

THE 12TH MALAYSIA-INDONESIA INTERNATIONAL CONFERENCE ON
ECONOMICS, MANAGEMENT, AND ACCOUNTING 2011

MIICEMA

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

13-14 October 2011

VENUE:

Magister Manajemen
Magister Perencanaan Pembangunan
Fakultas Ekonomi, Universitas Bengkulu

PROCEEDINGS

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TABLE OF CONTENT

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

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

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

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

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

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

HISTORY OF MIICEMA

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

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

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

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

Greeting from the Rector



Assalamu'alaikum wr.wb. dan salam sejahtera

Dear participants, guesses and colleagues

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

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

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

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

Wassalamu'alaikum wr.wb.

Sincerely,

Prof. Ir. Zainal Muktamar, M.Sc.

Greeting from the Dean

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



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

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

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

Warmest regards,

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

Greeting from the Conference Chair



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

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

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

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

Sincerely yours,

Prof. Lizar Alfansi, PhD

Conference Program

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

Concurrent Program

Concurrent Session I (Room MM 1)

Day I

Thursday, 13 October 2011

Track : Accounting - Public Sector

Chairman : Reschiwati

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

Concurrent Session II (Room MM 1)

Day I

Thursday, 13 October 2011

Track : Accounting – Education And Management

Chairman : Mohd Rizal Palil

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

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

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

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

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

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

Track : Accounting - Financial
Chairman : Daw Tin Hla

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

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

Track : Accounting - Financial
Chairman : Roza Hazli Zakaria

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

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

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

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

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

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

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

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

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

Track : Management - Human Resources
Chairman : Nigama K

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

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

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

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

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

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

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

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

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

Track : Accounting - Corporate Governance
Chairman : Zaitul

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

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

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

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

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

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

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

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

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

Track : Management - Marketing
Chairman : Effed Darto Hadi

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

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

Track : Management - Marketing
Chairman : Arif Budiman

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

Concurrent Session IV (Room MM 5)
Day II
Friday, 14 October 2011

Track : Management - Marketing
Chairman : Jonathan A. J. Wilson

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

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

Track : Economics - Agriculture
Chairman : Roza Hazli Zakarya

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

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

Track : Economics - Social
Chairman : Ketut Sukiyono

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

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

Track : Economics - Social
Chairman : Siti Mariam Ali

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

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

Track : Economics
Chairman : Zuraidah Sipon

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

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

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

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

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

Track : Economics - Moneter
Chairman : Retno Agustina Ekaputri

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

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

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

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

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

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

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

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

Track : Economics - Gender
Chairman : Zuriyati Binti Ahmad

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

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

Track : Economics - Human Resources
Chairman : Handoko Hadianto

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



Keynote Speech¹

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

Bengkulu, October 13th, 2011

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

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

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

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

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

Distinguished Guests, Ladies and Gentlemen,

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

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

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

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

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

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

Distinguished Guests, Ladies and Gentlemen,

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

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

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

Distinguished speakers and chairpersons, Honorable guests, Ladies and Gentlemen

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

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

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

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

Ladies and Gentlemen,

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

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

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

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

Distinguished Guests, Ladies, and Gentlemen,

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

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

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

Wassalamu'alaikum Wr. Wb.

BANK INDONESIA

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TOURISM INDUSTRY IN SOUTHEAST ASIA

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

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

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

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

“Traveling makes a man wiser. . .”

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

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

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

IMPORTANCE OF TOURISM

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CURRENT TOURISM INDUSTRY IN SOUTHEAST ASIA

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

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

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

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

Source: From Wikipedia, the free encyclopedia

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

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

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

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

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

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

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

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

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

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

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

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

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

TOURISM INDUSTRY GROWTH IN THAILAND

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

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

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

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

I. OVERSEAS MARKETING

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

1. Strengthening the Thailand Brand

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

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

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

2. Expanding the Quality Tourist Market

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

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

3. Protecting the Leisure Tourist Market Base

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

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

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

4. Increasing Thailand’s Potential and Competitiveness

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

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

II. DOMESTIC MARKETING

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

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

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

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

2. Promoting Linkage Tourism

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

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

3. Creating a Perception of the Areas' Uniqueness

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

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

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

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

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

5. Promoting Tourism in the Dimension of Learning

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

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

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

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

III. SUPPORT FOR THE MARKETING OPERATIONS

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

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

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

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

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

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

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

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

3. Developing the Databases

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

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

4. Increasing the Organization's Potential

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

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

FACTORS INFLUENCING TOURISM INDUSTRY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CONCLUSION

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

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

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

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

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

Thank you very much for your kind attention

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Education

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

Training

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

Publication

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

Research

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

Paper Presented

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

Work Experience

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

Work Experience (Cont.)

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

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IMPLICATIONS OF SBI INTEREST RATES ON BANKING INDUSTRY IN INDONESIA

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ABSTRACT

This research aims to evaluate the impact of the interest rates of Certificates of Bank Indonesia (SBI) on banking interest rates and its implication to Raising and Distribution of Funds On Banking Industry that go public in ISX. The object of this research are commercial banks that go public in the ISX. The research periods are 1999 to 2008 by using financial statement data. Research method

The conclusion are, first, the interest rates of Certificates of Bank Indonesia (SBI) have positive and significant impact to the average interest rates of commercial banks, both the interest rate of third-party funds and the interest rate of borrowing. Second, SBI interest rate that influence on the third party funding interest rate, has negative and significant impact on the volume of Third Party Funds. Third, Both the volume of Third Party Funds and the interest rate of borrowing for commercial banks have impact on borrowing volume. Using simple regression, the volume of third-party funds has positively and significantly impact to the borrowing volume, while the borrowing rate has impact significantly and negatively to the borrowing volume. Using multiple regression, simultaneously, third-party funding volumes and lending interest rates of commercial banks have positive and significant impact on the borrowing volume. Partially, the third party funding volume have positive and significant impact to the borrowing volume, while the borrowing rate of commercial banks have low impact and positive to borrowing volume.

The implication of this study are the changes on SBI interest rate will affect the third party funding volume of commercial banks. But the raising of the third party funding volume do not followed by the raising of distribution of funds (borrowing volume). It means that the intermediaries function of commercial banks are not fully succeed.

Keywords: SBI Interest Rates, The Interest Rate of Third Party Funds, The Interest Rate of borrowing, The volume of Third Party Funds, The Volume of borrowing.

INTRODUCTION

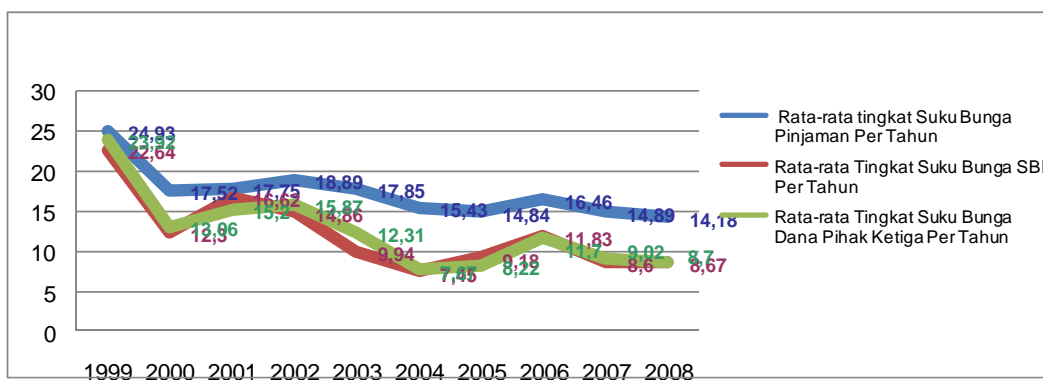
Bank as a financial intermediary as mandated by the Act serves as the intermediary institutions that raise funds and distribution them back in the form of loans with the aim to improve the lives of many people. This means that the loan would lead increasing the production to the real sector, further increase in production will increase employment. The next stage will lead to improving standards of living are reflected in income per capita. Thus the size of the number of loans distribution by banks to the real sector will affect economic growth in Indonesia. For that reasons, the government is always attempting to increase outstanding loans.

The amount of the loan distribution to the real sector by banks, will depend on the amount of third party funds have been collected as well as high and low interest rate loans. The impact of the global financial crisis for Indonesia was given the blessing for Indonesia, because Indonesia is one country that abundance of investment funds (hot money) though it may be unstable. Flow of funds into Indonesia looks of the rupiah to depreciate, at the end of 2008 amounted to Rp 12151/US \$ whereas today only Rp 8.538/US \$ rupiah. Strengthening of the rupiah against the dollar followed by a decreasing inflation rate. Average inflation for 2008 reached 11.1%, and the subsequent decline of 7.92% in March 2009 and at the end of 2010 to 4.16%.

The strength of the rupiah and the low rate of inflation led the Bank Indonesia has room to issue a policy of gradually lower the BI Rate from 9.25% in December 2008 to 6.5% at the end of 2010. Reduction in the BI rate, which is the reference interest rate banks are expected to follow rate cuts in interest rates mainly banking loans. This decline is important to stimulate the business community to expand its business through borrowed funds.

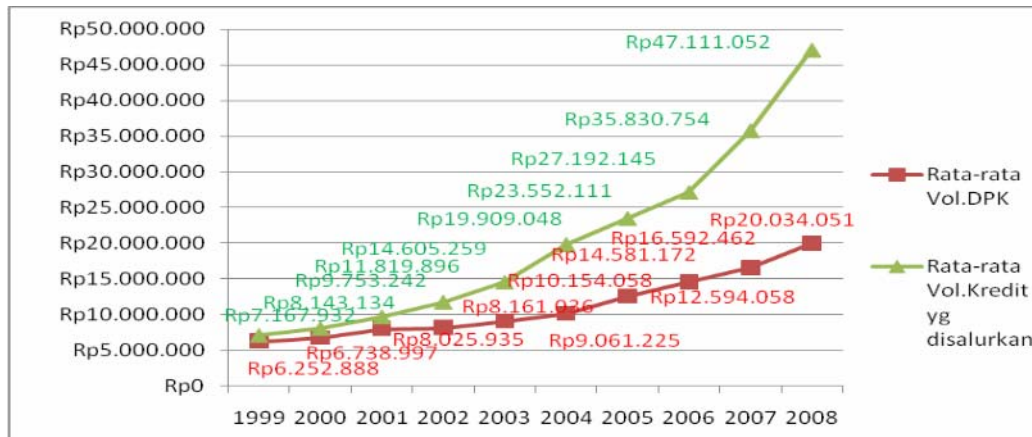
From the graph below, there appears to changes in interest rates SBI is followed by changes in deposit interest rates, but slowly followed by interest rate loans. Decrease in deposit interest rates should reduce the large volume of third-party deposits, but it seems the volume of third-party funds is always increasing. Whereas the volume of third party funds and lending rates will determine the volume of lending to banks. Therefore, the authors are interested in researching the above problems with the title: Implication of the SBI interest rate on Banking Industry in Indonesia.

Graph 1. Interest Rate SBI, third-party funds, and Loan Period 1999-2008



Sources: Financial Statistics Indonesia (BI)

Graph 2. Volume Changes in Third Party Funds and Volume of Credit Period 1999-2008



Sources: Financial Statistics Indonesia (BI)

Problem Formulation

Based on the background of the above formulation of the problem of this research are:

1. Are there any influence of the Interest Rate Interest Rate SBI against third-party funds?
2. Are there any influence on the SBI Interest Rate against the Average Interest Rate Loan Banks?
3. Are there any influence of the Interest Rate third party Fund against a third-party Fund volumes?
4. Are there any third-party Fund volume influence on the Volume of Distribution of Commercial Bank loans?
5. Are there any influence of the Average of Loan Interest Rate against the Volume of Distribution of Commercial Bank loans?
6. Are there any influence of third-party Volume Funds and the Average of Loan Interest Rate against the Volume of Distribution of Commercial Bank loans? Partially and simultaneously?

Research Objectives

Based on the above formulation of the problem, then it can set the goal of this research are:

1. To evaluate the influence of the SBI Interest Rate to the third party fund Interest Rate.
2. To evaluate the effects of SBI Interest Rate to the Average Interest Rate Loan.
3. To evaluate the influence of the Interest Rate on third-party funds to the volume of third- party funds.
4. To evaluate the influence of third-party funds Volume to the Volume of Distribution of Commercial Bank loans.
5. To evaluate the influence of the Average Interest Rate Loan to to the Volume of Distribution of Commercial Bank loans.
6. To evaluate the influence of the volume of third-party funds and the Average Interest Rate Loan to the Volume of Distribution of Commercial Bank loans, Partially and simultaneously.

Benefits of Research

The research was useful for Bank Indonesia to evaluate the effectiveness of monetary policy is implemented within the framework of the real sector and for banks to evaluate the performance of the bank about the effectiveness of the bank in achieving its role as intermediary institutions to improve the lives of many people.

LITERATURE REVIEW

Loans Distribution

The principal of Indonesia banking functions is as a collector and distributor of public funds, with the aim of supporting the implementation of national development in order to improve equity, economic growth and national stability towards improving the welfare of the people (Acts Law No.7 of 1992 renewed the Act no.10 of 1998). In addition banks also provide mechanisms and means of payment that is more efficient in economic activity, create money, as well as offering other financial services.

Third-party funds is a source of bank funds from the community or from other parties outside the bank, such as demand deposits, savings deposits, time deposits, and so on. The amount of credit depends on the magnitude of third-party funds that can be assembled by the banks, because most funds raised by banks from public funds to finance real sector activities through lending (Siamat, Dahlan, 2005).

From the foregoing, it is clear that the loans should be a business activity that dominates the allocation of bank funds. The importance of loans can be seen from the banking credit function in the life of the economy and trade, among others (1) can enhance the excitement of business or production, (2) can improve traffic circulation and the money that will improve the usability of money, used as an instrument of economic stability and in the end will increase the incomes of both business and society.

Internal factors (Triandaru, et al. 2009) that affect the volume of lending, among others:

1. The nature of business and market segments in the bank itself.
2. Financial position as its capital adequacy ratio, risk-weighted assets, legal lending limit.
3. The ability to raise funds, especially third-party funds.
4. The quality of productive assets, especially credit quality.
5. The factors of production are available at banks such as management ability and level of bank profits.
6. The interest rate on current bank.
7. The perception of the bank against the debtor.
8. Inflation and economic growth.

Interest rate

Interest is a reward that made the use of money. The interest rate is the amount of interest paying per unit of time which is a percentage of the amount loaned. In modern finance that was developed by Keynes (Fabozzi, 2008), interest rates are determined by demand and supply of money. Central Bank and the banking system is the institution that determines the money supply at any given time. While demand is determined by the wishes of the people holding the money. If money demand does not change, increased money supply will lower interest rates. And if the money supply unchanged, the increase in money demand will lead to rising interest rates.

The amount of the average loan interest rate is obtained by calculating the average interest rate of loans per month from interest rate loans for working capital, investment, and consumption per month and then averaged per month will be the loan interest rate per year

According to Kashmir (2008), there are the main factors affecting the size of a bank's interest rate setting depends mainly from:

1. The need of funds, factors specific to the needs of fund of funds, namely how much funding requirements desired.
2. Target desired profit
3. Policies, in determining the deposit rate the bank can not arbitrarily set the interest rate exceeds the limit deposit insurance rates are set by the government because it means the public deposits are not insured by the government.

Luh Gede Meydianawathi (2007) investigated the influence of third-party funds to lending to the SME sector in the period 2002-2006 commercial banks in Indonesia. From the results obtained the conclusion that the variable volume of third-party funds partially showed a positive and significant effect on the volume of credit, good credit and working capital investment in the sector of Small and Medium Enterprises. This is in line with research Fransisca (2006) and Cindy Adelia (2008).

Bank Indonesia Certificates are securities denominated in dollars issued by Bank Indonesia as a short-term debt instruments and is one of the tools of open market operations. SBI can be owned by banks and other parties as stipulated by Bank Indonesia and transferable (Indonesian Banking Directory, 2006). SBI is one of the mechanisms used by Bank Indonesia to control the stability of the Rupiah. By selling SBI, Bank Indonesia can absorb the excess of base money in circulation. Since early July 2005, Bank Indonesia use the mechanisms "BI rate" (interest rate BI). Bank Indonesia announced a target rate of SBI wants to auction during the given period. BI rate is then used as the reference market participants in setting interest rates.

Rose, et al., (2006) states that one of the banks current role is as the main buyers of government securities. It's a shift that banks not only as a commercial banking, but has developed into universal banking. Veronika (2011) conducted a study on the banking industry with the conclusion that the role of fee-based income has a significant influence on corporate profitability, whereas the role of interest rates had no significant effect on profitability. This means that banks did not intereste on lending because of the risks covered more than profit that can be taken. Banking more interested in distribution funds into the money market and capital markets that are considered less risky.

DATA & METHODOLOGY

This study uses five variables, namely:

1. SBI Interest Rate (X), the interest rate of Bank Indonesia Certificates (SBI) is the interest rate securities issued by Bank Indonesia in recognition of short-term debt (1-3 months) with a system of discount/interest . The following calculation formula SBI interest rate:
The average interest rate of SBI per year = SBI is used as a reference for the planning of economic activity and to control the stability of the rupiah.
2. Interest Rate Third party funds (Y1) is the cost of funds that must be issued by banks for every dollar funds has been taken. Funds raised from public funds in this study is in the form of interest rate demand deposits, savings deposits, time deposits and certificates of deposit. The formula for computing the interest rate is a third-party

funds:

The average interest rate THIRD PARTY FUNDS Per Year =

$$\frac{\Sigma \text{tingkat suku bunga SBI Per bulanan}}{12}$$

12

3. Loan Interest Rate (Y2) is the interest rate used for lending or credit or interest rates charged by conventional banks to the borrower (debtor) of the loan has been provided by conventional banks.

Average Loan Interest Rate Per Month = $(I + i \text{ investment of working capital consumption} + i) / 3$

The average rate of Loan Interest Rate Per Year = $\Sigma \text{Average Loan Interest Rate Per Month} / 12$

4. The volume of third-party funds (Y3) is the amount of funds raised by banks and from society (Abdullah, 2005). The volume of third-party funds are used in this research is the sum of the volume of Current Accounts, Savings, Deposits, and certificates of deposit. Formula for computing third-party funds Volume:

The average volume of third-party funds Per Year = Average of $\Sigma (\text{Giro} + \text{Savings} + \text{Deposits} + \text{Certificates of Deposit})$ per Year

5. The volume of lending (Z) is the number of bank facilities granted to the parties to use the funding deficit that has been collected by the banks of the surplus public funds, or in other words, the volume of lending is the amount loan distribution to the community include working capital loans, investment credit, and consumer credit. Volume calculation formula Distribution Credit:

The average volume of distribution of credit per year = Average of the total amount of loans Volume Distribution per year

This research are applied research and quantitative research because it prioritizes research testing and analyzing data with statistical procedures that aim to test the hypotheses that have been proposed authors. Researchers using causal comparative method (Causal-Comparative Research), which is a type of research with the characteristics of the problem of causal relationship of two or more variables, which in this study explains the causal relationship between SBI Interest Rate Against lending rate and third-party interest rate funds. The third -party interest rate funds will affect the volume of third party funds collected by the bank, and its implications for the Volume of Distribution of Commercial Bank loans that go public. Researchers conducted observations of the consequences arising from changes in interest rates SBI to the volume of lending (loans) and trace back the fact that it makes sense as a contributing factor. This is important because the volume of lending will affect the production increase in the real sector and ultimately will affect the income per capita.

The Objects in this research are banking companies that listed in Indonesia Stock Exchange (IDX) from 1999-2008 as many as 34 of the Bank. The data used are annual financial statements as of December 31, as well as data reports Economic Statistics Indonesia (SEKI) issued by Bank Indonesia (BI) with study period 1999 through 2008. This study used purposive sampling method of sample selection in order to obtain samples that meet the criteria, which include:

1. Banks are sampled in this study is Publik Go banks that have been listed on the Indonesia Stock Exchange (IDX) during the period 1999-2008.
2. Status of banks is a partial listing during the study period.
3. Banks are not delisted during the study period.
4. Publish financial statements in the period 1999-2008.

With the above criteria, obtain as many as 10 bank that can be used to be the object of research.

To ensure that the data used in this study is the data the best linear and unbiased (Best Linear Unbiased Estimator / BLUE) or not, so that further testing can be done then tested the classical assumptions that include tests of normality, multicollinearity, Autocorrelation, and Heteroskedasticity (Ghozali , Priest, 2006). Once the data is believed to be BLUE, it will be done on the results of correlation analysis, regression and coefficient of determination and implications.

The hypothesis of this study are:

- H1 = There was a significant effect between the Interest Rate Interest Rate SBI to fund a third party.
- H2 = There was a significant effect between Tier Interest Rate on Interest Rate Average Loan Banks.
- H3 = There was a significant effect between the Interest Rate Funds on the volume of third-party third-party funds.
- H4 = There was a significant effect between the volume of third-party funds to the Volume Distribution of Credit.
- H5 = There was a significant effect between the Interest Rate Average Loan Banks to the Volume Distribution of Credit.
- H6 = There was a significant effect between the volume of third-party funds and the Average Interest Rate Loans of Commercial Bank to the Volume of Distribution of Commercial Bank loans, partially and simultaneously.

FINDING & DISCUSSION

During the period 1999 to 2008 there were 34 banks listed on the Indonesia Stock Exchange. But of the 34 banks only 10 banks that meet the requirements that always provide the financial statements until December 2008 and listing for 10 consecutive years at IDX.

From the results obtained by the normality test results of all the variables have a significance level greater than 0.05, it can be said that all the data are normally distributed and fit for use in research. Similarly from the graph analysis results are visible histogram normally distributed. In multikolonieritas test which aims to test whether the regression models found a correlation between the independent variables (independent) obtained results of Vif are all under 10, which means the data is free from multicollinearity.

Heteroskedasticity trials aimed at testing whether a regression model in place of inequality of variance of the residual one observation to other observations remain, obtained results that. From the graph scatterplot seen that the dots spread randomly and spread out both above and below zero on the axis Y. It can be concluded that there was no heterokedasticity the regression model, so that the appropriate regression model used to predict.

Autocorrelation test aimed at testing whether the linear regression model there is a correlation between the error in period t with bullies bullies error in period t-1 (previous) the Durbin Watson test results obtained amounted to 1.812. Since $1.641 < 1.812 < 2.359$ then the decision is there is no autocorrelation.

Here are the results of calculations of the correlation analysis, coefficient of determination and regression using SPSS:

1. The Impact of SBI Interest Rates Against the third-party funds Interest Rates .

The Correlation between SBI Interest Rate to third-party funds Interest Rates amounted to 0.975, by t test results that have a significance value of 0.000 (<0.05). This means that SBI Interest Rate with third-party funds Interest Rates has a positive, very strong and significant correlation. This indicates that SBI increases interest rates causing an increase in interest rates a third-party funds. The amount of adjusted R2 is 0.945 which means 94.5% of the variation of third parties Funds Interest Rate, can be explained from the variable SBI Interest Rate, while the remaining 5.5% is explained by other causes.

The impact of SBI Interest Rate Against the third party Interest Rate Funds can be seen from the results of the regression equation:

$$\text{Third-party funds Interest Rate} = 0.065 + 1.024 + \text{SBI Interest Rate} + 0.221 \varepsilon_1$$

From the above equation has a constant sense of 0.065 states that if the SBI Interest Rate considered to be zero, then the Interest Rate of third party funds will be 6.5%. The regression coefficient of 1.024 Interest Rate declared any increase in SBI Interest Rate by 1% then the Interest Rate third party funds will increase by 1.024%. ε_1 is 0.221 that means value of at 22.1% interest rate of third party funds is influenced by other variables such as inflation, economic growth, and so on.

The above results correspond with the theory (Warjiyo, Perry., 2004), that one of the efforts of Bank Indonesia as the monetary authority in controlling the value of the rupiah is by raising or lowering interest rates SBI. Given that most funds raised by banks from the community will be placed in the SBI. The increase or decrease in SBI interest rates will be followed by an increase or decrease the level of bank's interest rates, both deposit rates and lending rates. Policy of raising SBI interest rates will raise interest rates both deposits and loans, to offset the rising cost of funds due to increases in SBI interest rate. Interest rates of third-party funds are higher would encourage investors or the public to invest their funds in banks rather than investing it in production or industrial sectors which have a greater degree of risk. Conversely, if interest rates lower the amount of third-party funds circulating in the community will increase because people would rather invest their funds in sectors that are more productive. And vice versa.

Based on research results clearly in line with the theory that the Interest Rate SBI has a positive influence on the Interest Rate of Third party funds. This suggests that the rise in rates will cause increase the Interest Rate of third-party funds.

2. The Influence of the SBI interest rate against Interest Rate Average on Bank's Loan

The correlation between the SBI interest rate against Interest Rate Average on Bank's Loan amounted to 0.921 using the t test with a significance value of 0.000 (<0.05). This means that the interest rate of SBI with lending rates of commercial banks on average have a positive correlation, it is very strong and significant. This shows that the increase in the SBI Interest Rate cause increases in Interest Rate loan Bank's Average. The amount of adjusted R2 of 0.830 means 83.0% of the variation Interest Rate loan Bank's Average can be explained from the variable rate Interest Rate, while the remaining 17% is explained by other causes.

SBI interest rate influences the average of loan bank's interest rate can be seen from the results of the regression equation:

$$\text{Interest Rate loan Bank's Average} = 9.813 + 0.611 \text{ SBI Interest rate} + 0.389\epsilon_2$$

From the above equation constants of 9.813 means that if the Interest Rate of SBI considered zero, then the Interest Rate Loan Bank's average of 9.813%. The regression coefficient of 0.611 Interest Rate declared any increase in SBI Interest Rate by 1% then the Interest Rate Loan Bank's Average will increase by 0.611%. ϵ_2 value of 0.389 means 38.9% of the Interest Rate Loan Bank's Average is affected by other variables such as inflation, income levels, loan term, and others.

This is consistent with the theory of monetary policy (Warjiyo, 2004) who argued that increases in interest rates SBI as a short-term securities and interest rates will be transmitted on the medium and long term. Developments in interest rates will affect the cost of capital, which in turn will affect investment and consumption expenditures. This has led to investors or the public will prompt greater rewards in the form of interest savings to compensate for the rising cost of the investment or consumption. The increase in deposit interest rates will cause the cost of bank capital to rise and forcing banks to raise lending rates.

Based on the above shows that the results of research in line with the above theory that the Interest Rate SBI has a positive and significant influence on the Interest Rate Bank's Loan. This shows that the increase in rate causing an increase in Interest Rate Bank's Loan.

3. The Effect of Interest Rate Funds on the volume of third-party third-party funds
Correlation between Third party funds Interest Rate by third-party fund volume amounts to 0.655 with a significance value of 0.040 (<0.05 i). This means the Third party funds Interest Rate with a third-party fund volume has strong and significant but negative correlation. This suggests that the increase in the third party Fund Interest Rate causes a decrease in volume of third-party funds. The amount of adjusted R² are used to determine the role of interest rates of third-party funds to third-party fund volume amounts to 0.358. This means that 35.8% third-party fund volume variation can be explained by the variable Interest Rate of third party funds, while the remaining 64.2% is explained by other causes outside the model.

The Effect of Interest Rate of third party Fund against a third-party fund volume can be seen from the results of the regression equation:

$$\text{The volume of third-party funds} = 18,900,000 - 611,198.159 \text{ Interest Rate of Third party funds} + 0.571 \epsilon_3$$

Constants of 18.9 million stated that if the Interest Rate of third-party fund considered zero, then the volume of third-party fund is Rp.18.900.000. Regression coefficient of the Interest Rate for third-party fund -611,198.159 declare any increase in the Interest Rate of third-party fund by 1% then the volume of third-party fund will drop Rp 611,198.159. The value of ϵ_3 is 0.571 means the volume of deposits is influenced by other variables such as economic growth, the bank's reputation and so that is equal to 0.571.

The results above conflict with the theory that increases in interest rates a third-party fund will lead to increases the volumes of third party funds. On the other hand, the trend rise in SBI interest rates will cause a rise in money supply and will push the inflation rate. The amount of inflation tended to be larger or equal to the level of deposit rates. So in real terms there is no financial benefit from keeping funds in the

bank (Warjiyo, 2004). Therefore, this explains why the role of third-party funds rate to the volume of third-party funds is only 35.8%.

The small influence of third-party funds rate to the volume of third-party funds can be understood when seen in reality. Over the past 10 years, the interest rate a third-party funds in Indonesia has decreased while the volume continues to increase third-party funds. This means that interest rates a third-party funds negatively affect the volume of third-party funds. Rising volume of third party funds in which people prefer to save their money rather than investment because the investment activity is still not well supported by government policies such as high tax rates imposed on employers, it is difficult and expensive to invest in Indonesia, inadequate infrastructure causes high cost of transportation, plus interest expense to be paid to the creditor that employers remain high. This causes people to become less interested in investing activities. The role of banks are now much more traffic as payment, ease of transactions for investors and the community (Rose, 2006).

Based on the above results, it can be seen that the results are not the same as the theory, namely that the Interest Rate of third-party funds have a negative and significant impact on the volume of third-party funds. This suggests that the decrease in Interest Rate of third-party funds did not cause a decrease in the volume of third party funds.

4. Volume Effect Against Third Party Fund Distribution Volume of Credit
The correlation between the volume of third-party funds with a volume of distribution of credit is equal to 0.993 with a significance value of 0.000 (<0.05). This means the volume of third-party funds has a positive correlation. It is very strong and significant impact on Volume Distribution of Credit. This suggests that the increase in volume causes an increase in third-party funds volume distribution of Credit. The amount of adjusted R2 to see the role of the volume of third party funds in explaining changes in the volume of credit amounting to 0.985. This means that 98.5% of the variation can be explained Credit Volume Distribution of the variable volume of third-party funds, while the remaining 1.5% is explained by other causes. Volume Effect Against Third Party Fund Distribution Volume of Credit can be seen from the regression equation:

$$\text{Volume of Distribution of Credit Volume} = -11370000 + 2.841 + 0.013 \text{ third-party funds} + 0,013 \text{ } \epsilon_4$$

Constants for -11,370,000 stated that if the volume of third-party funds considered zero, then there is no credit disbursement (USD -11.37 million). Volume regression coefficient of third-party funds is 2.841 declare any increase in volume amounting to Rp.1 third-party funds then the Volume Distribution of Credit will increase by Rp 2.841. The value of 0.013 means that ϵ_4 is lending volume is influenced by other variables such as bank capital, economic growth, and so that is equal to 0.013.

From the above it is seen that the results of research in line with the theory that third-party funds Volume has a positive and significant influence on the Volume Distribution of Credit. This is because the main source of investment financing in Indonesia is still dominated by lending by the banks, although the role of capital markets has increased. It is therefore important for banks to increase fund raising from the public, as this will increase the volume of lending. Increased volume of lending will greatly affect the scale of production in Indonesia, and will ultimately affect economic growth and per capita income in Indonesia.

5. Effect of Interest Rate Loans Average Volume Distribution Against Commercial Bank Credit

Correlation between Interest Rate Average Loan Bank with the Volume Distribution of Credit is equal to -0.702 with a significance value of 0.024 (<0.05). This means that the Interest Rate Banks Loan Average with the Volume Distribution of Credit has a strong and significant negative correlation. This suggests that the increase in Interest Rate Average Loan Banks Credit causes a decrease in volume of distribution. The amount of adjusted R2 is 0.43. This means that 43% of the variation can be explained Credit Volume of Distribution of Variable Interest Rate Average Loan Banks, while the remaining 57% (100% -43%) is explained by other causes.

Effect of Interest Rate Average Loan Banks Against the Volume Distribution of Credit can be seen from the regression equation:

$$\text{Credit Distribution Volume} = 71,750,000 - 2966159.593 \text{ Interest Rate Commercial Banks Loan Average} + 0.507 \text{ } \epsilon_5$$

The value of 0.507 means ϵ_5 is influenced by the volume of lending and 50.7% by other variables such as economic growth, the ratio of banking finance, government policies and so forth of 0.507.

Constants of 71,750,000 states that if the Interest Rate Bank's Loan Average is considered zero then the volume of credit disbursement for Rp.71.750.000. Regression coefficient the Interest Rate Bank's Loan Average is -2,966,159.593 declare any increase in Interest Rate Bank's Loan average by 1%, the volume of distribution of credit will fall by USD 2,966,159.593.

From the research results above, it's seen its lending volume influenced the amount of loan interest rate. When loan interest rates rise, people are reluctant to apply for a loan to the bank. It's happen because the interest expenses are valued, so that the volume of bank lending will decline. But at the level of loan rates to fall, people are interested in applying for loans because the interest expense to be paid on low-rated credits.

In fact, at this cut rate SBI is followed by a very slow decline in lending rates. Yet on the other hand SBI interest rate reduction followed by a decline in deposit interest rates. So that the spread between interest rates of deposits and lending rates became increasingly wide (graphs 1 and 2). As a result, third-party funds collected are still too small compared with the lending. This is evident from the large bank loan to deposit ratio is still low. This is why changes in lending rates only 43% role of the volume of lending. Funds collected now more widely distributed to government securities, including SBI (Wibowo, 2011).

This is reinforced by the correlation between the SBI interest rate with the volume of credit amounting to -0.641. This means that there are negative and significant correlation to the volume of lending. This means that the role of banks as intermediaries tend not to function successfully. Banks tend to pursue profit by investing in debt securities which are not at risk compared countries by channeling in the form of loans more risky. This is certainly greatly hindered economic growth in Indonesia. This also means that the role of the SBI in the open market operations become ineffective due to the increase or decrease is not followed by the banks of SBI. Factors of foreign ownership in Indonesian banks, especially banks that go public only after the bank increasingly made a profit, rather than as intermediaries in order to improve the lives of many people.

Therefore, since the year 2011 the Bank Indonesia set back provisions on the mandatory minimum deposits maintained by banks in the form of current account balances at the Bank Indonesia amounting to a percentage of third-party funds are calculated based on the difference between the Loan to Deposit Ratio owned by the bank with the loan-deposit target ratio. Quantities and parameters that determined the lower limit Loan to Deposit Ratio target by 78% while the upper limit of the Loan to Deposit Ratio of 100% with a target based on the precautionary principle. With the new rules mean banks will be forced and driven to disburse credit.

6. Effect of The volume of third-party Funds and the Interest Rate Bank's Loan Average Against the Volume Distribution of Credit.

Using a multiple correlation test, correlation between the volume of third-party funds and the Interest Rate Average Loan Banks to the volume of credit disbursement amounted to 0.993. From the test results obtained by the F test value 0.000 (<0.05) means that the volume of third-party funds and the Interest Rate Average Loan Banks collectively have a very strong and positive correlation with the volume of credit disbursement. Increase in Interest Rates Average Loan Banks and the volume of third-party funds led to an increase volume of credit disbursement. Partially seen from the t test showed that the increase in Interest Rate Average Loan Banks no significant effect on the volume of lending ($0.977 > 0.005$) with a correlation magnitude of 0.2%, while the volume of third-party funds have a significant effect on distribution volume credit ($0.000 < 0.005$) with a correlation of 99.5%

The amount of adjusted R2 is 0.983. This means that 98.3% of the variation can be explained by Credit Volume Distribution, variable volume of third-party funds and the Interest Rate Average Loan Banks, while the remaining 1.7% is explained by other causes outside the model. The volume of third-party Funds and the Interest Rate Average Loan Banks Against the Volume Distribution of Credit can be seen from the results of the regression equation is:

$$\text{Volume of Distribution of Credit} = -11.55 \text{ million} + 7858.188 \text{ Interest Rates of Bank's Loan Average} + 2.845 \text{ Third party funds Volume} + \epsilon 0.013$$

Constant at -11,550,000 stated that if the Interest Rate Average Loan Banks and the volume of third-party funds are considered, then there is no credit disbursement (USD -11.55 million). Regression coefficient Loan Interest Rate Average Commercial Bank of 7858.188 declare any increase in Interest Rate Loan Banks average by 1% then the Volume Distribution of Credit will increase by Rp 7858.188. Regression coefficient of Third party funds Volume is 2.845 declare any increase in volume of third-party funds amounting to Rp 1 then Volume Distribution of Credit will increase by Rp 2.845. The value was 0.013 meaning $\epsilon 6$ lending volume is influenced by other variables such as the SBI interest rate, the rate of bank interest rates, government policies, economic growth that is equal to 0.013.

Simultaneously, third-party funds volume and the Interest Rate Average Loan Bank has a significant and positive impact on Volume Distribution of Credit. This shows that the increase in volume of third-party funds and the Interest Rate Loan Bank Average causing an increase in volume of distribution of credit, as well as strengthen the results of this sebaliknya. Hal on points 4 and 5.

Partially, Interest Rate Average Loan Bank causes an increase in the Volume Distribution of Credit. This can be explained because although the high interest rate loans and interest charges are expensive, the debtor will still be applying for loans to banks. This is due to the debtor is still considered to be able to return the loan

interest expense due to a guarantee of payment. This can especially be seen with the increase in consumer loans, such as the rise in vehicle ownership and credit loans without collateral. Banking dare to lend because of relatively low risk due to the strong collateral in the form of salaries of employees who are permanent. But this can not be generalized considering the test results are not significant regression. While a partial increase in volume of third-party funds leads to an increase volume of credit disbursement has positive and significant as described in point 4 above.

CONCLUSIONS & IMPLICATIOIS

Conclusion

Based on the results of research and data processing has been done and the theory underlying the research then it can be drawn some conclusions as follows:

1. The interest rate on Bank Indonesia Certificates have a positive and significant influence on interest rate deposits.
2. SBI interest rate has a positive and significant impact on interest rates average loan bank's
3. The interest rate on third-party funds has significant and negative effect on the volume of third-party funds
4. The third party funds volume have positive and significant impact on the volume of lending.
5. Lending rates of commercial banks on average have negative and significant effect on the volume of lending.
6. Simultaneously, the volume of third party funds and lending rates of commercial banks on average have a positive and significant impact on the volume of lending. Partially, the volume of third party funds has positive and significant impact on the volume of lending, while lending rates of commercial banks on average have a positive and not significant to the volume of lending.

Implications

Implications of the research can be stated as follows, SBI interest rates greatly affect the interest rates bank's, both deposits and loans. The interest rate of the bank will affect the volume of third party funds. And ultimately the volume of third party funds and credit interest rates greatly affect the volume of lending. Given the increasing volume of lending to improve people's lives is the primary function of banks, as contained in Act 7 of 1992 amended by Law No.10 of 1998, Bank Indonesia must make policies that can restore the function of the bank. SBI instruments used in controlling the value of the rupiah is not effective in increasing the volume of lending as a driver of the real sector. One of the policies issued in the form of threshold Loan To Deposit Ratio has not been enough. There needs to be restrictions on foreign ownership in banking is that Bank Indonesia may re-use the SBI as a tool in controlling monetary policy. To that end, Bank Indonesia, the government and parliament must sit together to revise the Banking Act No.10 of 1998 which allowed foreign banks acquire a controlling stake of up to 99%.

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