaders and employees, as well as their perceptions of the performance measures are very influential on the adoption of performance measures. Can be summed up in testing this second hypothesis, the variable internal groups and attitudes have a significant effect on the adoption of performance measures.

Based on the results of testing the second hypothesis could explain that the three variables: the internal, external groups and attitudes jointly significant effect on the implementation of performance measures. Partial, internal groups, external groups and attitudes have a significant impact on the implementation of performance measures.

In government agencies (departments and agencies), especially in the city of Bengkulu, internal groups, external groups and attitudes have an influence on the implementation phase of performance measures in accordance with the opinion Julnes and Holzer (2001), kreitner and Kinichi (2005), Sihaloho (2005), Siagian (2005) and Ivancevich (1999).

In each agency affected by the internal and external groups. Internal groups and external groups that support or not support will be very influential at this stage of implementation

of performance measures. Variable organizational culture (as measured by the attitude) that support will affect the implementation of performance measures. From the above it can be concluded that hypothesis 2a is received in full.

Political factors (the external and internal groups) has been demonstrated to have significant influence on the implementation of performance measures. Besides organizational culture as measured by the attitude also has been demonstrated to have an influence on the implementation of performance measures.

From the above it can be concluded that the government agencies (departments and agencies) in the city of Bengkulu, should be at the stage of implementation of performance measures should pay attention to support political factors (the external and internal groups), as well as attitudes that support from personnel at the agency for implementation of performance measures. Thus the process of implementation of performance measures will go smoothly.

## **6. Implications and Limitations**

The results of this study into consideration and are expected to contribute ideas in the review of issues related to political factors, organizational culture, and utilization (adoption and implementation) of local government performance information. This study has proven what factors are influential in the use of performance information (adoption and implementation). So with this study is expected to be taken into consideration for the agencies involved in efforts to solve the problems associated with utilization (adoption and implementation) performance information.

For government agencies, the results of this study is expected to be used as input to improve performance as well as encouraging appropriate agencies to improve and enhance its performance.

Several limitations to this study include that the study was only conducted in government institutions in the Bengkulu city alone; This study explores the lack of other factors that may be influential; Respondents include echelon 2, 3, 4, who has served as an echelon for 1 year , regardless of whether the respondents included in the teams that make up the performance reports. This could affect their knowledge and perceptions.

## References

- BPKP Study Team Development Performance Accountability System for Government Agencies. 2000. *Performance Measurement: An Overview on Government Agencies*.
- Jones, GR 1995. *Organizational Theory: Text and Cases*. Addison Werley Publishing Company: Massacussetts.
- Julnes, P. del and Holzer, M. 2001. *Promoting the Utilization of Performance Measures in Public Organizations: An empirical Study of Factors Affecting Adoption and Implementation*. *Public Administration Review*. 61 (6).
- Kreitner, Robert and Kinichi, Angelo. 2005. *Organizational Behavior: Organizational Behavior*. Salemba Four: New York.
- Lawrence, Ferry. 2005. *Problems Government Agencies Determination of Performance Indicators*. *Journal of Public Sector Accounting and Finance*. Vol. No. 06. August 2, 2005.
- Mahmudi. 2002. *Rerangka Methodological Local Government Performance Measurement*. *Journal of Public Sector Accounting and Finance*. Vol. No. 03. February 1, 2002.
- Mardiasmo. 2002. *Public Sector Accounting*. Andi: New York.
- Ndraha, Taliziduhu. 1997. *Cultural Organisas i*. Rineka Copyright: jakarta.
- Nimmo, Dan. 2000. *Political Communication: Communicator, Message and Media*. Pt. Teens Rosdakarya: Bandung.
- Robbins, Stephen P. 2003. *Organizational Behavior*. Pearson Educaton Inc.: New Jersey.
- Rumengan, RJ 2002. *Cultural Organization: Paradigm Management that boost performance*. No. Entrepreneur magazine. Th 06 June 2002 XXXI: New York.
- Shani, A. B and Lau, James. B. 2005. *Behavior in Organization, an Experimental Approach*. The McGraw Hill: New York.
- Siagian, Sondang P. 1995. *Accounting Theory development*. Earth script: New York.
- Sihaloho, Lawrence Ferry. 2005. *Rational Factors Influence, Politics and Culture Organizations Against the Use of Local Government Information Agency's performance*. National Accounting Symposium VIII. Solo.
- Sulistiyowati, Firm, et al. 2002. *Measuring the performance of irrigation projects at AUB PPUP irrigation district offices sleman fiscal year 2002*. *Journal of Public Sector Accounting and Finance*. Vol. 03. No. February 1, 2002
- Ulum, Ihyaul. 2004. *Public Sector Accounting: An Introduction*. UMM Press: Malang.
- Wang, Xiahou. 2002. *Assesing Impact Performance Measurement: A Study of U.S. Local Government*, *Public Performance and Management Review*, Vol. 26, Sage

Publications, p. 26-43.

## Attachment

**Tabel 4.1 Data Quality Test**

Variabel	Cronbach Alpha (Reliabilitas)	Pearson Correlation (Validitas)
Performance Measure Adoption	0,864	0,936** & 0,940**
Implementation	0,873	0,598**-0,852**
Politic Factors : 1. Eksternal Group 2. Kelompok Internal	0,875 0,614	0,726**-0,862** 0,370**-0,846**
Organization Culture (Attitude)	0,783	0,352**-0,827**

**Tabel 4.2 Data Normality test**  
*One Sample Kolmogorov-Smirnov Test*

Variabel	Asymp Sig ( 2-	Notes
ADPT=a+b <sub>1</sub> X <sub>1</sub> +b <sub>2</sub> X <sub>2</sub> +b <sub>3</sub> X <sub>3</sub> +b <sub>4</sub> X <sub>4</sub> +b <sub>5</sub> X <sub>5</sub> +e	0,337	Normal
ADPT=a+b <sub>6</sub> X <sub>6</sub> +b <sub>7</sub> X <sub>7</sub> +e	0,177	Normal
IMPL=a+b <sub>1</sub> X <sub>1</sub> +b <sub>2</sub> X <sub>2</sub> +b <sub>3</sub> X <sub>3</sub> +e	0,471	Normal
IMPL=a+b <sub>4</sub> X <sub>4</sub> +b <sub>5</sub> X <sub>5</sub> +b <sub>6</sub> X <sub>6</sub> +e	0,062	Normal

**Tabel 4.3 Linear Regression Test:1st Hypotesis**

Hip (Pers)	Nilai F (p)	Adj 2	a	Var	t (sig)	B	Regression
H1b ( 2 )	30,846 (0.000)	0,228	0,506	Kel internal	6,400 0,000	0,338	ADPT=0.506 + 0.338X <sub>6</sub> + 0.064X <sub>7</sub>
				sikap	1,682 0,094	0,064	

**Tabel 4.4 Linear Regression Analysis 2nd Hypotesis**

Hip (Pers)	Nilai F (p)	Adj 2 R	A	Var	T (sig)	B	Regression
H2a ( 3 )	37.825 (0.000)	0.354	0,610	Kel eksternal	3,022 0,003	0,253	IMPL= 0.336 + 0.670X1 + 0.253X2 + 0.276X3
				Kel internal	4,590 0,000	0,670	
				sikap	3,069 0,002	0,276	