UNIVERSITAS KATOLIK INDONESIA
ATMA JAYA
Faculty of Business Administration
and Communication Sciences

ICBC
icbc.atmajaya.ac.id

The 2nd International Conference on
Business and Communication
An Academic and Professional Forum

Faculty of Business Administration & Communication Sciences

Managing Change in Global Context :

Toward Sustainable Competitiveness

Editor :
- Nia Sarinastiti
- Citra Laturiuw
- Meilinawati

ISBN 978-979-97383-1-8

Editor:
Nia Sarinastiti
Astuti Kusumawicitra Laturiuw del Castillo
Meilina Sintawati

© Penerbit Fakultas Imu Administrasi Bisnis dan Ilmu Komunikasi
Universitas Katolik Indonesia Atma Jaya
Jl. Jenderal Sudirman Kav. 51, Jakarta 12930, Indonesia

Perancang Sampul : Yogi Nugroho (42 Design)
Penata Isi : Maria T. Puspitarini
Penyelaras Akhir : Dorien Kartikawangi

Diterbitkan pertama kali September 2012

Perpustakaan Nasional RI: ISBN/Katalog Dalam Terbitan (KDT)

Nia Sarinastiti, Astuti Kusumawicitra Laturiuw del Castillo,
dan Meilina Sintawati
Managing Change in Global Context: Toward Sustainable Competitiveness
Jakarta : Penerbit Fakultas Imu Administrasi Bisnis dan Ilmu Komunikasi
2012

Dicetak oleh:
EmpatDua Design - empatdua_design@yahoo.com

Managing Change in Global Context :

Toward Sustainable Competitiveness

FOREWORD

The concept of architectural change allows us to go beyond the implementation of linear models of change. Exploring on the characteristics of a successful change program will lead us to develop some principle changes in program design. Change sometimes can be seen as a difficult thing; difficult to conceive, as one must, without a doubt, deal with people issues and an uncertain future. The implementation is complicated as well since the consequences are not easy to predict, hard to track, and can create dynamic turbulences of its own. Therefore, strategic change is both an intellectual challenge and a process in managing people and uncertainty. Homer – Dixon (2000) stated in his book to find an ever more ingenious solution to age-old problems of markets, competitiveness, and technology. In a global context, it is challenging for management to be successful in managing change. Planning, implementing and managing change in fast-changing environments are increasingly accumulated in which most organizations are now facing. Such dynamic environments require dynamic processes, people, systems and culture; those are inevitable for managing change successfully and remarkably effective for optimizing organizational response to facing the market opportunities and threats.

In response to changes that should be managed in a global context, especially toward sustainable competitiveness, this book was put together as a reference for academic as well as practical matter with the following arrangement:

Part I	Diffusion of Innovation, Information, and Knowledge
Part II	Managing Tradition in Today's Society
Part III	Understanding Changes in Consumer Behavior
Part IV	Developing Entrepreneurial Spirit
Part V	Strategies to Compete in the Globalization Era
Part VI	New Approach to Business Practice
Part VII	Media and the Society

This systematic arrangement is to broadly describe the various business aspects that is affected as well as influenced change management in a globalization context.

Acknowledgment

This book derived from the Second International Conference on Business and Communication, organized by the Faculty of Business Administration and Communication Sciences, Atma Jaya Catholic University of Indonesia, Jakarta, on the

19th to 20th of September 2012. The articles were papers presented by the participants during the conference.

As the chair person of the organizing committee I would like to kindly express my appreciation to all the writers from various fields of expertise and universities or colleges. My appreciation also goes to Dr. Nia Sarinastiti, Meilina Sintawati, M.M., and Dr. Citra Laturiuw, who despite their hectic schedules, still found time to edit the papers for easy understanding and enjoyable reading.

Special thanks to Titis Puspitarini, M.B.A. for her hard work as ‘traffic controller’, in charge of collecting the articles and distributing them among the editors. I would also like to express my gratitude to Drs. Dominikus Dolet Unaradjan, M.A. (Dean of the Faculty of Business Administration and Communication Sciences) for all the support he has given to this publication.

I believe that there is still room for improvement for this book. Therefore, any criticism and suggestion from you, attentive reader, are heartily welcome.

Warm Regards,

Dr. Dorien Kartikawangi
Chairman of the 2nd ICBC

CONTENTS

PART THREE 54

Understanding Change in Consumer Behavior

PART FOUR 77

Developing Entrepreneurial Spirit

Part One

Diffusion of Innovation, Information, and Knowledge

Diffusing and Getting Journalism Knowledge Through Social Media

Sri Mustika[1]

[1] Communication Department, Faculty of Social and Political Sciences, University of Muhammadiyah Prof. Dr. Hamka (UHAMKA), Jakarta, Indonesia

Email: ikasdarma@yahoo.com

Abstract

After the coming of the Internet the world seems to run more quickly. Events happening everywhere can be known by others only in a few seconds. Through the Internet, especially social media like multiply, blog, and micro-blog such as Twitter and Facebook (FB) people chat, connect and share experiences, ideas, express feelings, and exchange various information from one another all over the world. The amount of the Internet users increased day by day and Indonesia is no exception. In the country, the penetration of Twitter users has shown being number one in the world, which is of 20.8% from all Internet users in the world, followed by Brazil, Venezuela, Netherlands, and Japan. While the rate of FB users in 2009 reached the fifth position and in 2010 it increased to third position, or about 26,792,780 users. Nowadays many press industries, particularly mass media industries, use the Internet to win its business competition. Even Kompas daily which is the biggest mass media company in Indonesia does this strategy to increase its audiences. On the other hand, social media network has many links with mass multimedia. Many news portals share link with social media network in order their information to become a discourse among members of virtual society. Through the Internet people can become a citizen journalist. They seek, write, and distribute information by themselves. To enhance their knowledge on journalism, they can join citizen journalism groups on social media. In this forum, everyone who wants to participate in the citizen journalism can log in and enhance his/her knowledge or share their journalism knowledge. Through this social media activity, journalists may improve their professionalism.

Keywords: *citizen journalism, Facebook uses, journalism knowledge, social media*

1. Introduction

The development of information technology has raised the profile of the Internet to being interactive and inspiring. The Internet as a backbone of many information technology invention gives a special influence to the journalism world. It especially relates to changes in media production, distribution, and use. The characteristics of all new media which were emerged by the Internet are: digital, interactive, hyper-textual, networked, and simulated (Dahlan, 2012: 3). Before the coming of the Internet, for many age printed and electronic mass media, such as newspaper, magazine, radio, and television dominated the distribution of information. After the Internet emerged this domination was faded away. Through the Internet information can be spread very rapidly and widely.

The Internet was the other medium besides satellite television that began to make its presence felt in the West in the late 1980s and in Asia, including Indonesia, in the 1990s. It was seen as the polar opposite of the old centrally dispatched multi-media system. Through the Internet information flows rapidly and telecommunication cost decreases. With the Internet consumers can do many activities. They can access information from media online, search many information and entertainment from Google, send messages by e-mail, and have a chat with others in virtual world. There is plenty of documentation of the two ways in

[1] Communication Department, Faculty of Social and Political Sciences, University of Muhammadiyah Prof. Dr. Hamka (UHAMKA), Jakarta, Indonesia

which activists have used this new mode of communication. Firstly, e-mail facilitates underground contact outside of state surveillance, nationally and internationally. Secondly, e-mail newsgroups and websites operate as alternative news sources outside of the censored national media.

We cannot deny that the Internet was behind the process of democratization in some authoritarian countries, such as Indonesia in 1998. At that time, non-governmental organizations (NGOs) and opposition groups led largely by students and young media professionals, used the Internet -- for covert communications, public mobilization, and an alternative source of news and information – in the period leading to the fall of the Soeharto regime (Hill and Sen, 2005:39).

A decade later similar phenomenon, which was called the Arab Spring, happened in the Middle East countries. It began with the Tunisian revolt in December 2010, then Egypt, Libya, and Syria. This phenomenon has raised the awareness on political impact of the new, social, communication media –not only in Muslim countries but also in other parts of the world. Especially in the Western civil society movements, many have become convinced with the strength of the new media as to believe that to liberate any society from a non-democratic government, it is sufficient to "just give them the Internet" and they will be able to oppose a state power structure or overthrow a powerful regime (Dahlan, 2012:2).

Now the use of the Internet is very common. Almost everyone in the world connect with the Internet, from mass media managers, book publishers, artists, lecturers, entrepreneurs, up to small children. They have many reasons in using the Internet. The Internet is similar with high way system with high speed transportation that can cut the distance. It is like a huge library that serves people with unlimited information. Many businessmen recognize that by connecting their business network with the Internet, they can get a quick access with the customers. All digital tools give us possibility to break the people who try to block us to go to the resources. We can connect with other people anytime and anywhere.

An international seminar on Media Law, Media Policy, and Globalization held in Kuala Lumpur, Malaysia, on November 1997, concluded that information globalization or media globalization is a new thing that no country could reject. The future of nations of all over the world is depends on information globalization. Globalization comes from the development of information technology which generated cyber communication or global Internet web. In essence, globalization tries to create one world as a market. Gibson (in Severin and Tankard, 2005:445) defined that cyberspace as a global covered reality which supported by computer, multimedia, artificial, or virtual.

Former president of the United States, Bill Clinton in 1993 declared that,

"We moved very quickly in every kind of productions and services which is based on economical knowledge. Your income depended on what you have learned. Not only on what you know today but also what you can learn tomorrow. Peoples who are succeeded in the world today and tomorrow are they who use effectively many kinds of human resources and the Internet is always ready to help you." (Ardianto et al, 2009:153).

At the beginning of 21 century, arose social media, such as Friendster. Only in a short time this social media has caught young people's attention and became the favorite media. After Mark Zucherberg, student of Harvard University, USA introduced Facebook in 2004, Friendster was left behind. People switched their interest to FB. FB is more interesting since by this social media, they can connect and share experiences, ideas, feeling expressions, and other information with each other from all over the world. They can also find their old friend just by typing e-mail address, name, name of school, organization, or office and this media will help them. FB user or facebookers can upload or download pictures, photos, and videos through FB. They can make a connection with another link as well.

A research foundation on Digital World which is registered in NASDAQ, USA, reported on August 2010 that Indonesia has grown as a super active country in using social media. Here, the penetration of Twitter users has shown number one in the world, which is of 20.8% from all Internet users in the world, followed by Brazil, Venezuela, Netherlands, and Japan. While the rate of FB users in 2009 reached the fifth position and in 2010 it increased up to the third position, or about 26,792,780 users (Kasali, 2011:37).

In USA, where FB was launched, the situation is same. Now FB is the most popular social media. AC Nielsen, a reputable marketing research foundation, assumed that 140 million people visited FB on May 2011. This amount is equal with 70% of Internet active user in USA. They were not only visiting this social media, but also spending 53.5 billion minute on this site. A pooling held by AC Nielsen reported that 22.5% respondent spent their time using social media: 9.8% for online game and 7.6% for electronic mail, and the rest for searching portal, instant messages, download film or video, seeking information of software, and seeing advertisement (Kompas, 14th September 2011).

FB has its own strength than other social media such as Friendster or Twitter. That's why more than 500 million people in the world became facebookers. Every day 50% among them log on FB to access and to use many applications on FB. More than 35 million of them update their status every day. More than 3 billion photos up-loaded on FB every month. Some of these facebookers use this social media as a tool to diffuse and to get many kind of knowledge. In a brief, they use FB as a learning tool.

Gagne and Reiser (1983) mentioned learning tool as a physical tools which can communicate messages. Briggs (1970) also said that learning tool is any kind of physical tool which can communicate message and can stimulate participant to study. Learning tool has many functions as to make participants of the study easier to understand concept, facts, and procedure; to give another experience in learning; to grow certain attitudes and skills in technology; to create effective learning situation; and to motivate participants.

Many professional associations use FB as a learning tool. The Association of Indonesian Journalist Jakarta Raya (PWI Jaya) uses FB as a tool to diffuse knowledge of citizen journalism. Everyone is free to join this FB so that he/she can enhance his/her knowledge about (citizen) journalism. In the era of information citizen journalism has become a phenomenon. It would not be an overstatement to describe it as a new "revolution" of common people to have and to produce their own news.

This article aims to explain how people use FB as a learning tool, such as to diffuse knowledge of citizen journalism which nowadays is very popular.

2. Citizen Journalism

During the Post-Soeharto era in 1998, the spirit of press freedom in Indonesia was very high. Especially after the first post-Soeharto Information Minister, Mohammad Yunus Yosfiah, began to review and reform media laws. He deleted Press Publication Enterprise Permission Letter (Surat Izin Usaha *Penerbitan Pers*). The print media were mushrooming with hundreds of new publications appearing within months. The strict regulation of private TV and radio stations was largely abandoned, encouraging media open to further commercialization. But some of new print media faded away one by one. Only the old and experienced media were still operating. These media are generally owned by old "players" who have huge capital and have more experiences in managing the press industry.

In the era of press freedom, media entrepreneurs developed their business as tools of profit center. They ignored their audiences' interest. The audience's needs would be fulfilled as long as they were in line with entrepreneurs' needs. The needs of small group were considered same as the needs of big group. The needs of people in a big city were regarded same as all people's needs. Small city and suburb inhabitants were ignored. Women and children were ignored as well. Media only serve and care of big city dweller, affluent group, men, and adult.

Maryani (2011:5) mentioned that there is a homogenization trend in media content, either its cover or its segment. Almost all media introduce same life style either to local or national audiences. Finally, media has become a tool of socialization of global capitalist ideology.

To counter of this condition, some people try to develop citizen journalism which has idealistic concept that all people could be a journalist, especially via weblog. Weblog or blog is a web application which periodically accommodates any writing (posting) in general webpage. This website can be accessed by every the Internet user.

Blog as a social media was first popularized by blogger.com (http://www.blogger.com) owned by Pyralab which finally has taken over by Google.Com (http://www.google.com) at the end of 2002. Since then there are many open source application so that bloggers can easily develop them (Priyambodo in Atmakusumah and Iskandar, 2011:60). Blogger use his/her blog for various functions. Some blogs are managed individually and some are managed collectively by many writers. Many blogs have interactive facilities so that they can interact with their visitors.

Since 2004 blogs became more phenomenal because its function as a cyber-journalism. Many bloggers apply journalist writing style with 5 W (who, what, where, when, and why) + 1 H (how) formula. They can accurately provide information from reliable sources so that real journalist can quote them in writing their news. Now many more politicians, professionals, and artists use blog to express their opinions and ideas or to expose his/her social activities. Even some journalists have blogs to state their own opinions which may be different from his/her media. People usually read this blog to look for something behind news. These kinds of blog often become general reference for public.

However some people will not equalize between journalism and blog. They think that bloggers often ignore code of ethics in their writing. According to Flew (2008) the concept of citizen journalist is almost the same with participatory journalism. He quoted Gillmore that participatory journalism is the act of citizen, or group of citizen, playing an active role in the process of collecting, reporting, analyzing, and disseminating news and information. The intent of this participation is to provide independent, reliable, accurate, wide-ranging and relevant information that democracy requires.

According to Gillmore, citizen journalist must be professional, especially in providing information. He or she must be independent or not to be influenced by certain group. In writing he must have a reliable source and write fact accurately. It is debatable whether citizen journalist must have basic education on journalism or not. But most scholars agree that every writer should know code of ethics.

Craig (in Shea, 2005:222-223) mention 10 ethical principles which every social media writer should obey: Remember that everyone is human; adhere to the same standards of behavior online that you follow in real life; know where you are in cyberspace; respect other people’s time and bandwidth; make yourself look good online; share expert knowledge; help keep flame wars under control; respect other people’s privacy; do not abuse your power; be forgiving of other people’s mistakes.

Differ with mainstreams media, citizen journalism can be produced, managed, and distributed by every citizen and not only by professional journalist. While journalists of mainstreams media have to work in line with their organization regulation, citizen journalist work with public orientation. If conventional media in general aims to get profit, citizen journalism tends to influence society. By citizen journalism people can fulfill information or news in accordance with their needs. Citizen journalism is connected to hyper localism for its commitment on local issues or light issues which often are ignored by mainstream media.

Levinson (in Lesmana, 211:118), mentioned that new media (citizen journalism) has many advantages: 1. User is also news producer, 2. Bloggers not necessary to be ashamed because they are not professional journalists, 3. User is free to choose the medium he/she needs, 4. Everything is free, 5. But, most journalists do not consider blog or citizen journalism as journalism work.

There are two reasons behind the emergence of citizen journalism: a. commitment to give public voices and b. the innovation of communication technology which changes communication mode.

Some people mention citizen journalism as advocacy journalism since this forum not only expose an issue, but also advocate an issue to be real action. For example, advocate the government to provide more green areas, or to facilitate more free class for street and poor children, or to protect children and women from human trafficking.

Steve Outing in his writing "*The 11 Layers of Citizen Journalism*" said that now citizen journalism becomes one of the hottest buzzword in journalism world. Shayne Bowman and Chris Willis defined citizen journalism as "*…the act of citizens playing an active role in the process of collecting, reporting, analyzing, and disseminating news and information.*" Jeremy Wagstaff, reporter of Wall Street Journal as quoted by Allan (2006:73) said that blogs are deserving of recognition as milestone. While Stephen J.A. Ward, former Director of Centre for Journalism Ethics, School of Journalism and Mass Communication, University of Wisconsin wrote that new media has changed radically the paradigm of journalist and journalism.

J.D. Lasica, in Online Journalism Review (2003), categorized media of citizen journalism into 5 types:

1. *Audience participation* (such as user's comment which attached on news, privateblogs, photos, or *video footage* which took from private handycam, or local news written by community member)
2. News website or independent information (Consumer Reports, Drudge Report).
3. Pure participator news site (Elshinta Radio)
4. Collaborative media site (produced by news reporters and citizen journalists).
5. Other form of thin media (mailing list, newsletter e-mail).
6. Private broadcasting site (video broadcasting site, like Youtube).

Unintentionally, citizen journalism began 10 years ago when George Holliday who lived in Lake View Teracce, Los Angeles, USA tried to operate his new handycam. Suddenly he saw a strange thing. Four Los Angeles polices tortured a motorcycle rider whose named was Rodney G King. King is an Afro-American. King was accused riding his motorcycle upon normal speed. Polices did not fine him but tortured him until he was black out. Holliday tried to record this brutality for about 81 seconds. Then, he sent this recording to some of national television channels. Only in a few minutes this video has provoked American society and lead racial unrest which caused 10 peoples died.

Fourteen years later, in 2005, a bomb exploded in London and 50 people were killed. Tim Porter, a London dweller, knew from his father in law that it was a terrorist's attack. After picking up his wife, Porter tried to know the newest situation by surfing in the Internet. At that time radio, television, even online media did not touch this case on their program. He found the latest information from private site of Jeff Jarvis and Steve Yelvington, two London dwellers who lived near the location. They added their report with video made by Adam Stacey. They posted this video to their site and only a few minute this hottest video can be clicked and downloaded by BBC television to distribute.

Porter wrote on his blog that terrorism made Stacey as a victim, but technology encouraged him as a "journalist". This proof made people realize that in emergency situation eye witnesses with a camera or handy cam can become a reporter too if he disseminate his photos or video via online media. It means that common people can produce news and everybody could be a journalist. Since that time media observer thought that London blast is a root of citizen journalism.

In Indonesia, citizen journalism was applied when tsunami hit Aceh on September 2004. A man who lived in Banda Aceh recorded this dramatic disaster and then sent his video to Metro TV station. Metro TV released this video many times so that audience realized this horrifying disaster. Since then, many TV stations call for video amateur from public.

According to Lasica[2], "Today news consumers have information flooding them from all directions. If television displaced newspapers as the medium people turn to for breaking news, the Net is the medium people turn to in order to get a richer news experience. That richness may come from the Net's immediacy, which rivals broadcast's from its depth, for the news hole on the Net is limitless; and from its most powerful feature, interactivity, which online news organizations still haven't grasped, and much less exploited.

The Net, coupled with cable, talk radio, interview shows and the like, has created a 24-hour news cycle. It's a cycle that's increasingly out of the hands of the politicians, the Public Relations professionals, and the news media themselves. Instead, amateur journalists are sometimes calling the shots, and that's a scary thing for professional journalists. It also imposes on the public a greater responsibility to be aware of and to educate about the source of the news it receives. Not all news purveyors are trustworthy, and it's critical that as news consumers we make distinctions about the sources of the news and information we come upon. Otherwise we'll live in a news universe where bad information drives out the good."

In line with the popularity of blog, some online mass media use blog as a tool to share information with its public. BBC online, for example, uses blog to share information. It took momentum of World Cup 2006 in the Netherlands as a start. In Indonesia, in 1995 Republika daily launched online journalism by its news portal in http://www.republika.co.id which was inaugurated by President Soeharto. Not long afterward, precisely before reformation era in 1998, Tempo Interaktif (http://www.tempo.co.id) and Detik.com (http://www.detik.com.) emerged. Finally, these two multi media reported reformation process through the Internet so that public could access freely and globally.

3. Facebook as a Learning Tool

Alvin Toffler (1990) in his famous book title "The Third Wave" mentioned that human civilization was reached in three phases: 1. Civilization which brought by farming innovation, 2. Civilization which created and developed by industrial revolution, 3. New civilization which generated by information and communication revolution.

We are now in the third phase. This phase is called as an information technology era. Information technology is defined as a processing and diffusing data technology by using hardware, software, computer, communication, and digital electronic. Information technology and communication is very important in supporting education. By information and communication technology education access can be spread.

The Internet is a cheap communication tool which enables interaction between two people or more. Through the Internet communication cannot be blocked by distance, place, and time. This advantage generated distance learning and e-learning. Distance learning enables student learns in a different place with his/her teacher. E-learning is a learning

[2] http://www.jdlasica.com/tag/online-journalism/ viewed on 20th September 2011.

process which is facilitated and supported through information and communication technology. By e-learning we can use collaborative learning and problem-based learning method approach.

As a professional organization PWI Jaya tries to empower Jakarta inhabitant in developing citizen journalism. For that purpose PWI Jaya held a two-day workshop. This workshop is attended by hundreds of people from various professions. In this workshop participants learned many lesson such as basic journalism, basic journalism photography, video filming, journalism ethic, and journalism stylistic. The speakers were academicians or experienced and senior journalists.

After attending the workshop participants still kept in touched, especially to about citizen journalism. PWI Jaya tried to provide a forum through FB. Kamsul Hasan as Chairman appointed as administrator who manages the flow of information. He regularly provides various issues. Every member of this forum can access this information besides he/she can share his/her idea. Many senior journalists also joined this forum so that they can share their knowledge and experiences. Through this forum new citizen journalists can enhance their knowledge of journalism, while senior journalists can diffuse their knowledge of journalism.

Ignoring journalism ethics, inaccuracy, imbalance, and making mistakes in using language are still common among the journalists, with no exception citizen journalist. Therefore, these topics are often discussed in citizen journalism forums in FB. Hasan always exposes criminal news, which considered against journalism code of ethic. For example, it mentions the full name of the victim which is under age, mentions clearly his/her home or school address, describes the detail of the rape, and only writes one side opinion. Journalist frequently uses bombastic title so that it deceives the reader. Information about the amount of victim mentioned in the title is not relevant with information in body of news.

Lestari (2012) in her research with title: “Accuracy of the Headlines in Citizen Journalism Kompasiana on PT Freeport Indonesia Cases, a Quantitative Content Analysis” found that its accuracy is less than 50 percent. The accuracy of 10 samples of the headlines reaches only 47.2 percent. Using McQuail’s (1992) standard of accuracy which comprises: verification over fact, relevancy of news sources, and accuracy in writing, Lestari discovered that 80 percent of the headlines have opinionated content; only 16 percent of the headlines had relevant sources; 4 percent of headlines are inaccurate in writing name, title, and position of news sources; and 88 percent of the headlines had many mistakes in spelling; and only 48 percent of the headlines have relevancy between title and its content. Everyday Kompasiana receives hundreds of information from its members and then distributes to its public.

4. Conclusion

The above finding shows that quality of news in citizen journalism needs to be improved. Even though citizen journalists are not a professional journalist but in news writing they must follow code of ethics.

We can follow code of ethics suggested by Cuny Graduate School of Journalism. Cuny Graduate School of Journalism which is supported by Knight Foundation (http://www.kcnn.org) suggests 10 main signs for cyber-journalist, citizen-journalist, and blogger in writing:

1. Check and recheck the fact
2. Do not use information without attribution
3. Pay attention to legal norm
4. Consider every opinion
5. Expose a secret selectively

6. Be careful with what is written
7. Learn about capacity of memory
8. Do not despise
9. Avoid conflict of interest
10. Care about lawyer's advice.

5. References

Atmakusumah and Maskun Iskandar. (2011), Melacak Jurnalisme Media Siaran dan Internet. Jakarta: RMBOOKS.

---. (2009), *Panduan Jurnalistik Praktis. Mendalami PenulisanBerita dan Feature, Memahami Etika dan Hukum Pers.* Jakarta: Lembaga Pers Dr. Soetomo dan Friedrich Ebert Stiftung.

Dahlan, M. Alwi. 2012. The New Media and Islam: Communication Characteristics and Dynamics. *Communication Spectrum*, Vol. 2 No.1, pp 1-12.

Hill, David and Krishna Sen. 2005 *The Internet in Indonesia's New Democracy*. London: Routledge

Kasali, Rhenald. 2010. *Cracking Zone*. Jakarta: GramediaPustakaUtama.

Kompas daily, 14th September 2011.

Lesmana, Tjipta. 2012. Jurnalisme Warga dan Media Baru: Kontroversi dari Perspektif Etika Jurnalistik dan Komunikasi Politik. *Communique*, Volume 7 No. 2, pp 109-128.

Maryani, Eni. 2011. *Media dan Perubahan Sosial*. Bandung: Remaja Rosda karya.

Severin, Werner J. and James W. Tankard Jr. 1992. *Communication Theories: Origins, Methods, and Uses in the Mass Media.* London: Longman.

Toffler, Alvin. 1990. *The Third Wave*. New York: Bantam Books.

http://www.jdlasica.com/tag/online-journalism/viewed on 20th September 2011.

http://kcnn.org viewed on 20th August 2012.

Management Analysis of a Knowledge Network: The Case of Mexico

Magali Cardenas Tapia[1] & Cynthia Klingler Kaufman[1]

[1]Faculty of Business Administration
Universidad Nacional Autónoma de México
México

Email: mcardenast@ipn.mx, cynthiaklingler0@gmail.com

Abstract:

The present research is an analysis of the structure of the National Polytechnic Institute's environmental network project. Networks have acquired an important relevance as a vehicle for collaboration and knowledge generation with regard to finding solutions to environmental problems. The importance of the study lies in the analysis of the network, using graph theory to explain the network operation. The variables examined were communication, cohesion and leadership. We collected information from the network members' scientific production in order to examine their collaboration with other researchers. We analyzed their co-authorship networks. The co-authorship network reveals important structures that compose the scientific community social network (De La Rosa, Martinez, Gonzalez and Velasco, 2005).
The results revealed that the network is in its infancy, and the cohesion, leadership and communication indices are low (Freeman, 2004, Newman, 2003). Some clusters were evident. It will be necessary to review institutional policies in terms of resource allocation to encourage collaborative work, and to increase cohesion, communication and leadership among network members in order to generate knowledge which impacts the researchers' goal of solution of environmental problems.
Keywords: knowledge networks, structural analysis, communication, cohesion, leadership

Introduction

Knowledge production tends to be developed within a novel organizational framework, more flexible and dynamic. New organizational configurations are born; not only scientists and academics participate in these novel structures but other figures who are searching for solutions to specific problems. The globalization of science, aided by new technology in information and communication, has provided a framework for the birth of knowledge networks. [3]

Working in networks is a result of a more participative and flexible organizational structure, implemented in the moment of applying knowledge to the solution of problems. Knowledge networks are configurations. The actors who participate in these networks are academics, business people or from government institutions. They meet in order to resolve concrete issues; their knowledge is complementary. Thus they are able to generate innovative knowledge and technical development.

[3] Albornoz, 2006

The importance of our research is that it is focused on a group of scientists working in a network concerned with the environment. Networks have claimed a relevant and important role as vehicles for collaboration and the generation of knowledge. in terms of finding solutions to environmental problems. We have selected a network which functions within the National Polytechnic Institute, specifically CICIMAR, the Research Center for Ocean Sciences, which belongs to REMA, and possesses a high cohesion level, an important number of scientists who work in networks and an vital scientific production.

We used the theory of graphs to analyze the information obtained. This branch of discrete mathematics is appropriate for network analysis. We used CYTOSCAPE software (University of California, San Diego). It measures interactions among researchers and permits a visual representation of these collaborations. Furthermore it calculates mathematical parameters like the clustering coefficient, the degree and the Betweenness centrality. These parameters are related to the network cohesion, leadership and communication.[45]

Thus the object of this research is to analyze how the environmental network operates, measuring three variables: cohesion, leadership and communication. The presentation is divided in two parts; the first part is a literature review, dealing with knowledge networks and graph theory as well as an analysis of network structure.[6] The second part reveals the results of our analysis of the environmental network belonging to the National Polytechnic Institute.

1.Literature Review

Knowledge networks

In this research we define knowledge networks as "a group of persons and institutions with a common purpose, with a common goal that includes sharing and socializing information and knowledge and capitalizing resources and benefits employing cooperation, collaboration and constructive solidarity using information and communication technology.[7]

Characteristics of knowledge networks

Lopera [8] proposes that knowledge networks possess the following characteristics:

- The goal of a knowledge network is to better the quality of academic and scientific work, optimize knowledge management, create and strengthen cooperation and take advantage of resources. Also facilitate the free flow of information among social groups.
- Knowledge networks are expressions of human interaction within an intimate and social context, related to civilization development.
- The goal of these networks is to produce, store and distribute scientific knowledge employing whatever technology.

[4] Freeman, 2000
[5] Newman 2003
[6] De la Rosa, Martínez, González, & Velasco, 2005
[7] Lopera, 2000, Artiles, 2003, Sebastián, 2002
[8] Lopera, 2000

- The object of this transmission is not only to inform and spread information but also to transform the environment in a constant search for intellectual enrichment for the human being in his innovative and creative production, through the systematic study that scientific, multidisciplinary and systematic scientific research offers.
- Knowledge networks are found within a historic context, within a determined historic, spatial and territorial limit. We can say that these have existed as long as mankind, and function in local, regional, national and international contexts.
- Social knowledge networks are accustomed to expand and become virtual, within a knowledge society's dynamic and globalized world.
- A significant creative activity exist which produces knowledge; it is stimulated by the ample opportunity for recombination, transposition, and synergy.
- Mechanisms exist to interchange and spread the knowledge that is generated.
- An intensive use of information and communication technologies exists.
- Sustainability: this term includes network resources such as the members of the network who create, organize and manage these resources. No corporate structure exists which is charged with managing and maintaining the network.
- Diversity and globalization: The diversity of knowledge networks is contained in their potential for integrating persons of diverse geographical spaces in these networks.
- Participation: Network members interact actively, supplying information resources and knowledge and the manner of implementing this knowledge in productive contexts; in return receive new knowledge.
- Utility and effectiveness: Disposable resources in the network are useful for network members and for the organizations for which they work.

Luna [9]affirms other characteristics of knowledge networks.

- No member retains absolute authority and everyone has certain autonomy.
- Decisions belong to committees which exist on many levels.
- The network operates because it makes decisions, resolves problems and share gains and losses.

Rivas [10] affirms that within a network, in terms of its operation, three dimensions are outstanding: Networks can be characterized by three dimensions: adherence, the potential to enlarge the number of participants, and the power to self activate.7

Cohesion: This characteristic is possible because the network functions with relationships based on mutual respect, its members are heterogeneous, and its nodes or bases are dense.

- Group size: Seashore (in Rivas, 2007) reports that group adherence diminishes as the group grows. The adherence is stable only until the group has twenty members.
- Competition among groups and within the group: Within group competition diminishes adherence. On the other hand, if competition exists between two groups, the adherence increases within each group.
- Position: The group adherence is directly related to one's position in the group.
- Goals: One of the reasons that the group is attractive for its members is that the individual researchers believe that group membership allows for progress that the

[9] Luna, 2003
[10] Rivas, 2007

person, as an individual, could not attain. Agreement among the members increases adherence. Differences undermine the adherence4.

- Stable relationships: A requisite for group adherence is a stable relationship. Groups that continually are in a process of reorganization do not attain adherence.

Potential for combinations: this characteristic is the number of connections that each one of the nodes can attain. The number of connections, in turn, depends on the size and diversity of each node. The potential to combine directly relates to the communicative capacity of each node. For this reason communication technology plays an important role. This element differentiates the quality and size of each network.

Activation power: This term refers to the capacity of each node to initiate relationships with network members. Although hierarchies ostensibly do not exist, there are two basic models which reflect a type of hierarchy. One of the nodes (researcher) is privileged; this person can initiate strategic projects which should be resolved by some other researcher, member of the network (node). That is, the power to initiate a new project is often centered in one person. On the other hand, some researchers are not subservient to other researchers. They can initiate projects and try to find solutions.

2.1 Graph theory.

Graph theory is a discrete mathematical discipline, with its own developmental history. Its usefulness for the analysis of social networks lies in the ability to derive concepts applicable to social structure characteristics and allow for the quantification of these properties. This mathematical system allows the researcher to construct a social network model and represent its persons (nodes) and links in a graph.

Networks

According to Newman[11], a network is a group of connected elements, called vertices or nodes. The connections are called borders or links.

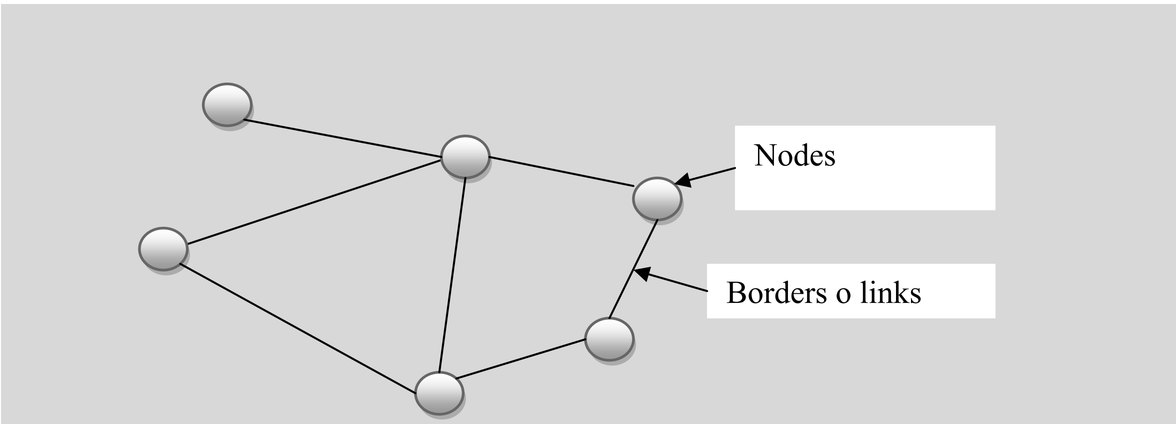


Figure 1 Example of a network with six nodes (circles) and seven borders or links.
Source: Elaboration by authors based on Freeman (2000.)

[11] Newman, 2003

Different types of networks exist. The simple type is a group of nodes (exemplified as circles) connected by lines or borders. The networks can be simple or sophisticated or more complex (see figure 2.) For example, more complicated networks can possess more than one type of node or more than one type of link. Nodes and links also can possess a number of different properties. In a social network, the nodes represent persons, men or women, persons with different nationalities, domiciles, ages, incomes, etc.

On the other hand, the links can represent friendships, knowledge, professional relationships, geographical proximity, etc. The connections can represent different values. For example, the strength of a unidirectional relationship. In Figure 2, three types of networks are visible: 1)a non-directed network possessing one node type and one link 2) a network that is not directed by links with different levels of importance and 3) a directed network in which each link has a defined direction.

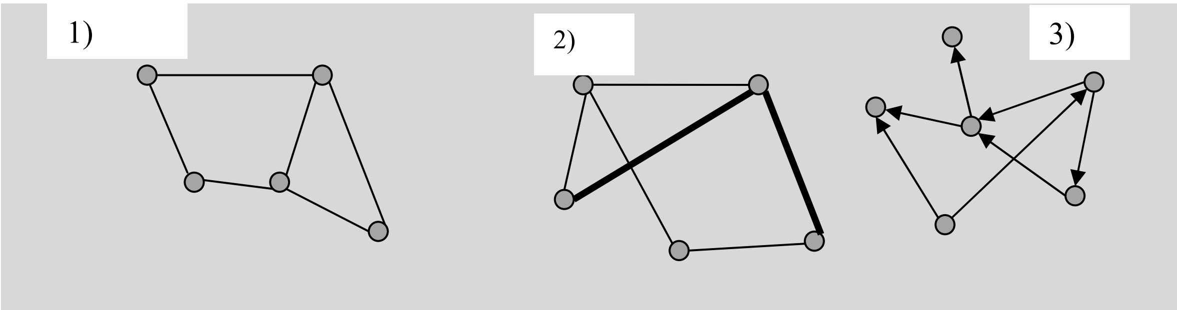


Figure 2 Types of networks
Source: Elaboration by authors based on Freeman (2000.)

The nodes in Figure 3 reveal a graph composed of five nodes and five borders. When two nodes are directly connected by a border or line, they are **adjacent**. The grade or strength of a node is determined by the number of nodes to which it is adjacent. Node P_1 possesses grade 1 and node P_4 is grade 3.

If two nodes exist which are not in order (P_1 and Pj), each one is reachable from the other, and if there is a line or a way of getting to one from the other, one sequence of one or more borders or lines, (P_1, P_a), (P_a, P_b), (P_b, P_c), (P_2, P_j) that begins with P_j and passes through the intermediate nodes P_a, P_c, …..P_z, completing its journey. P_1 is a cycle because it begins and ends with the same node.

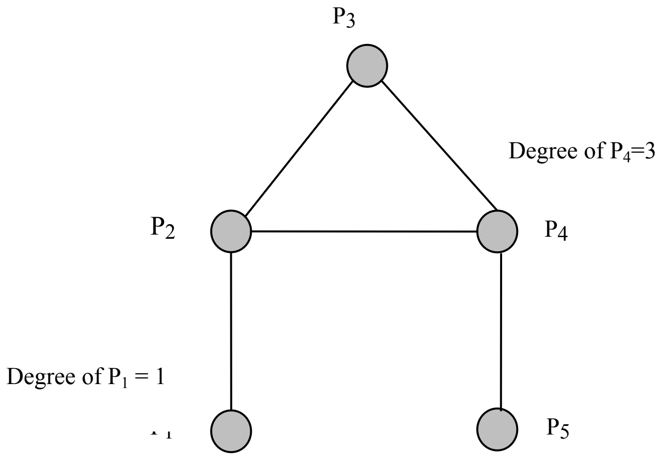


Figure 3 Graph with five nodes
Source: Elaboration by authors based on Freeman (2000.)

When each one of the nodes is reachable from whichever other node, the graph is called **connected**. Figure 3 displays a connected graph. The connections are equidistant. The shortest distance between two nodes is called a *geodesic*. In Figure 3 one can observe two connections between P1 and P5, one through nodes P2 P3 and P4 and another through P2 and P4. Given that the first trail has a distance of 4 and the second, a distance of 3, the second is a *geodesic*.

Structural centrality

The concept structural centrality, applied to human communication, was introduced by Bavelas in 1948 in Freeman[12]. He was interested in particular in small group communication. He hypothesized that there would be a relation between the structural center of the group and group processes. On the other hand, Freeman (2000) concludes that centralism is related to group efficiency in problem solving, with leadership perception, and with personal satisfaction on the part of group members. These conclusions were derived from different empirical studies.

In order to analyze network structure we considered three variables: the clustering coefficient, related to network cohesion, the degree, related directly to leadership, and intermediation, associated with network communication.

Clustering coefficient

Centralism is important because when a person is strategically located in a communication line that connects two more persons, that person is central and in a central position, can possess a positive or negative influence over the group. These persons are important because they have a high degree of possessing responsibility for communication maintenance.

[12] Freeman, 2000

In order to illustrate this concept we can see Figure 5, which displays a star. We can assume that a person located in the center of a star is in the most central position, P3 possesses the highest value, which is four, and is adjacent to the other four nodes.

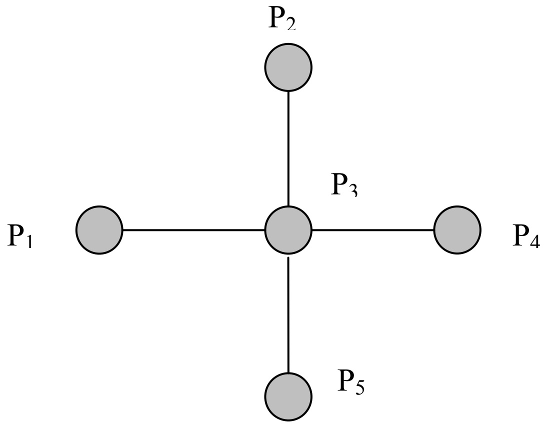


Fig. 4 Star graph with five nodes
Source: Elaboration by authors based on Freeman (2000.)

The equation necessary to calculate the degree of a node in the network is the following:

$$C_D(P_k) = \sum_{i=1}^{n} a(p_i, p_k)$$

Intermediation

Another important aspect of the centering characteristic which Freeman (2000) and Newman (2003) have discussed is the mediating or intervening aspect common to central nodes in the network. In the case of this intervening aspect, we identified the node capable of communicating or influencing other network members. The mediating ability is useful as it reveals the potential of a node to control communication. The equation to calculate the mediation quotient is

$$C_B(p_k) = \sum_{i<}^{n} \sum_{j}^{n} b_{ij}(p_k)$$

Centralism from the point of view of graph theory permits us to analyze network structure according to three structural attributes that are interesting in terms of this research. The grouping coefficient which is related to network cohesion, the node grade which is related to leadership in the network and the mediator which indicates potential for communication control.

1 Analysis of the environmental network in the National Polytechnic Institute

The National Polytechnic Institute is the largest higher education technical institute in Mexico ANNUIES [13] 137,800 students study in its classrooms. The Institute accommodates three levels: high school, university and post graduate studies. This institution is committed to problem resolution; this commitment to society includes the resolution of problems relevant to societal concerns and national development. To this end the school created research networks and post graduate studies. The goal is to define strategies, articulate actions, form working groups, optimize resources and coordinate actions in relevant areas related to national development. In 2007 the Institute created four networks: the nanotechnology network, the biotechnology network, the environmental network and afterwards, the computational network.

The research networks and postgraduate studies were created to promote human resource formation, and academic and professional excellence, in on-line postgraduate programs; the institution needs to be in the vanguard in terms of generating scientific knowledge and transmitting this knowledge as useful applications. The IPN should generate a high impact in terms of national development related to subjects included for study by the Institutional System of Scientific and Technological Research (SHCYT.)

The present research is centered on the Environmental network (REMA), because it represents an important area of concern, related to sustainability; specifically we analyzed the research dynamic generated by the Research Center for Ocean Sciences (CICIMAR.) because it is the research center belonging to REMA with the most cohesion, with the greatest number of researchers belonging to the network, and whose member scientists can boast of scientific productivity which exceeds that of other centers.

The IPN environmental network counts among its goals that of producing basic research, applied research and technological development in order to increase competitiveness, and stimulate innovation through transferring knowledge and technology. The IPN favors work in groups , inter and intra institutional, within intra and interdisciplinary schemes in order to increase understanding of environmental problems and in order to stimulate academic, scientific and technological advances in a teaching, research and social integration context . Within this framework, research lines and the great variety of subjects studied by the researchers, the grand problems related to social and economic imbalance and the degradation of natural resources, and contamination are receiving attention.

[13] ANUIES, 2000

Table 1 Research topics within the REMA of IPN
Source: Coordination of network operations, and post graduate department

No.	Research topic
1	Natural resources and biodiversity
2	Society and environment
3	Energy and environment
4	Health and environment
5	Health and environment
6	Economy and environment

The environmental network (REMA) experienced a growth spurt between 2009 and 2011 as can be observed in the following table:

Table 2 REMA members
Source: IPN, 2012

	2009	Members of SNI	2010	Members of SNI	2011	Members of SNI
REMA	140	60	241	108	273	118

According to the statistics reported by the network coordination, in 2011, the REMA had 33 centers and schools. There were fifteen research centers, thirteen schools, three academic units, and two programs.

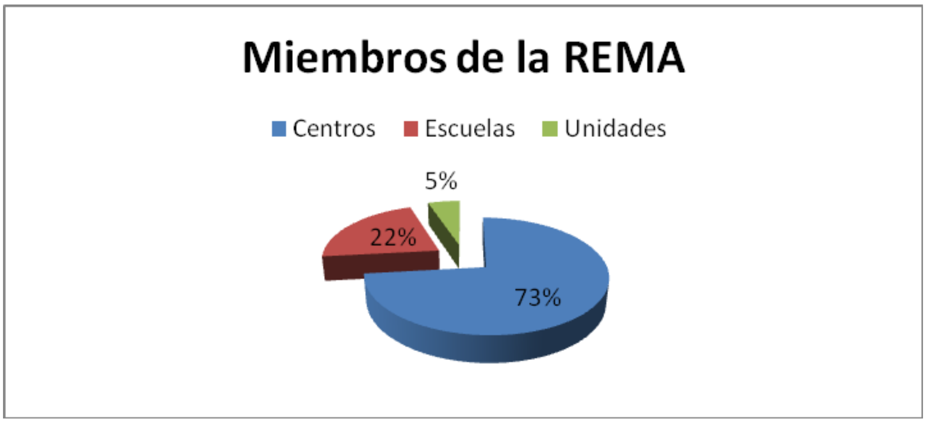


Figure 5 the distribution of REMA members
Source: Coordination, research networks, and postgraduate, operations, IPN

The most important concentration of researchers, members of REMA, can be found in fifteen research centers belonging to the IPN. In these centers one hundred and ninety-seven researchers labor, of whom 91 are members of the National System of Researchers (SNI). This statistic can be observed in Graph 1. Eight of these research centers have formed consolidated groups with more researchers and more registered projects.

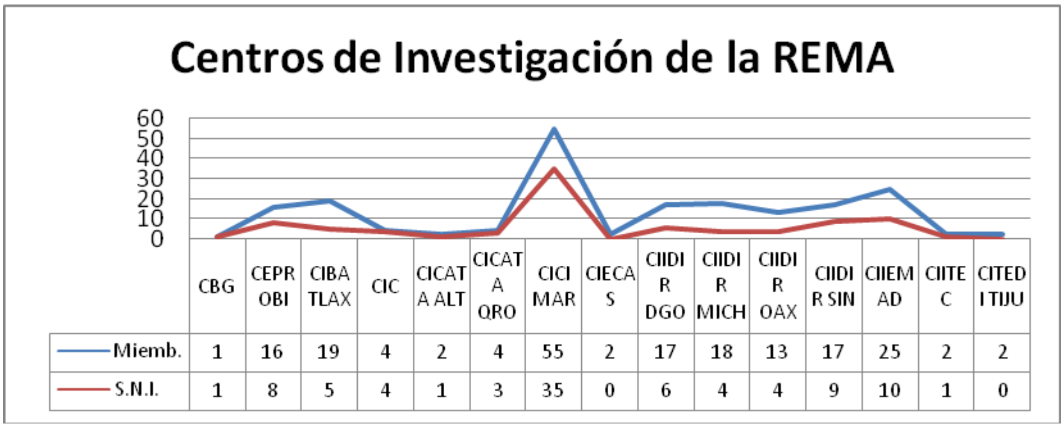


Figure 6 Research Centers belonging to REMA
Source: the authors

Within this network, 42% belong to SNI (CONACyT). The distribution can be seen in Table 3.

Table 3: Members of SNI, Environmental network
Source:IPN, 2012

Levels	Researchers
Candidates	20
Level I	79
Level II	15
Level III	4
Total	118

Method

As a pre-test, we applied a transverse descriptive survey to a sample of 43 researchers belonging to REMA. We found that a communication problem exists among network members as well as a lack of leadership and very little collaborative work. For this reason we decided to use graph theory to examine three identified variables: cohesion, leadership and communication.

We decided to use the Center for Ocean Science (CICIMAR) as the basis for a network structure analysis because this network has a higher cohesion level, is the largest group (55 members), and this center is among the centers with the most scientific production.

We gathered the scientific production of the 55 researchers' network members, taking into consideration co-authored articles, books, book chapters and thesis direction during the years 2009 – 2011. We processed the information using CYTOSCAPE, created by the University of California in San Diego. This software is free and functions for the analysis and visualization of social networks, using graph theory, mentioned above.

Using this software, we analyzed three variables: a grouping coefficient, useful to measure cohesion, the degree of the nodes or centers in order to measure leadership in each group, which also reveals the most collaborative work, and finally, intermediation, related to group communication. The last measure identifies the researchers with the most influence within the network who may serve as mediators between groups. These parameters allowed us to measure network efficiency in problem-solving. [14] [15]

The Center's page in the web (www.cicimar.ipn.mx) yielded the information related to scientific production and the REMA page in internet yielded the Curriculum Vitae of the researchers registered in CONACyT and members of network

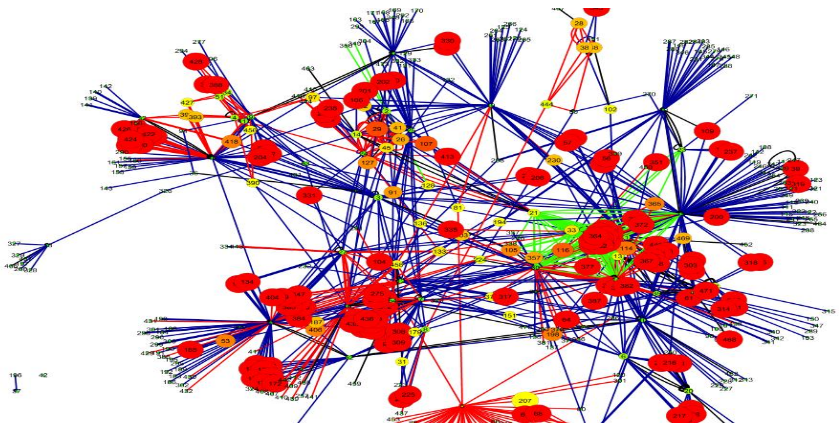
Table 4 CICIMAR Scientific Production 2009-2011
Source: Information published in internet

Year	Articles	Books	Chapters in books	Thesis Direction
2009	96	3	10	58
2010	99	1	20	62
2011	77	3	27	65

Clustering coefficient

The Clustering coefficient is related to network adherence or cohesion. How frequent is the communication among these same researchers? This number is calculated using the information from the Table 4. We counted collaborations in terms of scientific articles, books, chapters in books and thesis direction.

The clustering coefficient for CICIMAR is .333, from 2009 -2011. Of the 100% of possible collaborations among the researchers, 33% collaborated. We consider this percentage acceptable because the network was recently created. It is important to emphasize that CICIMAR is the IPN research center with the highest cohesion level.



Graph 1 clustering coefficient
Source: Authors

[14] Freeman, 2000
[15] Newman, 2003

The red circles or nodes represent the researchers with higher grouping indices. Those with greater clustering to the group. The colored lines include: Blue for articles, red for book chapters, green for books and black for thesis direction.

Table 5 is organized with the numbers diminishing in terms of the column that displays the clustering to the network coefficient. One can observe that the researchers who are more productive are not the researchers who foment work in groups. An important fact to consider is the institutional allotment of resources. Researchers with greater production and those who are on a higher level in the SNI, receive more money. However, as we can see in the table, researchers with a greater nodal activity are not those who adhere more to the group. They generally do not stimulate collaboration in teams.

Table 5 Clustering coefficient
Source: Authors

Researcher	Betweenness centrality	**Clustering coefficient**	Degree	SNI level
21	0.0723	**0.298**	38	I
2	0.027	**0.209**	28	I
44	0.031	**0.193**	46	II
23	0.0129	**0.166**	14	I
1	0.024	**0.152**	27	I
24	0.034	**0.131**	29	
12	0.045	**0.123**	32	I
25	0.035	**0.117**	26	I
30	0.136	**0.098**	65	III
11	0.1348	**0.098**	67	I
46	0.1517	**0.052**	40	C
19	0.0972	**0.052**	34	II
16	0.089	**0.041**	42	I
15	0.3228	**0.04**	103	II
47	0.0571	**0.033**	25	II
55	0.1802	**0.024**	70	III
40	0.086	**0.008**	31	I
5	0.1683	**0.002**	51	II

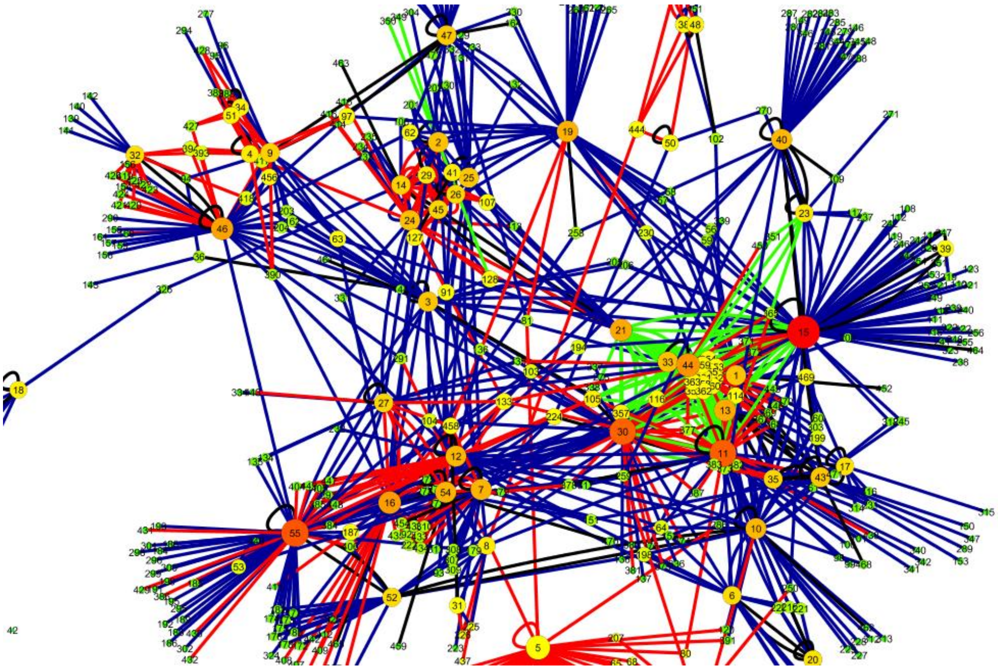
Node Leadership (degree)

The grade of node leadership is related to the leadership variable; the researchers who have the greatest number of collaborations in terms of books, chapters in books, and thesis direction. The software calculates the degree and the reader can see this in the following graph with bigger circles and more intense color that correspond to researchers with more connected lines.

Another index calculated by this software is the network centralization. This is illustrated by the star form. A node in the center surrounded by many other nodes that are not connected.

One of the problems with this structure is that if the central node is taken away, the star is no longer apparent because no connection exists among the rest of the nodes. The CICIMAR centrality index 0.178. This indicates that 17% of the researchers work in a star like structure; this affects the network cohesion or adhesion because collaborative work is no longer encouraged.

One can observe the node distribution in this graph; we can see a few researchers with many interactions and many researchers with few interactions. A different kind of policy is necessary that encourages collaborative work among the CICIMAR researchers for a more prolific production which would solve environmental problems.



Graph 2 Leadership
Source: Authors

In Figure 7 we can see the node distribution. This graph illustrates that there are a few researchers with many interactions and a multitude of researchers with one interaction.
It's necessary to establish policies that encourage collaborative research among the CICIMAR researchers in order to generate solutions to environmental problems.

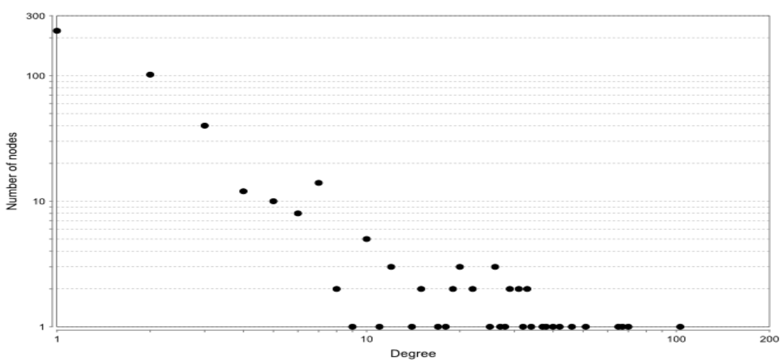


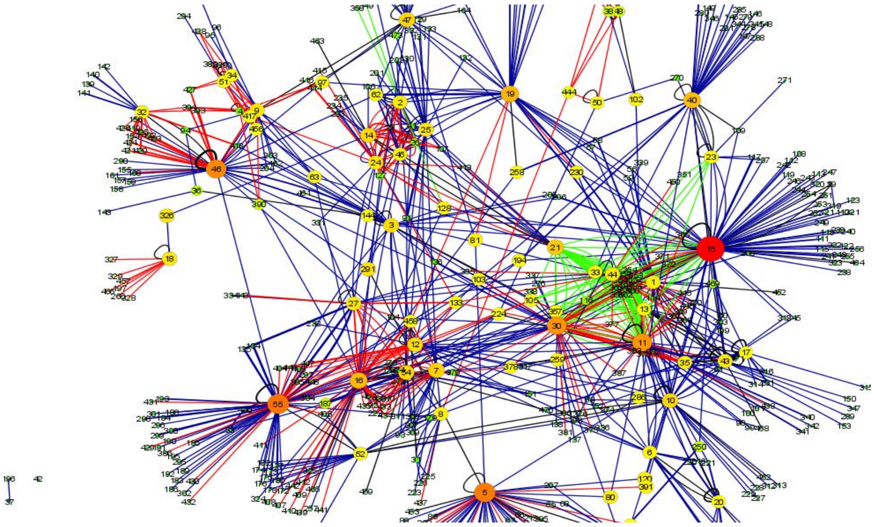
Figure 7 Leadership
Source: the authors

Table 6 reveals that researchers with a higher degree of node activity, those who collaborate, are those researchers who enjoy membership in a higher level of the National System of Researchers (SNI). On the other hand, these researchers don not encourage work in groups or teamwork. Future research should examine this situation. It is totally possible that CONACyT policies don't encourage collaborative work because of evaluation standards.

Table 6 Leadership
Source: the authors

Researcher	Betweenness centrality	Clustering coefficient	**Degree**	SNI level
15	0.3228	0.04	**103**	II
55	0.1802	0.024	**70**	III
11	0.1348	0.098	**67**	I
30	0.136	0.098	**65**	III
5	0.1683	0.002	**51**	II
44	0.031	0.193	**46**	II
16	0.089	0.041	**42**	I
46	0.1517	0.052	**40**	C
21	0.0723	0.298	**38**	I
19	0.0972	0.052	**34**	II
12	0.045	0.123	**32**	I
40	0.086	0.008	**31**	I
24	0.034	0.131	**29**	
2	0.027	0.209	**28**	I
1	0.024	0.152	**27**	I
25	0.035	0.117	**26**	I
47	0.0571	0.033	**25**	II
23	0.0129	0.166	**14**	I

In Graph, by observing the circles, one can perceive the researchers who intervene in many projects. These are the researchers who have more influence in the network which also can be observed by the number of nodes. Their participation is useful; it indicates how much influence an individual researcher can have in the network and how communication can be controlled.



Graph 3 Betweenness centrality-Communication
Source: the authors

Table 7, which reveals interventions, illustrates that researchers who intervene and participate possess more nodes and a higher SNI level, but are not participants in groups. For example, in the case of researcher 15, who has a very high participation index, we can see that 32% of all other researchers who have contacts with this researcher (see nodes and links) use this researcher to contact other network participants.

Table 7 Betweenness centrality
Source: the authors

Researcher	**Betweenness centrality**	Clustering coefficient	Degree	SNI level
15	**0.3228**	0.04	103	II
55	**0.1802**	0.024	70	III
5	**0.1683**	0.002	51	II
46	**0.1517**	0.052	40	C
30	**0.136**	0.098	65	III
11	**0.1348**	0.098	67	I
19	**0.0972**	0.052	34	II
16	**0.089**	0.041	42	I
40	**0.086**	0.008	31	I
21	**0.0723**	0.298	38	I
47	**0.0571**	0.033	25	II
12	**0.045**	0.123	32	I
25	**0.035**	0.117	26	I
24	**0.034**	0.131	29	
44	**0.031**	0.193	46	II
2	**0.027**	0.209	28	I
1	**0.024**	0.152	27	I
23	**0.0129**	0.166	14	I

Conclusions

We were able to examine the CICIMAR network using graph theory and software; we analyzed the scientific community's most important structure – its social network [16]. This analysis also provided quantitative information about the network's functioning and the researchers' professional relationships. We also examined cohesion, leadership and communication related to the network structure.

Our results demonstrated that the CICIMAR network was a network with connections and therefore a cohesion index of .33; of 100%, all of the possible connections, we could say that 33% was an acceptable statistic if we took into account that the network was recently formed. It is important to point out that CICIMAR is the research center belonging to REMA with the greatest cohesion or adherence and it is one of the centers with the most scientific production.

In terms of leadership and communication, the index per researcher indicated that a correlation existed between these variables and the SNI level. A stronger relationship existed between leadership and a higher SNI level, for example. This variable also was related to a better communication level. On the other hand, if we looked at the cohesion index, these results were associated with a lower cohesion level. Evidently the politics related to resource assignation favor researchers who were in a higher SNI category. Resource allocation was not designed to encourage collaborative work among the center's researchers. In 2012, the IPN established resource allocation policies for research that included new strategies; these strategies included the requisite that at least two research centers should be involved in order to foment collaborative and multidisciplinary work. The results await future studies.

We can perceive some groups with a cohesion level but we think that it is important that researchers with leadership abilities and better communication skills promote more ample inclusion in their groups in order to better the cohesion level and collaborations, designed to generate environmental research.

Although the Institution has hastened to create research networks, and full-time researchers are grouped according to their research interests, it is undeniable that much remains to be done. We feel that current politics related to the creation of research networks should be reviewed with an eye to increasing production; in addition, the politics of resource allocation should be modified to include younger researchers in order to strengthen collaborative work.

References

Albornoz, M. C. (2006). *Redes de conocimiento construcción, dinámica y gestión.* Argentina: RICYT y UNESCO.

Albornoz, M. (2009). *El estado de la ciencia, Principales Indicadores de Ciencia y Tecnología Iberoamericanos/Interamericanos.* Argentina: CYTED.

Artiles, S. (2003). *Las redes del conocimiento como producto de la gerencia de información en ambientes académicos.* La Habana.

Banús, E. (2006). *La estrategia de redes de conocimiento adoptado por UNESCO.* Buenos aires Argentina: Red Iberoamericana de Indicadores de Ciencia y Tecnología (RICYT).

Brundtland, I. (1987). *Comisión Mundial Para el Medio Ambiente y el Desarrollo de las Naciones Unidas.* Naciones Unidas.

[16] De la Rosa, Martinez, Gonzalez and Velasco, 2005.

Callon, M., Laredo, P., Rabeharisoa, V., Gonard, T., & Leray, T. (1992). The management and evaluation of technological programs and the dynamics of techno-economics networks. *Reserch Policy* , 215-236.

Casalet y Casas. (1997). *"Un Diagnóstico sobre la vinculación Universidad – Empresa". Conacyt –ANUIES.* México: Asociación Nacional de Universidades e Instituciones de Educación Superior y Consejo Nacional de Ciencia y Tecnología.

Casas, Coordinadora. (2001). *La formación de redes de conocimiento. Una perspectiva regional desde México.* México: Anthropos.

Casas, R. (2003). *"La información y el conocimiento innovador en las sociedades actuales".* México: Instituto de Investigaciones Sociales. UNAM. .

Corona, L., & Jasso, J. (2005). *"Enfoques y características de la sociedad del conocimiento. Evolución y perspectivas para México".* México: Benemérita Universidad Autónoma de Puebla.

Cortada, J., & Hargraves, T. (2000). *La era del trabajo en redes.* México: Oxford.

Daft, R. (2007). *Teoría y diseño organizacional.* México: Cengage Learning editores, S.A. de C.V.

De la Rosa, F., Martínez, R., González, L., & Velasco, F. (2005). Análisis de redes sociales mediante diagramas estratégicos y diagramas estructurales. *Redes- Revista hispana para el análisis de redes sociales* , Vol. 8 no. 2.

Dessler, G. (1979). *Organización y Administración.* Madrid España: Prentice Hall.

Diez, M.-A. (2002). Evaluating New Regional Polices. Reviewing the Teory and Practice. *SAGE Publications* , Volumen 8 No. 3 pags. 285-305.

Etzkowitz & Leydesdorff. (2000). The dynamics of innovation: from National Systems and ''Mode 2'' to a Triple Helix of university–industry–government relations. *Research Policy* , 109-123.

Faloh, B. (2002). *Gestión del conocimiento: concepto, aplicaciones y experiencias. La Habana : Empresa de la Gestión del Conocimiento y La Tecnología.* Cuba.

Freeman, L. C. (2000). A set of measures of centrality based en betweenness. *Política y Sociedad* , 131-148.

Hernández y Rodríguez, S. (2008). *Administración. Teoría, proceso, áreas funcionales y estrategias para la competitividad.* México: Mc. GrawHill, 2° Edición. .

Hodge, B. A. (2007). *Teoría de la organización. Un enfoque estratégico.* . México: Pearson, Prentice Hall.

Killian, Z. (2004). *Planificación y Control de la Producción Pública.* México: Lito Formas.

Lara, J. d. (2008). *Redes de conocimiento y su desempeño. Estudios de caso en el noroeste de México.* México: Plaza y Valdés, S. A. de C.V.

Lladó, M. (2004). *Redes de conocimiento peer-to-peer para la gestión de destinos turísticos: un caso de estudio en las islas Baleares.* Recuperado el 02 de 05 de 2010 , de http://www.ibit.org/dades/doc/522_es.pdf

Lopera, H. (2000). *Integración de redes de conocimiento: una responsabilidad de la biblioteca universitaria*. Recuperado el 30 de 04 de 2010, de http://64.233.187.104/search?q=cache:s_MVD1pOVNoJ:eprints.rclis.org/archive/00003636/01/lopera.pdf+%22Integraci%C3%B3n+d

Luna, M. (2003). *Itinerarios del conocimiento formas dinámicas y contenido. Un enfoque de redes.* México: Anthropos.

Naciones Unidas. (2010). Avances en la sostenibilidad ambiental del desarrollo en América Latina y el Caribe. *Objetivos de Desarrollo del Milenio* (pág. 20). Santiago de Chile: Naciones Unidas.

Newman, M. E. (2003). The Structure and Function of Complex Networks. *SIAM Review* , 45(2):167-256.

Nonaka, I., & Takeuchi, H. (1999). *La organización creadora de conocimiento.* México: Oxford University Press.

Nooy, W. d., Mrvar, A., & Batagelg, V. (2005). *Exploratory Social Network Analysis with Pajek.* Nueva York, Estados Unidos de América : Cambridge University Press.

Réka, A., & Barabási, A. (2002). Statistical Mechanics of Complex Networks. *Reviews of Modern Physics* , 74(1):47-97 .

Rivas, L. A. (2007). *Dirección estratégica y procesos organizacionales: Nuevos modelos para el siglo XXI.* México, D.F., México: Archivo óptico e-book.

Rivas, L. A. (2002). L gestión del conocimiento en organizaciones mexicanas. *Investigación Administrativa* , 11-31.

Sanguino, R. (2003). *La gestión del conocimiento. Su importancia como recurso estratégico para la organización*. Recuperado el 25 de 04 de 2010, de http://www.5campus.org/leccion/km

Sebastián, J. (2002). Las redes de cooperación como modelo organizativo y funcional para la I+D. *Redes* , volumen 7, (15).

Takehuchi, I. N. (1995). *The Knowledge-Creating Company.* EEUU: Oxford University Press.

UNESCO. (2005). *Hacia las sociedades del conocimiento. Informe mundial de la UNESCO.* París Francia: Organización de las Naciones Unidas para la Educación, la Ciencia y la Cultura.

Uzzi, E. H. (1996). *knowledge based economic and social development: the Tripli Helix of regional cooperation among universities, industry and goverment.* USA: Universidad Estatal de Nueva York.

Van Der Beg, R. (2005). Results Evaluation and Impact Assessment in Devolopment Co operation. . *SAGE Publications* , Vol. 11(1): 27-36.

Part Two

Managing Tradition in today's Society

"Wayang Orang Bharata" – The Sacred Place of Traditional Performing Arts' Preservation

Bhernadetta Pravita Wahyuningtyas[1]

[1]Faculty of Economy and Communication,
Bina Nusantara University, Jakarta,
Indonesia

Email: bhernadetta@gmail.com; bwahyuningtyas@binus.edu

Abstract:

This study explains the management of "Wayang Orang Bharata (WOB)" reputation, an Icon of classic, legendary, theatrical; traditional performing arts of Indonesia. Puppet has noble values in terms of moral education and philosophy of life; "Wayang Orang Bharata" becomes the "sacred" place for the preservation of the noble values of the puppet. "Wayang Orang Bharata" is institutions that manages sustainable reputation and have to defend against the onslaught of competition from other institutions as a tourism destination. "Wayang Orang Bharata" is a picture of a long journey and process of proving the majesty of traditional culture that owned by Indonesia. This study used post positivist paradigm. The nature of the study was descriptive and the selected approach was qualitative with in-depth interviews and observation for collecting data. Narrative analysis was used to analyze this study. The aim of this study has been reviewed the management of reputation of "Wayang Orang Bharata" in its struggle of facing the globalization. Reputation is discribe how to manage and deal with constituencies that they have, where it is concentrated on the identity or character of the institution. The identity is therefore the backbone of reputation.Identity develops from within the actions and performances of institution. "Wayang Orang Bharata" as an icon of cultural preservation is improving continuously, therefore the people could be proud of it. The reputation management of "Wayang Orang Bharata" is the results of coordination and socialization process within the institution; it is achieved through cooperation of each department by communication power.

Keywords: Action of Institution, Identity of Institution, Performance of Institution, Reputation of Institution, Traditional Performing Arts.

INTRODUCTION

Who says that traditional performing arts have no takers? The performance of traditional human puppet show is one of the performing arts which remain victorious in the middle of great pressure of the globalization. Human puppet is a type of classical Javanese dance theatrical performance with themes taken from episodes of Ramayana or Mahabharata. The spectators of this traditional performing art would recognize the figures from the dresses and accessories which are different between kings, gods, ksatrias, begawans, princesses and commanders.

There is a group of human puppets called "Bharata" - an abbreviation of Sanskrit language: Bhava Raga Tala. Bhava means expression; Raga means melody; and Tala means rhythm.[17] In Javanese language Bhava Raga Tala becomes Bhawa Rasa Tala. Bhawa means singing; Rasa means soulful; and Tala means the nest of the bees which is full of honey. Bharata means the soulful singing which is as sweet as honey"[18].The duration of human puppet performances is usually shorter than the wayang kulit. The puppeter of human puppet has a much lighter job compared to that of wayang kulit, because the figures in human puppet make the conversation among themselves. The uniqueness of the puppet is that every

[17]http://www.danceasia.org/Bharatanatyam/Bharatanatyam.html, viewed 17/6/12
[18]http://www.library.binus.ac.id/eColls/.../2009-2-00133-Ds%20Bab%202.pdf, viewed 17/6/12

puppeter (in human puppet and wayang kulit) does 'Suluk' a prelude of opening explanations with a special standard voice and some narration.

Enjoying the show of Bharata means watching and having the cultural tourism at the same time.This Javanese traditional performance art is full of life philosophy that could be the provision, as well as a guide in life. The pattern of human puppet performance begins with court audience, followed by a battle between a warrior and giants, who is led by Butha Cakil. The warrior wins the battle by killing Butha Cakil; it's symbolizing that every good effort will be successfully finished after eliminating the obstacles.[19] Other lesson from human puppet performance is: Morality. The honesty, kindness, and truth should win against evil; Humans have to choose what to do in accordance with their own beliefs. It reflects the life; life purification; and the needs of every single person to live in wealthy – healthy – peaceful – secured society surrounded by the blessing of God Almighty.

Bharata is an institution in which there are the masters or experts of traditional Indonesian dance in it. To perform as one of the characters in the story of the human puppet, the performer not only have to be expert enough in dancing, but also in "nembang" as well as in animating and playing the character roles. It was established with the name of Panca Murti in 1963, but due to the time pressure and the difficulties the group disbanded, and rejoined as Bharata on June 5, 1972, under the Local Government of DKI Jakarta. 40 years is a long way that Bharata has had to go through facing the world and the challenges of globalization.

The human puppet of Bharata is integrated with its building**.** In the midst of the hustle and bustle of the city; mega city that becomes the center of government, economy, as well as the capital of Indonesia, there stands tall a building called "Gedung Wayang Orang Bharata." This is the newly renovated building, clean and fully air-conditioned. It is equipped with clean western toilets. The stage has good lighting and sound system for the enjoyment of the spectators.[20]The capacity of this building is 255 seats. It consists of VIP: 6 rows A to F of 15 (90 seats) ticket price IDR50,000. 1st class: 6 rows A to G of 15 (120 seats) ticket price IDR40,000. Balcony: 3 rows A to C of 15 (45 seats) ticket price IDR30,000 (Balcony seats are recommended for people who prefer to having unobstructed view). The spectators have to book the tickets and the seats that they want in advance to avoid disappointment, because the tickets are sold at the rate of 80% for every performance especially for VIP tickets which are nearly always sold out many days before the show-date.

Problems

Puppet has noble values in terms of moral education and philosophy of life; Bharata has the duty to not only become the "sacred" place for the preservation of the noble values of the puppet, but also an Icon of classic, legendary, theatrical; traditional performing arts of Indonesia. According to its age (40 years old), the reputation management of Bharata has become very essential. Bharata has to defend its good name and superior quality that it has, to be able to face the globalization of the repeated flogging. Various facilities have been provided by Bharata beginning from renovation of the building, and the provision of running text board in Indonesian language on the stage, so that the spectators who are less qualified in Javanese language can understand the ongoing story. Struggling to maintain its existence in the midst of wave of globalization, Bharata is not ignored, nor considered as a precious heritage. Bharata has to face various problems. Existing problems should be addressed and resolved as well as possible, without forgetting the identity and character of Bharata as a cultural icon. Bharata as an icon of cultural preservation is improving continuously, therefore people should be proud of it. Bharata is an institution that manages sustainable reputation and has to defend against the onslaught of competition from other institutions as tourism

[19]http://www.joglosemar.co.id/wayangperformance.html, viewed 19/ 6/12
[20]http://wayang.wordpress.com/w-o-bharata/, viewed 20/6/12

destinations. Bharata is a picture of a long journey and process of proving the majesty of traditional culture that Indonesia owns.

The Questions

"Wayang Orang Bharata" is an institution that manages sustainable reputation and has to defend against the onslaught of competition from other institutions as tourism destinations. Based on the problems above, the questions of this research are:

1. How is the effort of the Bharata management in managing the reputation of Bharata-The Sacred Place of Traditional Performing Arts' Preservation?
2. What are the obstacles that can disrupt management of Bharata's reputation?

METHODOLOGY

The paradigm of this research is post positivism; Epistemologically, Denzin and Guba[21] said that the relationship between the observer and the object under study cannot be separated. The flow of post-positivist is believed that the subject is not likely to reach or see the truth, if the observer stands in the background without being directly involved with the object. According to Guba prediction and control remains a goal of Postpositivism. Postpositivism found that is impossible to get the truth from reality when the researcher made the distance to reality or not involved directly with reality. The relationship between researchers with reality must be interactive, it is necessary to use the principle of triangulation is the use of a variety of methods, data sources, and others.

The approach of this study is a descriptive qualitative approach. Qualitative research methodology is a procedure that produces descriptive data in the form of words written or spoken of the people and behaviors that can be observed. According to Sugiyono[22], qualitative research method is a method of research that is based on the philosophy postpositivism is used to examine the condition of the natural objects, where the researcher is a key instrument, data collection techniques performed triangulation (combined), data analysis is inductive, and the results of qualitative research emphasizes the significance of the generalization.

Qualitative research design is continuously adapted to the reality of the field. Therefore, do not use a design that has been developed rigorously and rigidly so it cannot be changed anymore. It can be caused by several things. First, it is inconceivable earlier about multiple realities in the field; and second, it cannot be predicted in advance what will change because it will take place in the interaction between researchers and reality; Third, different value systems regarding the relationship in a way cannot be predicted. This descriptive study will attempt to describe or depict on Reputation Management in order to make Bharata as The Sacred Place of Traditional Performing Art Preservation.

The research is located in Building One Bharata Wayang, Jl. Kalilio 15 - Senen, Central Jakarta 10410, Indonesia

In this study, the collected data include:

1. Primary Data: Primary research requires data or information from the first source, commonly referred to as respondents. Data or information obtained through written questions through a questionnaire or oral interview using[23]:

---

[21]Denzin, NK & YSL. (2005). Handbook Of Qualitative Research, Third Edition, Sage, California
[22]Sugiyono. (2009). Metode Penelitian Kuantitatif, Kualitatif dan R&,. Alfabeta, Bandung p. 9
[23]Sarwono. (2006). Metode Penelitian Kuantatif dan Kualitatif, Graha Ilmu, Yogyakarta p. 16

a. In-depth interviews (in-depth-interview), according Bungin (in

Hamidi)[24], "in-depth interview is a process to obtain the information for research purposes by way of face to face questioning by the interviewer or the interviewee's informant, with or without the use of an interview guide, where the interviewer and the informant involved in the social life of a relatively long time."Interview method used in this study were interviews, where the author conducted verbal communication with the source data directly, without intermediaries, both about yourself and everything related with him.

b. Observation, a method of data collection conducted by researchers

to observe or record an event with his direct testimony and researchers can typically as a participant or observer in watching or observing an event object that is being examined[25]

2. Secondary Data: Secondary research using source material instead of the first as a means to obtain data or information to answer the problems examined. In addition to using interviews and observations, the secondary data supported with documentation. Documentation is a method of collecting data by taking the data from the original document. The original documents can include images, tables, checklists and documentary.[26]

A qualitative study using in-depth interviews, is closely related to research sources or informants. According Moleong[27], informants are individuals who used to provide information about the situation and condition of background research. The informant has to understand a lot of information about the situations and conditions of the research background. He was obliged to volunteer to be the team with kindness and volunteerism on the values, attitudes, structures, and culture into the background research. In this study, informants were taken by researchers is the informant who had quite crucial position in the governance and management of the reputation of Bharata. Informants are individuals fully responsible for the planning to the implementation in the field monitoring. Informants numbered two, they are:

1. Head of Management Unit Building Wayang Orang Bharata (TSW)
2. The Head of Group Wayang Orang Bharata (MMA)

Head of Management Unit Building wayang orang Bharata is coordinatingthe tasks and functions of the unit manager (in this case, including corporate governance and reputation management Bharata-related physical facilities), then the second informant was the head of group Wayang Orang Bharata as informants competent to answer and give data of Bharata.

The data analysis techniques which used in qualitative research is inductive data analysis. Inductive analysis was used for several reasons. First, more inductive process can find multiple realities as contained in the data, and second, to create a more inductive analysis researcher-respondent relationship becomes explicit, it can be known, and accountable;

[24]Hamidi.(2007). Metode Penelitian dan Teori Komunikasi. UMM Press, Malang p. 108
[25] Ruslan, R. (2008). Metode Penelitian Public Relation dan Komunikasi, Rajawali Pers, Jakarta p. 221
[26]Hamidi.(2007). Metode Penelitian dan Teori Komunikasi. UMM Press, Malang p. 88
[27]Moleong, L. (2007). Metodologi Penelitian Kualitatif, Rosda, Bandung p. 132

Third, such analysis can outline the full background and can make decisions about whether or not to transfer to another background; fourth, more inductive analysis can find along the sharpening effect relationships; fifth, so analysis can calculate the values explicitly as part of the analytic structure.

Data analysis is the process of organizing and sorting data into patterns, categories, and a description of the basic unit in order to discover themes and working hypotheses can be formulated as suggested by the data. In this study, researchers used a method of narrative analysis. The essence of this method is the ability to understand one's identity and world view with reference to the stories (narratives) that he listen or Tell the inside activities of daily living (whether in the form of gossip, facts, news, analysis, and so on, because all it can be called a story). Research focus of this method is the stories heard in people's lives everyday.

Data analysis is the process of arranging the order of the data, organizing it into a pattern, category and description of the basic unit. He distinguishes interpretation, providing significant meaning to the results of the analysis, explaining the pattern description, and find the relationship between the dimensions of the description. Bogdan and Taylor (in Moleong)[28], defines data analysis as a detailed process of formal effort to find a theme and formulate working hypotheses (ideas) as suggested by the data in an effort to provide assistance to the theme and it's working hypothesis.

The process of data analysis[29] began by reviewing all available data from various sources, namely interviews, observations written in the field notes, personal papers, official documents, images, photographs, etc.

Subjectivity researchers usually become dominant in qualitative research. Reliable research tool is the observation and in-depth interviews, which contains many weaknesses when done especially without control. Sources of qualitative data is assumed to be less credible and affecting the accuracy of the research. According to Bryman[30] there are several ways to determine the validity of qualitative research data:

1. Credibility; refers to whether the research process and results can be accepted or believed. Application degree of confidence in the internal validity of the concept of replacing the non-qualitative. In examining the validity of the data, the researchers used a technique of continuous observation, and carefully, so that researchers could see directly and can explain social phenomena under study as it is. In this study, researchers conducted interviews and verbatim coding, so it can be analyzed accurately.

2. Transferability; refers to whether the results of this study can be applied to similar situations or another. The concept of validity generalization states that an invention may apply or be applied to all contexts within the same population on the basis of findings obtained in a representative sample represents the population. In this study presents descriptive data transferability quality, for example through the background informant and the informant's role in the institution.

3. Dependability; refers to the consistency of researchers in collecting data, forming and using concepts when making interpretations to draw conclusions. Drawing conclusions in this study to be done carefully and consistently based on observation and in-depth interviews that have been conducted by the researchers.

4. Confirmability; refers to whether the results can be verified, which results in accordance with the data collected. This is done by showing research results re-

[28] Moleong, L. (2007). Metodologi Penelitian Kualitatif, Rosda, Bandung p. 280
[29] Moleong, L. (2007). Metodologi Penelitian Kualitatif, Rosda, Bandung p. 247
[30] Bryman, A. (2008). Social Research Methods, Third Edition, OUP Oxford, UK

confirm the informant or informants answer so that research results more objectively.

THE RESULTS

Fombrun and Rindova[31] identify corporate reputation along five dimensions, concluding that reputations are: (a) historically rooted; (b) of concern to internal and to external stakeholders; (c) based on past actions and achievement; (d) assessed on the benefits accrued by individual stakeholder groups; and (e) used to position the company in terms of both its competitors and its business environment.

Reputation is a crucial aspect that is worth fighting for, managed and maintained by each institution so that the institution remains strong in the eyes of the public. According to Balmer and Greyser[32], reputation of the institution is about how to manage the affairs of an institution with respect to all of his constituents; it is concentrated in the identity or character of the institution. Identity restricts the actions taken by the institution, how they make decisions, treat employees, and react to the crisis. The identity is the backbone of a reputation, and he describes the kind of relationship that is built between public institutions with their most important, namely: constituents, employees, customers, investors and local communities.

In a word, a condition, and / or situations, reputation is difficult to define, because the complexity of interpreting or defining a reputation, then the Balmer and Greyser[33] divide it into six points of view. First is the economic field corner. From the economic side, the reputation is defined as the perception held by outsiders against the company. The customer or the user or the user company can only "see" the outer shell of a company, instead of a manager who was located in the company can see the originality and the overall condition of the company. Sometimes, a company whose reputation was not obtrusive or lacking in character in a positive sense will be willing to pay an individual a popular and well-known for having a good reputation. So the good reputation of the individual can influence the company's credibility in the eyes of the public.

The second is a strategic view[34]. In terms of strategy, reputation is defined as a hard thing to be imitated or duplicated, because it comes from the unique reputation-owned internal uniqueness of an institution. However, it must be remembered and heeded, that the institution must continue to pay attention to any restrictions or mobility refers to the movement of his reputation which is also owned and made by competitors or other parties. Whatever our reputation is, there will be those who can imitate reputation. Although imitate or emulate a reputation is not easy, but still there is always the possibility of that kind of wide open.

Third is the marketing point of view.[35] In marketing, reputation is seen as the brand image of an institution. In this context, reputation is the result of the process of digesting the information that produces its own image in the mind of an individual or a person. Equity a "brand" created an awareness of the integrity of the identity of a "brand" and also its marketing program.

---

[31]Balmer, JMT & SAG.(2003). Revealing The Corporation (Perspective on Identity, Image, Reputation, Corporate Branding, and Corporate Level-Marketing), Routledge, New York.
[32]Ibid p. 224
[33]Ibid p. 225
[34]Ibid p. 226
[35]Ibid p. 227

Fourth is the organizational view[36]. In view of the organization, the reputation grew from the experience of the workers in it. Reputation background by a strong organizational culture and supported by the corporate identity. Institutional culture affects perceptions and motivation of managers, while the identity of the institution will affect how the manager will react and interpret the conditions and situations that occur in their environment. Identity and culture are two inter-related. Identity gives an idea of the primacy of (core), permanence, and features typical of an institution that produces a particular interpretation which is then transmitted and distributed among the managers, where the interpretation is used to handle or face the external environment or institutions.

Fifth is the sociological view[37]. In a sociological perspective, reputation assessed as an indicator of the legitimacy. Reputation is an assessment relative to expectations and norms in the institutional field. Many parties are involved and intertwined in the process of building a reputation.

Sixth is the accounting view[38]. In accounting perspective, reputation is seen as an asset that is not visible but can be measured. According to the shrinkage of view of accounting, financial based measurement is considered better assessing a reputation.

The Economic View

From the economic perspective, the reputation is defined as the perception held by outsiders to a corporation (Myers and Majluf; Ross; Stigler; cited in Balmer and Greyser)[39]. The customer or the user or the user company can only "see" the outer shell of a company, instead of a manager who was located in the company can see the originality and the overall condition of the company. Sometimes, a company whose reputation was not obtrusive or lacking in character in a positive sense, will be willing to pay an individual a popular and well-known for having a good reputation. So the good reputation of the individual can influence the company's credibility in the eyes of the public.

Bharata always introspection and do the improvement. Things are assessed or taken lightly by many people was always seen as a great thing. This is done merely to anticipate that happening. As traditional and classical performing arts, Bharata is very blessed to have fanatic fans. The fans is that according to the narrative informants into embers that always lit, turn the traditional performing arts Bharata. Its located in the nation's capital, Jakarta, where all the tribes melted into one, making it one bidder particularly nostalgic for those coming from Central Java and Jogjakarta. Various methods adopted by Bharata, for the sake of the spectators, started from renovating the buildings and other facilities for the comfort of spectators, until the alloy variations of dance movements and musical accompaniment are always different in every appearance for the fans are not bored. Although recognized also by the informant that the Traditional Performing Arts is identical to the senior citizen. Regeneration is not easy; especially if we combine it with the flogging of globalization. Keep the young generation to continue Bharata, without the slightest diminish the quality of Bharata itself.

Initially the spectators of Bharata is the middle to lower, and is identical to the performances to the senior citizens, and yet the day, there was a shift, today's the spectators of Bharata are those that come from the upper middle class, the officials and former officials.

Bharata realized, is not easy to change the perception of the traditional performing arts which is identical to the senior citizens. But all things are not quite right should be clarified, since the beginning of Bharata was anperforming art, the place in which there are

---

[36]Ibid p. 228
[37]Ibid p. 229
[38]Ibid p. 229
[39]Ibid p. 226

figures that feels and recognizes its responsibility as a preserver of culture. Bharata makes one of its members as a spokeperson, according to Bharata it was enough to represent to the society of the reputation and quality of Bharata. Everything comes from within, especially if it is related to the perception of the reputation of an institution. Ideally, it is the reforms and the establishment and strengthening of the affirmed, and then people could see it from the outside, because it is reflected in attitudes, behaviors, and actions.

The Strategic View

In terms of strategy, reputation is defined as a hard thing to be imitated or duplicated, because it comes from the unique reputation-owned internal uniqueness of an institution (Dutton and Dukerich; Freeman; cited in Balmer and Greyser)[40]. On the other hand, it must be remembered and heeded, that the institution must continue to pay attention to any restrictions or mobility refers to the movement of his reputation which is also owned and made by competitors or other parties. No matter how good our reputation is, there will always be people who can imitate our reputation. Although imitate or emulate a reputation is not an easy task to do, but there is always the widely open possibility of that things.

Bharata as the sacred place of traditional performing art preservation is a place that became keepers and developers of traditional Indonesian culture, in its 40 year-of-age; Bharata is mature enough for an institution and an icon. The prerequisite to be a performer of Bharata is not only expert in Javanese traditional dancing, but also expertise in "nembang"; singing songs in native Javanese language which accompanimented by traditional Javanese orchestra. In addition, because the show is not the same as a puppet dancing and singing in the Javanese language, before going to the stage, the performers of human puppet need a long and various training, to make the whole performance perfect, because every performer should animate his role as certain figure. Being a puppet player is not easy, not just memorized dialogue, and dance movements but also animate a puppet, it is the quality most emphasized.

Performing regularly every Saturday night is a strategy Bharata in showing off their skills. The aesthetic reason why human puppet performances are held in the evening is because the beauty of the make-up and costumes and the performers are the jewelries of the shiniest in the night. The performance every Saturday night is a showcase for every player, and a storefront on Bharata's reputation as a sacred place that is not subject exposed to the era, but its debute as maintaining quality is spectacular.

The human puppet show uses native Javanese language, but to assist and facilitate the domestic audience who are less fluent in Javanese, the building management hangs a running text board in Indonesian language above the stage, while for foreign audiences, a guide is provided to assist along the performances.

The Marketing View

In marketing, reputation is seen as the brand image of an institution. In this context, reputation is the result of the process of digesting the information that produces its own image in the mind of an individual or a person (Lippman; cited in Balmer and Greyser)[41]. Equity a "brand" created an awareness of the integrity of the identity of a "brand" and also its marketing program.

Bharata is known not only for its appearance and treats their performer grandeur but also the location of the building where the performance shown. Many people knew it from

[40]Ibid p. 226
[41]Ibid p. 227

the words of mouth. Bharata is actually not only performed at the Bharata, but also in many places, and in collaboration with many stakeholders; despite their individual, but still carry and use a big name behind Bharata. It has indirectly become a very positive marketing tool and is effective for the survival of the reputation and glory of Bharata.

Bharata building, may be used by anyone other besides the puppet group Bharata itself, just not many to know about it. The people who will use Bharata building have to be those who concern or carry the traditional performing art.

One that makes proud is the presence of "Wayang Tunas", who spread the word about the young puppet Bharata. They inform their existence in the traditional art scene to their peers that make Bharata now gets filled with the faces of teenagers and young people in Jakarta.

Tickets to watch Bharata is quite affordable and have multiple levels, not expensive when compared to the privileges shown holistically treat and perfect. Bharata is the majority of the audience of officials and former officials, but exclusivity has been increasingly shifted slowly, Bharata is universal and can be enjoyed by all people.

Bharata does not classify the audiences into certain categories. Both new and old audiences are treated equally good, equally close, and both are considered as a part of the family of Bharata, so Bharata's reputation as an icon of cultural preservation, and tourism destinations among all ages and could describing perfectly.

The Organizational View

From the organizational perspective, the reputation grew from the experience of the workers in it. Reputation background by a strong organizational culture and supported by the corporate identity. Institutional culture affects perceptions and motivation of managers (Barney, Dutton and Penner; cited in Balmer and Greyser)[42], while the identity of the institution will affect how managers react and interpret the conditions and situations that occur in their environment (Dutton and Dukerich; Meyer; in Balmer and Greyser)[43] . Identity and culture are two inter-related. Identity gives an idea of the primacy of (core), permanence, and features typical of an institution that produces a particular interpretation which is then transmitted and distributed among the managers, where the interpretation is used to handle or face the external environment or institutions.

Although there is good coordination and communication, nonetheless all negligence occurred. In the event of negligence or violations perpetrated by internal parties, the Bharata will deliver it in person, verbally, and very clear. External communication was also very close and well maintained. If there is a loyal audience that is not present, then the manager will get in touch with a variety of ways, calling them and asking them the reasons of their absence, making the audience feel cared for. The same was done to the performer and staff. All of it is done to maintain the quality and good reputation of Bharata.

The Sociological View

In a sociological perspective, reputation assessed as an indicator of the legitimacy (Granovetter; White; cited in Balmer and Greyser)[44]. Reputation is an assessment relative to expectations and norms in the institutional field. Many parties are involved and intertwined in the process of building a reputation. Bharata is an integral unit, as a group of puppets, and also as a building or physical structure. All of each other, all complement each other, all mutual. Management between the players and the staff of the building has no differencies. Carrying and upholding the values of openness and kinship and recognizing the importance

[42]Ibid p. 228
[43]Ibid p. 228
[44]Ibid p. 229

of coordination and communication for every thing starting from small to large cases, the reputation and quality of Bharata are maintained. From a sociological viewpoint, the reputation will be more powerful when there is closer cooperation. All is well integrated and unified in Bharata. Kinship, sense of responsibility, and a sense of belonging to bind all those involved in the body Bharata. Maintaining coordination and communication is what will show on the external parties that the quality is formed and nurtured, and strengthened from the inside out. Coordination, cooperation, and communication are very good in the internal area to be much help when Bharata has to deal with external parties with different causes and reasons.

The Accounting View

In the perspective of accounting, reputation is seen as an asset that is not visible but can be measured (Barney; Rindova; Fombrun; in Balmer and Greyser)[45]. A reputation can be measured on financial. In the financial sense, how many tickets are sold or how many visitors come can show an increase or even a decrease of reputation although from the accounting point of view in terms of financial reputation, Bharata does not measure its performance financially. Bharata sees its success on the accounting side from the audience whether they enjoy their performance to finish. If the audiences sit quietly since the curtain is opened up the curtains is closed, clap, and smile happily after watching the puppet show, then that is the success of a show. So satisfaction has also been proven precision.

CONCLUSION

Reputation is the external reflection of a company's internal identity itself the outcome of sense-making by employees about the company's role in society. Reputations derive from multiple but related images of firms among all of a firm's stakeholders, and inform about their overall attractiveness to employees, consumers, investors, and local communities. A corporate reputation gauges a firm's relative standing both internally with employees and externally with its stakeholders, in both its competitive and institutional environments.Bharata as a sacred place for the preservation of traditional cultural performing arts, to manage its reputation as a cultural icon and tourist destinations in a way to maintain the quality they already possess and develop their skills with a wide range of variations. Bharata is not subject to globalization. Bharata is coloring globalization in its own way.

[45]Ibid p. 230

REFERENCES

Books

Balmer, JMT &SAG.(2003). Revealing The Corporation (Perspective on Identity, Image, Reputation, Corporate Branding, and Corporate Level-Marketing),Routledge, New York.

Bryman, A. (2008). Social Research Methods, Third Edition, OUP Oxford, UK

Denzin, NK & YSL. (2005). Handbook Of Qualitative Research, Third Edition, Sage, California.

Griffin, EM. (2006). A First Look At Communication Theories, Sixth Edition,McGraw-Hill, New York.

Hamidi. (2007). Metode Penelitian dan Teori Komunikasi. UMM Press, Malang.

Littlejohn, SW. (2002). Theories Of Human Communication, Seventh Edition, Wadsworth,Belmont, California.

Miller, K. (2005). Communication Theories: Perspectives, Processes, and Context, Second Edition,McGraw-Hill, New York.

Moleong, L. (2007). Metodologi Penelitian Kualitatif, Rosda, Bandung.

Neuman, L. (2003). Sosial Research Methods, Qualitative and Quantitative Approach, Fifth Edition, Pearson Education, USA.

Patton, MQ. (2002). Qualitative Research and Evaluation Methods, Third Edition, Sage, California.

Ruslan, R. (2008). Metode Penelitian Public Relation dan Komunikasi, Rajawali Pers, Jakarta.

Samovar, LA, REP, & ERM. (2007). Communication Between Cultures, Sixth Edition, Thomson Wadsworth, Belmont.

Santana, S. (2007). Menulis Ilmiah: Metode Penelitian Kualitatif, Yayasan Obor Indonesia, Jakarta.

Sarwono. (2006). Metode Penelitian Kuantatif dan Kualitatif, Graha Ilmu, Yogyakarta.

Sugiyono. (2009). Metode Penelitian Kuantitatif, Kualitatif dan R&,. Alfabeta, Bandung.

West, R & LHT (2004). Introducing Communication Theories, Analysis and Application, Second Edition,McGraw – Hill, New York.

Internet

http://www.danceasia.org/Bharatanatyam/Bharatanatyam.html, viewed 17/6/12

http://www.library.binus.ac.id/eColls/.../2009-2-00133-Ds%20Bab%202.pdf, viewed 17/6/12

http://www.joglosemar.co.id/wayangperformance.html, viewed 19/ 6/12

http://wayang.wordpress.com/w-o-bharata/, viewed 20/6/12

Dramaturgy at Sundanese Restaurants to Strengthen The Competitiveness

Ulani Yunus[1]

[1]Faculty of Economy and Communication
Bina Nusantara University, Jakarta,
Indonesia

Email: Ulani@binus.edu

Abstract:

A growing issue in today's business competition is the utilization of culture, both globally and locally. Indonesia's etnic restaurants such as "Sari Sunda", "Cibiuk" and "Bumbu Desa" presently are seen as places to luxuriate Sundanese food by utilizing the local culture. The atmosphere of the restaurants and services of waitresses at the Sundanese restaurant is interesting to analyze the elements that can create competitiveness. There is something equal between cultures and culinary. When people are enjoying the food, they will think about the nation where the food comes.

The aim of this study is to find the concepts of local cultural elements that make a local culinary industry have strong competitiveness in the global level. The focus of this research is how cultural Sundanese elements in their customer service are able to strengthen their competitiveness which have been applied at "Sari Sunda", "Cibiuk" and "Bumbu Desa " Restaurants.

The research method used in this study is a qualitative dimension, especially etnomethodology; the study of how individuals create and understand daily life, including activities at "Sari Sunda", "Bumbu Desa " and "Cibiuk" Restaurants in Jakarta, Bandung and Bekasi. Especially for "Bumbu Desa" Restaurant, the research was also done in Malaysia because they have expanded their outlets there.

The results of this research were: 1) Greetings from waiters, clothes of waitresses and restaurants' ornaments have become a drama stage that can be enjoyed by the guests as the front stage of dramaturgy, 2) Attributes of local cultural products have been brand awareness 3) Customer's perception of the products of restaurants are formed through a process of symbolic interaction and dramaturgical stage.

Keywords : Etnomethodology. Marketing Communication, Dramaturgy, Culinary

1. Introduction

Indonesian culinary industry has contributed to earn foreign exchange. Indonesian cuisine is very interesting to study because it has various kinds of food and there are a significant number of people as the potential market. Besides supporting to strengthen national identity, culinary industry also has an important role for the nation economy. In 21st century, culinary nationalism is alive and rising though it looks rather different than it did a hundred or even 50 years ago. Discussion about culinary consciousness raisers, cooking often texts serve as vehicles of national identification (Ferguson, 2010).

Utilization of ethnic cultural attributes in the service of Sundanese restaurants is one of the marketing communication strategies; The Sundanese is famous for its hospitality and gentleness. Previous studies have proved that the guests from abroad assess very positively to the services that are held in Indonesian restaurants compare to three other foreign restaurants in Badung, Bali (Pawitan & Widyarini, 2011).

In the global competition, Sundanese restaurants have proved to bring foreign tourists to enjoy the cuisine and atmosphere of Sunda. Even “Bumbu Desa” can exist in Malaysia. Culinary and culture are two things that co-exist. Where there is a spread of culture, the cuisine becomes part of the cultural dispersion.

In the hustle and bustle of foreign foods in Indonesia, it is time to realize the potential global influence through the food and local cultural attributes of Indonesia. They will compete with foreign food. Almost all urban communities in Indonesia have known American restaurants such as Kentucky Fried Chicken (KFC), Mc Donald's, Pizza Hut, AW Restaurant etc. Why don’ we try marketing the Indonesian food through etnic culture to the world? The focus of this research is how cultural Sundanese elements in their customer service are able to strengthen the competitiveness which have been practiced by “Sari Sunda”, “Cibiuk” and "Bumbu Desa " Restaurants?

2. Method

This study uses etnomethodology which was practiced by Harold Grafinkel in the 1950's. At that time Grafinkel did research in a shop and observed any buyers who came and went in the store and heard what these people were talking (Grafinkel, 2005). Etnomethodology emphasizes how cultural advocates perceive and describe the layout of their own lives. In other words, etnomethodology expesses the food more in the context of social interaction.

Along with etnomethodology is dramaturgical theory that was introduced in 1945 by Kenneth Duva Burke, an American theoretical literature. Dramatism concept is used to understand the social functions of language, drama as a symbolic word performances and social life. In the concept of symbolic interaction, meaning is formed by human through the interaction. Therefore, there is no other way to form a meaning if not by forming interactions (Blumer, 2000). Dramatism goal itself is to understand the motives of human action, the answer why people do what they do (Ford, Fox & Thompson, 2002). Dramatism shows a model of language as symbolic action (Burke, 2009).

The concept was developed by Erving Goffman's, an interactionist sociologist who made it perfect in his book “The Presentation of Self in Everyday Life”. Goffman who studied the phenomenon of symbolic interaction depth of the concept of dramaturgy (Goffman: 1990). According to Goffman, attributes and human behavior are used for self-presentation, including how to walk, talk, work and spend leisure time as ways to let people know who they are. Goffman also noticed that there is a significant difference in acting when actors are on the stage ("front stage") and behind the stage ("back stage").

Dramaturgy observed in this study is the front stage at Guest Services in the restaurants of "Sari Sunda", "Cibiuk" and "Bumbu Desa". This research collects the data from the sources as follow: the government of Indonesia, restaurant owners, managers, waiters and guests of the restaurants. All together are 19 people, including waiters and guests restaurant "Bumbu Desa" in Malaysia.

The utilization of cultural attributes in dramaturgy of service in Sundanese restaurant is the process of marketing communication. The stage actors are waiters and guests. The setting of the front stage contains ornaments of Sundanese culture like bamboo, rattan, water gurgling. Local attributes are cuisine, greetings and how the waiters dress. Marketing strategy using local cultural attributes can be an indicator that influences the consumer decision when they are purchasing. Thus, the local cultural attributes can be used as media communication to the costumer. Cultural attributes stimulate customer emotions because of cultural proximity. The utilization of Sundanese cultural attributes stimulate emotions exclusively on this native culture but also potentially attract consumers who are not from Sunda to enjoy a dramaturgy that occurs in the restaurants. Local cultural attributes are divided into four elements: tangible things, meaning, text or narrative, and experience (Cateora & Graham, 2007). Four elements are seen in the Sundanese restaurants studied.

Marketing is a social process in which individuals and groups obtain what they need and want by creating, offering and exchanging products of value with others (Kotler, Hayes & Bloom, 2002). In this case, the elements of the "value" for guests' restaurant are Sundanese cultural attributes. If the front stage of restaurants is considered as a theater, the stage can be modified to suit the needs of guests. Theater both encourages reflection on the social process of embodiment and provides a space in the individual body can modify (Buffery, 2006).

The utilization of Sundanese cultural attributes in marketing is called as positioning. Positioning is the act of designing products and marketing mix in order to create a certain impression in the memory of consumers (Kotler et al, 2009). Positioning with focusing on Sundanese cultural attributes as a dramaturgy is expected to build the customer's perception of the Sundanese restaurant that is increasingly competitive in its marketing strategy. These attributes are symbolic messages that are part of the marketing communication.

Observations indicate that the characteristics of the guests at three restaurants studied were average adults, professional workers or family groups. There was no visitor of teens (students or children) who came as individual guests or group. There was teen's visitor coming in with group of adults.

The atmosphere of the restaurants when guests were enjoying the food seemed relaxed, no scurrying (some were spending more than an hour). During the meal, they continued talking even when the food was finished. This indicates that the restaurants are visited not only for eating, but also enjoying the time with the members of the group.

Here is the dramaturgy of guests service that were performed in the front stage of three restaurants observed:

Dramaturgy that exists in the "Sari Sunda" Restaurant looks at the setting of the stage in the form of buildings with architectural Sundanese styles, the dominant building structures using materials of wood and black bamboo with the words "Wilujeng Sumping" (means "Welcome") that are laid out on the grass in the restaurant's courtyard. Dramaturgy can take place on the stage in the form of dining tables or in a cross-legged sitting style at *saung* (the building from bamboo) who cluster around at the back area of the restaurant. Customers feel the well-groomed and beautiful atmosphere; do not feel like in the middle of city. Ornamental plants, playground, sparkling water, and fresh air create a harmonious atmosphere when guests enjoy the cuisine.

Waiters of "Sari Sunda" Restaurant wear gray uniform consisting of trousers and vest, with a white shirt or maroon pants or skirt. Guests who come to the restaurant not only Sundanese people, but also tourists from other countries. The foods have characteristic from Parahyangan, such as fried *Gurame*, *Karedok*, etc. Guests will be seated, and then they select food while the waitresses are waiting. The waiter is ready to take their orders and read the orders to ensure the right orders. In "Sari Sunda", the waiters present themselves as "local tour guides" on various matters related to the location of Bandung, such as factory outlets or shops where guests can buy *batagor* or *pisang molen* (the authentic foods from Bandung). According to the guests, atmosphere of "Sari Sunda" restaurant is really Sundanese because the interior of the restaurant consists of bamboo and Sundanese *gamelan* music in the background. It was like being in the land of Sunda in the past. As a result of dramaturgy service is: "When you think about Sundanese restaurant, do not think twice, let's eat at Sari Sunda". This means that there has been confirmation of the guests on the "messages" that are created by management of restaurant. It can be developed by management to be expanded in other countries. The first step, "Sari Sunda" needs to explore in the country where many Indonesian people live.

Dramaturgy that takes place in the "Cibiuk" Restaurant highlights the attributes of "*Sambel* Cibiuk" (The sauce was made in "Cibiuk" Restaurant); scenario is created in the front stage is the "The Original Sundanese Restaurant, Sambal Cibiuk". Sambel Cibiuk has colors, materials, and unique creations and presentations. Although it is spicy but does not taste hot in the mouth, the spicy tastes more delicious by *dicoel* (take the food with fingers). This sauce is called *sambel ceurik* (crying sauce). The actors (guests) are made cry because of the satisfaction of *sambel*.

Front stage of the "Cibiuk" restaurant is symbolized by the waiters dressing in black color with a combination of Sunda batik. Women do not wear *kebaya* (the traditional blouse from Sunda). The waiter will open the door to welcome guests and seats them to the table chosen by the guests (the chair or saung). Furthermore, dramaturgy goes at the restaurant in general. Cultural attributes that are different from other restaurants are the presentation of different kinds of sauce in the special table that can be taken free of charge. When the guests leave, the waiter will open the door and say thank you. Dramaturgy in restaurant "Cibiuk" can be developed in various countries, almost everyone likes the sauce as well as some communities in several countries of Southeast Asia. Next step is to develop the outlets in countries and target the countries that have the similar taste. Then, they can expand to the Middle East because there are tourists from Indonesia (umra and hajj) with significant quantity. Furthermore, Egypt can be an option of Sundanese restaurant business development. They are many Indonesian students studying there. There is information that the Egyptians like Indonesian instant noodle.

The "Bumbu Desa" restaurant has a different atmosphere dramaturgy at some outlets. At the outlets researched, there are some differences between one and another. There are implements of the complete dramaturgy (greeting in Sundanese language, even in the region out of Sunda). When guests arrive at the restaurant, waiters who dress Sunda *kebaya* (women) or *pangsi* (tradisional cloth with black color) for men, will greet guests with a spirit of leader who say "*Semah Datang*" (means "Guest Is Arriving"), the waitress in front stage will simultaneously sound "*Wilujeng Sumping*" (Welcome). Waitresses are directed to look into the row (display) or shown the list of food and drink menu on the table. The waiter will invite guests to choose seating position / location as their preference. In serving drinks, the waiter explains kinds of beverages.

Guest perception of non Sundanese (but Indonesian local) about the food of "Bumbu Desa" is a food that has a mix of sweet taste, fresh and spicy. Greetings from Sundanese is smooth and sweet. In Malaysia, local guest says: "All the delicious food is laid out on a long table, and the style of chap-fun style, point at our choice and state the quantity is our wish. The waiters are friendly staff. The food is quite good. It can be re-heated, price is calculated and served to your chosen dining table between 10 -15 minutes. All in all, I would re-visit again for there are bounteous selections on the 'buffet line' and I certainly want to try them all! Going in a group is highly recommended of course, for that might help to ease the wallet a bit."

Indonesian guests in Malaysia said that "Bumbu Desa" serving guests with distinctive characteristics. "I have seen there were a birthday, "Bumbu Desa" provided a cake complete with candles and give free attractions to play *angklung* music (traditional music with material from bamboo), song of Sunda by waiters. "Bumbu Desa" has "the class" because they are located in the posh shopping center, lined with *Kenny Rogers*, *TGI Friday's* and other international branded restaurants.

"Bumbu Desa" has been expanding overseas to Singapore besides Malaysia. But they have problems in Singapore. The patent "Bumbu Desa" has been preceded by others who see the potential of Indonesian restaurants in Singapore market. There is a "Bumbu Desa" with other symbol that replaces the chili symbol of "Bumbu Desa" in Indonesia and Malaysia. It can be a learning experience for other restaurants that before starting a business, they need to register a patent in each country for their brand. "Bumbu Desa" has plan to open in Australia (Sidney), Europe (Den Haag -Netherlands) and United State of America (Seattle). This strategy is taken considering the number of Indonesian people living in those cities.

Based on interview and observation data at restaurant studied, it is concluded that the process absorption of information about the products of "Sari Sunda", "Cibiuk" and "Bumbu Desa" Restaurants by the guests is: Information about the products through the stages is from 1) the brand, 2) attributes of local culture, 3) symbolic interaction process, 4) dramaturgy and 5) customer's perception. Thus, the emergence of the perception of the product is created through several stages of the process of information absorption. The formation of the customer's perception of a product is through the process of symbolic interaction and dramatical stage. See the figure bellow:

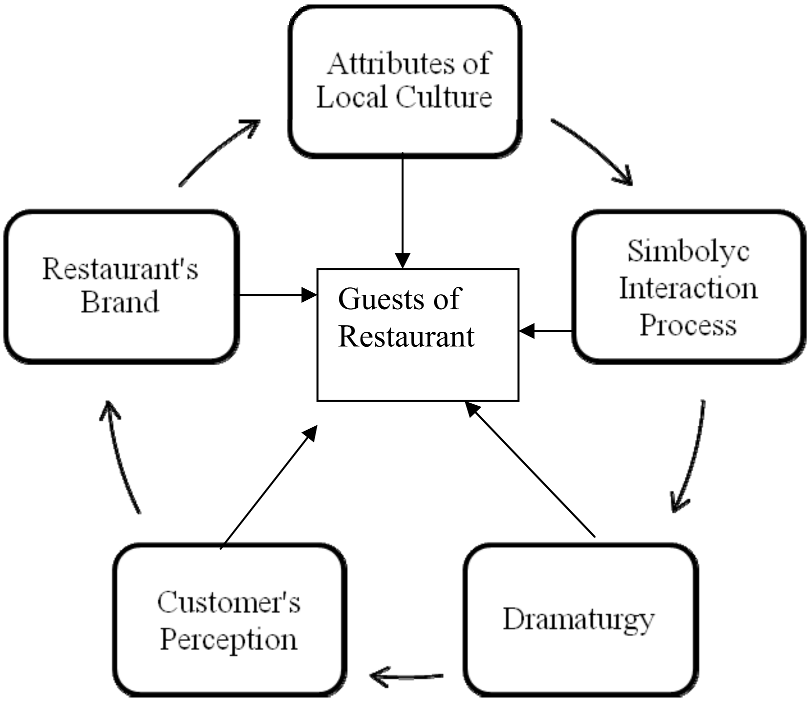


Figure. The Process of Information Absorption in "Sari Sunda", "Cibiuk" and "Bumbu Desa" Restaurants.
Source: Data Collected from Research

The process of symbolic interaction and dramaturgical stages can be constructed by the restaurant management to create a global competitiveness. The issue of global competitiveness has become a discourse in various fields, as mentioned by the Journal of Business Economics and Management saying that the launch of the EU proposals are developed on an ongoing basis as the "Europe 2020". Citation is as follows: "The European Council agreed to the European Commission's proposal to launch a new strategy for jobs and growth - the new European Union strategy for smart, sustainable and inclusive growth." (Balkyte & Tvaronavičiene, 2011).

4. Conclusion

It is time for Indonesia, especially culinary industry to realize the importance of"setting the front stage" in managing business to create an impressive atmosphere through dramaturgy. This way can create the product value, sustainability and competitiveness. The local culture attributes have local peculiarities that are not found in other cultures. These become part of the marketing communication of the restaurant management to its customers. But it is also needed to be prepared in terms of law, such as the registration of patent of the brand restaurants in each country where the opening of new restaurants happen. Even the necessary patents for food and manner of service (uniform, *gamelan* music, greetings and gestures of waitresses).

The results of this research are: 1) Greetings from waiters, clothes of waitresses and ornaments of the restaurant have become a stage drama that the guests enjoy as the front stage of dramaturgy, 2) Attributes of local cultural products have re-enforced brand on the customer's mind, 3) Customer's perception of the product of restaurants is formed through a process of symbolic interaction and dramaturgical stage.

References:

Adzan Budiman, *Personal Communication*, May 16, 2012

Badan Pusat Statistik. (2011). *Data Strategi BPS. Katalog 1103003*. Jakarta: Badan Pusat Statistik

Balkyte, Audrone and Tvaronavičiene, Manuela . (2010). Perception of Competitiveness in The Context of Sustainable Development: Facets of "Sustainable Competitiveness".*Journal of Business Economics and Management*. Vol 11, Issue 2, 341-365. DOI:10.3846/jbem.2010.17

Buffery, Helena. (2006). Theater Space and Culutal Identity in Catalonia. *Romance Quarterly Journal*.Vol 53; No 3, pages 195-210. Heldref Publication. ISSN 0883-1157

Blumer, Herbert. Lyman, Stanford M.. Vidich, Arthur J. (2000). *Selected Works of Herbert Blumer: A Public Philosophy for Mass Society*. Illinois: University of Illinois Press

Burke, Peter. (2009). *Popular Culture in Early Modern Europe*. Aldershot: Ashgate Publishing, Ltd.

Cateora (MGH), Philip dan Graham Jhon L .(2007) . *Pemasaran Internasional 2* (ed. 13), Jakarta: Salemba.

Dian Anggraini, *Personal Communication*, Mach 13, 2012.

Ferguson, Priscilla Parkhurst . (2010). Culinary Nationalism. *The Journal of Food and Culture*, February 1 Vol 10 Issue: 1, 102-109. ISSN: 1529-3262

Ford, Cecilia E. Fox, Barbara A. and Thompson, Sandra A. .(2002). *The Language of Turn and Sequence*. London: Oxford University

Grafinkel, Harold. 2005. *Ethnomethodological Studies of Work*. London: Taylor & Francis eLibrary

Goffman, Erving. (1990). *The Presentation of Self in Everyday Life*. New York: Penguin Books

Jakarta.go.id. *Wisata DKI Sumbang Rp2,6 Triliun ke PAD.* Retrieved from http:// www.jakarta.go.id/jakv1/databerita/detail/.../1048. viewed: 6/04/2012.

Kotler, Philip. Hayes, Thomas Joseph. Bloom, Paul N. . (2002). *Marketing Professional Services: forward-Thinking Strategies for Boosting Your Business, Your Image, and Your Profits*. New Jersey: Prentice Hall

Kotler, Philip and Amstrong, Gary. (2005). *Marketing an Introduction*. New Jersey: Prentice Hall

Kotler, Philip. Keller, Kevin. Brady, Mairead. Malcolm, Goodman and Torben Hansen. 2009. *Marketing Management*, New Jersey: Prentice Hall

Hariyanto Prayitno, *Personal Communication*, April 17, 2012.

Okezone.com.*Industri Kuliner RI Harus Bersaing di Internasional*. Retrieved from http://www.economy.okezone.com/.../industri-kuliner-ri-harusbersaing di internasional.html. *viewed* (3/11/2011).

Pawitan, Gandhi dan Widyarini, Maria *(2011).* Perbandingan Kualitas Layanan Berdasarkan Kategori Restoran : Studi Kasus di Badung Bali. *Jurnal Administrasi Bisnis, Program Studi Ilmu Administrasi Bisnis, Universitas Katolik Parahyangan.* Volume 7, No.1, 20–33, ISSN:0216–1249

Tendi Naim, *Personal Communication*, March 3, 2012

Part Three

Understanding Change in Consumer Behavior

Facebook: Media Campaign and Online Shopping Decisions

Baroroh Lestari[1], Jeni Wulandari[1] and Mediya Destalia[1]

[1]Business Administration Department, Faculty of Social and Political Sciences,
University of Lampung, Lampung, Sumatra
Indonesia

Email: barorohlestari@gmail.co.id;

Abstract:

With the advancement of the Internet, particularly Web 2.0 technologies, social media provide an unparalleled platform for consumers to publicize and share their product experiences and opinions—i.e. through word-of-mouth or consumer reviews. There are increasing evidences that online word-of-mouth has a significant influence on purchase behavior. The Internet and information technologies provide extensive opportunities for consumers to share their evaluations of products online.

This research is an explanatory research located at the University of Lampung, with active student population at the University. Samples of this research amounted to 100 respondents. The sampling technique used a purposive sampling with consideration that the sample is chosen as student who has a Facebook account and never made a purchase online. The collection of data in this study relies on the use of the questionnaire. Based on the results of the test of validity and reliability, it is known that there are several invalid indicators. For an invalid indicator repeated analyses was conducted. Based on the results of the analysis of the last of validity and reliability, it is known that all indicators can be used, for further analysis. Next, the data was analyzed using Partial Least Square (PLS).

Based on the results of both studies, the descriptive and inferential descriptions that have been done as well as testing theories by the author in the research model, it can be concluded as follows: Inferential analysis results by means of PLS, indicating that the three hypothesis are accepted: Trust have a significant effect to online shopping decision; Information quality have a significant effect to online shopping decision and Online media promotion have a significant effect to trust. Then the three hypotheses are rejected: Interaction does not have a significant effect to online shopping decision; online media promotions haven't a significant effect to trust and Online Media Promotion does not have a significant effect to information quality. Otherwise Facebook as media promotion is not the primary issue in the purchase. And the uses of online media promotion have not provided an understanding and knowledge of the respondents will be a product. In addition, it can also put forward suggestions for further research, namely: need to increase the role of Facebook as an online media promotion and tool of communication interaction between the seller and potential buyers. This research also showed that online media promotions is not able to play as the independent variable, so that in future research, are expected to be used online media promotion as variable mediation. Collecting data for further research needs to use the questionnaire with in-depth interviews.

Keywords: Facebook, Online promotion, purchasing decision Word of Mouth

Introduction

The advancement of the Internet, particularly Web 2.0 technologies, social media provide an unparalleled platform for consumers to publicize and share their product experiences and opinions—i.e., through word-of-mouth or consumer reviews. Various sources supply online consumer review websites and forums[46]: (a) retailers such as Amazon, (b) traditional consumer magazines (e.g., Car and Driver's caranddriver.com and PC Magazine's pcmag.com), and (c) independent consumer community intermediaries (e.g., epinions.com and consumerreview.com). There are increasing evidences that online word-of-mouth has a significant influence on purchase behavior.

The Internet opens new opportunities for consumers to conduct pre-purchase information searches (Bickart and Schindler[47]). The Internet and information technologies provide extensive opportunities for consumers to share their evaluations of products online. For instance, Amazon.com began offering consumers the option of posting their comments on products on its website as early as in 1995, and these reviews are regarded as one of the most successful features of the Amazon site[48]. In addition to the official information available on organization-sponsored websites, message boards, blogs, chat rooms, and discussion forums on SNSs such as MySpace and Facebook all provide feedback and evaluation tools for consumers[49]. Consumers rely on these platforms to share and exchange opinions and experiences regarding products and services—that is, to engage in electronic Word of Mouth (eWOM) communication (Bagozzi and Dholakia[50]; Dwyer[51]; Hennig-Thurau et al.[52]).

In recent years, an increasing number of opinion platforms have been introduced that offer online consumer reviews or ratings. By making it easier for consumers to spread their words, and facilitating access to such opinions, various opinion websites have shown a profound effect on consumer purchase decisions (Compete Inc.[53]; ComScore/the Kelsey group[54]). Online product reviews are now available for many categories of products, including hotels, restaurants, books, electronic goods, and games.

Currently, many people make use of the internet as a media and marketing business. Along with the number of internet users continues to increase, then the businesses make use of them as a potential market. On the other hand, the practice of e-marketing and e-business turns out to have many advantages for both the company and the consumer. Currently, the internet can be accessed anywhere and at any time. Number of internet users, both globally as well as in Indonesia, continues to increase each year as can be seen in Table 1.

---

[46] Bickart, Barbara and Robert M. Schindler, (2001), "Internet Forums as Influential Sources of Consumer Information," *Journal of Interactive Marketing*, **15**(3), pp. 31–40.

[47] Ibid

[48] New York Times, (2004). Amazon Glitch Unmasks War of Reviewers (February 14) A1.

[49] Dellarocas, Chrysanthos, (2003), "The Digitization of Word of Mouth: Promise and Challenges of Online Feedback Mechanisms," *Management Science*, **29**(10), pp. 1407–24.

[50] Bagozzi, Richard P. and Utpal M. Dholakia, (2002), "Intentional Social Action in Virtual Communities," *Journal of Interactive Marketing*, **16**(2), pp. 2–21.

[51] Dwyer, Paul, (2007), "Measuring the Value of Electronic Word of Mouth and Its Impact in Consumer Communities," *Journal of Interactive Marketing*, **21(**2), pp. 63–79.

[52] Hennig-Thurau, Thorsten, Kevin P. Gwinner, Gianfranco Walsh, and Dwayne D. Gremler, (2004), "Electronic Word-of-mouth via Consumer-opinion Platforms: What Motivates Consumers to Articulate Themselves on the Internet?," *Journal of Interactive Marketing*, **18**(1), pp. 38–52.

[53] Compete Inc., (2006). Embracing Consumer Buzz Creates Measurement Challenges for Marketers. Accessed online (December 10, 2006) at: http://www.cymfony.com/ files/pdf/Compete Spark 12 06 Embracing Consumer Buzz Creates Measurement Challenges.pdf.

[54] ComScore/the Kelsey group, (2007). Online Consumer-Generated Reviews Have Significant Impact on Offline Purchase Behavior. Accessed online (November 29, 2007) at: http://www.comscore.com/Press Events/Press Releases/2007/11/Online Consumer Reviews Impact Offline Purchasing Behavior.

Table 1. Comparison of Internet Users in Asia and the World

(Source: http://www.internetworldstats.com, accessed March 18, 2012)

Internet Users And Population Statistics For Asia					
Asia Region	Population (2011 Est.)	Pop. % World	Internet Users, 30-June-11	Penetration (% Population)	Users % World
Asia Only	3,879,740,877	56.0 %	932,393,209	24.0 %	44.2 %
Rest of World	3,050,314,277	44.0 %	1,178,372,601	38.6 %	55.8 %
World Total	6,930,055,154	100.0 %	2,110,765,810	30.5 %	100.0 %

While to internet users in Indonesia can be seen in Table 2. Then to Facebook users in Indonesia can be seen in Table 3

Table 2. The Growth of Internet Users in Indonesia

(Source: http://www.internetworldstats.com, accessed March 18, 2012)

Year	Users	Population	% Pen.	GDP p.c.*	Usage Source
2000	2,000,000	206,264,595	1.0 %	US$ 570	ITU
2007	20,000,000	224,481,720	8.9 %	US$ 1,916	ITU
2008	25,000,000	237,512,355	10.5 %	US$ 2,238	APJII
2009	30,000,000	240,271,522	12.5 %	US$ 2,329	ITU
2010	30,000,000	242,968,342	12.3 %	US$ 2,858	ITU

Note: Per Capita GDP in US dollars, source: United Nations Department of Economic and Social Affairs.

Table 3. The Facebook Users in Indonesia

(Source: http://www.internetworldstats.com, accessed March 18, 2012)

	Population (2011 Est.)	Internet Users, (Year 2000)	Internet Users, 30-June-11	Penetration (% Population)	Users % Asia	Facebook 31-Dec-11
Indonesia	245,613,043	2,000,000	39,600,000	16.1 %	4.2 %	41,777,240
Total Asia	3,879,740,877	114,304,000	932,393,209	24.0 %	100.0 %	183,963,780

Internet users, especially users of Facebook, both globally and nationally experienced considerable increase in leaps and bounds. It is becoming a very promising business potential, especially when viewed from the composition of the internet users. According to Yom[55], educational as the most recorded users (59%), followed by business (21%), Government (14%) and the individual users. When seen from the number of users and the composition of the internet users, rapidly growing business activities in cyberspace. Marketers use the internet media to electronic commerce and built its business through online interaction.

Recently, an increasing number of marketing scholars have examined the implications of online consumer product reviews, such as electronic word-of-mouth via online consumer reviews (e.g., Zhang, Craciun, and Shin[56]; Park and Kim[57]), the effect of negative online consumer reviews on product attitude (Lee, Park, and Han[58]), and emotional expressions in

---

[55] Tjiptono, Fandy, dan Anastasia Diana, (2007), E-Business, Penerbit Andi, Yogyakarta

[56] Zhang, Jason Q., Craciun, Georgiana and Shin, Dongwoo, (2010), When does electronic word-of-mouth matter? A study of consumer product reviews, *Journal of Business Research* , **63**, pp.1336–1341

[57] Park, Do-Hyung and Kim, Sara, (2008), The effects of consumer knowledge on message processing of electronic word-of-mouth via online consumer reviews, *Electronic Commerce Research and Applications*, **7**, pp. 399–410

[58] Lee, Jumin, Park, Do-Hyung, and Han, Ingoo, (2008), The effect of negative online consumer reviews on product attitude: An information processing view, *Electronic Commerce Research and Applications*, **7**, pp. 341–352

online user reviews (Kim and Gupta[59]). Several recent studies have taken an initial step in exploring consumers' motivations for posting online product reviews, placing special attention on consumer and product characteristics (Hennig-Thurau et al.[60]; Moldovan, Goldenberg, and Chattopadhyay[61]). Factors such as opinion leading, product-involvement level, and originality have been found to be significant drivers for consumer online reviews. However, few of these studies have examined the relationship between marketing variables and online consumer posting behavior. One exception is Feng and Papatla[62]. They studied how increased advertising can be associated with reduction in online WOM.

Therefore, WOM communication is effective in providing the right type of information to each customer segment. Recently, the Internet has emerged as a new channel of WOM[63]. Different from traditional WOM, WOM on the Internet, called electronic word-of-mouth (eWOM), is measurable since comments on a product are written and available in the websites[64]. Also, some types of eWOM messages such as online consumer reviews in Amazon.com are also controllable because marketers can decide whether to allow consumer reviews to be shown or not, and if they are shown marketers can offer a specific review format in order to guide consumers to post their opinions in the way they want. Thus, marketers can apply marketing strategies for eWOM more strategically than traditional WOM.

Patterns of social interaction also changed along with the development of IT. This can be seen from the way the interaction between individuals, and individual's interaction with his/her group (social networking). This change gave rise to the term social network site (social networking website). There are several providers of social networking sites such as Facebook, Friendster, Myspace and Twitter. Its development began in 2004, which significantly improved up to now with over 400 million active users around the world.[65] These changes also impact on the business world. Social networking sites provide an opportunity to the company to do e-marketing in consumer search. The company could create their own ads and community for their products.

Research Method

This research is an explanatory research conducted at the University of Lampung, towards activestudent population at the University. Samples of this research amounted to 100 respondents. The sampling technique used a purposive sampling with consideration that the student has a Facebook account and never made a purchase online. The collection of data in this study relies on the use of the questionnaire. Therefore, it needed to do a questionnaire testing. Based on the results of the test of validity and reliability, it is found that there are several invalid indicators. Then for the invalid indicator a repeated analysis was held. Based on the results of the analysis of the last of validity and reliability check, all indicators are valid and reliable for further analysis. Next, the data were analyzed using Partial Least Square (PLS).

---

[59] Kim, Junyong, and Gupta, Pranjal, (2012), Emotional expressions in online user reviews: How they influence consumers' product evaluations, *Journal of Business Research*, **65**, pp. 985–992

[60] Hennig-Thurau, Thorsten, Kevin P. Gwinner, Gianfranco Walsh, and Dwayne D. Gremler, Loc. Cit.

[61] Moldovan, Sarit, Jacob Goldenberg, and Amitava Chattopadhyay, (2006), "What Drives Word-of-mouth? The Roles of Product Originality and Usefulness," *MSI working paper series*, issue two, 06–002, pp. 81–99.

[62] Feng, Jie and Purushottam Papatla , (2011), "Advertising: Stimulant or Suppressant of Online Word of Mouth," *Quarterly Journal of Economics*, **25(**2), pp. 67–76.

[63] Dwyer, P. Loc. Cit.

[64] Godes, D., D. Mayzlin, (2004), Using online conversations to study word-of mouth communication, *Marketing Science* , **23** (4), pp. 545–560.

[65] www.facebook.com, (2010)

Result

3.1. Evaluation Model

In accordance with the objectives and specifications of the study, test with iterations (stages) using software SmartPLS was conducted. Suitability of the model evaluation results showed that the dimensions of the variable-dimension formed five significant variables for the study, namely 1) online media promotion, 2) interaction, 3) trust, 4) information quality, and 5) online shopping decision.

The results of the analysis show that word of mouth (MPO2) became the dominant construct of online media promotion. It shows that promotional activities through word of mouth become a major factor in online promotion activities mainly online sales. It is also noted that FB users are more than happy using electronic word of mouth mostly through the wall to share information with friends.

Table 4 indicates that information obtained from marketing on FB friends (I6) became dominant in constructing Interaction. This indicates that many online marketing activities are carried out in a group of references, especially friendship. Can thus be expressed that friendship is instrumental in influencing a person in online marketing.

Table 4 also shows that clarity how to order (K3) became the dominant factor in constructing trust. This condition indicates that the description of the procedures for booking made a prospective buyers feel confident and believe in the seller. In addition, it can also put forth that clarity on how to order items can be assumed that the seller is a professional seller.

Besides that, Table 4 showsthat accurate information (KI6) is the dominant factor in constructing information quality. This indicates that by being informed, a prospective buyer feels the information detailed about the products they need. With the accuracy of the information on a product, then potential buyers will be able to evaluate a product and have the intention to buy or not.

According to the Table 4, the suitability of the product with the requirements of (PK1) is a dominant factor in constructing Online shopping decision. Hence it can be expressed that a consumer will decide to buy a product when she feels that the product offered was really suits his needs. Table 4 describes the following evaluation criteria index suitability structural models in the measurement.

Table 4. Evaluation Criteria Index of Structural Model

(Source: Research Data Processed, 2012)

Measurement Model	Result			Critical Value	Model Evaluation
Outer Model					
Convergent Validity	Indicator	Value		≥0,6	Good
	MPO1	0.803			
	MPO2	0.833			
	MPO3	0.821			
	I3	0.769			
	I4	0.773			
	I5	0.791			
	I6	0.829			
	K1	0.722			
	K2	0.775			
	K3	0.836			
	K4	0.818			
	K5	0.676			
	KI4	0.705			
	KI5	0.836			
	KI6	0.866			
	PK1	0.868			
	PK2	0.724			
	PK3	0.758			
Discriminant Validity (Average Variance Extracted/AVE)	Variable	AVE	√AVE	≥0,5	Good
	MP	0.671053	0.819178		
	I	0.625172	0.790678		
	K	0.589314	0.767667		
	KI	0.648817	0.805492		
	KP	0.617232	0.785641		
Composite Reliability	Variable	Composite Reliability		≥0,6	Good
	MP	0.759415			
	I	0.800223			
	K	0.823877			
	KI	0.723893			
	KP	0.688216			
Inner Model					
Q-Square	0.396386			0< Q2<1	Good

3.2. *Hypothesis Testing Results*

The analysis was done to test the influence between the variables studied have been described in the previous section. Taking into account the results of the analysis of PLS path diagram at a late stage, then the following will be presented drawing relationships among these variables, as can be seen in Figure 1.

Hypothesis testing is conducted by comparing the t value with t table, if value the t value is greater than t table so the relationship between construct significant and can be done further analysis. In this study, the amount of data used as many as 100, then its df is 94. Therefore, it is known that the value of t Table (α = 5%) of 1.661. According with Figure 1 and Table 5 and Table 6, then the structural equation as follows:

$$\boxed{\mathbf{MP = 0.013\,K + 0.058K + 0.027KI + 0.33KP}}$$

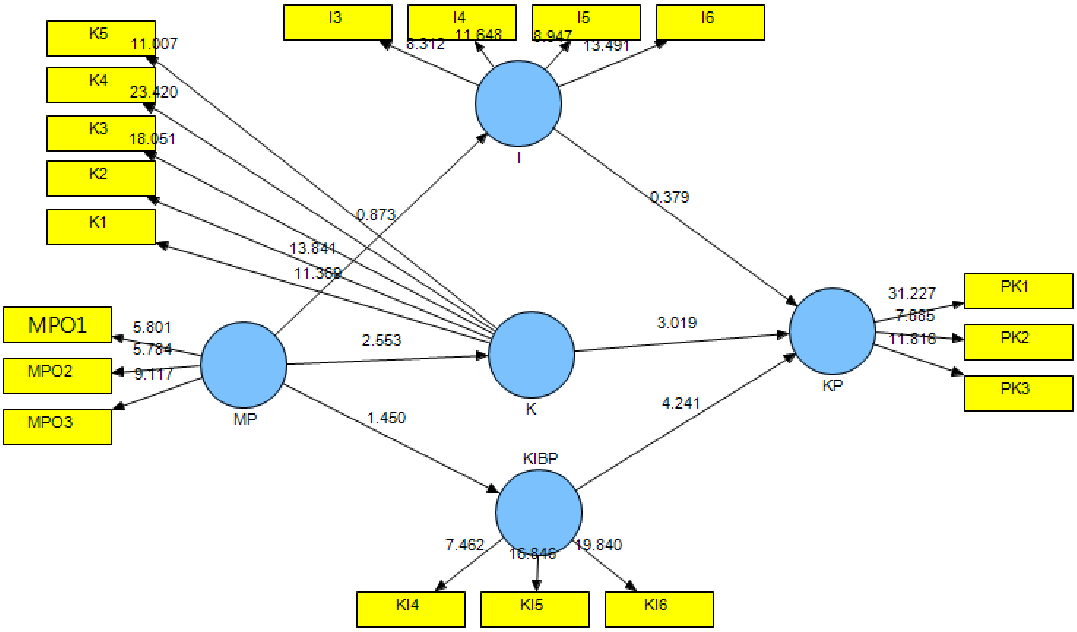


Figure 1. Path Analysis Diagrams

(Source: Research Data Processed, 2012)

Table 5. Path Estimates and t-values for all Hypothesized Paths

(Source: Research Data Processed, 2012)

Hypothesized paths		Path Estimate	t-value	Result
H1	I -> KP	0.040358	0.379402	Not significant
H2	K -> KP	0.292949	3.018861	Significant
H3	KI -> KP	0.353562	4.240851	Significant
H4	MP -> I	0.113883	0.873193	Not significant
H5	MP -> K	0.241321	2.552943	Significant
H6	MP -> KI	0.164754	1.450449	Not significant

Notes: Critical t-value 1.661; when p 0.05

Table 6. Summary of Hypothesis Testing

(Source: Research Data Processed, 2012)

Result	Hypothesized	
The hypothesis was accepted and supported by empirical data	**H2 =**	**Trust have a significant effect to online shopping decision**
	H3 =	**Information quality have a significant effect to online shopping decision**
	H5 =	**Online media promotion have a significant effect to trust**
The hypothesis was rejected and not supported by empirical data	**H1 =**	**Interaction haven't a significant effect to online shopping decision**
	H4 =	**Online media promotion haven't a significant effect to interaction**
	H6 =	**Online Media Promotion haven't a significant effect to information quality**

Based on the empirical results, it can be concluded there are 3 (three) hypothesis significant and proven empirically supported by data. Thus it can be said that the three hypotheses are accepted. It also can be seen that there hypothesis rejected.

Discussion

4.1. Interaction Does Not Have a Significant Effect to Online Shopping Decision

Based on the testing of hypotheses as shown on a Table 5 and Figure 1 obtained a result that the hypothesis formulated is rejected. The results show that the interaction with the seller, interaction with other consumers, interactions with other consumers, and friend recommendations that constituents of variable interaction is not fully supported in conformity with needs, diversity, information and online transactions as shaper buying decision variables.

The results of this research show that not relevant with the opinion of Constantinindes who stated that one of the factors influencing consumer behavior online is a web experience[66]. Besides that, this research is also not relevant with statement from Chueng and Lee who stated that consumer perceptions about internet marketing are largely based on their interaction with the web site[67]. This research is also not relevant with the opinion of Ansari, Essegaier & Kohli who stated that electronic decision-making aids such as recommender systems are impersonal information sources that provide personalized information to consumers[68].

4.2. Trust Has a Significant Effect to Online Shopping Decision

Based on the results of hypotheses testing as shown in Table 5 and Figure 1 indicate that the hypothesis formulated is accepted. The results show that confidentiality of personal information, clarity on how to order the product and refund policy guarantee are variables influencing trust that fully support with conformity of needs, diversity, information and online transactions as construct online shopping decision. The result of this study supports Turban's statement that there are some standards to determine the measure of how marketing services or sales-based networking sites, among them trust[69]. The result of this study is relevant with the main conclusions of a report of the PEW Internet & American Life Project (Horrigan)[70].

4.3. Information Quality Has a Significant Effect to Online Shopping Decision

Based on the results of hypotheses testing as shown in Table 5 and Figure 1 it can state that the hypothesis formulated is accepted. The results show that the relevant information, information into consideration and provide accurate information as part of information quality that conform with the needs of support, diversity, information and online transactions as construct of online shopping decision. The results of this research in accordance with the opinion of Chueng and Lee[71] and relevant with Utz, Kerkhof and van den Bos[72] findings.

---

[66] Constantinides, Efthymios, (2004), Influencing the *online* consumer's behavior: the Web experience, *Internet Research*, **14**(2), pp.111 - 126

[67] Cheung, C.M.K., Lee, M.K.O., (2005). "Research Framework for Consumer Satisfaction with Internet Shopping," City University of Hong Kong, China .*Sprouts: Working Papers on Information Systems*, **5**(26).

[68] Ansari, A., Essegaier, S., & Kohli, R. (2000). Internet recommendation systems. *Journal of Marketing Research*, **37**(3), 363–375.

[69] Turban, Efraim, (2006). *Electronic Commerce*: A Managerial Perspective. Prentice Hall.,New Jersey

[70] Horrigan, J. B., (2008) Online shopping: Internet users like the convenience but worry about the security of their financial information. Pew Internet & American Life Project, Available at http://www.pewinternet.org/~/media//Files/Reports/2008/PIP_Online%20Shopping.pdf.pdf. Last accessed November 16, 2010.

[71] Cheung, C.M.K., Lee, M.K.O., Loc. Cit.

Research on information sources suggests that personal and impersonal information sources influence consumers' decision-making (Ardnt, 1967; Duhan et al., 1997; Gilly et al., 1998; Olshavsky & Granbois, 1979; Price & Feick, 1984 in Senecal and Nantel[73]).

4.4. Online Media Promotion does not have a significant effect to interaction

Based on the testing of hypotheses as shown on a Table 5 and Figure 1 it can state that the hypothesis formulated is rejected. The result indicate that social media, word of mouth and giving information as a part of online media promotion do not fully support in interaction with the seller, occurring interaction with other consumers and recommendations from friends form the interaction.

The results of this research certainly do not match with the opinion of Jelas and Enders who explain that a person's motivation in using the network is to interact and make friends, hanging out, and convey information[74]. However this supports the opinion of Nuseir, Arora, Al-Masri, and Gharaibeh.[75]

4.5. Online media promotion have a significant effect to trust

According to the results of hypotheses testing as shown in Table 5 and Figure 1 obtained the results that the hypothesis formulated accepted. The results showed that social media, word of mouth and provide information as constituents of online media promotion fully supports in guarantee the confidentiality, personal information, clarity, how to order the product and refund policy guarantee as constituents of trust. The results of this study support the Turban "there are some standards to determine the measure of how marketing services or sales-based networking sites, among them trust".[76] This research relevant with Utz, Kerkhof and van den Bos[77] research.

4.6. Online Media Promotion haven't a significant effect to information quality

Based on the results of hypotheses testing as shown in Table 5 and Figure 1 the hypothesis formulated is rejected. The results show that social media, word of mouth and provide information as via online media promotion is not fully supported in relevant information, information into consideration and provide accurate information as constituents of information quality.

The results of empirical research show that most of the respondents' answers are neutral and do not agree to two indicators that shape the information quality. These indicators are information into consideration as much as 39% and 52% for accurate information. Thus it can be said that online media promotion is not "information into consideration" and "accurate information" according to respondents. This research is similar with the results of Lee, Park, and Han[78] research.

---

[72] Utz, Sonja, Peter Kerkhof and Joost van den Bos, (2012), Consumers rule: How consumer reviews influence perceived trustworthiness of online stores, Electronic Commerce Research and Applications, **11**, pp. 49–58

[73] Senecal, Sylvain and Jacques Nantel (2004), The influence of online product recommendations on consumers' online choices, Journal of Retailing **80**, pp. 159–169

[74] Jelas, T and Enders, A., (2008), *Strategic for e-business : creating value through electronic and mobile commerce, concept, and cases*. Prentice Hall.,New Jersey

[75] Nuseir, M.T., Arora, N., Al-Masri, M.M., and Gharaibeh, M, (2010), Evidence of Online Shopping: A Cunsomer Perspective, *International Review of Business Research Papers*, **6**(5)., pp. 90-106.

[76] Turban, Efraim. Loc. Cit.

[77] Utz, Sonja, Peter Kerkhof and Joost van den Bos, Loc. Cit.

[78] Lee, Jumin, Park, Do-Hyung, and Han, Ingoo, (2008), Loc. Cit

Conclusion and Suggestions

Based on the results of both studies are descriptive and inferential descriptions that have been done as well as testing theories by the author in the research model, it can be concluded as follows:

1. Inferential analysis results by means of PLS, indicates that there are 3 (three) hypothesis are accepted:

   H2 = Trust have a significant effect to online shopping decision
   H3 = Information quality have a significant effect to online shopping decision
   H5 = Online media promotion have a significant effect to trust
   Then 3 (three) hypotheses are rejected:
   H1 = Interaction haven't a significant effect to online shopping decision
   H4 = Online media promotion haven't a significant effect to trust
   H6 = Online Media Promotion haven't a significant effect to information quality

   This explanation suggests that the six results of these studies are the finding that provides additional contributions and develop the theory associated with this research.

   In addition, it can be stated that the quality of information greatly influences to online shopping decisions
2. Facebook as media promotion is not the primary factor in the purchase
3. The use of online media promotion does not provided an understanding and knowledge of the respondents of a product

In addition, it can also suggest for further research, namely:

1. Need to increase the role of Facebook as an online media promotion and tool of communication interaction between the seller and potential buyers.
2. This research also show that online media promotions are not able to play as the independent variable, so that in future research, are expected to be used online media promotion as variable mediation
3. Collecting data for further research needs to use the questionnaire with in-depth interviews.

Aknowledgment

We gratefully acknowledge to all respondents for participation in our research. Also my all enumerator for collecting data of the research and supporting our research.

References

Ansari, A., Essegaier, S., & Kohli, R. (2000). Internet recommendation systems. *Journal of Marketing Research*, *37*(3), 363–375.Bagozzi, Richard P. and Utpal M. Dholakia, (2002), "Intentional Social Action in Virtual Communities," *Journal of Interactive Marketing*, **16**(2), pp. 2–21.

Bickart, Barbara and Robert M. Schindler, (2001), "Internet Forums as Influential Sources of Consumer Information," *Journal of Interactive Marketing*, **15**(3), pp. 31–40.

Cheung, C.M.K., Lee, M.K.O., (2005). "Research Framework for Consumer Satisfaction with Internet Shopping," City University of Hong Kong, China .*Sprouts: Working Papers on Information Systems*, **5**(26).

Compete Inc., (2006). Embracing Consumer Buzz Creates Measurement Challenges for Marketers. Accessed online (December 10, 2006) at: http://www.cymfony.com/files/pdf/Compete Spark 12 06 Embracing Consumer Buzz Creates Measurement Challenges.pdf.

ComScore/the Kelsey group, (2007). Online Consumer-Generated Reviews Have Significant Impact on Offline Purchase Behavior. Accessed online (November 29, 2007) at: http://www.comscore.com/Press Events/Press Releases/2007/11/Online Consumer Reviews Impact Offline Purchasing Behavior.

Constantinides, Efthymios, (2004), Influencing the *online* consumer's behavior: the Web experience, *Internet Research*, **14**(2), pp.111 - 126

Dellarocas, Chrysanthos, (2003), "The Digitization of Word of Mouth: Promise and Challenges of Online Feedback Mechanisms," *Management Science*, **29**(10), pp. 1407–24.

Dwyer, Paul, (2007), "Measuring the Value of Electronic Word of Mouth and Its Impact in Consumer Communities," *Journal of Interactive Marketing*, **21(**2), pp. 63–79.

Feng, Jie and Purushottam Papatla, (2011), "Advertising: Stimulant or Suppressant of Online Word of Mouth," *Quarterly Journal of Economics*, **25(**2), pp. 67–76.

Godes, D., D. Mayzlin, (2004), Using online conversations to study word-of mouth communication, *Marketing Science* , **23** (4), pp. 545–560.

Hennig-Thurau, Thorsten, Kevin P. Gwinner, Gianfranco Walsh, and Dwayne D. Gremler, (2004), "Electronic Word-of-mouth via Consumer-opinion Platforms: What Motivates Consumers to Articulate Themselves on the Internet?," *Journal of Interactive Marketing*, **18**(1), pp. 38–52.

Horrigan, J. B., (2008) Online shopping: Internet users like the convenience but worry about the security of their financial information. Pew Internet & American Life Project, Available at http://www.pewinternet.org/~/media//Files/Reports/2008/ PIP_Online%20Shopping.pdf.pdf. Last accessed November 16, 2010.

Jelas, T and Enders, A., (2008), *Strategic for e-business : creating value through electronic and mobile commerce, concept, and cases*. Prentice Hall.,New Jersey

Kim, Junyong, and Gupta, Pranjal, (2012), Emotional expressions in online user reviews: How they influence consumers' product evaluations, *Journal of Business Research*, **65**, pp. 985–992

Lee, Jumin, Park, Do-Hyung, and Han, Ingoo, (2008), The effect of negative online consumer reviews on product attitude: An information processing view, *Electronic Commerce Research and Applications*, **7**, pp. 341–352

Moldovan, Sarit, Jacob Goldenberg, and Amitava Chattopadhyay, (2006), "What Drives Word-of-mouth? The Roles of Product Originality and Usefulness," *MSI working paper series*, issue two, 06–002, pp. 81–99.

New York Times, (2004). Amazon Glitch Unmasks War of Reviewers (February 14) A1.

Nuseir, M.T., Arora, N., Al-Masri, M.M., and Gharaibeh, M, (2010), Evidence of Online Shopping: A Cunsomer Perspective, *International Review of Business Research Papers*, **6**(5)., pp. 90-106.

Park, Do-Hyung and Kim, Sara, (2008), The effects of consumer knowledge on message processing of electronic word-of-mouth via online consumer reviews, *Electronic Commerce Research and Applications*, **7**, pp. 399–410

Tjiptono, Fandy, dan Anastasia Diana, (2007), E-Business, Penerbit Andi, Yogyakarta

Turban, Efraim, (2006). *Electronic Commerce*: A Managerial Perspective. Prentice Hall.,New Jersey

Utz, Sonja, Peter Kerkhof and Joost van den Bos, (2012), Consumers rule: How consumer reviews influence perceived trustworthiness of online stores, Electronic Commerce Research and Applications, **11**, pp. 49–58

www.facebook.com, (2010)

Zhang, Jason Q., Craciun, Georgiana and Shin, Dongwoo, (2010), When does electronic word-of-mouth matter? A study of consumer product reviews, *Journal of Business Research*, **63**, pp.1336–1341

The Exposition Effect of Advertising Cues towards the Preference of Potential Customers

Hendro[1] and Andy Susilo [2]

[1] Alumnus from Faculty of Economics, Atma Jaya Catholic University of Indonesia
[2] Faculty of Economics, Atma Jaya Catholic University of Indonesia

Email: younghendro@yahoo.com; andy.susilo@atmajaya.ac.id

Abstract

The selection process of advertising cues is very important in order to make potential customers to understand what the message of the advertisement is. In light of that, this study aims to identify types of advertising cues that works for a tablet computer. There are three advertising cues elements, i.e.: third party endorsement (E) , brand popularity (P), and event sponsorship (S),that will be tested toward consumer perception on four variables, i.e.: product quality, uniqueness, manufacturer esteem, and corporate citizenship in some advertising cues scenarios.

There were 240 respondents used in this study. They were exposed into three tested variables with one control group (unexposed). The result was compared together with independent sample t-test to test the significance of advertising cues between exposed and unexposed groups.

According to the result, the third-party endorsement cue gave significant effect to the perceived product quality, perceived uniqueness, manufacturer esteem and corporate citizenship variables. Corporate citizenship variable was also affected by event sponsorship cue. However, different result was shown by the popularity of the brand cue. It did not have a significant effect on the perceived product quality variable. Indeed, these findings need further clarification due to the several facts coming from previous works on the same area. They show that most of Indonesian people are more attracted by a popular brand although the quality is similar with other less popular brands.

Keywords: advertising cues, endorsement, popularity, sponsorship, and brand equity

Introduction

Nowadays, a good advertising should be able to communicate about the product to the potential customer and lead the potential customer to be attracted to its message. While the presence of good advertising is important, unfortunately, there are a lot of options for customers to choose. It is common that a paper ad doesn't deliver enough information to the potential customer due to the limitation of the advertising space. In such situation, a product cue is one solution to be filled in and the practice of using advertising cue is not uncommon for companies (Dean 1999). By using a cue, discrepancies in understanding can be reduced and it can lead to strong preference about a product while many research prove that preference behavior is a strong impact factors to purchase decision (e.g.: Aaker 1996; Schiffman & Kanuk 2000, Hawkins, Best & Coney 2004; Blythe 2008; Belch & Belch 2009; Hendrasaputra & Lunarjanto 2009).

There are three forms of advertising cues usually used, i.e. third party endorsement, event sponsorship and brand popularity (Dean 1999). We can found the presence of these advertising cues types in in many indirect form of advertisement. For example, Samsung advertise their sponsorship of FIFA World Cup 2010 as a sponsorship cue, Ipad advertise their rating as a third-party endorsement cue.

Back to Indonesia, it is considered as one of the largest economic power and consumer market in South East Asia. Hence, this is a big opportunity to market a product. While regular customer can be filled in by delivering regular ads, the presence of advertising cue can strengthen the product preference to the impulsive buyer and low involvement consumer especially if the product is popular or endorsed by famous people (Park & Lessig 1981, Huber & McCann 1982, Howard 1989, Hedrasaputra & Lunarjanto 2009).

The focus of present research is to simultaneously test the effect of advertising cues (third-party brand endorsement, proclaimed brand popularity, and event sponsorship) presence on brand/manufacturer evaluation. The object of this research is a tablet computer which is considered to be a new breed of product category between personal computer and smart phone.

Literature Framework

Advertising Cues

Product cues in advertisement are important to help customers to make their decision, to reduce unclear information, and to create preference on a product/service. Olson and Jacobi (1972) declared there are two types of cues, i.e.: intrinsic, related to unphysical attributes such as price, brand; and extrinsic, related to physical attributes. There are several ways to model how information embedded in cues is processed by a customer. For example, Bettman (1979) argued that a cue is processed according to its intention, its clarity, and its perceived informational value. Park & Lesig (1981) and Rao & Monroe (1988), on the other hand, suggested that a cue is utilized by a customer through its product knowledge perceived by the customer. Utilization of a product cue can also be concluded from participation level of a customer (Greenwald & Leavitt 1984).

Further in this research, we introduce three form of advertising cues, i.e.: Thirds Party Endorsement, Event Sponsorship, and Brand Popularity to be investigated in four different perceived brand quality variables, i.e. quality, uniqueness, esteem, and citizenship (Dean, 1999).

Third Party Endorsement

Endorsement is one of the extrinsic form and it consists of three elements, i.e. attribution theory – purifying of endorser's statement, whether the declared statement is what it is or because it has to be (Kelly 1973), trusted literature – identifying expertise level, trust level, and social value of endorser (Eagly, Wood, & Chaiken, 1978), and signal theory - signaling about the endorser competence to the customer (Ippolito, 1990). Dean (1999) has used these three elements into an advertisement statement with aim to influence customer perception when a customer watch and read the advertisement statement. He made a statement claiming about the dominance of one particular product among the similar to be tested for customer perceived value about the product

.

Event Sponsorship

This form is built based on triangle position of the sponsor, sponsor object, and customer. It is built upon the establishment of relationship between the sponsor (or endorser) and the sponsored (or endorsed) event. It will eventually create “halo effect” on the third party (i.e. customer) suggesting the product better than its rivals (Heider 1958). Dean (1999) tested this form in a company statement confirming its participation on an event and he investigated the effect of the statement on its corporate citizenship.

Brand Popularity

Brand popularity is meant as an extrinsic cue to influence customer to perceive superiority of a product compared to similar products. Some cues that can be used, for instance, market share information (Buzzell & Wieserma, 1981), market leader, position, and popularity of a product among users (Howard, 1989). Dean (1999) used this form by presenting a statement claiming its popularity and superiority among others.

Costumer-based brand equity

Costumer-based brand equity is an identifier based on a customer respond against a product or service marketing effort. Positive brand equity is when the customer positively responds to the effort when the product is being recognized. In this research, we used four elements of brand equity used by previous work of Dean (1999), i.e.: perceived product quality, perceived product uniqueness, manufacturer esteem, and perceived corporate citizenship.

Perceived product quality refers to valuing brand’s excellence or any other superior form of a brand and it is very common to use this element to determine shopping behavior and product choice (Zeithaml, 1988). Besides intrinsic information, extrinsic information such as price information, country of origin, brand image, manufacturer image, guarantee, etc can be used to add its influence to the perception process (Somphol Vantamay 1998, Takor & Khatsanis 1997).

Perceived product uniqueness is defined as the situation where customers feel that a product is different with others. Product differentiation plays important role in this matter (Aaker 1996). Basically, differentiation can be used in five different forms, i.e.: product, service, personnel, channels, and image (Kotler & Keller 2009). Esteem, on the other hand, is defined as to a situation where a product is considered to have high value, trustworthy, and to be respected by customers. Dean (1999) found out that the esteem is earned by recognition from external parties (outside the companies) and declare the recognition by presenting statement (third party endorsement).

Last but not least, the perceived corporate citizenship relates to corporate social responsibility (CSR) activities. These activities can also be included in sponsorship event. Examples of work from Caroll (1979), Brown & Dacin (1997) found out that such CSR activities have significant effect to product perception, ether direct or indirect. Dean (1999) also argued that a corporation/manufacturer is considered to be a good one when it does an event sponsorship.

According to the theoretical above, this research pursues to answer one problem statement as follows. First, it investigates where subjects who are exposed to advertising cues will show higher scores on the measurement in the brand quality, uniqueness, and esteem as compared with subjects who are not exposed to third-party endorsement for the same brand.

Research Methods

This research used 240 undergraduate students from a private university in Jakarta. They have been selected to participate according to their presence during class lecturing. There were 42,5% males and 57,5% females with 99,2% reported own a personal computer or laptop. The object of this study is a tablet computer from one particular brand. To represent the sponsorship and endorsement, we proposed Indocomtech event as the event exposition.

In doing this research, we prepared a picture (as attached) with our questionnaires. Each student has been exposed to the picture before they answered the questions. The stimuli were presented individually to students in several papers containing a mock of print advertisement and a questionnaire. The grayscale advertisement contained the image of Tablet computer, the statement that it was a Tablet computer, and the listing of product features commonly found in a Tablet computer (intrinsic cues). The advertisement didn’t contain any information about the brand, store location, and the price. The top left of the ad contained from one to three separated banner (as an extrinsic cues). If the factor was present in the cell containing the ad, the banner contained a slogan of third-party endorsement, brand popularity, or event sponsorship. The banners were stated as the following slogans:

a. Rated “The Best Tablet Computer” by Consumer Search
b. The most popular Tablet computer in Indonesia
c. Proud to be sponsor of Indocomtech 2010

These slogans represent the endorsement, popularity, and sponsorship messages. The order of appearance from top to bottom was always endorsement, popularity, and sponsorship. The stimuli levels were either a) slogan present in the ad, or b) slogan absent. The questionnaire was located next to the stimuli. A 7-point semantic differential scale was used to measure according to the Likert Scale (Sekaran & Bougie 2010).

There were four tested variables in this study, derived from consumer based brand equity. First variable is perceived product quality (labeled as QUALITY), second is perceived product uniqueness (labeled as UNIQUE); third is manufacturer esteem (labeled as ESTEEM), and last is corporate citizenship (labeled as CITIZENSHIP). This study is focuses on the ability of the extrinsic cues in the advertisement to drive consumer responses on these tested variables. There were 4 main groups in this study, where each group represents two stages: exposed cues and unexposed.

To perform the data analyses, standard procedure to confirm validity and reliability were performed before further process. Further, to perform the difference analyses, we grouped the data into the 4 groups and tested them using t-test. For this analysis, we are using the 5% significance level (Uyanto 2009, Ghozali 2011).

Along the main question, we inserted some additional question to portrait our respondent characteristics, especially their attitude about IT products as well as their demographic data (Zaichlowsky 1985; Tjiptono, Chandra & Diana 2004).

Result

Descriptive Result

Validity and Reliability have been performed in advance to verify our data integrity. All of the tested variables succeeded to have KMO > 0.5 and CA > 0.7 (Uyanto 2009, Ghozali 2011). Hence, the data is valid for further analysis.

From our descriptive result, it is found that the largest numbers of our respondents are middle-class and female respondents. Large number of female and middle class respondents is due to the Atma Jaya's student demographics. Results of overall mean score test shows that they have a good subjective knowledge of the tablet computer products. In addition, the respondents are actively engaged in information search for a product before buying an IT product. In contrast, respondents are less aware of the existence of the Indocomtech 2010 and the computer reviewer site "Consumer Search" (2011) . They also assumed that is nothing special with event sponsorship of a tablet computer product in the Indocomtech event. Table 1 is summing up the average assessment result of knowledge and involvement from our respondents.

Table 1. Descriptive Result

Variables	**OMS**
Subjective Knowledge	5.62
Involvement with Tablet computer	5.30
Involvement with Indocomtech 2010	3.58
Consumer Inference About Corporate Sponsorship of the Indocomtech 2010	4.30
Knowledge About Consumer Search	4.37

The result of the Overall Mean Score showed that the respondents had a good subjective knowledge of a Tablet computer and they will proactively searching information about Tablet computer when they decide to buy it someday. However, most of them didn't know about Indocomtech 2010 – a computer and technology event held in Jakarta annually - and the sponsorship of the event. While they know a little about the consumer search website, they're also a bit short of knowledge about the corporate sponsorship on the event.

Mean Difference Result

By using the t-test, the result shows that Endorsement cue is significantly different (at 5%) between exposed group and unexposed group. Sponsorship is significant in citizenship cue and there rest of the tested variables is not significant (both for popularity and sponsorship). Table 2 displays the result.

Table 2 Mean Difference result

Advertising Scenario(s)		*Quality*	*Uniqueness*	*Esteem*	*Citizenship*
Endorsement Present	*Mean*	14.5000	13.9333	14.1167	14.4000
	Std. Dev.	3.65532	3.06439	3.30058	3.09350
Endorsement Absent	*Mean*	13.6833	13.1167	13.0833	13.4083
	Std. Dev.	3.68276	4.04634	3.72045	3.54443
P value E (Mean Diff)		**0.043**	**0.040**	**0.012**	**0.011**

Popularity Present	*Mean*	14.1500	13.5250	13.6167	14.0417
	Std. Dev.	3.55899	3.55264	3.68550	2.95455
Popularity Absent	*Mean*	14.0333	13.5250	13.5833	13.7667
	Std. Dev	3.81931	3.67129	3.41913	3.72305
P valueP (Mean Diff)		0.404	0.500	0.471	0.264
Sponsorship Present	*Mean*	14.4417	13.7917	13.8500	14.2750
	Std. Dev	3.45389	3.29475	3.20622	2.96184
Sponsorship Absent	*Mean*	13.7417	13.2583	13.3500	13.5333
	Std. Dev	3.88381	3.88597	3.85591	3.68493
P value S (Mean Diff)		0.071	0.127	0.138	**0.044**

Discussion and Recommendation

The largest proportions of our respondents are those who spend less than IDR. 500, 000, - for entertainment and they are dominated by women. Most of the respondents used to have good subjective knowledge to tablet computer. They also showed quite high involvement in searching an IT product before purchasing any. However, the event itself (Indocomtech) is considered not to be very special and as a result, any information regarding the event is also considered plain.

The main objective of this study was to see the effect of the advertising cues (third-party endorsement, brand popularity, and event sponsorship) when they are put together in an advertising cue.

From the test results, it can be seen that the exposure to third-party endorsement shows the best score on each dependent variables. This result is consistent with previous research conducted by Dean (1999). He found out that citizenship was not significant when subjects were exposed in the endorsements. Testing continued on the next advertising cues, event sponsorship cue.

Different things happened when the respondents were exposed to the popularity cue. Apparently, there was no difference in perceived quality when the cue is exposed to the respondents. Although the object of previous work used by this study is TV products (Dean 1999 and Hendrasaputra & Lunarjanto 2009), the result is also consistent with their finding about no significances in popularity. This confirms that in the IT-based products such as tablet computers, the popularity of a product is not always referring to the perceived quality of the product.

According to Kartajaya (2008), it is because today's consumers are willing to seek information when they want to buy a product. The sources of informations are so many since the internet and smart phone era. This was reflected in the study where the respondents were involved in seeking information for a product

While popularity seems does not present significant difference among the two groups, exposition to third party endorsement and sponsorship event, eventually, have significant differences to those who are not exposed. Consequently, it can be implied that many of our respondents agreed that popularity is not the first thing first in choosing the product they want to buy. Selecting a product through its endorsement and involvement in society is getting more important to them. Indeed, we can argue that customers are getting smarter and more selective when choosing an IT based product and not just by looking its popularity. Hence, truthful information is useful and powerful when introducing a product to the market.

From company's point of view, the result can strengthen the position through some of its CSR activities. By allocating some of the company's budget to its CSR activities, company may collect intangible assets; reposition its image to the society and customers. Secondly, it seems that popularity of a product is not linear with perceived quality of the product. Interestingly, Indonesia is not the only one to have this finding as similar conclusion was claimed by previous research works such as from Brown & Dacin (1997), and Bhuian (1997), Andriof & McIntosh (2001). As of 2008 onwards, the numbers of corporate who declare that they have established their interaction with society around them are increasing significantly. From Annual Report of many such go public companies, we can easily find the CSR report or sustainability report claiming corporate action to preserve their neighborhood environment. Hence, instead of pushing the brand statement/slogan verbosely or above the line strategy, a company can choose another strategy with less cost and much more useful: actively participating in a community. It certainly creates sustainable environment as well as the company's secure position in the long run.

References

Aaker, D.A. (1996). Measuring brand equity across products and markets. C*alifornia Management Reviews, 38*(3), 102-125.

Andriof, J. & McIntosh, M. (2001). *Perspectives on corporate citizenship.* Sheffield: Greenleaf Publishing.

Belch, G.E., & Belch, M.A. (2009). *Advertising and promotion: An integrated marketing communication perspective* (8th ed.). New York: McGraw-Hill.

Bettman, J.R. (1979). *An information processing theory of consumer choice.* Reading: Addison-Wesley.

Bhuian, S. N. (1997). Marketing cues and perceived quality: Perceptions of Saudi consumers toward products of the U.S., Japan, Germany, Italy, U.K., and France. *Journal of Quality Management,2*(2), 217-235.

Blythe, J. (2008). *Consumer Behavior.* London: Thomson Learning.

Brown, T.J., & Dacin, P.A. (1997). The company and the product: corporate associations and consumer product responses. *Journal of Marketing, 61*(January), 68-84.

Buzzel, R.D., & Wiersema, F.D. (1981b). Modelling change in market share: a cross-sectional analysis. *Strategic Management Journal, 2*(January-March), 27-42.

Carroll, A.B. (1979). A three-dimensional conceptual model of corporate socialperformance. *Academy of Management Review, 4*(4), 497-505.

Consumer Search's Website (2011). *Best Tablet Computer.* Retrieved May 7, 2011, taken from http://www.consumersearch.com/tablet-computers

Dean, D.H. (1999). Brand endorsement, popularity, and event sponsorship as advertising cues affecting consumer pre-purchase attitude. *Journal of Advertising, 28*(3), 1-12.

Eagly, A.H., Wood, W., & Chaiken, S. (1978). Causal inferences about communicators and their effect on opinion change. *Journal of Personality and Social Psychology, 36*(4), 424-435.

Ghozali, I. (2011). *Aplikasi analisis multivariate dengan program IBM SPSS 19.* Semarang: BP Undip.

Greenwald, A.A., & Leavitt, C. (1984). Audience involvement in advertising: four levels. *Journal of Consumer Research, 11*(June), 581-592.

Hawkins, D.I., Best, R.J., & Coney, K.A. (2004). *Consumer behavior: building marketing strategy.* New York: McGraw-Hill.

Heider, F. (1958). *The psychology of interpersonal relations*. New York: John Wiley & Sons, Inc.

Hendrasaputra, D., & Lunarjanto, A. (2009). The effects of brand endorsement, popularity, and event sponsorship on consumer pre-purchase attitudes in Jakarta. *Journal of Business Strategy and Execution, 1*(2), 194-215.

Howard, J.A. (1989). *Consumer behavior in marketing strategy*. New Jersey: Prentice Hall.

Huber, J., & McCann, J. (1982). The importance of inferential beliefs on product evaluation. *Journal of Marketing Research, 19*(August), 324-333.

Ippolito, P.M. (1990). Bonding and nonbonding signals of product quality. *Journal of Business, 63*(1), 41-60.

Kartajaya, H. (2008). *New Wave Marketing: The world is still round, the market is already flat* (1st edition). Jakarta: Gramedia.

Kelly, H.H. (1973). The processes of causal attributions. *American Psychologist, 28,* 107-218.

Kotler, P., & Keller, K.L. (2009). *Marketing management* (13th ed.). New Jersey: Pearson Prentice Hall.

Olson, J.C., & Jacoby, J. (1972). Cue utilization in the quality perception process. *Association for Consumer Research*, 167-179.

Park, C.W., & Lessig, V.P. (1981). Familiarity and its impact on consumer decision biases and heuristics. *Journal of Consumer Research, 8*(September), 223-230.

Rao, A.R., & Monroe, K.B. (1988). The moderating effect of prior knowledge on cue utilization in product evaluation. *Journal of Consumer Research, 15*(September), 253-264.

Schiffman, L., & Kanuk, L. (2000). *Consumer behavior* (7th ed.). New Jersey: Pearson Education.

Sekaran, U., & Bougie, R. (2010). *Research methods for business: A skill building approach.* Chichester: John Wiley & Sons.

Thakor, M. V., & Katsanis, L. P. (1997). A model of brand and country effects on quality dimensions: Issues and implications. *Journal of International Consumer Marketing, 9*(3), 79-100.

Tjiptono, F., Chandra, Y., & Diana, A. (2004). *Marketing scales*. Yogyakarta: Andi.

Uyanto, S.S. (2009). *Pedoman analisis data spss*. Yogyakarta: Graha Ilmu.

Vantamay, S. (2006). Understanding of perceived product quality: Reviews and recommendations. *BU Academic Review*. 6(1), 110-118.

Zaichkowsky, J. L. (1985). Measuring the involvement construct. *Journal of consumer research*, *12*(December), 341-352.

Zeithaml, V.A. (1988).Consumer perception of price, quality, and value: a means-end model and synthesis of evidence. *Journal of Marketing, 52*(July), 2-22.

Appendix 1: Advertisement Cues

Appendix 2: Question List (Indonesian Language)

Tested Variables	**Questions**
Perceived Product Quality	Dibandingkan dengan tablet PC lain, tablet PC yang terdapat di dalam iklan tersebut lebih superior. (Setelah melihat gambar dan keterangan pada iklan cetak)
	Tablet PC yang terdapat di dalam iklan adalah yang terbaik dikelasnya. (Setelah melihat gambar dan keterangan pada iklan cetak)
	Tablet PC yang terdapat di dalam iklan tersebut memiliki performa yang lebih baik dibandingkan dengan tablet PC lainnya. (Setelah melihat gambar dan keterangan pada iklan cetak)
Perceived Product Uniqueness	Tablet PC yang terdapat di dalam iklan tersebut lebih menonjol bila dibandingkan dengan tablet PC lain. (Setelah melihat gambar dan keterangan pada iklan cetak)
	Tablet PC yang terdapat di dalam iklan tersebut sangat berbeda dibandingkan dengan tablet PC lain. (Setelah melihat gambar dan keterangan pada iklan cetak)
	Dibandingkan dengan tablet PC lain, tablet PC yang terdapat di dalam iklan tersebut unik. (Setelah melihat gambar dan keterangan pada iklan cetak)
Manufacturer Esteem	Dibandingkan dengan tablet PC lain, konsumen menaruh kepercayaan lebih tinggi pada produsen tablet PC yang terdapat didalam iklan. (Setelah melihat gambar dan keterangan pada iklan cetak)
	Perusahaan yang membuat tablet PC di iklan tersebut layak untuk dihargai oleh konsumen. (Setelah melihat gambar dan keterangan pada iklan cetak)
	Konsumen bisa mempercayai perusahaan yang membuat tablet PC di iklan tersebut. (Setelah melihat gambar dan keterangan pada iklan cetak)
Corporate Citizenship	Perusahaan pembuat tablet PC di iklan tersebut memiliki "*corporate citizenship*" yang baik. (Setelah melihat gambar dan keterangan pada iklan cetak)
	Perusahaan pembuat tablet PC di iklan tersebut peduli terhadap konsumen mereka. (Setelah melihat gambar dan keterangan pada iklan cetak)
	Perusahaan pembuat tablet PC di iklan tersebut memiliki tanggung jawab sosial. (Setelah melihat gambar dan keterangan pada iklan cetak)

Notes:

1. Semantic Scale of 1 (totally disagree) – 7 (totally agree)
2. Questions are adopted and adjusted from Dean (1999)

Part Four

Developing Entrepreneurial Spirit

Analysis of Entrepreneurship Dimensions of Young Entrepreneurs (Case Study of Alumni of FIABIKOM-UAJ)

Ati Cahayani[1], Aristo Surya[1], Pradewi Iedarwati[1], Kurnianing Isololipu[1]

[1]Faculty of Business Administration and Communication Sciences, Catholic University of Atma Jaya, Jakarta, Indonesia

Email: aticahayani@gmail.com; aristosurya@yahoo.com; pradewi.iedarwati@atmajaya.ac.id; nianisololipu@yahoo.com;

Abstract:

At present, Indonesia only has 400,000 entrepreneurs. In fact, one of the factors that drive the nation's economic progress is when the number of entrepreneurs is about 2.5% of the total population (Rachbini, 2005). Therefore, education with orientation to the development of the entrepreneurial character is a very strategic thing for the nation's progress. Department of Business Administration, Atma Jaya Catholic University has granted Entrepreneurship course for the last decade. In fact, the Entrepreneurship itself has become one of the department's concentrations. This study uses a descriptive study on the characteristics of entrepreneurs and business activities undertaken by the alumni. Subjects were FIABIKOM Alumni who graduated in 2005, had a business and be a guest speaker in LPPM activities. Measurement of the characteristics of entrepreneurship that uses a semantic scale explained that most of the interviewees have very strong characteristics of entrepreneurship that are dominated by the character as an agent of change. The interviews confirm that the characteristic of the agents of change that responsive to the changes and responsive to challenges and have many new ideas and thoughts characterizes those respondents. These characters make them as independent young entrepreneurs who are able to create employment for them.

Key Words: Entrepreneurship, Entrepreneurship characteristics

A. Introduction

Entrepreneurship is the driving force for economy of a nation. According to economist Didik J.Rachbini, one of the indicators for the nation's economic progress is that if the numbers of entrepreneurs are more than 2.5% of the total population. Data of Taxpayer Identification Number (TIN) in 2005 showed that the number of entrepreneurs in Indonesia was about 400,000 people. This shows that the number is still very small. For that, we still need to create new entrepreneurs.

Entrepreneurship is also one of the solutions to reduce unemployment, because the key spirit of entrepreneurial is trying to create jobs rather than to look for a job. Data from the Central Bureau of Statistics in 2009 about the rate of open unemployment[79] indicates that about 12%[80] open unemployment are graduates from Higher Education (Diploma / College / University). It is very alarming.

Entrepreneurship education in higher education is needed in order to encourage entrepreneurship spirit among students. Therefore, it is important to introduce entrepreneurship as early as possible. In the United States, there are many higher educations that have a special program for entrepreneurship so that it will become an embryo to create and nurture young entrepreneurs. College only as facilitators in motivating, directing, and

[79] Open unemployment: looking for jobs, preparing business, already have job but not yet started, and felt it was no longer possible to get job.
[80] Rate of open unemployment of graduate from higher education are 1,113,020 people from 9,258,964 people of total open unemployment.

providing infrastructure in preparing graduates who have strong motivation, courage, ability, and other supporting characters to establish new businesses.

Apparently, most of the universities in Indonesia were aware of the importance of having graduates who are not only ready to work, but importantly, ready to create jobs. They strive to prepare graduates to become young entrepreneurs. This is done through a variety of activities, both lectures and other student activities that seek to nurture the spirit of entrepreneurship. While this spirit continues to grow, it is expected that it also nurtures the students themselves, so that they can become young entrepreneurs after they graduate. In this case, FIABIKOM-UAJ is the faculty that is aware of the importance of entrepreneurship and since 2006 has had a specialization in Entrepreneurship aimed at creating young entrepreneurs.

A study at Harvard University in the United States concluded that successful person is not only determined by the knowledge and technical skills (hard skills), but it is also determined by the intra-and inter-personal skills (soft skills). It is also said that successful person is determined by only about 20% of its hard skills, while the rest of 80% is determined by his soft skills. Entrepreneurship education, as a medium soft skill formation, is given to students in order to become tough and successful young entrepreneurs.

Research result of Aristo and Ati (2011) regarding the interest in entrepreneurship shows that interest in entrepreneurship is basically a boost from the outset to have business. Factors interest in entrepreneurship that is most encouraging towards the entrepreneurship desires inside respondents is creativity. Creativity factor is the desire to develop the talent / potential as much as possible, because they feel that entrepreneurship is a challenging job that can give them satisfaction. Another study was conducted on a group of women entrepreneurs in Bojonegoro (Pradewi et al, 2010) obtained results that describe three characteristics of entrepreneurship: personality, managerial, and agents of change. Results showed that the personality characteristics were more dominant as a characteristic of entrepreneurship in the group. Research on the characteristics of entrepreneurship among young entrepreneurs is to acquire entrepreneurial characteristic mapping of the various groups.

This research wants to identify the characteristics of entrepreneurship and dimensions of young entrepreneurs of Alumni of FIABIKOM.

B. Theory of Entrepreneurship and Characteristics of Entrepreneurship

There are many definitions that describe entrepreneurship as well as business people or entrepreneurs. Definition of entrepreneurship from Robert D.Hisrich (2005) is, "*process of creating something new and assuming the risks and the rewards*". Meanwhile, definition of *entrepreneur* from Robert D. Hisrich (2005) is: "*a kind of behavior that includes initiative, organizing resources, and acceptance of risks*". Beside that, *entrepreneurship* is defined by Stevenson and Jarillo (1990) as: "*a process by which individuals – either on their own or inside organizations – pursue opportunities without regard to resources they currently control*". From those definitions, we can see that entrepreneurial activity has solid connection with process (of creativity) which is entrepreneur must have some attitude and behavior that encourage creativity, especially management of resources.

There is always a discussion about characteristics of entrepreneurship when talking about entrepreneurship. Characteristics that are held by entrepreneur are characteristic or character or pattern of behavior inherent in an entrepreneur in managing their business to achieve the expected goals.

There are some characteristic of successful entrepreneurs by Sutanto (2002):

1. creative and innovative
2. high ambition
3. energetic

4. self confidence
5. smart and love to have friends
6. hard work
7. take a risk
8. initiative and responsible
9. independent
10. optimist
11. positive thinking
12. determinant, persistent
13. etc

Longenecker et.al (2001) said that successful entrepreneurs have four major characteristics: need for achievement, want to take a risk, self-confidence, strong motivation. Beside that, Soesarsono (2002) said that characteristics of entrepreneurship cover some important elements: cognitive, psychomotoric, affective, and intuitive. Meredith et. al, as cited by Suryana (2003) said that there are several essential characteristics that must be possessed by entrepreneurs:

1. *self confidence*
2. *task oriented*
3. *risk taker*
4. *leadership*
5. *creative & innovative*
6. *vision*

To be a successful entrepreneur, the main requirement to be possessed is to have an entrepreneurial spirit. Entrepreneurial spirit is influenced by the skills and competencies. Competency is determined by the knowledge and experience of the business. Thus, an entrepreneur is someone who has *ability to create something new and different* or has creative and innovative ability. This creative and innovative ability is reflected in the ability and wiliness to start business (*start up*), find opportunity (*opportunity spotting*) and to take a risk (*risk taker/bearing*).

Hornaday (1982, as cited by Kuratko and Hodgetts, 2007) explain about 42 characteristic that often arise within an entrepreneur, e.g: *confidence; energy and diligence; creativity; courage; egotism; and aggresiveness*. With so many characteristics that exist within an entrepreneurial spirit, it can be said that anyone can become an entrepreneur. What differentiates a successful and reliable entrepreneur with the other is how they cultivate imagination and creative thinking with an ability to do process in a systematic and logical way (Kuratko dan Hodgetts, 2007). Wickham (2004: h. 7) explain that an entrepreneur can be considered as a manager who do an activity (within the context of specific tasks and the way they perform the task), an agent of economic change (in the context of the influence they have on the economic system and the changes brought about by them) and an individual (in the context of a psychological condition, their personality and personal characteristics). These three aspects stated in the definitions offered by various books on entrepreneurship. Thus, an entrepreneur with their respective functions runs these three roles.

C. Research Methods

This research used a descriptive study that was aimed to gain an overview of the profile of dimensions of entrepreneurship of alumni of FIABIKOM who runs business. Populations in this research were alumni of Business Administration Department who runs business.

Purposive sampling was chosen to get the respondents. Determination of research sources was based on some criteria:

1. Graduation within a period of 5 years.
2. Having an independent business that has been running for at least 1 year.
3. Actively participate as a speaker in the activities that was held by Center of Research, Catholic University of Atma Jaya.

Under of those criteria, this research obtains 13 respondents.
This research used two data collection techniques:

1. Measurement instruments of dimensions of entrepreneurship by semantic scale
2. Interview to gain clarity about the strength of the entrepreneurial character of the respondents.

Table of Calculation

Range Score	Mean	
0 - 30	1 - 2	Very weak
31 - 60	3 - 4	Weak
61 - 90	5 - 6	Strong
91 - 120	7 - 8	Very strong

Operationalizations of Variable
Dimension of entrepreneurship covered 3 characteristics:

1. Characteristics of personality: entrepreneurs must have special characteristics as an individual, such as self esteem, persistent, independent, responsible, lovely personality.
2. Characteristics of managerial: entrepreneurs must have characteristics as a manager, such as make fast decision, capable to take risks, have confident to success, orientation to clear objective, profit oriented.
3. Characteristics as agent of change: entrepreneurs must have characteristics as person who start or initiate the change in their business, such as initiator of new things, wants to learn about new things, have a lot of idea, trying to fulfill the desire, responsive to challenges, responsive to the changes.

This research uses 2 kinds of data analysis technique:

1. Analysis to explain about trend of dimensions of entrepreneurship in semantic scale.
2. Classification, categorization, and mapping of entrepreneurial characteristics based on data from interview.

D. Data Analysis

1. Analysis to explain about trend of dimensions of entrepreneurship in semantic scale

Analysis entrepreneurial dimensions included 3 characteristics: 1) personality characteristics; 2) managerial characteristics; 3) agent of changes characteristics. This analysis is based on measurement of the average value by using semantic scale with score between 1 and 8 to explain the dimensions of entrepreneurship. Calculation of scores and the average value of each resource were made to measure the strength of the entrepreneurial character of respondents. The strength of entrepreneurial characteristics could be seen from scores and average value of respondents.

A. Analysis of Entrepreneurship Dimensions of Respondents

Table 1 Analysis of Personality Characteristics

No	Personality Characteristics	Score	Mean
1	**Self Confident**	89	**6.84**
2	**Hard worker**	89	**6.84**
3	Independent	79	6.07

4	Responsible	84	6.46
5	**Lovely personality**	87	**6.69**
	Mean Score		**6.58**

Confident and hardworking has the highest score in the group of personality characteristics.

Table 2 Analysis of Managerial Characteristics

No	Managerial Characteristics	Score	Mean
1	Make fast decision	79	6.07
2	Risk taker	82	6.30
3	**Optimist to success**	91	**7.00**
4	**Goal oriented**	90	**6.92**
5	Profit oriented	81	6.23
	Mean Score		**6.50**

Optimist to success and goal oriented has the highest score in the group of managerial characteristics.

Table 3 Analysis of Agent of Change Characteristics

No	Agent of Change Characteristics	Score	Mean
1	**Learn about new things**	90	**6.92**
2	**Have a lot of idea**	88	**6.76**
3	**Trying to fulfill the desire**	90	**6.92**
4	Responsive to the change	84	6.46
5	**Responsive to challenge**	93	**7.15**
	Mean Score		**6.84**

Responsive to the change, learn about new things, and trying to fulfill the desire has highest score in the group of change characteristics.

Table 4 Ranking of Dimensions of Entrepreneurship Based on the Total Value of Above Mean Score 6.67

No	Characteristics	Mean
1	Responsive to the change	7.15
2	Optimist to success	7.00
3	Goal oriented	6.92
4	Learn about new things	6.92
5	Trying to fulfill the desire	6.92
6	Self-confident	6.84
7	Hard worker	6.84
8	Have a lot of idea	6.76
9	Lovely personality	6.69

Table 4 shows that there are nine characteristics of 15 entrepreneurial characteristics those are above average (6.67). Those nine characteristics include three personality characteristics, two managerial characteristics, and four characteristics of agent of change. The strength of entrepreneurial characteristic of respondents is dominated by the characteristics agent of change. That data is indicating that the respondents are the creative, innovative and adaptive people.

B. Analysis of Strength of Entrepreneurial Characteristics of Respondents

The calculation of score is based on 15 characteristic of entrepreneurship with a range score stood at 0-120. That score will then determine the average value of each resource. The strength of the entrepreneurial character of respondents is measured by range and the mean score (see table of calculation).

Table 5 Strength of Entrepreneurial Characteristics of Respondents

respondents	score	mean
1	**106**	**7,06**
2	93	6,20
3	**114**	**7,60**
4	**113**	**7,53**
5	100	6,66
6	90	6,00
7	**108**	**7,20**
8	91	6,06
9	94	6,26
10	**110**	**7,33**
11	100	6,66
12	99	6,60
13	83	5,53

Based on that table, it can be said that there are 5 respondents who have a very strong entrepreneurial characteristics because they have score that above the average 6.67.

Table 6 Entrepreneurial Dimension of 5 Respondents Based on Mean

no	personality	managerial	agent of change	mean
1	7.00	6.66	**7.6**	7.06
3	7.4	7.6	**7.8**	7.60
4	7.4	7.6	**7.6**	7.53
7	7.2	7.0	**7.4**	7.20
10	7.4	7.0	**7.6**	7.33

Table 6 above is explaining the strength of characteristics of agent of change as their entrepreneurial dimension. Based on the highest value of each characteristics can be explained that the respondent 1 has 3 characteristics of agents of change such as have a lot of ideas, trying to fulfill the desire, and responsive to the change. Respondent 3 has 4 characteristics of agent of change, such as learn about new things, trying to fulfill the desire, responsive to challenge, and responsive to the change. Respondent 4 has 3 characteristics of agent of change, such as trying to fulfill the desire, responsive to challenge, responsive to the change. Respondent 7 has 1 characteristics of agent of change such as responsive to the change. Respondent 10 has 3 characteristics of agent of change, such as have a lot of idea, responsive to challenge, and responsive to the change. Conclusion from this analysis of entrepreneurial dimension, such as:

1. Dimension of agent of change as the strength of respondent’s entrepreneurial characteristics.

2. Responsive to the change is the strength of entrepreneurial characteristics that is possessed by 5 informants. This characteristic is even has the highest score for all respondents. (It can be seen in Table 4)

2. Profile of Entrepreneurial Characteristics of Respondents

Data collection is followed by interviews with five respondents who have the strongest entrepreneurial characteristics. In-depth interviews were conducted to further explore this important information relating to the business carried on and the characteristics of entrepreneurship that is necessary and supports the sustainability of its business.

Respondent 1 had business praline chocolate, cup cakes, tarts, and cookies (home industry). She already has this business since she was in college when she got a task as a subcommittee of funds to seek funding for student activities. That time, she tried to sell homemade chocolates. After graduation, she worked as a permanent employee in a company because she felt that she had no capital to start the business. But, she did not enjoy to work as an employee, because they are many demands on the job but the compensation is not appropriate. In addition, **she wanted to own a business so she can accompany her families while working**. From that statement, it appears that the respondent 1 has a great sense of responsibility to the family and a strong orientation towards the goal. Initially, she was just making chocolate, but because since one year ago there was an offer to make a cupcake, she tried to make a cupcake. And, that succeed. Her actions show that she has a strong sense of confidence and responsive to challenges. The obstacles that she faced was, her business had stagnated at 6 months when she just opening a new business. The business was not getting ahead. But because she is responsive to the change of consumer tastes, she was trying to make a new creation (a new model in the cupcake decoration). It is noticeable that the respondent 1 has characteristics of personality and agent of change.

Respondent 3 is the only respondent in this study who do double job. She is a permanent employee in a company and also run cupcake business. **She just kept working as an employee to raise capital for her business**. This indicates that she is goal-oriented. However, it also indicated that she was willing to take the risk. She considers that working in the office is important to establish networking to help her business. According to her, entrepreneurs rely heavily on networking, necessitating a pleasing personality to maintain a network that already has. She stated, in the cupcake business field, it takes a lot of ideas, in which she already had a plan in mind to add to her cupcake variety. From the description, it seems that respondent 3 has characteristics managerial and agent of change.

Respondent 4 is the owner of business of air-soft gun game. The reason for this respondent chose this business simply because he loved playing this game. **When he started his business, he did not know anything about this business.** It indicates, he is a risk taker. Furthermore, the biggest obstacle he faces is, the cost rent is a more expensive every year. However, he said, he was confident that he could cope that problem by doing business diversification, such as rents this place for pre-wedding photo session. What he uttered it indicates that he responsive to challenges but also optimist to success and very confident. From the description, respondent 4 has characteristics managerial and agent of change.

Informant 7 initially worked at Astra Honda Motor. However, when the company experienced restructurization, he was laid off. After that, he chose to open a workshop and a spare parts dealer of Honda motorcycles. At the beginning of his business, he received financial aid and supplies from his boss who was also laid off. When starting this business, he got a negative assessment of people around. And, it is the biggest obstacle in the beginning of his business. People around thought he could not work because he chose to open the business after being laid off. His decisions to start this business demonstrate to us a strong independent attitude. He stated, **this business has a value that must be fought, because this business is**

also able to help several families. Informant 7 sometimes thinks of the employee's family as having problems or tired, and it made him excited again. As an entrepreneur in this business, he had to keep thinking of new ideas, because in one area there could be some similar workshops. To address competition and develop a business, this time he was **thinking of an idea to provide home-service**. From that description, respondent 7 has characteristics managerial and personality.

Informant 10 is a great pianist who engages in the field of music since he was teenager. He began to enter the music industry since becoming a student in FIABIKOM. He's been doing business for about 5 years. He did activities related to music production, such becoming a recording artist team, making corporate jingles and movies original sound track, and making musical arrangements. This business started from a hobby, which is playing music. That hobby is being further encouraged him to establish business in music industry. He said, the business is associated with networking, because without a network, business development will be hampered. It should be remembered that a good attitude or stance greatly affects the sustainability of networking as he said: ***"There are a lot of people who smart and good at music but the attitude is very important in running a business"***. The characteristics of personality agent of change are the entrepreneurial characteristics that attached to him. He argues that, as a businessman, he must have lovely personality because it greatly affects the networking. Meanwhile, as a musician we must have a lot of new ideas and because it relates to innovation and creativity. He also said that in order to face the competition in the music industry, he must responsive to the change and responsive to challenges. Those characteristics are the strength of his entrepreneurial characteristics.

From the analysis of depth interviews with five respondents who have a strong entrepreneurial characteristic value, the entrepreneurial characteristics that appear in the interview can be categorized as show at the Table 7:

Table 7 Profile of Entrepreneurial Characteristics of Respondents

No	Respondent 1	Respondent 3	Respondent 4	Respondent 7	Respondent 10
1	Self confident	Risk taker	Self confident	Independent	Responsive to the change
2	Goal oriented	Learn about new things	Risk taker	Risk taker	Responsive to challenge
3	Responsible	Lovely personality	Optimist to success	Have a lot of idea	Have a lot of idea
4	Responsive to the change	Have a lot of idea	Responsive to challenge	Responsible	Lovely personality
5	Responsive to challenge	Goal oriented	Responsive to the change	Make fast decision	Self confident

E. Conclusion

From the analysis above, it appears that Table 4 shows 9 characteristics of 15 entrepreneurial characteristics of which above average (6.67). The nine characteristics include the dimensions of an agent of change, managerial, and personality. Those nine characteristics are: self-confident, hard worker, lovely personality, optimistic to success, goal-oriented, learns about new things, have a lot of idea, trying to fulfill the desire, and responsive to the change. From those results it can be seen that all nine characteristics with values above the average is dominated by the characteristics of the agents of change, i.e. learn about new things, a lot of ideas, trying to fulfill the desire, and responsive to the change.

Based on the Table 5, it can be said that there are 5 respondents who have a very strong entrepreneurial characteristics. Those five respondents were also selected to be interviewed. Respondent 1 had the characteristics of self-confident, goal-oriented, responsible, responsive to the change, and responsive to challenges. Respondent 3 has the characteristics of a risk taker, learn about new things, lovely personality, have a lots of ideas, as well as goal-oriented. Respondent 4 has the characteristics of self-confident, risk takers, optimistic to success, responsive to challenges, and responsive to the change.

Respondent 7 has characteristics of independent, risk taker, have a lot of ideas, responsible, and make fast decision. And, respondent 10 has characteristics of responsive to the change, responsive to challenges, have a lot of idea, lovely personality, and self-confident. From the result of those interviews, reflected that entrepreneurial characteristics possessed by respondent 10 are dominated by characteristics agent of change, while the other respondents are likely to have a balance in three dimensions.

F. References

Hisrich, R. D., Peters, M. P., & Sheperd, D.A. (2005), *Entrepreneurship,* 6th ed.. Boston: McGraw-Hill.

Isololipu, Kurnianing, Pradewi Iedarwati, and Ati Cahayani (2010), *Jiwa Kewirausahaan Di Kalangan Wirausaha Perempuan Anggota Koperasi di Kabupaten Bojonegoro, Jawa Timur*, hasil penelitian dan telah dipresentasikan di Atma Jaya Award 2011.

Kuratko, D.F. & Hodgetts, R.M. 2007, *Entrepreneurship: Theory, Process, Practice*, Seventh Edition, Ohio: Thomson.

Logenecker (2001), *Kewirausahaan: Manajemen Usaha Kecil*, Salemba Empat, Jakarta, Indonesia

Suryana (2003), *Kewirausahaan: Teori dan Praktek*, PPM, Jakarta, Indonesia.

S.Nauli, Resian (2010), *Analisis Karakteristik Wirausahawan Dalam Membangun Usaha Kecil Menengah di Kecamatan Pare Kabupaten Kediri*, Skripsi, Fakultas Ilmu Sosial dan Ilmu Politik Universitas Pembangunan Nasional, Jawa Timur, Indonesia.

Soesarsono (2002), *Pengantar Kewirausahaan*, Buku 1, IPB Bogor, Indonesia.

Stevenson, Howard, & J. Carlos Jarillo (1990), "A Paradigm of Enterpreneurship: Entrepreneurial Management", *Strategic Management Journal*, vol. 11, pp. 11-27.

Surya, Aristo, dan Ati Cahayani (2011), *Faktor-faktor yang mendorong Faktor-faktor yang Mendorong Timbulnya Minat Berwirausaha Mahasiswa FIA UAJ dan Bagaimana Tingkat Kepuasan Mereka Terhadap Proses Belajar Mengajar serta Materi Kuliah Peminatan Kewirausahaan*, hasil penelitian dan dipresentasikan di Atma Jaya Award 2012.

Sutanto, Adi (2002), *Kewiraswastaan*, Ghalia Malang, Indonesia.

Wickham, P. A, 2004, *Strategic Entrepreneurship*, Third Edition, Essex: Prentice Hall.

Zimmerer, Thomas W., Norman M. Scarborough (2001), *Pengantar Kewirausahaan dan Manajemen Bisnis Kecil*, Prenhalindo, Edisi Bahasa Indonesia.

Small and Medium Enterprise (SME) Partnership as A Coach Entrepreneur Students in Higher Education (Case Study at the EsaUnggul University, Jakarta - Indonesia)

Yanuar Ramadhan[1]

[1]Faculty of Economics,
EsaUnggul University, Jakarta,
Indonesia

Email: yanuar.ramadhan@esaunggul.ac.id

Abstract:

Entrepreneurial activities program organized by the Directorate General of Higher Education, Ministry of Education and Culture, the Student Entrepreneurial Program (Program Mahasiswa Wirausaha/PMW) has actually created a lot of students who are interested or motivated to start a business and improve the businesses that have been implemented so far. However, in reality, many students who just start the business stop for various reasons and considerations.

One important thing for the students is that the SMEs are involved to provide practical entrepreneurship guidance, ranging from training, internships, business plan preparation and business assistance for approximately nine months. Problem arising in Higher Education is to choose a good SME entrepreneur to assist students in the entrepreneurship (as a coach). The period of business assistance is seen not optimal and often creates problems in practice, given the business or other reasons of entrepreneurs / SME itself and of the university students who have not been able to fully explore the business. His/her coach by SMEs is the most decisive allegedly sustainability of student business.

The solutions to these problems need to be found to the level of expectation for the student's business continuity is increasing. The process of selecting or deciding SMEs by the University is determined by seeing where these SMEs will undertake advocacy activities, guidance, and suggestions (as a coach) for the development of students. Thus SMEs partnerships with universities are getting better at realizing the goal PMW, namely that the level of university graduates as creators of job becomes larger than as job seekers. The case study shows that EsaUnggul University partnerships with SMEs will determine the successful development of the students in this PMW.

Keywords: Business Coaching for Students, Partnership, SMEs, Universities

INTRODUCTION

EsaUnggul University is a college/university that is elected by the Directorate General of Higher Education, Ministry of Education and Culture, Kopertis Region III to implement Student Entrepreneurial Program (Program Mahasiswa Wirausaha/PMW). Student Entrepreneurial Program aims to provide a stock of knowledge, skills, and entrepreneurial spirit (entrepreneurship) based on science and technology for the students to change the mindset of job seekers to be the creators of job as well as to be strong and successful entrepreneurs in facing global competition[81]. Some examples of the richest people in the

[81]Direktorat Pembelajaran dan Kemahasiswaan, Direktorat Jenderal Pendidikan Tinggi, Kementerian Pendidikan dan Kebudayaan, 2012, "Panduan Program Mahasiswa Wirausaha (PMW)", halaman i

world like Bill Gates (Microsoft), Steve Jobs (Apple), and Mark Zuckenberg (Facebook) have shown how they started the businesses while still studying at university.

Berita Resmi Statistik No. 33/05/Th. XV, May 7, 2012 from the Central Statistics Agency (Badan Pusat Statistik/BPS) shows that Indonesia's workforce is currently (February 2012) amounted to 120.41 million, which included up to 7.76 million people unemployed and when added to the underemployed it numbered 14, 87 million people, the number of unemployed in Indonesia amounted to 22.63 million people, equal to 18.79% of the total labor force or 9.43% of the entire population of Indonesia, amounting to approximately 240 million people[82].

Other data from the BPS in the Berita Resmi Statistik shows that the unemployment rate to the level of university education reached by 6.95% or about 784,000 people and with a diploma education level of 7.5% or about 846,000 people. This percentage is calculated from the total labor force population of Indonesia, amounting to about 112.8 million people. The number of college graduates is apparently accounted for a relatively high unemployment, which is about 20% of the full unemployment rate. According to the Director of Labor and Employment National Development Planning Agency (Bappenas) Iryanti Rahma, this is because college/university graduates generally want formal jobs[83]. The number of graduates from public and private universities in Indonesia is annually no less than 700,000 people. This absence of serious and proper handling can lead to greater problems in the future.

Deputy Minister of Cooperatives and SME of Human Resource Development, Kemenkop& SMEs, Agus Muharram, submitted data that the number of entrepreneurs Indonesia in late January 2012 amounted to 3.75 million people or equal to 1.56% of Indonesia's population to become entrepreneurs. Meanwhile, according to sociologist David McClelland, to develop the economy of a nation, it takes a minimum of two percent of the total population. Thus, in this case, Indonesia is still experiencing shortage of entrepreneurs. Indonesia is left behind other Asian countries like China and Japan with its number of entrepreneurs around 10% of the total population, while Malaysia 5%, and Singapore 7%, even more than 12% of United States residents become entrepreneurs[84].

Boulton and Turner said that the higher the index of entrepreneurial activity, the higher the level of entrepreneurship in the country. Entrepreneurial activity is translated as an active individual in starting a new business and is expressed in percent of the total active working population[85]. That phenomenon above (the number of entrepreneurs Indonesia) is the real phenomenon that most of Indonesia's economy today continues to build with all its constraints and limitations. Especially in university, there's no other way to contribute their academic side in increasing the number of students who will be able to become good entrepreneurs so as to boost the economy of Indonesia and able to compete with other countries.

Judging from micro, small, and medium enterprises, BPS revealed that in Indonesia by February 2012, there were approximately 55.5 million UMKMs (Micro, Small and Medium Enterprises), which consisted of 54 million units of which were micro-enterprises, small business about 1,000,000 units, medium business approximately 60,000 units and only about 5,000 units of large enterprises. From these data, it turned out to be 99% rather to UMKMs provide employment for 97%. However, when it is viewed from the contribution of GDP (Gross Domestic Product), the UMKM sector reached only 57% of the total GDP. It can be seen in the table below;

---

[82]Badan Pusat Statistik, No. 33/05/Th. XV, 7 Mei 2012, "Keadaan Ketenagakerjaan Februari 2012"
[83]Sari, Sri Mas. 27 Maret 2012. Pengangguran Terbuka Lulusan Perguruan Tinggi Sumbang 20%, viewed: August 18, 2012
[84]Sulistiyo, Hilda S.2012. JumlahWirausaha RI Naik Jadi 1,56%. http://www.bisnis.com/articles/jumlah-wirausaha-ri-naik-jadi-1-56-percent, Sunday, March 04, 2012, viewed Juli 3, 2012
[85]Boulton, C. dan Turner, P. (2005), "Mastering Business in Asia: Entrepreneurship",Wiley MBA Publications Reproduced

Table 1. Data Micro, Small, Medium, dan Large Enterprises in 2010
(Souce: Departement of Cooperatives[86], data processed)

No	Indicator	Unit	Number	Share (%)
1	Business Unit a. Micro, Small, and Medium Enterprises b. Large Enterprises	Unit	53.828.569 53.823.732 4.838	100 99,99 0,01
2	Workforce a. Micro, Small, and Medium Enterprises b. Large Enterprises	People	102.241.486 99.401.775 2.839.711	100 97,22 2,78
3	PDB at current price a. Micro, Small, and Medium Enterprises b. Large Enterprises	Rupiah, billion	6.068.762,8 3.466.393,3 2.602.369,5	100 57,12 42,88
4	Total Non-Oil Exports a. Micro, Small, and Medium Enterprises b. Large Enterprises	Rupiah, billion	1.112.719,9 175.894,9 936.825,0	100 15,81 84,19

There are also criteria for UMKM/MSMEs (Micro, Small and Medium Enterprises) under Law No.20/2008 distinguished by;

a. Net Worth (excluding land and buildings), and
b. Annual Sales Revenue and in addition the criteria for grouping the terms of the SME Banking.

Tabel2.Criteria for UMKM
(Sumber: UU No. 20/2008[87], data processed)

Criteria	Micro (Rp)	Small (Rp)	Medium (Rp)
Net Worth (excluding land and buildings)	=< 50 million	> 50 million, =< 500 million	> 500 million, =< 10 billion
Annual Sales Revenue	=< 300 million	> 300 million, =< 2,5 billion	> 2,5 billion, =< 50 billion
Based on a credit limit (bank version)	=< 50 million	> 50 million s/d 500 million	> 500 million s/d 5 billion

Meanwhile, this problem in SMEs is still observed even if the internal problems, such as low quality of human resources of SMEs in the management, organization, ability to use information and technology, and marketing still exist. The external problems often faced by SMEs include the magnitude of transaction costs, scarcity of raw materials as well as costs related to the acquisition and licensing of formal legality. Therefore, they need efforts from both sides of the government, businesses, and universities to address these problems especially when they enter the era of globalization. SMEs are expected to be highly competitive and act as a buffer to the national economy.

[86] www.depkop.go.id/.../sandingan_data_umkm, viewed: August22, 2012
[87] Undang-undang No. 20 tahun 2008, tentang Usaha Mikro, Kecil, dan Menengah

In the era of economic globalization, the competition between nations and thereby increasing competition among the entrepreneur SMEs are increasingly stringent. This competition encourages the creation of national economic competitiveness and economic situation will encourage Indonesia to the global economy and free trade. The effect of free trade is not only the production activities in the country but also on aspects of community life. This is where the role of SMEs should be increased, creating added value, the efficiency, the effectiveness of each activity despite unfavorable economic conditions. Development of small and medium business activity is considered as an important alternative that can reduce the burden faced by the Indonesian economy. Small and medium enterprises (SMEs) play an important role in Indonesia's economy both in terms of the number of business and job creation as described above.

In addition, the development activities of SMEs generally do not require a large capital costs or general and SMEs to survive in times of crisis, especially SMEs related to agricultural activities. Depreciation of the rupiah against the U.S. dollar for SMEs that benefit the agricultural sector is relatively large. However, SMEs are dependent on imports of raw materials will have trouble because of the fluctuation of the Rupiah against the U.S. Dollar. Now there is still a lot of work for college / university and SMEs to work together and promote, create, produce young entrepreneurs and job creators who will be successful entrepreneurs in the future. The cooperation between SME and college / university is important not only for the benefit of students who will start the business but also, among others:

1. To strengthen the relationship/synergies between SMEs and universities in developing entrepreneurship, particularly at the level of students;
2. For the universities to deliver information, technology, and management for SMEs, with the hope that capability, competitiveness, and marketing to be more effective and efficient;
3. To improve campus/universities' development of entrepreneurship education, and
4. To inspire curriculum adjustments in accordance with the latest business development.

Of course, this cooperation is not only with SMEs but also will be developed with micro and large companies. In other words, mutual beneficial cooperation with all types of business needs to be encouraged in order to improve the national economy, particularly increase the number of student entrepreneurs who are able to compete and create jobs and reduce unemployment.

CONTENT AND METHODS

Definition of entrepreneurship in principle is an **overarching** attitude of the individual to conduct business / business interest, with the aim of increasing the added value that benefit it. Entrepreneurship or self-employment is the process of identifying, developing, and bringing the vision to life. This vision may be an innovative idea, an opportunity, and a better way to run things. The end result of this process is the creation of a new venture formed under conditions of risk or uncertainty. Entrepreneurship has different meanings among the experts or sources of reference for different gravity and emphasis. Richard Cantillon (1775), for example, defines entrepreneurship as the work itself (self-employment). An entrepreneur buys now and sells at a certain price on the future price uncertainty. So the definition has more emphasis on how a person is at risk or uncertainty. Unlike other experts, Penrose (1963) states that entrepreneurial activities include identifying opportunities within the economic system while Harvey Leibenstein (1968, 1979) sees entrepreneurship as activities required to create or implement enterprise market at all or have not been identified yet clearly, or component production functions largely unknown and, according to Peter Drucker, entrepreneurship is the ability to create something new and different. People who undertake entrepreneurial activities are called entrepreneurs. The question arises why an entrepreneur has a different way of thinking of the people in general. They have the motivation, vocation, perceptions and emotions that are strongly related to the values, attitudes and behavior **asexcellent**[88].

So entrepreneurship is a process of a person to act, have the motivation, behavior, and ability to do business / enterprise and or events / activities that lead to the search for, create, discover, implement ways of working, technologies, and products development of new or existing products to improve efficiency in order to provide value added / better service and or aim to get greater profits.

Students who follow the Student Entrepreneurial Program (PMW) has a low level of continuity. Many of them stop not long after the program ends PMW or shortly after the student graduate from university. The results of the monitoring of student business is that among 18 students who have attended the program only three who are not the members of the same group still carry on the business. Some of the reasons why the business is interrupted are being busy in the lecture and thesis preparation, discrepancies of opinion in business management with other students in a team / group, the selection of the type of business that is not in accordance with the interests and control and the lack of intensive support either from campus or from SME entrepreneurs. In addition, monitoring and assistance during the facilitation of the university and the companion SMEs have problems especially in terms of time and transportation costs for monitoring and mentoring of student business and ability / mastery expertise / technology.

PMW on EsaUnggul University announces that the program is intended to all students of the University of EsaUnggul who have business or are very interested in starting business to do socialization and selection. Efforts taken by the college / university as socialization program for the students who are interested in becoming entrepreneurs apparently haven't got so much positive response from students. Result from the socialization is still below the expected target. This proves what has been stated by Bappenas that only a few students are encouraged to become entrepreneurs into the right thing. We need to find some ways or another attempt to allow students more interested in business courses other than the inclusion of Business Motivation and Entrepreneurship in academic curriculum in addition to improving the content in the course syllabus or unit event.

In practice after the selection by the number of registrants 45 students, the program is ultimately entitled to be followed by 18 students with each proposal. In the end, business proposals from the students are grouped into five business groups, namely IT and Assembling Computer Education, Art Audio & Visual, Fish Farming, Snack & Cafe, and Handycrafts. Actually one of the problems in the Student Entrepreneurial Program is the grouping of business because every student has to have a desire to own his or her own business, not the group. Grouping cannot be avoided given the existing limitations, including a relatively small grants and the difficulty of finding a companion (SMEs) in accordance with the proposal made by the business students. The grant is given to each student at Rp 7.5 million per person or a total grant from the Higher Education and universities amounting to Rp 135 million. One business group, with four of members, will have a capital of Rp 30,000,000. When to start a business, it is expected that the fund is sufficient especially when the members of the group

[88] http://id.wikipedia.org/wiki/Kewirausahaan, viewed: August18, 2012

contribute the capital, although for certain businesses it is considered small because the price of the supporting equipment is very high/expensive.

SME entrepreneurs are selected from business partners (BUMN/Badan Usaha Milik Negara) with the EsaUnggul University in Jakarta. College / university does not select the Micro unit entrepreneur to be entrepreneur coach for the students even it is assumed that in terms of net assets or net worth or annual sales of revenue it is still relatively very small. Therefore SMEs criteria proposed by college / university are among others relation to their business the student is willing to start, a good track record, mileage of the business location to the location of residence of SMEs which is not far away and reachable, and a strong desire to help student entrepreneurship. The selection process of SMEs is loose and not tight, considering the college / university does not have complete and accurate SMEs database, and the difficulty of getting SME entrepreneurs who are willing to be companions of student entrepreneurs.

SME entrepreneurs are selected and decided as members of the Student Entrepreneurial Program team (PMW team) to select the business proposal of the student. In addition, they also become resource persons in the training of business management and assist in deepening feasibility conducted by EsaUnggul University. The coaching from SMEs is increasingly important in business apprenticeship period. Students select the business proposals and feasible business internship period and will follow the program for approximately one week at the selected SMEs. Apprenticeships are aimed at making students gain experience in entrepreneurship. The apprenticeship is carried out in form of business group that has been formed and adapted to the type of the business of SMEs.

During the apprenticeship, it can be monitored whether SME entrepreneurs are able to motivate and build the character of each PMW students in business to be strong entrepreneurs by providing information about the ins and outs of the business, and knowledge to manage the business to students. But in reality, the entrepreneurs of SME often have no time (or the time is not right), or personal issues or other problems of their business make the period of apprenticeship inefficient and ineffective.

From the above description, the selection of SMEs has become the focus of attention in the article / paper, considering the role of SMEs is very important in maintaining the business that has been initiated by the student. The commitment and cooperation of any of the SMEs is needed. It is expected that there will be a synergy between student entrepreneurs with SMEs or with other SMEs to be business partners with EsaUnggul University, and entrepreneur students will be motivated to continue maintaining and even expanding their business with other SMEs.

This research is a case study or field research with the aim to learn intensively about the background of the failure student entrepreneurship program (PMW), which is a case study at the EsaUnggul University and expected in the future to have the same or a similar program with better condition so the goal determined when the program was created can be realized.

RESULTS AND DISCUSSION

From the observation made on the SME entrepreneurs coaching program for the entrepreneur students at the Esa Unggul University, Jakarta-Indonesia, there are some drawbacks for the implementation of assistance that can be described as follows:

1. The selected SMEs are still relatively new entrepreneurs, so there are many internal and external problems that must be faced by SMEs and should be resolved. Similarly, entrepreneurs who are relatively long in business, are almost similar. As an example of the problems is SMEs complained that current marketing is still a classic one (not using information technology, such as e-commerce, email, websites, and social media networks), so that annual sales revenue cannot be

increased. Examples of other issues are not in accordance with accounting regulations such as IFRS / SAK ETAP, so access to the banks for the development / expansion was still constrained (not bankable).

2. Limited time from SMEs to visit students' entrepreneurial ventures becomes one of the obstacles, particularly in the Jabotabek area. Thus, SMEs cannot provide suggestions / solutions directing to the problems faced by students of entrepreneurship, even though it can be done by communication devices such as mobile phones.

3. Annual Sales Revenue from SMEs is not too significant, still in the category of small, to provide the best examples of successful entrepreneurship to the students.

4. SME entrepreneurs' ability to motivate students is still lack, because their educational background is generally equivalent to Senior High School (SMA). In this case, sometimes the mindset among entrepreneurs / SMEs and entrepreneurship students are not in the same framework.

5. No further cooperation between SMEs with EsaUnggul University is mutually beneficial. When this has been done recently in the stage of delivery of management training, it is a relatively short period of time. There is no follow-up program to build synergy from both parties, for example, community building among SMEs or SME clusters.

6. The ability to use information technology and telecommunication of the entrepreneurs / SMEs is still lack, and they give the examples that are very different from the needs of the student entrepreneurs. SMEs tend to still use the classic pattern, such as door to door, brochures, flyers, and word of mouth.

7. Communication skills of some SMEs do not sufficiently support them to deal with students' questions so the answers given seem artificial. In addition, sometimes differences arise in perception between the students and SMEs.

8. With no intent to degrade the student entrepreneurship program (PMW), it is sorry to say that there is no more connection between the students and SMEs after the program. SMEs feel their duties as companions have been completed. This makes the new student entrepreneurs going to start business become half-hearted and less excited, feel like abandoned, which further cannot continue the business that has been initiated.

9. It is not delivered by the SMEs, either orally or in writing but it can be felt that the the reward or compensation given to them for their participation in the PMW program is not adequate. The university is not able to do much since the budget has been determined in the program financing and all activities must be accounted for both financial and non-financial services to the Directorate General of Higher Education, Ministry of Education and Culture, Kopertis Region III.

The problem at the top which is the facilitation weaknesses that cause the mentoring process to be less effective and the motivation of the students is lack. That certainly becomes the reason for the students not continue their struggle besides less capable companion and many other factors in addition to the problems of individual students themselves. For example, because a student has to enter the final semester and must complete a thesis, then his or her involvement in the program should be reduced or stopped. Another example is the internal problems of the group itself, such as the division of labor or the incompatibility of different perspectives in solving business problems. However, in the context of this paper, the focus is on the involvement of SMEs in the process of student entrepreneurs coaching.

CONCLUSION

From the results of research on the process of student entrepreneurship coaching by SMEs and the observations on the problems faced by SMEs, it is needed by the college to have a better planning and selection of SMEs that will provide coaching for the student entrepreneurs. University or college should apply the following criteria:

1. SMEs that match the field of business students. It is very important to establish a common ground to manage or solve a problem, both in terms of law, management, finance, human resources, production, and marketing. It is a necessary effort for the university to assess more carefully the SMEs that will become business partners and create more cooperation between SMEs and university in order to improve the quality and capability of SMEs in the face of an increasingly competitive business world.

2. Select only SMEs that have been categorized in annual sales revenue Medium Business Category or at least $ 1.8 M per year (USD 150 million a month). It is important to build a positive image of entrepreneurs and SMEs can be good example and can be used as inspiration from the standpoint of student entrepreneurs. It is better if the selected SMEs are the ones who export their products or import raw materials and export finished products.

3. Is the performance of production / trade / services both in terms of ongoing business activities in good condition and does it show adequate physical evidence (assets). Comparative financial statement data for several years are required.

4. A minimum background at least a Diploma or Degree level, or if the educational background of the SMEs under the Diploma, it must also be considered the business experience. This is important to build a common vision and insight, so that in the future there is no significant obstacle.

5. Are the SMEs committed to helping students to spend time mentoring fully during the period of apprenticeship (direct involvement). It will be better if they still give assistance to the students to get into the real business world. This commitment is essential for the survival / sustainability of the business so that students do not stop in a relatively short time and even if there is a match in the vision, the entrepreneur / SME can be a partner with the student entrepreneur.

6. SMEs should have access to the market (marketing) or network wide. Better, if entrepreneurs / SMEs have been exporting to several countries. This will make the students more enthusiastic and self-employment and have encouragement to work hard, be tenacious, tough, and try to explore the business.

7. SMEs are willing to sign a letter of commitment (agreement) to cooperate in coaching / mentoring student entrepreneurs both in the selection process, training, apprenticeship, as well as the independent and entrepreneurial student by working together for mutual benefit.

It is realized that it (selection SMEs that will coach the student entrepreneurs) will be difficult for colleges / universities to consider the proposed criteria in the selection process and only SMEs that have been tested and qualified that are qualified to be the student companions in the entrepreneurship program. However, this should be done from now to remember that the purpose of this program is to create strong entrepreneurs who can compete in the international arena or in the era of globalization and the college / university has a strategic role in building the nation of Indonesia to be better.

It is expected that colleges / universities are able to be the driving force to produce job creator entrepreneurs who have high intellectual and moral as well as encourage more people to be entrepreneurs (having high entrepreneurial activity) in order to build the economy of the nation to be great, advanced, and competitive among others.

REFERENCES

http://www.bisnis.com/articles/pengangguran-terbuka-lulusan-perguruan-tinggi-sumbang-20-percent, article by Sri Mas Sari, 27 Maret 2012, viewed: July 3, 2012

Boulton, C. dan Turner, P. (2005), "Mastering Business in Asia: Entrepreneurship",Wiley MBA Publications Reproduced

http://www.depkop.go.id/index.php?option=com_content&view=article&id=846:17-persen-lulusan-perguruan-tinggi-tertarik-jadi-wirausahawan&catid=50:bind-berita&Itemid=97, article by Kementerian Koperasi dan Usaha Kecil dan Menengah Republik Indonesia, viewed July 3, 2012

http://www.bisnis.com/articles/jumlah-wirausaha-ri-naik-jadi-1-56-percent, Jumlah Wirausaha RI naik jadi 1,56% by Hilda Sabri Sulistiyo, Minggu, 04 Maret 2012, viewed: July 3, 2012

http://ilmuakuntansi.web.id/pengertian-kewirausahaan-menurut-ahli/, viewed: July 3, 2012

Direktorat Pembelajaran dan Kemahasiswaan, Direktorat Jenderal Pendidikan Tinggi, Kementerian Pendidikan dan Kebudayaan, 2012, "Panduan Program Mahasiswa Wirausaha (PMW)"

Badan Pusat Statistik, No. 31/05/Th. XV, 7 Mei 2012, "Pertumbuhan Ekonomi Indonesia Triwulan I-2012"

Badan Pusat Statistik, No. 33/05/Th. XV, 7 Mei 2012, "Keadaan Ketenagakerjaan Februari 2012"

Badan Pusat Statistik, 2012, Katalog 3101515, "Perkembangan Beberapa Indikator Utama, Sosial-Ekonomi Indonesia"

UU No. 20/2008 tentang Usaha Mikro, Kecil, dan Menengah

Part Five

Strategies to Compete in the Globalization Era

The Competitive Advantage Analysis of Hyatt Hotels Corporation (Case Study: Grand Hyatt Jakarta)

Frisca Harmala[1]

[1]Faculty of Business Administration and Communication Sciences,
Atma Jaya Catholic University of Indonesia, Jakarta
Indonesia

Email: friscaharmala@gmail.com

Abstract:

Any kind of business, wherever it is invested, what products or service it produced, or how extensive its coverage is, will always face a tight competition. International companies are fully aware of this issue. Therefore, they are always competing to provide products or services with global standards which will be well-accepted by the consumers in different countries.

A very tight competition is also happening in the hotel industry. One of the results from globalization is the increase of foreign investors who are traveling overseas for business expansion. For that purpose, the international companies send people to do the business which will require them a nice accommodation that suite their distinguished needs.

In this paper, the researcher did an examination of the competitive advantage of Grand Hyatt Jakarta and the strategies performed to achieve and sustain it. This research was accomplished by an in-depth study through qualitative method with descriptive purpose. In doing so, the researcher did document studies and literature reviews as well as direct observation of the hotel. To support the obtained data, the researcher also conducted interviews with the Director of Sales & Marketing, Director of Learning & Development, and some loyal guests of Grand Hyatt Jakarta.

The result of the research is that Grand Hyatt Jakarta applied differentiation-focus generic strategy *to achieve their competitive advantages which are the quality of the products and services. The researcher also discovers that the hotel applied its own version of value chain to maintain and sustain its competitive advantage.*

Keywords*: *Competitive advantage strategies, generic strategy

1 Introduction

Competition determines the appropriateness of a firm's activities that can contribute to its performance, such as innovations, a cohesive culture, or good implementation[89]. Especially in globalization era such as today, where business can be established easily throughout countries, we can also easily find new competitors in any business industry. Global economy also takes us to an era where global products and global consumers arouse. This requires the performer of international business to achieve global standard for their products or services and to have superior performance in order for it to be accepted by the global consumers.

International companies are fully aware of the issue. Therefore, they are always competing to provide products or services with global standards which will be well-accepted by the consumers in different countries. As the result to that, competitors are also increasing. In order to win the business competition, a company should know its position by knowing its competitive advantage so it will be able to know which strategy to perform to be the market leader. Achieving a competitive advantage has been considered as the single most important goal of a firm[90].

A very tight competition is also happening in the hotel industries. One of the results from globalization is the increase of foreign investors who are travelling overseas for their business expansion. For that purpose, the international companies are sending people to do the business which will require them a nice accommodation that suite their needs. Therefore, the hotel industries are expanding and the competition is increasing to provide the distinguished market needs.

Hyatt Hotels Corporation manage, franchise, own and develop Hyatt branded hotels, resorts and residential and vacation ownership properties around the world. Grand Hyatt Jakarta is a 5 star luxury hotel located in the heart of Jakarta business district. The hotel is adjacent to Indonesia's most comprehensive and sophisticated shopping mall, Plaza Indonesia, and has a convenient access to government offices, museums and Jakarta's cultural attractions. Grand Hyatt Jakarta is one of the hotels managed by Hyatt Hotels Corporation and owned by PT. Plaza Indonesia Realty Tbk. As per June 30, 2011, the company's portfolio all over the world has reached 456 properties in 44 countries.

In this paper, the researcher would like to examine about Grand Hyatt Jakarta which is owned by PT. Plaza Indonesia Realty Tbk. Researcher decided to choose Grand Hyatt Jakarta because since its opening in July 1991, this five-star hotel has succeeded to maintain its position as the leader in the hotel industries and consecutively achieve the highest yield (income per room) record among five-star hotels in Jakarta, Indonesia. With 428 hotel rooms & suites, Grand Hyatt Jakarta is one of the largest luxury hotels in Jakarta, Indonesia. Grand Hyatt Jakarta is a sophisticated business hotel which offers sincere service, up-to-date technology, and innovative products which are the main needs of today's business people. Grand Hyatt Jakarta has been known as the primary option for business travelers in Jakarta.

[89] Porter, Michael 1985, *Competitive Advantage: Creating & Sustaining Superior Performance*, Free Press, New York.
[90] Porter, Michael 1990, *The Competitive Advantage of Nation*, Free Press, New York.

For that reasons, the researcher would like to do an in-depth study about the competitive advantage that has been achieved by Grand Hyatt Jakarta as an international chain hotel of Hyatt Hotels Corporation. Researcher also would like to have a better understanding about the strategies that are implemented in the company in order to achieve and sustain the competitive advantage which brings the Grand Hyatt Jakarta to be the leader in the hotel industries.

The objectives of this research are to gain further understanding and better knowledge about the competitive advantage that Grand Hyatt Jakarta has achieved as a well-known international chain hotel, which makes it have a better performance than the other competitors in the same industry. Furthermore, this research is aimed to know the strategies performed by the hotel to achieve and maintain its competitive advantage.

There are different research methods which can be used. In this paper, researcher will use a qualitative method. The researcher would like to present the process and the findings of the research in detailed descriptions. This research will focus on a case study of the competitive advantage of Grand Hyatt Jakarta. Through a case study, a researcher explores a single entity or phenomenon bounded by time and activity (a program, event, process, institution, or social group) and collects detailed information by using a variety of data collection procedures during a sustained period of time[91]. A case study in business research will bridge the gap between foundational studies and practice[92].

This research uses a descriptive purpose. Descriptive means providing written information (descriptions) in a systematic manner about a fact, process, mechanism or relationship of the object. Therefore, the information obtained can produce a conclusions and recommendations.

The subjects of this research are the persons who will be the informants for the research. The researcher will ask questions about the topic that's being observed. The informants are chosen based on the relevance of the position and the knowledge of the research topic. In gathering the data, the researcher interviewed the Director of Sales and Marketing, Ms. Indria Brahmana, and the Director of Learning and Development, Ms. Alivia Wardhani.

In analyzing the data, triangulation strengthens a study by combining methods. In the process of this research, the researcher uses data triangulation. The data for the research is obtained through three sources which are interviews, literature reviews, and observation. Denzin stated that with this approach (triangulation), the goal is to increase the validity and reliability of the research by collecting data from multiple perspectives

2 About Grand Hyatt Jakarta

Grand Hyatt Jakarta is part of the international chain hotel of Hyatt Hotels Corporation. Hyatt Hotels Corporation develops different brands to expand its business and to provide the different needs of the customer. Each brand is well segmented and has unique features which offer the prompt products and services to the targeted customers. There are eight well-known brands of Hyatt Hotels Corporation and each brand is continuously improves its performance and develops its presence. Grand Hyatt brand features large-scale, distinctive hotels in major gateway cities and resort destinations. With presence around the world and critical mass in Asia, Grand Hyatt hotels provide sophisticated global business and leisure travelers with

[91]Creswell, John 1994, *Research Design: Qualitative and Quantitative Approaches*, SAGE Publication, Thousand Oaks.
[92]Berg, Bruce L. 2001, Qualitative *Research Methods for the Social Sciences 4th Edition*, Allyn and Bacon, Boston.

upscale accommodations. Signature elements of the Grand Hyatt include dramatic architecture, innovative dining options, state of the art technology, spa and fitness centers and comprehensive business and meeting facilities appropriate for corporate meetings and social gatherings of all sizes.

2.1 Products and Services of Grand Hyatt Jakarta

Products and services offered by Grand Hyatt Jakarta are divided into two major divisions, which are Rooms Division and Food & Beverage Division. The products and services offered by the Rooms Division contain everything that a guest may need and experience during his/her stay in one of the rooms of Grand Hyatt Jakarta. On the other hand, the products and services that are offered by the Food & Beverage Division contain everything that a guest may need and experience during his/her dining at any of the restaurants. The products and services offered by both divisions must always meet the standard which summarize in the "Top Twenty".

The Top Twenty in the Rooms Division includes:

1. Arrival Experience
2. Safety and Security
3. Wake Up Call
4. Message Delivery
5. Concierge
6. Clean and Dust-Free Room
7. Bed, Pillow, and Duvet
8. Amenities
9. Linen & Towels
10. Shower
11. Power and Lighting
12. Gas Work Area
13. Privacy Sign
14. Collateral
15. In-Room Audio Visual Entertainment
16. Cables and Wires
17. Pest Control
18. Work Areas
19. Environment
20. Check, Check, Check

The Top Twenty in the Food & Beverage Division includes:

1. Coffee
2. Juices
3. Fresh Fruit
4. Bread
5. Beverages
6. Signature Dishes
7. Fresh Fish and Seafood
8. Perfect Preparation Methods
9. Comfort Food
10. Wine
11. Authentic and Ethnic Cuisine
12. Dessert and Ice Cream
13. Fresh Herbs
14. Heart Healthy
15. Tea
16. Vegetables and Salad
17. Cleanliness
18. Value for Money
19. Menu
20. Perfect Serving

The products and services offered by Hyatt must always be delivered with a global standard in services. The global standard is performed and implemented by the employee in order to exceed the guests' expectation. The global standard of services is known as "10-Touch of Hyatt". This service is implemented throughout every Hyatt properties around the world it is what makes every interaction becomes authentic and memorable. The 10-touch of Hyatt is as follows:

1. Greet guess warmly
   Use the guest's name during every conversation and make eye-contact.
2. Say good bye warmly

Let the guest know that we are looking forward to welcoming them back.
3. Accept compliments humbly
Graciously thank guests and colleagues.
4. Resolve guest complains
Take ownership of any complains, solve the problem courteously, and promptly say "no" only when absolutely necessary.
5. Treat each other respectfully
Treat others with warmth and humility. This includes guests, owners, colleagues, and the local community.
6. Escort the guest personally
Rather than pointing-out directions.
7. Answer the phone professionally
Answer within 3 rings, with a smile in your voice, and thank the guest for holding the phone.
8. Take pride in your appearance
Remember that the first impression counts.
9. Maintain your work environment
Keep your working area clean and tidy.
10. Work safety and cleanly
Fix and report defects, respect the environment, recycle, and conserve energy.

2.2 Rooms & Amenities

Grand Hyatt Jakarta offers different types of rooms which will accommodate the different needs of the guests. As stated in its official website, the difference of each room is as follows:

- ❖ Grand King / Grand Twin
  Stunning views of a free-form pool, lush gardens or the famous Bundaran H.I. roundabout through double bay windows welcome you to a 50-sq.-metre Jakarta hotel room offering modern, contemporary decor with classic Indonesian accents. Pampering amenities include one king / twin bed, sofa, glass writing desk with wired and wireless high-speed Internet access, and marble bath featuring soaking tub, walk-in shower and wardrobe.
- ❖ Grand Club King / Club Twin
  Sweeping views of Jakarta or the pool welcome you to a 50-sq.-metre Jakarta hotel room on a private concierge floor offering contemporary decor with Indonesian accents, including one king / twin bed, glass desk, wired and wireless high-speed Internet access and marble bath with soaking tub and shower. Includes clothes pressing, use of boardroom and access to the Grand Club Lounge serving Continental breakfast, evening cocktails and canapés.
- ❖ Grand Suite
  Enjoy a lavish 100-sq.-metre Jakarta suite offering premier views, contemporary decor and Indonesian accents, including king bedroom, living/dining area, writing desk with wired and wireless high-speed Internet access, and marble bath with walk-in shower and jetted spa tub. Includes clothes pressing, use of boardroom, and access to the Grand Club Lounge serving Continental breakfast, evening cocktails and canapés.
- ❖ Premier Suite
  Premier suites are one-bedroom suites with kitchenettes ideal for long-stay guests. Enjoy a lavish 100 square meter suites offering premier views, contemporary decor and Indonesian accents, including a king bedroom, living/dining room,

writing desk with wired and wireless high-speed Internet access and marble bath with walk-in shower and jetted spa tub. Includes clothes pressing services, use of the boardroom and access to the Grand Club Lounge serving continental breakfast, evening cocktails and canapés.

- Grand Executive Suite
  Enjoy a lavish 170 square meter Jakarta suite offering premier views, contemporary decor and Indonesian accents, including king bedroom, living/dining areas, writing desk with wired and wireless high-speed Internet access, and marble bath with walk-in rain shower and jetted spa tub. Includes clothes pressing service, use of the boardroom and access to the Grand Club Lounge serving continental breakfast, evening cocktails and canapés.
- Presidential Suite
  Grand luxury is yours with this 315-sq.-metre Jakarta suite featuring a glass-enclosed terrace, living and dining areas, study lounge with wired and wireless high-speed Internet access, and marble master bathrooms with walk-in shower and jetted spa tub. Suite features two bedrooms, one with a king bed and the other with two twin beds. Includes clothes pressing service, use of the boardroom and access to the Grand Club Lounge serving Continental breakfast, evening cocktails and canapés.

2.3 Guest Services

Grand Hyatt Jakarta luxury hotel provides a wide range of services to satisfy the needs of the most discerning guests.

- Business Centre (24-hours service)
- High speed internet connection
- Airport limousine & representatives
- Guest history program
- Airport limousine & representative
- Valet parking & sheltered car park
- 24-hour laundry & dry-cleaning service
- Portable telefax units in Grand Club® rooms (upon request)
- Beauty salon
- Hairdresser
- Baby Sitting
- Florist
- Mail & packaging
- Multilingual hotel staff

2.4 Dining & Entertainment

Grand Hyatt Jakarta offers seven different places for the guests to have a dining experience or just to enjoy the entertainment provided. The dining and entertainment places are:

- Grand Café
  Grand Café serves home-cooked Indonesian, Asian and Western specialties. Located on the Lobby level, this restaurant offers an extensive buffet breakfast featuring continental, American and Asian delicacies. A sumptuous buffet spread is also served for lunch, dinner and Sunday Brunch, featuring a carving station and sushi-sashimi counter. An extensive à la carte selection is also available.
- C's Steak and Seafood Restaurant
  Grand Hyatt Jakarta's favorite restaurant, serve the freshest selection of seafood, the finest choice of Australian and US Prime Beef. C's is also a haven for wine connoisseurs with a 3,000-bottle walk-through cellar providing a great escape from even the toughest day. This casually chic restaurant features a fully open kitchen, four private rooms and a sweeping view of the lobby. Located on Level 4, C's is a collage of sights, sounds, and smells that will guarantee an unforgettable experience.
- Sumire
  The finest culinary traditions of Japan are presented in a wonderfully rustic setting in Sumire. The atmosphere resembles a delightful traditional Japanese country house, combining tones of wood, bamboo, stone and paper. Watch the chefs expertly prepare your dishes at the Sushi Bar, Teppanyaki Tables, Tempura or Kushiyaki Counter. Four private tatami rooms and four private dining rooms are available for high-powered lunch meetings or business dinners. Located on Level 4, it is highly recommended that advance reservations be made.
- Seafood Terrace
  Seafood Terrace is located on Level 5 by the pool, surrounded by a lush Balinese garden and features a show kitchen and live-seafood tanks. Throughout the day, Seafood Terrace offers a light menu consisting of salads, pasta, sandwiches, pizzas and ice-creams, as well as fresh seafood, grills and authentic Indonesian favorites. Weekend Brunch features chic food, wicked cocktails and soulful tunes every Saturday & Sunday.
- Lamoda
  Located on the Lobby level of Plaza Indonesia shopping Centre, Lamoda café serves freshly prepared salads and sandwiches from the Deli. For those on the run, a wide array of sweets and pastries are available to take away. An extremely popular venue for shoppers, this is a great place to relax after a full day of shopping. Live entertainment is also a daily feature at this delightful café.
- Fountain Lounge
  Overlooking the theatrical lobby, this stunning lounge presents you an indulgent evening in the company of desirable desserts and teas, a chilled glass of champagne and the sultry sound of a live acapella band.

- ❖ Burgundy

  Chic and contemporary design with an extensive selection of wines, vodkas, spirits, martinis, champagnes and cocktails, located on the Mezzanine Level. Burgundy showcases a fine selection of local musicians, performing every evening from 9:00 pm. Jakarta's classiest night spot features a very impressive see-through temperature-controlled wine cellar in the center of the bar.

2.5 Activities

- ❖ Club Olympus Fitness & Wellness Centre

  Fully equipped gymnasium featuring up-to-date fitness technology and fully trained instructors. Each cardiovascular machine has its own LCD television with a large choice of news, sports, entertainment and educational channels. The gymnasium has natural lighting and overlooks a Japanese-themed garden. Among the classes held in the studio are Pilates, Yoga and aerobics.
  The wellness center also provides male and female changing and relaxation rooms with lockers, as well as a sauna, steam room and cold plunge pool. Other features include a relaxation area and a juice bar.
- ❖ Pool

  A 43-metre lagoon-shaped swimming pool, lap pool and children's pool are set in three hectares of lush Balinese tropical gardens. Enjoy light snacks and refreshing drinks at the Seafood Terrace located by the pool. Male and female changing and relaxation rooms with lockers are available, along with a sauna, steam rooms, cold plunge pools, rain showers and grooming stations in Club Olympus.
- ❖ Other On-site Activities

  Two floodlit tennis court, mini basketball court, table tennis pavilion, outdoor jogging track, shopping at Plaza Indonesia home to luxury brands and traditional Indonesian products, Dining, fun and entertainment at Entertainment X'nter (eX).

2.6 Meetings & Events

- ❖ Meeting Planning

  The hotel welcomes meeting planners and business groups to extensive meeting and event facilities. From the hotel's Grand Ballroom to its own private boardroom, we provide tailor-made set-ups, unique programs and delectable Indonesian, Asian and Western catering, all in inimitable Grand Hyatt style.
  With more than 2,000 sq. m (21,527 sq. ft.) of flexible event space, seven function-rooms including the Grand Ballroom on the same floor – Grand Hyatt Jakarta provide a variety of alternatives for all events, from the grand occasion to the more intimate business meeting.
  For those seeking a more private location, the glassed indoor terrace of the Penthouse on the 26th floor is ideal for exclusive events.
  All meeting and function rooms are equipped with the latest audiovisual equipment, high-speed Internet access and communications capabilities, and are supported by the hotel's professional Event Sales & Planning Managers to ensure that everything runs smoothly.

- Wedding Planning
  Grand Hyatt Jakarta wedding hotel provides a one-stop wedding service, with a team of experts and experienced wedding specialists on hand to guarantee that every celebration is exceptional.
  Grand Hyatt Jakarta itself is the perfect setting for your wedding celebration, offering an extensive range of facilities from the Grand Ballroom to the famous glassed-indoor Penthouse terrace on the 26th floor of the hotel.
  We believe firmly that every detail counts. Whether it is the flowers, the decorations or the cuisine, every element of this once-in-a-lifetime experience will be carefully coordinated by our professional wedding specialists.
- Event Planning
  Grand Hyatt Jakarta offers a wide range of function rooms, individually designed to cater for every type of event from intimate parties to top-level conferences and banquets. The Grand Ballroom can seat 700 guests, theatre style, or 450 guests for a sit-down dinner. Grand Hyatt Jakarta is the hotel venue for any Jakarta event whether it is a business meeting, conference, wedding or social occasion.

3 Facing Global Competition

Hyatt is a well-known company which has been around for a long time. In order to survive this long, the company must adapt with everything that happens surround it and seek opportunity that comes with it, which includes globalization. Globalization is one of the major force that makes the company grows as it is today. The major drivers that areleading Hyatt Hotels Corporation for becoming a global company are for the growth of the company and finding new markets.

Hyatt became an international company in 1969 as they open the Hyatt Regency Hong Kong called Tsim Sha Tsui. The next year, Hyatt globalizes its standard service in every Hyatt property by applying "A Touch of Hyatt" in every interaction with the customers. The employees were encouraged to make every gesture a thoughtful and personal touch. "A Touch of Hyatt" keeps developing to achieve perfection until Hyatt formulize the 10-touch of Hyatt.

Hyatt Hotels Corporation has a global standard in operating its business. The standard is distinguished based on the brands. As mentioned by Ms. Alivia:

> *"Brand such as Park Hyatt, Andaz, Grand, Regency, has all different theme. Brand Standards is divided into two which are Select Service dan Full Service. Select Service is for Hyatt House and Hyatt Place. As for Full Service is for Grand Hyatt, Hyatt Regency, Andaz, Park Hyatt, dan @Hyatt. Select Service is more personalized and Full Service more all around."*

Grand Hyatt Jakarta is the chain hotel of Hyatt Hotels Corporation. The company's basic motives for expansion are for growth and profitability. This means that Hyatt International Corporation has an aggressive motive for expanding its company. As mention from the interview with Ms. Alivia:

> *"The main reason for expanding internationally is for growth which is what many companies are striking for. Another reason is, I would say, profitability."*

As well as many other companies, Hyatt Hotels Corporation finds company's growth very important. Growth is part of the hotel's strategy to create business sustainability benefits the company, associates, and owners.

In doing its business activity in Jakarta, Hyatt International Corporation uses management contract. By applying management contract, PT Plaza Indonesia Realty Tbk. pays a management fee and makes an agreement with Hyatt Hotels Corporation to manage the hotel in all functional areas of the hotel operation. By doing so, PT Plaza Indonesia Realty Tbk. is the owner of Grand Hyatt Jakarta which is managed by Hyatt Hotels Corporation. Ms. Alivia confirmed this by saying:

> *"Basically, we are a management company. So in general we are managed by Hyatt and PT. Plaza Indonesia is the owner. So, Plaza Indonesia pays a management fee to Hyattt and Hyatt operates every activity in Grand Hyatt Jakarta from A to Z. All those business activity including it's tools and standard provided by Hyatt International. On the other hand, Plaza Indonesia only investing and they do not participate in doing business activity"*

In every activity, Grand Hyatt Jakarta is managed by Hyatt Hotels Corporation. Ms. Indria also mentioned:

> *"All of the systems, tools, standard and the general activities are run by Hyattt, not the owners. So the top management or "executive committee" is the people who are directly recruited by Hyatt International. But the middle management like me is recruited locally."*

The top level managers are also known as the "executive committee" are recruited and chosen by Hyatt Hotels Corporation to be placed and rotated in any Hyatt properties based on the needs of the properties. The top managers are placed to manage and maintain the standards of the Hyatt properties.

3. 1 Segmenting, Targeting, and Positioning

3.1.1 Segmenting

Segmenting divides market into smaller groups of people. The market segmentation aimed by Grand Hyatt Jakarta is quiet simple, but not limited. Based on its brand, Grand Hyatt Jakarta specifically selects its main customers into these groups:

- Individual guests
- Business
- Leisure
- Large conference, corporate, and association meetings
- Small executive meetings
- Other (e.g., social catering, wedding catering, etc.)

Based on the observation conducted by the researcher, roughly the customers percentage of Grand Hyatt Jakarta is 70% from other countries outside of Indonesia, 20% from cities in Indonesia but outside of Jakarta, and another 10% from Jakarta itself.

From the interview with Ms. Indria, Director of Sales & Marketing, she stated that the market segment of Grand Hyatt Jakarta is shifting in trends. According to her:

> *"Nowadays the market trend is changing. Back then the people in the managerial level, such as vice presidents and directors, were usually in their forties and most of them were men. For about ten years ago maybe it still tends to be that way. But now the trend has been changing right?. We often see in the name card (generally) the people who are in their thirties already has a position as a Director or Vice president. Even more, there are people in their twenties who could reach the manager level and could be women. So, we don't specifically place target on age or gender."*

Ms. Indria stated that the market trend is shifting now because the businessman who are in charge in the managerial level or the decision-maker used to be older that they are today. About 10 years ago, we still see that the vice president or the managing director of a company is usually in their 40's and usually a male. However, today we see that the younger generations who are in their 20s are already placed in the managerial position and we see a lot of female in the positions. Which is why the target market is not segmented based on the age or gender.

In term of occupation, even though the guests who are staying at Grand Hyatt Jakarta already have a significant title to their name, the market segment is not specifically aimed to a specific occupation. Anyone who has the buying power to purchase the rate of the hotel is considered as the market segment of Grand Hyatt Jakarta. Related to the occupation of the guests, Ms. Indria also added that because of the hotel's location which is very close to offices, the hotel is aware of the opportunity as she mentioned below:

> *"Well, our place is located among the banks, embassies and government offices, so we are targeting our market to the customers who are related to those institutions. For example is financial institution which is because we are pretty close to the Bank Indonesia, Deutsche Bank, BCA Tower, ICBC, and etcetera. And then, also the embassy's employees who are being sent from their host country in order for them to get closer to their office."*

According to Ms. Indria, since the location of the hotel is among the financial institutions and government offices, Grand Hyatt Jakarta also segmented its target to the people who are related to those institutions. For example, the hotel is very close to Bank of Indonesia, Deutsche Bank, BCA Tower, and many others. Also, there are also many people from their host country being sent over to work at the embassy in Jakarta. For doing their work activities, it would be easier if the hotel is close to the office. Therefore, Grand Hyatt Jakarta would be the better choice for them.

3.1.2 Targeting

Based on the market segmentation, the company evaluates the segments to find a potential target market that fits with the brand characteristic which the company decides to serve. The target markets mentioned by the fact-sheet from the informant are all based on the demographic segmentation. Namely:

- Professional, senior executive, financial, consulting, entertainment, fashion and successful entrepreneurs
- Dignitaries and celebrities
- Conferences, corporate and other high rate groups

Grand Hyatt Jakarta is a business hotel and its main target is businessmen who are doing their business activities in Jakarta. The activities may require accommodation, meeting rooms, conference venue, lunch or dinner, entertainment and many others. For those purpose, Grand Hyatt Jakarta provides everything that a business travelers may require to support the activities.

The potential growth for the target market is growing. There are numerous reasons for the growth and of them is the increase of business investments in Jakarta. As stated by Ms. Indria:

> *"Businessman is our main target market and the market is large because the international business keeps expanding in size, especially in Jakarta. Because of the business in Jakarta is growing. Business economy is increasing, investment is growing and it is such a good sign that Jakarta is very promising for business."*

The increase of business investment is a good sign that many international companies are starting to see that Jakarta holds a potential for their business growth. It is also an indicator that the target market for Grand Hyatt Jakarta is potentially increasing as well.

3.1.3 Positioning

Positioning is a way that Grand Hyatt Jakarta wants to be known about. The company stated in its website that based on the brand relative positioning,

> "*Grand Hyatt is a premium brand. It is differentiated from its competitors by its visual image, prestigious status and glamorous style. Grand Hyatt is Hyatt's top large-hotel brand. It is differentiated from Hyatt Regency by its multiple dining outlets and entertainment venues, spectacular public spaces and visible service."*

Based on the interview, regarding the market positioning, Ms. Indria also stated that Grand Hyatt Jakarta wants to be known as:

> *"The best hotel in town with the best service. Those are in terms of occupancy, average room rate, and service standards. We want our hotel to be known for its great services. We are already known for our expensive rate and very high price, and we want to prove that the rate is equal to the service that they get. That is why, the sales and marketing department is working very hard so the customers wants to try the hotel. Because we are sure that once they stay, they will like the service that we provide."*

The market positioning is consistent with the researcher's finding during the interview with some of the guests. According to Mr. Yilmaz, the first thing that comes to his mind on Grand Hyatt Jakarta is C's restaurant which is very elegant and prestigious and meets his standard. Another guest, Ms. Erna, also mentioned that the first things that come to mind about Grand Hyatt Jakarta are prestigious, elegant, and expensive.

3.2 Competitive Advantage

3.2.1 The Generic Strategy

The generic strategy of Michael Porter is the strategy used by a firm to defeat its competitor in an industry. Using the generic strategy in the right manner can create a competitive advantage which will improve the profit of a firm. To implement this strategy as a long-term strategy, the firm must create a strategy which will be hard to imitate by the competitor of the industry.

There are five major competitors for Grand Hyatt Jakarta. The competitors are grouped based on three indicators. The first indicator is the location of the hotel which must also be in Jakarta. The second indicator is the brand must be an international brand. The third indicator is based on the total number of rooms of the hotel which must be on the same level. The Director of Sales & Marketing mentioned the indicators by saying:

> *"First, our hotel competitor must also locate in Jakarta, we do not compete with the five star hotels who are located outside Jakarta. Second, our competitors must be an international brand, we do not compete with Hotel Mulia because it just a local brand. Third, based on the number of rooms, we only compete with the five star hotels that has total of room which is similar. Dharmawangsa and Ritz Carlton Pacific Place have a total of rooms of only a hundred so they couldn't compete with us."*

Based on the mentioned indicators, the competitors of Grand Hyatt Jakarta are:

1. Shangri La
2. Ritz Carlton Kuningan
3. J.W. Marriott
4. Hotel Indonesia Kempinski
5. Mandarin Oriental

The generic strategy used by Grand Hyatt Jakarta in this research is focus-differentiation strategy. By using this strategy, Grand Hyatt Jakarta narrows its target into a very specific segment, which is among the global business and leisure travelers. The segment is narrowed-down because the products and services are especially offered for the needs of the middle to upper-class customers who have a high buying power and high-level of lifestyle. By focusing its target market on a specific segment, Grand Hyatt Jakarta can stress its focus to meet and even exceed the expectation of the target customers. Grand Hyatt Jakarta implements the focus strategy by setting a high rate and price in every products. By doing so, the products and service has a premium quality and exclusively produced to provide the demand of the target market.

3.2.2 Creating Competitive Advantage

In creating differentiation for the products and services for the customers, Grand Hyatt Jakarta applies a continuous innovation to the products and the services and becomes the leading innovator in the industry. Grand Hyatt Jakarta keeps renovating and improving the hotel facilities. The design interior of the room is renewed consequently. The technologies are always updated to the most advanced. The recent one is the addition of an iPad in concierge desk to provide the guests with convenient information regarding the local attraction, restaurants, etc. The other product innovation is the invention of "wedang jahe martini" which is served at Lamoda.

There are several competitive advantage possessed by Grand Hyatt Jakarta. One of the main advantages is the location. The location of Grand Hyatt Jakarta is very strategic because it is located at the center of Jakarta. The location is accessible and it is adjacent to Jakarta's most sophisticated shopping center, Plaza Indonesia. It also has a convenient access to the museums, government offices, cultural attractions, and business districts. However, location must be supported by the brand integrity in order to achieve the competitive advantage.

Another competitive advantage of Grand Hyatt Jakarta is the quality of products and services provided which satisfies the needs of the target market that has a busy life-style. The service of Grand Hyatt Jakarta is standardized by the brand standard of Grand Hyatt in every property. Therefore, the target market will receive and get his/ her needs with the same standards in every Grand Hyatt around the world. The services include the "10-touch of Hyatt". The products provided include the top-twenty of the Rooms Division and the F&B Division. The interview with Ms. Indria also supported this. According to her, Hyatt only delivers the "best service" and will not be satisfied with "good service".

> *"Actually the guest must feel the touch of Hyatt first so then they can make a differentiation. So the guest experience is very important because we only deliver our best service. Not only good, we want best. To create the best service, we can refer back to our vision, mission, and values."*

The other competitive advantage which makes Grand Hyatt Jakarta performs better than its competitors is that Hyatt has a global frequent guest program (loyalty program) called Gold Passport. Hyatt Gold Passport offers benefits and awards which are designed to make the stays at Hyatt more rewarding. Members are welcome to any available standard room when booking a free night award with no blackout dates. Plus, members may experience even more rewarding benefits upon achieving elite status. There are different tiers for Hyatt Gold Passport members. As mentioned on the official website, the tiers are:

- ❖ HYATT GOLD PASSPORT MEMBERSHIP

  Key Benefits:

  - ➢ Five points per eligible dollar spent
  - ➢ Free nights with no blackout dates - you're welcome to any available standard room
  - ➢ Points to miles conversion with over 30 participating Travel Partners

- ❖ PLATINUM MEMBERSHIP (After 5 eligible stays or 15 eligible nights)

Key Benefits:

- 15% point bonus on eligible spend
- Complimentary in-room Internet access
- Guaranteed 72-hour room availability
- Special rewards after every third eligible stay

- DIAMOND MEMBERSHIP (After 25 eligible stays or 50 eligible nights)

Key Benefits:

- 30% point bonus on eligible spend
- Complimentary in-room Internet access
- Guaranteed 48-hour room availability
- Four suite upgrades annually

The Gold Passport is a loyalty program which applies in every Hyatt properties around the world. Therefore, the loyal guests of Hyatt will get the major benefits from the programs. Ms Indria also mentioned that The Gold Passport is one of the competitive advantages of Hyatt. When asked about what are the competitive advantages of Grand Hyatt Jakarta, she said:

> *"We have Gold Passport (loyalty program) which is more interesting than any other membership program owned by our competitor because it has a unique selling point."*

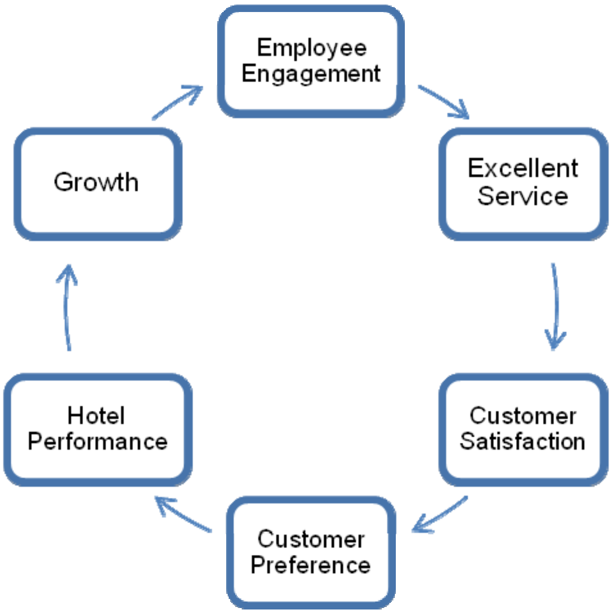
According to Ms Indria, Grand Hyatt Jakarta has a loyalty program which is far more inviting than the competitors. This is because Gold Passport has a unique selling point where every $1 that the guest spends at any Hyatt world-wide, the guest will earn 5 points accumulative. The points earned can be redeemed as free nights or free upgrades to a higher level room. The program offers benefits and awards which makes the guests come back to stay with Hyatt.

3.2.3 Competitive Advantage Implementation

As mentioned by Porter, the *value chain* is a systematic way of examining all the activities a firm performs and how they interact. It scrutinizes each of the activities of the firm (e.g. development, marketing, sales, operations, etc.) as a potential source of advantage. Hyatt Hotels Corporation applies the value chain system in its business as part of the company's strategy for the growth of the company. Similar with Porter's value chain, Value chain of Hyatt made in a systematic way where we can examine the activities performs by the company's operational. Every activity of the chain corresponds to the others.

The value chain of Hyatt starts from Employee Engagement. The employee must be engaged with the job and the company so they can deliver an Excellence Service. An Excellence Service will make the customers happy and create a Customer Satisfaction. From the satisfactory experience, the customer will make the brand as their brand preference. The Customer Preference will keep the customers to keep coming back to the hotel and it will improve the Hotel Performance. The performance will affect the growth of the hotel and the result will be returned to the employee.

Value Chain of Hyatt
(Source: Hyatt Corporation)



1. Employee Engagement
   The engagement of the employee is very important for Hyatt as it is placed on the top of the value-chain. Employee engagement indicates how an employee feels attach and happy to work at Hyatt. How engage an employee is indicated by the survey called Employee Engagement Survey (EES) which must be taken every year. The result of the survey must meet the hotel's minimum standard. If it is below the standard, then there will be some action plans which must be done.

2. Excellent Service
   An excellent service can only be delivered by the employees who are engage to the company. The service given must be sincere and comes from the heart. The service is delivered excellently because the employees are well-trained and understands the product knowledge. Hyatt gives different trainings for the employee in relation to the job description and the trainings are compulsory.

3. Customer Satisfaction
   When an excellent service is delivered to the guest, there is no doubt that the customer will feel satisfied. The customer satisfaction is indicated from the survey given directly to the customers through e-mail. The survey is called

Guest Satisfaction Survey by “Medalia” which is a media for the customers to give comments, complaints, feedback, and compliments.

4. Customer Preference
As the customer feels satisfied, he/she will have a good impression about the hotel. The good experience will make the customer prefer Hyatt to stay on his/her next visit. The customer preference can be analyzed through the Gold Passport programs where the history of the guest can be viewed.

5. Hotel Performance
The performance of the hotel is indicated through the occupancy rate each year and the revenue per available room (REVPAR) among the average level of the similar industries (competitors). The performance can increase if only the customers prefer to come back again to Hyatt.

6. Growth
Growth is what every property is aiming for. The growth of the hotel is the accumulation results from the Employee Engagement Survey (EES), the customer satisfaction survey (Medalia) and the hotel performance. When the result is satisfying, then the employee will get bonus at the end of the year in addition to a high service point (gotten from the 10% service charge) There will also be a “staff-party” where everyone celebrates the good result from the hard-work all year. In addition to all that, the growth also gives pride to the employee for working at the best five-star hotel in Jakarta.

In implementing the competitive advantage, there are also pillars of strength that the hotel must always refer to. The pillars of strength work as a check-list to ensure that all the business activities are well-conducted. The pillars of strength of Hyatt are:

1. Brand Clarity
Ensure we have clearly articulated and well defined brand attributes and supporting service delivery strategies for all Hyatt Brands.
2. Brand Integrity
Consistently and rigorously apply brand product and service delivery standards at every guest touch point to ensure the brand experience is delivered in every guest interaction resulting in Guest Preference.
3. Sustainable Profitability
Ensure long term profitability which will sustain our growth strategy, support our brand integrity and drive Owner Preference.
4. Manpower Development
People are our most important asset and the key to our success. We will strive to attract, develop and retain highly engaged individuals, leading to Employee Preference.

3.2.4 Competitive Advantage Sustainability

Hyatt Hotels Corporation is one of the leading innovators in hotels industry. As stated on its official website, one of Hyatt competitive strength which makes the company able to sustain until today is the "tradition of innovation". The website stated that:

> *"Innovation has been a hallmark of Hyatt since our founding. More than forty years ago, we opened Hyatt Regency Atlanta, which was the first-ever large-scale atrium lobby hotel and effectively changed the course of the lodging industry. We also have a long track record of creative approaches to food and beverage outlets at many of our hotels throughout the world."*

In Grand Hyatt Jakarta, constant innovation is also applied. One of the most recent innovations is a drink called "*Wedang Jahe Martini*" which is an original recipe sold at Lamoda and Burgundy created by the Director of Food & Beverage. This innovation is combining the traditional drink (wedang jahe) with the "upper-class" drink (martini). And the result turned out to be well-accepted by the guests and become one of the "must-try" drink menu at Lamoda and Burgundy.

Improvements with the hotel's facilities also applied constantly. Grand Hyatt Jakarta is always upgrading and renovating the hotel to keep up with the latest trend in architectural design. The most recent renovation began in this year with the investment cost of Rp. 70 billion. The renovation takes place in all guest rooms and is planned to be completed by the end of the year.

To maintain sustainability of the competitive advantage, Grand Hyatt Jakarta implements the mission and the values of the company. As stated, he mission of Hyatt Hotels Corporation is:

> "*Our Mission is to provide authentic hospitality by making a difference in the lives of the people we touch every day, including our associates, guests and owners."*

Authentic hospitality is a sincere service provided by the employee not only to the guests, but also to the owners and the other employees as well. By applying the mission, the employee must apply the values of the company, which is:

> *"We aim to foster a common purpose and culture within the Hyatt family through shared core values of mutual respect, intellectual honesty and integrity, humility, fun, creativity and innovation."*

The values are also elaborated with more detailed descriptions as follows:

- <u>Mutual Respect</u>: listen well, verify, acknowledge
- <u>Intellectual Honesty and Integrity</u>: tell and accept the truth, honor your commitments
- <u>Humility</u>: let action speaks for themselves, recognize the contributions of others.
- <u>Fun</u>: don't take yourself too seriously.
- <u>Creativity and Innovation</u>: challenge conventional wisdom, take action/ risks, evaluate.

By following the company's mission and applying the values, every employee in Grand Hyatt Jakarta must maintain a good relationship with each other internally. Through consistency of the standards of products and service, the company can ensure that the competitive advantage will be sustainable.

4 Concluding Remarks

In accordance to the research findings and analysis, the researcher can conclude several things as the conclusion of this research.

1. Hyatt Hotels Corporation is an international company and conducts its business activities internationally through different methods. For international business activity in Grand Hyatt Jakarta, the company applies *management contract* where Hyatt Hotels Corporation manages Grand Hyatt Jakarta which is owned by PT. Plaza Indonesia Realty Tbk.
2. Hyatt is a well-known company which and has been around for a very long time. The company must continuously adapt with everything that surround it and seek opportunity that comes with it, which includes globalization. Globalization is one of the major force that makes the company grows as it is today. The major drivers that that are leading Hyatt Hotels Corporation for becoming a global company is for the growth, the finding of new markets and profitability.
3. There are four competitive advantage possessed by Grand Hyatt Jakarta which are continuous innovation, strategic location, the best quality of product & service, and The Gold Passport loyalty program that gives many benefits and rewards to the guests with its unique selling point.
4. Grand Hyatt Jakarta applies *differentiation-focus generic strategy* where the company targeted its market on a market segment which has a high buying-power. The hotel also offers the premium quality of products and service which cannot be imitated easily by the competitors.
5. In implementing the competitive advantage, Hyatt Hotels Corporation applies its own version of value chain. The value chain of Hyatt starts from Employee Engagement. The employee must be engaged with the job and the company so they can deliver an Excellence Service. An Excellence Service will make the customers happy and create a Customer Satisfaction. From the satisfactory experience, the customer will make the brand as their brand preference. The Customer Preference will keep the customers to keep coming back to the hotel and it will improve the Hotel Performance. The performance will affect the growth of the hotel and the result will be returned to the employee.
6. To sustain the competitive advantage, Grand Hyatt Jakarta delivers constant innovation, maintains and improves the hotel's facilities, and implements the mission and values of the company.

5 References

Adi, Rianto 2010, *Metodologi Penelitian Sosial dan Hukum*, Granit, Jakarta

Ball, Donald 2002, *International Business: The Challenge of Global Competition 8th Edition*, McGraw-Hill/Irwin, Boston

Berg, Bruce L. 2001, Qualitative *Research Methods For The Social Sciences 4th Edition*, Allyn and Bacon, Boston.

Cooper, Donald R. and Schindler, Pamela S. 2008, *Business Research Methods 10th Edition,* Mc-Graw Hill, New York.

Creswell, John 1994, *Research Design: Qualitative and Quantitative Approaches*, SAGE Publication, Thousand Oaks.

Flick, Uwe 2002, *An Introduction to Qualitative Research*, SAGE Publication, London
Griffin, Ricky W. and Pustay, Michael W., 2005, *International Business: A Managerial Perspective 3rd Edition,* Prentice Hall, New Jersey.
Kotler, Philip 2000, *Marketing Management – The Milllennium Edition*, Prentice Hall, New Jersey.
Kotler, Philip and Keller, Kevin L. 2009, *Marketing Management 13th Edition*, Pearson Education, Upper Saddle River – New Jersey.
Kuncoro, M 2003, *Metode Penelitian untuk Bisnis dan Ekonomi*, Erlangga, Jakarta.
Marvasti, Amir B. 2004, *Qualitative Research in Sociology: an Introduction*, SAGE Publications, London.
Patton, Michael Q. 2002, *Qualitative Research and Evaluation Method*, SAGE Publication, Thousand Oaks.
Porter, Michael 1985, *Competitive Advantage: Creating & Sustaining Superior Performance*, Free Press, New York.
Porter, Michael 1990, *The Competitive Advantage of Nation*, Free Press, New York.
Umar, H 2000, *Business: An Introduction*, PT Gramedia Pustaka Utama, Jakarta
Hegstad, Sven O. and Newport, Ian 1987, *Management Contracts – Main Features and Design Issues, World Bank publication*, Washington, D.C., USA
American Foreign Relation (2012), 'Globalization - Definition and conceptualization', http://www.americanforeignrelations.com/E-N/Globalization-Definition-and-conceptualization.html, Viewed: March 20, 2012
Hyatt Official Websitewww.hyatt.com&www.jakarta.grand.hyatt.com, Viewed: February 25, 2012 – July 20, 2012
Plaza Indonesia Realty Official Websitehttp://www.plazaindonesiarealty.com, Viewed: February 25, 2012 – July 20, 2012
Durham Associates, 'Marketing Lectures' http://www.da-group.co.uk/index.php?option=com_content&view=article&id=30%3Asegmentation-targeting-and-positioning&catid=2%3Amarketing-lectures&Itemid=3, Viewed: July 05, 2012
Cambridge Dictionaries Online, © Cambridge University Press 2003 http://dictionary.cambridge.org, Viewed: April 20, 2012

Creating Change in an Academic Institution through Performance Management (The Miriam College Experience)

Noel C. Racho, Ph.D.[1]

[1] Director for Human Resources and Faculty of the College of Business, Entrepreneurship and Accountancy, Miriam College, the Philippines

Email: nracho@mc.edu.ph

Abstract:

This study was an attempt to articulate the design and the implementation of the new Performance Management System (PMS) of Miriam College as a change initiative in the organization development outcomes targeted in its strategic plan specifically in creating a culture of meritocracy.

It is an action research using program/system design, implementation and evaluation approach. Survey questionnaire, document reviews and focus group discussions were used to gather data. Hanna's Organizational Performance and Organization Development (OD) Cycle models were utilized for this purpose.

The study revealed the following positive views and experiences of the employees with the new performance management system. These are: 1) The system is multifaceted in its purpose, 2) The process involved is continuous during the academic year, with periodic reviews and treated as an on-going event, 3) Employee goals have clear link with the strategic plan and priorities of the school, 4) data from the system is just one component in the school's policy on merit increases, 5) The system emphasizes close cooperation and collaboration between supervisors and subordinates on generating goals, 6) It emphasizes the developmental approach in managing employee performance, 7), and 8) performance management has become the core management tool in creating the culture of meritocracy.

There is no direct and exclusive correlation between the identified OD Outcomes and some measures attained, but there is a good indication that the new PMS is helping the school bring about changes in establishing a culture of meritocracy.

After SY 2005-2006 and onwards, the initial gains of the new PMS have been sustained and the recommendations therein have been implemented as well. Employees continue to see their contributions as aligned with the strategic direction of the school even with the change of leadership in 2010. Employees feel that the school has fairly recognized and meaningfully rewarded their performance.

Keywords: *Performance Management System, Organizational Development, Culture of Meritocracy*

Introduction

Change has been an inevitable part of everyday life in all organizations. Employees in today's organizations face the challenge of coping with difficulties caused by constant change (Iverson 1996). Since the early 1980s, organizations have come under pressure to change constantly, rather than changes only when necessary, because of the combination of forces emanating from inside and outside their environments.

When external environments are constantly changing, organizations need to change if they are to maintain their position in the market, and they have little choice but to respond to these forces; moreover, they may have little time to prepare themselves for change. Internal forces often arise from the need to adapt to maintain their current market position, and also expand to meet the challenge of global and national competition.

Change implies many different things. In its broadest sense, Ford and Ford (1995) define change as a general indication of a difference between two states; others have attempted to define it specifically in relation to organizations. For example, Carnall (1990) defined organizational change by identifying the areas in which changes take place - such as technology, goals and work tasks. Thus many of the changes that take place, for instance innovation, multi-skilling, flexibility, total quality management, continuous improvement and re-engineering are all embraced by Carnall's definition. There are many triggers for change. However, the important point is that organizations need to foresee or recognize signs of these triggers well in advance in order to prepare themselves for change.

Porras and Silvers (1991) describe planned change as an intentional action that has a commitment to producing a specific outcome. Cummings and Huse (1985) identify four broad states of change: exploitation of the need to change, planning for change, tracking action to implement changes and integration of change with other systems in the organization. Proactive organizations simultaneously undertake the first and second phases. However, in the second state (planning) it is also important to understand that change can take place at a number of levels.

Recently, organizations have been faced with challenges like never before. Increasing competition from businesses across the world has meant that all businesses must be much more careful about the choice of strategies to remain competitive. Everyone (and everything) in the organization must be doing what they're supposed to be doing to ensure strategies are implemented effectively.

This situation has put more focus on effectiveness, that systems and processes in the organization be applied in the right way to the right things: to achieve results. All of the results across the organization must continue to be aligned in order to achieve the overall results desired by the organization for it to survive and thrive.

Given this reality, some organizations have turned to Performance Management as their intervention in creating the needed change within their organization.

Performance Management System

Performance management as a strategic and integrated management *process* is a system that impacts on and affects everyone in the business and corporate organization. It helps the organization achieve business results and maintain its desired culture. It aids employees understand how they are contributing to the organization's strategic priorities and goals, what is expected of them, how they are doing as it focuses on the employee's growth and development. And within the context of Human Resources Management it is used to support other Human Resources systems, such as training and development, career development, succession planning, leadership development, selection, staffing, placement, compensation and rewards.

Despite a wealth of research materials on the subject, there is no consensus on one ideal performance management system. However, it has been pointed out that any performance management system should reflect the unique requirements of organizations. To better understand performance management, three perspectives on Performance Management System have been advanced with the objective of putting into context the practice and system of managing individual and organizational performance and linking these two levels of performance. The three perspectives (Williams, 1998) are as follows:

- Performance Management as a system for managing organizational performance
- Performance Management as a system for managing employee performance
- Performance Management as a system for integrating the management of organizational and employee performance

Performance Management on the Organizational Level

Business organizations commonly use performance management as a system for managing organizational performance. This perspective is focused on the determination of the organization's strategy, and the implementation of that strategy through the organization's structure, technology, business systems and procedures, etc. Employees are not the primary focus, although they will be affected by changes in technology, structure, operating systems, etc. (Williams, 1998: 12).

This is normally done by setting corporate policy and resource aims and guidelines, specifying a detailed set of plans, budgets, objectives, targets and standards of performance and regularly and systematically reviewing the performance of all services. (Rogers 1990: 29)

From an organizational perspective as presented by Bredrup (1995), it includes the following activities: (1) performance planning, (2) performance improvement, and (3) performance review. Performance planning includes activities such as formulating the organization's vision and strategy and defining what is meant by performance. Performance improvement takes a process perspective that is, including such activities as business process re-engineering, continuous process improvement, benchmarking, and total quality improvement. In this instance, performance review embraces performance measurement and evaluation.

Employee Performance Management

Business organizations also use performance management as system for managing employee performance. The focus of this perspective is engaging employees on planning their goals, managing their performance, reviewing their progress, and developing themselves. It focuses on measuring the contributions of employees and their behaviors or competencies. In the end, employees who met their targets and demonstrated exemplary behaviors are rewarded.

Schneier et al. (1987) identified the following elements in this perspective: planning, managing, appraising (reviewing, rewarding and developing). Planning involves establishing performance targets, identifying job behaviors, and identifying performance measures. Managing involves monitoring behavior and objectives, reinforcing desired behaviors and objectives attainment and redirecting inappropriate behavior. Appraising involves formal meeting of employee and manager, performance plan document, focus on future and employee's development and provide re-planning and new objective establishment.

Integrated Performance Management System

In this perspective, performance management aligns the organization's strategic direction with individual performance. This type of performance management has been viewed as an effective tool in creating and sustaining a workplace environment where both an organization and its employees succeed in fulfilling business objectives.

In the concrete, it ensures the fulfilment of organizational outcomes and individual goals by linking other systems in support of the overall direction of the organization. Data generated from performance management systems can be utilized for other human resources systems either as basis for program development or evaluation.

Miriam College: Embracing Change Through Time

The History of Miriam College goes back to 1926 when the Archbishop of Manila, then Rev. Michael O'Doherty, requested the sisters of the Maryknoll Congregation in New York to initiate a teacher-training program for women in the Philippines. And so in an old remodelled Augustinian Convent in Malabon, Rizal, the Malabon Normal School was born.

In 1936, the school transferred its site to Isaac Peral Street, and was named Maryknoll Nomal College and new academic programs were developed. A series of transfer ensued, from Figueras to Rein, to Dewey, to Pennsylvania.

Finally in 1952, the school laid down permanent roots in a 20-hectare property in Diliman, Quezon City. By this time, the school's name had been officially changed to Maryknoll College. The school grew rapidly; evolving and developing a wide scheme of academic and non-academic programs and services through the fifties until the late sixties.

It was at this time of Vatican II that Maryknoll Congregation began to evaluate its work, not only in the Philippines but world wide in the light of their original apostolate as mission-order. Seeing the readiness of the Filipino laity to continue the educational mission it had started, the Maryknoll sisters initiated a series of steps that would bring about the transition of ownership and management of the school from their hands to those of the local laity.

The turnover marked a precedent in Catholic education in the Philippines, underscoring the Maryknoll Sisters' faith in the Filipino laity, and manifesting a concrete response to the Church's call for active participation of the local laity in the mission of evangelization. The torch of leadership had been passed, first to Dr. Paz V. Adriano, Maryknoll's first lay president in 1976. In 1978, Dr. Lourdes Quisumbing became the second lay president. She was followed by Dr. Loreta Castro in 1986. School year 1989-1990 commenced with the use of the name Miriam College Foundation, Incorporation in accordance with the agreement between the Maryknoll congregation and the school. In 1999, Dr. Patricia Licuanan was appointed fourth lay president.

The eighties and nineties find Miriam College to be a living, dynamic and progressive institution dedicated to the Christian formation of the youth "for a responsible Christian leadership, involved social conscience, oriented to service to others and love of country".

In 1999, Dr. Patricia B. Licuanan, in the tradition of the school, she concretized her mandate by developing the five year strategic plan (2000-2005) of Miriam College. The plan includes the following seven key result areas:

1. **P**rogram Quality
2. **U**pbeat Effective and Empowered Community
3. **R**esources & Physical Plant
4. **P**artnerships & Linkages
5. **O**rganizational Development
6. **S**ocial Involvement
7. **E**conomic Viability

When Dr. Rosario Lapus took over the leadership of Miriam College in 2010, she laid down a new Five Year Strategic Plan that focused on four Key Result Areas. These are:

1. **P**rogram
2. **P**hysical Plant and Resources
3. **P**eople
4. **P**rocesses

For each KRA, goals were generated, strategies were developed, measures for completion were determined and units/offices responsible for the implementation of each plan were identified. This has become the blueprint of change for Miriam College.

Then and now, organizational development has been and is an important component of Miriam College's strategic direction. The demands on the College to remain viable, and maintain its standards of excellence require a systematic and integrated continuing change initiative. The main goal of organizational development in Miriam College's strategic plan is to develop a performance-based management system that embodies the Vision, Mission and Values of the Institution. With the end goal of achieving a shared culture of openness between the management and employees in the area of communication; and MC demonstrates a shared culture of teamwork and cooperation. These goals are to be accomplished through the creation of systems, processes, and structures supportive of the culture of performance and meritocracy.

Performance Management system has been identified and continue to be a central intervention in institutionalizing the culture of performance and meritocracy and as a critical means in realizing the school's strategic plan.

Identification of the Problem

Miriam College has taken up the challenge of designing and implementing a performance management system that aims to create the necessary change within its system in response to the strategic direction of its organization development initiatives.

Research Questions

This study was an attempt to articulate the design and the implementation the performance management system of Miriam College as a change initiative in the organization development outcomes targeted in its strategic plan. In particular, it aimed to find out indications of what the installation of a new performance management system can bring about relative to the attainment of the identified organization development (OD) outcomes.

In order to find out the initial effects of Performance Management System in creating change particularly in the "way things are done" in Miriam College with respect to evaluating employee performance and its attendant processes, the following questions were raised:

1. What is the design of the new Performance Management System (PMS) of Miriam College?

2. What OD outcomes targeted by MC's strategic plan have been attained by the new Performance Management System?

Scope and Limitation

The study focused on the processes involved in the design of the Performance Management System of Miriam College. A specific step undertaken was discussed consistent with the design elements of the MC's PMS. The technology of the entire performance management process was also covered.

The organizational development outcomes targeted by MC's strategic plan was discussed as well. However, the other Key Result Areas in MC's PURPOSE will not be touched. The determination of the effectiveness of PMS as a change intervention was limited to the perceptions and experiences of the end users of the system through focus group discussions. Thus, it only focused on identifying what OD outcomes have been attained by the PMS. The period for which the study was intended to cover was academic years 2002-2005. The monitoring of the initial gains and recommendations of the study commenced after academic year 2005-2006 and onwards. The monitoring focused on the review of the data generated from the performance reviews.

Research Framework

For the purpose of this case study, both models (Hanna's Organizational Performance Model and Organization Development Cycle) were utilized. Relevant processes from the two models have been modified to fit into the change management initiative of Miriam College with respect to the implementation of a new Performance Management System as an Organization Development Intervention.

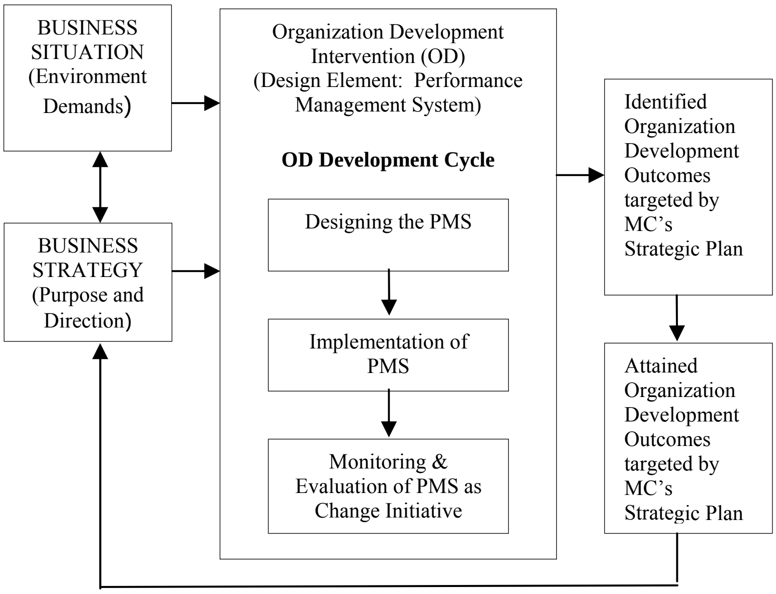


Figure 1: Research Framework

From Hanna's OP model, the three factors, namely: Business Situation, Business Strategy and Design Elements are adopted in the Organization Change Model. As defined in the OP model, the business situation (first factor), comprised of the forces and pressures exerted by the environment which the organization must satisfy.

The second factor is the Business Strategy, or the organization's reason for being. The business strategy defines and articulates the organization's purpose, goals, and underlying values and assumptions. It is the reference point for the organization to determine what's important in the system, how things are done, the critical tasks and what members of the organization need to focus on. The third factor is embodied as the Design Elements. This area is concerned with the organizational tools such as people, processes, policies and systems. These tools are used to execute the business strategy.

It is in the design elements factor of David Hanna's OP model that the OD Development cycle is integrated in the organizational framework of Miriam College's change intervention process. In particular, the OD intervention to be implemented targets the system and process design elements. The implementation of the

Performance Management System is an intervention meant to address the requirements of Miriam College's five-year strategic plan.

The OD outcomes are taken as the final factor in the Organizational Change framework. This involves the identified OD Outcomes by MC's strategic plan and the attained OD Outcomes through the new PMS. A feedback loop is indicated to signify that OD Outcomes not attained through the new PMS is fed back to the first factor of the Organizational Change Model for further review and assessment.

Research Design and Instrument

The study was an action research using program/system designing, implementation and evaluation approach.

Survey questionnaire, document reviews and focus group discussions were used to gather data for the study covering academic years 2002-2005. The initial gains and the implementation of the recommendations as a result of the initial study were monitored after academic year 2005-2006 and up to the present using the results of the performance rating of employees and other data generated from the PMS, anecdotal citations and key informant interviews.

The Research Population

For the assessment of the PMS, the participants in the survey and focus group discussions came from these different units of the Institution, namely: Child Study Center, High School, Grade School, College, and General Administration (it includes Miriam Adult Education (MAE), Graduate Program, Special Centers – Environmental Studies Institute (ESI), Center for Peace Education (CPE), Women and Gender Institute (WAGI), Music Center and Institutional Network for Social Action (INSA)). The participants represent the different sectors of the school, namely: Administrators (ADMIN), Professionals (PR), and Administrative Support Group (ASG).

The population and sample size are indicated in the tables below. All the participants are drawn from the pool of permanent employees of the Institution.

Table 1: Employee Population

UNIT	ADMIN	PR	ASG	TOTAL
Child Study Center	7	1	11	19
Grade School	9	12	22	43
High School	8	5	14	27
College	10	10	27	47
General Administration, Graduate Program (GP), Miriam Adult Education (MAE), Special Centers	26	23	43	92
Total	**60**	**51**	**117**	**228**

Table 2: Research Sample Size

UNIT	ADMIN	PR	ASG	TOTAL
Child Study Center	7	1	7	15
Grade School	9	7	12	28
High School	6	3	10	19
College	5	7	12	24
General Administration, Graduate Program (GP), Miriam Adult Education (MAE), Special Centers	12	12	12	36
Total	**39**	**30**	**53**	**122**

Findings

Research Question #1

The focus group discussions, survey and document reviews revealed the following **assessment by the participants** on the performance appraisal system prior to 2001. These are: 1) The main purpose of the system is for merit increase only, 2) The evaluation is a once a year and one-time event, 3) There is little involvement of subordinates in the process, 4) There is no link between the system and the strategic goals of the school, 5) There is little emphasis on the development of the employee, and 6) Employees generally do not like the process.

The FGDs also revealed the following **positive views and experiences** of the employees with the new performance management system. These are: 1) The system is multifaceted in its purpose, 2) The process involved is continuous during the academic year, with periodic reviews and treated as an on-going event, 3) Employee goals have clear link with the strategic plan and priorities of the school, 4) The data from the system is just one component in the school's policy on merit increase, 5) The system emphasizes close cooperation and collaboration between supervisors and subordinates on generating goals, and, 6) It emphasizes the developmental approach in managing employee performance.

The data generated from the focus group discussions also highlighted the participants **view on the limitations** of the new performance management system on the following areas, namely, 1) the Instrument, 2) Process, and, 3) Multi-rater concept. Throughout the three year period covered by the study, the critical and recurrent concerns on these areas have been noted and appropriate interventions have been implemented. This seems to support the increasing improvement (within the three year period coverage of the study) on the different aspects of the new PMS as revealed through the survey.

The survey revealed that there was a **strong advantage** to using the new PMS since in the four areas evaluated the means did not fall below 2 (agree), except in the first year on Knowledge. This was addressed quickly by the HR team to increase awareness of the new PMS. It might also be good to note that for each item of the survey, there were always respondents who strongly agreed with each statement. As the intervention proceeded from year to year (within the three year period of the study) the scores on the subscales increased. Therefore, according to the survey results, there were significant increases in knowledge, performance planning, performance evaluation and effects.

Table 3: Comparative Matrix of Old PAS and New PMS

Elements	**System of Employee Performance Evaluation**	
	Performance Appraisal System prior to 2001	Performance Management System (2001 up to present)
Framework	Evaluation	Management
Process	One time year-end event	On-going year-long event following the steps of planning, monitoring, review, and evaluation.
Purpose	Purely for merit increase	• Align employee roles with organization direction • Provide feedback on employees' work progress and accomplishments • Provide information for planning training and career development. • Provide a structured basis for decisions on personnel actions (*rewards, promotions, disciplinary action*) • Encourage open communication and a supportive relationship between employees and supervisors
Performance Factors Measured	Personal and professional qualities	Contributions and competencies
Performance Measurement	5-point rating scale *(lowest rating is Poor and highest rating is Outstanding)*	4-point rating scale **Contributions:** *lowest rating No progress reported and highest rating Exceeded Targets* **Competencies:** *lowest rating Not Observed and highest rating Consistently Demonstrates*
Sources of Evaluation	Supervisor	Multi-rater scheme

		(Supervisor, Self, Subordinates, Peers)

Research Question #2

Based on the focus group discussions, the study revealed the initial effects of the new PMS with respect to the attainment of the OD Outcomes. These are:

1) *Feedback* – Employees have noted a more open communication between supervisors and subordinates. They also cited that the new PMS offers more objective source of information about their performance. The HR division of Miriam College has observed the decline in reported cases of conflicts between supervisors and subordinates.

2) *Awareness of Norms* – Employees noted that expectations are clearly articulated in the areas of performance targets and competencies and that alignment of their goals and that of the school is evident.

3) *Increased Interaction and Communication* – Employees claimed that there are more opportunities for discussions on organizational and work processes between supervisors and subordinates as there are more occasions for interface between them provided by the new system. As such a certain regularity of communication between supervisors and subordinates is felt.

4) *Participation* – There is evidence that employees are more participative in institutional activities and programs as HR records show. The nature of participation has also become varied and diversified.

5) *Increased Competencies* - The data generated from the new PMS have been used for personnel movements. Confidence on employees' competence is made evident with them being tapped as resource persons for internal training activities. The pursuit for higher learning through formal education and enrolment in short professional courses may be ascribed to the competency on Self-development as defined in the new system.

6) *Increased Accountability* – Clear accountabilities are identified and followed within the new PMS. Employees are encouraged to monitor their own performance plans and thus increasing their sense of ownership of their goals.

7) *Increased Energy and Optimism* – There was hardly any direct indicator as to this particular OD Outcome identified by the participants.

Recommendations

While the new Performance Management System of Miriam College shows a lot of promise according to the findings, there are still things that need to be addressed. In this light, the following are recommended by the researcher:

A. *Continuous Assessment of the new system for effectiveness and relevance*

Develop a system where spot quality audits of performance plan and reviews, questions on employee satisfaction surveys and exit interviews, and linking system effectiveness to key institutional results as measurement techniques.

B. *Strict monitoring of the implementation of the system*

Set up a mechanism to ensure that performance plans, interim reviews and final evaluations are completed on time and phases of the performance management system are thoroughly followed.

C. *Continuing education of the users of the system*

Skills development in the form of training for both rater and ratee should be regularly conducted. Both need to know their responsibilities in the process; how to create measurable objectives and observable competencies; how to track performance; how to seek, give, and receive feedback; how to evaluate performance; and how to conduct effective performance discussion.

D. *Alignment of the system with other Human Resources Management System*

Determine how other systems will support the performance management system and how data from it will be used to support other HR systems, such as training and development, succession planning, selection and promotion, rewards and recognition and compensation

Monitoring After Academic year 2005-2006

On the Recommendations of the Study

It is worthwhile to know how the school has responded to the recommendations proposed by the study.

1. *Continuous assessment of the new system for effectiveness and relevance and strict monitoring of the implementation of the system*

To ensure alignment of performance plans and the strategic direction of the school, the institutional planning process to allow cascading of the plan to the unit and departmental levels. The planning process has been structured in this manner:

Strategic Planning (*March*)
↓
Unit/Departmental Action Planning (*April*)
↓
Performance Planning (*May*)

Quarterly reports on the status of action plans are submitted to the Planning and Development Office alongside with the monitoring of employee performance based on the individual performance document. This planning mechanism has ensured alignment and relevance of employee performance plans. It has also become an effective means of ensuring realization of the strategic plan. Results of the performance review are submitted to the Human Resources Division for consolidation, and analysis. When ratings are lopsided, the HRD returns the collated reports to the academic units and offices for further calibration.

Informal surveys on life and work satisfaction of employees are conducted by the Integrated Lifestyle and Wellness Center (ILAW) of the school. Exit interviews of resigning and retiring have been institutionalized in 2006. Retiring employees have cited the felt change in terms of the work climate. They have noted that seniority and tenure have ceased to be the norm. Instead, performance and merit have been the standard for measuring and rewarding employee productivity. One retiree remarked, “Employees seem to be more hardworking and focused on accomplishing their tasks. Although, I still hear some employees who have been with the institution for the longest time complain about being disadvantaged by the shift from tenure to performance as the norm for employee success.”

To ensure proper monitoring of plans, reviews and evaluation, a system of next level review has been institutionalized. The next level review (done by the immediate higher level supervisor) has been an effective mechanism to calibrate plans and results of the performance review. One supervisor commended the process by saying, “my immediate supervisor makes sure that the steps in the performance management system are followed to the letter especially where discussions are mandated by the process." Another supervisor remarked, "I can see how performance reviews conducted by my immediate supervisor to ensure that there is fairness and objectivity in the performance management process." However, I hear that in some offices this step is not being followed." To answer this observation, a tighter monitoring will be done by HRD to ascertain complete compliance by all offices concerned. The online version of the PMS has been completed last 2011 and road show presentations on the use of the online system has been underway beginning June, 2012. This development is expected to strengthen the monitoring of the performance management processes.

2. Continuing education of the users of the system

New employees go through a two-day workshop on the use of the performance management system. This learning structure was institutionalized in academic year 2006-2007. Beginning academic year 2007-2008, modules on crafting plans and identifying measures of performance goals and on the use of the four point rating scale were revised as stand-alone training program which are conducted on a one day and half day sessions respectively. A one day learning session on giving feedback was also developed for the purpose of ensuring increased knowledge and familiarity with the system. The same modules are conducted annually as refresher course for those who may want to relearn the system or to simply update themselves. One supervisor remarked, "The annual provision for training on the PMS has helped me developed my skills in giving feedback and conducting appraisals." Another employee cited the value of attending the sessions in "increasing my knowledge and understanding the system in terms of ensuring fairness and objectivity."

3. Alignment of the system with other Human Resources Management System

The performance management system has become the central human resource management system in that all other HR functional areas have been linked strategically to the data generated from the PMS. In academic year 2006-2007, the set of core, functional and leadership competencies as articulated in the PMS have been used as criteria in hiring new employees. The consistency in the use of the criteria has resulted in higher confidence in deciding whom to hire and higher retention rate. The school's recruitment officer noted the high performance rating of new hires who were subjected to an assessment using the set of competencies identified in the performance management system.

Training and development programs have become more relevant and meaningful since the design and content of the modules are based on the needs of employees as identified during performance discussions. The end of the training program evaluation results feed into this observation. Participants in the training programs find themselves more confident in "performing better since my needs have been properly addressed by the learning sessions conducted by the human resources division."

Results of the PMS have been used as bases for making personnel decisions. One employee shared her thoughts on how the system allowed her to be enriched. "I have been with the institution for the last fifteen years, and for the first time since the implementation of the new PMS I was promoted due to my good showing in accomplishing my performance plans. It renewed my faith in the school that there is always something to look forward in my career." On another front, a supervisor observed that "employee discipline has become more manageable because employee performance (especially when inadequate) is properly documented and there is an objective basis for citing lapses when talking to a problem employee." As a matter of policy, when employees get a rating of 2 for two consecutive academic years, they may be terminated.

Performance pay has been tied with the PMS result. As far as rewarding employees for their outstanding performance is concerned, their PMS rating has become the basis for the one-time lump sum payment of performance bonus. An employee concluded, "there is much to be said about how the new PMS has established a more acceptable and reasonable basis for rewarding employees. There is no doubt in my mind that the system will further make employees feel that they are truly valued by the school." An interesting twist happened in 2007, when the Union for Non-Academic Personnel (UNAP) negotiated for the inclusion of PMS in the Collective Bargaining Agreement (CBA). In a surprising move, the Union agreed to minimize across the board increases and instead focus on giving performance pay as practiced by the school with other employee groups within the institution.

While attempts have been made to use the data generated from the PMS as input for leader succession, the school has yet to systematically and deliberately set-up a comprehensive support structure for the alignment of the PMS and leader development program.

On Sustaining the Gains

The initial effects (as revealed by the study) of the new PMS with respect to the attainment of the OD Outcomes were generally positive. It might be good to know if these gains have been sustained since 2005.

Feedback – Employees continue to notice the improving relationship they have with their supervisors. They attribute this to the mandated discussions espoused in the PMS process. The frequent feedback from their supervisors regarding their performance has generated a lot of goodwill and therefore a more open and trusting working relationship has increasingly been felt. An employee averred, "the constant feedback I receive from my supervisor has really guided me in doing my job better and has brought me closer to my supervisor." Another employee remarked, "it is interesting how the PMS has facilitated a more positive spin to my relationship with my supervisor."

The reported cases of conflicts between supervisors and their subordinates are constantly decreasing. An employee lends support to this report. “The PMS has become a venue for clarifying confusions and eliminating misunderstandings. I can see how the PMS has resolved conflicts in the workplace.” It is noteworthy to say that subordinates and supervisors agree that the PMS has paved the way for a more open and mutually beneficial relationship.

Awareness of Norms – At the beginning of a calendar year, all unit heads (*to refer to supervisor, manager, and administrator*) meet individually with their staff and agree on the employee’s Performance Plan for the one-year period. The Plan includes specific targets that define the employee’s contribution to Miriam College’s Strategic Plan. The Performance Plan clearly defines what is expected of the employee in terms of Contributions (outputs and achievements) and Desired Competencies (knowledge, skills and attitudes). For documentation, the Performance Management System Forms are used.

Through the years, employee goals have included the following:

Job-defined Goals: Specific contributions expected of the individual in the performance of his/her role or position. These come in the form of continuing or on-going targets. (e.g., Training Programs that are delivered by the training specialist; or reports prepared by the Accounting clerk)

Special Projects: One-time deliverables as a result of one’s involvement in special events or projects, task forces or committees. (e.g., installation of new system)

Improvement Targets: Clearly defined positive changes or innovations which are intended to give the employee a “leap forward” over his present performance. (e.g., improvement in turn-around-time for reports or information)

Employees at different occasions have expressed their satisfaction with the PMS as the system has given them the opportunity to excel in their field and made some concrete and specific contributions to the school’s strategic plan. There is no better testament to this insight than the remark made by one employee, “I can see where my value as member of the school community counts and feel my value to the institution.”

Increased Interaction and Communication – Subordinates and supervisors mutually observed the benefit of having mandated discussions as part of the whole performance management process in that they are afforded continuing opportunities to talk about work and at times personal matters. The work environment has led to a more productive working relationship between supervisors and subordinates. As a fitting testimonial, an employee’s shared, "I am now more relaxed and can freely interact with my supervisor than before. It is my opinion that the PMS has indeed made this situation possible.”

Participation – There has been an increased and sustained participation and interest in unit and institutional activities. While this continuing change in behavior is not exclusively attributable to the installation of the PMS, employees have cited the competency on “commitment to the school’s vision and mission” as a motivation for greater visibility in school programs and participation in the school’s advocacies.

Increased Competencies - The change in the behavior of employees towards continuing education (either formal or informal) is driven by the competency on “self-development” as the prime reason for the varied engagements (whether professional or personal) employees have found themselves involved in. There have been steady personnel movements either as promotions or transfers as a result of increased performance level. The different employee groups’ average performance ratings for a 5-year period (2007-2012) show above average performance standard in a 4-point rating scale. The different employee groups include Administrators (ADM), Administrative Support Staff (ASG), and Professionals (PROF). This is shown in the figure below.

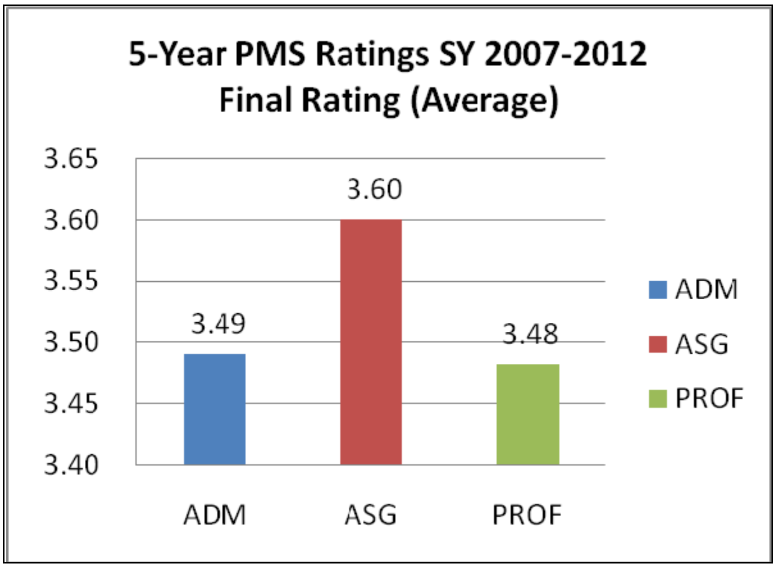


Figure 2: 5-Year PMS Ratings SY 2007-2012 Final Rating (Average)

Increased Accountability – A remarkable change in the behavior of employees is their higher sense of ownership with their performance targets and the attendant monitoring thereof. The process of mutual agreement on performance plans and agreed measures during the performance planning stage has advanced the mindset that greater responsibility is given to employees towards plan completion. Employees have created their own monitoring scheme from constant discussions with their supervisors to “putting my plan document inside my drawer and look at it from time to time.”

For supervisors, they have embraced their responsibility to gather information about the work activities of their subordinates, periodically checking on progress and quality of output, among others. They have also analyzed the work environment, paying attention to what may help or hinder the employee’s performance and how they may be more supportive.

The following monitoring practices have been undertaken by supervisors:

- Observing work operations (visiting facilities, walking around the office or premises, watching employees perform a task)
- Reading written reports (performance summaries, progress reports, etc.)
- Reviewing progress of assignments (updates or progress review meetings, one-on-one feedback)
- Inspecting quality of work sample
- Surveying clients or customers to assess their satisfaction
- Holding critique or debriefing meetings after an activity or project to determine what went well and what needs to be improved.

Increased Energy and Optimism – While there are many factors to consider in determining the main reason for employees' energy surge and optimism, there are now direct mention of the PMS as a factor in the change. Employees seem to have developed a more proactive and anticipatory disposition towards the completion of their performance plans. Employees collectively "look forward to the next performance management cycle where they can plan and see milestones in the completion of their plans." An employee went further to say, "there is always something to see ahead as performance is rewarded and recognized by the institution." Another employee remarked "I am excited to see what I can do next school year."

Employees anticipate discussions and documentation of their training and development needs as a result of the PMS. They cited that during the performance discussion session, the supervisor and employee jointly assess strengths and weaknesses, the competency-related performance gaps, and identify programs or opportunities to address these gaps. In addition to the shorter-term training and development plans, the discussion also focuses on medium term desired career tracks and options.

Conclusions

Based on the findings of the study it can be concluded that the performance appraisal system of Miriam College prior to academic year 2001 has ceased to be relevant in so far as the strategic direction of the school and the articulated expectations of employees about performance management are concerned.

This could be attributed to the systemic problems inherent in the system as evidenced by rater errors/biases and the lack of balance between development and appraisal. Likewise, as cited in the focus group discussions, the system was simply a tool for evaluating performance not for managing employee performance. According to the participants of the FGDs, this was made evident by the absence of a collaborative process that would enable the supervisor and subordinate to plan together and a mechanism that would help the supervisor monitor employee performance. As a consequence, there was infrequent communication and lack of employee input in the process.

Participants also cited insufficient training for supervisors on how to coach and give feedback, and the failure to tie performance expectations to strategic goals of school as weaknesses of the performance appraisal system.

The new Performance Management System of Miriam College reflects some key success factors in the design and implementation of effective performance management systems. These elements (as cited by the participants in this study) are: 1) Alignment of Employee Goals with Overall Institutional Strategy of the school – Performance goals of employees are based on the strategic goals as reflected in the 2000-2005 Strategic Plan of the school, 2) Effective Feedback and Coaching – Employees received feedback on their actual performance and guidance from their supervisors. These are mandated processes in the new PMS, 3) Provision for Institution-Wide Training - Training in performance administration to all levels of employees to ensure that all participants understand their roles within the system was undertaken. Likewise, training in similar areas for subordinate employees is also essential as well as education concerning effective methods for receiving constructive criticisms, providing upward feedback and setting appropriate developmental goals were implemented, 4) Formulation of an Effective Evaluation Form – The evaluation tool conveyed written feedback and development needs and actual performance assessment, 5) Utilization of Multi-Rater Feedback. Obtaining feedback from multiple sources provided objective information on employee performance, and, 6) Measuring Competencies - The system allowed for a comprehensive evaluation of the employees performance both for what s/he did (contributions) and how s/he did it (competencies).

It would seem that the new PMS has caused changes in the behaviors of employees (whether as a supervisor or subordinate) from the time the system was implemented until today. But there is a need to further study how behavioral change in employees translate to the organizational level towards strengthening the culture of performance and meritocracy

References

Books

Armstrong, M. and Baron, A. (2004) Managing performance: performance management in action. London: Chartered Institute of Personnel and Development.

Bredrup, H. (1995) Competitiveness and competitive advantage. In A. Rolstadas (ed.) Performance Management: A Business Process Benchmarking Approach. London: Chapman and Hall.

Carnall, C.A. (1990). Managing Change in Organizations, Hemel Hempstead: Prentice Hall.

Coens, T., and Jenkins, M. (2002). Abolishing Performance Appraisals: Why they backfire and What to do instead. Berrett-Koehler Publishers, Inc.: San Francisco.

Hanna, David, (1991), Designing Organizations for High Performance, Addison-Wesley Publishing Company, Inc..

Kaplan R.S. and Norton D.P. (1996) Translating Strategy into Action. HBS Press, USA.

_________________________ (1996) The Balanced Scorecard, Harvard Business School Press.

Lawler, E. (1981). Pay and organizational development. Reading, MA: Addison-Wesley.
Locke, E., & Latham, G. (1990). A theory of goal setting and task performance.
Porter, M. (1985). Competitive Advantage: Creating and Sustaining Superior Performance. New York: Free Press
Rogers, R.W. (2005). Realizing the Promise of Performance Management. DDI Press: Pennsylvania.
Rothwell, Sullivan and McLean,(1995) Gary. Practicing OD: A Guide for Consultants. San Diego: Pfeiffer and Company.
Williams. Richard, S. (1998) Performance Management: Perspectives on Employee Performance. Boston: International Thomson Business Press.

Collections, Manual, Periodicals and Journals

Brown, B.A. (1985, Spring). Performance appraisals: how to make them work. Employment Relations Today, pp.39-42.
Corporate Leadership Council. Literature Review (October, 1998) Sucessful Peformance Management Principle, p.5-9.
Iversion, R.D. (1996). Employee acceptance of organizational change: the role of organizational commitment, The International Journal of Human Resources Management, 7(1); 122-49.
London, M., & Beatty, R.W. (1993, Summer/Fall). 360-degree feedback as a competitive advantage. Human Resource Management, pp. 353-372.
Porras, J. and R. Silvers (1991). Organization Development and Transformation, Annual Review of Psychology 42;51-78.
Schneier, C.E., Beatty, R.W. and Baird, L.S. (eds) (1987) How to Construct a successful performance appraisal system. Training and Development Journal, April.
Wright, P. M. (1994, May-June). Goal setting and monetary incentives: motivational tools that can work too well. Compensation & Benefits Review, pp. 41-48.

Online Reference

Organizational Systems International. (2002). Performance Management Research Report: Literature Review & Best Practices. San Diego California: OSI. Available at http://www.orgsysinc.com.

Human Resource Characteristics which are needed in Facing and Managing Change: the Mosaic of *Knowledge, Skills, Ability, and Other* (*KSAO)*

Dorien Kartikawangi[1] and Yohanes Temaluru[1]

[1]Faculty of Business Administration and Communication Sciences,
Atma Jaya Catholic University, Jakarta,
Indonesia

Email: dorien.kartika@atmajaya.ac.id and yohanes.temaluru@atmajaya.ac.id

Abstract:

Global competition and the constant change of environment bring about some consequences to company in facing it. One of these consequences is the readiness of the human resource. Human resource play significant role in the company to drive other resources. Therefore, companies become more selective in recruitment in order to get the right person. Recruitment process is understood as the first communication between company and future employee. The aim of this research is to find basic characteristic of the employee which needed by company based on Knowledge, Skill, Ability and Other Characteristic (KSAOs) in the recruitment process. Method used in this research is triangulation with quantitative dominant. Data gathered through questionnaire and interviews. Finding suggests that company need employee with these four characteristics. Knowledge and Skills are about how deep the person mastering theory as well as its implementation. Ability and Others are about personality of the person. As conclusion, the map of these four characteristic figures out that personalities become more important nowadays and the mosaic of KSAOs are characteristics needed in facing, as well as managing change.

Keywords: human resource, KSAOs, organizational communication

Introduction

Along with the change of global situation significantly due to economic, social and political factors, business world also experiences change in the framework of anticipating it. Dynamic adjustment is needed considering the tight competition that must be faced. Competition involving various sources in global scale, inevitable information technology mastering, and various business aspects, require special attention.

Company effectiveness holds an important role in facing competitive challenge. Such effectiveness is affected by various source factors such as capital, machinery, material, methods and human. Out of all such resource factors, human resource (HR) is the main and important factor since HR drives various other resources. Hence situational change that directly or indirectly takes place obliges companies of various scales to pay more attention to and prepare more of their human resources.

Sweeney and Twomey conducted a reserach on*"Employer's Ranking of Graduate and Skills"* (1997) in American and European companies. Their research views the level of companies need for *hard skills* (academic skill) and *soft skills (personality)* of their employee nominees. Such research is adopted by Offshore Fund Utilization Plan Coordination Team for Education and Training (Timkorrenda Diklat).

Timkorrenda Diklat adopts it for the research of employee needs in companies in Indonesia which are members of the *Cooperative Education Program* in 1998.
The second output of such research is only slightly different. In principle, companies do not only focus on *hard skills*, but also demand employees to have balance *hard skills* and *soft skills*. The difference of the second research lays on *soft skills* priorities needed as seen on table 1.

Such research is deepened through a joint research of Faculty of Business Admnistration (now Faculty of Business Administration and Communication Sciences) and Student, Alumni and Career Bureau (BKAK) in 2002 by exploring more of *Knowledge, Skills, Ability, Others (KSAOs)* which are based on selection theory by Spector (1996). Research output shows that fundamental needs in accordance with *KSAOs* must be owned by HR for various types of company. However mapping output shows that company need is strengthened by Ability and Other (personality) characteristics aspects. Such research which combines quantitative and qualitative data have output that supports each other. Hence such output affirms that HR which is needed does not only need to have intellectual ability but also practical ability and specifically supporting personality.

Table 1.
Comparison of *soft skills* needed in
Sweeney&Twomey and Timkorrenda research

(Source: Timkorrenda, 1998)

NO.	SWEENEY & TWOMEY	TIMKORENDA	
		SERVICE	MANUFACTURE
01.	Interpersonal Skill	Intelligence/creativity	Communicating skill
02.	Flexibility	Interpersonal ability	Maturity
03.	Communicating skill	Inisiative	Learning and applying new technologies skill
04.	Learning and applying new technologies skill	Working in a team skill	Flexibility
05.	Working in a team skill	Confidence	Working in a team skill
06.	Confidence	Communicating skill	Discipline
07.	Computer skill	Discipline	Inisiative
08.	Inisiative	Maturity	Leadership
09.	Intelligence/creativity	Learning and applying new technologies skill	Intelligence /creativity
10.	Discipline	Problem solving skill	Confidence
11.	Interest in work	Negotiating skill	Problem solving skill
12.	Commitment to company	Commitment to company	Commitment to company
13.	Problem solving skill	Interest in work	Interest in work
14.	Ambition	Leadership	Ambition
15.	Negotiating skill	Ambition	Negotiating skill
16.	Leadership	Presentation skill	Commuting skill
17.	Maturity	Experience	Foreign language skill
18.	Presentation skill	Computer skill	Experience
19.	Experience	Foreign Language Skill	Interpersonal skill
20.	Foreign language skill	Flexibility	Presentation skill

After ten years, this research had been conducted generally to discover human resources characteristics needed by the company, especially in facing competition in the continuing global change environment.

Aplication research which stands on this theory is expected to provide scientific explanation on company need regarding human resources in globalization era. In addition, with this research output practical benefit may be obtained by the utilization of this research output as scientific reference in developing education in learning process in order to obtain output that is able to meet company need, particularly in preparing leaders who are competent in facing the challenge of change.

Theorical Framework

This research uses HR strategic management as theoretical framework. HR strategic management is a system comprises several acitivites that are interrelated. Such activities do not emerge separately, instead each matter emerging affects other HR activities (Davis, 2006). Such interrelating activities are reflected on the aim of human resources management objectives which unite management objectives. Such objectives include: (1) *organizational objective*, assisting managers in achieving company objectives by providing contribution on human resources issues; (2) *functional objective,* maintaining contribution on the proper level of organizational needs; (3) *societal objective*, providing ethical responses to the needs and challenges present in the community to minimize company negative impact; and (4) *personal objective*, assisting employees in achieving personal objectives through their contribution to organization. In more detail, human resources management is as shown in the following chart:

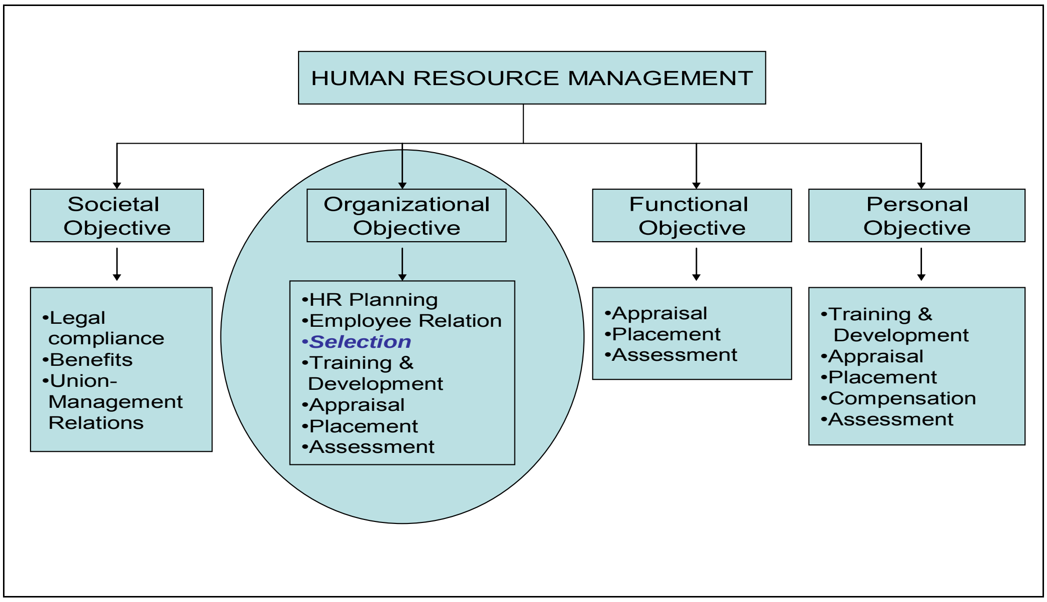


Chart 1. Human Resources Management
Source: Werther & Davis, 2006

Human resources management in an organization is a complex and comprehensive activity. From such entire management this research focuses on *organizational objective* particularly *selection*. Selection has very important role and fucntion to obtain the proper employee nominees. It is through this scientific selection stage that management predicts which employee nominees are suitable with organizational culture and meet company requirements. If in the selection a stage company obtains the proper candidate, it is expected that such nominee survives, contributes in company development and sustainability, as well as has a career and growth along with company development.

Selection process, by Werther and Davis (2006) is defined as *"a series of specific steps used to decide which recruits should be hired."* Meanwhile, Spector (2008) divides this process into four stages, namely: 1) *planning*, new employees planning ; 2) *recruitment*, proper applicants procurement for available posts; 3) *selection*, decision process on who will be selected; 4) *hiring*, obtaining selected applicants to be hired.

Further it is explained that there are two important elements that must be taken into account in selecting employees. First, *criterion* which is the definition of employees with good *job performance*. Criterion is an important element since eventhough organization expects to obtain the best candidates from the existing applicants, it does not seem to be easy. This is caused by the highly various *good job performance* itself. Second, *predictor,* all matters related to criterion. One of prediction techniques often used by company is personal characteristics which are relevant with the existing jobs by measuring *Knowledge, Skill, Ability, and Other characteristisc (KSAOs).* In other words, *KSAOs* as basic characteristics of employee nominees used as predictor on criterion in which *knowledge* is what the person knows , *skills* are what the employee nominees know on how to do the work *(what the person knows how to do)*, *ability* is the capacity or potential of employee nominees to do or learn something *(a person's capacity or potensial to do or to learn something),* whereas *other* is all matters relevant to the work and not included in the three other criteria *(including anything relevant to the job that is not covered).*

Based ont such theoretical framework this research is intended to explore human resources characteristics required by companies among the challenges of globalization era with frame of thought chart as follows:

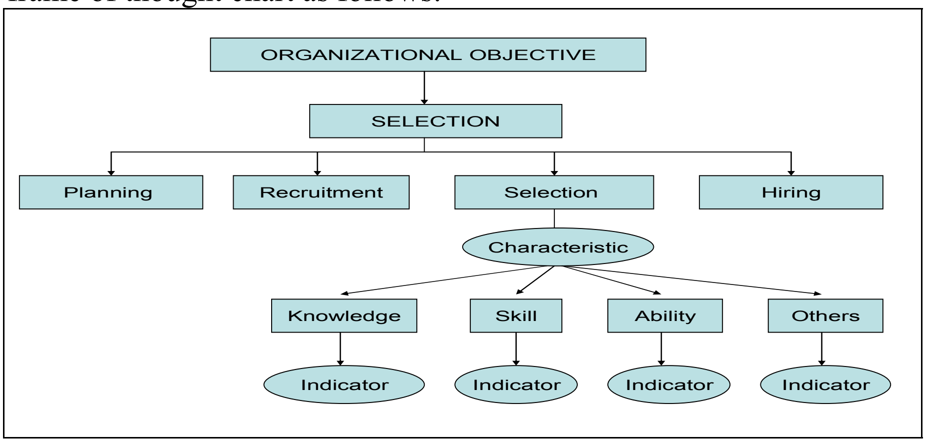


Chart 2. Framework

Research Method

The objects of this research are human resources characteristics required by companies in globalization era. Meanwhile the research subject is Director or HR manager of company which has cooperation with Faculty of Business Administration Science and Communication Sciences and Student, Alumni and Career Bureau (BKAK) of Unika Atma Jaya in conducting new employee recruitment. Data is obtained through questionnaire and interviews. Out of 500 questionnaires sent, as many as 98 questionnaires returned are worth processing. Meanwhile interviews are conducted in five companies that open themselves for further information extraction. Measurement of instrument validity is using the used validity. Meanwhile qualitative data uses triangulation, which is conducting confirmation on quantitative and quantitative data, as well as confirming research output to the sources through discussions *(gathering).* Quantitative data is processed with SPSS 11.0 version program and analyzed based on the theory that has been stipulated as framework. Meanwhile qualitative data is processed and analyzed based on interpretation continuum.

4. Findings and Discussion

In facing global change, various industries are expected to move fast in adapting such change's demands. One of key factors is HR. A good HR management determines the success of an industry in answering such various challenges.

HR management must be started from recruitment process, since it will determine the success of such HR role in achieving company objectives. There are many factors that determine the success of an industry, however it is realized that HR role determines such success process entirely. Without a reliable HR, all other production factors will not perform optimally.

4.1. General Characteristics

Overall, these research respondents comprise National Private Companies (79.5%), Foreign Investment Companies (10.2%), and Multinational Companies (8%). Business types are categorized into businesses of Service (48.9%) and Product (51.1%). Based on the year of company establishment, these respondents profile is divided into two groups, groups that were established before 1990 (between 1946 – 1990) in the amount of 39.8%, and after 1990 (1991-2008) in the amount of 60.2%. Based on number of employees, this profile intends to show number of employees at the time of establishment between 2-500 people, and the number of employees at the present is between 4 – 29.000 people. In relation to company needs, based on employee gender, it is obtained the illustration of similar needs between male (95.5%) and female (97.7%).

Interview result shows that type of work affects employees' gender. For field work and work related to technical matters, only male employees are needed. Meanwhile for administative and office work more female employees are needed.

Based on age, research output shows that the most needed age group is between 21 – 30 years old (94.3%), followed by age group of between 31-40 years old (59.1%), the amount for those aged more than 40 years old and less than 20 years old are 25% and 23.9% respectively. This result shows that company tends to prefer employee nominees with productive age compared to employees who are too young or too old.

Interview result supports respondents' statements. Several reasons related to the age of 21-30 conveyed that such ages are productive age and they are expected to be more creative, have high learning interest. In addition, the age of 21 is fresh *graduate* which is stated as easier to form (in accordance to company culture) compared to those who have worked in other places before.

Based on marital status, in average companies prefer single employees (92%) compared to married employees (54.5%). The reasons conveyed in the interview are that it is easier to manage single employees since the financial “burden” borne by companies is not as large as compared to dependends for married employees. Not to mention the domestic matters that may affect work, such as family member illness that consumes employees time to take care of such ill family member.

Research output shows that gender does not seem to be too obvious, however marital status of female is a separate consideration related to logical consequences on female employees. Nevertheless, there are companies that require and accomodate female employees who are married since they have competence.

Concerning educational level, an explanation is obtained that at the time of establishment of a company there were many high school graduates, however, along with the company development and competition demand, university graduates became priority. Meanwhile there are several postgraduates who already held postgraduate degrees when they were hired or those who continued their studies after working for several years.

4.2. The Mosaic of KSAO

The tendency of business world in recruiting their employee nominees nowadays, in addition to taking into account *knowledge*, *skills* and *ability* factors , they also take into account *other characteristics* factor which emphasizes more on *soft siklls* or characteristic aspect. With good characteristics, an employee will be able to contribute his/her best for the company. With regard to employee characteristic required based on *KSAO’s*, research output shows that there has been a value shift that points at characteristics and behaviours of employee nominees. The main value shift appears from interview result is that present generation prefers ‘instant’ process, non heavy work and high salary. Often times employee nominees do not understand the position they apply, they do not even know the company they apply.

The above description shows that *fresh graduate* as work applicants do not have enough mental readiness to work and they do not prepare themselves enough to enter working world that has demands which are different from student world. When competition for undergraduates is tighter, more than a college degree is required, the willingness to start from the beginning as an employee is also required and to learn more to have a career. The following is research and discussion output focused on characteristics based on *Knowledge, Skills, Ability* and *Other*.

4.2.1. *Knowledge*

For *Knowledge* category, almost all criteria are highly needed or simply needed. Those criteria are (1) educational background of the nominees suitable with the applied job 94.4%; (2) nominees having GPA of ≥ 2.75, 93.2%; (3) Knowledge on the company 79.5% (4) knowledge of employee nominees on job field applied 97.7%; (5) nominees having relevant knowledge and work experience on the applied job 97.8%; (6) nominees having irrelevant experience with the applied job 26.1%; and (7) nominees knowledge on organizational procedures 83%. From this data it can be concluded that only nominees with irrelevant experience with the job that are not or not really needed by companies. On *Knowledge* aspect, relevant experience, knowledge on the job, education suitable with the job, and rather high GPA (> 2.75) are the requirements of recruiting employee nominees for companies. Nevertheless discussion output shows that GPA is stated as a relative matter since it is highly depending on the issuing universities. Therefore university reputation is also a reference for companies when recruiting.

In addition, interview result shows that for service marketing job field, employee nominees training may be from various majors such as security or motor vehicle products. Meanwhile for marketers for certain products or services that require special skill or comprehension, employee nominees must graduate from the related field. For example for products such as room cooler construction, energy power, marketing staff or salesperson, nominees graduated from electro or machinery technical faculties are needed.

Knowledge on the company and field of work is important related to employee nominees motivation. An explanation is obtained that applicants often forget that they applied to such company, do not know what field such company is engaged in, and applicants also are not familiar with the job type they applied. Such information is usually extracted when recruitment process reaches interview stage.

4.2.2. Skills

For *Skills* category, almost all criteria are needed. Such criterias are (1)employee nominees on foreign language (94.4%). The interesting matter is that majority of respondents answered English language is highly needed (81.8%) and also Mandarin language (47.7%). Meanwhile Japanese, France and German languages are only needed by small parts.

This matter supports interview results that English language must be mastered, at least pasively, considering matters related to computers, manuals, and work information are in English in average. Meanwhile Mandarin is mainly for communicating with clients (individuals/companies) who really speak Mandarin. This result is in line with business world tendency which is engaged in global scale, in which business partnership interaction includes partnerships from different culture and language.

(2) Computer skill is highly needed (97.7%). This is acceptable considering information and technology era at this time has become a necessity; (3) employee nominees skill in operating work supporting equipment, such as fax and photocopier machines is also needed (78.4%); (4) skillful in operating equipment related with work field (95.4%); (5) the skill to solve problems related with work equipment and technology (92%); (6) the skill to deliver presentation (96.6%); and (7) the skill to speak in public (95.5%).

Presentation and public speaking skills are mainly needed by *marketing* and *customer service* work field to relate with clients, or employees on managerial position that must teach in employee trainings.

4.2.3. Ability

For *Ability* category, all criteria are highly needed or simply needed. Even for skills in developing interpersonal relation, adapting, and communicating, one hundred percent respondents say they are highly needed. Meanwhile for other criteria, such as new technology learning skill, working in team, working independently, having interest in the work, and the skill to solve problems, majority of respondents agree that they are needed or highly needed (between 96.6% - 98.9%).

4.2.4. Other

For *Other* category, research output shows that respondents' option percentage is similar, namely between 94.3% up to 100% say *Other* criteria that are directed more to characteristics are highly needed. Such criteria are independence, sense of leadership, self-confidence, maturity in thoughts and behavior, initiative, creativity, discipline, ambition (the willingness to progress and have achievements), motivation and honesty. When asked to provide ranking on *Other* criteria, the result are Honesty (integrity) rank I, Discipline rank II, and Ambition rank III. This data shows that the majority of respondents place honesty (integrity) in the first rank which is their company's value.

This research result shows that it does not depend on whether such company has been long established or has just been established, the type of business sector they have, the needed *Other* (*soft skills* or characteristics) aspect is the same, namely honesty. It means in the middle of the nation concern facing various issues which started from dishonesty, this research output provides a glimpse of hope that there is still an honesty value upheld by companies.

The other aspects which are a priority are discipline and ambition to progress. Only with high discipline and willingness to progress, an employee is able to contribute his/her best to companies. Compared to the same research in 2002, the top priority or top rank was occupied by commitment, followed by discipline and maturity. It means the output has not been too different within 10 years, except for honesty aspect which is added in this research that occupies the top place.

As comparison, *World Bank* research output written in the book *"Skills for the Labor Market in Indonesia: Trends in demand, Gaps, and Supply"* (2011) it is mentioned that skill discrepancy on manpower demand and supply paradigm in Indonesia has affected the increase of unemployment rate in the last two decades. This fact shows that productivity and competitive power of Indonesian human resources is far left behind despite the number of population who enjoy education increases.

In such context, comprehensive research needs to be conducted to see how far skill requirement has changed as well as to predict future demand suitable with market demand. Therefore educational and training world may properly respond and anticipate such market demand. From here it is expected to discover the method of increasing employee nominees negotiable position, which further may support company's competitive power and productivity, and ultimately will impact on growth and prosperity achievement.

According to *World Bank* survey, communication and creative thought skills are behavioral competence which is considered as important, either by company workers or leaders. Such matter is in line with this research output, in which there are three main aspects on *Ability* the most important of which are developing interpersonal, adaptation and communication skills.

On *Skills*, research output shows foreign language skill, particularly English and Mandarin are the priorities. In addition, mastering of tools, computer and presentation skills are also taken into account. According to *World Bank* study, professionals asses that there is large gap in computer and English language mastering. This is the challenge that must immediately be solved. Computer and English language are the main working tools to get them more ready in facing competition and global change challenges.

From this research output and World Bank research output, in order for human resource as organizational asset to keep developing and sustaining its existence it needs to prepare itself more in order to have roles. It means organizational challenge and competition are started by individual challenge and competition.

4.3. Communication

To obtain the proper HR, companies use various methods, from announcement on job vacancy, to employee nominees hiring interviews.

Available work opportunities in companies are usually communicated to nominees through various media. Research output shows that the most used media are Cooperation with Universities (94.4%), Through company employees (90.9%), Through cooperation with Recruiting Service (89.7%), Company official site (85.3%), through Newspaper (83%), and Mailing List Community (81.8%).

This result shows that companies in recruiting employee nominees use several media that are considered "credible" and accurate. This matter is based on the thought that recruitment is the initial process in a series of important employee hiring activity. If it is not conducted well and correctly by using reliable media, therefore the obtained result will be far from what is expected in obtaining good HR.

On what information mentioned in socialization to nominees, research output shows that the top position is occupied by educational background information (97.7%), followed by what *Skills* are possessed (96.6%), the type of work he/she is interested in (94.4%), *Knowledge* (94.3%), GPA and *Ability* (92.1%), and gender (73.9%). Meanwhile information on religion and others are not really considered as necessary to be informed (20.5% and 38.6% respectively).

On matters extracted from nominees when interviewed, research output shows that majority of respondents say *Skills* and *Ability* (97.7%), *Knowledge* (96.6%) are aspects that need to be extracted from nominees, meanwhile *Other* aspect is not extracted enough (42%). This shows that in order to be able to enter working market and hired by companies, employee nominees or applicants need to take into account Skills and *Ability* aspects, as well as *Knowledge* as the main factor taken into account by companies. This does not mean that *other* aspects are not important to be considered. Therefore it can be concluded that through company interviews candidates who will work and contribute to company development may be more recognized. Interviews assist companies in viewing other sides that do not appear through applications or selection in writing.

Conclusion

This research output shows that companies in recruiting employee nominees take into account *Knowledge, Skills, Ability, Other (KSAOs)* aspects. Based on analysis on qualitative and quantitative data, it may be concluded that:

1. The required human resources characteristics must own the combination of appropriate *KSAOs* in accordance to work field and industrial type, particularly for competitive power and company sustainability and in facing global change challenge.

2. There are four main aspects of *Knowledge* that are the main requirements, namely relevant experience, knowledge on work field, education suitable with the work, and GPA, despite GPA is considered very relative and depending on the issuing universities.
3. There are three main aspects of *Skills* required by companies namely computer, presentation and public speaking, as well as foreign language skills especially English and Mandarin.
4. There are three main aspects on *Ability* that are highly taken into account by companies which are developing interpersonal relation, adapting skill and communicating skill.
5. There are three *Other* aspects that are stand out on human resources characteristics required, sequentially are honesty (integrity), discipline, and ambition (the willingness to progress)
6. Company socialization media in the effort to recruit manpower that has the proper characteristic are conducted through various methods, mainly by cooperating with universities, through employees in companies, and recruitment services.

Based on the above description, emphasize on globalization relevance, change and sustainability challenges as well as company competitive power and educational quality are the proposals recommended by researchers to prepare reliable manpower. Reliable manpower in this matter is those who are ready and willing to continue developing themselves. To achieve this, learning process change is needed including curriculum perfection among academic education, proficiency and personality mastering.

References

Casio, Wayne F., 1991, *Applied Psychology in Personnel Management*, 4th end, New Jersey: Prentice-Hall International

Hoed, Benny H., 1998, *Co-operative Education Program*, Strategy Pengembangan Sumber Daya Manusia Berkualitas (*Quality Human Resources Development Strategy*) , paper

Hoed, Benny H., 1998, *Perkembangan Program Co-op Nasional (National Co-op Program Development)*, paper

Hoed, Benny H., 2000, *Perkembangan Program Co-op Nasional (National Co-op Program Development)*, paper

Luthans, Fred, 1992, *Organizational Behavior*, 6th ed, Singapore: McGraw-Hill

Ohmae, Kenichi, 1994, *The Borderless World, Power and Strategy in The Global Marketplace*, London: Harper Collins

Schneider, SusanC.Borsoux, Jean-Louise, 1997, *Managing Across Cultures*, London: Prentice-Hall Europe

Spector, Paul E., 2008, *Industrial and Organizational Psychology, Research and Practise*, New York: John Wiley & Sons

Werther, William B., Davis, Keith, 2006, *Human Resources and Personnel Management,* 5th e., New York: McGraw-Hill

World Bank, 2011, *"Skills for the Labor Market in Indonesia: Trends in demand, Gaps, and Supply"*

Integrated Marketing Communication Approach as a Strategy to Enter Global Market Competition

Muhammad Adi Pribadi, SE., MIB., M.Comm[1]

Faculty of Communication, Tarumanagara University, Jakarta
Indonesia

Email: adipost@y7mail.com

Abstract

Global market is a complex business situation. A company has to compete with local businesses that already know the situation, and multinational companies, which are already established. Beside competition, a company needs to understand local customer expectation from the company. Therefore, a company should know the characteristics of the people. From the characteristics of local customers, a company should know the product categories as a need to serve target customers and knowing how to communicate with them. To gain from that complex situation, a company should have strategies to enter the global market. One of the strategies, which can be used, is Integrated Marketing Communication (IMC). IMC is a plan of using marketing communication tools to gain positioning in the market. IMC suggests the use of Marketing Communication Task Grid. In the plan, there are some steps that the company needs to follow. Those steps are decision stages, communication task, and target audiences, where and when, marketing communication options

Keywords: global market, Integrated Marketing Communication, task grid

1. INTRODUCTION

When company needs to increase the profit, it needs to expand to other countries to get more customers. For example, McDonald from USA has branches in Asia and Europe. However, there are some barriers to enter the market, such as local customers and companies. Local customers do not know well about the products from overseas but they understand the condition of the products from the local brands. To make local customers understand of the product from the brands of multinational company, the company should have plan to communicate with them. When a team of communication create plan of marketing communication, it can be called as integrated marketing communication (IMC)(Percy et al, 2004).

The roles of IMC are important to create effective communication. It uses by a local company and a multinational company. The Campaign Palace is an advertising agency from Australia, which succeed to implement IMC to help a client, Meat & Livestock Australia. With limitation of budget in communication, Meat & Livestock Australia success to create demand of meat in Australia (Advertising Effectiveness Award, 2002)

Renault is one of multinational companies which success to implement the IMC to enter the automotive market in Germany (Caemmerer, 2009). The case study will be implemented in the Marketing communication task grid

2. IMC

2.1. Theoretical Background
According to Percy et al (2004), “IMC is the planning and execution of all types of marketing communication needed for a brand, service, or company in order to satisfy a common set of communication objectives”.

2.1.1. Macro Communication
Macro model communication divides into four groups (Kotler et al, 2012). Two represent major parties-sender and receiver. Two represent the major tools-message and media. Four represent major communication function encoding, decoding, response, and feedback. The last element in the system is noise

The company as a sender must know what audiences want to reach and responses. The company must encode their messages so the target audiences can decode them. After the message decode by the target audiences than the company receive feedback from customers. The company needs to evaluate possibilities of noise because marketing communication trough media is sensitive. If there is noise in the communication flow then there can be miscommunication. The company needs to consider noise because it disturbs effectiveness in the communication

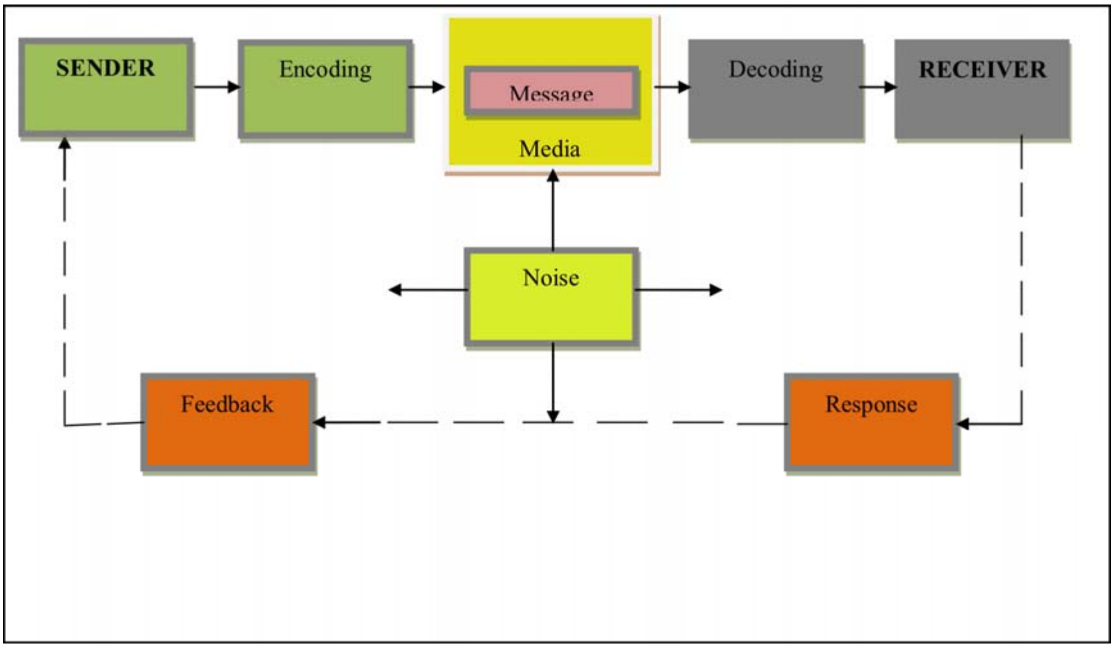


Figure 1. Macro Model in Communication Process
(Source: Percy et al; 2004)

2.1.2. Communication objective

IMC depends on communication objective to create effective communication. Communication objectives consist of category need, brand awareness, and brand attitudes (Percy et al., 2004). Category need is a condition when an individual looking for a product to fulfill the need or to solve problem. As an example, Mr. Budi catches a cold than he needs soup to get healthy. The problem with category need, as communication objective fails to link the brand with the need of customers. Therefore category need cannot be used as communication objective.
Brand awareness is the decision process by customers to buy the product from a specific of brand base on the ability to link the category need with the brand. Brand awareness divides into two parts; brand recall and brand recognition. Brand recall is the ability of the customers to remember the brand at thattime; the customer has to fulfill the need. Brand recall can be used as communication objective because it can link the brand with category need of target audiences.
Brand recognition is the process of customers choosing the brands at the point of purchase. For example, when Mr. Adi is in the supermarket, suddenly he wants ice cream Campina after he looks at the fridge of ice cream

“Brand attitude must always be a communication objective” according to Percy et al (2004). A brand attitude is the ability of an individual to identify a brand and its ability to satisfy their need and wants. Logically, from many brands, why is a customer buy a product of the specific brand? Because, they have knowledge about the brand and they buy the products from the specific brands. Knowledge of customers could have from advertising, word of mouth from friends, prior purchase of products. During analyzing of a brand, an individual will compare of the satisfaction and the risk to buy a product from a brand. When the price of a product is expensive, the products should be able to reach the expectation of customers

Brand attitude has four variables; high involvement, low involvement, positive motivation and negative motivation (Percy et al, 2004). High involvement is a condition when a price of a product from a specific brand is expensive. Therefore, a customer considers buying it, if it can fulfill customer’s satisfaction.

Involvement is the risk, which has to be handled by customers for buying a product from a brand. When you buy something than you need to spend some money, this is the condition of involvement. Involvement divides into two parts; low involvement and high involvement. Low Involvement is a condition when a price of a product from a specific brand is cheap for a consumer. Therefore, the customer is not need to worry because if the product does not satisfy of the customer then it is easy for the person to switch to other brands from the same category need.
Motivation is reasons of a customer to buy a product from a brand. Some people want a product because they need the product to solve their problem (negative motivation) but others need to use a product because it can increase the image of users in front of others (positive motivation). Example of negative motivation is when Mr. Adi wants to buy a car. He chooses Ertiga from Suzuki because he believes that the machine consume less gasoline than other brands. The example of positive motivation is Mr. Pribadi want to

buy a car. Because he is a president director of his multinational company, he thinks the best car to support his reputation, as a leader is BMW.

2.1.3. Target Audiences

According to Kotler et al (2012), target market is the part of population that company chooses to pursue. Because communication teams want to inform the products and brands trough media therefore, they need to specify target market into target audiences. Target audiences describe into three models; Loyalty groups and Decision Roles and Decision Stages. Loyalty Model Group is target audiences base on the risk to purchase products from a specific brand, according to Percy et al (2004). It divides into four group loyalty customers; loyal, vulnerable, frustrated and switchable. Loyal is people who satisfy with their brands and they do not want to switch to another brand. Vulnerable buyers are the people who satisfy to use their brands but there is little perceived risk to switch. Frustrated buyers are people who are not satisfied with their brands but they are afraid to switch to other brands. By switching to other brands, they think they would have greater risk than before switching. Switchable buyers are the people who never satisfy with their brand because they have little perceived risk to switch.

It is important to understand our target audiences because it will effect to marketing communication planning. For example, we have loyal customers, than the company does not need to spend much money for communication because they love the company's brands. Even though, we have loyal customers, we still have to maintain communication with them through advertising. If we want to maintain communication with advertising, the communication objective should be brand attitudes with positive motivation. The involvement should be high involvement due to high perceive risk for customers.

When vulnerable customer is the target audience, the company is no need to spend much of money in communication because they already satisfy with the brand. However, the company is still need to maintain communication with target audiences. If the company uses advertising to communicate with vulnerable buyers then communication objective is brand attitudes. Because, they are in condition of low perceived risk and high satisfaction, therefore the communication objective is low involvement and positive motivation.

Frustrated buyers are the people who do not satisfy with the products but they are not willing to switch to another brand. For the company, it does not need to invest much of money in communication because the customers are reluctant to switch to another brand. However, the company needs to maintain their consumption. Therefore, advertisements as media communication between company and customers are still need to be maintained.

Switchable buyers are the people who are not satisfy with the products of the brands and they are easily to try competitor brands. If the company look as them as target audiences than the company need to spend a lot of money to communicate with them. To make they believe in our product is by using positive motivation and low involvement as communication objective.

2.1.4. Roles in Decision

Role in decision describes process of decision by target audiences to choose the products from the particular brands. Roles in decision in target audiences divide into four roles; initiator, influencer, decider, purchaser, and user (Percy et al, 2004). Initiator is the person who has the idea of purchasingthe product from one brand. Influencer is the person who supports initiator's idea. Decider is the person to make a decision of using the products. Purchaser is the person, who buys the products. User is the person who uses the product.

An individual can have five roles in decision process. For example, I am thirsty I need water (initiator), Do I want a bottle of mineral water or a can of soft drink (influencer)? Hmmm, I think I know what I want, a bottle of Evian (a brand of mineral water). Then he goes to mini market to buy a bottle of Evian (Decider), and then he drinks it (users).

However, the five roles can be used the participation of others. For example, Janet ask her mother for an ice cream (initiator), her father wants an ice cream too (influencer), the mother said, "it's a good idea, I buy three ice creams Campina (a brand of ice cream)" (decider). The mother (purchaser) goes to supermarket to buy three ice creams for herself, daughter, and her be loving husband. Than they enjoy the ice cream together in the park (users).

2.1.5. Decision Stages

The decision stages describe reasons of customers choosing the products from the specific brands. There are four reason customers to buy the products; need arousal, brand consideration, purchase, usage (Percy et al, 2004). Need arousal is the instinct of an individual to fulfill the need products. This is the first stage, the customer need to buy a product to solve the problem. For example, when I am hungry, I need to have had lunch.

Brand consideration is the moment when a customer looking for the product from the specific brand. Basically, a customer tries to match between category need and brand. For example, I am hungry, should I go to McDonald or to SUBWAY?

Purchase is the moment when the customer has already chosen the brand to fulfill the need and the customer decides to buy one. For example, I buy a package of fried chicken from McDonald.

Usage is a situation which the customer use the product. For example, I am eating a package of McDonald's fried chicken in the office.

2.1.6. Segmentation

A company cannot serve all customers because it has limitation of resources. Therefore, it is very important to decide who the target market is. If the company is a multinational company then it starts with how to decide the country. After that, it needs to look at the demographic, geographic and psychographics of the country. With Demographic data, the company can see the blueprint of the target market condition. Demographic data consist of gender, income, occupation and education. With demographic data, the company can estimate the number of target market who has buying power.

Geographic data consist of climate and geographic region. With this data, the company decides that the product can be used by target market in the selecting country. For example, leather jacket products cannot be sold in Arab Saudi becausethe temperature of the country is too hot to use it.

Psychographic data describe culture affect the behavior of the people.By knowing psychographic data, the company knows that the product and communication need to adapt with the culture of the country. In the Saudi Arabia, McDonald fried chicken would not put pork meat in their sandwich because it is forbidden for Muslims and the majority of the people in the country are Muslims.Another example is about communication approach between Italy and German. Even though, those countries are closed but communication approaches to create effective communication for advertising are different. For example, in Italy, advertising by using drama to communicate with target audiences is effective. However, this approach does not work in Germany because target audiences like to see the fact about products in the advertisements (Percy et al, 2004).

2.2. Marketing Communication Task Grid

To create an integrated Marketing communication is started with macro communication, which describes the whole picture of marketing communication between the company and the target audiences. After that, the next step is to describe decision proses of target audiences of buying products. By knowing macro proses of decisionby target audiences, the company decide communication objective to approach target market. To create detail planning of marketing communication to target audiences, marketing communication task grid present detail operation to approach target audiences.

According to Percy et al (2004), marketing communication task grid is,“ the decision stages that consumer go through in making choices, and for each stage details the communication task required and the target audiences to be addressed”. Marketing Communication Task Grid divide into five parts; Decision stages, Communication Task, Target Audiences, Where and when, marketing communication option.

Decision Stages	Communication task	Target audiences	Where and when	Marketing communication options

Figure 2. Marketing Communication Task Grid
(Source: Percy et al, 2004)

In the decision stages, the communication team needs to understand the decision stages of the target audiences. For example, the team should have data about need arousal, brand consideration, purchase and usage from target audiences. By knowing those stages, the team decides communication objective (communication task), which effect to target audiences. For example, the manager communication want to decide the communication objective of need arousal, than the manager can use brand awareness and brand attitudes as communication objectives. With brand awareness, the manager wants to make target audiences have knowledge about the relation of their need with the products of the brand. When the message is not just to make them aware about the products and the brand but the message send to make target audiences to have interest and good feeling about the products and the brands than the communication objectives are brand awareness and brand attitudes.

The next step is to specify target audiences at need arousal. Who are the target audiences at this stage (need arousal)? The target audiences at this stage are initiator and influencer roles. Why is the initiator? Because the initiators are the one who has the ideas. Therefore, the information (advertisements) about the products and the brand should be informed to initiator. The same reason with influencers, they should receive same information about the product and the brands.

After specify target audiences, the next step is to decide where and when the messages about the products and the brands should be put, so target audiences know the information. It is necessary for the communication manager to describe the initiator and influencer. For example, the initiators and the influencers are the people who work at Jakarta Stock Exchange building. If they are the target audiences of the brands than the information should be placed near to the building or maybe inside the building to stimulate purchasing.

When the places of information have been known, the next step is to decide marketing communication mix (marketing communication options) to deliver. According to Kotler et al (2012), Marketing communication mix has eight major tools; advertising (print and broadcast ads, packaging, cinema, brochures, posters and leaflets), directories, billboards, display signs, point of purchase displays, DVDs), sales promotion (contests and games, premium and gifts, sampling, fairs and trade show, demonstration, coupons, rebates, trade-in allowances, and continuity programs), events and experiences (sports, entertainment, festivals, arts, street activities), Public relation and publicity (press kits, speeches, seminars, annual reports, charitable donations, publication, community relation, lobbying, identity media, company magazine), direct and interactive marketing (catalogs, mailings, telemarketing, electric shopping, TV Shopping, fax, e-mail, voice mail, company blogs, and websites), word of mouth marketing (person-to-person, chat rooms, blogs), personal selling (sales presentations, sales meetings, incentive programs, samples, fairs and trade shows). If the company has no problem with money, the company can use all marketing communication mix to inform the products and the brands. However, there is no companies want to use all marketing communication mix to increase demand because many companies have limitation of resources. Therefore, it is important the manager communication to have planning in media which can support communication objectives.Before choosing one or some of marketing communication mix, there are some considerations that the manager communication needs to know about how to select media to match with communication objective.

Brand awareness and brand attitudes are always communication objectives, than the consideration need to thing about are visual contact, time to process message, and frequency (Percy at al, 2004). According to Percy et al (2004) for brand recognition (brand awareness) as a communication objective requires time to process message and low frequency. Therefore, the media for brand recognition is Television, magazine, posters, the Internet, and direct mail.

According to Percy et al (2004) for brand recall (brand awareness) as communication objective, it needs high frequency because it takes time for target audiences to process the information. The information is the message to link category need of target audiences with the brands. Television, radio, newspapers and the Internet are media, which can be used to support marketing communication objective. Magazine and direct mail cannot be used because of frequency limitation.

When the communication objective is brand attitudes, the manager should combine the involvement with motivation. There are four combinations in brand attitudes strategy; low involvement with negative motivation strategy, low involvement with positive motivation strategy, and high involvement with negative motivation strategy. Choosing low involvement with negative motivation as communication objectives, it needs weak visual, short time to process the messages for target audiences, and low repetition of messages (frequency). Media that supports the strategy is newspaper, direct mail, magazine, and radio.

The next strategy is low involvement with positive motivation strategy. It requires good visual content, high frequency or strong repetition of the message to target audiences, short time to process messages for target audiences. Television and Internet are media to support communication objectives

With high involvement and negative motivation as communication objective, it requires long processing time to connect the brand with category need of the customers, the information need to convince target audiences, good visual content, high frequency of the messages, but the message repetition is low (low frequency). Magazines, newspapers, Internet, and direct mail are media to support communication objective.

The communication objective of high involvement with positive motivation needs good visual content, the frequency of messages is low and less time to process messages for target audiences. Television, magazine, posters, internet and direct mail are media to support communication objectives.

2.3. Theory meets application

To see the application of Integrated Marketing Communication from Percy et al (2004) with the condition of Renault from French that tried to enter the automotive market in Germany. The example is taken from a journal that is written by Barbara Caemmerer (2009).

2.3.1. Brief descriptions about the Renault's cars enter German market

Renault as a car industry from French wants to enter the German market. The problems, which have to be faced by Renaults, are customers and local automotive industries in Germany. Local customer believes that their brands of cars are the best in the world. Local car industries, such as BMW and Volkswagen (VW), are well known brands for local and international customers (Caemmerer, 2009).

To see the target customers in German, the Director of Marketing Communication at Renault Germany is doing marketing research. With 100000 participants in the marketing research, the Director found out that local people choose cars base on safety (Caemmerer, 2009). Another fact found out that, they thought that only Mercedes and VW as being market leader in safety. On the other hands, local people thought that Renault's cars were not safe compare to German cars. Seeing the fact that the locals did not know much about Renault, the Director decided to introduce Renault products as safety cars to local customer. According to the director of marketing communication, the communication objective is brand awareness. Thereis no detail types of communication strategy in brand awareness, such as recall and recognition, the Directors decided to use advertisements to inform local market about Renault. The advertisements use media, such as Cinema, Television, Internet and print. The advertisements were successful to change perception of target audiences in Germany about Renault's cars.

2.3.2. Applying Marketing Communication Task Grid for Renault

There are similarities with the plan of marketing communication between Renault's Marketing Communication Directors with Marketing Communication Task Grid. The similarities are in macro communication, the decision stages and marketing communication options. Overall, in macro communication, IMC use media to communicate with target audiences. It means that noise could become barriers to create effective communication.

In the decision stages, the need arousal is safe cars. Basically safe cars are important for target audiences in Germany to decide of using the cars from the specific brand.

Brand awareness is the objective of marketing communication. Therefore, according to Percy et al (2004), television, Internet, and cinema are the best media to transfer information to target audiences.

The problem with Renault's marketing communication plans is lack of information about detail in target audiences. In the target market, there were no specific data about roles in decision. For example, if the target audiences already have family, the question is who is the initiator? Or who is the influencer?

To implement the marketing communication task grid for Renault can be seen in the table below:

Decision stages	Communication tasks	Target Audiences	Where and when	Marketing Communication option
Safe Cars (need arousal)	Brand awareness (brand recall) and brand attitudes (positive motivation, high involvement)	If target audiences are families. Initiator could be fathers, influencer could be mothers.	At home	Television, Internet, and magazine, posters

Figure 3. Marketing Communication Grid for Renault in Germany
(Source: Percy et al, 2004)

From the table, the decision stage is safe cars as need arousal. Because the need arousal is in the decision stage, the communication objectives are brand awareness and a certain level of brand attitudes (Percy et al, 2004). Brand recall is to give information to target audiences that Renault's cars are safe. Therefore, to memorized Renault as a safe car, the advertisements should have high repetition in the media.

In the brand attitudes, cars are in the category of high involvement because to buy a car is expensive therefore the expectation of customers are high to reach satisfaction. Therefore, local customers need to know the fact that Renault's cars are safe according to EURO NCAP Crash test (Caemmerer, 2009). With the fact, local customers have positive motivation to buy Renault's cars. If the family is the target audiences of the advertisements, than the place for advertisements is at home. The father and mother as initiator and influencer can see the advertisement from television, Internet, and magazine.

3. References

Advertising Effectiveness Awards, (2002). “Effective Advertising: Award Winning Case Studies”, Advertising Federation of Australia. Australia

Caemmerer, Barbara (2009), “The Planning and Implementation of Integrated Marketing Communication”, Marketing Intelligence & Planning, 27 (4)

Percy, Larry., et al (2004), “Strategic Advertising Management’, OXFORD University Press, Great Britain

Kotler, Philip., at al. (2012). “Marketing Management”. Pearson. USA

About the Author

Muhammad Adi Pribadi, SE., MIB., MComm works in faculty of communication At Tarumanagara University. At the moment, He teaches Brand positioning, Marketing Communication and basic advertising.

The Comparison Effects between Export Market Orientation and Innovation on Business Performance

Dian Pane[1]

[1]Business Administration Departement,
State Polytechnic of Ujung Pandang, Makassar,
Indonesia

Email: researchpnupdp@gmail.com

Abstract:

Export market orientation or abbreviated EMO needs to be done as an effort to improve business performance because the implementation of EMOs can enhance the export performance of company by identifying and responding the needs of consumers and its preference through the existence beyond the competition. Innovation is also well known as one of a vital contribution formula to business performance nowadays. The aims of this study are to examine EMO (export intelligence generation, export intelligence dissemination and export intelligence responsiveness), innovation (product and process innovation) and business performance (export performance). In addition, the research also compares the effects between EMO and Innovation on business performance. The population and the sample were manufacturing food and beverage companies which are conducted export with the number of population 49 companies located in Surabaya and Sidoarjo, East Java. The census sampling method is used. Furthermore, the questionnaire is used for data collection and PLS Software to analyze. The results of this study demonstrate comparison effects between EMO and Innovation on business performance. Furthermore, the effect of EMO on business performance is positive and significant. The export intelligence dissemination is the dominant dimension of the EMO's variable but innovation on business performance is not significant and the last, profitability is the dominant dimension of export performance's variable. In this case, product and process innovation were not became interesting issues of companies because mostly they are exporting raw or semi-finished materials/goods rather than taking risk into high cost expense by investing technology or related with it. And other consequences in facing ACFTA (ASEAN-China Free Trade Agreement).The limitation of this paper showed first that a data collection via questionnaire, so that researcher cannot fully control the sincerity and honesty of the respondents in answering the questions presented. Second, cross section data that is only obtained in a certain period of time, the data collected only during the time via questionnaires, so that the development in the application of EMO and export performance of the unit of analysis cannot be obtained in the research. Third, the result from the research cannot generalize to the other companies with different product.

Keywords**:* ***Business Performance, Export Market Orientation Export Intelligence Dissemination,, Product Innovation, Process Innovation, Profitability.

Introduction

Today we are facing the world economy is increasingly open and competitive. Even now we are facing four changes that occurred simultaneously: economic globalization, information technology, quality management, strategic and management revolution.[93]

The globalization of industry and market-changing market gave rise to groups of consumer tastes, technologies that spread quickly, the fixed costs as well as the growing

[93]Mulyadi dan Johny Setiawan. 2001. *Sistem Perencanaan dan Pengendalian Manajemen: Sistem Pelipatganda Kinerja Perusahaan.* Salemba Empat Jakarta.

ranks of protectionism.[94] One of the initiator of globalization are domestic companies with export interests are consciously have a role in encouraging globalization through support for trade and investment liberalization.[95]

Export is the mode of entry that has a level of risk and the least commitment. Therefore, it is not surprising if most widely applied by export companies that are engaged in global marketing. Most Governments and corporations throughout the world realize the importance of export activities. This is because there are two main types of benefits of export: 1) economic development benefit 2) non- economic benefit.[96]

Research on business performance, particularly the export performance using subjective measurement in manufacturing companies in Indonesia is still relatively few in number. This is what underlies the researchers to conduct research on EMO on manufacturing companies, especially in East Java, which became the port for import-export traffic in Indonesia. Besides that, theoretically there are many different views on the influence of market orientation (MO), both from external factors and implications. On the other hand, many researchers are finding a variety of information and direct observations about the constraints of manufacturing companies that export. It is also related to the new situation facing Indonesia namely ACFTA (ASEAN-China Free Trade Agreement). Based on a list of major exporter of world trade in 2010 by World Trade Organization (WTO) it is shownthat from 50 biggest exporters in the world year of 2009, generally China and USA were dominating the trade. While, Indonesia were in the 30 ranked below Singapore, India and Malaysia.

Kohli and Jaworski (1990) in Tjiptono[97] states that the orientation of the market (market orientation) is a measure of behavior and activity that reflects implementation of marketing concepts. Not only the implementation of the concept for the marketing of products for domestic use, but also apply to products for export. Cadogan et al.[98]argues that the orientation of the market can be used in the context of export and conceptualized through three components: behavior generation, dissemination and response to export intelligence plus integrated dimension or mechanism c.2.d coordination of recovery. Further, Kohli and Jaworski[99] states that a market orientation refers to the organization-wide generation of market intelligence, dissemination of the intelligence across departments, and organization-wide responsiveness to it.

While Widagda[100]stated that the company's orientation towards the market very important to know as a philosophy that became the cornerstone of marketing efforts at the present and future will come because of marketing should be understood not only create sales, but to satisfy the needs

---

[94] Ohmae, Kenichi. 2008. *The Borderless World.* Planet Buku.

[95] Cahyono, Imam. 2008. *Menjinakkan Metakuasa Global:Suara Indonesia untuk Globalisasi yang Lebih Adil.* LP3ES Jakarta.

[96] Candra, Gregorius, Fandy Tjiptono, dan Yanto Chandra, 2004, *Pemasaran Global: Internasionalisasi dan Internetisasi*, ANDI, Yogyakarta.

[97] Tjiptono, *et al.* 2008. *Pemasaran Strategik.* Penerbit Andi, Yogyakarta.

[98]Cadogan, *et al.* 2006. "Factors Facilitating and impeding the development of export market-oriented behavior: A Study of Hong Kong Manuufacturing Exporters", *Industrial Marketing Management* **35**: 634-647.

[99] Kohli, Ajay K. and Bernard J. Jaworski. 1990. "Market Orientation: The Construct, Research Propositions, and Managerial Implications", *Journal of Marketing***54**: 1-18

[100] Widagda, I Gusti Ngurah Jaya Agung. 2006. "Analisis Orientasi Perusahaan dan Strategi Bauran Pemasaran Eksportir di Bali (Studi Kasus pada CV Garuda Bali)", *Buletin Studi Ekonomi***11** (1): 1-9

Market orientation of potentially performance enhancing business due to strong market orientation level is identified as an important factor that affects the success of a business.[101]

One way for a company to have a competitive advantage is through innovation. Innovation is the process of adapting a product, service, idea, or both processes that already exist in the Organization and developed from outside organizations.[102]

Damanpour[103] defined innovation as adoption of internally generated or purchased device, system, policy, program, process, product, or service that is new to the adopting organization. One form of innovation is innovation product which is considered as one of the most important ways for companies to create value for our customers and achieve a competitive advantage (Gaynor, 1996 in Ellitan and Anatan[104]). Product innovation should be able to create a sustainable competitive advantage in a rapidly changing environment and to global market.

In carrying out innovations in an era of global companies need to focus on consumers, trying to create more value from the consumer's expectations. So the company is required to have the ability to develop or create products that deliver positive value of consumer expectations and design a production process that is able to produce a product that is more reliable than any competitor[105]

Innovation in manufacturing company is an important thing to be aware of the increased productivity and global competition. Innovation manufacturing includes the creation, selection and development/improvement of products, processes and technologies. Through innovation, companies can improve the position of the company's global manufacturing and achieved status as a producer of world class quality goods (world class manufacturing) (Zahra, et al., 1993 in Ellitan and Anatan[106]). Further Swamidass (1986) in Ellitan and Anatan[107] argues that the use of new technologies, creation and introduction (commercialization) or market new products, and adopting innovative production processes is the key problem-solving competition effectively. Companies with greater capacity for innovation will be more successful in responding to their environment and develop new capabilities to create a competitive advantage and superior performance (Hurley and Hunt[108]; Rogers, 1983; in Hadjimanolis[109]).

Innovation is regarder as the focal point of an organization`s strategy and a crucial factor for it`s competitive strength and survival. Organizations develop innovations to adapt to their external environment and to react to perceived changes inside or outside the organization. Innovations can be implemented in the organization`s outcomes, it`s

---

[101] Martin, J.H., Grbac, B., 2003. "Using Supply Chain Management to Leverage A Firm`s Market Orientation" *Industrial Marketing Management* **32**: 25-38

[102] Ellitan, Lena dan Lina Anatan. 2009. *Manajemen Inovasi : Transformasi menuju Organisasi Kelas Dunia*. Alfabeta. Bandung.

[103] Damanpour, Fariborz. 1991. "Organizational Innovation: A Meta-Analysis of Effects of Determinants and Moderators*" Academy of Management Journal***34** (3): 555-590

[104] Ibid

[105] Ibid

[106] Ibid

[107] Ibid

[108] Hurley, Robert F. and G. Tomas M. Hult. 1998. "Innovation, Market Orientation, and Organizational Learning: An Integration and Empirical Examination", *Journal of Marketing***62**: 42-54.

[109] Hadjimanolis, Athanasios. 2000. "An investigation of innovation antecedents in small firms in context of a small developing country", *R&D Management* **30** (3).

structure, and it`s processes in order to maintain or to improve the level of performance or effectiveness[110].

Business performance is one of the important indicators in assessing the success of a business. The performance was the result of work that can be accomplished a person or a group of people in an organization in order to achieve organizational objectives in a specific time period (Suntoro, 1999 in Tika[111]). A number of previous studies have suggested a variety of findings about relationships and the influence of the market orientation of business performance. Performance is measured not only in terms of financial or financially alone but can also be measured in terms of non-financial[112].

Export performance has long been a construct of central interest in the international marketing literature. Export orientation as a determinant of export performance was studied and empirically tested by Rose and Shoham[113].

Research Methods

This study is an explanatory research. The population in this study were obtained from the GPEI, BPS and KADIN of East Java with 71 company specializing in food and beverage. Selected companies are companies that perform the export. Whole company located in Sidoarjo and Surabaya, East Java. It choosen because of those cities are the most contributed for export in East Java and located near to the one of crowded port of Indonesia. Next, from 71 companies were verified. Based on the results of the verification obtained answers that only 49 companies that are willing to participate in this research. The small number of participating companies make sampling used is the census.

Data collection using the questionnaire filled by the export manager or marketing manager. Then the questionnaire used for data collection and after the trial, the questionnaires is used to have met the test of validity and reliability. Reliability and validity of test results can be seen in Table1following this.

---

[110]Damanpour, Gopalakrishnan, 1999. "Organizational Adaptation and Innovation: The Dynamics of Adopting Innovation Types. In: *The Dynamics of Innovation: Strategic and Managerial Implications.* Klaus Brockhoff, Alok K. Chakrabarti and jürgen Haus Hauschildt (eds.). Berlin. Springer, 57-80.

[111] Tika, Moh. Pabuntu, 2008. *Budaya Organisasi dan Peningkatan Kinerja Perusahaan*, PT Bumi Aksara, Jakarta.

[112] Simons, Robert. 2000. *Performance Measurement and Control System for Implementing Strategy: Text and Cases,* Prentice Hall, New Jersey.

[113] Rose, G.M. and A. Shoham. 2002. "Export Performance and Market Orientation Establishing an empirical link" *Journal of BusinessResearch* **55**: 217-225.

Table 1 Result of Validity Test (Beginning)
(Source: Research Data Processed, 2012)

Variable	Indicator	Component Score	Minimum Criteria	Result
Export Market Orientation	OPE1.1	0.801	0.500	Valid
	OPE1.2	0.788	0.500	Valid
	OPE1.3	0.794	0.500	Valid
	OPE2.1	0.843	0.500	Valid
	OPE2.2	0.746	0.500	Valid
	OPE2.2	0.804	0.500	Valid
	OPE3.1	0.813	0.500	Valid
	OPE3.2	0.790	0.500	Valid
	OPE3.3	0.829	0.500	Valid
Innovation	INV1.1	0.860	0.500	Valid
	INV1.2	0.391	0.500	Not Valid
	INV1.3	0.478	0.500	Not Valid
	INV2.1	0.618	0.500	Valid
	INV2.2	0.800	0.500	Valid
Business Performance	P1	0.779	0.500	Valid
	P2	0.930	0.500	Valid
	P3	0.905	0.500	Valid
	P4	0.936	0.500	Valid

Tabel 2 Result of Cronbachs Alpha Test (Beginning)
(Source: Research Data Processed, 2012)

	Cronbachs Alpha	Minimum Criteria	Result
Export Market Orientation	0.932945	0.600	Reliabel
Innovation	0.712193	0.600	Reliabel
Business Performance	0.911076	0.600	Reliabel

Table 2 showing the result of the research instrument for all indicators and variables. The test results showed that all the variables are reliable, but some indicators must be removed because it is not valid. Based on those results, then it can be described for the test results invalid indicator as follows.

Variable innovation consists of 5 (five) indicators. Based on the results of the validity test(beginning) analysis, it can be noted that the INV 1.2 and INV1.3 forced removed from the analysis because it is not valid. The indicator is me-too product and new product (novelty of product).

According that, it can be noted that the overall total of 2 (two) indicator is not valid and must be removed from the list of questions. After removing an indicators are invalid, then do the tests again and obtained the following results:

Table 3 Result of Validity Test (Ending)
(Source: Research Data Processed, 2012)

Variable	Indicator	Component Score	Minimum Criteria	Result
Export Market Orientation	OPE1.1	0.801	0.500	Valid
	OPE1.2	0.788	0.500	Valid
	OPE1.3	0.794	0.500	Valid
	OPE2.1	0.843	0.500	Valid
	OPE2.2	0.746	0.500	Valid
	OPE2.2	0.804	0.500	Valid
	OPE3.1	0.813	0.500	Valid
	OPE3.2	0.790	0.500	Valid
	OPE3.3	0.829	0.500	Valid
Innovation	INV1.1	0.872	0.500	Valid
	INV2.1	0.645	0.500	Valid
	INV2.2	0.851	0.500	Valid
Business Performance	P1	0.780	0.500	Valid
	P2	0.930	0.500	Valid
	P3	0.936	0.500	Valid
	P4	0.936	0.500	Valid

Tabel 4 Result of Cronbachs Alpha Test (Ending)
(Source: Research Data Processed, 2012)

	Cronbachs Alpha	Minimum Criteria	Result
Export Market Orientation	0.932945	0.600	Reliabel
Innovation	0.729854	0.600	Reliabel
Business Performance	0.911076	0.600	Reliabel

Based on the results of the last validity and reliability analysis from table 3 and table 4, then it can be known that all indicators used have valid and reliable. So it's worth it to do further analysis.

After that, data collected was analyzed using PLS. This analysis aims to test the model and test research hypotheses. There are 4 (four) to be the cause of assumptions it uses in this research. There are: first, the PLS is the method of data analysis that is based on the assumption that the sample doesn't have to be large sample, that is, the number of samples less than 100 can do analysis, and residual distribution. Second, PLS can be used to analyze the theory has not yet been established, since the PLS may be used for prediction. Third, PLS allow algorithm by using ordinary least square analysis series (OLSEN) earned calculations so that the efficiency of algorithm (Falk and Miller, 1992 in Ghozali[114]). Fourth, on the approach, it is assumed that all PLS size variance can be used to explain.

The rule to be able to accept or reject H0 can be based on a comparison of t value with t table. If the t value is greater than t table, the relationship between significant and can be further analyzed. PLS analysis used in this research was conducted by SmartPLS program version 2.0.

[114] Ghozali, Imam. 2006. *Structural Equation Modeling: Metode Alternatif dengan Partial Least Square.* Universitas Diponegoro, Semarang.

Hypothesis Testing Results

The analysis was done to test the effect between the variables studied have been described into previous section. Taking into account the results of the analysis of PLS path diagram at the last stage, then the following will be presented drawing relationships among these variables, as can be seen ini Figure 1.

Study Hypothesis are conducted by comparing the value of $t_{statistic}$ with t_{table} if value of $t_{statistic}$ is greater than t_{table} so the effect between construct is significant and can be done for further analysis. In this study, the total data used is 49 with df is 44. Therefore, it is known that the value of t_{table} (α=5%) of 1,68. According with Figure 1 and table 6 the structural equation as follows:

BF = 0,352EMO + e
BF = 0,271INV + e

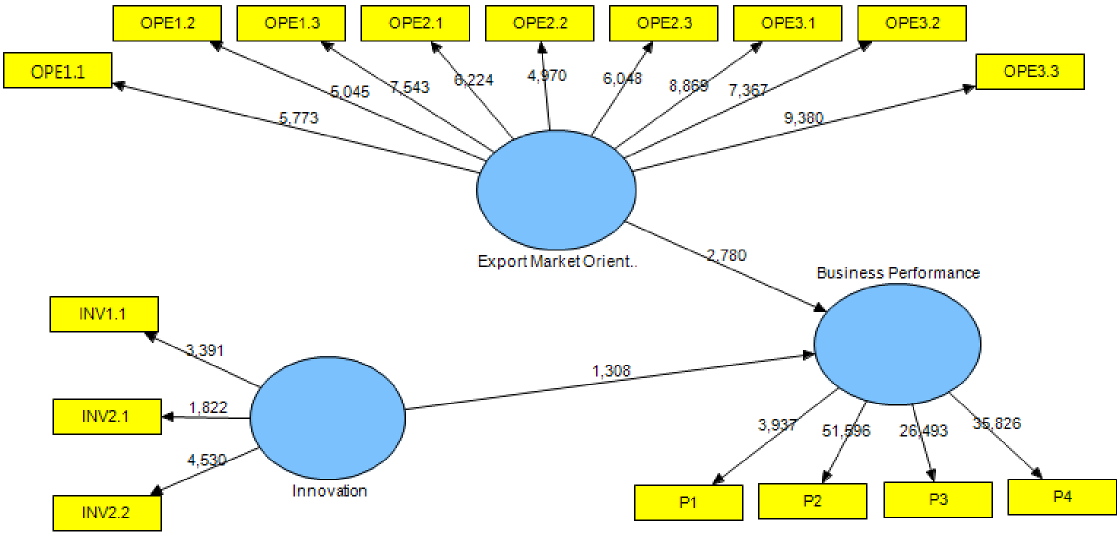


Figure 1. Path Analysis Diagram

(Source: Research Data Processed, 2012)

Table 5. Evaluation Criteria Index of Structural Model
(Source: Research Data Processed, 2012)

Measurement Model	**Result**		**Critical Value**	**Evaluation Model**
		Outer Model		
Convergent Validity	Variables	Value	>0,5	Good
	OPE1.1	0.801		
	OPE1.2	0.788		
	OPE1.3	0.794		
	OPE2.1	0.843		
	OPE2.2	0.746		
	OPE2.3	0.804		
	OPE3.1	0.813		
	OPE3.2	0.790		
	OPE3.3	0.829		
	INV1.1	0.872		
	INV2.1	0.645		
	INV2.2	0.851		
	P1	0.780		
	P2	0.930		
	P3	0.904		
	P4	0.936		
Average Variance Extracted (AVE)	Variables	*AVE*	>0,5	Good
	EMO	0,642		
	INV	0,634		
	BF	0,792		
Composite Reliability	Variables	*Composite Reliability*	>0,7	Good
	EMO	0,942		
	INV	0,836		
	BF	0,938		
		Inner Model		
Q-Square	0.2982		$0< Q^2<1$	Good

Table 6. Path Estimates and t-values for all Hypothesized Paths
(Source: Research Data Processed, 2012)

Hypothesized paths		**Path Estimate**	**t-value**	**Result**
H1	EMO-> BF	0.352	2.629	Significant
H2	INOV-> BF	0.271	1.323	Not Significant

Notes: Critical t-value 1.68; when p 0.05

According with empirical results, it can be concluded there is one significant hypothesis and another one is not significant. The significant hypotheses are accepted and another one is rejected.

Discussion

4.1. Export Market Orientation influence on business performance

Research of Mahmoud, Kastner and Yeboah[115] indicates that the influence of market orientation (MO) with overall performance is positive and significant. Cadogan,

[115] Mahmoud, A. Mohammed., Kastner A. and Yeboah J. 2010. "Antecendents, Environmental Moderators and Consequences of Market Orientation: A Study of Pharmaceutical Firms in Ghana" *Journal of Medical Marketing* **10** (3): 231-244

Diamantopoulos, and Siguaw (2002) in Cadogan et al.,[116]argues that when companies consistently identify and respond to the needs and preferences of consumers then can anticipate your needs and preferences in the future so that it can better satisfy consumers and competitors are facing performance. A number of studies have proved that there is a positive influence on the export performance of EMO (Akyol and Akehurst[117]; Diamantopoulos, Siguaw, and Cadogan, 2000 in Murray et al.[118]).

More Murray et al.,[119]proves that there is a strong influence of EMO with good export performance on Chinese companies as well as Non-Chinese, so that kosntruk can represent EMO management strategy similar to export business from various different countries, and can facilitate comparison studies by using cross-cultural sample.

Déshpande, Farley and Webster Jr.[120]investigated that organizations that terkarakteristik through a cultural emphasis on external market positioning has better performance compared to financially another company who only focus on internal maintenance.

Jain and Bhatia[121] found that there is a positive and significant effect of EMO with financial and non-financial performance. In addition, Maridjo[122] sets forth that affect the performance of the market orientation of the company. This is according to research conducted by Shoham et al.,[123]stating that the market orientation impacts on the performance of influential positive and significant.

Based on the results of hypothesis testing as shown in Table 6 and Figure 1 obtained the result that "EMO has a significant effect on business performance". The findings of this research in accordance with the findings state that the company consistently identify and respond to the needs and preferences of consumers then can anticipate your needs and preferences in the future so as to better satisfy consumers and better performance in the face of competitors[124]. A number of research also proves that there has been a positive influence on the export performance with EMO[125]. Further, the findings of this research is also in accordance with the findings of which states that there exists a positive and significant influence between EMO with financial and non-financial performance. These are supporting theories of Cadogan, Diamantopoulos, and Siguaw in Cadogan et al, Akyol and Akehurst; Diamantopoulos, Siguaw, and Cadogan, in Murray et al and Murray et al.

---

[116] Cadogan, John W. *et al.* 2009. "Export Market-Oriented Behavior and Export Performance: Quadratic and Moderating Effects Under Differing Degrees of Market Dynamism and Internationalization*", Journal of International Marketing***17** (4): 71-89.

[117] Akyol, Ayse. and Gary Akehurst. 2003. "An Investigation of Export Performance Variations Related to Corporate Export Market Orientation", *European Business Review***15** (1): 5-19

[118] Murray, Janet Y. *et al.* 2007. "Assessing Measurement Invariance of Export Market Orientation: A Study of Chinese and Non-Chinese Firms in China", *Journal of International Marketing***15** (4): 41-62.

[119] Ibid

[120] ---------. R., Farley, J.U. and Webster, F.E. Jr. 1993. "Corporate Culture, Customer Orientation, and Innovativeness in Japaneses Firms: A Quadrad Analysis", *Journal of Marketing* **57** (1): 23-7

[121] Jain, Sanjay K. and Manju Bhatia. 2007. "Market Orientation and Business Performance: The Case of Indian Manufacturing Firms*", The Journal of Business Perspective***11** (1): 15-33

[122] Maridjo, H. 2006. "Pengaruh Orientasi Pasar dan Strategi Generik terhadap Kinerja Perusahaan Perhotelan dalam Lingkungan Pemasaran yang Berubah (Studi Empirik pada Industri Hotel Non Bintang di Daerah Istimewa Yogyakarta)", *Jurnal Eksekutif***3** (3): 244-254

[123] Shoham, Aviv. *et al.* 2005. "Market Orientation and Performance: A Meta-analysis", *Marketing Intelligence and Planning***23** (5): 435-454

[124] Slater, S.F., Narver, J.C., 2000. "Market Oriented is More Than Being Customer-Led" *Strategic Management Journal* **20**: 1165-8

[125] Mahmoud, A. Mohammed., Kastner A. and Yeboah J. Loc. Cit.

4.2. Innovation influence on business performance

The performance of the company in General is defined as the level of the firm in the fulfillment of the purpose (Achrol and Etzel)[126]. Positive impact of the innovation on the performance of the company has been described by a proven innovation can make the company faced changes to corporate environment (Han et al.,[127]; Agarwal et al.)[128]. Hernández-Espallardo and Delgado-Ballester[129] shows that influence between product innovation performance is positive and significant. Furthermore, the positive impact of innovation as well as growth in sales and manufacturing capacity (Sandvik and Sandvik)[130].

Han et al. (1998) in Mavondo et al.[131] states that innovation is considered vital for its contribution to business performance and the literature consistently associates it positively with performance. Administrative, product and process innovations have been shown to have strong relationships with organizational performance (Parnaby, 1991; Bamberger et al., 1989; Livingston and Berkes, 1989; Sanders et al., 1989 in Mavondo et al.[132]

Based on the results of hypothesis testing as shown in Table 6 and Figure 1 obtained the results that "Innovation does not has significant effect on business performance". The findings of this research shows and these are not related to theories by Achrol and Etzel, Han et al.; Agarwal et al.,, Hernández-Espallardo and Delgado-Ballester, Sandvik and Sandvik, Han et al. in Mavondo et al. and Parnaby; Bamberger et al., Livingston and Berkes, Sanders et al., in Mavondo et al.

4.3. Comparison effect between EMO and innovation on business performance

Based on hypothesis testing and analysis above Export Market Orientation (EMO) has greater effect than Innovation in case of food and beverage companies export from Surabaya and Sidoarjo. This research proved that a contrary evidence related to Achrol and Etzel , Han et al.; Agarwal et al., Hernández-Espallardo and Delgado-Ballester, Sandvik and Sandvik, Han et al. in Mavondo et al.and Parnaby, Bamberger et al., Livingston and Berkes, Sanders et al., in Mavondo et al. theories about innovation. It is happened because the companies mostly exporting raw or semi-finished materials such frozen fish, frozen shrimp, seasoning and seaweed powder, mineral water etc.Other factor is high level cost of investing of technology in order to supporting product and process innovation, meanwhile the companies have to face great impact of competition (read ACFTA).

---

126 Achrol, R.S. and Etzel, M.J. 2003. "The Structure of Reseller Goals and Performance in Marketing Channel", *Journal of The Academy of Marketing Science* **31** (2): 146-63

127 Han, J., Kim, N. and Srivastava R 1998. "Market Orientation and Organizational Performance: Is Innovation a Missing Link ?", *Journal of Marketing***62**: 30-45.

128 Agarwal, S. M. Krishna Erramilli and Chekitan S. Dev. 2003. "Market Orientation and Performance in Service Firms: Role of Innovation", *Journal of Services Marketingi***17** (1): 68-82

129 Hernández-Espallardo, Miguel and Elena Delgado-Ballester. 2009. "Product Innovation in Small Manufacturers, Market Orientation and The Industry`s Five Competitive Forces: Empirical Evidence from Spain", *European Journal of Innovation Management* **12** (4): 470-491

130 Sandvik and Sandvik. 2003. "The Impact of Market Orientation and Product Innovativeness and Business Performance", *International Journal of Research in Marketing* **20** (4): 355-376

131 Mavondo, Felix T., Jacqueline C., and Jilian S. 2005. "Learning Orientation and Market Orientation: Relationship with Innovation, Human Resource Practices and Performance", *European Journal of Marketing* **39** (11/12): 1235

132 Ibid

Conclusion and Future Studies

5.1. Conclusions

1. Export Market Orientation (EMO) have a significant effect on business performance and the effect is positive. The higher of EMO would effect in higher business performance of the company. The result showed that export market intelligence, dissemination of customer information and the ability to respond as a fully support the construct of EMO also export performance as business performance

2. Innovation has not a significant effect on business performance and it is rejected in this study. It is has not effect for food and beverage export companies from Surabaya and Sidoarjo. These are generally contrary to innovation (product and process innovation) theories.

5.2. Future Studies

1. Future studies need to expand the categories of manufacturing industries studied, so not only for food and beverage categories, but also other industry categories, so the results can be generalized to other categories.
2. Research sites for further research needs to be broadened or wider, so it is not only limited in the cities and districts in East Java. It needs to compare with other province and it will be an interesting research and contributed a great deal for the government to look at the map of Indonesia's export strength.
3. Further Researchers need to examine further the indicators of other dimensions of innovation so that measurement of these indicators can be more optimally and in accordance with the conditions of the companies in Indonesia.
4. Companies needs to have a special unit to handle exports, because export activities has its own complexity both in marketing as well as bureaucracy and regulation
5. Company can anticipate the competition from other countries by proactive in trade shows and industry events with government, especially departments of industry and trade held both domestically and abroad.

Acknowledgements

I gratefully acknowledge to Philipp Glaeser in East Java of Commerce and Industry and Her staff Ms. Irma and Mr. Isdarmawan Asrikan, MBA as Head of GPEI (Gabungan Perusahaan Ekspor Indonesia) Jawa Timur for supporting by giving the exporters data from Surabaya and Sidoarjo and others information related to exporting.Also my all enumerator from Social and Politics Science Faculty of Hang Tuah University in Surabaya for collecting data of the research.

References

Achrol, R.S. and Etzel, M.J. 2003. "The Structure of Reseller Goals and Performance in Marketing Channel", *Journal of The Academy of Marketing Science* **31** (2): 146-63

Agarwal, S. M. Krishna Erramilli and Chekitan S. Dev. 2003. "Market Orientation and Performance in Service Firms: Role of Innovation", *Journal of Services Marketingi***17** (1): 68-82

Akyol, Ayse. and Gary Akehurst. 2003. "An Investigation of Export Performance Variations Related to Corporate Export Market Orientation", *European Business Review***15** (1): 5-19Cahyono, Imam. 2008. *Menjinakkan Metakuasa Global:Suara Indonesia untuk Globalisasi yang Lebih Adil.* LP3ES Jakarta.

Candra, Gregorius, Fandy Tjiptono, dan Yanto Chandra, 2004, *Pemasaran Global: Internasionalisasi dan Internetisasi*, ANDI, Yogyakarta.

Cadogan, John W. *et al.* 2009. "Export Market-Oriented Behavior and Export Performance: Quadratic and Moderating Effects Under Differing Degrees of Market Dynamism and Internationalization*", Journal of International Marketing***17** (4): 71-89.

Cadogan, *et al.* 2006. "Factors Facilitating and impeding the development of export market-oriented behavior: A Study of Hong Kong Manuufacturing Exporters", *Industrial Marketing Management* **35**: 634-647.

Damanpour, Gopalakrishnan, 1999. "Organizational Adaptation and Innovation: The Dynamics of Adopting Innovation Types. In: *The Dynamics of Innovation: Strategic and Managerial Implications.* Klaus Brockhoff, Alok K. Chakrabarti and jörgen Haus Hauschildt (eds.). Berlin. Springer, 57-80.

Damanpour, Fariborz. 1991. "Organizational Innovation: A Meta-Analysis of Effects of Determinants and Moderators*" Academy of Management Journal***34** (3): 555-590

---------. R., Farley, J.U. and Webster, F.E. Jr. 1993. "Corporate Culture, Customer Orientation, and Innovativeness in Japaneses Firms: A Quadrad Analysis", *Journal of Marketing* **57** (1): 23-7

Ellitan, Lena dan Lina Anatan. 2009. *Manajemen Inovasi : Transformasi menuju Organisasi Kelas Dunia*. Alfabeta. Bandung.

Ghozali, Imam. 2006. *Structural Equation Modeling: Metode Alternatif dengan Partial Least Square.* Universitas Diponegoro, Semarang.

Hadjimanolis, Athanasios. 2000. "An investigation of innovation antecedents in small firms in context of a small developing country", *R&D Management* **30** (3).

Han, J., Kim, N. and Srivastava R 1998. "Market Orientation and Organizational Performance: Is Innovation a Missing Link ?", *Journal of Marketing***62**: 30-45.

Hernández-Espallardo, Miguel and Elena Delgado-Ballester. 2009. "Product Innovation in Small Manufacturers, Market Orientation and The Industry`s Five Competitive Forces: Empirical Evidence from Spain", *European Journal of Innovation Management* **12** (4): 470-491

Hurley, Robert F. and G. Tomas M. Hult. 1998. "Innovation, Market Orientation, and Organizational Learning: An Integration and Empirical Examination", *Journal of Marketing***62**: 42-54.

Jain, Sanjay K. and Manju Bhatia. 2007. "Market Orientation and Business Performance: The Case of Indian Manufacturing Firms*", The Journal of Business Perspective***11** (1): 15-33 Jain, Sanjay K. and Manju Bhatia. 2007. "Market Orientation and Business Performance: The Case of Indian Manufacturing Firms*", The Journal of Business Perspective***11** (1): 15-33

Kohli, Ajay K. and Bernard J. Jaworski. 1990. "Market Orientation: The Construct, Research Propositions, and Managerial Implications", *Journal of Marketing***54**: 1-18

Mahmoud, A. Mohammed., Kastner A. and Yeboah J. 2010. "Antecendents, Environmental Moderators and Consequences of Market Orientation: A Study of Pharmaceutical Firms in Ghana" *Journal of Medical Marketing* **10** (3): 231-244

Maridjo, H. 2006. "Pengaruh Orientasi Pasar dan Strategi Generik terhadap Kinerja Perusahaan Perhotelan dalam Lingkungan Pemasaran yang Berubah (Studi

Empirik pada Industri Hotel Non Bintang di Daerah Istimewa Yogyakarta)", *Jurnal Eksekutif***3** (3): 244-254Martin, J.H., Grbac, B., 2003. "Using Supply Chain Management to Leverage A Firm`s Market Orientation" *Industrial Marketing Management* **32**: 25-38

Mavondo, Felix T., Jacqueline C., and Jilian S. 2005. "Learning Orientation and Market Orientation: Relationship with Innovation, Human Resource Practices and Performance", *European Journal of Marketing* **39** (11/12): 1235

Mulyadi dan Johny Setiawan. 2001. *Sistem Perencanaan dan Pengendalian Manajemen: Sistem Pelipatganda Kinerja Perusahaan.* Salemba Empat Jakarta.

Murray, Janet Y. *et al.* 2007. "Assessing Measurement Invariance of Export Market Orientation: A Study of Chinese and Non-Chinese Firms in China", *Journal of International Marketing***15** (4): 41-62.

Ohmae, Kenichi. 2008. *The Borderless World.* Planet Buku.

Rose, G.M. and A. Shoham. 2002. "Export Performance and Market Orientation Establishing an empirical link*" Journal of BusinessResearch***55**: 217-225.

Shoham, Aviv. *et al.* 2005. "Market Orientation and Performance: A Meta-analysis", *Marketing Intelligence and Planning***23** (5): 435-454Simons, Robert. 2000. *Performance Measurement and Control System for Implementing Strategy: Text and Cases,* Prentice Hall, New Jersey.

Slater, S.F., Narver, J.C., 2000. "Market Oriented is More Than Being Customer-Led" *Strategic Management Journal* **20**: 1165-8

Tika, Moh. Pabuntu, 2008. *Budaya Organisasi dan Peningkatan Kinerja Perusahaan*, PT Bumi Aksara, Jakarta.

Tjiptono, *et al.* 2008. *Pemasaran Strategik.* Penerbit Andi, Yogyakarta.

Widagda, I Gusti Ngurah Jaya Agung. 2006. "Analisis Orientasi Perusahaan dan Strategi Bauran Pemasaran Eksportir di Bali (Studi Kasus pada CV Garuda Bali)", *Buletin Studi Ekonomi***11** (1): 1-9

Part Six

New Approach to Business Practice

Collaborative Social Responsibility: a New Approach to Community Development

Dr. Nia Sarinastiti, MA[1]

[1]Faculty of Business Administration and Communication Sciences,

Atmajaya Catholic University of Indonesia, Jakarta,

Indonesia

Email: sarinastiti@yahoo.com

Abstract

Corporate Social Responsibility (CSR) has been an accepted practice in Indonesia since mid-90s introduced by multinational companies that operate in Indonesia. Most of the activities are based on the approach of transnational strategy, whereas the activities held in one particular area are adopted by other country representative as it sees fit. For companies working in the resources industry, especially ones in developing countries such as Indonesia, it has become more apparent that they have to conduct CSR. As stated in the Indonesian regulations to corporations, Chapter V clause 47 No. 40; 2007: "a company having its business activities in the field of and/or related to natural resources shall be obliged to perform social and environmental responsibility", shows the seriousness of government asking for the accountability of corporations. By the end of 2010, other industries – such as consumer products, communications and hi-tech and financial services – have conducted the implementation on CSR.

Nevertheless, most of the programs run in a silo and not integrated to the country's development programs. An example of a government program is the Indonesia's National Program for Community Empowerment (PNPM – Program Nasional Pemberdayaan Masyarakat), which was launched in 2007 by the President of the Republic of Indonesia. PNPM's objective is to reduce poverty and improve local-level governance in rural areas of Indonesia through the provision of investment resources to support productive proposals developed by communities, using a participatory planning process.

Looking at the perspective of community development, this paper analyzes the opportunity for corporations to work with government programs on development. By reviewing PNPM and matching it with the strategies conducted by corporations, a new approach to community development would hopefully be realized through a concept called Collaborative Social Responsibility (CSR 2.0).

Keywords: Collaboration, community development, Corporate Social Responsibility, empowerment

Introduction

Any country in the world would have goals to achieve development. Unfortunately, not all countries can be at the same development pace and stage because each economy is different than the others. When countries with major industrial growth and wealth of resources succeed, the need for community development is not as apparently needed as countries that are less unfortunate. Developing countries, with Gross Domestic Products (GDP) less than 10,000 million, such as Cambodia with 8,300 million -- compared to the United States with 15,094,000 million -- would have to focus more on increasing the welfare of its people, and likely would also rely on the kind hands of international social and humanitarian organizations (such as UNICEF, UNESCO, CARE, Save the Children, Oxfam, Mercy Corps etc.) and corporations, especially multinational corporations with revenues that can be more than the state.

Assistance from inter-government and non-government organizations can easily align with country goals and objectives due to the nature of the cooperation. But help from corporations would have the possibility of being incoherent because programs conducted by corporations are more in line with the needs of the surrounding environment where it operates, rather than looking over a wider or national development agenda.

Corporations wield tremendous power today. In large part because of the often quite significant financial impacts that they have on the communities, states, and countries where they have their offices, factories, and manufacturing plants, and where they do their business. As corporations have grown in size and financial power, the balance of power resources in the world has changed as well (McElhaney: 2008, p. 17). McElhaney explained how the 2006 list of top one hundred economies in the world (as measured by GDP) explained how powerful corporations can be. The comparison between the 2006 and 2011numbers in Table 1 show the shifting resources power:

Table 1 - Top 100 World Economies

Rank (2006 vs 2011)		Country/Company	GDP /Revenue (2006)	GDP /Revenue (2011)
1	1	United States	13,201,819,000,000	15,094,000,000,000
2	3	Japan	4,340,133,000,000	5,867,154,491,918
3	4	Germany	2,906,681,000,000	3,570,555,555,556
4	2	PRC	2,668,071,000,000	7,298,096,609,545
5	7	United Kingdom	2,345,015,000,000	2,431,588,709,677
22	25	Wal Mart Stores	351,139,000,000	446,950,000,000
23	24	Exxon Mobil	347,254,000,000	452,926,000,000
24	22	Poland	338,733,000,000	514,496,456,773
25	26	Austria	322,444,000,000	418,483,975,383
26	23	Royal Dutch Shell	318,845,000,000	484,489,000,000

(GDP from the World Bank - http://data.worldbank.org/indicator; Revenue from Fortune magazine - http://money.cnn.com/magazines/fortune/global500/2012/full_list/)

The companies listed in Table 1, despite being in the 20s of the ranks, have higher GDPs than 75 percent of the world countries. With revenues that go beyond country's GDP, corporations have the ability to contribute back to and/or enhance capacity building of their communities through a typical company's Corporate Social Responsibility (CSR) strategies. These strategies vary from community investment, corporate governance, environmental management, sponsorship, and even employee volunteerism.

Business leaders are realizing that an effective CSR goal can be much more than a feel-good public relations activity to their prospective customers, employees, shareholders, and other significant stakeholders; but can have a significant and positive impact on the bottom line. Nevertheless, as mentioned, most of the programs run in a silo and not integrated to the country's development programs. Based on experience of reviewing various proposal documents for a corporation's CSR, the approach can be somewhat haphazard and uncoordinated. For example, a consultant happens to suggest a water and sanitation program in a village or area; but failed to realize that there is a government sponsored program managed by the local Public Works office being implemented called PAMSIMAS (*Program Air Minum dan SanitasI MASyarakat*; Community Drinking Water and Sanitation Program).

As mentioned by Michael Porter and Mark Kramer in a Harvard Business Review article (in McElhaney: 2008, p. 17), there is a new way to look at the relationship between business and society, a way that unifies company philanthropy with the management of CSR efforts and embeds social dimension their core value propositions. How can corporations provide opportunities to benefit society? Would integration between corporate initiatives and government programs be possible?

2. Conceptual Thoughts

Prior to discussing the possibility of integrating CSR initiatives with government priorities, understanding the basic concepts will hopefully be able to provide the basis of premises put forward.

Community Development

Before the terminology of CSR came about, many corporations have used the term Community Development, which was considered as part of the overall public relations program. Activities that were merely managing relationships through direct interaction/ dialogue and social activities were not considered sufficient to manage relationship with community stakeholders. Hence many corporations adopted community development programs to reach out further to their communities. For the state, Community Development is a must to increase the welfare and well-being of its society.

There are complementary definitions of community development. Community Development Challenge report, which was produced by a working party comprising leading UK organizations in the field (including (Foundation Builders) defines community development (comm dev) as:

> "A set of values and practices which plays a special role in overcoming poverty and disadvantage, knitting society together at the grass roots and deepening democracy.

Community Development Exchange defines community development as:

> "Comm Dev is an occupation (such as a community development worker in a local authority) and a way of working with communities. Its key purpose is to build communities based on justice, equality and mutual respect.
>
> Community development involves changing the relationships between ordinary people and people in positions of power, so that everyone can take part in the issues that affect their lives. It starts from the principle that within any community there is a wealth of knowledge and experience which, if used in

> creative ways, can be channeled into collective action to achieve the communities' desired goals.
>
> Community development practitioners work alongside people in communities to help build relationships with key people and organizations and to identify common concerns. They create opportunities for the community to learn new skills and, by enabling people to act together, community development practitioners help to foster social inclusion and equality.

A number of different approaches to community development can be recognized, including: community economic development (CED); community capacity building; Social capital formation; political participatory development; nonviolent direct action; ecologically sustainable development; asset-based community development; faith-based community development; community practice social work; community-based participatory research (CBPR); Community Mobilization; community empowerment; community participation; participatory planning including community-based planning (CBP); community-driven development (CDD); and approaches to funding communities directly. Some of these approaches are adopted by corporations.

Education and the community-wide empowerment that increased educational opportunity creates, form a crucial component of community development and certainly for under-served communities that have limited general educational and professional training resources. Workforce development and the issues and challenges of crossing the Digital divide, and increasing community-wide levels of Digital inclusion have become crucially important in this and both for affordable access to computers and the Internet, and for training in how to use and maintain these resources.

Local communities that cannot connect and participate in the larger and increasingly global on-line community are becoming increasingly marginalized because of that. So where urban development with its focus on buildings and physical infrastructure was once viewed as a primary path forward to community development, development of computer and online infrastructure and access, and the community enablement they support have to become central areas of focus moving forward. This has become an area of active involvement for both public and private sector organizations including foundations and nonprofit organizations. In the United States, nonprofit organizations such as *Per* Scholas seek to "break the cycle of poverty by providing education, technology and economic opportunities to individuals, families and communities" as a path to development for the communities they serve.

In the United Kingdom, the Community Empowerment Division of the Communities and Local Government has been increasingly seeking to involve citizens in public decisions and community development (CD). Citizens in this case are not only individuals, but also corporate citizens, which play an important role in the implementation of CD policies.

In Victoria Australia, the Department of Planning and Community Development (DPCD) has a central role in managing Victoria's growth and development and building stronger communities. To achieve this DPCD developed long-term plans for Victoria's regions and cities, invest in infrastructure and services and support the development of local communities. The Department also provides research, policy and planning advice, administers legislation and regulations.

DPCD stated that it committed to engaging communities and businesses to plan for the future. Including developing partnerships across Victoria's government, business and community sectors and coordinate whole-of-government responses to a broad range of economic, social and environmental issues at a local, regional and state-wide level.

An example of the program from DPCD is developing Social Traders, a partnership with a private philanthropic trust that funds a community enterprise development agency.
At the end, the agency, Social Traders is a joint initiative of government, philanthropy, business and community organizations to create an environment for social enterprises to grow and be sustainable:

developing the skills base of grass roots social enterprises and the people working in these enterprises;
responding to the emerging needs of communities wanting to develop social enterprises;
generating investment and providing appropriate financial products and services to encourage growth of social enterprises;
designing and delivering tailored tools and services; and
Engaging the corporate and philanthropic sectors to contribute skills, expertise and resources to emerging social enterprises.

Although Australia is considered a developed country, the Victorian Government has invested over $14 million in social enterprise development since 2004. State Government funded social enterprises are businesses that trade for a social or community purpose and their profit is reinvested back into the business or the community. The enterprises are being funded to create local businesses, local jobs and affordable services in communities, especially those experiencing disadvantage. In total over 100 enterprises have been funded, which have created over 1,100 job and training opportunities for people who have found it difficult to enter the mainstream labor market.
In South Africa, its government has designed a social and community development program that focuses on the following:
Neighborhood Development Grant programme - a conditional grant to municipalities to stimulate and accelerate investment in poor, underserved residential neighborhoods.
Comprehensive Rural Development Programme is aimed at creating sustainable rural communities throughout the country.

- Home-Based Community Care Program provides health and social services to vulnerable people in their homes, and trains caregivers to administer these services.

In addition, South Africa also engages in specific programs such as:

- Working for Water - eradicates invasive alien vegetation to conserve water and the environment.
- Working on Fire is a multi-partner organization focused on integrated fire management and veld and wild firefighting.

- Working for Wetlands works towards protecting wetlands
- Land Care - communities and individuals are urged to manage South Africa's environment and natural resources using an ecologically sustainable approach.

An example of a government program in Indonesia is the Indonesia's National Program for Community Empowerment (PNPM – *Program Nasional Pemberdayaan Masyarakat*), which was launched in 2007 by the President of the Republic of Indonesia. PNPM's objective is to reduce poverty and improve local-level governance in areas of Indonesia through the provision of investment resources to support productive proposals developed by communities, using a participatory planning process. The types of sub-programs are divided into the following:

PNPM Rural - The objective of rural villagers benefiting from improved socio-economic and local governance conditions will continue to be achieved through:
(i) provision of direct grants to communities in a transparent manner to finance an open menu of basic socio-economic infrastructure and revolving funds for women#s saving and loans groups; (ii) support to communities participation in an open and inclusive planning process; (iii) enhancing the capacity of central and local governments to partner with community organizations in service provision.

PNPM Urban – The objective is to benefit the urban poor by improving services and infrastructure identified and delivered in a more effective and participatory manner through the scaling up of a sustainable national program for poverty reduction

PNPM Generasi (Generation), focusing on health and education

PNPM Green, focusing on the environment

PNPM Peduli (Care) strengthen the capacities of Indonesian Civil Society Organization's (CSOs) to reach and empower marginalized groups to improve their socio-economic conditions

PNPM rural and urban, as the government's existing national community-driven development architecture and network became a useful platform for other forms of local assistance. Generasi was started as an experiment in adapting the community participatory planning and block grant process to focus on specifi c education and health targets that were not being addressed suffi ciently in the existing community program. Th is project has illustrated the fl exibility and adaptability of this community model once the architecture and machinery are established. It also serves as a possible vehicle for improving health and education indicators in supply-defi cient areas, where the traditional household conditional cash transfer model may not be as eff ective due to supply constraints. PNPM Generasi was then followed by PNPM Green and PNPM Peduli.

Some of the development issues raised by the countries/region are actually part or follow the lines of the Millenium Development Goals (MDGs) that were agreed by world leaders at the United Nations Summit in 2000. The MDGs set specific targets on poverty alleviation, education, gender equality, child and maternal health, environmental stability, HIV/AIDS reduction, and a "Global Partnership for Development."

In the recent 2012 MDG Report, stated that the success of MDG remains possible, although challenging, as long governments do not waiver from their commitments made over a decade ago. Further success depends on fulfilling MDG #8 – the global partnership for development. The global partnership would include partnering with donor agencies, non-profit organizations, and the private sector, the corporations.

Corporate Social Responsibility

For multinationals, since 1930s, and especially by the 1960s, Corporate Social Responsibility (CSR) has been an important issue not only for business activities, but also in theoretical and practice of law, politics and economy. By the end of 1990s, the concept of CSR came into surface and attracted attention from the academic, non-governmental organizations, and those who conducts businesses. The main concept of implementing CSR is that being a Responsible Business is Good Business.

The World Bank has defined CSR as: "the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life, in ways that are both good for business and good for development." This definition means that activities conducted by corporations should have impact to development. Cheney et.al (2004) defined CSR as asserting that good business practices take into account their impact on communities, society, the economy and nature. Quite similar to Kotler and Lee (2005) who sttaed that CSR is a commitment to improve community well being through discretionary business practices and contributions of corporate resources.

Based on the above definitions, the main emphasis lies on commitment, impact and discretionary where a business makes the decision to choose and implement the contributions to society. This means that business practices of CS should not be activities that are mandataed by law or that are moral or ethical in nature and perhaps therefore expected. But in Indonesia, it may not be as 'free spirit" as defined.

For Indonesia, CSR has been an accepted practice since mid-90s introduced by multinational companies that operate in Indonesia. Most of the activities are based on the approach of transnational strategy, whereas the activities held in one particular area are adopted by other country representative as it sees fit. For companies working in the resources industry, especially ones in developing countries such as Indonesia, even has become more apparent that they have to conduct CSR. As stated in the Indonesian regulations to corporations, Chapter V clause 47 No. 40; 2007: "a company having its business activities in the field of land/or related to natural resources shall be obliged to perform social and environmental responsibility", shows the seriousness of government asking for the accountability of corporations. By the end of 2010, other industries – such as consumer products, communications and hi-tech and financial services – have picked up the implementation on CSR.

Although there are many forms or adoptions of CSR activities, we may confine them in categories/sector adopted by the majority of organizations. Not all organizations will adopt all categories, but likely a few that relate to their business (Sarinastiti, 2009). Kotler and Lee (2005) categorized cause initiatives that fall under the umbrella of CSR as follows: community health, safety, education, employment, environment, community and economic development and other basic human needs and desire.

What has been quite rare is the adoption a more idealistic framework based on what is considered basic community development needs in developing countries, the Millennium Development Goals (MDGs).

Collaborative Social Responsibility

From the two concepts above on community development and CSR it is quite apparent that community development activities could be implemented beyond government's goals and are relevant with the influence and impact a corporation can have in the community/ communities where it operates.

Exxon in its 2009 Corporate Citizen Report stated the following:

> "Achieving progress toward recognized development targets such as the United Nations Millennium Development Goals can only be made through a collaborative effort by governments, business, development institutions, and civil society. Economic growth is a precondition for achieving the goals, which range from environmental sustainability and combating HIV/AIDS, malaria, and other diseases to promoting gender equality, empowering women, and achieving universal primary education. As we expand our operations into developing countries, ExxonMobil has the opportunity to act as a catalyst for economic development and support efforts to help achieve the Millennium Development Goals."

Many other reports on sustainability or corporate citizen report by companies whose revenue are greater than the GDP of countries states the same commitment. As stated by Shell:

> "We work with communities, local governments, development agencies and non-governmental organizations to create community projects that can thrive beyond our financial support. In many cases, we ask communities to help decide how to invest the funds, and they share the responsibility for developing and putting programmes into practice."

3. Summary

Based on the evidence and statements made by governments and corporations, the possibility of collaboration in making community development impactful is quite obvious. The willingness of government to reach out, and not to regulate, corporations will be the factor to make the collaboration into a reality.

4. References

Cheney, G., Christensen, L.G., Zorn, Jr. T.E., Ganesh, S. (2004) Organizational Communication: in an Age of Globalization – Issue Reflections, Practices,. Waveland Press, Inc.: prospect Heights, Illinois, USA

Coombs, W.T., Holladay, S.J. (2012). *Managing Corporate Social Responsibility: A Communication Approach*, Wiley-Blackwell: United Kingdom.

Exxon-Mobil 2009 Citizenship Report: Addressing the Sustainability Challenge. http://www.socialfunds.com/shared/reports/1275354520_ExxonMobil_2009_Citizenship_Report.pdf (Accessed August 30, 2012)

Kotler, P. & Lee, N. (2005) Corporate Social Responsibility: Doing the Most Good for Your Company and Your Cause. Wiley & Sons: New Jersey, USA.

McElhaney, K.A. (2008). *Just Good Business: the Strategic Guide to Aligning Corporate Responsibility and Brand*, Berrett-Koehler Publishers, Inc., San Francisco, CA, USA

Royal Dutch Shell. Sustainability Report 2011. http://reports.shell.com/sustainability-report/2011/ourapproach/communities/investingincommunities.html?cat=m (Accessed August 30, 2012)

Sarinastiti, N. (2009) 'Communicating Corporate Social Responsibility', Jurnal Komunikasi, volume 3, no. 2, April, pp 115-126.

Sukada, S., Wibowo, p., Ginano, K., Jalal, Kadir I., Rahman, T. (2007). CSR for Better Life: Indonesia Context, Indonesia Business Links, Jakarta, Indonesia

United Kingdom Government. The Communities Development Challenge, 2006 http://www.communities.gov.uk/documents/communities/pdf/153241.pdf accessed August 15, 2012

United Nations. Global partnership key to achieving Millennium Development Goals by 2015 – UN report (http://www.un.org/millenniumgoals/)

Victorian Government. http://www.dpcd.vic.gov.au/communitydevelopment/projects-and-programs, accessed August 2, 2012

World Bank. 2011. Indonesia's PNPM generasi program : final impact evaluation report. Washington D.C. - The Worldbank. http://documents.worldbank.org/curated/en/2011/06/16283798/indonesias-pnpm-generasi-program-final-impact-evaluation-report, accessed August 2, 2012

About the Author
Dr. Nia Sarinastiti, MA
Atmajaya Indonesia Catholic University

Contact:
sarinastiti@yahoo.com
nia.sarinastiti@atmajaya.ac.id
phone: +62-816-979-631

Diversity Management in Multinational Corporation: The Study of Diversity Management at PT Schlumberger Geophysics Nusantara

MC Ninik Sri Rejeki[1]

[1]Communication Department, Faculty of Social and Political Sciences, Universitas Atma Jaya Yogyakarta

Email: mcninik_srirejeki@yahoo.co.id

Abstract:

The cultural diversity of organizations is a positive strength in achieving the organization's goals if it is managed properly through the diversity management. This management employs the multiculturalism paradigm. PT Schlumberger Geophysics Nusantara practices this kind of management. This research aims to explore the diversity management by using phenomenology method. The results showed that the diversity management was undertaken through the development adaptive attitudes and perspectives that accept the cultural diversity. This effort was supported by the communication code of conduct. The research concluded that a proper management of the cultural diversity could support the work ability of employees in providing excellent services to clients. The research also concluded that the diversity management has strengthened the cohesiveness of the team which consists of employees with different nations and genders.

Keywords: cultural diversity, diversity management, multiculturalism paradigm, code of conduct.

1. Introduction

Cultural diversity can be strength of the organization. An organization can set an agenda to fight for diversity that determines the character of the organization. Cultural diversity can be considered as cultural variety within the organization. Diversity, indeed, can be the strength of the organization as long as it is well managed as it is done by PT Schlumberger Geophysics Nusantara (Schlumberger).

As a multinational company which is based on *international teamwork*, Schlumberger seeks to reflect the belief that diversity can spur the creativity and collaboration of the company. Based on that basis, Schlumberger employs a staff with different nationalities and different cultural backgrounds. The concept of *international teamwork* implies the existence of the need for their ideas, experiences, and perspectives from the cultural diversity of the employees. Thus, a mindful understanding will be achieved towards the needs of the client.

Besides having the potential strength, cultural diversity also has a weakness, namely the potential for conflict. For example, stereotyping can be a source of conflict among groups, which could interfere with the effectiveness of the organization in achieving its goals. This kind of potential conflicts needs to be managed not to appear and so the strength of diversity precisely arises. Management itself is referred to as the management of cultural diversity. Management is can be used not only to manage diversity in the organization, but also considered to be able to create synergy between the organization and the *global* work conditions, and can maximize the potential of its workforce in order to achieve organizational goals. The implementation requires multicultural paradigm.

This paper presents the results of the research on the cultural diversity management at PT Schlumberger Geophysics Nusantara. The formulated research problem is how the picture of diversity management in that multinational enterprise. The goal is to seek an understanding of diversity within the organization. The academic benefits that can be taken are to contribute to the implementation of diversity management in organizations with cultural diversity, while the practical benefits are providing the portraits of cultural diversity management at PT Schlumberger Geophysics Nusantara.

2. Theoritical Framework

Constructivism as the Research Paradigm

The research is based on a constructivist paradigm. This paradigm brings the researchers to conduct a direct inquiry toward the social actors in order to gain an understanding of how people create and maintain their social world. Ontologically, constructivism treats the reality as a social construction of truth. Epistemologically, constructivism considers the reality as a product of the interaction between the researcher and the thing which is researched, while, constructivism axiologically treats values, ethics, and moral choice as an integral part of the research. Meanwhile, in the methodological dimension, constructivism emphasizes empathy and dialectical interaction between researchers and research subjects.

The nature of the knowledge gained through the inquiry forms in reconstruction of individual ideas blended with the social environment. According to Guba and Lincoln (Denzin and Lincoln, 1994:112), the accumulation of knowledge suggests that the reconstruction of the thought pretends to be the experience of the researchers themselves.

Interpretive Approach in Communication and Organization Studies

Interpretive approach is included in constructivism. In the study of communication and organization, interpretive approach focuses on the study of meaning in the social actions of the organization. There are three assumptions about the nature of interpretivism reality. First, the social reality is constructed through words, symbols, and behavior of its members. Second, abstraction is seen as an act of transformation of the concrete forms into the symbolic ones. There are related patterns that indicate the dynamic of social relations. Third, the individual has a free choice to interpret the actions of the organization, so it plays an important role in constructing its organizational reality. Interpretivity is a managerial bias-free approach because it recognizes the perspective of subordinates and superiors.

This research aims to generate an understanding of the events and practices of the organization. The researcher gives the meaning to the reality of an organization built by the social actors. There are three types of meaning, namely subjective, intersubjective and consensual meaning. Subjective meaning refers to an individual interpretation. Intersubjective meaning is the relationship between beliefs, attitudes, and interpretation of the individual within the organization, while the consensual meaning refers to the perspective of researcher and social actors.

Cultural Diversity Management in an Organisation

Management of cultural diversity in organizations is the organization which is implemented through planning and implementing organizational systems and practices implementations in order to maximize the benefits of cultural diversity in the organization and to reduce potential losses to a minimum point. In addition, it is also to maximize the ability of all members of the organization in order to contribute to the achievement of organizational goals.

This management application requires the multicultural paradigm. According to Cox (1994:229), the organization will be multicultural if it can put a value on cultural diversity in it. Its characteristics are (1) there is an organizational culture that supports and provides the value to the cultural differences, (2) admitting the pluralism as a process of acculturation, (3) there is a structural integration, (4) there is structural integration, (5) there is an informal network integration, (5) There are no cultural biases which are institutionalized in both the system and practice of human resource management, and (6) there are few conflicts between groups.

There are three issues that are facilitated by the management of diversity, which are first, moral objective, ethical, and social responsibility. Second is on official duties, and third on the objectives of the economic context. This management is done by understanding the diversity factors at the individual, group, intergroups, and organizations. At the individual level, personal identity is associated with the group identity. The identity of the group is an affiliation between individuals and others. Group and intergroup factors affect the organization. Micro culture brought by the group norms provides an alternative system for the organization. Therefore, knowledge is essential for understanding intergroup cultural diversity within the organization. Another important understanding should be done toward the acculturation, structural integration, informal integration, and institutional bias. Acculturation refers to the process to solve the problem of cultural differences, cultural change, and adaptation between groups. Meanwhile, the structural integration refers to the level of heterogeneity in the formal structure of the organization, while informal integration is the participation in informal groups.

3. Research Method

This study uses phenomenology method. Phenomenology places human beings who are the creature who creates the meaning for the world. Through these activities, people actively construct their world (fortune, 2011:140). The research subject consists of the management elements and the employees' element. In-depth interview technique is used in collecting the data using. The interview process includes the step of asking, interpretations, conclusions, inspection, and verification. In the meantime, the data is processed using a coding system, that it is the organization of the data according to the research concepts and *indigenous* concepts. Once the data is processed, the explanation is done by researchers by synchronizing between the views of researcher (ethic) and local wisdom (emic).

4. The Result of The Research

Organization General Profile

PT Schlumberger Geophysics Nusantara Indonesia-based company is a subsidiary of Schlumberger Limited (SLB), which operates in several countries around the world. This company is a service company that is engaging in providing technology, information solutions and integrated project management. The company serves customers engaging in the oil and gas, as well as oil fields. From the diversity of its employees, SLB employs about 108,000 people from 140 countries and works in 80 countries.

Two business segments developed by SLB is Schlumberger Oilfield Services and WesternGeco. The first segment include providing drilling products and services, while the second one provides data processing services. SLB main offices are in Houston, Paris, and The Hague. Meanwhile, the management of its is business conducted in 33 areas called geomarket and are in four geographic regions, namely North America, Latin America, Europe, and Africa; Middle East, and Asia.

Diversity Profile in Schlumberger

The strength of this company is the diversity of the workforce which is from various nationalities and gender with different cultural backgrounds. The focus of this diversity began in 1994. This variety comes from the recruitment of human resources from different nations, both men and women. One thing that is interesting is that the company has managed to attract and develop the *nonwestern* nationality workforce. The nationalities in the SLB are divided into Europe, CIS and Africa (34%), North America (24%), Middle East and Asia (24%) and Latin America (18%) (http://www.slb.com / about / guiding principles / diversity.aspx accessed on May 7, 2011).

In the meantime, in the context of gender diversity is seen in the development of recruitment of women as employees. In 1990 there was 15% of the total recruitment of women, and in 2005 it increased to 20%. In 2010, at the management level, 20% are women. It can be read as an opportunity for women to pursue a career in the SLB. The proportion of women in the SLB recently are 23 managers from 11 countries, 9% are women. In the short term, out of 45 managers from 19 countries, 13% of them are projected women. Meanwhile, in the long run, out of 79 managers from 22 countries, 23% are projected to be occuppied by women.

Diversity in Management Interpretation

In the interpretation of the management, diversity is strength of the organization at Schlumberger. There are four reasons why diversity is considered as strength. Firstly, companies need employees from different cultures in order to provide the best service to customers who come from diverse cultures as well. Secondly, Schlumberger believes that employees from different cultures can build adaptive attitudes they can be placed in any country or deal with any client. Thirdly, the diversity Schlumberger employees are expected to grow the business in their own country, so that their career was able to reach the highest level. Fourth, the diversity will provide better performance and ideas that can bring the success to the company.

Diversity in the Employees Interpretation

The diversity at Schlumberger is interpreted differently by employees. They put more emphasis on the source of the difference. According to employees, the source of differences is nationality, gender, educational level, educational background, and ethnicity.

In terms of nationality, employees' recruitment is done by the system of nationality. It means that Sclumberger Indonesia is responsible for national quotas in Indonesia. Schlumberger in Indonesia has the right to recruit employees with Indonesian nationality to be placed in Indonesia and abroad. In addition to sending employees Indonesia, Schlumberger Indonesia receives expatriate employees hired by

Schlumberger from other geomarket. It is recognized that the difference is primarily located in nationality and gender.

To appreciate the difference, Schlumberger provides quotas for women to have the same employment opportunities as men. Thus, working in the oil industry , considered a masculine job, provides equal opportunities to the women for a career.

In the background of education, Schlumberger does not only recruit graduates from oil major, but also other disciplines, such as mechanical engineering, and so on. Meanwhile, for the differences in the level of education, most of the employees at the operator level Schlumberger derived from the technical vocational school and Diploma graduates. Others were on the level of *engineer* with Bachelor's and Master's education, while Research and Development of the employees is charged with doctoral levels.

The level of education will affect the type of work that is dealt by employees, while working length effects on *grade.* A conducive organizational climate can manage tensions of the employees who work together to set the long-time employee with a higher *grade* who have more working experience because of longer experience. Meanwhile, ethnic differences are not too visible. Ethnic differences are only visible when the interaction occurs only among Indonesia. People from other countries do not pay attention to ethnic differences.

Diversity Management at Schlumberger

Schlumberger manages diversity to be a positive strength of the company. There are five management systems, which is going along the rule; mentoring; orientation program; training, and staffing policies in different countries as well as the placement of employees in different teams.

First, the management with the product rule. The company publishes rules for each employee in order to appreciate the difference, i.e. the code of ethics. Code of conduct is an outline of the rules that guide the behavior of employees, in decision-making, business management, and other employment practices. In the code of ethics, it is stated that the company's strength lies in diversity. All employees are expected to be able to treat others in a professional manner based on respect, trust, and individual self-esteem. The Company does not tolerate violence in any case. This is a consequence of the recruitment and development of human resources from different nationalities and gender matter.

From Guidelines Principles of Personnel documents it appears that Schlumberger emphasizes the importance of the promotion of the diversity of nationality, culture, gender, and differences in thought. It is suitable with Schlumberger's business strategy, which is to develop a global culture with equal opportunities for men and women of all nationalities to form a strong working team for being a better company.

In the document, it is also mentioned that everyone is valued for their unique abilities. With these principles, the company ensures that all employees feel respected and valued. The company does not require employees releasing his identity, which is important to contribute your thoughts and creativity to strengthen the team.

Schlumberger’s code of conduct puts pressure on values diversity and encourages employees to incorporate these values into the working life. One of the issues that are set in the code of conduct is about sexual harassment.

Rules on sexual harassment are based on the idea that the basic element of business strategy is the development of a global culture. This culture allows men and women with different nationalities to be able to work together based on the strength of cultural diversity. Thus, the wake of a successful international team is built for the company success.

The sexual harassment which is not tolerated includes such things:

1. Words or statements that have sexual connotations.
2. All verbal and non-verbal forms that are intended to intimidate others.
3. Personal decisions which are related to the promotion, compensation, and so on based on the sexual consideration.
4. Misplaces sexual humors

All complaints and statements regarding to sexual abuse are done in a manner that ensures the confidentiality of the complainant and it is followed by an investigation of the case. Policies and procedures which are suitable with the principles of the basic principles in its implementation have always been communicated to all units in Schlumberger.

Code of conduct is designed to support the values developed at Schlumberger. The company deliberately set high standards and is consistent for all employees, no matter their position or where they work. For Schlumberger, the code can support various company policies, standards, guidelines, and business processes, and procedures. The point is to give companies the obligation and responsibility for employees to communicate ethically. The code of conduct that serves as guidelines for everyday behavior can eventually become the identity for Schlumberger.

In the code of conduct, it is stated that to understand ethics, employees do not only comply with the rules of the company, but also understand that the company's decision will affect others who are not involved in the company. Through that understanding, the company's business is expected to be guided to continue conducting business by abiding laws and regulations. In addition, it is also mentioned that Schlumberger is not subject should obey the laws and regulations in the countries where it operates. The Company must maintain the trust and respect for fellow employees, clients, and other *stakeholders.*

Second, companies do mentoring to new employees to accelerate their adaptation. The Company has an employee development system that requires new employees to be guided by experienced employee. Mentoring system will speed up the process of adaptation to the corporate culture.

Thirdly is employee orientation program on different cultures. This program is to prepare employees to know the corporate culture that values differences. Before signing a contract, employees who do not fit the culture of the company may resign. Fourth, training and placement of employees in different countries. Employees should receive training in the various countries. Fifth, the placement of employees in different teams, by putting employees into teams that each time the individual members can be moved to other teams, so it can familiarize employees to work in teams with the composition of the fluid. Therefore, they can take a positive stance on the difference. *Stereotyping* on the different cultures is formed through the interaction for the positive purpose. *Stereotyping,* then, is used to predict the way how to work with employees from different cultures.

The reality of conflict in Schlumberger tends to occur because of different opinion, not because of the differences of nationality or stereotype problem. In facing the conflict, the company has always insisted on the priority of the organization, namely competence. This is because competence is the reason why a person can be recruited as an employee, not because of a particular country or a particular gender. Competence is emphasized, while the gender is associated with the concept of gender equality that has become a global issue, and it is a concern of Schlumberger on the issue. Meanwhile, for the recruitment based on nationality, Schlumberger in Indonesia is subjected to regulation by the Department of Labor and it is based on the company needs. Schlumberger has a policy of hiring employees based on the need for Indonesia. Companies in Indonesia can recruit domestic workers and to ask for Schlumberger in other countries to recruit expatriates. Meanwhile, the demands in other countries on Indonesian employees will be mediated by the recruitment in Indonesia for the international placement.

5. Analysis

Diversity management is the management of the organization that carried out by planning and implementing organizational systems. Schlumberger implement it by creating a system of rules, *mentoring,* orientation programs, and policies in the training and placement of employees.

From the theoretical side, it can be argued that the system developed in the company is the company's efforts to maximize profits and reduce any potential loss of cultural diversity in the organization as minimum as it can be, which significantly raised the goal to maximize the actualization of the ability of employees to contribute to corporate goals .

At Schlumberger, diversity in cultural backgrounds which are primarily derived from nationality and gender are the implications of corporate objectives which are set out in the Personnel Guidelines Principle. Purpose concerning the nationality is in order to give the best service to the clients of the company. Schlumberger clients come from various countries as well as diverse nationalities. This national background has implications on cultural differences as well. Meanwhile, the different cultural backgrounds will result in different ways of communicating. These different methods of communication will then be the identity of someone's culture.

One thing that can happen is that the company and the *stakeholders* are different in the use of symbols and the meaning because of different cultures. Therefore we need employees from various nationalities for the company to communicate effectively with clients. Employees whose cultural background is similar to a client can be an effective communicator for the company.

In the meantime, the goal related to gender aspect is because Schlumberger is the company that wants to develop ideas from various perspectives. Female perspective is needed to make the male perspective in balance. In addition, an image of the company will be positive because of concerning about global issues, such as gender issues. Schlumberger is known as a company that provides opportunities for women to pursue a career as for men.

The application of the cultural diversity requires a multicultural paradigm in the organization. Schlumberger can be stated to be a multicultural organization. The company provides high value on the diversity of cultures that exist in it. It appears in the corporate culture that encourages fair employment practices worldwide and offer equal opportunities for all employees. This commitment is embodied in a code of conduct that emphasizes the values of diversity and encourages employees to internalize the values through programs and policies of the company, such as mentoring, orientation, and placement in different countries and different teams.

Learning from diversity management cases performed in Canada or in other countries, it can be argued that the issue of diversity can be attributed to globalization. It is like the study launched by the Conference Board of Canada in 2011. The study concluded that by the exertions of different ethnic workers can make the company lucky. The report stated that the achievement over the global benefits can increase the export figures. The key to entering the international market is garnering international workforce that can help those Canadian companies entering international markets. (http://www.hrsdc.gc.ca/eng/labour/equality/racism_free_init...diakses 20-07 -2012). The same occurred to the Ford Company. Ford has a factory, assembles and sells facilities in 34 countries and distributes vehicles through a network of more than 10,500 dealers in more than 200 countries. According to Alex Trotman, the chairman and CEO of Ford Motor Company, it's important for people to understand the different tastes of consumers around the world. Therefore, by the global performance, the work mobilization should also be global. (http://www.hrsdc.gc.ca/eng/labour/equality/racism_free_init...diakses 20-07-2012).

Helmut Eppich, the founder and chairman of Ebco Industries also made the statement that the world has been encouraged to think globally. This thing which is encouraged to think about multiculturalism (http://www.hrsdc.gc.ca/eng/labour/equality/racism_free_init...diakses 20-07-2012).

Therefore it can be said that it is necessary to overcome language barriers to control various aspects of culture, to attract the best employees across demographic and to strengthen the good confidence of investors in hiring labor in Canada and the United States.

In the meantime, related to diversity management through the management of such words which are contained in the communication code of conduct at Schlumberger lessons can be drawn from the working environment of IBM. IBM working environment should be free from harassment based on sex or sexual orientation, racial or ethnic origin, religion, age, and those with disabilities or veterans. In order to respect and give value to diversity among IBM employees and all others involved with the IBM business, managers must be able to ensure the working environment which is free from words, and all forms of discrimination or harassment (http://www.hrsdc.gc. ca / eng / labor / equality / racism_free_init...diakses 20-07-2012). An important point in the management of diversity is the need to conduct an evaluation of the management. It is like what has been done by Xerox. Xerox has a system to monitor the results of diversity.

In the management of diversity, it is also necessary to have the accommodation of the existing diversity. In Rural Ontario, Canada, there are accommodations made for workers in the picking and hunting season. For example, Christians are not scheduled to work on Sunday, while Muslims on Fridays and Jews on Saturday, so they can carry out worship in those days (http://www.hrsdc.gc.ca/eng/labour/equality/racism_free_init...diakses 20-07-2012).

For the training, as well as mentoring programs conducted at Schlumberger, by taking into account the case of Lucky Stores, California which is based on food ingredients business, the manager take care of the diversity training by identifying stereotype general diversity of women and minorities. The training provides an understanding of the group reason for not being promoted too often such as based on the stereotype, black women are more aggressive and women cry more. The case was then led to the discrimination claims and employee's claims were granted (http://www.hrsdc.gc.ca/eng/labour/equality/racism_free_init...diakses 20-07-2012). Of exposure it can be argued that the dimension of diversity in the business of the Canadian and the American is to pay attention to ethno cultural diversity, like the study directed by the Conference Board of Canada in 1994. These are examples of companies that successfully launched the idea of diversity, including Petro-Canada, Warner-Lambert Canada, Ebco Industries, Bank of Montreal and the Mouvement des Caisses Desjardins.

These are the items that can be described from Schlumberger and also from business life in other countries, namely Canada and the United States. One thing that can be learned from this exposure is that in entering global business, many multinational companies increasingly recognize the importance of diversity, and manage it in order to get the benefits of the positive effect and reducing negative effect to a minimum level.

6. Conclusions and Recommendation

Conclusions

a. Schlumberger implements diversity management by making the rules inserted in the code of conduct. In the code of conduct, the rules related to sexual harassment are set out. It is as it existed in the workplace at IBM. This Code of conduct is designed as the outlines of the rules that guide the employees to communicate in their interactions in an enterprise environment, such as at meetings for decision-making, business management, and other employment practices.
b. In addition to the code of ethics, there is a company policy in the form of mentoring, orientation programs, training, and employees' placement in different countries. For this training, it was done at Lucky Stores, California, in the form of training to identify stereotypes against female and minority workers.
c. Diversity management purpose at Schlumberger is to maximize the ability of all workers to contribute to the company's objectives which are taken from the existing cultural diversity, as well as to reduce the potential loss of the diversity itself. Diversity itself is a company policy in the deployment of labor. It is like what it was done by Ford and Ebco Industries. Payable in Personnel Policy Guidelines Principle.
d. The diversity management implication requires paradigms that underlie multicultural organization. Schlumberger, in this context, is a multicultural organization which is demonstrated through the respect for each individual with a unique identity and culture.

Recommendation

Theoretical statement of this study is that the management of diversity in organizations is carried out by making regulations to ensure the respect for individual employees with different cultural backgrounds. The researcher realizes that by using the phenomenological method, more in-depth information can actually be explored, but it is limited by the constraints time, expense, and effort. It is, therefore, recommended that further research is carried out deeper in order to obtain a better understanding of cultural diversity management at Schlumberger. Limitation in time, cost, and labor has led to individual factors, group factors, and intergroup factors are a source of narratives of integration and acculturation in this company cannot be revealed well. In addition, the problems of adaptive integrity and acculturation itself cannot be expressed properly, so the description of the management of diversity is only on the surface.

When it is compared to other companies such as those in Canada and the United States, , which Xerox's management evaluates its diversity or make accommodations such as those in Canada, is not known from this study. Therefore, practically, it can be argued that knowing portrait of cultural diversity and diversity management within the organization, is advisable for Schlumberger to be consistent in applying the code of conduct and corporate policies, as well as evaluating the existing diversity management in this company. As well as always being innovative in diversity management by learning from other companies around the world.

References

Cox, Taylor. JR. 1994. *Cultural Diversity in Organization*. CA: Berret-Koehler. San Fransisco.

Denzin, Norman K. & Ivonna S. Lincoln. 1994. *Handbook of Qualitative Research*. Sage. London.

Rejeki, Ninik Sri. 2007. Perbedaan Budaya dan Adaptasi Antarbudaya dalam Relasi Kemitraan Inti Plasma. Dissertation. Universitas Indonesia. Jakarta.

Part Seven

Media and the Society

Social Construction of Mass Media in Family Counseling Context

Armawati Arbi [1]

[1]Faculty of Dakwa Sciences and Communication Sciences,
State Islamic University,UIN Jakarta, Indonesia

Email: armaarbi@gmail.com

Abstract:

Most researchers deal with social construction of mass media which reveal making news context, as in discussing it in Suharto era (Ishadi and Udi Usadi) and explaining Java leadership context in Suharto speech (Gati Gayatri). Ibnu Hamad has revealed social construction of mass media in political context. On contrary, Burhan Bungin has found three propositions and process of social construction in advertising context and tapping program. On contrary, Armawati Arbi has revised the process of social construction of mass media (Burhan Bungin).

This research has afforded to answer the question: how do radio format of dakwah program and family counselling program construct reality of family problems? So, this research had have objective to understand construction of Mass Media, Jakarta dangdut radio on reality of family problems.

To answer those questions, a descriptive qualitative research was conducted, using constructivism paradigm and social construction on social reality theory. Data collection was carried out through multi -methods: text studies, literature, participation observation, depth interview, content of analysis qualitative approach on record program, photo document and company profile. Text reading analysis was constructed through Burhan Bungin's theory on mass media social construction on social reality.

Result of this research revealed the process of construction of Jakarta dangdut radio, live program through six steps a) applying on communication element ,.b) framing on monolog or script cases, c)preparing fact or self-disclosure, d) forming on subjective reality, e) framing on symbolic reality, and f) constituting on objective reality.

Based on fact findings, the research has two propositions. First, mass media social construction on social reality and its process differ, depend on radio industry interests. Proposition statement, layers of imaging of interests cause various process. Second, social construction of mass media on social reality has various kinds of productions. Various identity of media.

Key word ***: Mass Media, Process of Social Construction, and Radio Program***

Background

The previous researches mostly looked more at the production result of mass media rather than the process. The researchers didn't observe and follow the process of production either for tapping or live program. They, furthermore, didn't ask to the production people why the process should be carried out by the radio broadcast program constructor. John Sotter in Stephen Littlejohn stated that human experience can't be separated with communication. The chain between communication and experience is a process of making excuse. From the construction result and contruction process there is a question why that reality is constructed. This is going to be discussed in Part 3 of this dissertation.

The objective of knowing the process is to reveal what is behind the broadcast program format and why it is done so. There are five variants of program format in five models of *dakwah* and family counseling programs on Radio Dangdut Jakarta (see Abstract). TPI/RDI Radio and Bens radio put the family fiqh into their Dakwah program. Meanwhile, CBB Radio, Mersi, and SPFM put it into the Family Counseling. Those five radios see the family problems in different ways. The family problems presented on RDI Radio in their Taklim program are seen as a national sympthom while Bens Radio has their *Ngaji/Temenin Mama* program that follows general fiqh and Islamic calender. CBB Radio has its program of *Bengkel Keluarga* focusing on physical health. Mersi Radio broadcasts a program called *Keluarga Mersi/Curhat* that discusses psychological health. SPFM Radio has *Warung Rembuk* that emphasizes family fiqh between husband and wife. Why do the program constructors choose those processes and formats? They, certainly, have their own considerations in deciding the *source message channel receiver and effect* (SMCRE). Unfortunately we can't discuss deeply why each radio chooses a certain communication element in this paper.

2. Social Construction of Mass Media on Social Reality

Terminologically, social construction of mass media on social reality is derived from a point of view of Peter l.Berger and Thomas Luckman. They are constructivism figures who wrote The Social Construction of Reality[133]. If the title is translated into Bahasa Indonesia, it is Tafsir Sosial atas Kenyataan Social[134]. They separated between knowledge construction and reality. Knowledge is social reality of people, while social reality is something that becomes daily life and develops in society as a concept, common awareness, and social discourse as a social construction.

This study examines the social construction theory of mass media on social reality family problems. Bungin defined the social construction of mass media on advertising social reality in 2000. The substance of the criticism of Burhan Bungin for Berger and Luckman's dialectical process of social construction of social reality is that the process runs slowly, while the dialectical process of construction on mass media advertising reality is rapid.

Burhan Bungin was trying to bridge the two paradigms, namely the social definition paradigm, the paradigm of constructivism and social construction theory: the paradigm of sociological theories and paradigms of communication theories. It was prepared by Bungin to establish the concept of the social construction of the mass media reality. The theory of social construction of social reality television commercials has been developed into the construction of social reality.

Unlike Burhan Bungin's dissertation, this paper focuses on social construction on family problems through radio dangdut in Jakarta. The scientific framework or concept of this can be seen in the chart .2. 1 below.

Burhan Bungin construction theory defined the mass media construction of advertising reality is on the circulation of information quickly and broadly that the social construction progresses rapidly and evenly spread. Constructed realities also shape mass opinion. The masses tend priori and mass opinion tends cynical. Bungin

[133]Peter L.Berger and Thomas Luckmann, *The Social Construction of Reality: A Treatise in the Sociology of Knowledge* (New York, The Penguin Press, 1976), 34.
[134]Peter L.Berger and Thomas Luckmann, *The Social Construction of Reality: A Treatise in the Sociology of Knowledge* (New York, The Penguin Press, 1976), 34.

explain the meaning of social reality or the reality of media and media awareness media apparent that social reality is part of apparent consciousness of the individual against the reality of it, that does not happen in real social reality, but perceived by the viewer as something that really happened, or may be occurs later in life.

Bungin stating the nature and advantages of the mass media to remedy deficiencies in the social construction of reality a slow and natural. Bungin dubious feedback distributing recordings of television advertising. While research this radio, speakers and presenters to interact directly with the audience on the program proselytizing or family consultation program on live radio dangdut Jakarta. Interaction emcee, speaker and listener faster than advertising footage played repeatedly. Not received feedback directly to the ad poster.
Bungin confirmed that the construction process as well as the mass media to face the process of deconstruction of viewers, listeners or readers. According Bungin, the deconstruction of the audience to strengthen the construction of media. Individual interests, community of listeners, broadcasters and resource interests lead to the selection of methods of interpretation. Knowledge is the product of interest. According to Barbara Johnson in Muhammad al Fayyadl, deconstruction is a strategy to parse the text. Parse the program text begins with a monologue by type of construction can not direct the mass media two-way communication. One-way communication made to call the audience because the audience did not know.

Construction of electronic media on social reality to take the production process. Gill Branston and Roy Stafford divide the production process, especially in filmmaking and television. Branston and Stafford said that the professionals do not pay attention to the terms of negotiation. Negotiating a short occurs in pre-production, production, post-production. The negotiations will also include distribution and exhibition. Negotiations between the speaker and the production team discuss the proposal. They said that the proposal was rejected generally incompatible with audiences, content, and style of media.

2.1. **Construction Process of Mass Media on Social Reality**

Burhan Bungin developed and discovered 5 (five) Contruction Processes of Mass Media on Social Reality.

Burhan Bungin found out the construction process of Mass Media on Social Reality in 5 (five) steps, as follow (1) preparation of advertising construction material (2) distribution of the process (3) formation of the process (4) confirmation and (5) behaviour of consumer's decision. He grouped the first and the second steps as externalization, third step as objectivation, and the last two as internalization. Those 5 (five) processses spread into 3 (three) dialect processes in the subjective reality forming, symbolic reality packaging, and objective reality determining.

Each format has its own strengths and weaknesses. They go through different construction process. The choosing of format focused on the preacher, the communication process chosenn will be the question-answer type. Meanwhile, the format emphasizing on source person and listener, it considers the listener as a communication partner. In the listeners oriented format, the listeners are also considered able to share their knowledge and exprience. (Chapter IV will exclusively discuss what those formats are and their strengths as well as weaknesses.)

Listener oriented format can be used to encompass a variety of professional audiences. Senior broadcaster should be able to attract an expert so that he follows the show and expresses his points of view and responses to the audiences who confide, for example, herbalists, family consultants, psychologists, family fiqh experts, and family law experts, from home, work, and on the way, while they also can promote the agency and his work at the same time. Some examples of loyal listeners on Radio Mersi are Ibu Nani, a make-up artist from Cikupa, and Edo SH.

2.1.1. Production Process: Dialogue Type in CBB, Mersi, and SPFM Radio

This format give opportunities to the listeners to share their experience, observation, and inderstanding about Undang-Undang Perkawinan 1974 (Marriage Law). The format is utilized as public space in understanding the government policy. The source person and listeners are ready to agree or disagree. CBB and Mersi radio apply the following format.

Figure 2.1.1.

Format of Source Person and Listener Dialogue

RUN-DOWN- Mersi Family program	Da'wah message, Thursday, July 2005 on Mersi Radio
Opening	Broadcaster and source person greet the listeners
1st song	Rita Sugiharto, Bukan ku pinta (selingkuh).
Prologue	Handling a cheating husband - Get into man's world - Pay attention to the culture, religion, social environment, economy, health of the couple (early ejaculation) and psychological problems.
Commercials	Barbitur clinic, ciptadent, relaxa, procold, and kesamber rejeki.
2nd song	Roma Irama, Wanita Shalihah
3rd song	Lena Puspita, Menanti (menanti suami pulang)
Commercials	Soklin lantai, jamu Tai ping San, Sabun cair Emeron,
Ibu Linda in Karawaci (1st question)	She is 30 and her husband 39, having been maried for 9 years, with 2 (two) children the littlest one is 3 years old. She met an old friend from high school who is not married yet. Her friend asked her to be her matchmaker . She introduced her best friend boy to her single friend and after they were in love she just knew that the man was harsh and had relationships with many more women. It made her feel guilty. She was asking whether she had to express her feeling or not.
Nani (solution contributor)	Being a matchmaker has a high risk
Psychologist's answer	Matchmaking is putting the future husband-and-wife into contact with the hope they can accept each other with their own background.
4th song	Iyet Bustami, Cinta Hanya Sekali
Commercials	Strongpas Pujian Istri, Lavenda Indonesia, procold kesamber Rejeki.
5th song	Nurhalimah, Nasib bunga (belum menikah)
Murni in Karawaci (2nd question)	She was 20, still single, the fourth child from 8 siblings, working at a tailor. As the only womn in the family, she was often treated unfair. She was often accused of stealing things. She had to deal with her sister's husband. She was wondering why she was always victimized?
Yohan at Bandara	Stay away and self-instropection. The story was confusing, did she have to deal with her sister's husband or uncle?
6th song	Why (husband liked blaming wife)

Commercials	Extra joss, Cling pembersih kaca hantu, Procold kesamber rejeki.
Rina in Puri indah (3rd question)	She had 2 sons, 10 and 13 years old. She was 29 and had been single for a year. She got her divorce because of being hurt. There was a widower who liked her. He was 30 and had 2 kids. She, in fact, was still in trauma of marriage. She was asking what she had to do.
Sukandar in Petir (solution)	Be cautious, consider everyhing carefully or she would get the bad experience for the second time. Man can't be trusted.
Ida in Kebayoran (solution)	Be careful, think it over deeply, find as many as advices from friends.
Psychologyst's answer	1. Couples don't see the risk if the marriage is based on love 2. Matters of himself, his family and his ex-wife 3. Introduce kids to kids 4. Know husband's characters and his life 5. Don't let trauma be barrier 6. Get out of the trauma 7. Accept man's world
7th song	Yunita Ababil, Trauma
Commercials	Neulargin Sunda, Daia Rony, Adlips kuis teh sepeda balap.
Closing	
	The 1st hour was for commercials starting with the first 4, then 3, and other 3 so the total was 10. The next 1 hour of commercials took place at 10.00-11.00 with 3 commercials in the beginning, 3 in the middle, and 3 in the last so the total was 9. (See the attachment of Commercials Schedule on Radio Mersi).
	3 listeners asked and 1 or 3 listeners shared their experience and solutions. Every question was answered by the psychologyst after some listeners gave solutions.

Source: Program Record of Keluarga Mersi, July 2005, Wheel of Airtime Program per Minute[135]

SPFM Radio has a format that put mostly on family fiqh. This type of dialogue apply a format of broadcaster-listener dialogue, Fragment and Case Script. The prominent Discourse Strategy is using a story and fragment or small drama. This format puts concern on how to preach (*Da'wah* channel). This format first was *Warung Rembuk* then changed to *Keluh Kesah* (intact family, *sakinah* family). The policy changes in the format have shown able to increase the advertising and rating.

[135]Teks dari rekaman Acara Keluarga Mersi,

Figure 2.1.2.

Format of Broadcaster and Listener Dialogue, Fragment, dan Case Script

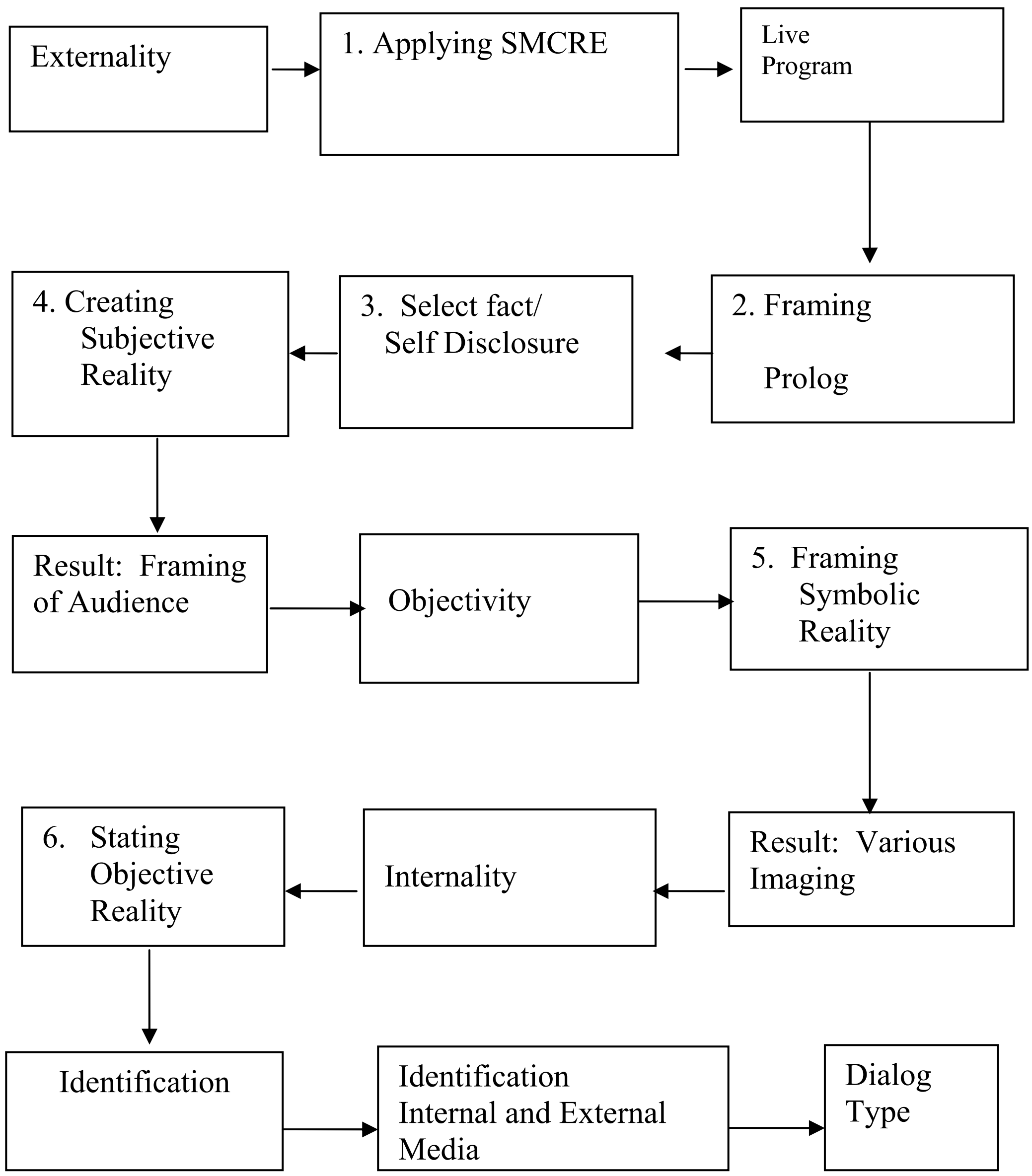
Run Down *Keluh Kesah program on* SPFM	**Host BP4**
Opening	*Sakinah* Family
Fragment1	Drama about a case
Read Case Script	See deeply the case and family data
Call the listener	Apply the communication method through *lead dan tease* and Da'wah method through humors and discuss the story of the family.
Connecting listeners	5 listeners give solutions
Fragment 2	Call new listener
Discuss the fragment and case script	Comprehend the family problems
Connecting listeners	Share intersubjective listener and broadcaster
Closing	Rumahku Surgaku (My Home My Heaven)

Source: Record of Keluh Kesah Program, May 2006 on Radio SPFM[136]

SPFM Radio has gone through the construction process on Family Problem Reality through different processes, which steps 1 to 4 are done before the live broadcast. The case script, fragment, and solution script of 1 (one) theme are prepared for 2 (two) hours program. The source person is at the backstage. There was an example of case about the using of step-father's name instead of real-father's by a child, the solution given is that the child must revise his name on certificate and the mother reports to the education and population official service before the certificate is issued. Production team will contact the related official service and inform the problem. For the unofficial marriage (nikah bawah tangan), it is reported to the court of religious matters. The broadcaster reads the case script from the listener as if h/she was the person involved. Listeners from varoius religions can share their solutions.

[136] Teks dari Rekaman acara Keluh Kesah Mei 2006 pada Radio SPFM

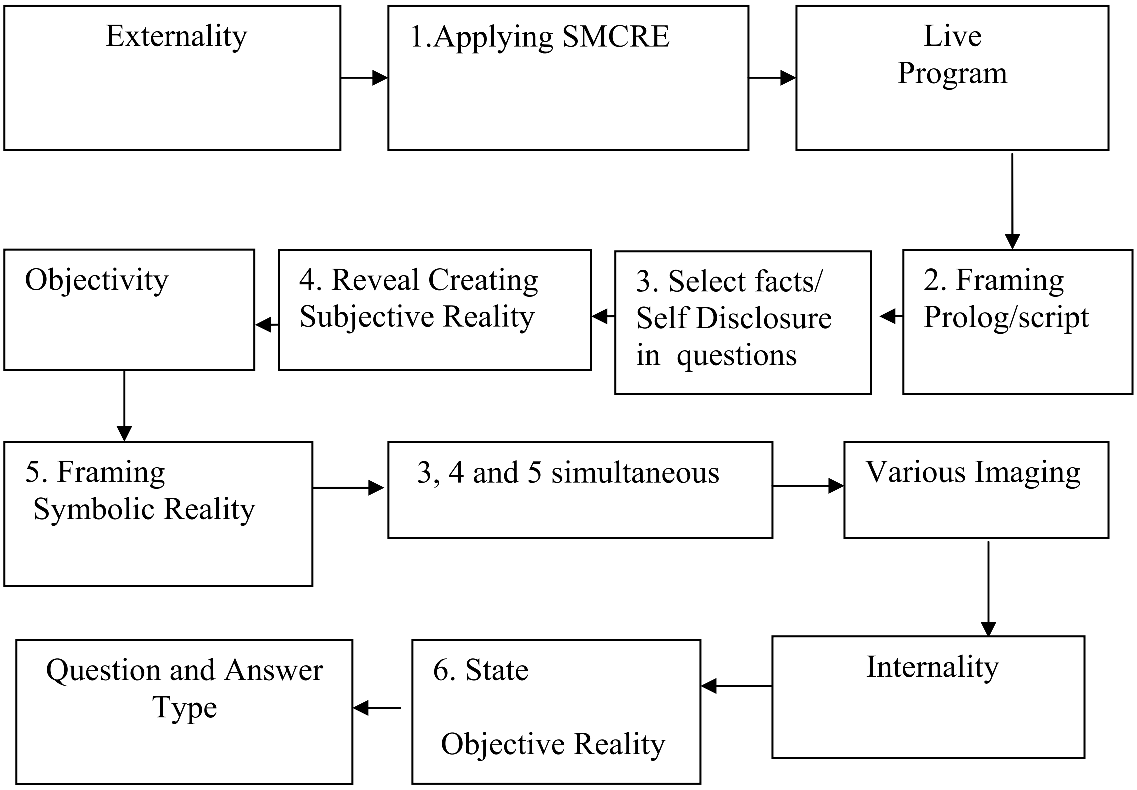
Figure 2.1.1.
Dialogue Type in CBB, Mersi, and SPFM Radio
(Armawati Arbi ,Chapter II dissertation, 2011)



2.1.2 Production Process: Questions and Answers Type in Bens and RDI Radio

Figure 2.1.2

Question and Answer Type



The process puts its orientation to preacher/source person. This format focuses more on the number of questions and most of them are about family problems. The questions are sent in advanced by sms, phone-calls or facebook and the the broadcaster sorts them before being discussed by the preacher. The emphases is quantity not quality. The preacher is getting familiar with the problems even remember most of them because it happens in the same way from time to time. This format is applied by Mama Dede dan her replacement on Bens Radio (1980s – 2012)

2.2. Differences of Process: Production of Television Advertisement *(Taped Program)* and Family Counseling *(Live Program)*

Family counselor and preacher tape their solutions which in fact is a boring process. Bens Radio prepares a morning lesson into its taped and live program. According to Abdul Hay, preacher at Bens Radio on Nasi Ulam program (priest message) broadcasts the taped program for an hour at 5.00-6.00 and he gets bored of it himself. It will be better if he is accompanied by a partner, so he can get rid of his boredom. On the contrary, the live program is more interesting with dialogues. In fact, dialogue and monologue can be used both in taped and live program of counseling and *Da'wah*, as produced by TV One with its Damai Indonesiaku.

The commercials are the taped ones. They fill the part of the wheel of airtime program and broadcast run-down. The commercials can be played on various programs with an attention to its segments. Their focus is on product image. In spite of that, the production of a reality can't be avoided from construction actor image and construction object.

Figure 2.2
Differences of The Process of *Taped* Program and *Live* Program

Live Program Process Armawati Arbi	*Taped* Program Process Burhan Bungin	Differences (Results of six steps in the Process)
1. Applying components of communication	1. Preparing material (message)	1. Preparing source, message, channel, receiver, and effect (SMCRE) for run-down program
2. Framing Prolog/ Skripts of cases	2. The spread of constructions (preparing strategy and receiver)	2. Preparing script of cases and prologue program
3. Self Disclosure / Select facts	3. Creating of Image of product (model of construction of advertisement)	3. Preparing facts from listeners/audiences. Facts from fiction or non-fictions. Real or non-real
4. Reveal Creating Subjective Reality	4. Confirmation A reason audience make a decision	4. Use selection, emphaseses, exclusion, salience, and elaboration for preparing script of solution or key words of questions and its answer
5. Frame Simbolic Reality	5. Behavior of Consumer's decision.	5. Preparing various strategy for various images of subject and object construction.
6. State Objective Reality		6. Evaluation of subject and object of construction. Preparing change or state SMCRE/ New policy or old policy

Armawati Arbi, Chapter V, dissertations, 2011

This dissertation has found out 2 (two) types of live program and 5 (five) dangdut radio program in Jakarta that socialize family fiqh and Law 1974. The research has also critized Burhan Bungin's point of view about the Construction process of Mass Media on Social Reality that conveys the similarities and differences between television construction processes on commercial reality as taped production with radio construction process on family problem reality as live program.

This study criticizes Burhan Bungin's idea about the construction process of mass media on social reality simultaneously. Burhan Bungin focuses on the production of television commercials as tapping (records), not the production of live television program (Live). Advertising is part run-down / schedule of airtime wheel Da'wah programs and family counseling program.

2.2.1. Applying Components of Communication

The process of construction of family problems reality radio does its first step that is the construction of the radio. Radio team (structure) prepares Da'wah communication elements, namely preachers, speakers or broadcaster, messages prologue, format and listeners' self-disclosure, and the expected effects of the program (SMCRE).

The management team has an MOU / contract as preacher, speaker or broadcaster. The production team together with the program director prepare for their duties (preparing insert al-hadith/al-Quran, jingles, songs, program promotion and commercials). The result of the first phase of this study is the wheel of airtime per minute for two hours. Burhan Bungin in his first phase only has the preparation of commerial materials and the result is the preparation phase of construction of commercial material is images of advertisement copy (caricature).

2.2.2. Framing Prolog/ Skripts of cases

The second step of the construction in this study is framing prologue or monologue case script. The task of preacher or source person is preparing prologue. The broadcaster prepares the case script for SPFM Radio while the source person is at the backstage, preparing the script of cases and prologue)

On the contrary, in Burhan Bungin process, the second step is construction distribution, commercials segments preparation through its advertising strategy of semiotics. The figure, message, and language are matched with the segment. Burhan Bungin stated that the team is responsible of preparing the material and the public in the first and second steps.

2.2.3. *Self Disclosure /Select Facts*

The third step of the study is self-disclosure. The source person and broadcaster fame the facts of listener. The result of self-disclosure is the listener's frame on his family problem and radio team frame. In Bungin's study, social reality advertising on television is not taken from the viewers's data and experience. Burhan Bungin focuses on the product image construction and the justification of the product to be used by a certain social class. That happens in his third step. This step is described in hyper-reality (pseudo-reality) advertising with various images in it. The selection and exposure of television advertising are formed in first to third step of television advertisement construction.

2.2.4. *Self Disclosure /Select Facts*

This study uses the fourth step to form subjective reality, production team who carries out the selection, exposure, ignorance, and discussion of the listener's family problem. The result is case script or the essence of the listener's questions and facts. On the contrary, television advertisement construction can choose and take the reality from social facts as construction material.

2.2.5. *Frame Simbolic Reality*

The step of symbolic reality packaging occurs in the live program. The fifth step applies *Da'wah* and communication method as discourse strategy. The result of this step is image creation for the family problems object construction and construction actor. *Da'wah* method applied on CBB, Mersi and SPFM Radio is *al-Mujadalah* method with dialogue while question-answer (*as'Illah wa Ajwbah*) method is applied by Bens Radio and Radio TPI. *Al-Hikmah* method includes the method of choosing the appropriate words, closing the dialogue, deciding when to speak or be silent, and finding the solution, as well as the tolerance method without losing *Sibghah*.

The fifth step in this study is symbolic reality packaging. This step creates and improves the the listener's knowledge and awareness as well as the empowerment and image creation of family problems. Burhan Bungin, on the other way, called it as the creation of construction image. In this objectivation step, Bungin built message and advertising construction. He also produced a model of advertising image construction. On the contrary, this study offers symbolic reality packaging for Da'wah and family counseling program in the objectivation step of listener and radio team.

Nevertheless, in this research, family problems are framed to strengthen the image of *Sakinah* Family on SPFM Radio, Psychological Health on Mersi Radio, Physical Health on CBB, Religion and Women on Bens Radio as well as Moslem Family on Radio TPI. Message Imaging promotes the image of preacher, source person and host. The imaging of Da'wah and family counseling program lifts up the program producer's image and the media. The listeners who actively share ther solutions promote their ability. All elements of *Da'wah* communication, which are construction actors and objects, get their image promoted.

The fourth step of television advertisement construction is confirmation. This step delivers the viewers' reasons of making decision to buy the product. The existence of advertising determines and confirms the choices. The viewers' decision is influenced by internal and external factors of the individual. The reference sources of the viewers and advertising team construct the advertisement. In the last step of Burhan Bungin is consumer behaviour. It is influenced by various reference sources. According to Bungin, individual choice is a unique accumulation of knowledge, needs, consideration, and information from television advertisement.

2.2.6. State Objective Reality

The sixth step of this study is radio construction on reality which is the determination step of objective reality. It evaluates the Da'wah communication elements either to be maintained or revised. All construction actors involve themselves directly or indirectly in the process, reflect themselves and internalize the objective through subjective reality experience and its symbolic reality. If the source person, preacher or broadcaster, the message and format are maintained, it should be identified the reasons to do so. In this research, advertising constructor becomes part of the program and wheel of airtime. The advertisement/commercials fill the time in wheel of airtime of a program. The problem is that whether the advertiser and the radio team appropriately put the advertisementin the program. Advertisement timing at prime time or regular time is included in the ability of traffic manager as timing strategy in electronic media. In this 6th step, it happens negotiation and meaning exchange between internal public or radio external interaction (all construction actors).

Burhan Bungin's research highlights the power of television. While this study highlights the power of radio. Carole Fleming in her Radio Handbook, (2010, 59) illustrated that the power of commercial radio is still relevant if the radio follows the changes in technology, interest in community radio (podcast usage) to attract listeners. Carole Fleming also revealed the results of a survey of the radio advertizing cosmissioned Bureau, that there is a correlation between the radio and the use of MP3 as a newcomer in the technology. Now they work together. MP3 is used when traveling and shopping while listening to the radio is to find weather information, news and travel condition and culinary information.

This dissertation has added repertoire to communication science, Da'wah science and particularly sociology. Thus, the resulted proposition will always be beneficial for the development of the studies. Based on the findings of this study and the summary, there are 2 (two) viable proposition submitted. First, the proposition regarding the construction of social reality radio on family problems varies based on the interests of the radio industry. Statement of the proposition put forward is that the layered imaging interest creates various imaging media construction of social reality. The imaging action addresses to the actors of construction and construction of object imaging. The second proposition is that the social construction of reality media has produced 2 (two) types of live programs and taped programs, 3 (three) types of dialogue (*Mujadalah*), monologue and preach answers and listener responds and 5 (five) other program formats.

3.Methodology

The definition of the operational concept and the research procedure are as follow:

3.1. The Definition of the Operational Concept

The following definition gives an explanation of the concepts that are related to the topic and to the main discussion of this research.

3.1.1. Dakwah on the radio is a team effort done by the production division together with the spokespersons and the broadcaster to construct a dakwah based on a certain situation through musical format, informational format and special format or variety format that implements the three formats before[137].

3.1.2. According to the mass media of television advertising construction (Burhan Bungin, 2000), the construction of mass media through radio is a fast and wide circulation of information thus it is very fast and distributed evenly[138]. In contrast, Berger dan Luckman 1966, are still researching the slow pace of printed and informative media. LP3ES defined construction in a religious sense as interpretation (tafsir), for instance social construction means social interpretation. Communication experts understand that construction also suggest social fabrication[139].

3.1.3. In sociology, reality is seen as fact, for example social reality means social fact[140], and the reality of family problems means the fact about family problems on radio. There are three kinds of realities: objective reality, subjective reality and symbolic reality (intersubjective).

3.1.4. Social reality is a dialectical process that simultaneously happens during: 1) externalization (self adjustment) with the sociocultural world as a human product; 2) objectivity is a social interaction that happens in the intersubjective world through institutionalization process; 3) internalization, a process where an individual identifies himself with the social institution in his surroundings.[141]

3.1.5. Reality through media is a reality constructed by the media through two kinds of models, which are map analog model and reflection of reality model. The first one, the reality is constructed as if it is real. The second one, the reality is constructed by the media to come close to the actuality.

3.1.6. According to Rumelhart (1984) and Wicks (1992), a script is a scheme that is comprise of story lines arranged with scenarios or routines with a set of rules that have been approved. While the format is a framework, conceptualize by the station[142].

3.1.7. The format of the dialogue is a framework of the production based on a team with a two-way communication between the dakwah speaker and the host with the listeners as the receiver of the dakwah, on the other hand the format of a monologue is a framework based on a one way communication between the dakwah speaker and the listerner of the dakwah.

3.2. Research Steps

The research procedure begins from collecting the data, then working them to tables, graphics, and pie chart. After that, analysis the data based on the conceptual framework. The steps are as follow:

---

[137] Peter K. Pringle, Starr dan Mc. Cavitt, *Electronic Manajement*, Op.Cit. 114.
[138] Burhan Bungin, *Konstruksi Media Massa,* Op.Cit.*194.*
[139] Gati Gayatri memahami konstruksi sosial yang bermakna rekayasa sosial (Disertasi, FISIP UI, 2002).
[140] Peter L Berger dan Thomas Luckmann, *Tafsir Sosial atas Kenyataan*, (Jakarta: LP3ES, 1990), i.
[141] Burhan Bungin, *Penelitian Kualitatif*, Op. Cit. 81.
[142] Rumelhart, 1984 and Wicks, 1992,*Communication Yearbook 29*, (New York, LEA, 2003), 40.

3.2.1. Data Gathering

The instruments below were used to obsererve how it is put together. The steps are explained in table 1.

Figure 3.2.1

Research Methodology and its Instrumens

No	Problem Level	Analysis Level	Research Methodology
	The construction of radio media based on reality	Various Level	Multi –method
1.	Externalizing Phase for Listener in pre-production	construct Subjective Reality	*Off-air* creativity
	a. Implementing the criteria of the policies/SMCRE	Stock owner as chief executive and organization	Observations on the involvement of the production team on radio policy, in-depth interviews and literature studies
	b. Rejecting and Selecting Letters	Program Director as *Gatekeeper*	Interview on the criteria of family problems and its message
	c. Highlighting and exploring the reality of family problems	Production Assisten as *creator*	Content analysis, non parametric, accidental sampling of 2005 and purposive of 2006
2.	Listener objectivity towards production phase	symbolic discourse framing strategic Realitas Simbolik	*On-air* creativity
	a. examine prologue	Sources/pendakwah	examine the text recording
	b. Providing the right *lead dan tease*	Framking the dakwah and communication method	The dialogue script recording; the dakwah communication method
	c. Providing interesting *lead dan tease* for the listener	broadcaster	Studying the text recording
3.	Post production internalization of the Listener stage	Internal public and external media in the dan eksternal media in establishing the objective reality	Obeservation, indepth interview and the participants of the listener community meeting, demo, excursion and prayer meeting

Armawati Arbi, Chapter V, dissertations, 2011

3.2.2. Data Processing

All sources from primary and secondary data are entered in the tables and charts on pre-production, production and post-production so that the readers can understand easily. Researchers prepared the airtime Family Consultation events wheel, the airtime daily wheel and the weekly hour wheel.

3.2.3. Data Analysis

The findings were interpreted based on the constructive paradigm and conceptual framework. According to Agus, paradigm is the foundation of a main believes in a thought process: the basic of ontology, epistemology and methodology.

4. Conclusion

Communicators formed subjective realities, choosing social reality through the media or non-media. Communicators ties together symbolic reality, chooses strategies signing (the power of language), priming strategy (timing and space power), and framing strategies (power selection and packing of facts) through communication methods. Communicators establish, maintain or alter the objective reality and revise the selection source, message, channel, receiver, and the effect (SMCRE).

The purpose of forming subjective reality, packing symbolic reality, and maintaining an objective reality is to call the attention and the spirit of the listeners, readers and viewers. The subject and object construction have a lasting impression in the soul. The result is an image for the actor and object construction. These conditions invite sponsorship and advertising

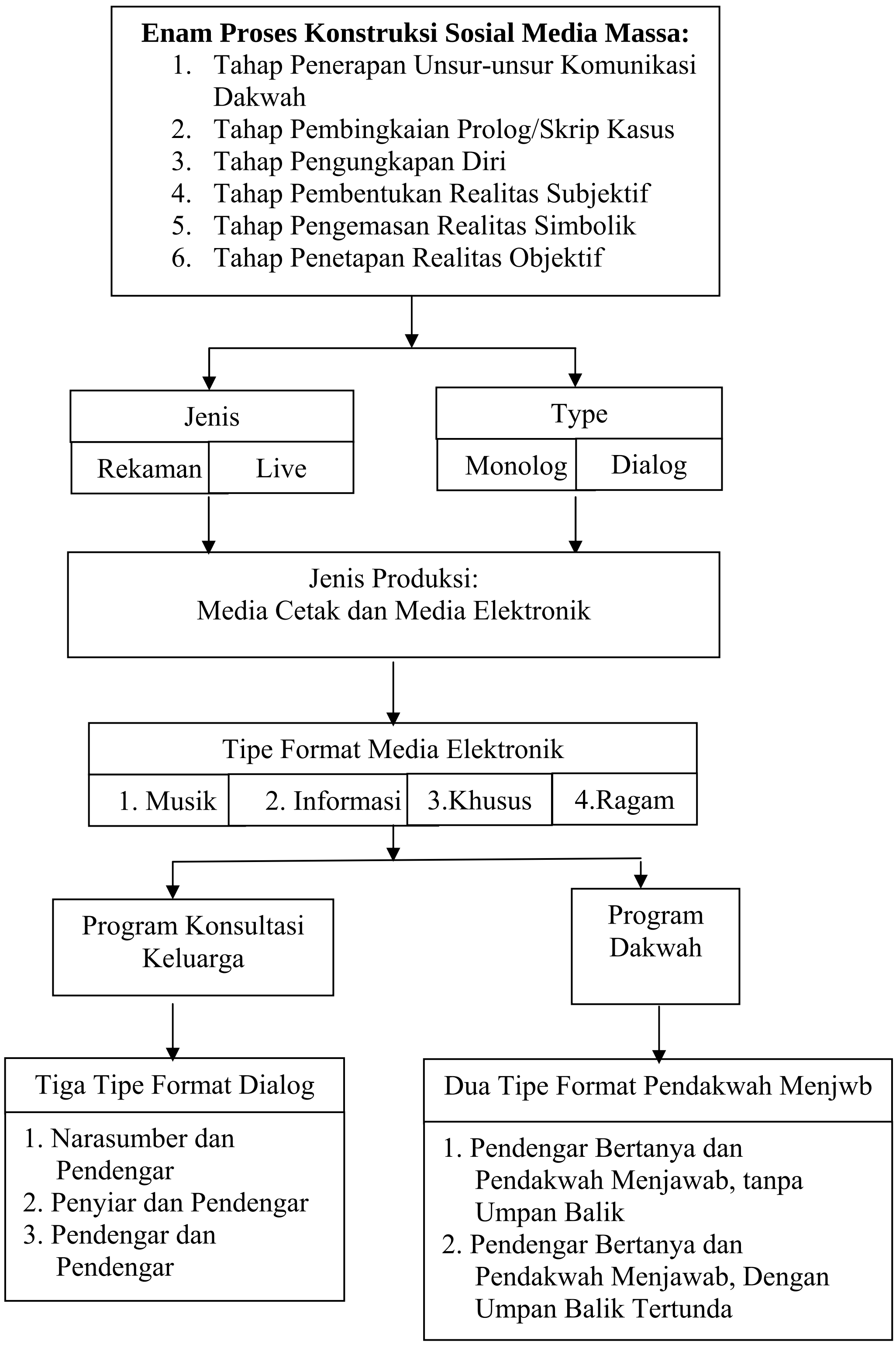
4.1. Two proposition

4.1.1. The construction of social reality by mass media differs since it has to be suitable for the importance of media industry. The importance of image resulted in various type of media construction process based on social reality. The image of the person/construction subject and the construction object supports one another.. There exist varieties of construction process and media identity.

4.1.2. Social construction of reality media produced two types of recording programs and live programs, the dialogue type, the monologue type, and the Question and Answer type. Diversity broadcast format. Character media identity.

Figure 4.1

Proses Konstruksi Sosial Media Massa atas Realitas Sosial



5. Acknowledgement

Observation of the mass media construction of social reality took a long time. Each semester breaks, the researchers met with the production team radio, the first radio call to the Central Jakarta SPFM Amir Nazar as GM, PD, and radio broadcaster SPFM. At that time they were just cleared from the radio frequency interference of Jakarta Metro Police. The researcher followed for two years of the recorded show, participated in the live broadcast newsrooms, recording demos of the listeners, recorded negotiations with the managing director, Patrianto, parting with Nazar Amir, the candidate for Pikada from Hanura, and his fans until management replacement. Met with the new management who were able to improve the ratings of SPFM radio.

The next holiday observed the second, Mersi radio, then the third, CBB radio in West Jakarta. CBB Radio in collaboration with P2KM traind students to create news programs and quizzes. Taking pictures in CBB radio station.

The fourth observation was at Bens radio of Mama Dede lectures during Ramadan, every Friday till Eid in Ciputat until they moved to Jagakarsa in South Jakarta. After that, the fifth radio observation was TPI / RDI. Researcher videotaped mother Eva Aripin during her show Kencur in the early morning and DR. Faizah Siblomarisi as an expert in the show Taklim held every Friday. Ms. Faizah worked at the Faculty of Islamic Theology and Philosophy UIN Sharif Hidayatullah to radio TPI / RDI. The radio announcer and producer, Roy Mardi Pamenang , is an alumni of that faculty. Radio RDI cooperated with the faculty of Islamic Theology and Philosophy.

Before becoming a radio PD in TPI, Kong Jaing, he was a PD in SPFM radio station and Bens radio station. The GM of CBB was once a member of the production team of Radio Kejayaan in Pakubowono. They say that the radio world is small. The radio created successful people, such as Ulfa, Tukul, Miing came from Radio Kejayaan. Euis Dahlia originated and grew from CBB radio. The artis Nazar Amir grew up in SPFM and CBB Radio. CBB Radio is a part of the old network Kejayaan Radio. While SPFM is a part of Geronimo network.

The dynamics of the production team radio became stronger after the cancelation of TVRI and television advertising turned to private station. The presence of Radio TPI affected the structural changes of radio SPFM, radio Mersi, radio CBB radio and lastly radio Bens between the years 2006-2007. Radio ownerships fell apart if they have different points of view in determining how the radio format should be, the character, and the identity of the radio.

This discussion was part of the chapters in the dissertation. Chapter II discussed the radio profiles, Chapter III (the pre-production, production and post-production), and Chapter IV (various radio formats), and Chapter V (Conclusions, discussions, and recommendations).

Thank you to the person in charge, the GM, the production team, expert sources, and broadcasters of radio SPFM, radio Mersi, radio CBB, radio Bens, and radio TPI / RDI who explained why the process and format changes were in such a way (period 2005-2010). They were authentic informants and sources.

References

Altman, Irwin dan Dalmas A. Taylor. *Social Penetration: the Development of Interpersonal Relationships*. New York: Holt, Rinehart dan Winston, 1973.

Alan,B. Albarran, Gregory G. Pitts. *The Radio Broadcasting Industry.* Nedham Height: Allyn and Bacon, 2001

Anoegrajekti, Novi. Miftahus, dan Bisri. "Komodifikasi Seksualitas dan Perdagangan Perempuan." Jurnal *Srintil, Media Perempuan Multikultural,* 10, 2006.

Arbi, Armawati. "Dakwah dan Komunikasi sebagai Ilmu." *Jauhar Jurnal Pemikiran Islam Kontekstual*. Jakarta: Program Pasca Sarjana UIN, Vol.4, No.1 Juni 2003.

Arbi, Armawati. "Manajemen Komunikasi Pada Manajemen Humas." *Didaktika Islamika Jurnal Keislaman, Kependidikan dan Kebahasan.* Jakarta: Vol. III, No. 9, 0ktober 2002.

--------------------. *Dakwah dan Komunikasi.* Jakarta: UIN Jakarta Press, 2003.

Askariani. "Konflik Antar Pribadi Dalam Keluarga" (*Tesis Sarjana Komunikasi*. Jakarta: Perpustakaan UI, 2002).

Bennett, W. Lance and Robert M. Entman. *Communication in the Future of Democracy.* Cambridge University Press, 2000.

Berger, Peter L. dan Thomas, Luckmann, dalam Basari, Hasan. *Tafsi>r Sosial Atas Kenyataan: Sebuah Risalah Tentang Sosiologi Pengetahuan.* Jakarta: LP3ES, 1990.

Berger, Peter L. dan Thomas, Luckmann. *The Social Construction of Reality: A Treatise in The Sociology of Knowledge.* Canada : Penguin Books, 1976.

Boyke. "Teknik dan Variasi Menentukan Orgasme, Komodifikasi Seksualitas dan Pewadagan Perempuan, Srintil, *Media Perempuan Multikultural".* Desember 2006.

Bungin, Burhan. "Konstruksi Sosial Media Massa; Makna Realitas Sosial Iklan Televisi dalam Masyarakat Kapitalistik" (*Disertasi S3 Fakultas Ilmu Sosial*, Universitas Airlangga Surabaya, 2000).

_____________. *Penelitian Kualitatif: Komunikasi, Ekonomi, Kebijakan Publik, dan Ilmu Sosial Lainnya.* Jakarta: Kencana Prenada Media Group, 2007.

_____________. *Imaji Media Massa*, *Konstruksi dan Makna Realitas Sosial Iklan Televisi dalam Masyarakat Kapitalistik.* Yogyakarta: Jendela, 2001.

_____________. *Sosiologi Komunikasi: Teori, paradigma, dan Diskursus. Teknologi Komunikasi di Masyaraka.* Jakarta: Kencana, 2007.

____________ . *Kontruksi Sosial Media Massa.* Jakarta: Kencana, 2008

Creswell, John W. *Research Design (Desain Penelitian), Qualitative & Quantitative Approaches, Pendekatan Kualitatif & Kuantitatif.* Jakarta: KIK Press, 2002.

Cuba dan Lincoln. *Competing Paradigm in Quantitative Research, in Denzin and Lincoln.* Handbook of Qualitative Research. London: Sage Publication.

Dennis, Everette E. and John C. Merrill. *Basic Issues In Mass Communication,* Macmillan. New York: 1984.

Denzin, Norman K dan Egon, Guba. *Teori dan Paradigma Penelitian Sosial*. Yogyakarta: Tiara Wacana, 2001.

Eckert Penelope, Sally McConnell, and Ginet. *Language and Gender*. Cambridge: University Press, 2003.

Edd Routt (Broadcast consultant), James B. McGrath, Fredric A. Weiss, *The radio Format Conundrum.* New York: Hastings House, 1978.

Einstein, Mara, *Media Diversity*. New Jersey: Lawrence Erlbaum Associstes, 2004.

Entman, Robert M, "Framing: Towards Clarification Of A Fractured Paradigm." Dalam McQuail, Denis. *McQuail's Reader in Mass Communication Theory*. London: SAGE Publication Ltd. 2002.

Entman, Robert M. and Andrew, Rojecki. *Media and Race in America,* University of Chicago, 2001.

Eriyanto. *Analisis Framing, Kontruksi, Ideologi, dan Politik Media.* Yogyakarta: LKiS, 2002.

Farida. "Poligami: Dilema Bagi Perempuan." Jurnal *Perempuan: Untuk Pencerahan Dan Kesetaraan,* No. 22, 2002.

Faqihuddin, Abdul Kodir, et.al. *Fiqih Anti Trafiking.* Bandung: Fahmina Institute, 2006.

Fishman, Mark. *News and Nonevent: Making the Visible and Invisible*. Dalam James S. Ettenma and Charles Whitney (Ed), Individuals in Mass Media Organization. Baverly Hills : Sage Pub, 1982.

__________. *Manufacturing News*. Austin: University of Texas Press, 1980.

Fleming, Carole. *The Radio Hand Book.* New York: Rouledge, 1994

Gayatri, Gati. Konstruksi Realitas Kepemimpinan Presiden Soeharto Dalam Berita Surat Kabar (*Disertasi Sarjana Komunikasi*. Jakarta: Perpustakaan UI, 2002).

Geertz, Hildred. *Keluarga Jawa*. Jakarta: Grafiti Pers, 1985.

Goffman, Erving. *Frame Analysis: An Essay on the Organization of Experience.* New York: Harper dan Row, 1974.

Guba, Egon G. ed. *The Paradigm Dialog*. Newbury Park: Sage Publication, 1990.

Habib, Zamris. "*Prinsip-prinsip Komunikasi Dalam Mengemas Pesan Pendidikan Melalui Radio*. (Tesis Sarjana Pendidikan. Jakarta: Perpustakaan UI, 1997)

Haliman, Supardi. *Regulasi Sistem Penyiaran di Indonesia. Studi Kasus Pengelolaan Spektrum Frekuensi Radio FM di Kepulauan Riau.* Yogyakarta: Pararaton, 2007.

Hamad, Ibnu. *Konstruksi Realitas Politik dalam Media Massa*. Jakarta: Granit, 2004.

___________.*Komunikasi Sebagai Wacana.* Jakarta: La Tofi Enterprise, 2010.

Handoyo, Arintowati Hartono. "*Aktivitas komunikasi Dan Pembentukan Realitas Sosial*. (Disertasi S3 Sarjana Komunikasi. Jakarta: Perpustakaan UI, 2002).

Harre, Rom. *The Social Construction of Emotion*. London: Sage Publication, 2003.

Hidayat, N. Dedy. "Menghindari Quality Criteria yang Monolitik dan Totaliter." *Jurnal Penelitian Ilmu Komunikasi Thesis*, Vol. III/No.3, September-Desember 2004: h. VII.

Herweg, Godfrey dan Ashley. *Revolusi Pemasaran Radio.* Jakarta: Kantor Berita Radio 68 H, 2004.

Irwanto. *Analisis Wacana Percakapan Keluarga: Keluarga yang Mempunyai Anak Remaja Penyalah Guna Obat.* Jakarta: Pusat penelitian Unika Atma Jaya, 2002.

Ilyas, Ismail. *Paradigma Dakwah Sayyid Qut}ub.* Jakarta: Penamadani**, 2006**

Jensen, Klaus B. ed. *A Handbook of Media and Com Research*, *Qualitative and Quantitative Methodologis*. London: Routledgc, 2002.

Julian Hale. *Radio Power (Propaganda and Internasional Broadcasting).* Philadelphia: Temple University Press, 1975

Karen, S. Johnson-Cartee. "News Narratives and News Framing: Constructing Political Reality." *Public Opinion Quarterly*, Vol, 70, No. 1, 2006.

Kartika, Sofia. "Profil Perkawinan Perempuan Indonesia." *Jurnal Perempuan: Untuk Pencerahan Dan Kesetaraan,* No. 22, 2002.
Khadiq, M. Hum. "Dakwah Dialogis: Urgensi dan Metode". *Jurnal Dakwah* Vol.VII No.2, (Yogyakarta: Juli-Desember), 2006.
Klien, Bethany. "The New Radio: Music Licensing As A Response To Industry Woe". *Media Culture & Society*, Vol.30 No.4 July, 2008.
____________.. *"Asian Journal of Communication"*, Vol.17 No. 3 September, 2007.
Kriyantono, Rakhmat. Riset Komunikasi, Tehnik Praktis Riset Komunikasi. Jakarta: Kencana, 2006.
Kusumaningrum, Ade. "Radio, Media Alternatif Suara Perempuan*." Yayasan Jurnal Perempuan*, Maret 2003.
Larose, Sraubhaar. Media Now: Understanding Media, Culture and Technology. New York, Wadsworth: 1997.
Lewis B. O'Donnell, Carl Hausman, Philip Benoit. *Radio Station Operations.* California: Wadsworth, 1989.
Lincoln dan Guba. *Handbooks of Qualitative Research, Paradigmatic controversies, contradictions, and Emerging Confluences*. California: 2005.
Lips, Hilary M. *Women, Men and Power*. California: Mayfield P.Com, 1991.

Little John, Stephen. *Theories of Human Communication.* New York: Wadsworth Publishing Company, 1996.
List, Dennis, *Pemasaran Partisipatif Radio Lokal,* Jakarta: Kantor Berita Radio 68 H, 2004.
Kimburg, Val.E, *Electronic Media Ethics.* Jogyakarta: Pustaka Pelajar, 2008.
_________,. *Personal Law in Islamic Countries, History, Text and Comparative Analysis*. New Delhi: India at Times Press, 1987.
Malo, Manasse dan Sri, Trisnoningtias. *Metode Penelitian Masyarakat.* Jakarta: Pusat Antar Universitas Ilmu-Ilmu Sosial UI, 1994.
Masduki. *Radio Siaran dan Demokrasi*. Yogyakarta: Jendela, 2003.
________. *Regulasi Penyiaran: dari Otoriter ke Liberal.* Yogyakarta: LkiS, 2007.
McQuail, Denis. *McQuail's Reader in Mass Communication Theory.* Oxford: The Alden Press, 2002.
Michael C. Keith, Joseph M. Krause, *The Radio Station.* New York: Butterworth Heinemann, 1993
Miller. *Betwen People*. New York: RA, 1975.
Morissan. *ManajemenMedia Penyiaran, Strategi mengelola Radio dan Televisi.* Jakarta: Kencana, 2008.
Mulyana, Deddy dan Solatun. *Metode Penelitian Komunikasi: Contoh-contoh Penelitian Kualitatif dengan Pendekatan Praktis.* Bandung: Remaja Rosdakarya, 2007.
Mulyana, Deddy. *Metodologi Penelitian Kualitatif, Paradigma Baru Ilmu Komunikasi dan Ilmu Sosial Lainnya.* Bandung: Remaja Rosdakarya, 2002.
Munthe, Moeryanto Ginting. *Media Komunikasi Radio*. Jakarta: Pustaka Sinar Harapan, 1996.
Muzdhar Atho, H. M, Khairuddin Nasution, *"Hukum Keluarga di Dunia Isla>m Modern". Studi Perbandingan dan Keberanjakan UU Modern dari Kitab-kitab Fikih.* Jakarta: Ciputat Press, 2003.

Nasir, Zulhasril. “Perubahan Struktur Media Massa Indonesia dari Orde Soeharto ke orde Reformasi”. Jurnal *Penelitian Ilmu Komunikasi Thesis,* Vol. IV/No. 2, Mei-Agustus 2005.

Negroponse, Nicholas. *“Living in the Information Age, A new Media Reader.”* Dalam Erik P Bucy. Canada: Wadsworth, 2002.

Nightingale, Virginia. *Studying Audiences: The Shock of the Real.* London and New York: Routledge, 1996.

Nugroho, Bimo, Eriyanto, Surdiasis Frans. *Politik Media Mengemas Berita.* Jakarta: Institut Studi Arus Informasi, 1999.

Oktiani, Hestin. “Komodifikasi Pada Radio Komersial di Daerah (sebuah Kajian Ekonomi Politik terhadap Format Radio Komersial di Kabupaten Tanggamus, Lampung). *Tesis Sarjana Ilmu Sosial dan Ilmu Politik*. Jakarta: Perpustakaan UI, 1978–2003.

Pairan. “Konsultasi Keluarga”. (*Disertasi,* Fakultas Sosiologi: Universitas Indonesia. Jakarta: 2003).

Patton, M.Quinn. *Qualitative Research and Evaluation Methods*. California: Sage Publications, 2002.

Pearson, Judy C. *Communication in the Family; Seeking Satisfaction in Changing Times.* New York: Harper & Row Publishers, 1989.

Pilliang, Yasraf Amir. *Wanita dan Media: Konstruksi Ideologi Gender Ruang Publik Orde Baru*. Bandung: PT. Remaja Rosdakarya, Tasraf Animir Ruang Publik Orde Baru.

Pringle, Starr dan Mc. Cavitt. *Electronic Media Management*. New York: Butterworth-Heinemann, 1995.

R. Miller, Gerald dan Mark Steinberg. *Between People; A New Analysis of Interpersonal Communication.* Chicago Science Research Associates, 1975.

Rachman, Ace Sriati, “Konstruksi Realitas Perempuan Di Surat Kabar Nasional.” *Tesis Sarjana Pairan Pendidikan.* Jakarta: Perpustakaan UI, 1978–2003.

Ratih, Ayu. “Memperjuangkan Ruang Perempuan Dalam Perkawinan.” *Jurnal Perempuan: Untuk Pencerahan Dan Kesetaraan,* No. 22, 2002.

Resee, Stephen, Ghandy dan Grant. *Framing Life.* London : LEA, 2001.

Riadi, Edi. *Hak-Hak Perempuan Pasca Perceraian*. Jakarta: Pasca Sarjana UIN, 2004.

Rivers, William L. and Jay W. Jensen, Theodore Peterson. *Media Massa dan Masyarakat Modern.* Jakarta: Kencana, 2003.

Romli, Asep Syamsul M. *Broadcast Journalism, (Panduan Menjadi Penyiar, Reporter & Script Writer).* Bandung: Nuansa Yayasan Nuansa Cendekia, 2004.

___________. *Jurnalistik Praktis*. Bandung: Remaja Rosdakarya, 2000.

Saiful dkk. *Islam, Dakwah Dan Politik*. Bogor: Pustaka Thariqul Izza.2002

Saefullah, Ujang, *Kapita selekta Komunikasi.* Bandung: imbiosa, 2007.

Saraswati, Satya. “Ideologi Kebebasan Seksual dalam Media.” *Jurnal Penelitian Ilmu Komunikasi Thesis*, Vol. III/No. 2 Mei-Agustus 2004.

Sayyid Muh}}ammad Nu>h}, *Dakwah Fardiyah Pendekatan Personal Dalam Dakwah.* Solo: Era Intermedia, 1996.

Sen, Krisna dan David T Hill. *Media, Budaya dan Politik di Indonesia*. Jakarta: ISAI : 2001.

Setiawati, Effi. *Pengalaman Perempuan dalam Menjalani Nikah Sirri dan Dampaknya bagi Perempuan*, *Tesis Kajian Wanita*. Jakarta: Perpustakaan UI, 2003.

Shoemaker, Pamela and Stepen D. Resee. *Mediating the Message: Theories of influences on Mass Media Content*. New York : Longman, 1996.

Shotter, John. *The social Countruction of Remembering and Forgetting*. London : Sage Publication, 2003.

Skolnick, Arlene, Jerome H. Skolnick. *Family in Transition; Third Edition.* Toronto: Little, Brow and Company, 1979.

Stokes, Jane. *How To Do Media and Cultural Studies: Panduan untuk Melaksanakan Penelitian dalam Kajian Media dan Budaya.* Yogyakarta: PT Bentang Pustaka, 2006.

Stooksberry, Barbara. *Communication Year Book 29*. Handbook. New York: LEA, 2005.

Straubhaar, Joseph dan R. Larose. *Media now, Understanding Media, Culture and Technology*. New York: Wadsworth: 2006.

Subhn, Zaitunah. *Kodrat Perempuan Takdir atau Mitos?*. Jakarta: Pustaka Pesantren, el-Kahfi LKiS, 2004.

Subono, Nur Iman. "Laki-laki: Pelaku atau Korban Kekerasan." *Jurnal Perempuan: Untuk Pencerahan Dan Kesetaraan,* No. 26, 2002.

Sudibyo, Agus. *Ekonomi Politik Media Penyiaran.* Yogyakarta: LKIS, 2004.

----------------. *Politik Media dan Pertarungan Wacana.* Yogyakarta: LKIS, 2001.

Suhandang, Kustadi. *Manajemen Pers Dakwah dari Perencanaan Hingga Pengawasan*. Bandung: Marja, 2007.

Sumadiria, Haris. *Bahasa Jurnalistik.* Bandung: Simbiosa, 2006

Sumarlam (Ed). *Teori dan Praktek Analisis Wacana.* Surakarta: Pustaka Cakra, 2003.

Sunarto. *Analisis Wacana Ideologi Gender (Media Anak-anak).* Semarang: Mimbar dan Yayasan Adikarya Ikapi serta Ford Foundation, 2000.

Supardi, Sawitri. *Bunga Rampai Kasus Gangguan Psikoseksual*. Bandung: Aditama, 2005.

Suparta, Munzier, Harjani Hefni (editor). *Metode Dakwah.* Jakarta: Prenada Media, 2003.

Sushartami, Wiwik. "Perempuan Lajang: Meretas Identitas Di Luar Ikatan Perkawinan." *Jurnal Perempuan: Untuk Pencerahan Dan Kesetaraan,* No. 22, 2002.

Syahputra, Iswandi, *Komunikasi Profetik, Konsep dan Pendekatan.* Bandung: Simbiosa, 2007

Thayer, Lee. *Communication and Communication Systems*; *In Organization Management, and Interpersonal Relations.* Richard D. Irwin, INC, 1961 And 1968.

Tim PRSSNI. "Standar Profesional Radio Siaran: *Dewan Kehormatan Kode etik PRSSNI*." Jakarta: Penerbit YNC, 2001.

Weimann, Gabriel. *Communicating Unreality; Modern Media and The Reconstruction of Reality*. California: Sage Publications, 2000.

Wicks, Robert. "Message Framing and Constructing Meaning: an Emerging Paradigm in Mass Communication Research." *Communication Yearbook 29.* America: LEA, 2005.

Widati, Riris W. "Perkawinan di Kalangan Perempuan Marjinal," *Jurnal Perempuan: Untuk Pencerahan Dan Kesetaraan,* No. 22, 2002.

Wilby, Pete and Andy Conroy, *The Radio Hand Book.* London, 1996

Zillmann et. all. *Media, Children, and the Family Social Scientific, Psychodynamic, and Clinical Perspecetives*. New Jersey: IEA, 1994.

The Use of Social Media in Political Communication Strategies: A Qualitative Study on the Political Communication of Faisal Basri and Biem Benjamin, Independent Candidates for DKI Jakarta Gubernatorial Election 2012

Maya Elektrika Puspitasari[1]

[1]University of Indonesia

Email: *maya.electrika@gmail.com*

Abstract:

This study describes the political communication strategy through social media conducted by independent candidates for DKI Jakarta gubernatorial election, Faisal Basri and Biem Benjamin using descriptive qualitative research, focusing on how they communicate and build a strong political brand. Faisal-Biem had successfully delivered political verbal text messages with redundancy, informative and educative method, but less persuasive. However, this strategy in building political brand as a newcomer in the political arena was well managed. Essential elements of personal branding concept have been integrated well with each other and built simultaneously. The online donations system became a realization of their independent image. Not only with their independence but the dominant use of social media in their strategy has brought a new approach as well as a political education for the democracy system in Indonesia. While the role of conventional media has not been completely replaced, it is found in this research that social media is an effective complementary weapon in communicating and forming political brand. The strategy has successfully touched five out of the six aspects that connect political image with voters' behavior changes in the aspects of political desire, political awareness, perceived quality, political loyalty, and political endorser. Further research after the Jakarta gubernatorial election is needed to measure the success rate.

Keywords: *political communication, political branding, social media, Faisal Basri, Biem Benjamin, independent candidates, DKI Jakarta gubernatorial election*

1. INTRODUCTION

Internet, commonly referred as new media, revolutionized the way of communicating. This revolution of communication affects many fields, including politics. The economical cost of political communication is low, to almost non-existent, compared to conventional mass media like television or newspaper. The catalysts needed in this type of communication are information technology with connectivity to internet and basic ability in using internet. This enables party or politician with limited resources to spread its influence.

Internet changes how an individual, organization, political institution, or government communicates and discusses political issue since internet offers unlimited access and facility for delivering political agenda to global society. Internet is an intensive, expressive, effective and efficient medium between the politician and public, hence now some politicians are using the new strategy, like image-building on Internet, to gain supporter through this powerful medium.

Campaign 2.0 trends were widely acknowledged after the victory of Barrack Obama in USA. Obama's campaign team cleverly utilized this media. They used this media not only as a media for discussion, but also as an image-building tool and fund-raising. Based on *social media marketing* theory, Obama fulfilled the first indicator, participation in social network. His participation in social network successfully boosted his popularity.

The Faisal-Biem campaign adopted the social media tools as part of a communication and campaign strategy. Faisal Basri stated that he and his team utilize social network as a low-cost and efficient medium, to reduce the campaign expenditure. Faisal-Biem was one of the independent pair in the gubernatorial election. The advantage of being independent was the flexibility in creating pro-people agenda because there was no ulterior political motives, like *"moral debt"* or obligation concerning to the interest of a supporting party.

However, independency means the politician must fund the campaign with no assistance from a party, hence the independent candidate had issue in financial resource. Faisal-Biem used social media to communicate massively, with low cost. At first, Faisal-Biem spent Rp. 2.000.000 as a starting cost on their supporter gathering attempt.

Their team, which included a handful of IT expert, developed a Twitter client to ease the spread of information. They also developed a *web-based* fund raising system that was transparent. This showed that competition between candidates also included competition in expertise on information technology, especially in social media technology, and not just a mere political power and image-building competition.

The intensive application of this new strategy didn't give them victory in the gubernatorial election. However, Faisal-Biem's attempts in this new type of campaign provided us a brand new perspective in learning political communication. They successfully gathered supporters without constriction or intervention from political party and build their image through the new media.

Political communication in social media as an alternative in image-building is attractive and research-worthy. For independent candidates, without political or financial assistance from political party, social media is a powerful tool for political communication, especially in spreading influence and image building. This research aims to comprehensively explore fascinating phenomenon of the arcane arts of new media.

2. LITERATURE REVIEW

2.1 Political Communication

David L. Swanson and Dan Nimmo described political communication as "the strategic use of communication to influence public knowledge, beliefs, and action on political matters."[143] They emphasized the strategic nature of political communication, highlighting the role of persuasion in political discourse.

Brian McNair provided a similar definition when he wrote that political communication was a "purposeful communication about politics." For McNair this meant that this not only covered verbal or written statements, but also visual representations such as dress, make-up, hairstyle or logo design.

In other words, it included all aspects that develop a political identity or image.[144] Political branding is the strategic use of consumer branding tactics in the building of political image (Scammell, 2007).

According to Ardial (2009), in composing political communication messages, it was essential to select the delivery method of political message. Arifin (2003) described several methods of communication that could be selected according to the conditions and situation of the public which were redundancy, canalizing, educative, informative, persuasive, and cursive.

2.2 The Use of Social Media in Politics

The presence of internet has brought new hope and color in the democratic system in Indonesia. New media enhances the dynamic of politics, giving us hopes and expectations on its impact to democratization. Cangara (2009) stated that internet was expected to facilitate the spread of public and politic information, also as a bridge for opposition and minority group that suffers from marginalization to deliver their aspiration. When the grasp of 'evil politician' reaches the conventional mass media, the neutrality of the media is doubted, thus internet is the only media they can rely on.

Shoeder (2004) said that Internet was a public room where everyone expresses, shares and reads their political opinion. Before the publication of Schoeder's work, Blumler & Kavanagh (1999) already realized the emergence of a third age political communication, a new era where new media with stronger flow of information emerges. The conventional media was no longer the main channel of political communication because of the emergence of internet.

The birth of web 2.0 technology, or second generation internet, allowed the users to interact and form relation. The first generation of internet limited the user as consumer of available contents on the web. Interactivity in second generation of internet was an advantage for politician to establish two-way interaction with society.

In an interview with *BuzzInNews*, Brain Solis stated that social media was just a chapter in the ongoing story of new media. Check-ins, augmented reality, swipes that trigger events were all forms of new media, he added. According to him, social emerged

---

[143] Swanson, D. & Nimmo D. "New Directions in Political Communication: A Resource Book." Thousand Oaks: Sage, 1990, p. 9.
[144] McNair B. *An Introduction to Political Communication*, London: Routledge, 2003, p.24

as a category to document the rise of interactive platforms, channels and services that gave way to the democratization of information.[145]

Social media was a combination of scope elements of cyber world, in online service product like blog, discussion forum, chat room, e-mail, website and the power of community built in social network. McQuail described the character of social media as interactive, autonomous and personal. These characteristics make social media as reliable as a medium of communication because it was efficient, effective and progressive.

The application of social media in political communication was important especially when a politician attempted to build his own image or party image. The function of social media politics was affected by state politics and freedom of speech in public. In public opinion shaping, social media must use political symbols, message delivering strategy and also reporting function on par with the demand of society.

As an example, Obama's campaign had such a great success with social media. Social media played a significant role in the branding and communication process. Another reason why the Obama campaign was successful was because his team was able to take more freedoms with their control of message through the use of social media.

Social media became such a crucial aspect of the Obama brand because it provided a platform for widespread social networking. He understood that people were more likely to communicate through both word-of-mouth and social media when they were engaged with product, service, or idea (Mangold, 2009).

Many politicians followed Obama's steps, including political candidates from Indonesia. Social and political activists have said that the time was right to use social media to mobilize voters on the host of problems plaguing Indonesia and especially in DKI Jakarta, the most developed area in the archipelago.

More than 40.8 million Facebook accounts were registered in Indonesia as of November 2011, second only to the United States, which recorded with 155.98 million users. After Indonesia, Facebook captured the most users in India, with 38 million accounts; the UK, with 30.48 million; Turkey, with 30.47 million; Brazil, with 30.4 million; Mexico, with 30.1 million; the Philippines, with 26.7 million; France, with 23.2 million; and Germany, with 21.6 million.

No wonder that Twitter had become the newest social media for political campaigning. With approximately 6.2 million accounts registered in Indonesia, comprising 2.6 percent of the microblogging website's users. Indonesia has the third-largest number of Twitter users in the world, after Japan with 16.1 million users and India with 6.4 million.[146]

2.3 Computer-Mediated Communication

According to Murphy (1994), Computer-Mediated Communication was the usage of computer to create, deliver, spread or receive messages sent from one individual to another individual, from a group to an individual, from an individual to a group, and from a group to another group. Two technical components in CMC are tools, like computer, and network infrastructure.

[145] http://www.briansolis.com/2011/01/new-media-and-the-future-of-business/
[146] http://www.thejakartapost.com/news/2012/07/05/internet-joins-streets-next-campaign-battleground.html

Features in CMC assist the political communicator to send their message to target with low-cost. Barnes (2003) explained that Computer-Mediated Communication included technology that facilitated communication and information sharing interactively through computer network, like email, discussion groups, newsgroups, chat, instant messages, and website. With potential communication channel, CMC supported communication between one individual to another individual and also from one individual to several individuals.

Joseph Walter's theory, Social Information Processing, explained how CMC users were able to adapt the medium and used it effectively to establish close relationship. Walter argued that the only way a relationship grows was when individuals share their personal information which triggered interpersonal impression building. Walther assumed that CMC communicators tend to make positive impressions as much as possible and maintain these impressions. It was called Selective Self-Presentation.

Social Information Processing theory was a perspective about mediated communication which stated that more time was needed to build a relationship in interaction within a media. Mediated interaction was characterized by less nonverbal cues. This theory emphasized that verbal cues replace nonverbal cues, hence Computer-Mediated Communication relied on textual messages to deliver social information (Griffin, 2006). The main principle of social information processing theory was that the communicator could only use verbal message to express relational communication which caused an influence that was able to express through multiple channels.

Walter stated that in Computer-Mediated Communication, non-verbal signs like physical contact, facial expression, voice tone, body position, touch, appearance and scent did not exist in this type of communication. Extended time was also an important factor in CMC. Walter stated that frequency in sending messages by Computer-Mediated Communication was a key factor to establish intimate and close relationship, similar to face-to-face communication. Walter suggested to send messages frequently in online communication.

Walter argued that in Computer-Mediated Communication, message sender did selective self-presentation to create positive images and kept the impression drawn by the message sender. Message sender built their image by writing their attractive characteristics, achievements, opinions, thoughts, and activities.

3. RESEARCH METHODS

The research of this case study was descriptive, with a purpose to portray an accurate profile of persons, events or situation. Miles & Huberman (2001) stated that a description study was the foundation upon which qualitative research was built. It was essential to have a clear vision of the phenomena.

Qualitative research could refer to research about a person's life, experience, behavior, and social movements. Strauss & Corbin (1996) explained that qualitative was a type of research that produced findings not arrived by statistical procedures or other means of quantification.

Research method applied to this paper was qualitative, using books and scholarly journal articles, news, and content analysis. The main reason of doing a qualitative research was to provide a better understanding about the phenomena of social media usage in communication politics.

4. FAISAL BASRI & BIEM BENJAMIN, INDEPENDENT CANDIDATES FOR DKI JAKARTA GUBERNATORIAL ELECTION 2012

4.1 Political Background

This research focused on candidate number 5, Faisal-Biem, a non-party and independent candidate in Jakarta gubernatorial election. Faisal Basri started his carrier as a researcher in Economy and Society Research Institution in FEUI in 1981. He also participated in People's Mandate Council (MARA) and National Mandate Party (PAN). He became the first secretary-general of PAN and raised to leader of PAN post-congress I in Yogjakarta. In 2001 he resigned from PAN, but still active in politics.[147]

Faisal Basri nominated himself for Jakarta gubernatorial election in 2007. At this election, he did not get any support from political party as the prerequisite of his candidacy. However, in 2012 he successfully became independent candidate in the gubernatorial election.

Faisal stated his goal was not only the DKI-1 position, he also aimed to build a balance between political party and society, to reduce party's arrogance that can possibly cause transactional politics, and to fix the current condition of Jakarta

Biem Benjamin was known as the third son of legendary artist Benjamin Suaeb. He owned BENS Radio, a Batavia-culture colored radio station and successfully developed Etnikom Network that already have 14 radio stations in Java and Sumatra. His radio stations was aimed to preserve and acknowledge local culture as an asset of nation plurality.

Biem determinately promoted Batavia local culture. Biem, as humanist and artist, decided to team up with Faisal Basri in gubernatorial election. He aimed to preserve local culture by using policies, hence he made the jargon '*Berdaya Bareng-Bareng*' (Empowerment in Unison**).**

43.1 History in Social Media

According to Yunarto Wijaya, a political analyst, there were 3 factors that explained Faisal-Biem affinity to social media. First, the segmentation compatibility which consised of middle-class, young, educated, and social media savvy. Because of limited financial resources caused by independency, man-to-man marking strategy was needed as an independent candidate with no constriction to particular mass.

Faisal Basri was recorded active in one of social media, Twitter, since 2009. His account name was @FaisalBasri. He used his account to criticize government policy and talk about economy. In 2011, Faisal Basri started to gather supporter for his candidacy in Jakarta gubernatorial election. He actively published information about his programs and maintained forum discussion, questions & answers section on his Twitter account.

After he officially teamed up with Biem Benjamin, Faisal changed his personal account to @FaisalBiem. He then built a team consisted of 15 people to handle the social media. This team was assigned to assist them in image-building and developed political communication strategy for them in social media. They have their own Twitter account @TimFaisalBiem.

---

[147] http://www.faisal-biem.com

The use of social media gave their campaign the ability to reach many people at once and connected them with people whom they would not have necessarily connected to without social media. Through @FaisalBiem account, both Faisal Basri and Biem Benjamin could communicate to 53.450 followers.[148]

Since politicians adopted social media tools as part of a communications and campaign strategy, they should manage their own accounts directly. Twitter updated from @FaisalBiem was written in the first person. Ideally, this account replied to messages to communicate with followers. This kind of account was where the real value was, both for constituents and for the politician.

There was an element of public service that should inspire people. Politicians must be able to show that they were not just people doing politics, they should be people's voices. Mostly, people wanted to know that candidates understood their needs, challenges and values. To make that assessment about a candidate, people needed to see the person. Social media tools could provide politicians the opportunity to show who they were. But if the elected official did not use the tool personally, that benefit is lost.

Besides Twitter, Faisal-Biem and team made "Faisal Basri - Biem Benjamin INDEPENDENT GOVERNOR 2012" page on the social network, Facebook, recorded with more than 15,277 *likes*. They also expanded their networking to forums like Kaskus and blogs.

5. FAISAL-BIEM POLITICAL COMMUNICATION STRATEGIES IN SOCIAL MEDIA

5.1 Selective Self-Presentation

Joseph Walter (1992) argued that in computer-mediated communication the message sender was selective in self-presentation, and pursued to create positive impression as many as possible and sustained that positive image. Message sender could write his attractive characteristic, achievement, opinion and activity.

Faisal Basri and Biem Benjamin utilized the social media to introduce themselves, displayed their positive images and also to foster a good relationship with society. They used social media, like Twitter, Facebook and Faisal-Biem.com, to send their verbal text.

Faisal-Biem's social media team realized the importance of attuning communication method with condition and situation of DKI Jakarta citizen. As the capital city of Indonesia, Jakarta was advanced technologically, especially internet connection. Vast population with easy access to internet made Jakarta an ideal city to communicate politically through social media.

In computer-mediated communication, the communication focused to textual messages. Therefore proper message delivering and building method was needed. There were four methods relevant to research about political communication strategy used by Faisal-Biem: canalizing, redundancy, informative and educative.

Canalizing was providing particular channels to learn motives embedded on audience. Knowing values or standard on society was vital in political communication. Faisal-Biem social media campaign team used several social media like Twitter, Facebook, and also forum like Kaskus, personal site and other supporter site. They

[148] http://twitter.com/faisalbiem, July 2012

adjusted how they made their message with rules on each channel. Canalizing and adjusting between top features from each social media and the form of message was needed to comfort the audience in receiving information.

Most used Facebook feature by Faisal-Biem was photo album. They posted their activity pictures on album, and also wrote status about their idea or activity. Faisal-Biem's official site was used as "home". This site contained information, photo, testimonial, opinion and news related to Faisal-Biem. Kaskus forum, the largest Indonesian forum, was used to gather supporter through discussion. Domikado and Dokudoku were used as online donation transfer. Twitter was used to send short messages and inform links to other channel.

Informative was a method where the form or content of the message enlightens the audience. The message must be based on facts or valid data. Educative was one of the attempts to influence audience's political statement through opinion, facts and experience. This method was also called as educating method that gave idea to audience according to fact, opinion and experiences. This method was expected to bring deep influence to audience in social media.

Their messages in social media were mostly informative and educative. Informations consisted about their activities, programs, ideas, opinions, questions & answers section, vision-mission of Faisal-Biem so the society would know more about them and they educated the citizen to elect wisely. Not only to criticise, Faisal-Biem also used social media to write their opinions and solutions on Jakarta's problems. This method was used to socialize Faisal-Biem programs and influence the audience.

Online communication actor may not be able to reach level of intimacy as high as level built in face-to-face communication so actor needed to send the message frequently. For Faisal-Biem team, repetition of message in Twitter was important so the audience would read, remember and make actions. This message delivering method called redundancy was executed by @TimFaisalBiem as an official repeater account, and also other viral political marketing agents.

5.2 Many-to-many Communication

Social media channel can be a one-to-one, one-to-many, and many-to-many communication. Starting from sending messages from one person to one other person, spread to many recipients, then echoed again from the recipients to more people. The advantages of computer-mediated communication were that it could support interpersonal communication from one person to another and could propagate messages from one person to many other recipients.

This condition could be related with statements by previous researchers who concluded that through computer-mediated communication, one can create, deliver, transmit, distribute, or receive messages sent from one person to another, from one group to one person, from one people into one group, or from one group to another.

Computer-mediated communication could change the atmosphere of public communication with the reduction of barriers for any individual or group to run a public communications. Faisal-Biem and team realized the potential of social media and stated that they would continue to maintain communication interactively with their audience.

Since Faisal-Biem vigorously spread political messages via Twitter, many support appeared from popular accounts such as @Pandji, @GlennFredly, Gunawan

Mohamad (@gm_gm), Poltak Hotradeo (@hotradeo), Wanda Hamidah (@wanda_hamidah), Cyril Judge Raoul (@ Chicohakim), and several other names. They became agents of viral political marketing in social media, capable of forwarding or distributing messages from Faisal-Biem to more people. Communication network in this situation described that with existing facilities on internet, an interpersonal communication could be developed into mass communication.

5.3 Political Branding

According to Montoya & Vandehey (2008), personal branding was a strategic process that intentionally took control of how others perceived you and how you managed those perceptions strategically so that it helped you to achieve your goals.

In politics, an image was created through the use of visual impressions that were communicated by the candidate's physical presence, media appearances, and experiences and record as a political leader as that information was integrated in the minds of citizens (Campbell, 1983; Fox, 1967; Kjeldahl, 1971; Nimmo, 1973; Schweiger & Adami, 1999; Trenaman & McQuail, 1961; Wyckoff, 1968).

The process of building a political image took a few elements that could be adapted from the concept of Personal Branding which presented by Montoya & Vandehey (2008). The elements were You, Relationship, and Promise. The You element could be seen in politicians' biography, ideas, opinion, events on their social media channels. This element was associated with selective self-presentation and designed to convey two important points to target: who (refers to politicians), and what they do.

Montoya & Vandehey (2002) explained that a person's attributes were the most important building block of personal branding. They defined attributes such as a distinctive compelling characteristic that communicated an intellectual or emotional benefit to a personal brand domain.

In political branding, politicians must be able to make a description that reflected their values, personalities, skills and qualities that differentiate them from competitors. As an independent pair, Faisal-Biem should be able to communicate the *You* element properly to produce a higher consciousness that lead to brand awareness. Identity positioning would also result differentiation which mark off Faisal-Biem with other DKI Jakarta gubernatorial candidates.

Leading attributes could be described as a perceptual label that entered a person's mind instantly when he encountered a personal brand. Faisal Basri and Biem Benjamin tried to convey the idea that they were capable to be the future leaders of Jakarta. According to their team, Faisal-Biem leading attribute, that they have been trying to display through social media, were independent, clean, and smart.

Table 1. Frequency of Images

(Source: http://twitter.com/faisalbiem, 2012)

Category	**Frequency**	**Percentage**
Independency	138	35.75%
Clean	81	20.98%
Smart	167	43.264%
Total	386	100%

A content observation was performed during April 2012 until July 2012, in order to find displayed leading attributes in their social media channels. This table showed that messages portrayed Faisal-Biem as smart candidates had the highest frequency (43.26%), followed by their independency image (35.75%).

Yunarto Wijaya, a political observer, said that the emphasis on integrity image created a restriction in segmentation. He argued that based on survey trends in social media, Faisal-Biem only managed to retain captive market, namely the young generations and well-educated people, who mostly were rational and critical. While the pragmatic young voters tended to support Jokowi. Faisal-Biem have successfully maintained their captive market, but not extended their segmentation.

20,98% messages presented their clean, trustworthy image that informed fund transparency, as they declared that they only received funds from Jakartans and to Jakartans. For example, quoting from their *tweets:*

1. With online fundraising, the campaign finance transparency is guaranteed. The excact nominal amount is reported, no ulterior. May 13, 2012

2. Therefore, @FaisalBiem created an online service via website. Online fundraising is officially opened this afternoon. May 13, 2012

3. @FaisalBiem realizes the power of online world. The indication is Jakarta as the city with the world's biggest Facebook user. May 13, 2012

4. Donation can be done online and offline. Debit and credit cards can be used for online donation in @FaisalBiem website. May 13, 2012

5. @FaisalBiem is citizen's candidate. Campaign funds are from citizens' donations, not from mafia (party). May 13, 2012[149]

Through a series of *tweets*, @FaisalBiem delivered a picture about what distinguished them from other candidates: their political campaign funds were purely from Jakartans so there was no debt of gratitude to political party that would ultimately affect their future leadership.

Certainly, Faisal-Biem statements demanded expectation fulfillment from supporters. The Promise element in political branding required politicians to take responsibility for images they have formed. As verification for independent and clean image, Faisal-Biem took new patterns by citizens engagement to participate and contribute through their online donation, which were often called "*Saweran*". Reciprocal relationship in which people could get involved in "*Berdaya Bareng-bareng*" (Empowerment in Unity), was a manifestation of the *Relationship* element which required a healthy, continuous relationship with the community.

The online fundraising was a manifestation of Faisal-Biem's political image. This donation system had been socialized since April 2012 and inaugurated on the 13th of May 2012, at FX Sudirman, Jakarta. The number of figures such as Wanda Hamida, Alex Komang, Effendy Ghazali, and Maruli Gultom attended this event. In his speech, Faisal Basri said that saweran was a great way to get out of a monolithic political twist. Faisal-Biem online political donation was the first breakthrough in Indonesia. There was no other campaign team that used this method.

In May 2012, Faisal-Biem had managed to get financial support from approximately 400 donors, ranging from a contribution of Rp. 20,000 to Rp. 5 million with a total of Rp. 10 billion. The estimate of the necessary campaign funds, including

[149] http://twitter.com/faisalbiem

operating costs, amounted to Rp. 30 billion. Some of the money had been allocated to television advertisements. In order to economize campaign funds, Faisal-Biem focused on the role of social media and also directed interaction with Jakartans.

Political analyst from Charta Politika Indonesia, Yunarto Wijaya, said that although Faisal's online donation system did not succeed in raising fund like Obama's, but in the context of building a political image, it could affect in forming candidate's integrity.

Even though Faisal-Biem only gain 5% voters in Jakarta's Gubernatorial Election 2012, they had quite successfully touched 5 out of the 6 connection point which connected the image to the change in behavior, according to Silih (2011), which was developed from the concept of Paul Mc Lean and David A. Aaker: Political Desire, Political Awareness, Perceived Quality, Political Loyalty, and Political Endorser.

The result of many online survey researches such as SX Index Saling-Silang and Politicawave showed the rise of community's political desire to connect with Faisal-Biem through social media from the verification stage until the first round of gubernatorial election on the 11th of July, 2012, although the number of conversations was not as much as other candidates'. It was seen that Faisal-Biem created less dialogues and feedbacks or responds.

According to Tosca Santoso, the Faisal-Biem Campaign Manager, widespread support in social media became an encouraging phenomenon that the democratic consciousness of Internet users, middle-class society, has finally arisen. He added that until July 8, 2012, there were 63125 video views in www.youtube/faisalbiem2012, 19 blogposts, and @FaisalBiem gained 53450 followers on Twitter. Meanwhile, information subscribers and Blackberry application users reached up to 100 people. Faisal-Biem also managed to get more than 100 volunteers through online.[150]

Public's awareness of Faisal-Biem's presence and programs were delivered fairly informative, educative and experienced recurrence. The writer assumed that Faisal-Biem was perceived to have enough positive qualities. Based on online survey conducted by Politicawave, in social media Faisal-Biem mosty correlated with the word "good", "independent", "help", "together", "citizen", "potential", "transparent", and "politics".[151] It also appeared that the number of positive sentiments received was higher than the amount of negative sentiments against the independent candidate.

The increased public trust and loyalty could be seen from the increasing number of supporters or volunteers that were intensely involved in supporting Faisal-Biem. Supporting groups were gathered through social media, and then continued to real action. With the power of social media, Faisal-Biem and team recruited nearly 300 volunteers to help, as a form of political loyalty.

Many-to-many communication occurred, where many popular names became agents of viral marketing for Faisal-Biem through the dissemination of messages that could be quite persuasive. Not only on Twitter, Youtube was also used to gain supporting mass as political endorsers.

The Faisal-Biem campaign have not invented anything completely new from the use of social media. On 11 July 2012, with only 5% voters, they did not pass the first round of Jakarta gubernatorial election either. However, they added a different touch by building and maintaining community in the form of social movement. This phenomena

[150] http://www.faisal-biem.com
[151] http://politicawave.com

could be seen at post-election, where their supporters were still vocalizing about their idealism, independency and labeled themselves as “The 5%”.

6. DISCUSSION & FINDINGS: THE USE OF YOUTUBE

Faisal Basri and Biem Benjamin also empower Youtube in their political communication strategy. On Youtube account "faisalbiem2012", there were videos containing music, opinions, testimonials and support from several prominent figures that then spread through Twitter account @FaisalBiemVideo.

Politician’s image was very much affected by endorsements of highly visible people in the country who supported him. Indonesian singer Glenn Fredly had expressed his support for Jakarta’s independent gubernatorial candidates Faisal Basri and Biem Benjamin with a four-minute video uploaded onto YouTube. He said in the video that as independent candidates, Faisal and Biem did not need to rely on any parties, only themselves. I think their contention meant more than just winning or losing, it was about carrying the voice of the voiceless.

Other famous people who already gave testimony to Faisal-Biem fairly came from diverse range of backgrounds. There were academics such as Effendi Ghazali, Yayat Supriatna, and Sulfikar Amir. Video testimonials from artists such as Efek Rumah Kaca, Tompi, Pandji, Mpok Nori, Salman Aristo, Ernest Prakarsa, Alex Komang, Kikan and Tati Cuex were also uploaded. There was also a video testimonial from religious leader like Mamah Dedeh. Each character consisted of various circles, which aimed to represent the voice of every class of citizens of Jakarta.

In addition to video testimonials, Faisal-Biem also uploaded video containing political campaign ads as well as songs from endorser. All the videos links were spread through Twitter and Facebook so that it could cause a huge viral effect. Youtube channel could also be an interactive medium where the audience could post comments, discussed and distributed it through other social media channels like Twitter and Facebook. Faisal-Biem and team tried to maximize the interactivity element of social media by inviting their supporters to help provide a testimonial.

Joseph Walther in “Interpersonal Effects in Computer Mediated Interaction: A Relational Perspective”, stated two important concepts in computer-mediated communication which were verbal cues and extended time. In this section, the writer wanted to discuss the concept of verbal cues.

In political CMC, only verbal communication plays an important role. While according to Brian McNair, political communication not only covers verbal or written statements, but also visual representations such as dress, make-up, hairstyle or logo design. With other words, it also includes all those aspects that develop a "political identity" or "image".

The writer noticed that the phenomenon of technological progress could cause a few modifications to the way of delivering messages. The limitation of computer-mediated communication has found a solution, as seen in political communication strategies undertaken by the Faisal-Biem via Youtube. Youtube facilitated its users to upload, watch, distribute and post comments on the video. The messages could be conveyed nonverbally, with the sense that the communicant and the communicator could describe all communication occurrences beyond written words in text messages.

Nonverbal messages classifications which could be supplied through Youtube were kinesics, proxemic, artifactual, and paralinguistic. Kinesic message consisted of three main components: facial, gestural, and postural messages. Proxemic message was how people used and perceived the physical space around them. The space between the sender and the receiver of a message influenced the way the message was interpreted. In addition, the perception and use of space varied significantly across cultures and different settings within cultures.

Meanwhile artifactual messages expressed through the body's appearance and clothing. The delivery of messages was closely related to our efforts to form the appearance of body image. An individual’s clothing style could demonstrate their culture, mood, level of confidence, interests, age, authority, value or beliefs, and their sexual identity. Paralinguistic was related to the pronunciation of verbal message.

Although nonverbal communication and verbal communication could be separated theoretically, but in reality both types of communication were intertwined with each other, complemented each other in forms of communication that we do every day. Youtube could be a solution for the limitation in computer-mediated communication by providing channels for nonverbal message.

According Yunarto Wijaya, a political analyst in Indonesia, the use of Youtube had become an advantage for Faisal-Biem. Its application was quite effective even though there were still weaknesses in messages’ material. In terms of content exploration, Faisal-Biem did not use endorsers’ background to make an emotional appeal. He said the function of video testimonial was limited to maintain the existing captive-market, not as an effort to reach new captive-market.

7. CONCLUSION

Jakarta could be considered as a gathering center for active users of social media. The results of various researches, which put DKI Jakarta as the largest population of social media users in Indonesia, were understood well by Faisal-Biem and team. The existence of a profitable, sustainable relationships between Faisal-Biem strategies with the majority character in their segmentation which were young, educated, middle class, and tech-savvy Jakartans.

Most of the text messages were informative and educative, related to their selection of self-presentation and political branding. However, it was noticed that the messages were less persuasive. The writings and contents were not very emotionally touching. Their messages could only approach the educated, critical, and rational voters. Faisal-Biem’s approach was not quite effective in expanding their segmentation.

In the middle of the observation process, the writer found an interesting finding. Persuasive messages appeared on their latest political communication strategy, through the deployment of a video in Youtube. The existence of facilities such as Youtube had became a solution of what was revealed by Walter, that in computer-mediated communication, it depends on verbal cues or text messages to convey information.

As we all know, technology was very dynamic and constantly evolves in time. This certainly affected the way of communicating, especially in computer-mediated communication. Now, through videos that were spread by Faisal-Biem via Youtube, nonverbal messages such as body gesture, posture, facial expressions and how communicators deliver message, could be seen. Sincerity and seriousness of the communicator could be delivered via audio and visual features provided by Youtube. Although both verbal and nonverbal messages could be separated theoretically, but the combination between the two could certainly be a persuasive, innovative, effective, interactive tool and also a viral power, especially in political communication.

You, Promise, and *Relationship* were essential elements in the Personal Branding concept by Montoya & Vandehey. The three elements were mutually integrated and built simultaneously in the political strategy of branding by Faisal-Biem as newcomers, non-party independent candidates that has a strong identity and differentiation position.

The *You* element was strongly identified as an independent and trustworthy candidates, continuous with manifestations of Faisal-Biem credibility through the *Promise* element. This element could be seen from their efforts to develop and socialize a transparent online fundraising program called *'Saweran'*. Although it has not been able to raise large funds, *'Saweran'* could be used to strengthen Faisal-Biem's image.

While the image that described Faisal Basri and Biem Benjamin as experts who understand DKI Jakarta were still limited to rhetoric. Its realization had not been seen. Efforts in forming image must be accompanied by development of relationship with the community to maintain segmentation. The *Relationship* element was static because Faisal-Biem did not improve and create more dialogues.

From the results of the study and to answer the purpose of the research, the conclusion was that Faisal-Biem had quite successfully touched 5 out of the 6 connection point which connected the image to the change in behavior according to Silih (2011), which was developed from the concept of Paul Mc Lean and David A. Aaker: Political Desire, Political Awareness, Political Quality, Political Loyalty, and Political Endorser.

Faisal said that his target was not only to be the governor of DKI Jakarta, but also to create a balance between political parties and communities, thereby reducing the arrogance of a party that could lead to transactional politics. Although in the 2012 DKI Jakarta gubernatorial election he did not achieve victory. With only 5% voters, they did not pass the first round of Jakarta gubernatorial election, but there was an achievement in political education in which people who were involved have the abilities to argue logically and have democracy ethics. From that purpose, it would not be a surprise if the campaign conducted was not primordial. It did not focus on emotional aspect and methods and it did not rely on symbols and imagery. They became an example on how to use the power of arguments, programs, values, and ideas.

The Faisal-Biem campaign had not invented anything completely new from the use of social media. However, they added a different touch by building and maintaining community in the form of social movement. This phenomena could be seen at post-election, where their supporters were still vocalizing about their idealism, independency, and labeled themselves as "The 5%".

Not only their independence, but the dominance and innovation of social media in Faisal-Biem's political communication strategy added a new color on the political scene in cyberspace. Even though many politicians or candidates tried and explored new methods, but the old campaign forms could not be left behind. Since the role of conventional media could not be replaced, the existence of social media could be a complementary weapon in communicating and forming political image.

8. REFERENCES

Aaker, David. (2004). *Marketing Research 8th Edition*. John Wiley & Sons, USA.

Alfian. (1993). *Komunikasi Politik dan Sistem Politik Indonesia*. Jakarta: Gramedia.

Ardial. (2009). *Komunikasi Politik*. Jakarta: Indeks.

Boyd, Danah M. dan Ellison, Nicole B (2007). *Social network sites: Definition, history, and scholarship.* Journal of Computer-mediated Communication, 13(1), article 11. http://jcmc.indiana.edu/vol13/ issue1/boyd.ellison.html.

Cangara, Hafied. (2009). *Komunikasi politik: Konsep, teori, dan strategi.* Jakarta: Rajawali Pers.

Junaedi, Fajar. (2011). *Komunikasi 2.0: Teoritisasi dan Implikasi*. Aspikom dan Penerbit Buku Litera.

Kotler, Philip & Kevin Lane Keller. (2009). Marketing Management 13e. Pearson Prentice Hall, New Jersey.

Levy, Pierre. (1997). *Cyberculture*, Paris: Editions Odile Jacob.

Mc. Quail. (1987). *Teori Komunikasi Massa*. Jakarta: Erlangga ---. (2000). *Mass Communication Theory* (4th ed.). London: Sage Publication.

Moleong, Lexy J. (2003). *Metode Penelitian Kualitatif*. Remaja Rosdakarya, Bandung.

Montoya, Peter., & Vandehey, Tim. (2008). *The Brand Called You: Make Your Business Stand Out in a Crowded marketplace* (paperback). United States of America: McGraw-Hill.

Neuman, W. Lawrence. (2003). *Social Research Methods: Qualitative and Quantitative Approaches (fifth Ed).*

Nimmo, Dan. (1978). *Political communication and public opinion in America*. Santa Monica, California: Goodyear Publishing Company.

Nimmo, Dan. (1989). *Komunikasi Politik: Komunikator, Pesan dan Media* (Translated edition by Tjun Surjaman). Bandung: PT. Remaja Rosdakarya.

Safko, Lon. (2010). *The Social Media Bible: Tactics, Tools & Strategies for Business Success.* Jon Wiley & Sones, Inc.

Scammell, M. (2007). Political Brands and Consumer Citizens: The Rebranding of Tony Blair, *The ANNALS of the American Academy of Political and Social Science.* 611 (1), 176-192. DOI: 10.1177/0002716206299149.

Selnow, G. W. (1998). *Electronic whistle-stops: The impact of the Internet on American politics.* Westport, CT: Praeger.

Tedesco, John C. (2004). *Changing the channel: Use of the internet for communicating about politics; In Lynda Lee Kaid (Ed). Handbook of Political Communication research*. London: Lawrence Erkbaum Associates, Publisher.

Walther, Joseph B. (1996). *Computer-Mediated Communication: Impersonal, Interpersonal, and Hyperpersonal Interaction*. Communication Research.

Walther, Joseph (2006). Social Information Processing Theory. In EM. Griffin (Ed). *A first look at communication theory* (6th ed). McGraw Hill.

Wasesa, Silih A. (2011). *Political Branding & Public Relations.* Gramedia Pustaka Utama.

Euphoria over Green Company News

Isabella A. Siahaya[1] and Heru Prasadja[1]
[1]Faculty of Business Administration and Communication Sciences,
Atma Jaya Catholic University of Indonesia, Jakarta,
Indonesia

Email: isabela.siahaya@atmajaya.ac.id; heru.prasadja@atmajaya.ac.id

Abstract:

The issue of the increasingly widespread environmental damage brought its own consequences for various companies as the largest producer of waste. In many countries, including Indonesia, many companies have brought about transformation in their operations. For example, they start educating the public to utilize plastic waste, reduce use of paper, or take part in tree planting activities. Companies are also developing strategies and taking concrete actions to make the public aware that they care about the environment. Here comes the euphoria over Green Company. The media plays an important role in shaping public perception of the Green Company. One of the print media that is particularly concerned over the green company is the SWA magazine. For example, this year SWA organized the Indonesia Green Company Achievement 2012. Companies often benefit from media publicity in order to create, enhance and maintain their positive public image. This kind of publicity is generally more credible and therefore more effective than advertising. As a result, more and more companies are striving to become Green Companies in hopes of getting the media's attention. The general purpose of this study is to explore how the SWA magazine presents news about the Green Company. Some of the research questions include: what are the considerations of the news media in the process of writing the Green Company news? Does the news they present really reflect the actual reality? This study uses a qualitative method and a media framing analysis technique.

Keywords: green company, media relations, publicity, media frame

1. Introduction

Since ten years ago, many companies in Indonesia, especially large corporations are induced to engage in activities that are pro-environmental and community issues. These activities are categorized as social capital, the capital needed by the company to run its business other than the financial capital. The company realized that both capital should be owned and used in balance.

One form of activities categorized as social capital is known as green company. Giant companies such as Astra also launched itself as a company that has a standard to manage the environment called the Astra Green Company (AGC). AGC Astra Awards held event to assess whether its subsidiaries has also implemented AGC system effectively.[152]

The senior advisor consultant of the World Bank's climate change policy, Mubariq Ahmad, said the company that is concern with the environment will be more profitable in terms of financial as well as its company's image. He said the benefits can be physically perceived directly for example in fixing the company's internal to save money by conserving energy such as in the use of electricity, using energy-saving bulbs, turn off the computer when not in use.

[152] www.astra-agro.co.id/index.php/astra-green-company

Little things that seem to mean nothing, in time would be very beneficial financially.[153]

Public Relations (PR) plays an important role to build and instill understanding to members of the company, including the understanding about green company. This understanding must then become a "lifestyle" for all the internal company. But not only the company's internal, external must know as well what the company's policies are and this is where the use of publicity is needed.

PR uses publicity to form an image. Public trust publicity more than advertising. Ads are paid by the company and therefore can be controlled by the company's advertising. Publicity, on the other hand, is written by third parties, so that people have more confidence in its objectivity. Publicity is a PR tool and although it is often categorized as a disguised advertisement but various sources has written that the impact is much greater than the ads.

Green company as one of the social capital are often use these days by companies to build a positive image in the minds of the public. Various media are used by companies, ranging from print to electronic, to inform go green activities carried out by companies. This is when euphoria about green news in the media company occurs.

The media themselves have the freedom to choose what news to be written, from which point of view to be written, and which part should be highlighted. PR just sent the article to the media without any control whether the piece that was written will have a positive or negative impact on the company. Media has full power of the content of the news and on this regard, the media is aware of its crucial role in building the company's image.

2. Research Questions

One of the media that intensely talk about green company is SWA Magazine. This business and management magazine even organized the Indonesia Green Company Awards 2012 as a form of appreciation for the initiative and implementation of green companies held by Indonesian firms.[154] In this study the writer wants to see how the patterns of SWA Magazine present news on green companies. The research questions are as follows:

a. How does SWA Magazine present the news on green company?
b. What are the considerations of the news media in the process of writing news on Green Companies?

3. Theoretical Framework

Despite everything that has a green theme being a trend, Green Company itself has no single definition. Building a green company or green business is actually a form of corporate social responsibility to the environment. Green company is a pillar of green economy that lead to sustainability.[155]The definition

[153] www.iec.co.id/berita/citra-green-company-semakin-menguntungkan
[154] swa.co.id/edition/indonesia-green-company-2012-strategi-bisnis-hijau-swa-edisi-132012
[155] ibid

of green company itself is still in the gray area, but according to Ir. Susilowati, MBA "Greening business management" is an integrated environmental management strategy which includes the development of organizational structures, systems and cultivation in a green competence to implement and abide by all regulations regarding environmental management, including the management of raw materials, waste management, use of natural resources effective use of technology that produces minimal waste production and a commitment to implement environmental awareness for all employees in the organization.[156] Further written down some things that need attention in the green business, namely[157]:

1. Developing products, packaging and operating system according to the natural resources available.
2. Production facility site selection can minimize transport in any activities and sought the use of natural resources that can be renewed.
3. Using technology that can use local natural resources and save energy and minimum waste.
4. Implementing environmental standards, occupational safety and health are used internationally as well as locally
5. Disseminate technology and environmental management in all companies around the world, especially in developing countries.
6. Creating a safety zone that is equipped with the infrastructure to support the company's operations.
7. Creating a "safety zone" that is equipped with the infrastructure to support the company's operations.

3.2 ***Media Relations***

According Jefkins in Soemirat and Ardianto (2010: 122) press relations is to Achieve Maximum publication or broadcasting of PR informations in order to create knowledge and understanding. According to the Iriantara Averill (2008: 28) media relations is only one part of the public relations, but it could be a device that is very important and efficient. So we can construct a message that is not only acceptable but also considered important by local media, then we've made a big step towards the success of our program. Why is that phrase interesting? Because Averill sees media relations is the same as publicity. In short, media relations is publicity. Furthermore, Iriantara explained that what Averill described is in fact only one side of media relations. Lesly explained that media relations is related to media communication in order to do publicity or responding to the interests of the organization in the media. What Lesly described is more of what the organization benefits and the activities carried out by the organization in running their media relations. The benefits are in the form of publicity (Iriantara, 2008: 29).

[156] www.menlh.go.id/greening-business
[157] ibid

3.2.1 Publicity

Activities telling people about your product / service or related to a company / organization is publicity (Jefkins, 2003). Compared to advertising, publicity is more trusted by the public. The media provide a relatively economical and effective method for communicating with large and dispersed publics. In this sense, the media serve as the gatekeeper or filter through which public relations practitioners reach the general public and other groups whose support they need. When the media publish or broadcast information supplied by organizations in news columns or within a news broadcast, that information seems to Convey a sense of legitimacy that the organization may not get from paid advertising. This seal of approval status or media coverage that confers on a organization's news and information is called **third-party endorsement.**[158]

3.3 Social Construction of Reality Theory

Peter Berger and Thomas Luckmann write about their theoretical treatise on constructionism titled "On the Formation of Social Reality" or The Social Construction of Reality. In this perspective, Peter Berger and Thomas Luckmann state that our understanding and our comprehension of something arises from communication with others. The actual social reality is nothing more than a result from a socially construct in a particular communication (Littlejohn in Zen, 2004: 50)

For the constructivist, reality (news) is present in a state of opinion. Reality is created through the construction, viewpoints and ideologies of reporters. In short, the world of men is what forms the image. A text in a message can not be equated as a reflection of reality, but it should be viewed as a construction of reality. The substance of the theory of social construction of the mass media is the rapid and broad circulation of information so that social construction can happen fast and spread evenly. Constructed realities also shape opinions of the masses, the masses tend to be unconcerned and their opinion cynical.[159]

4. Methodology

This study will use a qualitative approach and the object of the research will be SWA magazine, especially news on green companies, from January to July 2012 edition. SWA was chosen because this magazine specializes in business and management. In addition SWA Magazine is very concerned about the issue of green company. This is evident from the event which held the Green Company Awards. This study will use framing analysis techniques in particular the framing models of Pan and Kosicki that operate four structural dimensions text as a framing device, namely: syntax, script, thematic and rhetorical (Pan and Kociski in Sobur, 2004: 175).

158 *Lattimore, Baskin, Heiman and Toth, 2007: 174*

159 Bungin, 2008: 203

Other than to know exactly how the writing process of the news on green companies, researchers will also conduct interviews. For the validity of the data, the study will use a triangulation technique, a technique that utilizes the data validity by checking something else outside the data for checking purposes or as a comparison to the data (Moleong, 2006: 330). This research will be using triangulation sources as well.

References:

Bungin, B 2008, *Sosiologi Komunikasi: Teori, Paradigma dan Diskursus Teknologi Komunikasi di Masyarakat*, Kencana, Jakarta.

Eriyanto 2002, *Analisis Framing: Konstruksi, Ideologi, dan Politik Media*, LKiS, Yogyakarta.

Iriantara, Y 2008, *Media Relations, Konsep, Pendekatan dan Praktik,* Simbiosa Rekatama Media, Bandung.

Jefkins F 2003, *Public Relations,* Erlangga, Jakarta

Lattimore, D, Baskin O, Heiman, ST & Toth, EL 2007, *Public Relations, The Profession and the Practice,* International Edition, McGraw – Hill, New York.

Moleong, LJ, 2006, *Metode Penelitian Kualitatif,* Edisi Revisi, PT Remaja Rosdakarya, Bandung

Sobur, A 2004, *Analisis Teks Media, Suatu Pengantar untuk Analisis Wacana, Analisis Semiotik dan Analisis Framing,* PT Remaja Rosdakarya, Bandung.

Soemirat S & Ardianto E 2010, *Dasar-Dasar Public Relations,* PT Remaja Rosdakarya, Bandung

Zen, F 2004, *NU Politik, Analisis Wacana*, LKiS, Yogyakarta.

Hesi, NR 2007, Konstruksi Media Terhadap Kegiatan CSR, Corporate Social Responsibility (Analisis Framing pada Surat Kabar Republika edisi Maret Mei 2007, Skripsi, Prodi. Ilmu Komunikasi, Universitas Muhammadiyah Malang, Malang.

www.astra-agro.co.id/index.php/astra-green-company

www.iec.co.id/berita/citra-green-company-semakin-menguntungkan

swa.co.id/edition/indonesia-green-company-2012-strategi-bisnis-hijau-swa-edisi-132012

www.menlh.go.id/greening-business